DOCOMO in the Mobile Communications Industry

A Major Change in Strategy

In 2008, DOCOMO reached a crucial strategic turning point. To clarify DOCOMO'S initiatives in fiscal 2008 and our strategic direction in the years ahead, this section provides an overview of the market environment in recent years and how DOCOMO has responded to that environment with the implementation of initiatives extending from 2007 to spring 2008.

AS THE MARKET MATURED, OUR FORMER BUSINESS MODEL REACHED ITS LIMIT.

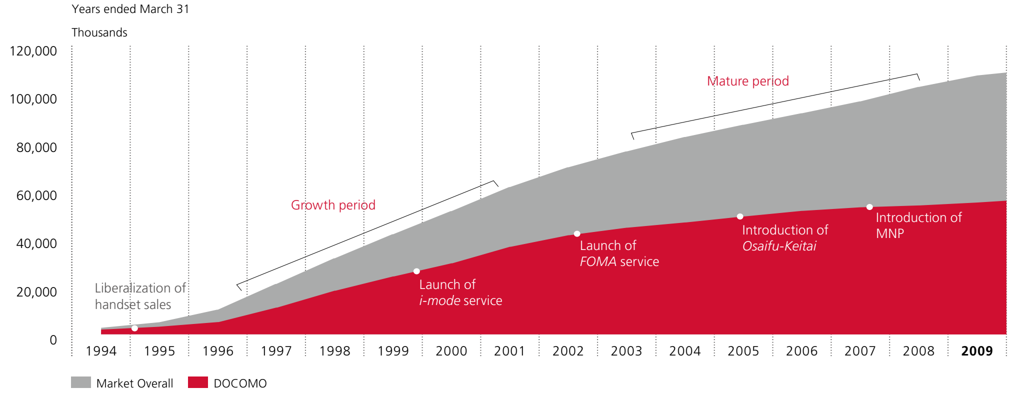
Triggered by the elimination of subscription deposits and the deregulation of handset sales, Japan's mobile communications market recorded rapid growth from the mid-1990s. One of the driving forces behind that growth was the handset sales incentive business model, under which mobile phone operators paid handset sales incentives to sales agents. This model lowered the handset price for customers and helped the operators to acquire new subscribers.

However, as the penetration rate increased, the rate of growth in new subscriptions slowed down, and handset sales were increasingly dependent on replacement demand. For mobile phone operators, including DOCOMO, handset sales were no longer directly linked to expansion in the customer base, and as a result, the burden of handset sales incentives put pressure on the operators' profitability.

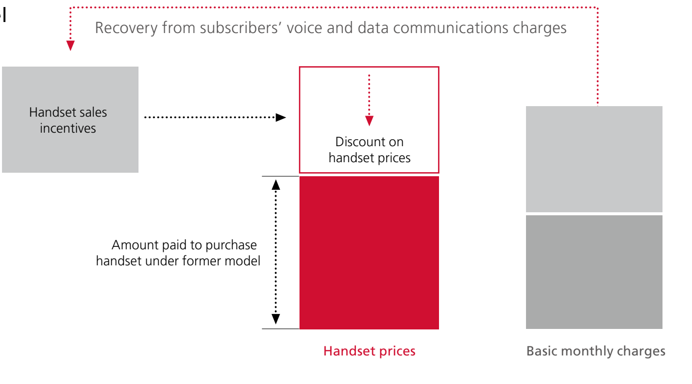
Meanwhile, Japan's mobile phone market continued to mature. In December 2007, the total number of subscriptions ultimately surpassed 100 million, and the penetration rate increased to more than 80%. In this setting, DOCOMO needed to make a clear break from its former business model, which had reached its limit.

Number of Subscriptions

Years ended March 31



Former Handset Sales Model

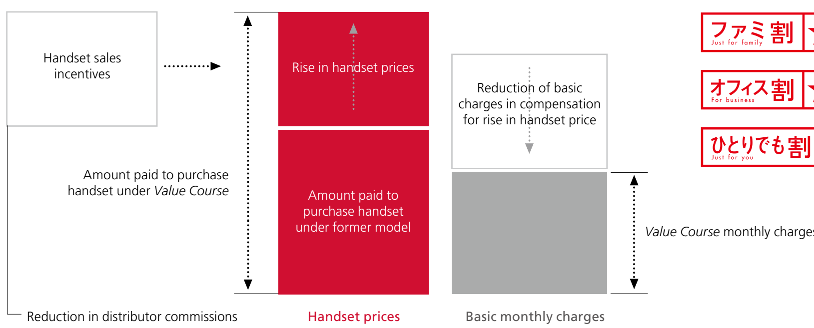


MAJOR TURNING POINT IN STRATEGY

In accordance with the changes in the market environment, DOCOMO introduced a new business model suitable for a mature market. The new business model has two essential components—new discount services launched in August 2007, centered on *Fami-wari MAX 50*, and new handset purchase methods introduced in November 2007.

The *Fami-wari MAX 50* service offers substantial discounts on basic monthly charges, conditioned on a two-year contract. This service is intended to stabilize DOCOMO's customer base by building long-term relationships with customers. With the new handset purchase method *Value Course*, we have reduced the former sales model's handset sales incentives, which were increasingly unsuited to a mature market environment. Customers who select *Value Course* pay an amount equivalent to the actual cost of the handset, and in exchange an amount equivalent to the handset sales incentive is discounted from their basic monthly charges. The objectives of this purchase method are to reduce DOCOMO's burden for the cost of handset sales and to correct the unfairness stemming from differences among subscribers in the frequency of handset replacement. In addition to changing its business model, DOCOMO also implemented fundamental reforms of its operating strategies.

New Handset Purchase Method – *Value Course*



New Discount Services

ファミ割★MAX50 Just for family

オフィス割★MAX50 For business

ひとりでも割★50 Just for you

MAJOR SHIFT IN FOCUS TOWARD ENHANCING THE SATISFACTION OF OUR 55 MILLION CUSTOMERS

To secure the continued support of customers in a mature market, we need to accurately identify the diversifying needs of each customer and provide services that respond appropriately to those needs. Accordingly, we have shifted our focus from efforts to acquire new subscribers to marketing programs that enhance brand loyalty through the pursuit of greater depth and length in relationships with customers by enhancing satisfaction among existing customers. In order to demonstrate DOCOMO's strong determination, we announced the New DOCOMO Commitments, our vision for transformation, and renewed the corporate brand logo for the first time since our establishment.

As a "Relation Service Company" that strengthens ties among people and lifestyles, DOCOMO has made a new start. We are now focused on increasing the satisfaction of our 55 million customers and are working to leverage our customer base, foster stable revenue and profit growth, and contribute to the continued development of society.

Start of Building Brand Loyalty Targeting Higher Satisfaction of 55 Million Customers

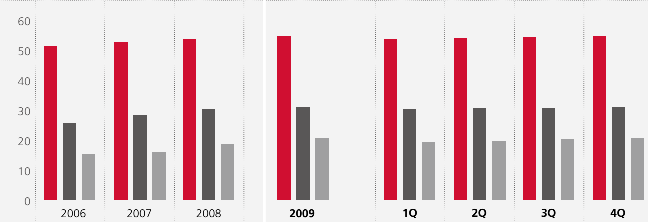
In Figures

Number of Subscriptions by Operator

Fiscal year/quarterly data

Fiscal years ended March 31
Source: Telecommunications Carriers Association

DOCOMO's Market Share of Subscriptions: 55.7% (2006), 54.4% (2007), 52.0% (2008), 50.8% (2009)

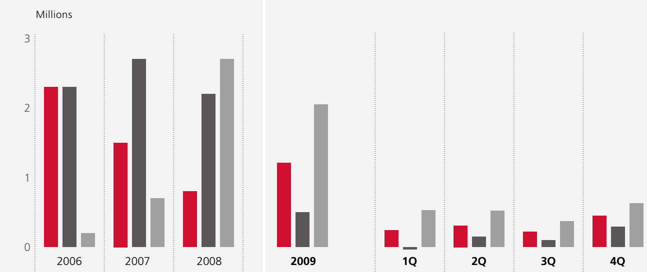


(Thousands)	2006	2007	2008	2009	1Q	2Q	3Q	4Q
DOCOMO	51,143.6	52,621.1	53,387.7	54,600.7	53,628.7	53,937.0	54,155.1	54,600.7
KDDI (au + TU-KA)[1]	25,438.5	28,188.3	30,339.2	30,842.8	30,304.9	30,451.7	30,550.2	30,842.8
SoftBank Mobile[2]	15,209.9	15,908.5	18,586.2	20,632.9	19,111.7	19,633.2	19,999.8	20,632.9

Net Addition by Operator

Fiscal year/quarterly data

Fiscal years ended March 31
Source: Telecommunications Carriers Association

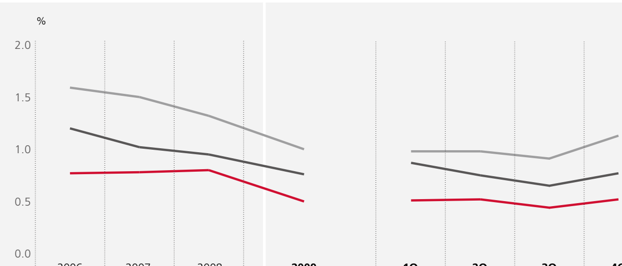


(Thousands)	2006	2007	2008	2009	1Q	2Q	3Q	4Q
DOCOMO	2,318.7	1,477.5	766.6	1,213.0	241.0	308.3	218.1	445.6
KDDI (au + TU-KA)[1]	2,306.5	2,749.8	2,150.9	503.6	(34.3)	146.8	98.5	292.6
SoftBank Mobile[2]	169.2	698.6	2,677.7	2,046.7	525.5	521.5	366.6	633.1

Churn Rate by Operator

Fiscal year/quarterly data

Fiscal years ended March 31
Source: Public sources from each company

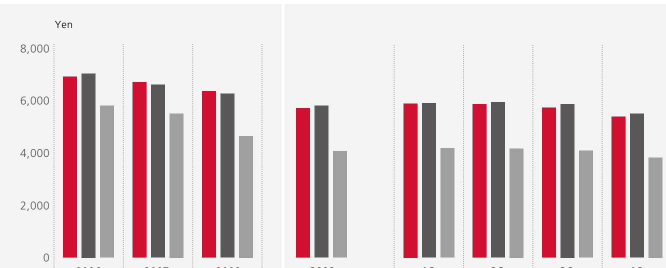


	2006	2007	2008	2009	1Q	2Q	3Q	4Q
DOCOMO	0.77%	0.78%	0.80%	0.50%	0.51%	0.52%	0.44%	0.52%
KDDI (au + TU-KA)[1]	1.20%	1.02%	0.95%	0.76%	0.87%	0.75%	0.65%	0.77%
SoftBank Mobile[2]	1.59%	1.50%	1.32%	1.00%	0.98%	0.98%	0.91%	1.13%

Aggregate ARPU by Operator

Fiscal year/quarterly data

Fiscal years ended March 31
Source: Public sources from each company



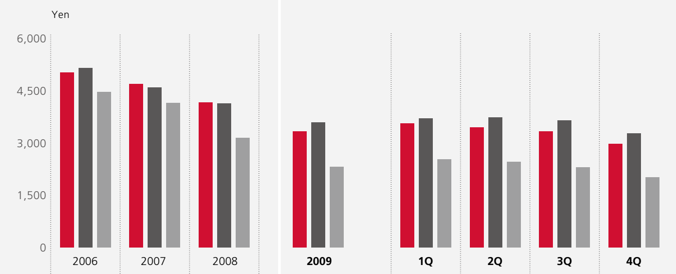
	2006	2007	2008	2009	1Q	2Q	3Q	4Q
DOCOMO	6,910	6,700	6,360	5,710	5,890	5,860	5,730	5,390
KDDI (au + TU-KA)[1]	7,040	6,610	6,260	5,800	5,900	5,940	5,870	5,500
SoftBank Mobile[2]	5,810	5,510	4,650	4,070	4,180	4,170	4,090	3,830

Voice ARPU by Operator

Fiscal year/quarterly data

Fiscal years ended March 31

Source: Public sources from each company



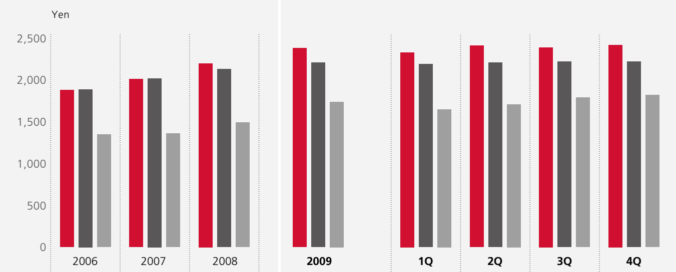
	2006	2007	2008	2009	1Q	2Q	3Q	4Q
DOCOMO	5,030	4,690	4,160	3,330	3,560	3,450	3,340	2,970
KDDI (au + TU-KA)[1]	5,150	4,590	4,130	3,590	3,710	3,730	3,650	3,280
SoftBank Mobile[2]	4,460	4,150	3,150	2,320	2,530	2,460	2,300	2,020

Packet ARPU[3] by Operator

Fiscal year/quarterly data

Fiscal years ended March 31

Source: Public sources from each company



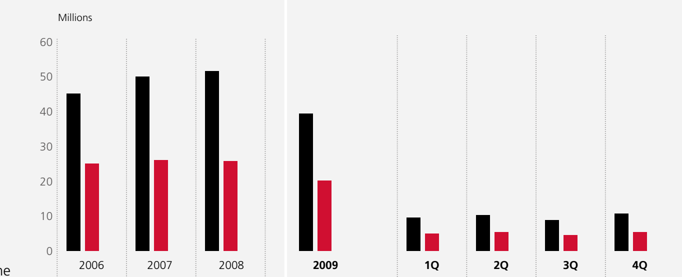
	2006	2007	2008	2009	1Q	2Q	3Q	4Q
DOCOMO	1,880	2,010	2,200	2,380	2,330	2,410	2,390	2,420
KDDI (au + TU-KA)[1]	1,890	2,020	2,130	2,210	2,190	2,210	2,220	2,220
SoftBank Mobile[2]	1,350	1,360	1,490	1,740	1,650	1,710	1,790	1,820

Number of Handsets Sold

Fiscal year/quarterly data

Fiscal years ended March 31

Source: Public sources from each company



	2006	2007	2008	2009	1Q	2Q	3Q	4Q
Total Sales for the Entire Market[4] (DOCOMO + au + SoftBank Mobile[1])	45.74	49.90	51.44	39.36	9.61	10.22	8.86	10.67
DOCOMO	25.03	26.05	25.74	20.13	4.95	5.32	4.51	5.35

DOCOMO's Definition and Calculation Methods of ARPU and MOU[5]

1. Definition of ARPU and MOU
   (1) ARPU (Average monthly Revenue Per Unit)[6]
   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 basic 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 Use): Average monthly communication time per subscription.
2. ARPU Calculation Methods
   ARPU: Aggregate ARPU = Voice ARPU + Packet ARPU
   ... Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active cellular phone subscriptions
   ... Packet ARPU: {Packet ARPU Related Revenues (basic monthly charges, packet communication charges) + *i-mode* ARPU Related Revenues (basic 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

1 TU-KA service was phased out at the end of March 2008.
2 Formerly Vodafone, through the fiscal year ended March 31, 2006.
3 Specific names might differ by company.
4 Figures do not include EMOBILE or TU-KA.
5 Communication module services subscriptions and the revenues thereof are not included in the ARPU and MOU calculations.
6 Definitions of ARPU, MOU, etc., might be different from those used by other companies.