

To Our Shareholders



President and Chief Executive Officer
Ryuji Yamada

DOCOMO – FOCUSED ON IMPROVING THE SATISFACTION OF OUR 55 MILLION CUSTOMERS

Since we announced the New DOCOMO Commitments in April 2008, we have reviewed all of our business activities from the customer's perspective, and have received a strong response to these efforts. Moving forward, we will focus on improving the satisfaction of our 55 million customers and on creating new value in growth fields by executing the "Change and Challenge" action plan. In these ways, we will strive to realize our medium-term vision.

OVERVIEW OF FISCAL 2008

> Results of our initiatives are demonstrated in the record low churn rate

Operating income for fiscal 2008 was up 2.8%, or ¥22.6 billion year-on-year, to ¥831.0 billion.

Operating revenues, despite the growth in packet ARPU and reduced churn rate, decreased 5.6%, or ¥263.8 billion year-on-year, to ¥4,448.0 billion, due mainly to a reduction in voice ARPU resulting from the growing acceptance of new discount services and new handset purchase methods.

Operating expenses were down 7.3%, or ¥286.5 billion year-on-year, to ¥3,617.0 billion, due mainly to a decline in distributor commissions resulting from the decrease in the number of handsets sold, which was caused by the expansion of new handset purchase methods and sluggish economic conditions.

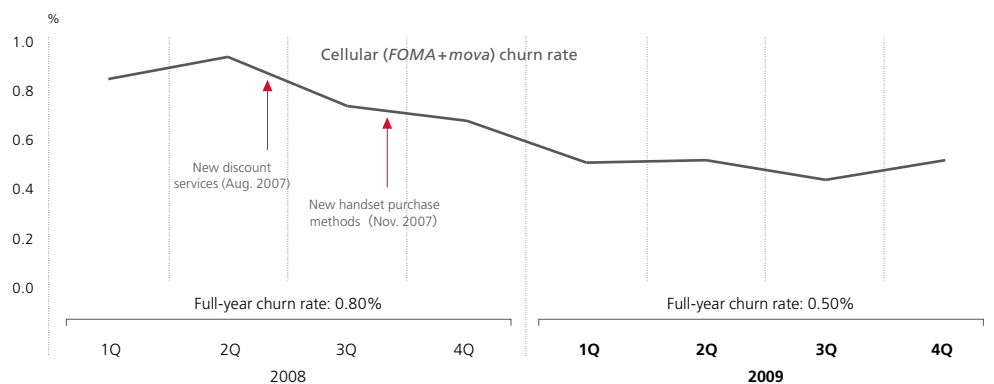
Fiscal 2008 was characterized by the ongoing economic slump, and during the year we reviewed every aspect of our business from the customer's perspective and worked to further strengthen our competitiveness in accordance with the New DOCOMO Commitments, which we announced in April 2008. In addition, we announced our medium-term vision, "DOCOMO's Change and Challenge to Achieve New Growth," and implemented initiatives targeting the realization of that vision. Fiscal 2008 was a year in which we saw the solid results of these initiatives.

In fiscal 2008, one of our major initiatives involved the promotion and facilitation of a new business model with two essential components – *Value Course*, a new handset purchase method that has reduced the handset sales incentives, and new discount services, such as *Fami-wari MAX 50*, which offer substantial discounts on basic monthly charges, conditioned on a long-term contract. As of the end of March 2009, *Value Course* maintained a selection rate of more than 95%, and the total number of subscriptions to *Value Plan*, an exclusive billing plan for *Value Course* customers, had surpassed 20 million. The number of subscribers to *Fami-wari MAX 50* and other new discount services has reached 32.7 million, and those services account for approximately 60% of the total number of DOCOMO's cellular subscriptions.

The most significant result of the penetration of the new business model, which is appropriate for this type of mature market, and our efforts to review all business operations from the customer's perspective to deepen relationships with customers, such as in services, handsets, and networks, may be our progress with the churn rate, which declined to a record low level of 0.50%, a decline of 0.3 percentage point year-on-year. The trend in the number of subscribers who used Mobile Number Portability (MNP) has shown favorable improvement, and in December 2008, the number of inflows outnumbered outflows for the first time since its introduction.

Record Low Churn Rate

Years ended March 31



MEDIUM-TERM VISION

> Our direction toward sustained growth in profits

In October 2008, we announced our medium-term vision, "DOCOMO's Change and Challenge to Achieve New Growth", which includes a target for operating income of more than ¥900.0 billion in fiscal 2012. First, I will describe the background to its formulation.

The increase in operating income in fiscal 2008 resulted from a decline in handset sales-related costs – such as handset procurement costs and distributor commissions – accompanying the expansion of the new handset purchase methods. This decline in expenses exceeded the decline in operating revenues that resulted from a decline in voice ARPU and other factors, and the net effect was to boost operating income. As the new handset purchase methods penetrate, the impact of the reduction in basic monthly charges is expected to expand. Therefore, this positive effect on income will gradually weaken as the uptake of the new handset purchase methods increases, and if we do not take action, the underlying trend will be toward lower profits. In other words, for DOCOMO to maintain sustainable growth in profits, we need to generate gains that exceed the declines stemming from our new initiatives. This strong awareness drove the formulation of the medium-term vision.

As Japan's mobile phone market is mature, quantitative growth, such as significant growth in the total number of subscriptions, is reaching its limit. On the other hand, I believe that there is still room for substantial qualitative growth. This growth will be driven by technical innovation in handsets and networks as well as by the entry of new global players accompanying the penetration of models with open platforms, which will produce new services that transcend conventional boundaries and thereby propel further advancements and diversification in the market. Against this background, we will drive innovation in collaboration with a wide range of players, taking on the challenge of creating new value by leveraging the distinctive potential of mobile phones. In this way, we will seize business opportunities and generate growth in profits. Our medium-term vision incorporates this approach.

ROAD MAP TO REALIZATION OF THE MEDIUM-TERM VISION

> Achieving growth in operating revenues by strengthening core businesses and developing new business fields

To realize the medium-term vision, we must increase the level of customer satisfaction with thorough marketing from the customer's perspective. Through these initiatives, we aim to earn the No.1 ranking in customer satisfaction by fiscal 2010. And after that, these initiatives will remain an ongoing part of our operations. We are strongly committed to this program.

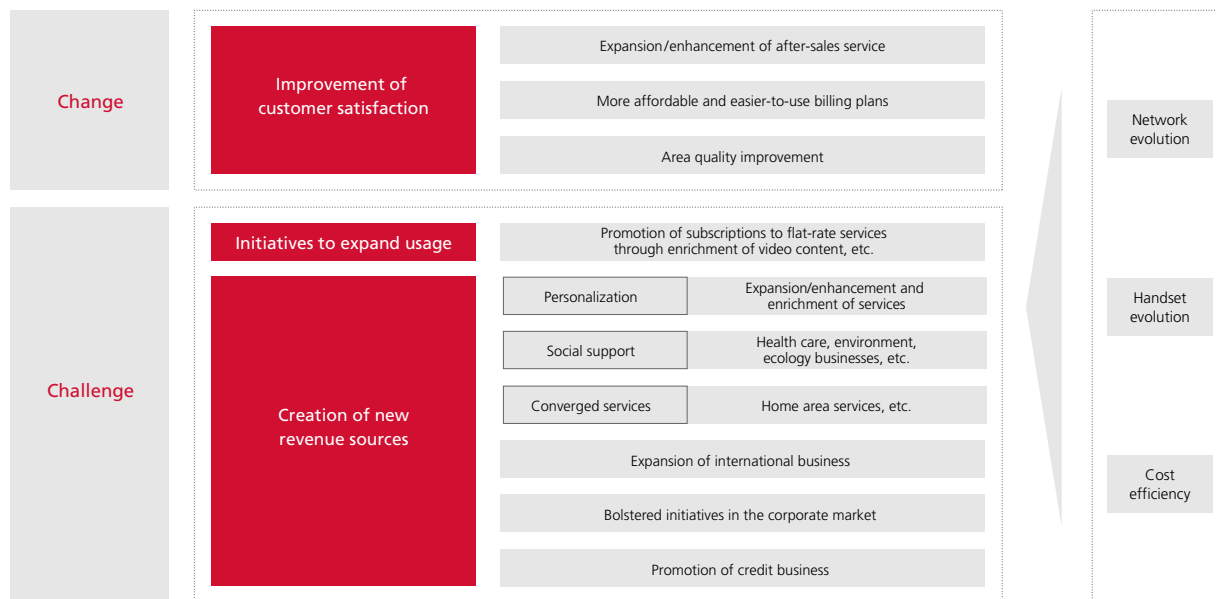
Next, I will explain the road map that we will follow to achieve the target of operating income of more than ¥900.0 billion. Achieving this objective will not be easy. However, we believe that there is still the potential for profit growth in the evolution of mobile phone services. The keys to unlocking that potential are the unique properties of mobile phones, such as real-time immediacy, personal authentication, and locating capabilities. We will leverage these properties to develop services that are more advanced and more convenient, and thereby build a new revenue and profit foundation.

The first strategy is to increase the use of packet communications by enhancing video services and promoting packet flat-rate services. In recent years, due to such factors as the new business model and lower minutes of use (MOU), voice ARPU has continued to decline, and under this influence, the aggregate ARPU has trended downward.

DOCOMO will aim to stop and then reverse this trend by increasing the use of packet communications by leveraging the unique properties of mobile phones. In the fiscal year ending March 31, 2012, we would like to reverse the trend in packet ARPU and voice ARPU, and to subsequently record gains in aggregate ARPU.

Also, DOCOMO will devote resources to opening up and building a new revenue and profit foundation in fields that transcend the borders of our existing businesses. Specifically, we will proceed with initiatives in three directions: Personalization, Social support, and Converged services. In personalization services, we will deliver

DOCOMO'S CHANGE AND CHALLENGE



personalized services and functions that cater to varying values and lifestyles of individual customers. In social support services, we will create new value in various fields, such as environment, ecology, safety, security, and health management, targeting the sustainable growth of society. And in converged services, we will work to offer services that are more advanced and more convenient through links with various fields, such as lifestyle tools, fixed-line communications, and broadcast networks. We are aiming to generate revenues of about ¥100.0 billion in each field by the fiscal year ending March 31, 2013.

DOCOMO is also working to expand its international business revenues. We will strive to expand international roaming revenues and to develop international solutions for corporate customers. At the same time, we will build an operational base through our investment and alliance strategy, centered on countries with rapidly growing mobile phone markets. In the fiscal year ending March 31, 2010, we are aiming to expand revenues to ¥100.0 billion, including international service revenues as well as dividends and consolidated revenues.

The enterprise and credit businesses are also fields in which we have substantial room for growth. In the enterprise business, we will bolster marketing by customer segment and industry and will aim to expand the number of contracts. At the same time, we will work to expand SI/product revenues by strengthening the provision of solutions and to expand new businesses. In the fiscal year ending March 31, 2010, we will work to achieve 7 million subscriptions, an increase of 400 thousand from the previous year. In the credit business, which is positioned as a future source of revenues in non-traffic fields, we will bolster sales through DOCOMO shops to acquire more members in our *DCMX* credit business. We will also work to promote usage by expanding other shops where *DCMX* can be used and by enhancing promotions.

> Advances in the network and handsets

DOCOMO will also continue working to enhance its network, which is the foundation for responding to increasing packet communication usage arising from the enhancement of services. We introduced HSPA¹ in June 2009, and will construct a high-speed, low-latency, large-capacity network through the introduction of LTE² in 2010. We will draw on our experience in the introduction of W-CDMA, the third-generation mobile communication system, and, as one of the first LTE adopters in the world, we will work to introduce LTE.

We will also work to enhance handsets, which support the evolution of new services. We will provide mobile phones that are user-friendly and match each individual customer's needs, upgrade the functionality of conventional *i-mode* handsets, and expand the lineup of smart phones, which support open platforms.

¹ HSUPA: High Speed Uplink Packet Access

² LTE: Long-Term Evolution

> Improving cost efficiency from multiple angles

In parallel with measures to expand operating revenues, we will also promote cost efficiency from a Companywide perspective. Our goal is to cut ¥200.0 billion, or about 10% of the ¥2 trillion in operating expenses, such as network-related costs and general expenses in the fiscal year ending March 31, 2013. Looking at a detailed breakdown, we will cut network-related costs by about ¥140.0 billion through such means as reducing base station construction costs, streamlining networks, and reducing communication network charges. In addition, we will cut general expenses by about ¥60.0 billion through gains in operational efficiency by taking steps to leverage our status as a single entity, such as reviewing operational processes, reviewing handset logistics, and implementing integration and efficiency improvement initiatives at various centers.

OUTLOOK FOR THE FISCAL YEAR ENDING MARCH 31, 2010

> Building the foundation for achievement of the medium-term vision

In the fiscal year ending March 31, 2010, we expect voice ARPU to continue to decline due to such factors as the reduced basic monthly charges accompanying the penetration of new handset purchase methods. However, this decline will be absorbed by increased packet revenues, reduced distributor commissions, and lower network costs and general costs, and we will strive to record an increase in profits from the level of ¥831.0 billion recorded in the fiscal year ended March 31, 2009. Packet ARPU in fiscal 2009 is forecast at ¥2,420, an increase of ¥40 in comparison with the fiscal year ended March 31, 2008, and capital expenditures are forecast at ¥690.0 billion, down 6.5%, or ¥47.6 billion from the previous fiscal year. The number of handsets sold is forecast to decline from its level in the fiscal year ending March 31, 2010, but the scale of the decline is expected to decrease year-on-year.

Overview of Fiscal 2009 Initiatives to Increase Customer Satisfaction and Enhance CSR

<Initiatives targeting higher customer satisfaction>

- Enhance after-sales services (launch the Mobile Phone Checking Service, expand *Battery Pack Anshin Support* service for *DOCOMO Premier Club* members)
- Introduce easy-to-use billing plans (reduce the entry-level basic monthly charges for *Pake-hodai double*, offer a new flat-rate data plan for PC users)
- Expand discount services (expand the scope of eligibility for free *i-mode* mail among members of the same *Family Discount* group, etc.)
- Enhance response to coverage improvement requests from customers (customer visit within 48 hours of setting up an appointment, as a general rule)
- Increase convenience for overseas travelers / Japanese living abroad (open *DOCOMO Support Desk* in London and New York)

<CSR initiatives>

- Bolster Mobile Phone Safety Classes (increase frequency, implement Mobile Phone Safety Classes for seniors, distribute DVDs about basic phone manners to elementary, middle, and high schools nationwide)
- Bolster and enhance access restriction services (promote use of access restriction services for minors)
- Disaster response initiatives (expand vehicles with portable base stations equipped with satellite links)
- Sustainable environment initiatives (verification and introduction of leading-edge, energy-saving technologies, plan to expand "DOCOMO Woods" reforestation program to all 47 prefectures in Japan)

Operating income is expected to be about the same level year-on-year, but in the fiscal year ending March 31, 2012 and thereafter, when the initiatives implemented in fiscal 2008 and 2009 take effect, we will work to increase profit. To that end, we will continue to review our business activities from the customer's perspective and further bolster efforts to raise customer satisfaction. At the same time, we will approach this year as a period for building the foundation for achievement of our medium-term vision.

We will steadily implement these initiatives, striving to ensure that all of our customers are satisfied with their selection of DOCOMO. In April 2009, we announced "initiatives to raise customer satisfaction and CSR measures" and spelled out our initiatives for fiscal 2009. We plan to spend approximately ¥40.0 billion on those initiatives, and we consider this to be an important investment for driving growth in enterprise value in the years ahead. Major initiatives are as outlined on the left.

SHAREHOLDER RETURN

> Planning to increase dividends by ¥400 per share in fiscal 2009

Believing that providing adequate returns to shareholders is one of the most important issues in corporate management, DOCOMO plans to continue to pay stable dividends by taking into account its consolidated results and consolidated dividend payout ratio while striving to strengthen its financial position and secure internal reserves. In addition, we will maintain a flexible approach to share repurchases.

For the fiscal year ended March 31, 2009, we paid an interim dividend of ¥2,400 per share and a year-end dividend of ¥2,400 per share, for a total annual dividend of ¥4,800 per share.

Due to the influence of the worsening of the global economy, the stock market is unstable, and in this setting, there are calls for a direct return in the form of increased dividends. Accordingly, for the fiscal year ending March 31, 2010, in consideration of our expectation of profits on a par with the fiscal year ended March 31, 2009 and of shareholder feedback, we plan to raise dividends by ¥400 per share, to ¥5,200 per share. The forecast is for a dividend payout ratio of 44%, and we will work to maintain a dividend payout ratio in the top level in Japan in the future.

TARGETING REALIZATION OF THE MEDIUM-TERM VISION

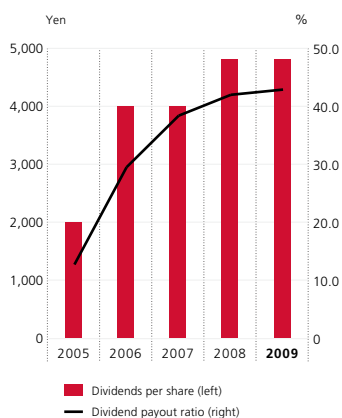
> Thoroughly implementing on-site orientation and executing the "Change and Challenge" action plan

The initiatives implemented by DOCOMO have begun to produce tangible results. Those results stem from the support we have earned from our 55 million customers. We are grateful for the support of our customers, and through the provision of services that are more convenient and can be used safely and securely, we will endeavor to further increase customer satisfaction. At the same time, we will steadily implement initiatives targeting the realization of our medium-term vision. Also, directly addressing our corporate social responsibilities, such as the realization of a safe, secure mobile society, disaster countermeasures, and environmental conservation, we believe that working to resolve issues as a mobile phone operator is a part of our corporate responsibility, and accordingly we will implement a wide range of initiatives.

While thoroughly implementing an on-site orientation, DOCOMO will continue to execute the "Change and Challenge" action plan in order to meet customer expectations. In this way, DOCOMO aims to contribute to society's sustainable development and a safer, more secure environment for people to lead enriched, convenient lives.

Dividends per Share* and Dividend Payout Ratio

Years ended March 31



* Dividends in the fiscal year to which each record date for the dividends belongs.

President and Chief Executive Officer

R. Yamada

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