Current Development
with Our Strength

Performance Overview

Overview of Fiscal 2009

Third Consecutive Period of Earnings Growth Despite Continued Decline in Wireless Services Revenue

Operating revenues declined 3.7%, or ¥163.6 billion year on year, to ¥4,284.4 billion. Of these, equipment sales revenues declined 16.4%, or ¥99.4 billion year on year, to ¥507.5 billion as the number of handsets sold declined by 10.4% or 2.09 million units year on year to 18.04 million with the adverse economic climate and customers waiting longer to purchase new handsets. Wireless services revenues also declined, but only 1.7%, or ¥64.2 billion, to ¥3,776.9 billion: the positive effect of the uptake of packet flat-rate services worked offsetting the negative impact of the entrenchment of *Value Course* discounts.

Operating Revenues

Fiscal year   (Billions of yen)

	2008	2009	Increase (Decrease)
Wireless services	3,841.1	3,776.9	(1.7)%
Cellular services revenues	3,661.3	3,499.5	(4.4)%
Voice revenues	2,149.6	1,910.5	(11.1)%
Including: *FOMA* services	1,877.8	1,785.5	(4.9)%
Packet communications revenues	1,511.7	1,589.0	5.1%
Including: *FOMA* services	1,449.4	1,558.3	7.5%
Other revenues	179.8	277.5	54.3%
Equipment sales	606.9	507.5	(16.4)%
Total operating revenues	4,448.0	4,284.4	(3.7)%

    Operating expenses decreased 4.6%, or ¥166.9 billion year on year, to ¥3,450.2 billion. Contributing to this was a decline in cost of equipment sold of 15.6%, or ¥129.4 billion year on year, to ¥698.5 billion due to fewer sales of handsets and increased efficiency in development activities. Depreciation and amortization also decreased 12.8%, or ¥103.0 billion year on year, to ¥701.1 billion, due to

increased efficiency in capital expenditure and the effect of accelerated depreciation charges of *mova*-related assets in fiscal 2008.

    As a result, operating income for fiscal 2009 rose 0.4% year on year, to ¥834.2 billion as the decrease in operating expenses outweighed the decline in revenues.

Operating Expenses

Fiscal year   (Billions of yen)

	2008	2009	Increase (Decrease)
Personnel expenses	254.1	258.3	1.6%
Non-personnel expenses	2,133.6	2,122.9	(0.5)%
Depreciation and amortization	804.2	701.1	(12.8)%
Loss on disposal of property, plant and equipment and intangible assets	69.7	47.0	(32.5)%
Communication network charges	316.7	281.9	(11.0)%
Taxes and public dues	38.7	38.9	0.5%
Total operating expenses	3,617.0	3,450.2	(4.6)%

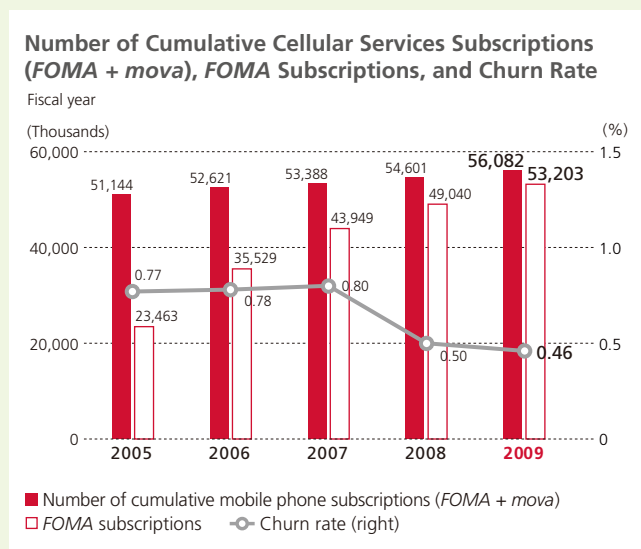**Operating Revenues, Operating Income and Operating Income Margin**
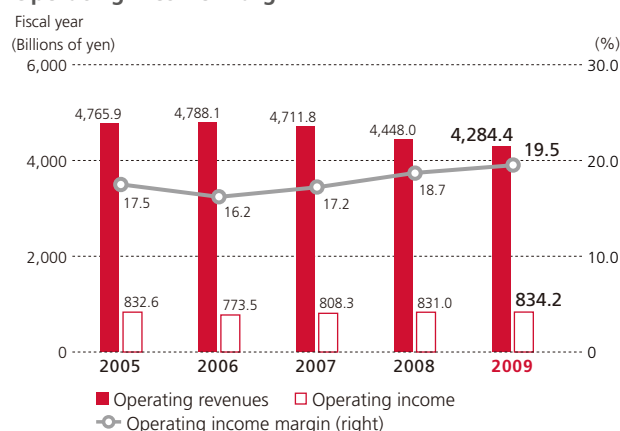
Overview of Operations as Seen in Main Indices

Number of Subscriptions

Lowest Churn Rate on Record

The number of cellular services subscriptions (*FOMA* + *mova*) rose by 1.48 million from the previous year, to 56.08 million as of the end of March 2010. Even more *mova* service subscribers have migrated to *FOMA* services, bringing the number of *FOMA* subscribers to 53.20 million, accounting for 94.9% of total subscriptions.

The churn rate over the fiscal period was the lowest on record, dropping a further 0.04 percentage points from the previous year to 0.46%. This shows the effect of our efforts to improve customer satisfaction and the uptake of *MAX Discount* services and *Value Course*.

Number of Cumulative Cellular Services Subscriptions (*FOMA* + *mova*), *FOMA* Subscriptions, and Churn Rate

Fiscal year

- Number of cumulative mobile phone subscriptions (*FOMA* + *mova*)
- *FOMA* subscriptions — Churn rate (right)

Overview of *MAX Discount* Services and *Value Course*

MAX Discounts at Virtual Saturation Level Indicate a Break From Revenue Reducing Effect

As of the end of March 2010, subscriptions for *MAX Discount* services exceeded 35 million, or 63% of all subscriptions. The number of discount service subscriptions rises to around 80% with the addition of customers who receive a non-*MAX* discount of 50% for having long-term contracts over 10 years.

The number of *Value Plan* subscriptions with a reduced basic monthly charge in exchange for paying full price on purchase of the handset has exceeded 32 million, or 58% of total subscriptions, while the proportion of customers who opt for the *Value Course* in new purchase methods has trended above 90%—indicating steady adoption.

ARPU

Slowing Decline in Aggregate ARPU, Closing Gap Between Voice ARPU and Packet ARPU.

Aggregate ARPU (*FOMA* + *mova*) decreased ¥360 year on year to ¥5,350. Voice ARPU declined ¥430 year on year to ¥2,900 due to uptake of *Value Plan* and a decline in charged MOU. Packet ARPU rates were strong, rising ¥70 year on year to ¥2,450 following the promotion of packet flat-rate services and video services.

ARPU

Fiscal year (Yen)

	2008	2009	1Q	2Q	3Q	4Q
Aggregate ARPU (*FOMA* + *mova*)	5,710	5,350	5,440	5,420	5,470	5,060
Voice ARPU	3,330	2,900	3,010	2,970	3,030	2,590
Packet ARPU	2,380	2,450	2,430	2,450	2,440	2,470

Review of Operations – At a Glance –

Further Improvement of Customer Satisfaction — p24

[Main Activities in Fiscal 2009]
- Improved area quality and full-scale rollout of onsite service within 48 hours of customer inquiry
- Started *Keitai Tenken Service*
- Started *Receive Anywhere Service for Repaired Mobile Phone*
- Enhanced *Battery Pack Anshin Support* service
- Revision of charges for data communications services

[Approach for Fiscal 2010]
- Further improve area and network quality to meet customers' needs
- Enhance after-sales services by further upgrading *Keitai Tenken Service* and *Battery Pack Anshin Support* Service
- Review and further simplify billing plans for expanded services

Achieve Growth by Increasing Packet ARPU — p26

[Main Activities in Fiscal 2009]
- Auto-GPS compatibility for *i-concier* services and start of *BeeTV*
- Started in-store support to introduce recommended content and help with initial handset set-up
- Expanded smartphone line up to widen market base

[Approach for Fiscal 2010]
- Further expand user base for packet flat-rate services
- Provide rich content and services
- All stores to promote services with the object of improving packet flat-rate uptake
- Expand net share of the smartphone and PC data communications market

Introduction of LTE and Network Evolution — p28

[Main Activities in Fiscal 2009]
- Further quality enhancement (expansion of high-speed areas, etc.)
- Increase capacity and start flexible network control to cope with increased traffic

[Approach for Fiscal 2010]
- Adequate facility buildup to accommodate increased traffic
- Further advance IP conversion of network
- Introduce and expand LTE network

Promotion of Service Personalization — p29

[Main Activities in Fiscal 2009]
- Steadily expanded subscriptions for *i-concier* services
- Provided new *behavior support* services following start of Auto-GPS

[Approach for Fiscal 2010]
- Provide new services and functions centered on *behavior support*
- Extend lineup of *i-concier* compatible handsets and growth in *i-concier* service subscriptions through active in-store marketing during handset sales
- Increase regional content for *i-concier*
- Start *docomo web mail* service allowing automatic saving of *i-mode* mail

Deployment of Social-Support Services — p30

[Main Activities in Fiscal 2009]
- Launched *docomo Mobile Remittance* service, for instant remittance of funds just by designating the recipient's phone number
- Started environmental sensor network business

[Approach for Fiscal 2010]
- Enlarge revenue base by developing new businesses in the fields of healthcare/medicine, finance/payment, and environment/ecology
- Provide *docomo One-Time Insurance*, an insurance service that leverages the unique properties and functions of mobile phones
- Launch *MD+* life-long learning support service for doctors and *Medical Brain* information support service for healthcare professionals

Facilitate Introduction of Converged Services   p31

[Main Activities in Fiscal 2009]
- Launched new, value-added *MyArea* service making use of femto cells.
- Launched *Otayori Photo Service* allowing display of photographs in a digital photo frame from a remote location

[Approach for Fiscal 2010]
- Further promote convergence with various industries
- Promote convergence of communication functions with various devices through introduction of mobile Wi-Fi routers

Further Advancement of Handsets   p32

[Main Activities in Fiscal 2009]
- Advancing the move toward open platforms for handsets
- Included *Operator Packs* in *FOMA* handsets

[Approach for Fiscal 2010]
- Make smartphones *i-mode* mail capable
- Introduce solutions for content billing in the *docomo Market*

Promotion of Global Business Deployment   p33

[Main Activities in Fiscal 2009]
[International Services]
- Introduced overseas GPS service and expanded overseas support desks

[Development of Global Business]
- Invested in net mobile AG of Germany, launched content distribution on net mobile's platform
- DOCOMO's invested communications carrier in India, Tata Teleservices Limited, grew to become the country's fifth largest operator
- Founded docomo Global Club, a group of four mobile carriers in the Asia-Pacific region to cooperate closely with each other

[Approach for Fiscal 2010]
[International Services]
- Promote packet usage through introduction of new services and portals designed to increase customer convenience
- Offer consulting services at airport service counters and expand the number of overseas service counters

[Development of Global Business]
- Capture financial returns and business synergies by supporting investees and alliance partners
- Take steps to provide value-added services overseas

Promotion of Domestic Investments / Alliances   p34

[Main Activities in Fiscal 2009]
- Moved ahead with investments and tie-ups that strengthen core businesses and create new businesses
- Invested in television marketing business operator OAK LAWN MARKETING, INC.

[Approach for Fiscal 2010]
- Aim to further expand revenues and to achieve sustained growth through investment and alliance with partners in other industries
- Launch *docomo One Time Insurance*, through business alliance with Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Launch UGC media *E*everystar,* allowing users of all ages to upload and publish user-generated content

Research & Development   p35

[Main Activities in Fiscal 2009]
- Development activities for launch of LTE services in December 2010
- Developed new technologies to improve reliability when core networks are converted to IP

[Approach for Fiscal 2010]
- Focus on R&D for basic technologies that will underpin development of new, highly competitive services
- Carry out R&D for basic technologies to enhance high quality, cost competitiveness and reliability, and to strengthen competitive strength in the market

Review of Operations – Main Initiatives –

Further Improvement of Customer Satisfaction

Our first step to realizing the goals of our "Change and Challenge" action plans is to maintain our efforts to give even higher satisfaction to our approximate 56 million customers. DOCOMO will continue to refine its billing options and services to create a solid base from which to grow our strengths.

Enhancing Area Quality

48-hour Onsite Visit Service

For customers, high-quality calling and data transmission are essential for a pleasant mobile phone experience. For this reason, DOCOMO places great importance on consistently enhancing area quality through attentive response services.

When customers who have lost phone connections or have poor *FOMA* reception request help, our 48-hour onsite visit service connects them with the right technicians, who generally visit customers at home or other places within 48 hours to conduct area surveys and quickly resolve difficulties. When problems cannot be solved immediately, we clearly outline the reasons to our customers and tell them how we intend to solve them.

Around 80% of problems identified by customers are solved through onsite visits using the service, which has an approval rating of about 97% from customers. We made approximately 55,000 service visits in fiscal 2009.

Improving Area & Network Quality

Our measures for enhancing area quality are changing in line with usage environments. In areas surrounding high-rise facilities, we are increasing the number of base stations and boosters for low-rise and indoor coverage and carrying out special tuning of base stations that enables reception on high-speed trains and other high-speed modes of transport. In these ways, we are building and improving precision, high-speed networks that work for every situation in our ongoing drive to improve the quality of our area network.
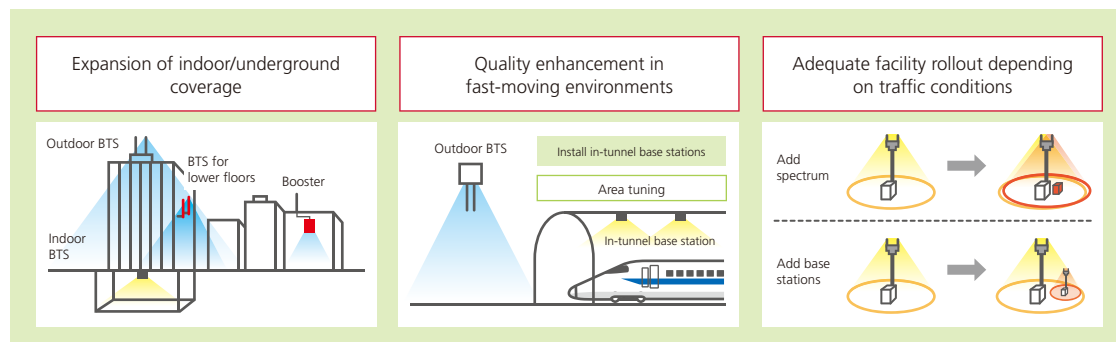
Extensive After-Sale Services

Keitai Tenken Service

Now that mobile phones have become an integral part of daily life for many people,

48-hour Onsite Visit Service

Area/Network Quality Improvement

DOCOMO believes it is very important for customers to feel confidence that their mobile phones will not break down, while also being assured of reliable after sales services. Offering full after-sales services has become extremely important for increasing customer satisfaction, partially because the handset replacement cycle has been longer in recent years.

In handset design and manufacturing, DOCOMO pays minute attention to quality, and durability, giving careful thought to the various conditions that a handset might encounter. We started our *Keitai Tenken Service* in July 2009 as a measure to prevent customers experiencing the inconvenience of finding their mobile phones unusable. For this service, trained onsite specialists at our shops examine customers' handsets and provide cleaning and other services to look for damaged parts, deterioration, or other irregularities, and check for problems with transmission. The service aims to ensure that customers will enjoy reliable and comfortable use of their mobile phones. In fiscal 2009, customers took advantage of the service approximately 3.52 million times.

Battery Pack Anshin Support

From voice calls to Internet, photography, and music distribution, mobile phones now serve a multitude of purposes. To enjoy these services, customers need reliable batteries. Now that the usage period of handsets is growing longer, DOCOMO is focusing on customer requests to deal with the issue of battery deterioration.

Dealing with battery problems is vital for maintaining customer loyalty. DOCOMO has provided *Battery Pack Anshin Support* services for *docomo Premier Club* members who are long-time users of the same *FOMA* handset. The service provides a battery pack for free, or at the cost of 500 *docomo Premier Club* points (from July 2009). In July 2009 we added the *FOMA Supplementary Charge Adapter 01* to our support lineup in addition to the conventional battery pack. With this expansion of our support services, customers can now choose the option that best suits their mobile phone lifestyles.

A considerable 7.20 million customers used the service in fiscal 2009.

Revision of Charges

Pake-hodai double, a packet flat-rate service introduced in fiscal 2008, has been well received by customers who want to enjoy data communication services without worrying about the cost. The service has made DOCOMO more competitive in packet services, and helped to improve packet ARPU.

Also, easy-to-understand rate systems for smartphones had been an issue to be solved in expanding the smartphone market. To this end, we merged *Pake-hodai double* with *Biz-hodai double* services in April 2010. Also, we launched the *ISP Set Discount* service from May 2010, which offers a discount for combined use of *i-mode* and *mopera U*.

Keitai Tenken Service
(Started July 2009)

Free checkup and cleaning of handsets at *docomo Shops*

No. of subs who used service
FY2009: Approx. **3.52** million

Checkup result sheet   Tester equipment

Battery Pack Anshin Support
(Expanded July 2009)

No. of subs who used service
FY2009: Approx. **7.20** million

or

Free battery pack   *FOMA Supplementary Charge Adapter 01*
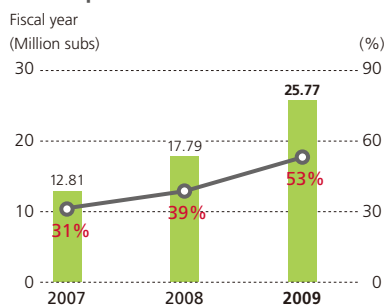

Achieve Growth by Increasing Packet ARPU

Increasing packet ARPU is now a key challenge for management as we seek to offset the decline in voice ARPU after the launch of our *Value Course* two years ago. To achieve this goal, we must increase the number of customers using packet flat-rate services and promote further packet usage. To achieve this we are taking a variety of steps according to the diversifying range of handsets on the market.

Initiatives for Increasing Uptake of Packet Flat-Rate Services

In August 2009, we revised the entry rate for the packet flat-rate service, *Pake-hodai double*, to ¥390 per month. This revision allows customers to enjoy video content such as *BeeTV* with greater ease, and less concern about cost. Furthermore, in December 2009, we launched *Mail Tsukai-hodai*, a service allowing free *i-mode* mail communications within Japan, for any recipient.

As a result of these initiatives, subscriptions for packet flat-rate services reached 25.77 million as of March 2010, expanding their ratio of total subscriptions to 53%.
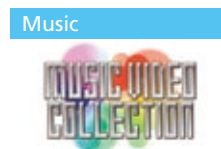
Initiatives to Promote Packet Usage Through i-mode

In our main *i-mode* service, we are providing a fuller range of attractive content to satisfy heavy users. At the same time we are promoting further packet usage among medium and light users by focusing on excellent ease of usage and in-store advice on packet usage. These efforts are steadily reaping rewards.

The *i-concier* service automatically delivers data tailored to each customer's interests and daily lives to their mobile phones, helping them plan and manage their daily activities. The service has continued to evolve including the addition of Auto-GPS capabilities in fall and winter 2009 models. As of March 2010, subscriptions for the service stood at around 4.2 million.

In April 2009, we established Avex Broadcasting & Communications Inc., a joint venture with Avex Entertainment Inc., and the following May launched *BeeTV*, a broadcasting service specifically for mobile phones. *BeeTV* creates and distributes video and music content that is optimized for mobile phone screening. The service has proved popular with customers, who pay a monthly fee of ¥315 and receive a wide range of entertainment content, including drama, music programming, and comedy. Subscriptions reached approximately 1.07 million at the end of fiscal 2009 and have been rising steadily.

Some customers do not understand what kind of content is available, or have difficulty setting up their handsets. To meet these needs when customers come to stores to buy new handsets, or to seek advice, we explain how to use phones, introduce interesting content, and help them set up their handsets.

Packet Flat-rate Subscription Count/ Subscription Rate

Fiscal year
(Million subs) / (%)

Initiatives to Promote Packet Usage Through Smartphones

We are revising our billing plans for smartphones in response to the increase in the number of users. At the same time, we are aggressively working to grow the base of the smartphone market by expanding our product lineup and developing the content market.

Having already developed smartphones as part of the *docomo PRO* series, from the spring of 2010 we created a new product category for *docomo smartphones* in response to the growing market. Our diverse lineup includes handsets from a host of manufacturers and offers a range of operating systems to meet exacting customer needs. Of particular note, the *Xperia™*, introduced in April 2010 and manufactured by Sony Ericsson Mobile Communications Japan, Inc., and using the Android™ operating system has enjoyed

popular support at many levels. Subscription growth has been stronger than expected, and sales are off to a strong start.

We heard from many customers interested in smartphones that they want to be able to use *i-mode* mail (@docomo.ne.jp) on their smartphones as well. In response to this demand, we plan to introduce a service that allows customers to use *i-mode* mail addresses on their smartphones in September 2010. In addition, we will also examine adapting popular *i-mode* services for use with smartphones.

DOCOMO is working to improve the content and application market so that all customers can enjoy it, regardless of their level of IT literacy. This is a key challenge for DOCOMO as a platform creator. In April 2010, we introduced *docomo Market,* a mobile web portal for smartphones. *docomo Market* is a user-friendly site where we introduce and recommend in a straightforward way content and applications for improving users' smartphone experience. Also, in fiscal 2010, we plan to bill for content for smartphones as we are currently doing for *i-mode* content.

Initiatives to Promote Packet Use Through PC Data Communications

The PC data market has expanded rapidly, driven by wider uptake of netbooks and other low-priced mobile PCs. PC data communications require stronger throughput than conventional mobile phone packet communications. This creates opportunities for DOCOMO because it plays to its strong focus on network quality. We are strengthening sales in the PC data communications field, which we perceive as a growth market. This has resulted in surging growth in data plan subscriptions, which totaled around 960,000 at the end of March 2010, having nearly doubled over the past year.

Introduction of LTE and Network Evolution

Accelerating network speed and facilitating high-volume capacity while maintaining transmission quality is a never-ending priority for a telecommunication operator. Looking ahead, we will promote the next-generation LTE (Long Term Evolution) system. In the Japanese mobile market, we are working daily to develop our world-leading transmission network and to maintain the quality of that network to the highest standards in the world.

High Speed Data Communication Services Covering 100% of the Population

DOCOMO has worked continually to expand its base station installations. Our 3G mobile services, *FOMA,* already provide 100% coverage for the entire Japanese population. *FOMA High-Speed*, which uses high-speed downlink packet access (HSDPA) to provide a maximum packet download speed of 7.2Mbps, attained full nationwide coverage in December 2008. In this way, DOCOMO is creating a network environment for easy and convenient high-speed data communication.

Initiatives for Smooth Packet Communication

DOCOMO has expanded its *FOMA High-Speed Area* and bolstered its infrastructure to meet the surge in data traffic brought about by increases in content volume. Our efforts here will become increasingly vital as smartphones and PC data cards gain widespread diffusion.

DOCOMO is constantly strengthening its network. We are building wide-area IP router networks that combine IP routers with optical transport channels to facilitate efficient and low-cost transmission of huge data volumes. Also, we have been regulating communication speeds for a small minority of particularly high-volume users during high-traffic hours and in high-traffic areas in order to best ensure a smooth data communication environment for everyone.
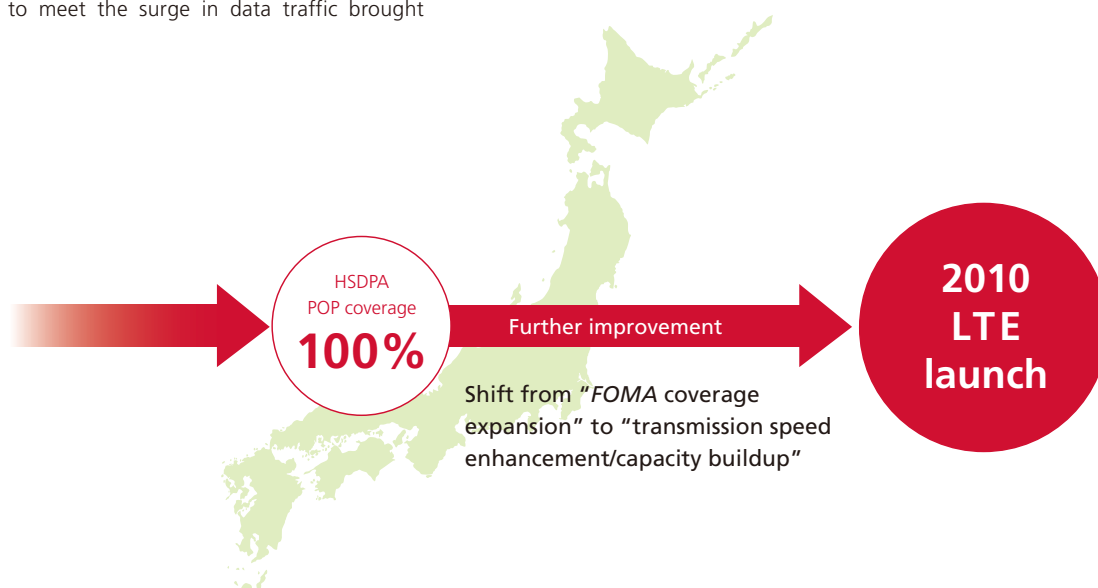
Reducing Network Costs

In fiscal 2009, total capital expenditures decreased 6.9% year on year to ¥686.5 billion.

We increased the number of *FOMA* outdoor base stations by 7,200 from the end of fiscal 2008 to 55,700. Indoor base stations were increased by 5,200 to 24,800. Moreover, working to further reduce network costs, we will continue consolidating network facilities, increasing capacity and cutting procurement costs.

Introducing LTE

We are preparing for the startup of LTE services in December 2010. Beginning in priority areas, we plan to provide an environment that offers 37.5Mbps downlink speed (75Mbps in some places). Not only will this be dramatically faster than *FOMA High-Speed*, but it will bring mobile terminal speeds onto par with broadband communication speeds over stationary networks.

HSDPA
POP coverage
100%

Further improvement

Shift from "*FOMA*** coverage expansion" to "transmission speed enhancement/capacity buildup"**

2010 LTE launch

Promotion of Service Personalization

The presence of the Internet is taken for granted nowadays, as are the huge volumes of data that pass through it from a wide range of sources. DOCOMO is developing an array of personalized information services for delivery via mobile phone, in the belief that these services will increase customer satisfaction while also proposing new ways to use mobile phones and promoting further usage.

New Demand for Lifestyle Support Services

Growing opportunities for accessing the Internet via mobile phone have increased demand among users for information that is relevant to them personally, as well as access to timely information from dependable sources.

Other key attributes of mobile phones are that users have them close at hand 24 hours a day, 365 days a year, they can track information via GPS and verify locations, and they can establish personal authentication of the identity of the user. These unique attributes can be leveraged in combination to provide customers with information that suits their preferences and lifestyles, and allow mobile phones to support customers' daily activities.

i-concier

i-concier is one of our core personalized services based on the concepts noted above. Since its launch in 2008, subscriptions have steadily climbed, reaching 4.2 million at the end of March 2010. Starting with fall and winter 2009 models, phones can now use Auto-GPS, allowing new behavior support services such as the new *Last Train Alarm* service that tells users when their last train home will leave from wherever they happen to be.

No. of *i-concier* Content Sites

(Sites)

548
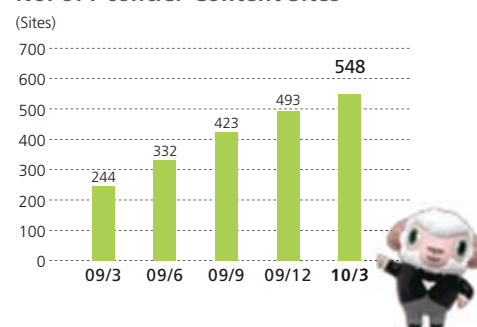
There were 548 content sites in March 2010, and they are rising steadily. Currently, we are working to improve the usability of *i-concier* and expand regional content.

We will continue to develop the *i-concier* service to expand the possibilities of the mobile phone as a personal agent always at your side, working to make life more convenient.

Direction of Service Evolution
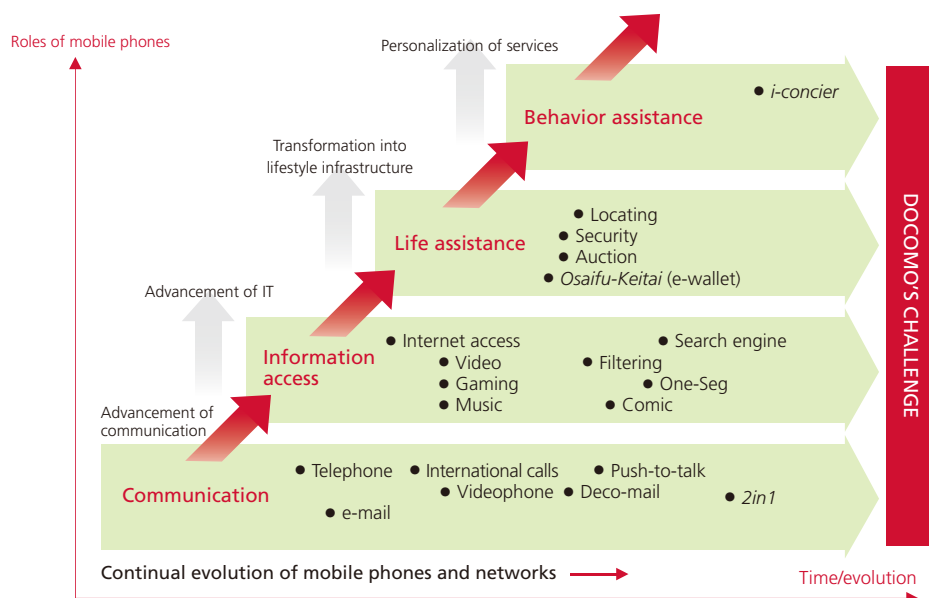
Deployment of Social-Support Services

Embracing challenges to enter new business domains, DOCOMO is now offering social support services. We believe that mobile phones can play an important role in addressing issues that communities face, such as healthcare/medicine, finance/payment, and environment/ecology.

Providing social support services unique to DOCOMO is a tremendous business opportunity with deep social significance. We are seeking effective partnerships with industry, government, and academia on various levels. Initially, in the healthcare/medicine field we are building unique mobile phone-oriented distribution platforms for personal healthcare data while in the finance/payment field we have launched new services that leverage the unique properties and functions of mobile phones. In the environmental field, we are pushing ahead with construction of information platforms by combining sensing technologies with mobile phones.

Healthcare/Medicine Example: *Medical Brain* and *MD+*

Medical Brain is a members' data portal service that efficiently provides a broad array of useful medical data to healthcare professionals. *MD+* is a membership information service to support lifelong learning for doctors.
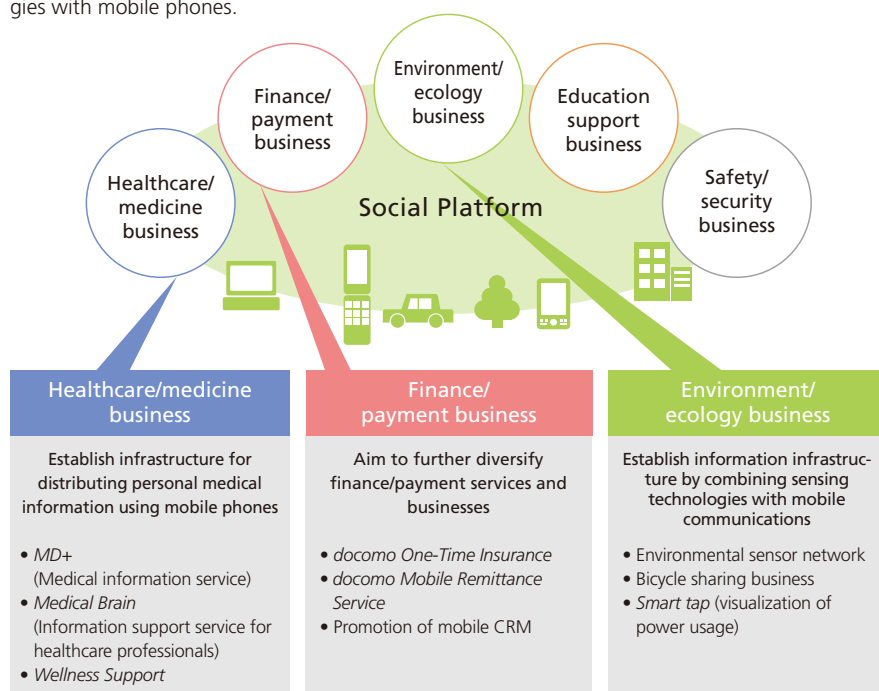
These services are useful for everyday medical care services. They are expected to help eliminate the information gap in the healthcare field and contribute to a safer healthcare environment.

Finance/Payment Example: *docomo Mobile Remittance Service*

The *docomo Mobile Remittance Service* started in July 2009 enables customers to transfer cash simply by designating the mobile phone number of the recipient. The service does not require users to open or pre-register any accounts. Using the service makes it easy to transfer money between friends and acquaintances to settle restaurant tabs and other shared bills.
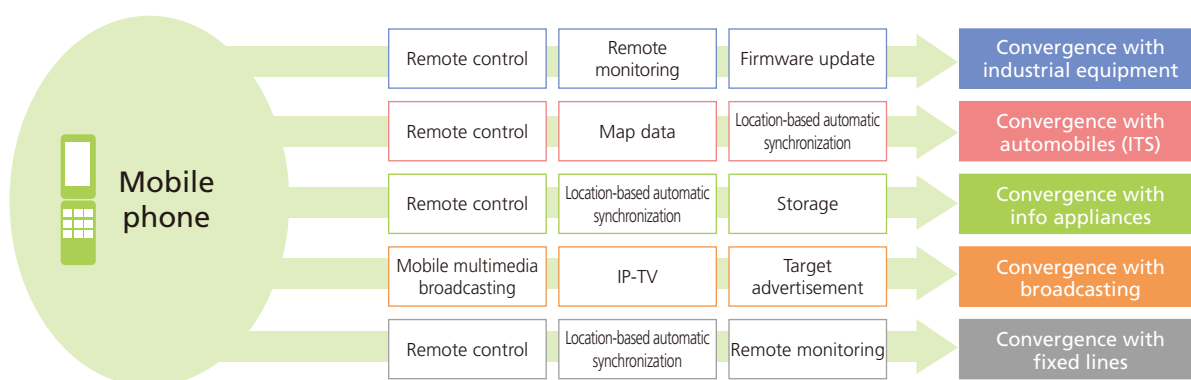
Environment Example: Environmental Sensor Network Business

In January 2010, DOCOMO launched its environmental sensor network business, which gathers and supplies data on environmental variables including pollen count, atmospheric conditions, UV levels and CO_2 concentration. This business utilizes sensors placed in mobile base stations and other network installations to measure data and accumulate it via DOCOMO's mobile network. DOCOMO processes and analyzes this data to obtain environmental data that it provides for a fee. DOCOMO plans to supply data to a wide range of entities through its environmental network sensor business employing several business models. These include a B2B2C model where data is supplied to weather forecasting and other information services which provide information services to consumers, a B2B model under which data is supplied to pharmaceutical companies and healthcare institutions, and a B2G model where data is supplied to municipal governments and other public entities.

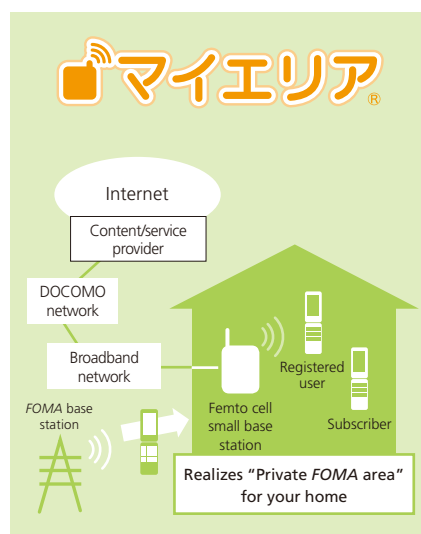| Healthcare/medicine business	Finance/payment business	Environment/ecology business
Establish infrastructure for distributing personal medical information using mobile phones	Aim to further diversify finance/payment services and businesses	Establish information infrastructure by combining sensing technologies with mobile communications
• *MD+* (Medical information service) • *Medical Brain* (Information support service for healthcare professionals) • *Wellness Support*	• *docomo One-Time Insurance* • *docomo Mobile Remittance Service* • Promotion of mobile CRM	• Environmental sensor network • Bicycle sharing business • *Smart tap* (visualization of power usage)

Facilitate Introduction of Converged Services

With mobile phones firmly entrenched as an integral part of our lives, communication networks have reached the point where they will soon become even more expansive. This expansion is driven in part by manufacturers gradually adding communication functions to home appliances, automobiles and many other consumer products, as these products evolve to function in networks. Amid these developments, converged services aim to make everyday activities even more convenient by deepening links between mobile phones and other everyday products. DOCOMO is devising ways to extend the scope of converged services in a multitude of directions.

Mobile phone				Convergence
	Remote control	Remote monitoring	Firmware update	Convergence with industrial equipment
	Remote control	Map data	Location-based automatic synchronization	Convergence with automobiles (ITS)
	Remote control	Location-based automatic synchronization	Storage	Convergence with info appliances
	Mobile multimedia broadcasting	IP-TV	Target advertisement	Convergence with broadcasting
	Remote control	Location-based automatic synchronization	Remote monitoring	Convergence with fixed lines

MyArea (femto cell)

In November 2009, DOCOMO launched *MyArea*, which is a converged service that combines mobile and fixed-line communications. *MyArea* provides new forms of value by drawing on two key advantages of a femto cell: the use of a dedicated frequency and the ability to check if an individual is at home or away.

マイエリア®

Internet

Content/service provider

DOCOMO network

Broadband network

FOMA base station

Femto cell small base station

Registered user

Subscriber

Realizes "Private *FOMA* area" for your home

Dedicated Frequency

Customers can create a dedicated *MyArea FOMA* area in their homes by connecting a femto cell small base station to a network via a broadband link, providing access to high-speed packet communications. Only *FOMA* handsets registered with *MyArea* can utilize the network. This makes it possible to use high-speed packet communications to enjoy video, music and other high-volume content between registered handsets in a *MyArea* network.

Home-or-away Information

Placing a femto cell small base station in a home makes it possible to check if an individual's registered mobile phone is at home or outside their *MyArea* zone. Using this "Are you there?" function, users can check when a family member leaves or returns. For extra convenience, subscribers can add a service that transmits e-mail messages to notify others of a departure or return.

Otayori Photo Service

Otayori Photo Service, which debuted in July 2009, achieves a converged service of a mobile phone and a household information appliance. With this service, people can send an e-mail with a photo from a remote location using a mobile phone or computer to display the photo on an *Otayori Photo Panel* (a digital photo frame).

One popular use of this service is sending pictures by e-mail to the *Otayori Photo Panel* of family members living at a distance, allowing them to view and enjoy the pictures with ease. To broaden this service, DOCOMO started a photo distribution service in December 2009. Subscribers periodically receive a selection of photos on themes such as news, world heritage or any other selected category.

Further Advancement of Handsets

As a mobile telecommunication operator, DOCOMO has always placed priority on creating appealing, easy-to-use handsets that can meet diversifying customers' needs. Equally important is constant initiatives to use development costs more productively because of the intensely competitive nature of the mobile communications market.

Open Mobile Platforms Gain Ground

DOCOMO is a supporter of the move toward open platforms for mobile phones. We view open platforms as an important step in the evolution of handsets. Our goal in this is to create a framework that allows companies to develop new handsets faster and at lower cost, thereby giving customers the benefit of gaining access to appealing new handsets sooner and at more reasonable prices. With these goals in mind, we have been working on the separation of two items in the middleware domain. The first is global apps, which are a set of standard applications that can be used worldwide. The second is *Operator*

Packs, a software package for exclusive DOCOMO services. We started introducing these handsets based on this separation with winter and spring models for fiscal 2009. DOCOMO is looking beyond the middleware domain and seeking to establish a global and open platform in the operating system domain, too. Attracting the participation of many companies will diversify the service lineup, thereby contributing to the globalization of DOCOMO's own services.

Adding Popular *i-mode* Services to Smartphones

An increasing number of DOCOMO customers are switching from *i-mode* handsets to

smartphones which are seeing steady uptake in Japan. One result of this trend is a strong request for a way to use *i-mode* functions and services on smartphones.

We are moving quickly to meet this need. To provide smartphone compatibility with *i-mode* mail addresses, we plan to start offering offering *sp mode*, an ISP service for smartphones, in September 2010. In addition, we plan to start selling smartphones that are compatible with *Osaifu-Keitai* (e-wallet) service and introduce charges for smartphone content on *docomo Market* by March 2011.
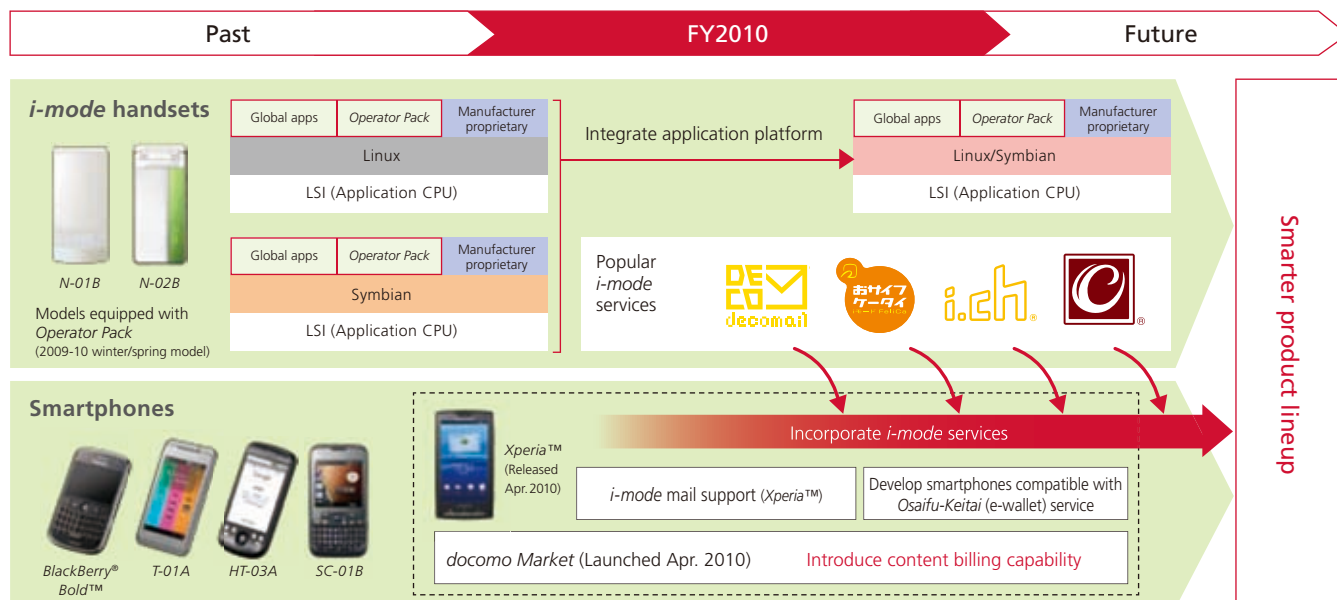
Promotion of Global Business Deployment

In its approach to globalizing, DOCOMO aims not only to support comfortable worldwide use of mobile phones for its customers, but also to expand its customer base into every country around the globe. Backed by our distinctive service and expertise, we are determined to expand our business globally.

There are three main components of DOCOMO's operations outside Japan. First is international services for DOCOMO subscribers in Japan who travel overseas. Second is corporate solutions for the overseas business sites of Japanese companies. Third is overseas business development through alliances with or investments in overseas mobile operators.

In international services, we provide a wide variety of services, such as our roaming service, *World Wing*, which allows our subscribers to use their handsets when travelling outside Japan. We are always seeking ways to improve international services, such as by adding to our *i-Menu* content and enlarging our overseas support network. In another service, customers who go overseas for an extended stay and suspend their mobile phone contracts are able to resume using their original mobile phone lines immediately upon arrival at an airport in Japan. We are striving to improve customer convenience through detailed attention to their needs.

In corporate solutions, we cooperate with our overseas subsidiaries and alliance partners, including investee companies to provide a variety of solutions relating to mobile communications for Japanese and other multinational corporations as well as local companies.

In global business development, in the mature markets of North America and Europe we use experience gained in Japan mainly in the fields of content and applications to supply services that target local requirements.

In the area around Asia and the Pacific, which is expected to see volume expansion going forward, DOCOMO actively uses its network infrastructure expertise to raise its corporate value by making investments and forming alliances in this area. The goal of these alliances and investments is to contribute to overall profits for DOCOMO and to capture synergies with the investees and alliance partners.

## Initiatives in Content and Applications

In November 2009, DOCOMO invested in net mobile AG, a mobile content distribution platform company, and in December 2009 acquired approximately 81.45% of net mobile's stock. We have used net mobile's platform to distribute *manga* in France and India. In addition, we provide *i-channel* services through mobile operators in India, the U.K., Guam and other countries.

Initiatives in Network Infrastructure

India's Tata Teleservices Limited (TTSL) and Tata Teleservices (Maharashtra) Limited (TTML), in which DOCOMO is a shareholder, have grown rapidly since introducing a GSM service called *TATA DOCOMO* in June 2009. TTSL/TTML currently rank fifth in India among mobile operators in terms of the number of subscribers, which numbered about 66 million in March 2010. By introducing more value-added services like *i-channel* and mobile comics, and taking other actions, TTSL/TTML plan to continue expanding their subscriber base.

We are also pushing ahead with measures for the horizontal expansion of our knowledge of mobile phone markets in growing countries. For this purpose, the docomo Global Club was formed in January 2010 with four members: DOCOMO and mobile operators in India, Bangladesh and the Philippines. The four mobile network operators aim to exchange business know-how and seek synergies while sharing thoughts about the state of mobile networks and value-added services in growing markets.

**TTSL/TTML (India)
Subscriptions**

(Million subs)

GSM service launch
(Jun. 24, 2009)

| 09/4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 10/1 | 2 | 3 |
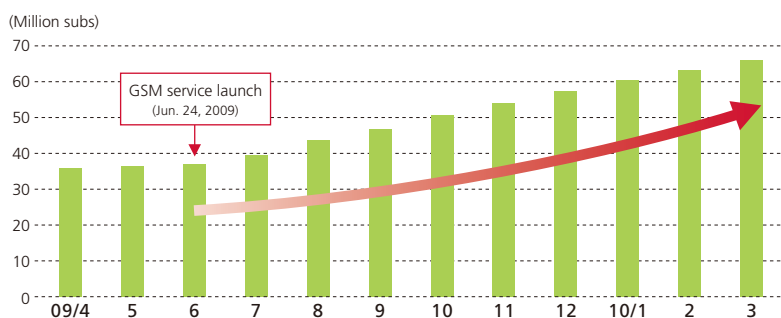
Promotion of Domestic Investments / Alliances

Communication is only one of the many uses for mobile phones. Combinations with other business fields can yield synergies and create new forms of value to society. To increase earnings and achieve sustained growth, we will use investments and alliances with a variety of partners to reinforce our core business and create new businesses.

TV Shopping Business

In April 2009 DOCOMO invested in the TV shopping company OAK LAWN MARKETING, INC. (OLM). OLM has a wealth of know-how concerning TV shopping, including knowledge of the U.S. market and excellence in procuring merchandise, expertise in developing and improving products, expertise in generating high response ratios by using video production, and marketing skills. The combination of these strengths with our technologies and know-how in mobile communications service creates a powerful platform for the growth of the mobile e-commerce and TV shopping businesses.

UGC Content Domain

DOCOMO formed a company called EVERYSTAR Co., Ltd. in April 2010 with partner DeNA Co., Ltd. (DeNA). DeNA has much expertise in the operation of user-generated content (UGC) websites, which collect content contributed by users from all age segments. DeNA is also skilled in developing the systems required by these websites. The establishment of EVERYSTAR combines DOCOMO's *i-mode* customer base and billing capabilities with DeNA's skill in providing services that originate with customers' needs. The aim is to operate a new type of UGC business that uses mobile phones and revitalize the entire UGC market.

The grand opening of *E*everystar*, a comprehensive UGC media, took place in June 2010. The media features not only mobile phone novels, which accounts for the largest share of UGC content, but also allows users to post and view comics, illustrations, photographs, recipes, poems and many other categories of content. This breadth makes the *E*everystar* service enjoyable for people of all ages.

Insurance Domain

DOCOMO and Tokio Marine & Nichido Fire Insurance Co., Ltd. agreed in March 2010 to establish a broad-based business alliance. The two companies used this partnership to launch *docomo One-Time Insurance*, which can be purchased simply using a mobile phone. This alliance utilizes the customer bases and business expertise of

ドコモ **ワンタイム保険**™

docomo One-Time Insurance
Features

| Enables users to complete all procedures from application to payment with a single handset |
| Entry items required for application reduced to minimum |
| Short-term coverage for reasonable premium (from 1 day) |
| Recommendation for insurance subscription using Auto-GPS capability |

both companies to bring together the mobile phone, which has become an established part of social infrastructure and has behavior support functions, and insurance services, which are an intimate part of daily life that provide security and safety. The two companies plan to use this alliance for developing and offering products and services that offer the greatest possible benefits for customers, and for devising new processes for delivering these products and services.

The first step of this alliance was the April 2010 introduction of *docomo One-Time Insurance*, which uses mobile phones to create a new concept in insurance products.

Conventional casualty insurance is based on monthly or annual policies. With our new service, people can buy a policy for only the days when protection is needed, such as when traveling or participating in a sporting event. The short coverage period keeps premiums down. Furthermore, an application can be submitted by inputting a minimal amount of information on an exclusive *i-mode* site, eliminating the need to visit an insurance agent or fill out a paper application. Four types of *docomo One-Time Insurance* are currently available: sports and leisure, golf, domestic travel, and overseas travel.

Link between Mobile Phones and TV Shopping Services

Link between TV shopping and mobile phone settlement

OAK LAWN MARKETING
(Direct marketing)

TV shopping payment

Link with docomo Points

Popular products

Repeat products (Cosmetics, etc.)

● Settlement (DCMX/ID) ● docomo Points
● Agent **docomo** (Mobile business) ● Channels (Shops)
● Communication tools ● Video (Packet)

TV sales expertise

Provide personalized information

PR for new products at docomo Shops

Consumers

Infomercial broadcast

Establish consumer communities

Distribute programming for mobile phones

Research & Development

One of DOCOMO's unique and vital strengths is our continued wide-ranging R&D activities. To further increase customer satisfaction and maintain our place among the world's market leaders, we take a wide focus in R&D, thinking not only of the present, but also looking constantly to the future.

Basic Policies and Structures

R&D activities at DOCOMO extend from technologies that contribute to increasing immediate competitiveness to basic research focused on future industry changes. The docomo R&D Center at Yokosuka Research Park is our core R&D facility devoted to a broad range of mobile communications fields. We are also working to achieve integration with technologies from other fields through joint research with other R&D institutes and university laboratories. Moreover, to keep up to date with the latest international trends in leading-edge technologies and to work towards the standardization of mobile communications systems, we have R&D centers in the U.S., Germany and China, etc.

Major Initiatives in Fiscal 2009

We completed work on remote radio equipment (RRE) for LTE-compliant optical fiber connection base stations. Since this RRE can be used in both LTE and W-CDMA base stations, incorporating it in newly installed optical fiber connection base stations prior to the launch of LTE operations will enable efficient expansion of the LTE service area.

To create mobile phones compatible with LTE, we developed LTE-PF, a mobile-terminal platform based on LTE, with NEC Corporation, Panasonic Mobile Communications Co., Ltd. and Fujitsu Limited. These companies completed the development of an LTE-PF chipset engineering sample. Using this LTE-PF will eliminate the need for handset manufacturers to develop proprietary technologies for the

basic functions of LTE mobile phones, allowing them to develop faster and at a lower cost.

We are making steady progress in preparing for the scheduled start of LTE services in December 2010. This primarily involves operation testing, evaluating transmission speed and examining aspects of performance in cities and other areas.

DOCOMO has developed a prototype multi-band power amplifier that can handle eight frequency bands between 700MHz and 2.5GHz. This provides compatibility with LTE, W-CDMA, GSM and other mobile communications standards used in Japan and other countries. If this breakthrough leads to a commercial version of this power amplifier, it would open the way for handsets to be compatible with almost all mobile telephone services worldwide without requiring additional power amplifiers to be fitted to handsets, increasing their size and weight.

DOCOMO is continuing to convert its core network to an IP-based network to deal economically with the rising volume of packet traffic. We are converting not only the network for packet communications, but also our core network for voice services. Since voice services require networks with a higher degree of reliability than for packet transmissions, we are increasingly focusing our attention on network reliability. In a major advance, DOCOMO and Fujitsu Limited have jointly developed technologies that improve reliability. These technologies can detect and locate "silent faults" in an IP network, which are extremely problematic with current technology. This will reduce the time

needed to resume normal services following a silent fault. We have also developed a next-generation satellite mobile communication system that allows higher speeds using common IP technology. We have launched services using this system with *WIDESTAR II*, the successor to our *WIDESTAR* satellite mobile communication service.

DOCOMO is continuing with research involving wireless access methods for a 4G mobile communication system. To help establish a standard for this system, we have actively submitted proposals to the Third Generation Partnership Project (3GPP), an organization that determines international standards. Other research includes advanced user interfaces like earphones that can be operated by eye movement, and ways to make communications more realistic, such as using surround sound technologies.

We strive to protect our businesses and improve our competitive edge by securing the rights to these R&D results through patents and other forms of intellectual property. DOCOMO is among the world's largest holders of patents relating to LTE and other core fields.

R&D Expenses
Fiscal year
(Billions of yen)

Year	Value
2005	110.5
2006	99.3
2007	100.0
2008	100.8
2009	109.9