■ Market Trends and DOCOMO over the Past Year

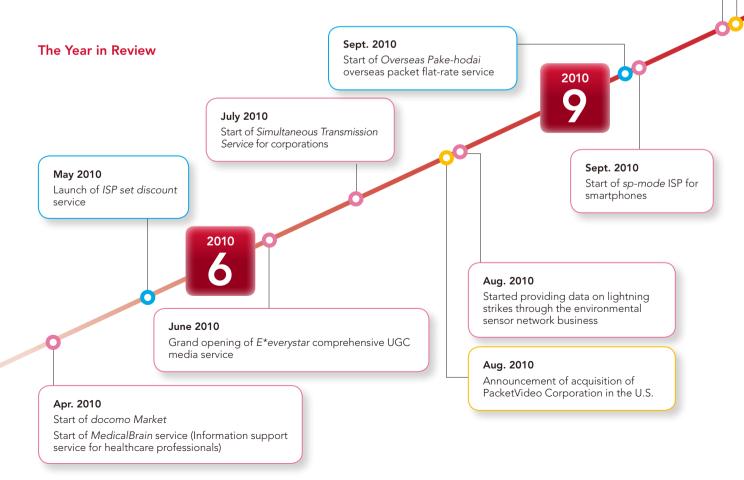
Trends in the Mobile Phone Market

The mobile phone market in Japan is maturing as the penetration rate rises. In fiscal 2010, new markets including smartphones and digital photo frames expanded, along with rising demand for mobile Wi-Fi routers to provide Internet access for a range of devices such as tablet devices and game consoles. As a result, the number of subscriptions at the end of March 2011 was up 6.6% from a year earlier to 119.54 million, with the market penetration rate rising to approximately 93%.

Mobile network operators have adopted a sales model of selling handsets at full price, and then offering customers a discount on the basic monthly charge equivalent to the amount of a handset sales incentive. As a result of the widespread adoption of this sales model, voice ARPU continues to decline.

With voice ARPU falling, mobile network operators are focusing on ways to raise packet ARPU. Flat-rate services have become standard for packet charges, and mobile network operators, particularly in the Japan market, offer two-tiered flat-rate services that allow subscribers to use data services more freely. For subscribers who make heavy use of packet communications for smartphones and other devices, mobile network operators offer comprehensive flat-rate services, and are focusing on encouraging users to subscribe to these billing plans in an effort to acquire and retain users with high packet ARPU.

At the same time, as the use of smartphones and data communication devices has grown, all mobile network operators now face the challenge of responding to a sharp increase in traffic volume. Fiscal 2010 has also been a year for rapid progress in establishing high-speed mobile Internet access using wireless technologies that handle high-speed communications such as LTE, DC-HSDPA and EVDO.



Feb. 2011

Expansion of sp-mode functions: introduction of sp-mode e-mail services compatible with Wi-Fi, and start of public wireless LAN services

Start of cloud-based service for mobile workers Mobile Secure Desktop

Feb. 2011

Agreement with KT Corporation in Korea to examine mutual use of cross-border NFC services

Oct. 2010

Start of docomo map navi service

Oct. 2010

Launch of Otayori Photo Service in Korea

Jan. 2011

Launch of Mobile Marketing ASP Service that enables use of Osaifu-Keitai for CRM

Start of 2Dfacto e-book service

Nationwide launch of the environmental sensor network

Jan. 2011

Granted preliminary license for field experiments of LTE-Advanced fourth-generation (4G) mobile communication technology

Jan. 2011

Agreement with China Mobile Limited and KT Corporation in Korea for a three-party business alliance

Mar. 2011

Expansion of sp-mode functions: Introduction of sp-mode data plans, contact list backup service, location information services based on base station data Launch of Disaster Message Board Service for DOCOMO smartphones

Mar. 2011

New packet flat-rate services and data communications billing plans

Launch of Monthly Support program supports customers in purchasing a smartphone

Mar. 2011

Announcement of further investment in Tata Teleservices Ltd. of India

Nov. 2010

Dec. 2010

Dec. 2010

Started i-mode version

of docomo Market

Start of Xi ("crossy")

Start of iC Tag Reader service using Osaifu-Keitai

Start of docomo Drive Net

Services Network Charges Overseas