Review of Operations

■ Performance Overview

Overview of Fiscal 2010

In fiscal 2010, we moved ahead with various initiatives to improve customer satisfaction in line with our medium-term action plan "Change and Challenge." This included expanding our product lineup, improving billing plans, and enhancing after-sales support. We worked to expand smartphone usage in order to increase packet ARPU, launched the LTE service *Xi* ("crossy"), and implemented various other actions to meet diverse customer needs.

Operating Revenues

Voice revenues in fiscal 2010 fell ¥198.3 billion, or 10.4%, year on year to ¥1,712.2 billion due to a decline in voice ARPU, which reflected the greater uptake of *Value Plan*. Packet communications revenues rose ¥106.0 billion, or 6.7%, year on year to ¥1,694.9 billion due to increased use of packet flat-rate services and efforts to promote the use of packet communications. Cellular services revenues therefore fell ¥92.3 billion, or 2.6%, year on year to ¥3,407.1 billion. Other revenues rose ¥62.3 billion, or 22.4%, year on year to ¥339.7 billion, partly due to revenue growth by new businesses. As a result, wireless service revenues fell ¥30.0 billion, or 0.8%, year on year to ¥3,746.9 billion.

Equipment sales revenues fell ¥30.1 billion, or 5.9%, year on year to ¥477.4 billion, due mainly to a decline in wholesale price of handsets.

As a result, operating revenues in fiscal 2010 fell ¥60.1 billion, or 1.4%, year on year to ¥4,224.3 billion.

Operating Revenues

Fiscal year (Billions of yen)

|	2009	2010	Increase (Decrease)
Wireless services	3,776.9	3,746.9	(0.8) %
Cellular services revenues	3,499.5	3,407.1	(2.6) %
Voice revenues	1,910.5	1,712.2	(10.4) %
Packet communications revenues	1,589.0	1,694.9	6.7 %
Other revenues	277.5	339.7	22.4 %
Equipment sales	507.5	477.4	(5.9) %
Total operating revenues	4,284.4	4,224.3	(1.4) %

Operating Expenses and Income

Non-personnel expenses declined ¥45.3 billion, or 2.1%, year on year to ¥2,077.6 billion, due to a fall in cost of equipment sold due to lower purchase prices per handset and reductions in commissions paid to agent resellers. Depreciation and amortization declined ¥8.1 billion, or 1.2%, to ¥693.1 billion due to more effective capital expenditure. As a result, operating expenses fell ¥70.6 billion, or 2.0%, year on year to ¥3,379.5 billion.

Operating income therefore rose ¥10.5 billion, or 1.3%, to ¥844.7 billion. Income before income taxes was ¥835.3 billion and net income attributable to NTT DOCOMO, INC. after income taxes was ¥490.5 billion, down ¥4.3 billion, or 0.9%, from the previous fiscal year.

Operating Expenses

Fiscal year (Billions of yen)

	2009	2010	Increase (Decrease)
Personnel expenses	258.3	264.6	2.5 %
Non-personnel expenses	2,122.9	2,077.6	(2.1) %
Depreciation and amortization	701.1	693.1	(1.2) %
Loss on disposal of property, plant and equipment and intangible assets	47.0	44.3	(5.8) %
Communication network charges	281.9	261.3	(7.3) %
Taxes and public dues	38.9	38.7	(0.6) %
Total operating expenses	3,450.2	3,379.5	(2.0) %

Operating Revenues, Operating Income and Operating Income Margin

Fiscal year
(Billions of yen)   (%)

Legend:
- Operating revenues (Left)
- Operating income (Left)
- Operating income margin (Right)
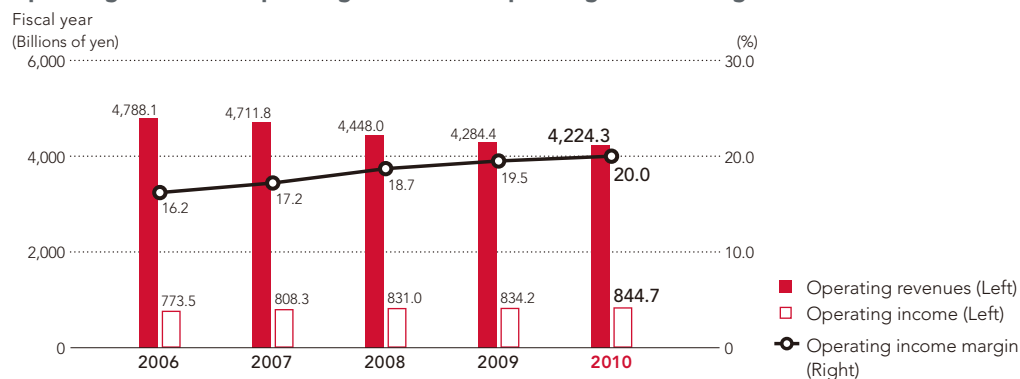
◼ Great East Japan Earthquake—Impact and Responses

Great East Japan Earthquake

The greatest earthquake ever recorded in Japan occurred on March 11, 2011. The epicenter of the earthquake, with a magnitude of 9.0, was located in the Pacific Ocean off the Sanriku area of northeastern Honshu. Tsunami waves generated by the earthquake reached a maximum height of 38.9 meters. The earthquake and the tsunami caused enormous devastation, mainly along the Pacific coast of the Tohoku region. As of April 28, 2011, approximately 26,000 people had been killed or were still missing, and more than 100,000 buildings had been totally or partially destroyed.

Impact of the Great East Japan Earthquake on DOCOMO

Disruption of Services

On March 12, 6,720 of DOCOMO's base station equipments were unable to provide services due to power cuts and equipment damage mainly in the Tohoku and Kanto Koshinetsu regions.

Restrictions on Transmission

A surge in communication traffic following the earthquake made it difficult for users to establish connections. To ensure that important communications could get through, DOCOMO imposed maximum capacity restrictions on voice calls of up to 80%, and in some areas up to 90%, primarily in the Tohoku and Kanto regions. As voice call traffic surged to 50-60 times normal levels, users encountered difficulty in connecting. Email and packet communications remained comparatively easier to use however.

Telecommunications equipment (Noda Mura station in Iwate Pref.)

Ishinomaki East *docomo Shop* (Miyagi Pref.)

Impact on Agent Resellers

Immediately after the earthquake, 159 of the 195 *docomo Shops*, our agent resellers, in the Tohoku region were forced to close temporarily. A total of 90 shops, including some in the Kanto region, suffered damage to buildings, including some that were completely destroyed.

Restoration Efforts

Immediately after the earthquake and tsunami, DOCOMO established a Disaster Countermeasures Office at its Head Office and at the Tohoku Regional Office, creating a structure that enabled close collaboration 24 hours a day. With this in place, DOCOMO formed a support team to undertake full-scale restoration activities. That team consisted of around 4,000 workers from the Tohoku Regional Office, as well as employees from DOCOMO's headquarters, regional offices, group companies, and partner companies.

Equipment restored using satellite circuits

Restoration of Communications Equipment

To get communications equipment back in service as soon as possible, DOCOMO deployed approximately 30 vehicles with portable base stations, as well as around 30 power supply vehicles and 400 portable power generators, to base stations that had been affected by disruption to power supplies. We restored transmission lines by making use of optical fiber, microwave entrance circuits, and satellite circuits. We also sought to reestablish service areas using the large-zone system—a method that uses a single station to cover areas normally covered by multiple stations—by installing base stations on the top of mountains and other strategic locations.

As a result of these efforts, by the end of May temporary communications equipment was in place and service area coverage was restored almost to pre-disaster levels, except for within the exclusion zone surrounding the Fukushima Daiichi Nuclear Power Plant. In areas where there has been catastrophic damage to houses and other buildings, rendering them inhabitable in their present state, we will carry out restoration work in tandem with the repair and reconstruction of roads and other infrastructure.

Disaster Relief Efforts

In addition to restoring communications equipment, DOCOMO has implemented a variety of measures to help people affected by the disaster. Immediately after the earthquake, we established the *Disaster Message Board* Service on our website to provide disaster victims with a means of communication. On March 17, we expanded the regions covered by this service to include the whole country, to make it available for as many people as possible. On March 18, we extended access so that customers with smartphones could post messages using *sp-mode*, as well as those using the *i-mode*. As of April 28, the *Disaster Message Board* Service had been accessed approximately 4.28 million times, consisting of 1.54 million registrations and 2.74 million confirmations.

To provide victims of the disaster with means of communication, DOCOMO loaned around 900 satellite mobile phones, 2,100 mobile phones, and 670 tablet devices free of charge to evacuation centers and other groups. We also established 410 stations where people could recharge their mobile phones free of charge.

Free mobile phone recharging service

For the three worst-affected prefectures of Iwate, Miyagi, and Fukushima, we provided *Restoration Area Maps* on the DOCOMO website. These maps enable users to check where mobile phones can be used, areas where mobile base station vehicles are being used to restore mobile communication (or are scheduled to restore services), locations where satellite mobile phones and free mobile phone recharging services are available, and information on *docomo Shops*. We also established a *docomo Disaster Relief Charity Website*, which provides extensions to payment due dates to customers in affected regions and phone repairs at reduced rates.

Reopening of *docomo Shops*

DOCOMO has provided assistance for repairs and the construction of new shops and to cover the cost of products so that *docomo Shops* can resume operations as soon as possible. At the same time, we have provided a total of ¥38 million in financial assistance to shops affected by the disaster. Two weeks after the disaster, all shops had reopened, with the exception of those in buildings that had sustained major damage and those situated in the exclusion zone around the Fukushima Daiichi Nuclear Power Plant. We are targeting the resumption of operations by these other shops as well, by relocating them or using temporary premises for retail activities.

New Disaster Preparedness Measures

As a result of the Great East Japan Earthquake, DOCOMO has learned a variety of lessons with respect to providing security and peace of mind to its customers. Based on these lessons, we plan to devise new disaster preparedness measures, centering on securing key service areas, preparing for rapid responses in disaster zones, and improving customer convenience. In order to secure communications in key areas, we will supplement existing base stations by installing separate base stations that use the large zone system in densely populated areas nationwide, and equip base stations with un-interruptible power supplies and with 24-hour batteries. On the theme of responding rapidly in the worst-hit areas, we will enable communications at evacuation centers by immediately providing satellite mobile phones, creating service areas as soon as possible using a satellite system, and creating flexible service areas using microwave entrance circuits. We will also improve customer convenience by developing a voice file-based message service that uses packet communications, which can cope under heavy traffic conditions following a disaster, upgrading *Restoration Area Maps*, and developing a message board application for disasters with voice guidance to improve the operability of the existing *Disaster Message Board* Service. In addition, DOCOMO will promote the further use of *Area Mail* and information and communications technology (ICT) linked to social networking services.

Impact on Performance

In fiscal 2010, DOCOMO recorded additional expenses of ¥7.1 billion due to losses on the disposal of damaged network equipment, emergency response measures in affected areas, and other disaster-related measures. In fiscal 2011, we forecast around ¥20.0 billion in expenses for the urgent repair and full restoration of networks.

In fiscal 2011, we forecast additional capital expenditures of about ¥30.0 billion for the full restoration of base stations and transmission routes, as well as the implementation of new disaster preparedness measures.

■ At a Glance

Subscriptions

Mobile phone services subscriptions rose by 1.93 million, or 3.4%, year on year to 58.01 million at the end of March 2011, on the back of growth in new markets, including *Otayori Photo Service*, data communications by Wi-Fi routers and other devices, and smartphone and tablet devices. The net additions was 30.1% year on year.

The churn rate in fiscal 2010 remained low at 0.47%, due to our efforts to improve customer satisfaction and other factors.

Mobile Phone Services Subscriptions and Churn Rate
(Thousands)   (%)

- 2006: 52,621 — 0.78
- 2007: 53,388 — 0.80
- 2008: 54,601 — 0.50
- 2009: 56,082 — 0.46
- 2010: 58,010 — 0.47
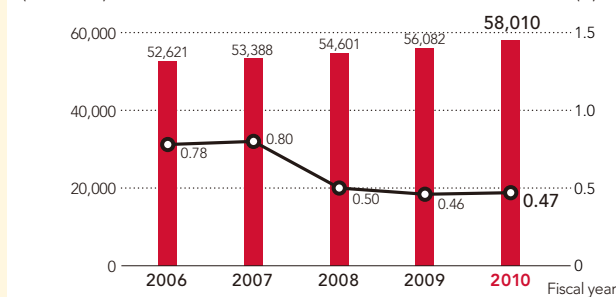
■ Mobile phone services subscriptions (Left)   ─○─ Churn rate (Right)

ARPU

Voice ARPU

Fiscal 2010 voice ARPU fell ¥370, or 12.8%, year on year to ¥2,530, as billable MOU continued to decline due to the increased use of free voice calls between family members and the greater uptake of the *Value Plan* introduced in 2007.

Packet ARPU

Packet ARPU rose ¥90, or 3.7%, year on year to ¥2,540, exceeding voice ARPU, due to the rapid take-up of smartphones, increased data communications through the use of new devices via Wi-Fi routers, and efforts to promote usage by expanding *i-mode* services.

As a result, aggregate ARPU in fiscal 2010 fell ¥280, or 5.2%, year on year to ¥5,070.

Packet ARPU
(Yen)

2009 — 1Q: 2,430 2Q: 2,450 3Q: 2,440 4Q: 2,470
2010 — 1Q: 2,510 2Q: 2,540 3Q: 2,540 4Q: 2,570
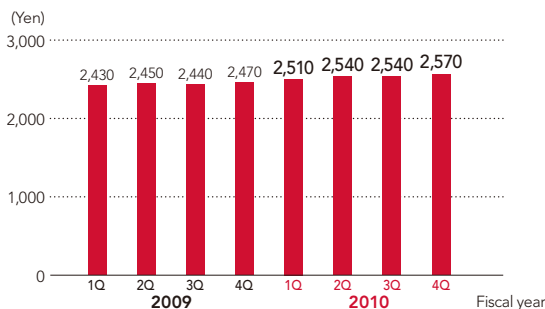
Billing Strategy

Introduction of *Monthly Support*

In March 2011, we introduced the *Monthly Support* program, which provides customers who have recently purchased a smartphone or tablet device with certain discounts, according to the model, on their monthly bills for up to 24 months.

Expansion of Flat-Rate Services

In March 2011, we launched new packet flat-rate services and data-only flat-rate plans, which are designed for customers accessing content-rich sites on their smartphone or tablet device. We offer two types — full flat-rate and two-tiered flat-rate — that customers can choose to suit their usage.

Launch of *Xi* Data-only Plans

Following the launch of the *Xi* service in December 2010, we started providing *Xi* data-only billing plans. Unlike the *FOMA* billing plans, if a customer exceeds 5 GB data volumes in a single month, they are charged a fixed fee for every additional 2 GB.

New Revenue Enhancement Initiatives

E-book Service

- 2Dfacto, Inc., established in collaboration with Dai Nippon Printing Co., Ltd. (DNP) and CHI Group Co., Ltd. (currently Maruzen CHI Holdings Co., Ltd.), began providing full-scale service on its e-book store *2Dfacto* in January 2011.
- Literature, comics, and other publications from a selection of around 20,000 titles can be purchased and read.

ITS Initiatives

- Since December 2010, we have provided network services for the *Nissan Leaf* information and communication technology (ICT) system.
- We started providing the *docomo Drive Net* driver information service in November 2010. This service delivers real-time area information, such as the latest maps, and available parking spaces and tourist facilities according to vehicle location, via DOCOMO's network. This service became available for use on smartphones in April 2011.

Credit Business

- We have worked to expand the use of our credit brand *iD* and our credit payment service *DCMX* compatible with *iD*, which can be used as *Osaifu-Keitai* (e-wallet). At the end of March 2011, we had grown *iD* members to 15.84 million and *DCMX* subscriptions to 12.32 million.
- Steady growth in the number of stores accepting *iD* (7-Eleven, MINISTOP)
- Started offering the *iD* service for smartphones equipped with FeliCa chips

Mobile Phone Multimedia Broadcasting

- In September 2010, our subsidiary Multimedia Broadcasting, Inc. (currently mmbi, Inc.) received approval from the Ministry of Internal Affairs and Communications to become the sole commissioned carriage operator for multimedia broadcasting services for mobile devices.
- In January 2011, Japan Mobilecasting, Inc. was spun off as the operating company providing commissioned broadcasting services.
- We are preparing services and devices for the service launch scheduled for April 2012.

Environmental Sensor Network Business

- We are providing meteorological and other organizations with data on environmental variables—including pollen count, temperature, humidity, wind direction and speed, rainfall amounts, and thunderstorm data—automatically captured by sensors installed in mobile base stations.

Bicycle Sharing

- In September 2010 we reached agreement with Docon Co., Ltd. and Pedal Ltd. on operational support for a pilot program on bicycle sharing.
- We were selected as an operations provider in the Central Yokohama Community Cycle Pilot Program. The cycle sharing business started in April 2011.
- We began accepting advance orders from June 2011 for sales of general-purpose cycle sharing systems developed jointly with Pedal Ltd.

R&D

- We commercialized an LTE system, including the development of a LTE fiber-connected remote radio equipment (RRE) that can also be shared with W-CDMA system.
- We engaged in R&D and global standardization for the LTE-Advanced 4G mobile communications system, based on IMT-Advanced standards.
- We developed smartphone service functionality, particularly for *sp-mode*.
- We advanced development of services and receiving devices ahead of the start of multimedia broadcasting for mobile devices.

■ Main Initiatives

Smartphones

With an eye on the fast-growing smartphone market, DOCOMO has worked to rapidly expand its lineup of handsets while also focusing on expanding services for smartphones. We believe that growth in smartphone users will contribute significantly to increasing packet ARPU, because many customers use up to the maximum amount under our two-tiered packet flat-rate services.

Expanded Handset Lineup

To meet the diverse needs of customers in the fast-growing smartphone market, in fiscal 2010 DOCOMO introduced 13 smartphone models, including *Xperia™ arc* and *GALAXY S*. We hope to accelerate this push into smartphones in fiscal 2011, with smartphones comprising more than half of all new models to be introduced.

Unique Smartphone Services, Distinctive DOCOMO Services

We provide not just the unique functions and rich content of smartphones, but also offer the distinct advanced DOCOMO services and content we developed through *i-mode* on smartphones as well.

① *docomo Market* (Smartphone version)

We began providing this portal site for smartphone users in April 2010. Based on the smartphone's unique open application environment, this service enables customers to easily obtain popular applications, as well as the latest news, videos, e-books, games, and other popular content, along with original content from DOCOMO.

② *sp-mode*

The *sp-mode* service, rolled out in September 2010, is an ISP service for smartphone users. In addition to enabling use of *i-mode* mail addresses (@docomo.ne.jp), the service allows use of the same *Deco-mail* services as *i-mode*, and we have also begun to offer the *Access Restriction Service*. We also began offering the *Content Payment Service*, which enables users to pay for content purchased on smartphones along with their monthly DOCOMO usage charge. In March 2011, we began offering this choice of payment for content purchased through the *Android Market™*, as well. Also in March 2011, we began offering a service to back up phonebooks on smartphones to DOCOMO servers as a basic *sp-mode* service.

③ Adapting *i-mode* services to smartphones

In order to make effective use of the business resources cultivated through *i-mode*, we are progressively adapting *i-mode* services and making them available for smartphones.

As part of this effort, in November 2011 we began offering e-books and comics applications for smartphones through the *E*everystar* comprehensive UGC media service, which enables users to enjoy novels, comics and other content across a variety of genres. Original video programming for DOCOMO is also being distributed, with the popular *BeeTV* made available for Android smartphones beginning in March 2011. The *Disaster Message Board* Service was also made available for use on smartphones the same month. Finally, the well-received *i-channel* service, which reached 16 million subscriptions as of the end of March 2011, became available for use on smartphones beginning in June 2011.

Initiatives to Increase Packet ARPU

i-mode

With 48 million users, *i-mode* is the world's largest mobile Internet platform. While we have seen a greater shift to smartphones recently, particularly among high ARPU users, our distinctive *i-mode* service is capable of responding to the needs of a broad range of customers, including medium and light users. Going forward, DOCOMO expects to further increase packet ARPU by continuing to introduce attractive handsets to the market in response to the diverse needs of our customers.

Introduction of New Handsets

DOCOMO continues to roll out its *5 series* for *i-mode*, designed to suit customer lifestyles. We have also introduced a large number of design-focused handsets in collaboration with a variety of famous brands, which have proven popular with our customers. In fiscal 2010, we introduced a total of 39 *i-mode* models.

Expansion of Services

In fiscal 2010, we introduced a multitude of advanced *i-mode* services only available from DOCOMO.

①Personalization of services

The *i-concier* service has proven to be one of our most popular services, and is one of the contributors to increased packet ARPU. Subscriptions to this service numbered 6.22 million as of the end of March 2011, and the number of contents available continues to steadily expand. In fiscal 2010, we began offering a service targeting neighborhood bakeries, local restaurants, and other content providers who may have difficulty setting up their own servers, enabling them to easily provide discount coupons and other sales promotion content. This service makes it possible for businesses to easily provide customers with the latest information, and has earned a good reputation as a means for attracting new customers.

②*docomo Market* (*i-mode version*)

We recreated the open application environment of the smartphone version of *docomo Market* for *i-mode* too, opening a content market that even includes individual creators. This is a good example of how we are incorporating the benefits of smartphones in *i-mode* services. We have also launched a music store with approximately 1 million songs available across a wide range of genres, as well as a book store offering popular comics, novels, and how-to books.

③Engaging medium and light users

As part of its efforts to stimulate demand among medium and light users, DOCOMO is working to expand *i-mode* packet use among seniors. The *Raku Raku PHONE 7*, introduced in July 2010 as one of the *Raku Raku PHONE* series of mobile phones targeting senior users, features improvements such as one-button access to the Web, making packet use more user-friendly for seniors. With the release of the *Raku Raku PHONE 7*, we have also renewed our *i-menu* site for seniors, provided a way to deliver coupons and other content through compatibility with *i-concier,* and taken other steps to promote packet use among seniors.

Content Distribution Using *i-concier*

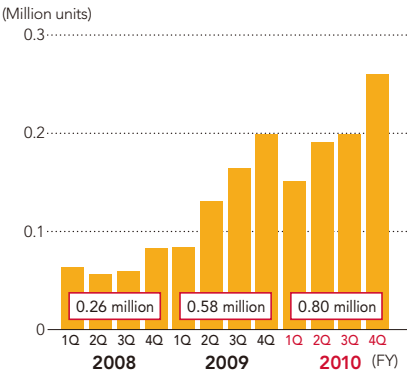| DOCOMO	Private Business	Customer
Provide tool for content production/operation	Retailer (e.g., bakery in neighborhood)	Our best seller bread is now freshly baked out of the oven!
Content server lease (Hosting)		Information delivery
Provide reader/writer machine for content delivery at shops	Easy information delivery via WEB	Coupon delivery
		Get a ¥50 discount by presenting this coupon!

Assist content production/operation

Data Communications Services

As in fiscal 2009, the data communications market continued to grow, and because of the opportunity it offers to capture high packet ARPU users, DOCOMO considers this an important market. In a survey covering satisfaction with data communications usage, DOCOMO was ranked highly in terms of communications quality, service coverage, and customer service, achieving No. 1 in overall satisfaction for the third year in a row.*
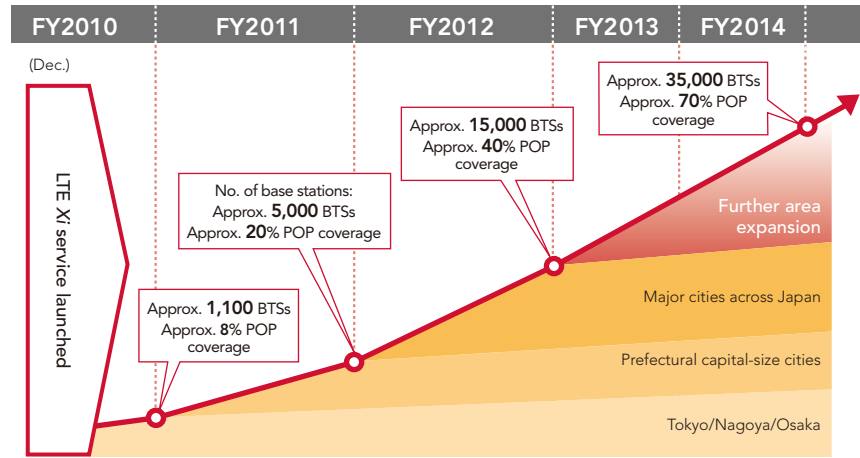
Bolstering the Device Lineup

In order to capture this growth in the data communications market, DOCOMO is working to expand its product lineup to supply a variety of devices allowing data communications beyond just PC data cards. Our mobile Wi-Fi routers have received particular attention recently, as we expanded our product lineup to two models, introducing a device with international roaming capability. As a result of these efforts, sales of data communication devices reached 800,000 in fiscal 2010.

Data Communication Device Sales

(Million units)

| 0.26 million | 0.58 million | 0.80 million |

1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q
2008   **2009**   **2010** (FY)

***Xi* Service Area**

| FY2010 (Dec.) | FY2011 | FY2012 | FY2013 | FY2014 |

LTE *Xi* service launched

Approx. **1,100** BTSs
Approx. **8**% POP coverage

No. of base stations:
Approx. **5,000** BTSs
Approx. **20**% POP coverage

Approx. **15,000** BTSs
Approx. **40**% POP coverage

Approx. **35,000** BTSs
Approx. **70**% POP coverage

Further area expansion

Major cities across Japan

Prefectural capital-size cities

Tokyo/Nagoya/Osaka

With the start of the *Xi* service in December 2010, we also introduced a USB-type data device, followed by an Express Card-type data device in April 2011.

Start of *Xi* Data Communication Service

In December 2010, we began our *Xi* data communication service, offering ultra-fast data communications with downlinks of up to 75Mbps and uplink transmission speeds as fast as 25Mbps.** While as of March 2011, the service covers only approximately 8% of the population, with usage limited to portions of the Tokyo, Nagoya, and Osaka areas, we expect to expand coverage to about 70% of the population by fiscal 2014, with about 15 million subscriptions, equivalent to approximately one-quarter of total subscriptions.

* From the results of the Nikkei BP Consulting's 3rd Mobile Data Devices Satisfaction Survey, including scores for area coverage (outdoor), area coverage (indoor), communication quality (disruption of connection), communication quality (time to connect), device performance/functionality/ease of use, responsiveness of retailer/shop attendants, and after-sales support services. (Announced May 16, 2011)

** Compatible in some indoor facilities with maximum downlink speeds of 75Mbps and maximum uplink speeds of 25Mbps upstream, and in other areas of downlink speeds of 37.5Mbps and uplink speeds of 12.5Mbps. Data communication speeds shown are the maximums for this technical standard, and are not indicative of actual speeds. Service is provided on a best-effort basis, and actual speed may vary depending on communication environment and network conditions.

Billing Strategy

Introduction of *Monthly Support*

In March 2011, we began offering our *Monthly Support* program. When customers purchase a smartphone or tablet device, they can receive a discount off their monthly usage charges on the amount applicable to *Monthly Support*, depending on the model they choose, for up to 24 months.

Unlike the one-time discount on the price of products previously offered at time of purchase, *Monthly Support* provides a discount from monthly charges in the form of the applicable *Monthly Support* amount, in exchange for purchase of devices at full retail price.
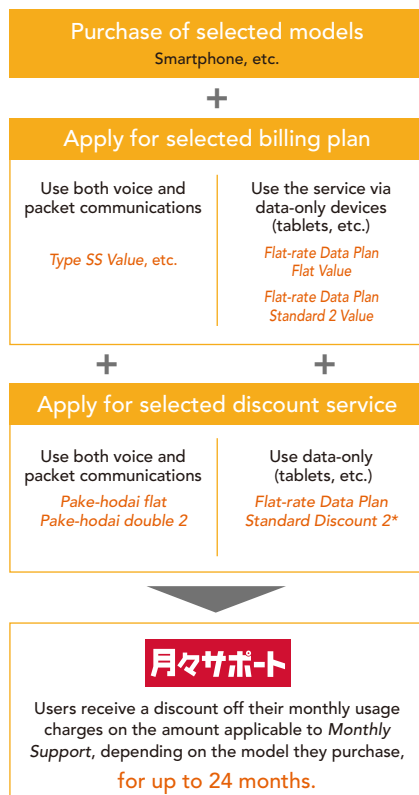
Expansion of Flat-Rate Services

Along with the introduction of *Monthly Support*, we have also begun offering new packet flat-rate services and data-only flat-rate plans, better suited to users of smartphones, tablets, and other devices that handle rich-content.

The service offers *Pake-hodai flat*, a packet flat-rate service with an upper limit that is ¥525 (tax inclusive) cheaper for smartphone usage than the previous *Pake-hodai double* and a two-tiered packet flat-rate service called *Pake-hodai double 2*, which also offers a per-packet pay-as-you-go rate that is cheaper than previous *Pake-hodai double* rates.

We also offer similar flat-type and two-tiered flat-rate data plans for data communications using tablets and other devices.
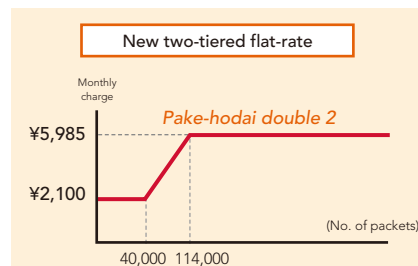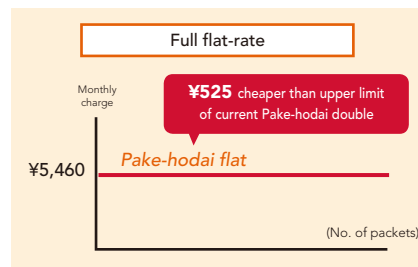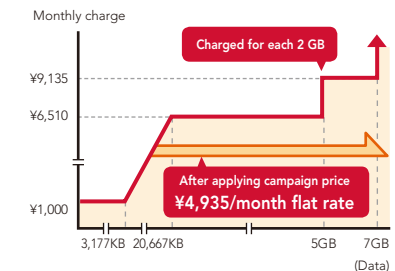
Launch of *Xi* Data-only Plans

With the start of the *Xi* service in December 2010, DOCOMO began offering billing plans specifically for *Xi* data communication, including the *Xi Data Plan* and the *Xi Data Plan Ninen*, which offers a discount off *Xi Data Plan* monthly rates for users who commit to using the service for a period of two years.

Rates for the *Xi Data Plan* are between ¥2,470 and ¥7,980 (tax inclusive) for under 5GB of data communications, and between ¥1,000 and ¥6,510 (tax inclusive) for the *Xi Data Plan Ninen*. Use exceeding 5GB incurs an additional charge of ¥2,625 (tax inclusive) for every additional 2GB.

Given that the *Xi* service area remains limited for the time being, DOCOMO is offering a discounted monthly rate under its *Xi Start Campaign*, from the start of service through the end of April 2012.

Purchase of selected models
Smartphone, etc.

+

Apply for selected billing plan

Use both voice and packet communications	Use the service via data-only devices (tablets, etc.)
Type SS Value, etc.	*Flat-rate Data Plan Flat Value* *Flat-rate Data Plan Standard 2 Value*

+ **+**

Apply for selected discount service

Use both voice and packet communications	Use data-only (tablets, etc.)
Pake-hodai flat *Pake-hodai double 2*	*Flat-rate Data Plan Standard Discount 2**

月々サポート

Users receive a discount off their monthly usage charges on the amount applicable to *Monthly Support*, depending on the model they purchase,

for up to 24 months.

* Users of *Flat-rate Data Plan Standard Discount 2* are not eligible for *Monthly Support*

New packet flat-rate services

Full flat-rate

Monthly charge

¥525 cheaper than upper limit of current Pake-hodai double

¥5,460 — *Pake-hodai flat*

(No. of packets)

New two-tiered flat-rate

Monthly charge

¥5,985 *Pake-hodai double 2*

¥2,100

(No. of packets)

40,000 114,000

Xi Data Plan Ninen

Monthly charge

Charged for each 2 GB

¥9,135
¥6,510

After applying campaign price **¥4,935/month flat rate**

¥1,000

3,177KB 20,667KB 5GB 7GB
(Data)

New Revenue Enhancement Initiatives

E-book Service

Start of Service

DOCOMO has established 2Dfacto, Inc., a joint venture with Dai Nippon Printing Co., Ltd. (DNP) and CHI Group Co., Ltd. (currently Maruzen CHI Holdings Co., Ltd.). In January 2011, 2Dfacto, Inc. began offering e-book service through the *2Dfacto* e-book store for devices such as DOCOMO smartphones. Subscriptions have grown steadily since then.

2Dfacto began by offering approximately 20,000 works for sale, primarily literary publications and comics, that had been provided by DNP through its own *honto* e-book service. The service features a user interface with an intuitive layout, multi-format compatibility, a search function for finding books quickly, a function for managing e-book purchases, optimal layouts for various screen sizes, and functions for displaying easy-to-read font sizes and types.

Beginning in February 2011, the service is also compatible with the *sp-mode Content Payment Service*, which can be used when purchasing e-books.

Going forward, we will work to further expand available content, incorporating new titles, magazines, newspapers, and rich-content electronic media incorporating video.

In the future, *2Dfacto* aims to become a comprehensive hybrid bookstore linking an electronic bookstore offering e-books, an online bookstore, and physical retail booksellers. Under the envisaged plan, this hybrid bookstore will feature a *Recommendation Function* for suggesting books to suit customers' tastes based on their previous purchases at all three bookstore formats, a common *Points Service* for use at all store formats, and an *e-Bookshelf Function* for viewing purchases, both paper and electronic. Other functions to be provided going forward include a
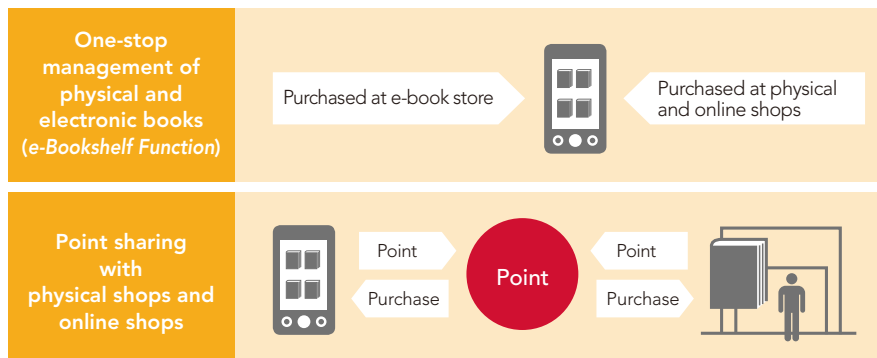

Bookreader SH-07C

Multi-device—1 Content function, enabling users to read the same e-book on multiple devices, and a *sync* function that will enable sharing of bookmark and marked information as well as continuous reading across multiple devices.

Expanding Availability for Different Devices

As of the end of March 2011, *2Dfacto* is compatible with 9 smartphones, including *Xperia™*, *Galaxy S*, and a bookreader. Going forward, we plan to ensure compatibility with newly-introduced smartphones and bookreaders, and continue expanding the range of compatible devices.

Future Plans – Coexistence of Physical/Digital Stores

| One-stop management of physical and electronic books (*e-Bookshelf Function*) | Purchased at e-book store | Purchased at physical and online shops |

| Point sharing with physical shops and online shops | Point / Purchase | Point / Purchase |

New Revenue Enhancement Initiatives

ITS Initiatives

Intelligent Transport Systems (ITS) refers collectively to multiple transport systems designed to solve problems resulting from accidents and traffic congestion by using advanced information communications and control technology. Tying information related to people, cars, and roads together over a network can contribute significantly to the overall quality of society, and is an area that has drawn worldwide attention, with an increasing need for the introduction of communication services.

Providing Network Services for the *Nissan LEAF*

DOCOMO supplies its *FOMA* telematics module for use with the ICT system found in the *Nissan LEAF* electric vehicle (EV). This ICT system not only provides driving support functions for the passengers via the car's navigation screen, but also enables other functions unique to the EV through access to an owner's website. These include EV driving history and battery management, charging and remote control of the air conditioning system, as well as energy management. The system also collects travel logs and other actual driving data that can be useful for making progress toward achieving a low-carbon society. By connecting Nissan's central data management center, the CARWINGS Data Center, with the car's navigation system through the onboard *FOMA* telematics module, Nissan provides EV owners with services around the clock.

At the GSMA* Mobile World Congress held in Barcelona, Spain in February 2011, the ICT system, including our mobile network and *FOMA* telematics module, won acclaim for its innovation and excellence, with the *Nissan LEAF* ICT system receiving the 2011 Global Mobile Award for Best Mobile Innovation for Automotive and Transport.

*GSMA
The GSMA represents the interests of the worldwide mobile communications industry. Spanning 219 countries, the GSMA unites nearly 800 of the world's mobile network operators, as well as more than 200 companies in the broader mobile communications ecosystem, including handset makers, software companies, equipment providers, Internet companies, and media and entertainment organizations.
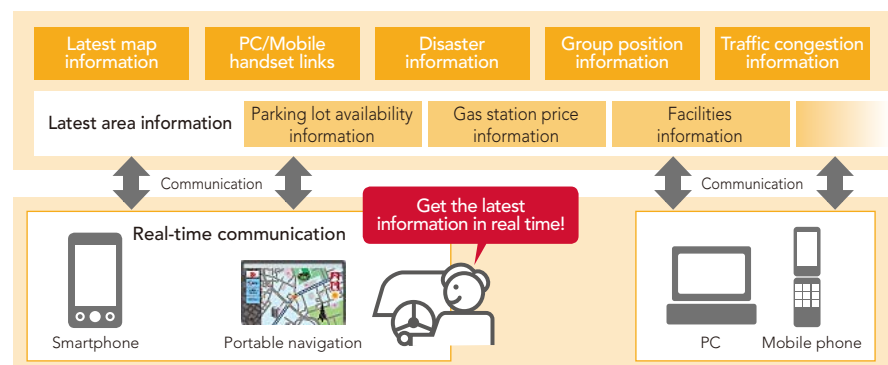
Start of *docomo Drive Net*

In November 2010, DOCOMO began offering its *docomo Drive Net* service for providing information to car navigation systems.

docomo Drive Net is compatible with a variety of devices, including portable navigation devices equipped with communication modules, and smartphones. This new driver information service uses the DOCOMO network to deliver, in real time, information on tourist facilities, parking lot availability, and other area information based on the latest map data and the vehicle's location. With the start of this service, DOCOMO is also offering dedicated rate plans, the *Drive Net Plan* and the *Drive Net Plan Full,* for portable navigation devices equipped with communication modules. We also provide the *Drive Net Plan Wari*, which offers a discount on monthly rates to users of these plans who commit to using the service for two years. In April 2011, we also introduced the *docomo Drive Net app* for smartphones.

By using this service to jump-start mobile navigation services, DOCOMO hopes to create new opportunities for revenue generation.

| Latest map information | PC/Mobile handset links | Disaster information | Group position information | Traffic congestion information |

Latest area information | Parking lot availability information | Gas station price information | Facilities information |

Communication

Communication

Real-time communication

Get the latest information in real time!

Smartphone   Portable navigation

PC   Mobile phone

Credit Business

DOCOMO is working to encourage the spread of its credit brand *iD* for use with *Osaifu-Keitai* service, as well as the *iD* compatible credit service *DCMX*.

We continue to enlist new member stores for *iD*. In July 2010, *iD* became available for use at all 7-Eleven stores, followed by all MINISTOP stores in January 2011. In February 2011, we also began providing the *iD* service on FeliCa-equipped smartphones. As a result of these initiatives, a total of 510,000 reader/writers were installed as of the end of March 2011, an increase of 70,000 compared to the end of the previous fiscal year, with *iD* members numbering 15.84 million people.

We are also working to capture more subscriptions and promote greater use of *DCMX*. As of the end of March 2011, we had 12.32 million subscriptions across all *DCMX* services, an increase of 1.06 million compared to the end of the previous fiscal year.

iD Members / DCMX Subscriptions

(Million)

■ *iD* members   ■ *DCMX* subscriptions
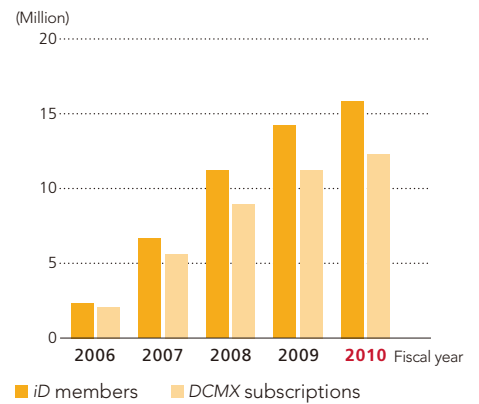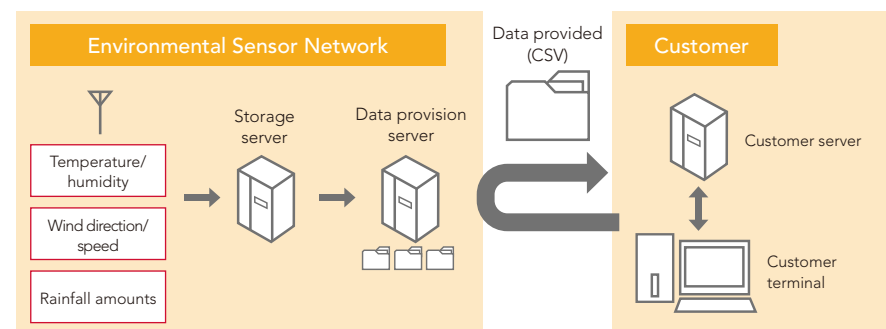
New Revenue Enhancement Initiatives

Environmental Sensor Network Business

DOCOMO is promoting its environmental sensor network business, which utilizes its mobile base station equipment. In August 2010, we began providing information on thunderstorms, in addition to our original pollen count information. In January 2011, we started providing weather information, including temperature and humidity, wind direction and speed, and rainfall amounts, as well as pollen data, nationwide on a commercial basis, and installed sensors in 2,500 locations across the country.

Our weather sensors measure and store data on temperatures, relative humidity, wind direction and speed, and rainfall amounts and provide information on actual conditions in real time. We have also rolled out pollen information services nationwide. DOCOMO will provide this through a number of channels, using a B2B2C model that transmits information on real conditions to consumers via weather forecasting companies in the form of weather forecasts, as well as B2B and B2G models for companies and municipalities. For general consumers, we also offered *docomo Kafun Live!*, a simplified site for checking pollen conditions in real time, provided free for a limited time from January to April 2011.

Environmental Sensor Network Service Image

New Revenue Enhancement Initiatives

R&D

Commercialization of LTE

In order to achieve greater radio network speed, functionality, and economy, DOCOMO began commercialization of a mobile communications system based on the LTE Release 8 specification standardized in the spring of 2009 under the Third Generation Partnership Project (3GPP), accomplishing this task in December 2010. Prior to that, in 2010, we developed a fiber-connected remote radio equipment (RRE) for LTE system that can be shared with W-CDMA system, part of the wireless equipment installed in wireless base stations.

DOCOMO has also played a central role in promoting LTE standardization within the 3GPP, from proposing the basic concepts, to final completion of specifications. In 2010, standardized specifications for LTE Release 9 which DOCOMO had been promoting were specified. In addition to extending functions provided under Release 8, such as radio network self-optimization*, LTE Release 9 will offer new functions, including location information services, and Service Specific Access Control (SSAC), which enables priority call routing and contact methods during times of disasters when providing VoIP services via IMS. In order to respond quickly to traffic demand, which is expected to increase even further, we are working to improve the system performance of our radio access networks even further, and will continue our proactive efforts towards standardization.

* A function for automatically distributing load and optimizing wireless parameters when re-connecting in the event of a failed hand-over.

4G "LTE-Advanced"

Currently, the 3GPP is working on standardization of an LTE development model known as LTE-Advanced, and DOCOMO is playing a part in the R&D work for the project. LTE-Advanced offers compatibility with LTE, and is expected to offer a smooth transition from existing LTE system, as well as further improvements to radio access network system performance. Indoor transmission tests using a demonstration testing system completed in 2010 succeeded in transmitting signals at approximately 1Gbps in the downlink and approximately 200Mbps in the uplink, in a simulated environment over a wired connection. The high performance of LTE-Advanced has been recognized by the radio communications division of the International Telecommunications Union, and in October 2010 was officially recognized as a mobile communication system compliant with the IMT-Advanced standard, successor to IMT-2000. DOCOMO also plans to adopt LTE-Advanced as its fourth generation mobile communication system, and in January 2011 obtained a preliminary license for an experimental radio station from the Kanto Bureau of Telecommunications, part of our preparations for demonstration testing. DOCOMO will continue to promote cooperation in LTE-Advanced research and development, and international standardization.

Smartphone-Related Development

To draw in more of Japan's fast-growing smartphone market, DOCOMO is working to equip its smartphones with already-popular *i-mode* services, and developing technology aimed at providing unique services for smartphones.

In September 2010, we completed commercialization of *sp-mode*, an ISP service for smartphones, which in addition to internet connectivity, also provides mail services allowing users to use the same email address as with *i-mode* (@docomo. ne.jp), as well as *Content Payment Service*. In February 2011, we began offering the *docomo map navi* service, Wi-Fi compatibility for *sp-mode* mail, and public wireless LAN services for *sp-mode*. In March 2011, we also introduced *phonebook back-up* and the *Disaster Message Board* Service, as well as location information services that make use of base station data.

Development of Multimedia Broadcasting Services for Mobile Devices

In September 2010, our subsidiary Multimedia Broadcasting, Inc. (currently mmbi, Inc.) gained approval for its design of a specified base station using frequencies above 207.5MHz and below 222MHz (14.5MHz). The base station was developed in anticipation of the start of multimedia broadcasting to mobile devices after the end of terrestrial analog broadcasting. Multimedia broadcasts for mobile devices will adopt the new ISDB-Tmm broadcast technology standard, and will provide not only real-time broadcast services, but also the world's first commercial stored broadcast services, which provide large-volume content over broadcast frequencies. In preparation for start of service in spring 2012, DOCOMO is preparing to provide services and develop compatible devices. Specifically, we are working to establish technology standards and functional specifications for compatible devices, while also developing and testing new functions.