

Press Conference Announcing the Results
for the First Three Months of the Fiscal Year Ending March 31, 2011
(Minutes)

Date: July 29, 2010 (Thursday), 15:00-16:15

[Comments by Ryuji Yamada, President and CEO]

FY2010/1Q Financial Results

For the first three months of the fiscal year ending March 31, 2011 (FY2010/1Q), the Company recorded an increase in operating revenues but a decrease in operating income over the same period during the previous fiscal year. Operating revenues and operating income were ¥1,089.2 billion (a year-on-year increase of 0.4%) and ¥240.5 billion (a year-on-year decrease of 4.5%), respectively. Operating revenues posted a year-on-year increase for the first time in three years. The progress of operating income vis-à-vis our full-year forecast was in line with our expectations at 28.6%.

FY2010/1Q Financial Results Highlights

In FY2010/1Q, we steadily expanded the number of subscriptions in new growth areas, such as smartphones, data communications devices and digital photo frames. This led to a 64% increase in the number of net additions compared to the same period of the previous fiscal year, and the total number of handsets sold also recovered after a constant decline over the last 2.5 years. Meanwhile, we have continued to strengthen the measures aimed at expanding the subscriptions to flat-rate packet billing plans and the usage of “i-concier”, video and other data services, which resulted in a ¥80 year-on-year increase in packet ARPU. Furthermore, we have cultivated new business areas such as overseas platform business, online shopping and mobile credit service, and successfully expanded revenues in these areas. As a result of the foregoing, the operating revenues for FY2010/1Q posted a year-on-year increase for the first time in the last three years.

Key Factors behind Year-on-Year Changes in Operating Income

(FY2009/1Q: ¥251.8 billion -> FY2010/1Q: ¥240.5 billion)

Among the cellular services revenues, voice revenues dropped by ¥41.4 billion due to a ¥330 decrease in voice ARPU compared to the same period of the previous fiscal year. Packet revenues, on the other hand, increased by ¥23.7 billion due to a year-on-year growth of ¥80 in packet ARPU. Other revenues also expanded by ¥19.8 billion owing to the growth of revenues from consolidated subsidiaries, credit payment and other new businesses. The combined revenue size of

packet and other businesses grew to a level that nearly offset the decline in voice revenues. The total number of handsets sold, which had been in a constant decline over the last few years, posted an increase of 270,000 units in FY2010/1Q, leading to a growth of ¥2.4 billion in equipment sales revenues.

On the expenses side, as a result of our endeavors to cut distributor commissions and handset procurement costs, we were able to reduce the equipment sales expenses by ¥8.9 billion in spite of the increase in the total number of handsets sold. Network-related costs dropped by ¥21.2 billion, contributing to increasing our operating income. Other expenses grew by ¥45.9 billion, due mainly to an increase of ¥24.9 billion in customer loyalty program expenses, such as the costs pertaining to handset repair and battery pack giveaways aimed for enhancing customer satisfaction.

As a result of the foregoing, our operating income for FY2010/1Q reached ¥240.5 billion, which is almost in line with our expectations.

50%-Off Monthly Charge Discount Plans and “Value Plan”

Because the combined number of subscriptions to “Fami-wari MAX 50”, “Hitoridemo Discount 50” and other plans which provide 50%-discounts on basic monthly charges grew to a considerable percentage to our total subscriber base, their negative impact on revenues moderated compared to the previous fiscal year. On the other hand, the subscription rate of “Value Plan”, which is another discount service that has a revenue-dilution effect, reached 62%. The pace of growth has slowed, but we are projecting further expansion in the number of “Value Plan” subscriptions.

Cellular (FOMA+mova) ARPU

Aggregate ARPU dropped ¥250 from the same period of the previous fiscal year to ¥5,190. Voice ARPU recorded a year-on-year decline of ¥330, of which the impact of expanded uptake of “Value Plan” accounted for approximately ¥200, and the reduction in billable MOU approximately ¥100. Packet ARPU increased by ¥80, or 3.3%, from the same period of the previous fiscal year, due to the expanded adoption of smartphones and data communications devices as well as our efforts to encourage the subscription to packet flat-rate plans and boost the usage of various content services. We will continually strive to facilitate the subscription to “Pake-hodai double” and other flat-rate packet billing plans, and step up our efforts to stimulate the usage of medium- and light-users, with the aim of raising the packet ARPU by ¥110 for the full year.

Total Handset Sales

The total number of handsets sold in FY2010/1Q was 4.61 million units, up 6.2%, posting a year-on-year increase for the first time in the last 2.5 years. The main drivers behind this growth include an increase in the number of smartphones and data communications devices sold, and the

strong demand for handset replacement among users who purchased their handset upon the introduction of the new handset purchase methods over two years ago. We believe the market has bottomed out after a period of constant decline in handset sales, and we will keep a close eye on the trends in the second and third quarters of FY2010.

Churn Rate

Churn rate for FY2010/1Q improved to a record low level of 0.44%, which we believe was achieved thanks to our steadfast customer-satisfaction improvement efforts.

Market Share of Net Additions

The total number of net additional subscribers acquired in FY2010/1Q was 432,000, up 64% compared to the same period of the previous fiscal year. Our market share of net additions improved to 28.2% owing to the brisk sales of data communications devices, smartphones and digital photo frames.

Subscriber Migration to FOMA

Some 450,000 subscribers switched from mova to FOMA in FY2010/1Q. Going forward, we will continually strive to complete the migration of subscribers as soon as possible.

Principal Actions and Results

Our goal for FY2010 is to achieve the No. 1 ranking in customer satisfaction. We will strengthen the measures relating to area quality or after-sales support, as they directly affect the satisfaction of our customers. During FY2010, our staff visited approximately 13,000 customers as part of our field staff dispatch program in principle within 48 hours after setting up an appointment in response to area quality-related inquiries. The “Mobile Phone Checking Service” was used by a total of 1.58 million subscribers, and the “Battery Pack *Anshin* Support” program, under which we give away battery packs or portable battery chargers, was used by some 2.24 million users. We are also providing various other after-sales support services, such as data restoration of water-logged handsets.

Handset Lineup

We unveiled our 2010 summer model handsets comprising 20 different models. Among the STYLE series, models designed in collaboration with external brands have enjoyed favorable reputation among our customers. STYLE series have been very popular for their reasonable prices and stylish designs, and sold the largest number of units among all product series in FY2010/1Q. The cumulative sales of the new series handsets topped 19.00 million units. For the future handsets

that are to be released after April 2011, we plan to make preparations to install a feature that can in principle remove the SIM lock.

Growth of Packet ARPU

The growth of packet ARPU is a key factor that will affect our future business, and we are currently working toward the goal to raise the packet ARPU by ¥110 over the previous fiscal year. We got off to a good start toward this target, successfully increasing the packet ARPU by ¥80 year-on-year in FY2010/1Q by expanding the adoption of smartphones and data communications devices, and encouraging the subscription of flat-rate plans and use of various content services. The total number of packet flat-rate subscriptions reached 27.50 million as of June 30, 2010, which equaled a subscription rate of 56%. Given that we raised the subscription rate by 3% in FY2010/1Q, compared to 53% as of March 31, 2010, we believe we are well positioned to achieve our full-year target of 63%.

i-mode Packet Usage Expansion

We have steadily reinforced the measures aimed for expanding the packet usage of i-mode users. We expanded our over-the-counter content recommendation activities to mass retailers and general retailers, where such activities had formerly been performed only at docomo Shops. For example, we are currently recommending customers to subscribe to services such as “Everystar”, a user-generated content media that currently has a subscriber base of 250,000 following its launch on Jun. 7, 2010, or “BeeTV” mobile video content service subscribed by over 1.3 million users. Previously, we accepted subscriptions to “BeeTV” through advertisements, our web page and “i-channel”. However, since we started making such over-the-counter recommendations, those joining the service increased, and they currently account for nearly half of the total new “BeeTV” subscribers. Those who sign up for these services at shops are in many cases light-users, whose monthly packet consumption previously had not reached the upper limit of the two-tier flat-rate plan. By having them join and actually use the service, we believe we can further increase the percentage of users consuming packets up to the monthly upper limit, so we plan to continue our activities to recommend use of these services going forward.

i-mode Usage Expansion –Senior Users

On July 23, 2010, we released the latest “Raku-Raku PHONE 7.” We made many innovations from the previous model, for example, by adding a button for one-touch access to the Internet, in order to make packet communications easier to use for senior users who have so far been perceived as light-users.

“i-concier”

The subscriber base of “i-concier” has expanded steadily. We have stepped up our efforts to prepare local information content, reflecting our view that it is important that customers using the “i-concier” service can obtain information that is most relevant for them. Our staffs at our regional offices and branches across Japan are developing local content listening to the requests of local residents, and the number of such local content titles exceeded 180. Also, because some information providers find it difficult to install servers on their own, we are planning to start a content hosting service from around August 2010 based on a B-to-B-to-C model. The hosting charge is expected to be approximately ¥600 per month for 10 content titles.

“docomo market” (i-mode)

One of the benefits of smartphones is the availability of open applications. We intend to incorporate a similar environment for i-mode from November 2010. So far, the content on iMenu had mostly been provided by enterprises, for which they had been required to install their own servers. However, it is difficult for individual content creators to prepare servers on their own, and strict screening is performed for official i-mode content, barring them from providing content for i-mode. Going forward, we would like to prepare an environment where individuals can also provide content to the i-mode version of “docomo market” by managing the content on DOCOMO’s servers. We believe this arrangement will create an open environment that enables the use of content and applications developed by individual creators via i-mode.

Smartphones

We achieved favorable sales of over 300,000 units of smartphones in FY2010/1Q due mainly to the brisk demand for Xperia™. We set a target to sell 1.00 million units of smartphones in FY2010, and we are making a good progress toward this target. In September 2010, we plan to launch “sp mode” to enable the use of i-mode mail as well as content payment and access restriction services on smartphones.

Although we previously mentioned that we intend to offer five smartphone models as part of our 2010 winter/spring lineup, we made an upward revision to seven models including Samsung’s “Galaxy S”. Some of these smartphones are expected to be compatible with “*OsaiFu Keitai*” electronic wallet capabilities or one-segment broadcasting.

PC Data Communications

PC data communications devices reported brisk sales due partly to the promotional campaign launched in June 2010. Perceiving PC data devices as one of the major drivers for packet ARPU growth, we started marketing mobile Wi-Fi routers manufactured by BUFFALO, INC. from

June 24, 2010. In addition, among our 2010 summer model handsets, there are three models with a built-in mobile Wi-Fi router and two of them are already on sale. We prepared an environment where users can enjoy Wi-Fi access over our broad 3G network coverage.

LTE

We decided to launch LTE under the service brand of “XiTM”. The “X” denotes both “connection” among people, goods and information and “infinite possibility.” The “i” represents both “individual user” and “innovation.” The total LTE-related capital expenditures for the first three years are estimated to be ¥300.0 billion. In our earlier plan, we had estimated approximately ¥340.0 billion for the first five years. However, given the recent surge of traffic, we decided to bring forward our LTE construction schedule, spending ¥35.0 billion in the first year, ¥100.0 billion in the second year and ¥170.0 billion in the third year. We plan to launch the service first from Tokyo, Osaka and Nagoya, and then gradually expand to prefectural capital-size cities and eventually to all major cities nationwide. The cumulative number of LTE base stations in the first, second and third year is estimated to be 1,000, 5,000 and 15,000, respectively.

Mobile Multimedia Broadcasting Service

We consider content, billing plans and devices hold the key to success of mobile multimedia broadcasting business. (1) A rich variety of content is indispensable. We believe our group can offer a wide array of attractive content through the collaboration with various broadcaster partners. (2) Content must be provided at reasonable rates. When we discussed the rates of our “BeeTV” service, we concluded that “a few 100-yen coins” would be the appropriate pricing, and ultimately launched the service for ¥315 per month including taxes. As a consequence, the service achieved a great success with its subscriber base growing to over 1.25 million in 14 months after the launch. The same applies to multimedia broadcasting service; while it offers various other features such as streaming and storage services, we still believe the service needs to be offered for a rate of a few hundred yen per month. We are currently contemplating a rate structure in which users are charged ¥300 a month for basic service, and an additional ¥100 or ¥200 depending on the number of premium content they opt to subscribe to. (3) To offer the services at reasonable rates, capital expenditures need to be curbed. While we initially projected a total investment of approximately ¥70.0 billion, after a scrutiny in view of the difficulty of making a viable business at this level of investment, we lowered the required capital expenditures to ¥43.8 billion by switching to a large-power, large-scale base station system. KDDI, on the other hand, plans to spend a total of ¥96.1 billion, approximately 2.2 times higher than our estimate. (4) Finally, it is also important to expand the adoption of compatible mobile handsets as quickly as possible. The two companies of DOCOMO and SoftBank are cooperating for the installation of multimedia broadcasting capabilities

in handsets, with the aim of equipping this feature in approximately 50.00 million units of handsets.

Global Expansion

The subscriber base of our Indian partner, TTSL, grew to 73.00 million compared to approximately 35.00 million when we made the investment, surpassing the total number of subscribers we have in Japan in a short period of time. TTSL's market share has also made a favorable progress and reached 11.4%. As a result of the recent 3G auction, TTSL won licenses for nine circles mainly in Western India where the population is concentrated, which we believe is a very good development for their future marketing.

The above is the overview of the results for the first three months of the fiscal year ending March 31, 2011. In summary, we achieved a significant increase in the number of net additions, and handset sales began to recover. Packet ARPU increased by ¥80 from the same period of the previous fiscal year, making a good start toward our full-year target of achieving a year-on-year increase of ¥110. We are committed to devoting ourselves to the execution of "Change and Challenge" action plan.

Our Aspirations Ahead—Pursuing Smart Innovation

"Our Aspirations Ahead—Pursuing Smart Innovation" is our new corporate vision, which illustrates our basic business execution policies for the next 10 years. It is not meant to replace any of our existing corporate philosophy, brand slogan or medium-term vision. The new corporate vision "HEART" was defined to succeed our previous "Vision 2010 MAGIC", and we will move ahead with our business operations based on the new vision.

Of the pillars comprising the "Vision 2010 MAGIC", many of the services envisaged by the "Mobile Multimedia" and "Anytime, Anywhere, Anyone" element have been realized in the last decade. A wide array of "Global Mobility Support" services, "Integrated Wireless Solutions" and "Customized Personal Services" were also brought into reality, which makes us believe that dramatic advancements have been achieved since 1999 when we unveiled the "Vision 2010 MAGIC".

Many changes and challenges are anticipated in the coming decade, such as the acceleration of globalization and shift toward a more sustainable society. To realize a sustainable society, we need to address various environmental issues such as efficient use of energy and resources. Other anticipated changes include aging and decreasing population in Japan, changes in people's values and behavior, advancement of information infrastructure and penetration of

broadband services. Hitherto, under the banner of “MAGIC”, we strived for the adoption and expansion of mobile communications services. Going forward, pursuing our new vision “HEART,” we will aim to provide a diverse range of values transcending the boundaries of mobile communications and converging with various other services, toward the goal of creating a society filled with richness.

“HEART” stands for “Harmonize”, “Evolve”, “Advance”, “Relate” and “Trust.” The word “Harmonize” represents social contribution beyond borders and across generations. The word “Evolve” denotes the evolution of services and network, and LTE is considered to be the trailblazer of our evolution. “Advance” symbolizes the advancement of industries to be achieved through the convergence of mobile communications with various services. “Relate” expresses our ambition to create joy through connections, and “Trust” depicts our desire to help design a safe, secure and comfortable living. We will move ahead with our business aiming to achieve the ambitions represented by “HEART”.

“Smart Innovation” is to pursue continuous change for the realization of a society where everyone can live a safe, secure and comfortable life filled with richness, beyond borders and across generations, and we will devote ourselves to this challenge. Because the world envisaged by “HEART” cannot be realized by DOCOMO alone, we will collaborate with various partners for the provision of various new services. In a word, “HEART” represents our aspirations to become a comprehensive service provider centered around mobile communications.

[Questions and Answers]

Q: You mentioned that your handset sales increased following the release of the latest models. Can you quantify the contribution of Xperia™?

A: We sold over 300,000 units of smartphones in FY2010/1Q. Xperia™ made a great contribution accounting for over 90% of them. Taking the opportunity of the commencement of “sp mode” on Xperia and other smartphone models in September, we plan to launch a campaign to promote “sp mode” and further boost the sales of Xperia™.

Q: What is the likelihood of achieving a reversal of voice and packet ARPU during FY2010/2Q?

A: We currently expect that packet ARPU will overtake voice ARPU sometime in FY2010/3Q or 4Q, but we believe it is more likely to happen in FY2010/4Q. We would like to avoid a situation in which packet ARPU becomes higher as a result of a steep drop in voice ARPU. The ideal scenario is to achieve a reversal by raising the packet ARPU through the expanded use of smartphones and other data devices, while keeping the decline of voice ARPU moderate.

Q: What are included in other revenues, which grew by ¥19.8 billion from the previous fiscal year?

A: Other revenues include services that are not classified as telecommunications or mobile phone business. There were two factors that drove the ¥19.8 billion increase in other revenues. One is the growth of revenues from consolidated subsidiaries resulting from expansion of sales, which accounted for approximately ¥7.0 billion. The other is the revenues from “Mobile Phone Protection and Delivery” service, which is offered to subscribers for ¥300 per month. Its revenues grew significantly by some ¥10.0 billion compared to the same period of previous fiscal year.

Q: Regarding the LTE roll-out, you mentioned the population coverage as of FY2010 when Tokyo, Osaka and Nagoya are covered is expected to be 7%. This 7% estimate seems too low, because I believe the coverage of the 23 wards of Tokyo alone will be tantamount to 10% POP coverage. Can you elaborate on your area deployment scenario?

A: LTE is scheduled for launch in December 2010, but the initial coverage will be limited to some areas of Tokyo and not the entire 23 wards. We plan to complete the coverage of 23 wards in FY2011. Our policy is to roll out the network from high traffic areas, and we intend to introduce LTE in the 23 wards as early as possible.

Q: Does that mean that if there are high traffic areas outside the 23 wards of Tokyo, such as ordinance-designated cities or other local cities, you will provide the service even by installing one or two LTE base stations?

A: Whether to provide a spot coverage installing only one or two base stations will have to be examined on a case-by-case basis in view of the availability of transmission circuits and other factors. Our basic approach is to roll out the coverage based on cluster of cell sites of a certain scale.

Q: Is it correct to assume that the handset-type LTE device you plan to introduce in FY2011 will be smartphones?

A: Basically, some models of the FY2011 smartphones and i-mode handsets are expected to be LTE-enabled. The installation of LTE capabilities in globally marketed devices will be up to the negotiations with the manufacturers.