

Press Conference Announcing the Results
for the Fiscal Year Ended March 31, 2011 (FY2010)
(Minutes)

Date: April 28, 2011 (Thursday), 15:00-16:15

[Comments by Ryuji Yamada, President and CEO]

We would like to express our heartfelt apologies for any inconvenience we may have caused following the Great East Japan Earthquake on March 11, 2011. As a result of our all-out efforts to carry out repairs, we have since almost entirely restored services. Going forward, we plan to undertake additional measures for enhanced disaster preparedness.

Great East Japan Earthquake: Damage and Restoration Status

As of today, we have completed repairs on 242 out of 248 base stations, with restoration of disrupted services scheduled for completion by April 30, 2011. We have restored disrupted services through the use of “large-zone schemes”, microwave transmissions and satellite circuits.

Restoration Status

We have completed the restoration of 51 out of 68 base stations located within a 30km radius from the Fukushima Daiichi Nuclear Power Plant. Coverage in areas situated near the power plant has also been restored through the use of a 40 meter high tower used for transmitting radio signals. Please refer to the presentation materials for more details regarding our group’s organizational framework for restoration, restoration area maps, and support provided to various organizations and companies.

I personally visited the Tohoku region three times after the earthquake, and realized that one of the issues that has proved challenging for our customers in the affected areas is the payment of invoices. Therefore, we have decided to further extend the duration of various programs implemented to support customers in disaster-stricken areas from the previous end date of May 31, to June 30, 2011. Specifically, these measures include a refund of basic monthly charges (for the period when the service was unavailable), provision of a ¥10,000-discount for the purchase of handsets, and a 50% discount on mobile phone repair charges. We also launched a charity drive website, collecting donations for the first time using “DOCOMO points”.

Capital expenditures and profit/loss impact for full-scale restoration of facilities are estimated to be ¥10.0 billion and ¥16.0 billion, respectively. Of the total profit/loss impact of ¥16.0 billion, ¥6.0 billion was recorded in FY2010 and ¥10.0 is estimated for FY2011.

New Disaster Preparedness Measures

We are planning to implement new disaster preparedness measures, in principle, within FY2011. We decided upon these measures based on the three guiding principles of (1) ensuring communications in key areas, (2) ensuring a swift response to disaster-stricken areas, and (3) further improvement of customer convenience. To ensure communications in key areas, we will construct base stations using large-zone schemes, employing uninterruptible power supply systems and ensuring 24-hour autonomous power supply by extending the number of hours of battery life in base stations. To ensure a swift response to disaster-stricken areas, we will increase the number of available satellite mobile phones and satellite entrance circuits, and deploy emergency microwave entrance facilities. Measures for improving customer convenience are comprised of five elements, which are the provision of voice message service in the event of a disaster, improvement of “Service Restoration Area Maps”, support for voice guidance in a “Disaster Message Board” service, enhanced utilization of “Area Mail”, and enhanced utilization of ICT through convergence with SNS and other services.

The total financial impact of these new disaster preparedness measures is estimated to be ¥20.5 billion in capital expenditures and ¥3.0 billion in profit/loss. We intend to execute all the programs using this budget in principle, but the actual amount may vary depending on the progress of implementation.

Construction of Large-Zone Base Stations

Disruption of communication services in the event of a large-scale disaster like the Great East Japan Earthquake causes inconvenience to customers. Therefore, we are resolutely determined to expand our service area. Exchange office buildings owned by DOCOMO and NTT have an engine installed which can be used for transmitting radio signals over a small area from DOCOMO’s towers. We plan to deploy antennas and transmission equipment in these locations that will be activated only in the event of a disaster so as to provide broad-zone coverage with 360-degree antenna directivity.

We plan to deploy these kinds of large-area base stations in approximately 100 locations nationwide, installing roughly 2 locations in each prefecture. These will be installed, for example, in locations like DOCOMO’s Sendai exchange office in Miyagi, NTT’s Fukushima-Hanazono Building in Fukushima, and NTT’s Morioka Building in Iwate.

Because we plan to install these large-area systems in densely populated areas, we believe we can provide population coverage of some 35% by installing them in approximately 100 locations nationwide. In these large-area base stations, output power will be raised so that we can provide coverage over a radius of seven kilometers. These broad-zone base stations are also equipped with

an engine to prevent disruption of service due to power outages, and we also plan to ensure redundancy of wired transmission lines and wireless entrance for these stations.

Uninterruptible Power Supply/24-hour Battery Supply

Currently, our base station batteries can sustain operation for an average of three hours following disruption of power supply caused by an outage. Going forward, base stations near prefectural or municipal government offices as well as other base stations subject to planned upgrading measures will be set up with an uninterruptible power supply either through the use of engines, or the battery life of these stations will be extended to ensure 24-hour autonomous power supply. Our rationale for the target of 24 hours is that in the recent earthquake, we saw the network traffic beginning to stabilize after many people finished their most urgent calls during the first 24 hours. If we can sustain the operation of base stations for 24 hours, that will give us sufficient time to dispatch mobile power supply vehicles to stricken areas in the meantime.

At present, the exchange office buildings of DOCOMO and NTT are equipped with engines, through which we can provide uninterruptible power supply to some 400 base stations. Our plan is to introduce this capability to another 400 base stations going forward.

To ensure 24-hour battery supply to base stations, we plan to increase the battery capacity of our tower base stations, adding 6 tons of batteries made up of four 1.5-ton battery units. The installation of this level of battery capacity would require a total combined weight of 10 tons, arising from the need to install dedicated containers weighing 4 tons in order to prevent exposure to rain and wind. This weight problem makes it difficult to extend the battery life of base stations situated on some locations, such as the rooftops of apartment buildings, etc. Because of this, our plan is to extend the battery life of base stations in free-standing towers. There are some 80 base stations located in private buildings where it would be difficult to extend battery life to 24 hours. In such cases, we will try to extend battery life to approximately 10 hours wherever possible.

We plan to introduce uninterruptible power supply and 24-hour battery life in a total of 1,900 base stations covering prefectural and municipal government offices. By executing these measures, we will be able to ensure coverage in 65% of populated areas in Japan and approximately 50% of the 606 disaster-base hospitals designated by the Ministry of Health, Labor and Welfare.

Swift Provision of Satellite Mobile Phones to Evacuation Shelters

We believe that satellite mobile phones can provide an effective solution for disaster victims staying in shelters to confirm the safety of family members as quickly as possible. Following the recent disaster, we rented some 1,000 satellite mobile phone units to various locations, and we plan to increase the number of available units to 3,000 units, so we can distribute 5-10 sets to each shelter in the event of a future emergency. In many cases, disasters are accompanied by

power outages, so we intend to provide these satellite mobile phones together with extra batteries and chargers that allow recharging through car cigarette lighters.

Early Restoration of Service in Disaster-Stricken Areas

We plan to increase the number of highly mobile satellite entrance circuits to ensure we can provide early restoration of services in disaster-stricken areas. We currently own 10 satellite mobile base station vehicles that can be mobilized as needed across Japan, and we intend to increase the number to 19 units by adding approximately two units in each Regional Office going forward. We also plan to increase the number of portable base stations equipped with satellite entrance circuits, and deploy emergency microwave entrances in approximately 100 areas within our backbone transmission network.

Improved Convenience

We are currently in the process of developing a disaster voice message service. In the event of a disaster, the large number of outbound calls placed simultaneously by users causes network congestion, which often results in limited outbound call capacity. When users find it difficult to get a connection, they tend to place repeated outbound calls. To avoid this, we are developing a new service that converts the voice message of a caller into a data file, so it can be carried over the packet network to the destination where it will be received as a voice data file. Under this service, if the caller leaves a message saying “I am safe, staying in XX evacuation shelter”, the receiving party will be able to hear a voice file repeating the recorded message. We recently launched a similar service called “voice courier”, but that uses a circuit switched connection because the system was not developed under an assumption of use in disaster situations. The new voice message service currently under development will use our packet network.

Improvement of “Restored Service Area Maps”

In the event of future large-scale disasters, we would like to activate “Service Restoration Area Maps” without delay. The maps will contain additional information such as the coverage area of large-zone base stations, which will become operational only in the event of a disaster.

Development of Voice Guidance Application for “Disaster Message Board” Service

We are working on improving our “Disaster Message Board” service where people can register and confirm their safety for others to check, looking to enable the use of voice guidance and touch icons on the handset screen, in order to make the service more user friendly, even for the elderly to use.

Enhanced Utilization of “Area Mail”

We are planning to enhance utilization of “Area Mail” services. There are two methods to deliver alert messages with “Area Mail”: the CBS system and ETWS system. It takes about 3-4 seconds to deliver an alert with the former, and approximately 5-6 seconds with the latter.

Starting with 2011 winter handset models, we plan to introduce “Area Mail” capability in our smartphones using the ETWS system that requires less time for message delivery. For smartphones already used by subscribers, we will start offering a feature that supports “Area Mail” compatibility using the CBS system from this summer. As far as i-mode handsets are concerned, ETWS-based “Area Mail” compatibility has already been introduced in some of our FY2010 winter models and subsequent models.

Enhanced Utilization of ICT through Convergence with SNS, etc.

We plan to further promote the use of ICT through convergence with SNS and other such services.

The measures outlined above constitute a summary of our new disaster preparedness measures. We intend to execute these measures in principle within FY2011.

FY2010 Results Highlights and FY2011 Forecasts

For the fiscal year ended March 31, 2011, we recorded a decrease in operating revenues but an increase in operating income over the previous fiscal year. Operating revenues and operating income were ¥4,224.3 billion (a year-on-year decrease of 1.4%) and ¥844.7 billion (a year-on-year increase of 1.3%), respectively. For the fiscal year ending March 31 2012 (FY2011), we expect to achieve a year-on-year increase of 0.1% in operating revenues to ¥4,230.0 billion and 0.6% in operating income to ¥850 billion. It is estimated that operating income for FY2011 would reach ¥870.0 billion with the impact of the Great East Japan Earthquake excluded.

FY2010 Results Highlights

In FY2010, we received the No. 1 overall customer satisfaction score in the survey conducted by J.D. Power Asia Pacific. This was the first time that we have been awarded the highest score for our consumer offerings, and the second year in a row for our enterprise and data communication services. We also maintained a very low level of churn rate. With respect to smartphone sales, we sold a total of 2.52 million units during FY2010, surpassing our annual target of 2.50 million units. Full-year packet ARPU increased by ¥90 compared to the previous fiscal year. On a quarterly basis, packet ARPU recorded an increase of ¥80 in the first quarter, ¥90 in the

second quarter, and ¥100 in each of the third and fourth quarter, but unfortunately fell short of our full-year target of achieving a ¥110 increase on an annualized basis. Our LTE service was launched on schedule. As a result of our efforts to expand new business fields, we were able to expand our revenues from new business areas such as Oak Lawn Marketing, Inc., and net mobile AG. Furthermore, we are currently working on the restoration of facilities that suffered damage in the recent disaster in order to ensure safety and security.

FY2010 Results Highlights: Key Factors behind Year-on-Year Changes in Operating Income

Operating income for FY2010 grew to ¥844.7 billion compared to ¥834.2 billion for the previous fiscal year. The following are the key factors behind the year-on-year increase.

Voice revenues dropped by ¥198.3 billion year-on-year due mainly to the expanded uptake of our “Value Plan” and a reduction in billable MOU. On the other hand, packet revenues increased by ¥106.0 billion owing primarily to a growth in the user base of smartphones, PC data cards and other devices. Other revenues posted an increase of ¥62.3 billion driven by the growth of new businesses, such as Oak Lawn Marketing and net mobile. Although we recorded brisk handset sales, equipment sales revenues decreased by ¥30.1 as a result of a reduction in the unit price of handsets sold. This was mainly attributable to reduced procurement costs for globally marketed smartphones, and the popularity of the less expensive “STYLE” series among the i-mode handsets, rather than the high-end “PRIME” series. Equipment sales expenses decreased by ¥42.9 billion due mainly to a drop in the average cost per handset unit of approximately ¥3,000. Network-related costs declined by ¥34.8 billion. Finally, natural disaster-related costs increased by ¥7.1 billion (¥6.0 billion excluding donations). As a result of the foregoing, operating income for FY2010 grew to ¥844.7 billion, posting an increase of ¥10.5 billion compared to the previous fiscal year.

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

Because the number of users subscribing to services offering 50%-discounts on basic monthly charges has already grown to over 80% of our total subscriptions, the negative revenue impact of these discount packages has become negligible. The subscription rate for our “Value Plan” rose to 71% as of March 31, 2011.

Cellular (FOMA+mova) ARPU

The aggregate ARPU for FY2010 was ¥5,070, down ¥280 year-on-year. Voice ARPU posted a decline of ¥370 compared to the previous fiscal year. However, because voice ARPU included the impact of the revisions made to the method for calculation of free communication allowances under the “*Nikagetsu-Kurikoshi*” (two-month carry-over) service, which amounted to ¥30 for the full year, the effective reduction excluding this impact was ¥340. Of this ¥340 decline,

the expanded uptake of our “Value Plan” accounted for ¥150, and reduction in billable MOU accounted for ¥100.

In contrast, full-year packet ARPU grew by ¥90, after recording a steady increase of ¥80 in the first quarter, ¥90 in the second quarter and ¥100 in each of the third and fourth quarters. In FY2010, we introduced a new discount package called “Monthly Support”. When the impact of this discount service is excluded, full-year voice ARPU, packet ARPU and aggregate ARPU for FY2011 is estimated to be ¥2,260 (down ¥270 year-on-year), ¥2,680 (up ¥140 year-on-year) and ¥4,940 (down ¥130 year-on-year), respectively. We have set a target to raise our packet ARPU by ¥140 in FY2011. While some may be skeptical about the achievability of this target, we are committed to devoting our efforts toward the reaching of this target. We would also like to limit the effective decline in aggregate ARPU to less than half the ¥280 decline recorded in FY2010.

Total Handset Sales

The total number of handsets sold in FY2010 was 19.06 million units, up 5.6% from the previous fiscal year. In FY2011, we aim to increase our total handset sales by 3.9% from the previous fiscal year to 19.80 million units.

Churn Rate

The full-year churn rate for FY2010 was 0.47%. We will endeavor to maintain churn rate at a low level going forward.

Number of Net Additions

The total number of net additional subscriptions acquired in FY2010 increased by 30% from the previous fiscal year to 1.93 million. The number of net additions from the sale of smartphones and data devices doubled from the previous fiscal year, and we also significantly increased the number of net additional module subscriptions. The total number of net additions for FY2011 is expected to be 1.95 million in light of the scheduled termination of our 2G PDC service on March 31, 2012.

Subscriber Migration to FOMA/Xi

The total number of users remaining our second-generation network decreased to 1.24 million, which included 880,000 subscriptions to our mova service and 360,000 subscriptions to our DoPa communication module service.

Prospects and Principal Actions Planned for FY2011

FY2011 Results Forecasts Highlights

In FY2011, we will aim to achieve an operating income of ¥850.0 billion yen. Were it not for the impact of the Great East Japan Earthquake, we believe this amount would reach ¥870 billion. We consider that this fiscal year represents an important step toward our target of generating over ¥900.0 billion in operating income in FY2012.

The following are the key factors behind projected year-on-year changes in operating income: Voice revenues are expected to decline by ¥170.0 billion, from which the impact of expanded uptake of our “Value Plan” is expected to decrease to ¥60.0 billion. Packet revenues are expected to grow by ¥140.0 billion, and we will aim to raise our packet ARPU by ¥140. To drive our future growth, we plan to appropriate a total of ¥50.0 billion for service development, advancement of smartphones, development of social-support services, and other measures. We are also expecting a ¥60.0 billion improvement in the profitability of our equipment sales business, and savings of ¥50.0 billion from improvements in network efficiency and other costs. We expect to incur incremental expenses of ¥20.0 billion from our disaster restoration efforts.

FY2011 Business Management Policies

We will continue to tackle our “Change and Challenge” programs and also implement measures for early disaster recovery and enhanced preparedness to provide “safety and security” to our customers. We have set a target of selling 6.00 million units of smartphones in FY2011. To achieve this, we need to change our approach and processes for customer consultation and after-sales support, our development infrastructure, as well as other elements of our business. Our goal is to maintain our No. 1 satisfaction ranking even amid the rapid increase in smartphone users.

Improvement in Customer Satisfaction

We will aim to maintain our No. 1 ranking in customer satisfaction. While the customer satisfaction survey of J. D. Power Asia Pacific does not make a distinction between feature phone and smartphone users, we believe we were awarded the No. 1 ranking mainly for service offerings to feature phone users. The number of smartphone users has increased remarkably in recent months, but we do not necessarily believe that we are providing proper care to smartphone users at present. Many smartphone users complain that they are not attended to promptly when they contact our call center to make inquiries. We will strive to maintain our No. 1 ranking by improving the service we offer smartphone users.

Growth of Packet ARPU/Revenues

We will aim to raise the packet ARPU for FY2011 by ¥140 (excluding the impact of “Monthly Support” discounts), and packet revenues by ¥140.0 billion in comparison to the previous fiscal year. These are challenging targets, but we are committed making all endeavors toward their

attainment.

Growth of Packet Revenues: Analysis

Packet revenues for FY2010 increased by approximately ¥110.0 billion compared to the previous fiscal year, of which i-mode accounted for approximately ¥50.0 billion, and smartphones and data devices each accounting for ¥30.0 billion.

In FY2011, we will aim to grow our packet revenues by ¥140.0 billion over the previous fiscal year, by expanding smartphone revenues by approximately ¥90.0 billion, i-mode revenues by approximately ¥20.0 billion, and data communications and other services by approximately ¥30.0 billion. With regards to i-mode revenues, while we are projecting a negative impact resulting from a reduction in number of high-ARPU users, we will aim to achieve an increase of ¥30.0 billion in the revenues from medium/light users by continually implementing various measures to enhance usage, so that we can achieve a net increase of approximately ¥20.0 billion in i-mode revenues.

Reversal of Voice and Packet ARPU

During the fiscal year ended March 31, 2011, we achieved a reversal of voice and packet ARPU. While the difference is limited to only ¥10, the full-year packet ARPU reached ¥2,540, growing to a level higher than the full-year voice ARPU of ¥2,530. Our aim is to halt the decline in aggregate ARPU within FY2011 and achieve a rebound in aggregate ARPU in FY2012 or beyond by driving growth in packet ARPU. To this end, we are determined to dedicate ourselves to the goal of selling 6.00 million smartphone units within FY2011. In FY2012, we will aim to increase the proportion of smartphones to over 50% of the total number of devices to be sold, and raise the subscription rate of packet flat-rate services to over 70%.

Smartphones

We plan to transplant many popular services for feature phones into smartphones, while steadily increasing the variety of services that are uniquely available on smartphones. We will also move ahead with the reorganization and optimization of our organizational structure for the integration of such services. For example, we have established a Smart Communication Services Department on April 1, 2011 to integrate product planning and content development activities within a single unit. Previously, content development was carried out mainly by the i-mode team. With the latest restructuring, we integrated the previously separate teams for i-mode and smartphones into a single unit so they can join forces for content development. We will also make a transition into a development structure focused on the Android operating system in order to accelerate the development of application services.

In addition to changes made to our internal structure, we will also work to reinforce our

customer contact channels. Previously, customers calling our call center for inquiries about how to operate their smartphones and such faced long waiting times before they were attended to. Beginning this fiscal year, we have started shifting call center human resources from i-mode towards the operation and use of our smartphones. Staff with experience in i-mode can quickly become competent at handling smartphone-related inquiries after a short period of training. By increasing the number of staff in charge of smartphones, we intend to improve the response rate of our call center operations. We also plan to increase the number of Smartphone Lounges, where customers can go hands-on and try our products.

In FY2010, we sold a total of 2.52 million smartphone units, and we will aim to sell 6.00 million units in FY2011. According to a survey by GfK Japan, we have been competing strongly for market share of smartphone sales from mass retailers since December 2010, due to the addition of GALAXY S and other new models to our smartphone lineup.

Going forward, we plan to increase the design and color variations of our smartphones, and provide easy-to-use interfaces to further expand the user base of smartphones. In addition to users with high IT literacy, we would like to expand uptake among less IT literate users. In FY2010/1Q, women accounted for only approximately 19% of our total smartphone users, but the number increased to 36% in FY2010/4Q. This indicates that the adoption of smartphones is expanding to broader user segments.

Data Communications

The total number of data devices sold in FY2010 increased by 30% year-on-year to 800,000 units and the cumulative number of data service subscriptions topped 1.50 million as of March 31, 2011. In FY2011, we will aim to sell 1.30 million units of data devices, leveraging the launch of Xi-enabled mobile Wi-Fi routers and other products, with the goal of increasing cumulative data service subscriptions to 2.30 million by March 31, 2012.

“i-concier”

The total number of “i-concier” subscriptions has increased steadily. To further advance this service, we plan to launch new services using auto-GPS locating capability and targeted advertisements to deliver information tailored to suit the attributes of specific customers. We also plan to introduce our “i-concier” service in smartphones within FY2011.

Measures against Growing Packet Traffic

The total volume of traffic on our network increased by 1.7 times in FY2010 compared to the previous fiscal year, and we are projecting a 2-fold increase in FY2011. We intend to accommodate this growth in traffic through the three methods of expansion of the Xi service area,

dynamic network control, and data off-loading.

LTE Service Xi

The cumulative number of Xi subscriptions as of March 31, 2011 was 26,000, falling short of our initial target of acquiring 50,000 subscriptions. We will aim to increase the number of subscriptions to over 1.00 million by March 31, 2012. We plan to launch Xi-enabled mobile Wi-Fi routers in the summer, Xi-enabled tablet devices in autumn/winter and Xi-enabled smartphones in the winter of FY2011.

Global Expansion

To propel global expansion, we will seek out opportunities for global-level collaboration with a wide range of partners mainly in the emerging markets of the Asia-pacific region, while aiming to expand our platform business and enhance the added value of our network business. We have also endeavored to enrich our international service offerings, for example, through the introduction a new phone service for Japanese nationals living in the USA by DOCOMO USA, and by expanding our “Overseas Pake-hodai” service. Our Indian partner TTSL has steadily increased its subscriber base, and we expect an expansion in the number of 3G subscribers going forward following its launch in FY2010. TTSL currently controls a market share of 11%.

Business Alliance with DeNA

As announced recently, we agreed to enter into a business alliance with DeNA for collaboration in the social gaming business and comprehensive service offerings.

E-Book Service

The user base of our E-book service has expanded steadily, with total subscriptions to 2Dfacto growing to approximately 100,000.

Multimedia Broadcasting Service for Mobile Devices

We are moving ahead with the preparations for the scheduled launch of multimedia broadcasting service in the spring of 2012, conducting studies on the services and devices.

Corporate Marketing

As part of our initiatives to expand sales of smartphones and tablets among enterprise users, we intend to propose system solutions bundling applications, devices and the network using cloud technology.

Capital Expenditures

The full-year capital expenditures for FY2010 was ¥668.5 billion, slightly lower than our earlier guidance of ¥675.0 billion, due to the impact of carry-over spend of approximately ¥10.0 billion resulting from construction projects delayed by the earthquake. The total annual capital expenditures for FY2011 are estimated to be ¥705.0 billion in view of the carry-over spend of ¥10.0 billion and disaster-related expenditures totaling ¥30.0 billion, which comprise ¥10.0 billion for full-scale restoration and ¥20.0 for new disaster preparedness measures. In the subsequent years, we intend to maintain our annual CAPEX below ¥700.0 billion.

Cost Efficiency Improvement

We achieved our ¥200.0 billion cost reduction target two years ahead of schedule. In FY2011, we intend to cut our total costs by a further ¥40.0 billion.

Income Target

As stated in our medium-term vision, we aim to achieve over ¥900.0 billion in operating income in FY2012. We set an income target of ¥850.0 billion for FY2011, but we believe we would be able to generate ¥870.0 without the disaster impact.

Return to Shareholders

We plan to increase dividends for FY2011 by ¥400 to ¥5,600 per share, which is expected to raise the dividend payout ratio to 46%. We came to the conclusion that in spite of the financial impact of the recent disaster, the prospects for generating profits remained good and decided on a dividend hike hoping to help revitalize the economy by returning profits to our valued shareholders who have continually supported our business. As always, we believe that returning profits to shareholders is one of the most important issues for our corporate management.

The above outline is an overview of the results for the fiscal year ended March 31, 2011. In summary, we obtained the No. 1 overall ranking in customer satisfaction, sold 2.52 million smartphone units, and launched our Xi service as scheduled. We believe that we have made steady progress in the execution of our “Change and Challenge” action plan. In FY2011, we will aim to maintain our No. 1 ranking in customer satisfaction and achieve dramatic growth in the adoption of smartphones. We will also take appropriate measures for disaster recovery, and implement the new disaster preparedness measures.

[Questions and Answers]

Q: Can you quantify the impact of the disaster on your FY2010 results and FY2011 forecasts?

A: The impact of the disaster on our profit/loss for FY2010 was not significant, and was in fact rather small. On the revenue side, we provided refunds of basic monthly charges for periods of service disruption in the disaster-stricken areas, but these are not recorded in the FY2010 results due to difficulty of formulating an accurate estimate. However, the impact of those refunds will likely be limited to several hundreds of millions of yen. On the expense side, we incurred a total of ¥7.1 billion in disaster-related expenses, including the writing-off of some damaged facilities. You may consider this to be the only direct impact on our P/L for FY2010. With regards to forecasts for FY2011, the direct P/L impact from the disaster is factored into the forecasts, but indirect impacts caused by the general state of economy are not included.

Q: There are concerns about economic deterioration due to the impact of the earthquake. What are your views on the current state or outlook of the economy? And how do you think the general economic climate will affect your smartphone sales?

A: We recognize that the Japanese economy has weakened slightly due to the impact of the earthquake disaster. As was the case in the aftermath of Lehman crisis, we do not think this disaster will have any significant impact on our business, or the telecommunications industry in general. The majority of our customers are consumers and mobile phones have become an indispensable tool for their everyday lives, so we do not think we need to anticipate a huge downturn.

In fact, we barely see any negative changes in sales trends or traffic volume between the times before and after the disaster. Smartphone sales remain brisk and our packet ARPU has been growing constantly. Because we do not foresee any risk of dampened smartphone sales at this point, those risks are not factored in our business plan. We have not seen any changes in the overall trend whereby the growing proportion of smartphones in our total device sales has had a positive impact on our packet ARPU.

If anything, the state of economy might have an impact on our international services. There is a risk of decreased inbound roaming revenues due to a reduction in the number of foreign travelers visiting Japan. However, its impact on our financial results will be negligible because the reduction of inbound roaming revenues accounts for only a few percent of our total international services revenues of approximately ¥10.0 billion.

With regards to the impact on smartphone sales, we have been told in our negotiations with a number of manufacturers about the future supply of products that there might be a possible shortage of components used in smartphones in the three months of May, June and July 2011. The reason I use the term “possible shortage” is because manufacturers are also trying to devise

alternative solutions for the components in question. After July, we believe the situation will return almost to normal. There is also a risk that the release of some models in our 2010 summer lineup may be delayed by approximately two weeks.

Q: Can you explain factors behind the significant drop in voice ARPU for FY2010/4Q?

A: As in other years, this was because we settled the full year's worth of access charges in FY2010/4Q.

Q: Which smartphone components do you think could potentially face shortages?

A: The main impact we foresee is a shortage in supply of such components as LCDs, circuit boards and antennas.

Q: The Ministry of Internal Affairs and Communications (MIC) declared its intention to postpone the termination of analog broadcasting services by one year due to the disaster. How will this affect your multimedia broadcasting service?

A: Although the MIC announced that it will postpone the termination of analog broadcasting services in the three prefectures of the Tohoku region for up to one year, it is not yet clear how long it will actually postpone the termination of such services. If the MIC decides to postpone the termination by 12 months, we will not be able to utilize the spectrum in the three prefectures of the Tohoku region because it will remain occupied for use by analog TV services. We are currently contemplating how to flexibly respond to this situation, but we intend to launch our multimedia broadcasting service in other areas as scheduled.

Q: What are the reasons behind the remarkable increase in packet ARPU from your i-mode service in FY2010/4Q? Also, please explain why the decline in network-related costs slowed in FY2010/4Q compared to FY2010/3Q.

A: The subscriber base of i-mode is large. We have implemented various initiatives targeted at medium/light users to boost usage of services and content, such as offering mobile phone classes for elderly users. These efforts at last have begun to deliver results. Although the revenue increase per subscriber is insignificant, the huge total i-mode subscriber base meant that i-mode accounted for nearly half of the ¥110.0 billion increase in packet revenues recorded in FY2010.

We have constantly decreased our network-related costs, but the reduction in FY2010/4Q appears to have slowed due to costs that usually accrue towards the end of the fiscal year, such as losses on disposal of property, plants and equipment. These costs amounted to a few billions of yen in FY2010/4Q.

Q: The reduction of equipment sales expenses was smaller in FY2010/4Q compared to FY2010/3Q. What were the reasons behind this slowdown?

A: We used a hefty amount of handset sales incentives in FY2010/4Q, especially in the high-sales month of March 2011. Because of this, the pace of decline in operating expenses for FY2010/4Q was smaller compared to the same period of previous fiscal years.

Q: How much did you spend on the migration of mova and DoPa subscribers in FY2010? And how much do you expect to spend in FY2011?

A: To facilitate the migration of mova subscribers, we offered handset discounts that increase subsidies by ¥2,000-3,000 per unit. The total cost for migration can be calculated by multiplying this migration incentive per unit with the total number of handsets sold to such migrators. However, we did not provide dramatically greater discounts in comparison to other subscribers, as we did not give away handsets for free.

Q: Please provide us with an explanation on the impact of the "Value Plan".

A: The "Value Plan" had a negative revenue impact totaling some ¥100.0 billion in FY2010, but this is expected to moderate to approximately ¥60.0 in FY2011 and to half that amount in the next fiscal year.

Q: Please elaborate on the reduction of expenses to you plan to achieve through "a ¥60.0 billion improvement in profitability of our equipment sales business" in your forecasts for your FY2011 results.

A: We believe that there are several factors that will contribute to improving the profitability of our equipment sales business. One is the projected reduction in handset procurement costs. We successfully reduced our procurement costs in FY2010 and we anticipate further reduction in the future. Handset procurement cost per unit has decreased by ¥2,000-3,000, and this trend is likely to continue. In light of the reduced procurement costs, we can decide on the actual sales price of handsets in accordance with our sales policies, which will enable us to improve the profitability of our equipment sales business.

Q: Can you elaborate on the specific items making up the "increase in expenditures on initiatives aimed at future growth" in your forecasts for FY2011 results?

A: To further expand our business, we have been engaged in the development of resources that will allow mobile phones to serve broader purposes, including the development of the three business fields of social-support services, service personalization and converged services. The

additional expenditures of ¥50.0 billion will be allocated toward various aspects of these activities, including, among other things, expenditures required for technical development, alliance building, and the purchase of content. We plan that some of the development activities for our multimedia broadcasting business will be undertaken by DOCOMO, and those expenses are also included in this budget.

Q: You explained that according to your analysis the contribution of smartphones to your packet revenues growth is expected to expand. Can you provide us with a more concrete explanation concerning the future revenue contribution of smartphones?

A: We expect smartphones will account for a larger proportion of our revenues due to: (1) the contribution of new subscribers who have not used our mobile phones prior to joining our network as smartphone users (because these users have not constituted any revenue previously, the incremental revenues we can expect from such users will be tantamount to their entire ARPU), (2) the contribution from the migration of existing feature phone users to smartphones, and (3) the contribution from the increased packet usage among users who have purchased a smartphone in FY2010, but have not used their smartphone heavily to date.

Q: Under your current billing plan for Xi, users consuming packets in excess of 5GB per month are required to pay additional charges for each increment of 2GB. Do you have any plans to introduce a similar scheme for FOMA?

A: At this point, we do not have any plans to apply such tiered pricing to FOMA. With our FOMA service, we will try to accommodate growth in traffic using dynamic traffic control. We are also currently offering promotional discounts to Xi users, under which they will not be charged any extra fee even if their usage exceeds 5GB.

Q: You started offering “docomo mini UIM cards” from April 1, 2011. How many cards have you issued so far?

A: Approximately 1,000 units.

Q: What kind of countermeasures are you planning to take to address network congestion as part of your new disaster preparedness measures?

A: After the recent earthquake, many users found it difficult to obtain a connection because we imposed restrictions on up to 80% of outbound calls. In contrast, we only applied a maximum restriction of 30% on packet access up to 8:00 pm on March 11, 2011, after which we completely lifted the restrictions. As such, we believe many users found mail services easier to use. We are currently working on the development of an emergency voice file message

service which uses our more disaster-resilient packet communications network. When users cannot get a connection with circuit-switched voice calls, they tend to place calls repeatedly, which results in network congestion. The new message service under development will convert voice messages into a data file for efficient transmission over the packet network, preventing users from repeatedly placing outbound calls.