Press Conference Announcing the Results for the First Six Months of the Fiscal Year Ending March 31, 2012 (FY2011/2Q)
(Minutes)

Date and time:　Friday, November 2, 2011 15:00－16:15

【Comments by Ryuji Yamada, President and CEO】

●FY2011/2Q Results Highlights

Smartphone sales have been very strong, with 3.63 million units sold, which is 44% more than the entire volume sold during FY2010.　Backed by strong sales of smartphones, ARPU for FY2011/2Q showed an increase of ¥150 year-on-year, which has exceeded our projections.　As a result of these factors, operating revenue for FY2011/2Q showed an increase of ¥16.8 billion over the same period of the previous year.

Furthermore, if we exclude the one-time impact of the revisions made to our loyalty program and handset repair system during the previous fiscal year, cumulative operating income for FY2011/1H showed an increase of ¥32 billion year-on-year.　In FY2010/2Q we made revisions to our loyalty program and optimized the repair service period.　This resulted in a one-time recognition of income in FY2010/2Q associated with a decrease of ¥55 billion in provisions previously made for these programs.　We believe that excluding the impact of these revisions paints a more accurate picture of the direction of our business operations, showing that our operating income for FY2011/1H has essentially increased.

Based on these factors we are revising our projections for FY2011 upward.　Specifically, operating revenues have been revised to ¥4.240 trillion, an increase of ¥10 billion over our original forecast.　Operating income has been revised to ¥870 billion, an increase of ¥20 billion.　Our sales forecast for smartphones has been raised to 8.5 million units, an increase of 2.5 million, and projected packet ARPU has been raised to ¥2,710, ¥30 more than our original projection.

Overall financial results for FY2011/1H:

Figures for FY2011/1H show a decrease of ¥25.2 billion in operating revenue, and a decrease of ¥23 billion in operating profit, which at first glance is a decrease for both.　However, excluding the impact of the revisions to our repair system, the overall trend shows an increase in revenue.　With the aforementioned upward revision in projected operating income for fiscal 2011, we remain on track with 58.4% of our annual target achieved to date, in line with our initial projections.

FY2011/2Q results:

Setting aside the impact of the revisions carried out last year, the financial results of FY2011/2Q alone showed an increase of ¥16.8 billion in operating revenue, and an increase of ¥4.8 billion in operating income when compared with the same period last year.   We anticipate that these upward trends will continue through 3Q and 4Q, and have therefore decided to revise our FY2011 earnings forecast upward.

Factors contributing to the increase of net operating income to ¥508.5 billion from the previous year:

Operating profit for FY2011/1H was ¥508.5 billion.   In order to correctly understand the trends of our business operations, I would like to elaborate on the factors that have a boosting/reducing impact on operating profit in isolation from the impact of the revisions to our loyalty program and repair system.

Firstly, with regards to operating revenue, voice ARPU has decreased by ¥96.1 billion. Approximately ¥38 billion of this decrease is due to the continuing impact of our Value Plan, but this amount continues to go down further every year.   Packet revenue shows an increase of ¥69.5 billion, other incomes have increased by ¥5.4 billion, and handset sales show a decrease of ¥4 billion.

With regards to operating expenses, handset sales-related expenses have increased by ¥10.1 billion.   While procurement costs went down by ¥3 billion due to lower handset procurement prices, sales volumes of smartphones and *Xi* terminals went up, driving the total subsidy amount up by ¥13.1 billion, causing handset sales-related expenses to increase by ¥10.1 billion as a result. Network-related costs went down by ¥16.8 billion, while other expenses were down by ¥50.5 billion. This is due to a decrease in the level of actual repair expenses caused by a decreased number of repairs, as well as a decrease in the cost of our "Battery Pack Support program."   The decrease in the number of repairs stands out in particular, and has occurred mainly due to customer migration to smartphones.   Most of the ¥50.5 billion decline in such other expenses is attributable to this factor.

Overall, these factors combine to produce a ¥32 billion increase in operating profit year-on-year, excluding the impact of the revisions carried out last year.

Impact of 50% discount on our basic monthly charge and "Value Plan":

Discounts such as *Max50* have penetrated approximately 82% of our total subscriber base. This basically represents almost our entire subscriber base, so such discounts have only a minor impact on revenue.   In addition, 75% of our customers have signed up for our "Value Plan," so we expect the impact of this plan to remain only a short while longer.

ARPU:

Aggregate ARPU for FY2011/2Q was ¥4,970, a year-on-year decrease of ¥230.

Voice ARPU for FY2011/2Q decreased by ¥380 year-on-year, with penetration of our "Value Plan" accounting for around ¥100 of this, and about ¥200 coming from a decrease in MOU.   We

anticipate that paid MOU will continue to decline. We believe this is due to the fact that when customers migrate to smartphones, they tend to use mail more than voice. One possible short-term factor was the impact of energy-saving measures during the last summer. This increase in the impact of declining paid MOU, has led to us revising our forecast for the fiscal year to ¥2,170 (a decrease of ¥360 from the previous fiscal year), ¥50 lower than our original forecast.

Packet ARPU increased by ¥150 year-on-year during FY2011/2Q, which is more than our original projection. Smartphone sales are growing steadily, and we are revising our packet ARPU forecast for the fiscal year (excluding the impact of "Monthly Support") upward from our original plan by ¥30 to ¥2,710 (an increase of ¥170 from previous year).

Mobile phone revenue (voice and packet):

For the first time, we have compiled figures covering amounts of voice and packet ARPUs in mobile phone revenue for each quarter. In FY2010/4Q, packet ARPU surpassed voice ARPU. Even excluding the impact of access charges during 4Q, packet revenue still exceeds voice ARPU.

Increase of packet ARPU and packet revenue:

Packet ARPU increased by ¥150, or 5.9%, year-on-year during FY2011/2Q. Meanwhile, packet revenue was ¥461.2 billion, representing a year-on-year growth of 9.3%. Please note that packet revenue growth is greater than packet ARPU growth.

Total handset sales:

Cumulative total handset sales for FY2011/1H came to 10.35 million units, an increase of 11.9% from the same quarter last year. Sales during FY2011/2Q also exceeded the mark reached in the same quarter last year by 1.1 million units. We are therefore adding 1.2 million units on top of our original forecast, revising our total handset sales figure for FY2011 upward to 21 million.

Churn rate:

We were able to maintain a low rate of churn at 0.5% during FY2011/1H.

Net additions:

Cumulative net additions during FY2011/1H were 980,000, a 21% increase over the 810,000 mark reached during the same period last year. Our original forecast was 1.95 million net additions, but we are adding 250,000 to that amount, revising forecast net additions upward to 2.2 million.

Migration to *FOMA, Xi*:

We still have 740,000 remaining *mova/DoPa* subscribers. We will continue our utmost efforts through the end of this fiscal year to further reduce this number through migration to FOMA and *Xi*.

Customer satisfaction:

We have been awarded the No. 1 rank in enterprise customer satisfaction for three years in a row now under the survey conducted by J.D. Power Asia Pacific.   We have also been awarded the No.1 rank in mobile data terminal satisfaction for three years running under the survey conducted by Nikkei BP Consulting.   Nonetheless, some customers have drawn our attention to reductions in speed in certain locations where there is a concentration of traffic.   We will continue our endeavors to rectify these issues.

Smartphone lineup:

We will be launching 16 new handsets as part of our new 2011-12 Winter-Spring collection, including 14 smartphones announced at our new model launch event on October 18.   The major portion of these handsets will be smartphones with Android OS installed.

Redesigning smartphone series:

Our smartphone lineup has been regrouped in to the "docomo *with* series" and "docomo *NEXT* series."   Previous models are now part of the *NEXT* series, and we have just begun to add the *with* series to that.   We want to appeal to customers with the range of color variations and sleek designs available in the *with* series.   Smartphones to date have mostly been black or white. We are also launching two brand-collaboration models in the *with* series.   Our aim is to launch smartphones that are also fun.

Smartphone sales volume:

Cumulative smartphone sales in FY2011/1H totaled 3.63 million units.   We are updating our original estimate of sales of 6 million units by adding 2.5 million units, revising the FY2011 sales plan amount upward to 8.5 million units.

DOCOMO was able to capture the No. 1 ranked share of smartphone sales at volume discount stores during FY2011/2Q, according to a GfK survey.   Also, the ratio of women among smartphone buyers went up from 28% in FY2010/2Q to 44% in FY2011/2Q.

New services for smartphones:

We are launching the new services "*dmenu*" and "*dmarket*" for smartphones.   With *dmenu*, we are incorporating the billing/authentication mechanisms of i-mode into smartphones.   In *dmarket*, which will serve as our direct outlet, we plan to provide content across the four genres of video, music, books, and applications.

New services for smartphone (Translator Phone Service):

We recently exhibited the Translator Phone Service at CEATEC and other venues, and since November, we have begun to gather trial monitors, and plan to launch a trial service in collaboration with a variety of service providers.

Data communication:

Our concerted focus on sales of *Xi* brought significant growth in data communication sales

during FY2011/2Q, during which *Xi* accounted for roughly 60% of all data communication sales. The sales of *Xi* data cards and WiFi routers were both very strong.

Expanding Xi subscriptions:

The number of subscribers for *Xi* reached 390,000 by the end of FY2011/2Q. We are aiming to have 1.4 million subscribers this fiscal year. We are revising our original plan for 1 million subscribers upward to 1.3 million subscribers, including possible churn. We want to aim to have 30 million subscribers in FY2015.

_Xi_ smartphones:

We are planning to launch 4 *Xi* smartphones as part of our Winter-Spring model lineup.

We recently launched "*Xi* Talk24," which provides free unlimited voice calls among DOCOMO subscribers 24 hours a day, and have had an enormous response. Some customers asked if this is free only when the call is made from a *Xi* phone to another *Xi* phone, but the call is free if it is from a *Xi* phone to any other DOCOMO phone, regardless of whether the call is to a mova or FOMA phone. We are also launching new packet flat-rate service for *Xi* smartphones.

Coverage area for _Xi_:

We are accelerating our existing plans for expansion of *Xi* coverage. By the end of this fiscal year we will be increasing the number of base stations from approximately 5,000 to 7,000, and growing population coverage from 20% to 25%. We are aiming to provide 98% population coverage by the end of FY2014.

Increasing WiFi hot spots:

Currently, DOCOMO has approximately 6,800 WiFi hot spots. We wish to increase this number to 30,000 by first half of FY2012. Depending on the situation in future, we want to increase this number to 100,000.

Progress on new disaster preparedness measures:

We have previously announced that we would be investing ¥20 billion in new disaster preparedness measures during this fiscal year. Some of these measures have been completed, and many others will be completed by the end of December. We are planning to complete all remaining measures by the end of March 2012.

Large-zone base stations:

We are giving priority to the construction of large-zone base stations in the Tokyo and Tokai regions, as a preparatory measure for the possible occurrence of an earthquake with an epicenter in these regions. We will continue our efforts, aiming to install 104 large-zone base stations by the end of this year.

Batteries with 24-hour life:

Base stations in the Tokai region have been given priority for the installation of large-capacity batteries (1,000 Ah x 2 – approximately 6t), with 24 hours of battery life.

Further pursuit of disaster preparedness measures (dispersing of critical facilities):

For the first time, we are taking this opportunity to announce today that as an additional disaster preparedness measure in the event of an earthquake with an epicenter below Tokyo, we are seeking to expedite the process of decentralizing critical facilities (e.g., nationwide customer information control system, packet transmission platform, and Internet access facilities), that are currently concentrated within the Tokyo metropolitan area.   We originally planned to commence this process in FY2012 and beyond, but in light of the heavy concentration of critical facilities in Tokyo, we want to be prepared in the event of a destructive earthquake with an epicenter occurring below the capital.

Specifically, we are distributing a part of our nationwide customer information control system that houses our billing system to the Kansai region.   The smartphone portion of the packet communication platform is to be relocated to the Kyushu region.   Internet access facilities will also be distributed throughout Kyushu.   This dispersal of critical facilities will be implemented in FY2011 to 2012, with a total investment cost of approximately ¥55 billion.   We are spending ¥16 billion of this amount this year on implementation.

CAPEX:

Our original plan called for CAPEX of ¥705 billion in FY2011, but we are revising this amount to ¥728 billion.   We are adding ¥16 billion for redistribution of critical facilities, out of the total ¥55 billion to be invested in such redistribution by the end of FY2012.   We are also adding ¥7 billion for acceleration of *Xi* coverage rollout.

Revision of FY2011 earnings forecast:

Please allow to me comment on factors contributing to the upward revision of our FY2011 earnings forecast, from the original ¥850 billion operating profit to ¥870 billion.   For voice revenue, migration to smartphones has made the total usage time of packet communications run longer than for voice, causing a greater decline in paid MOU than we had originally anticipated.   We revised the voice ARPU forecast downward by ¥50, and so we are projecting a decrease in voice revenue by ¥20 billion.   On the other hand, for packet ARPU, since we are revising our smartphone sales target to a level upward of 8.5 million, and sales are growing faster than anticipated, we are projecting an increase of ¥30 billion in packet ARPU.   Increase in smartphone sales has brought some additional benefits such as a reduction in repairs, so we are projecting a decrease of ¥40 billion in expenses.   We are, however, projecting an increase of expenses by ¥30 billion due to the upward revision of total sales and the resulting increase in sales subsidies.   All told, operating profit forecast will be revised upward from ¥850 to ¥870 billion.

That covers our financial results for FY2011/2Q.   We are moving forward steadily with new disaster preparedness measures.   DOCOMO intends to accelerate the sales of smartphones and

Xi, so that packet ARPU can be further bolstered.   We had very good results in the first half of FY2011, and we have revised the forecast for operating revenue and profit for the fiscal year upward as we believe we can continue this positive trend into the second half of this year.

I would now like to move on to discuss our "Medium-Term Vision 2015 - Shaping a Smart Life," which we compiled in order to highlight the path to the future growth of DOCOMO.

●Medium-Term Vision 2015 - Shaping a Smart Life

"Medium-Term Vision 2015 - Shaping a Smart Life" was developed to set out clear steps and initiatives to be implemented in order to realize our Vision 2020 that we announced last year, "Pursuing Smart Innovation: HEART."

First, we will endeavor to offer flexible and expandable services and content in an open environment through a diverse lineup of devices centered on smartphones, while continually making advancements in ease of use, in the pursuit of greater enjoyment and convenience for our customers.

Second, as an "integrated service company with mobile at its core," we will drive innovation through the convergence of mobile with other industries and services, thereby creating new value and markets.

Third, we will leverage our cloud service to accelerate the service innovations raised in the first point above and our efforts towards convergence with industries/services raised under the second point.   We also want to help foster ever-greater safety, security, and efficiency in business, and people's daily lives.   At DOCOMO, we especially want to focus on efficiency.   We want to aim to make all aspects of people's lives more efficient, in pursuit of the realization of a more fulfilling "smart life."

Positioning of Medium-Term Vision 2015:

We are currently involved in our "Change and Challenge" campaign.   We developed Medium-Term Vision 2015 as the first step toward Vision 2020.

Toward the realization of *smart life*:

We first intend to implement measures toward enhanced customer satisfaction as the overriding fundamental premise, and then to launch the two campaigns of "Initiatives for Evolution of Mobile Services" and "New Value Creation through Convergence of Industries/Services" based on that.   We want to execute these measures through DOCOMO's *personal cloud*, *business cloud* for enterprises, and *network cloud*.   We created the term "network cloud" to describe the infrastructure for providing added value through state-of-the-art information and communication processing within the network.   DOCOMO aims to realize a "smart life" through these three clouds.

Initiatives for the evolution of mobile services:

We will continue to pursue evolution of our unique services such as *dmenu* and *dmarket*, as

well as the overall ecosystem, to further the evolution of our mobile service offerings.

Launch of handset lineup:

We will continue to launch new handset models with attractive features that meet the variety of needs our customers have.

Further evolution of services:

We will seek to foster evolution in a variety of services, such as the development of multi-devices that enable the use of more than one device with a single ID; enhanced contact information lists developed in collaboration with SNS companies; development of storage services such as Internet-based security vaults fortified with robust security; an enhanced market with an abundant range of products; collaborative services that converge with a diverse range of service content; and collaborative initiatives with brick-and-mortar entities utilizing authentication infrastructure present in our daily lives.   We will foster the further evolution of a wide range of services, to enable a more fun and convenient daily life.

Measures for safety and security within the development of services:

We will take initiatives to provide countermeasures against phishing, and to offer remote support, safety mode, and highly advanced SPAM filters, as well as to enhance existing security measures and our support network so that our customers can safely and comfortably use smartphones and other devices.

Advancement of devices with new technology:

We are witnessing a number of technologies with strong potential, in the areas of sensor technologies and recommendation technologies in particular.   In addition, we also will implement initiatives relating to user interfaces, and media collaboration, as well as battery and wearable technologies, in the pursuit of enhanced ease of use and convenience through the convergence of new technologies and devices.

Number of subscriptions of smartphones and *Xi* service:

We are aiming to have 40 million smartphone subscriptions in FY2015.   We are anticipating around 60% of our total subscriber base will be smartphone users.   DOCOMO will continue to promote *Xi* as a means of providing high-speed services that also offers better spectrum efficiency.

Toward growth of packet revenue:

We project that packet revenues will reach approximately ¥1.8 trillion in FY2011, but we want to aim for approximately ¥2.7 trillion in FY2015, an amount 1.5 times higher than the current level.

Coping with growing traffic:

We are anticipating that traffic will double between FY2010 and FY2011.   We are also anticipating a 12-fold increase from FY2011 to FY2015, which will make the growth 24-fold from

FY2010 to FY2015.   The first area of initiatives we will focus on will be to increase the capacity of our network.   Specifically, we hope to secure additional spectrum allocation by facilitating migration to *Xi*, and to make use of new spectrum bands.   As a technical measure, we will create smaller zones and 6-sector antennas.

The second area is traffic control.   We will continue to control the data speeds of heavy users.

The third area is network offloading.   We will first expand our WiFi service, Mzone, to 30,000 access points, and eventually to 100,000 as necessary.   We would also like to utilize femto cells.

The fourth area is the introduction of new rate plans for *Xi* with speed restrictions and tiered pricing.

Rollout of *Xi* coverage:

We will continue to expand *Xi* coverage, aiming for nationwide population coverage of 98% in FY2014.   We are now disclosing for the fifst time that we will increase CAPEX for *Xi* for the period between FY2010 and FY2012 from originally planned amount of ¥300 billion to ¥330 billion, and we plan to spend ¥550 billion between FY2013 and FY2015.

R&D initiatives supporting enhancement of DOCOMO:

We will continue to pursue further enhancement of our mobile network, and to promote open innovation.   We would like to aim for a complete rollout of true 4G and LTE-Advanced, in FY2015. In addition, we also plan to pursue use of "mobile spatial statistics," character recognition technology, open innovation, and green base stations as part of our environmental efforts.

Creation of new value through convergence of industries and services:

In our Vision 2020 we declared that during this decade we would evolve into an "integrated service company" placing mobile at its core.

Convergence of various industries and services:

Through the advancement of technologies centered on mobile technologies, we intend to foster innovation through the convergence of industries and services in many business areas, thus creating new value.   In this regard, there is a whole range of convergence taking place between various devices and IT, media content, and ICT, and we have many opportunities to create new value within this.

Endeavors we initiated toward becoming an integrated service company:

DOCOMO is fully aware that the 21st century is the age of convergence, and we have endeavored to create new value that crosses boundaries across industries through alliances with various companies.

Since FY2008 we have made a number of majority stake investments (in Japan and abroad), and the cumulative amount of such investments has reached ¥52 billion.   We are unable to make disclosures about this area for FY2011 at this time, and hence no mention has been made in these

documents, but the cumulative amount of such investments is projected to exceed ¥52 billion.

Creation of new markets toward new value creation as an "integrated service company":

We want to enable innovation, and create new value and markets through convergence with a diverse range of industries and services that have strong synergies with mobile,

According to the needs of customers, we want to pursue new value creation as an "integrated service company" in various peripheral fields centered around the mobile business.

Major initiatives toward creation of new markets:

Our media content business includes initiatives such as *mmbi* and *D2C*.   The sales forecast for our media content business for FY2011 is around ¥70 billion, and we want to increase this by a factor of 3-5 times in FY2015.

Financial and payment services we provide include *iD* and *DCMX*.   The forecast for FY2011 is that these services will generate ¥180 billion, but we want to increase this by 50% in FY2015.

Our commerce business includes a net shopping service and catalog/TV shopping (Oak Lawn Marketing).   Sales for FY2011 are anticipated to reach ¥60 billion, and we want to increase this by a factor of 3-5 times in FY2015.

The forecast for our medical and healthcare business in FY2011 remains small at ¥4 billion, but we want to increase this by a factor of 7-10 times in FY2015.

The forecast for our M2M business for FY2011 is ¥10 billion, and we want to increase this by a factor of 7-10 times in FY2015.

Our aggregation platform business is handled by net mobile in Germany, and the sales forecast for FY2011 is ¥10 billion.   We want to increase this by a factor of 7-10 times in FY2015.

The forecast for our environment and ecology business for FY2011 is ¥3 billion, and we want to increase this by a factor of 10-20 times in FY2015.

The forecast for our security and safety business for FY2011 is ¥15 billion, and we want to increase this a factor of 3-5 times in FY2015.

Global business areas:

In global business areas we will continue to pursue alliances with telecom carriers, including investments in carriers overseas and collaborations such as the one with Vodafone that we announced recently.   Going forward we also want to actively develop platform businesses. These include initiatives in the M2M platform, the content aggregation platform, and the financial services/payment platform.   We recognize that different conditions exist in each of Japan, Europe, and Africa with regards to the financial services and payment platform, so we intend to develop services that reflect local conditions.   For the M2M platform, we are exploring the possibility of a global service for both the domestic and international arena for such fields as automobiles and forklifts.

For growth of revenues in new business areas:

Revenues from new business areas are projected to reach ¥400 billion in FY2011.   We want

to increase this to ¥1 trillion in FY2015.   Naturally there will be many hurdles to clear, but we sincerely want to achieve this goal.

Use of cloud and measures for safety, security, and trust:

DOCOMO intends to achieve growth of revenues in new business areas through DOCOMO's cloud services.   These are made up of our *personal cloud, business cloud*, and *network cloud.*

New value creation through *personal* cloud:

In our *personal* cloud, we will link services like storage, various histories, social/environment, and external data with ID authentication and billing/payment system.   We want to create new value for customers through convergence among diverse industries and services by leveraging the large-volume data and state-of-the-art information processing technologies we have.

New business style realized with *business* cloud:

In our *business* cloud, we want to provide a variety of business solutions with robust security that support multiple devices for enterprise customers.   We already provide custom solutions to large corporate customers, but we would like to provide these types of solutions mainly to small and medium-size business customers.

New communication style realized through network cloud:

We want to create the kind of unique collaboration between handsets and networks that is only possible with DOCOMO.   For instance, Simultaneous Translation Phone is a service where one can talk in Japanese and the recipient hears an English translation, with all the processing taking place on the network side.   If the processing is done on the handset side, such a service would only be available on certain handset models, but having processing take place on the network side enables users with any handset to use the service.   We believe that this is approach provides for much greater ease of use.

We are also looking at implementing a communications agent, or hosting graphics-based communications on the network cloud.   We believe that the network cloud is an area where DOCOMO excels above all others.

Measures fostering safety, security and trust (enhanced customer support):

DOCOMO has approximately 2,400 docomo Shops, and we want to further enhance customer support at this point of contact.   We want to reinforce our in-store service, such as hosting classes on how to use phones including smartphones, and to enhance our post-sale service.   We also want to implement initiatives to improve the performance of our call centers.

Promotion of CSR:

DOCOMO will continue its proactive involvement in and promotion of CSR activities toward the realization of a safe, secure, and sustainable society.

New disaster preparedness measures:

We have initiatives relating to such areas as redistribution of critical facilities, promotion of further use of ICT, and support for full-scale reconstruction in the disaster-affected areas.   We are creating a dedicated organization for supporting full-scale reconstruction efforts in the disaster-affected areas.

Toward a further enhancement of customer satisfaction:

We will also continue to listen carefully to our customers in new business areas, so that DOCOMO can continue to be seen as a company that is trustworthy.   The entire DOCOMO group will work together earnestly to implement measures that allow our customers to use our services comfortably, and we will continue striving to be a highly trusted group of companies.

That is our Medium-Term Vision.

Q: What is the impact of the floods in Thailand on the procurement of smartphones for the year-end and spring shopping season?
A: I would like to extend our sympathy to the people of Thailand.   Regarding the production, in short, I have been informed that there will be no impact on the procurement of smartphones.   The parts produced in Thailand which might be missing are replaceable by back-up production in other locations, so there is no problem in that regard.   The same applies to transmission equipment, which also has back-up production available, so there is expected to be little impact.   Having said that, up to two feature phone models may have launch delays by a few weeks.

Q: The Olympus case has given rise to a certain level of suspicion about corporate governance in Japan from overseas shareholders.   Are there any issues with DOCOMO's overseas IR activities?
A: DOCOMO engages in consistent IR activities on a regular basis.   Every year, I personally go to Europe and the U.S. for one week to visit investors.   We have even received awards for the openness of our IR activities at DOCOMO.   I do not think there is currently any issue with our overseas IR activities.

Q: I heard that *Xi* would have a throughput of 100Mbps around mid-2012, but how are you planning to achieve that?
A: We want to achieve a throughput of 100Mbps using the 1.5 GHz band from FY2012.   Initially, regions where we can use the 1.5 GHz band do not include Tokyo-Nagoya-Osaka.   We will have an environment set up where we will be able to realize 100Mpbs in the Tokyo-Nagoya-Osaka regions from FY2014 onward.

Q: What business management strengths of DOCOMO can you leverage in pioneering new areas of business?
A: Our main strength lies in our enormous 58-million-strong customer base.   We also have additional strengths in areas relating to the attributes of mobile, such as the fact that people carry

mobile phones 24 hours a day, personal authentication, and location-related information.   We want to link these attributes to a variety of services.

Q: How do you view the current overall situation in the enterprise market, future prospects, and the shift to smartphones?

A: With regards to competitiveness, we are promoting smartphones to enterprise customers, but DOCOMO wants to create a system where you can use smartphone, tablet, and PC with one ID as part of our *business* cloud.   Tablets are portable and have a large screen, so you can use them in many different settings.   Customers want robust security, and we see some good services emerging with such levels of security.   We have gone into a partnership with and made an investment in NTT Data Intra-mart, and we are planning to create a diverse range of service offerings.   We believe that we will be able to provide better services.   We also think that enterprise customers can take advantage of our "Xi Talk24" plan.   In the enterprise market, we may make agreements on a negotiated basis, so while we can promote Xi Talk24 specifically to small and medium-size enterprise customers, we may also conclude one-off agreements with large corporations.   I feel that this can give us a good balance.

Q: In light of the shift to smartphones, what level of the investment are you planning to make in DOCOMO shops, for enhanced post-sale support and such?

A: I am unable to give the exact figure, but out of the ¥50 billion amount allocated to "Expenses for measures to bring further growth" in our original plan for FY2011, ¥20 billion will be used for implementing high priority measures within this fiscal year, and these include the strengthening of our call centers in order to support smartphone customers, as well as reinforcing DOCOMO shops. DOCOMO shops are the most important point of contact with our customers, so we want to provide support that includes human resources.   Currently our DOCOMO shop counters have tablets, which are used for giving explanations to customers.   We also want to continue with various support-related measures.

Q: Tell us about the impact of iPhone 4S.

A: I mentioned during our new product launch event on October 18 that porting out was 2.5 times greater over the four days between October 14 and 17 than in the same period during the previous month.   Following that, between October 18 and the end of the month, this rate came down to approximately 1.2 times.   That is to say, the iPhone 4S peaked immediately after its launch, and has settled back into an impact of porting rate of 1.2 times normal since then.   DOCOMO naturally needs to continue to monitor the impact of iPhone 4S.   However, in terms of new handset sales volumes, every year we announce new products in October, but commence actual sales of such products in November.   So October is usually a challenging month where people hold off making purchases, but this October showed 1.3 times more sales than October last year.   While there is of course some impact from the release of the iPhone 4S, we don't think it is that significant.   In particular, we will have *Xi* smartphones starting in November.   We have tried these internally, and they are very nice smartphones.   The same is true with regards to *Xi* tablets, and we are certain

that our customers will also like these very much.

Q: You mentioned that the target for *Xi* subscribers in FY2015 is 30 million. Can you please tell us your expected total number of subscribers at that time?
A: We anticipate our total number of subscribers will be around 64 million in FY2015, including tablet subscriptions.

Q: You say that you will increase packet revenues in FY2015 to be 1.5 times greater than revenues for FY2011. What about the level of voice revenue?
A: DOCOMO anticipates that the impact of VoIP will no longer be negligible around FY2014-2015. We believe that there may be some impact of VoIP from around 2015, and that this will affect voice ARPU perhaps by 30% to 40%.

Q: Given the strong sales of smartphones, is there a possibility that you might achieve your target of reversing the decline in aggregate ARPU earlier than your planned target of FY2012?
A: We will continue our efforts to turn around aggregate ARPU in FY2012 as planned.

Q: You said the financial results of FY2011/2Q show an effective cumulative increase in revenue. Please elaborate.
A: The increase I referred to is that of operating revenue within the three months of FY2011/2Q, which increased by ¥16.8 billion over the same period of the previous year.

Q: Please outline your major KPIs, such as your sales targets under your Medium-Term Vision.
A: Because we are still unable to fully assess the impact of VoIP and other such factors, we feel it is still too difficult to set such profit and sales targets as part of our management plan in our Medium-Term Vision. DOCOMO is currently engaged in its "Change and Challenge" campaign until FY2012, for which we have a target operating income of over ¥900 billion. Going forward, we would like to create new management plans toward the latter half of FY2012. The reason for sharing our Medium-Term Vision at this time is that, since the world of mobile changes so fast, we feel the need to make business decisions early on, and to quickly move toward implementation of such decisions.

Q: What will be the scale of planned majority stake investments, and will you use your own capital for this, or obtain outside funds?
A: We estimate that new business area revenues will account for ¥400 billion in operating revenue in FY2011, and this will grow to ¥1 trillion in FY2015. Of that ¥1 trillion amount, we believe that ¥600 to ¥700 billion of such new business area operating revenues will come from the evolution and growth of existing new business areas.
    We will seek to generate the remaining ¥300 to ¥400 billion in operating revenue through additional new investments. While we do not currently have a specific figure for the level of investment capital required to achieve this, we expect that it will be approximately equivalent to this

¥300 to ¥400 billion amount.   Naturally, we would want to make such investments with our own capital.

Q: Is your target of 30 million *Xi* subscribers in FY2015 because you will otherwise not be able to meet increasing traffic demands unless migration to *Xi* happens at this pace?

A: Our target is for 40 million smartphone subscriptions, and we want to have subscribers migrate to *Xi* fairly soon, with its three-fold spectrum efficiency, so we can also meet the needs arising from growth in traffic.

Q: In order to meet your growing traffic needs, will you pursue either of the 700MHz or 900MHz bands in the new spectrum?

A: DOCOMO wants to apply both 900MHz and 700MHz bands.   We want to have 15MHz x 2 bandwidth in each frequency.   We also want to state clearly that we want to apply to obtain the 900MHz band as well.

Q: You mentioned that the traffic in FY2015 will increase 12-fold compared to FY2011, and this presents a very challenging picture.   Can the challenges this raises be overcome by the efforts of telecom carriers alone, or will this also require action on the part of users?

A: Assuming we will receive access to bandwidth in either of the 900MHz or 700MHz bands, in addition to 1.5GHz band that we will soon start to use, this means we will double the spectrum we are using at this time.   If we are to use LTE for all of these bandwidths, this will provide 6 times the FY2011 level of capacity (since LTE can provide three times greater efficiency, theoretically it is 2 x 3 = 6 times the FY2011 capacity).   Yet this still amounts to only half of what we need.   This is the situation we currently face.   One measure is to continue data offloading efforts.   We can also ask customers to place femto cells in their homes.

As we have mentioned previously, currently 1% of heavy users are taking up one-third of all traffic, so we are implementing data speed control for these users.

We also restrict the data speeds available to heavy FOMA users in congested areas and during congested times where data usage of such users exceeds 380MB over three consecutive days.   However, we felt 380MB is not sufficient in the case of *Xi*, so from October we changed this threshold data volume for speed restriction from 380MB at the start of service to 1GB.   This is approximately slightly less than three times the volume limit used in FOMA, and we want to use this as a threshold volume for implementing dynamic speed control.   *Xi* tariff plans provide for either additional charges or speed restrictions when data use goes over 7GB, so we are asking heavy users to be aware of the volume of their data usage.