

# Mobile Communications Business



The mobile communications market is entering a period of maturity, as the mobile phone penetration rate reaches saturation, and competition intensifies in the industry.

To enhance competitiveness, NTT DOCOMO has upgraded its menu of billing plans, launched new series of handsets, released new services, and raised network quality, all from the customers' perspective. At the same time, the company continued efforts to embed new business models such as new discount services and new handset purchase methods.

## Performance in the Fiscal Year Ended March 31, 2009

### Growth in operating income from the release of new services and efforts to embed a new business model

Operating revenues declined by 5.6% year on year to ¥4,448.0 billion, due to the decrease in revenues for mobile voice-related services arising mainly from the introduction of an expanded range of new discount services.

Operating expenses were down 7.5% at ¥3,622.6 billion, reflecting a decline in revenue-linked expenses accompanying lower mobile handset sales volume.

As a result, operating income increased by 3.6% year on year to ¥825.4 billion.

\* All figures include intersegment transactions

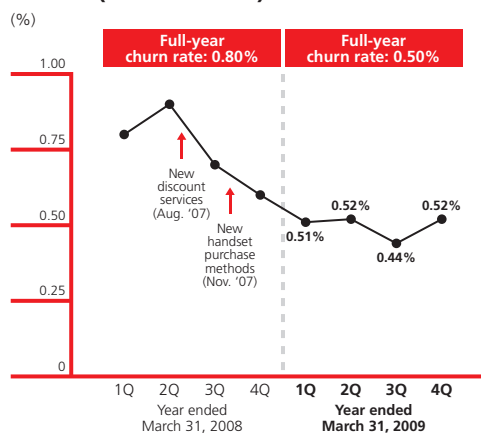
## Business Development and Strategic Focus

### Upgraded billing plans, launched new handset series and released new services in addition to vigorously expanding the international business and credit services

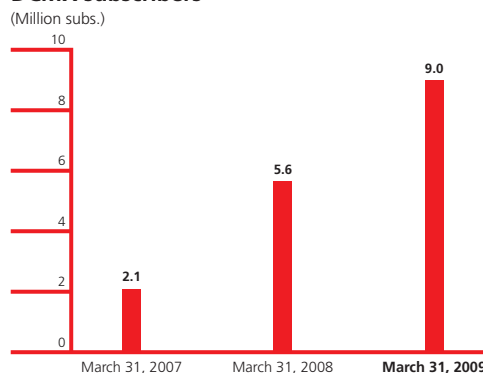
As an upgrade to billing plans, in October 2008, NTT DOCOMO began offering "Pake-hodai Double," a two-tiered flat-rate packet communications service that enables customers to use content and applications more easily with less concern over charges. In addition, a new handset purchase method, the "Value Course" package, offers various merits to the customer. For instance, the package allows customers to pay for their handsets in an installment scheme, and features monthly basic charges that are typically lower than those of previous plans. Thus, it gained greater acceptance, with 90% of customers who had bought handsets in the fiscal year ended March 31, 2009 choosing this option.

With respect to handset line-ups, NTT DOCOMO introduced four new handset series in November 2008 (docomo STYLE series, docomo PRIME series, docomo SMART series, docomo PRO series) to allow customers to select handsets according to their personal preference and lifestyle. Furthermore, NTT DOCOMO continues to offer mobile handsets designed to meet customer expectations. In terms of services, NTT DOCOMO released a variety of options tailored to customers' lifestyles. One

### Cellular (FOMA + mova) Churn Rate



### DCMX subscribers



such service was “*i-concier*,” which delivers information at times and through delivery methods suited to a customer’s lifestyle sphere and interests and preferences. Similarly in after-sales service, NTT DOCOMO initiated area quality surveys based on home visits in a bid to bolster such services.

As a result of the foregoing, the cellular churn rate in this fiscal year was 0.50%, significantly better than 0.80% in the previous fiscal year, while there was significant improvement in the number of lost subscribers due to Mobile Number Portability.

In international business, NTT DOCOMO upgraded international roaming services by boosting its lineup of compatible handsets, launching a new service for reduced roaming charges in South Korea, and developed a 3G network in Guam via subsidiary DOCOMO PACIFIC, INC. Regarding capital alliances with other companies, an equity stake in Tata Teleservices Limited of India was acquired to expand the company’s business domain and earnings in India’s mobile communications market.

As part of its drive to encourage the spread of the credit business, NTT DOCOMO expanded the number of participating stores in the DCMX credit service, opened an Internet mall, and began issuing coupons, among other measures. For the “iD” credit brand, along with prioritizing the installation of iD payment terminals in stores in Japan important for daily life, NTT DOCOMO began installing payment terminals overseas, specifically in Guam and China.

### **Plans for the Fiscal Year Ending March 31, 2010 Definitive steps towards realizing “Change and Challenge”**

Under changing economic trends and the possibility of continued uncertainty in the market environment, NTT DOCOMO has positioned the coming year as a time for raising the level of customer satisfaction and making definitive steps toward realizing its vision of “Change and Challenge to Achieve New Growth.”

NTT DOCOMO is eyeing various measures to improve customer satisfaction such as a review of charges to make services easier and more convenient to use. The company will also take a more responsive approach to gaining feedback about quality from customers in a given area, and plans to launch a mobile phone inspection service so that customers can always use their phones with comfort.

Regarding the initiatives to increase mobile phone usage, NTT DOCOMO is focusing on the expansion of packet communications applications via the improvement of hand-set functionality and content available over the network. As for video content services, in May 2009, Avex Broadcasting and Communication Inc. began offering the “*BeeTV*” service. In addition, efforts will be made to enhance line-ups of smart phones and other data communications devices and strengthen related sales activities.

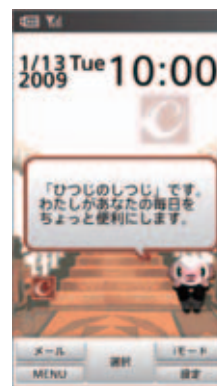
Where identifying new business sectors is concerned, NTT DOCOMO plans to leverage the real-time immediacy, personal authentication, location capabilities, and other features of mobile phones to focus on identifying and developing new earnings bases in domains that transcend existing business frameworks. In addition, NTT DOCOMO plans to strengthen international services, with the goal of expanding earnings on a global scale and achieving sustainable growth. At the same time, LTE will be introduced to build high-speed, low-delay, large-data volume networks for promoting sophisticated and diverse mobile broadband services. By doing so, NTT DOCOMO will play a vital role in providing more richly expressive services, including those that support customers’ lifestyles.

#### **Topics**

### **One Million “*i-concier*” Subscriptions Emergence of a full-service personal tool**

NTT DOCOMO aims to provide mobile phones that function as a personal tool to deliver individually tailored services to customers when needed. A major step in that direction is “*i-concier*,” a service launched in November 2008 that automatically informs users of information tailored to where they live, and their interests and preferences. For example, based on information on shops and restaurants registered into the system by the customer, the service provides additional and updated information, as well as traffic and weather information to customers to support them as they go about daily life. In just six months since its release, the service has already attracted 1 million subscribers across Japan.

Going forward, NTT DOCOMO hopes to add and enhance the information content of this service to raise its quality as a personal tool even further.



*i-concier*