

Press Conference by Ryuji Yamada,
Newly Appointed President and CEO of NTT DOCOMO, INC.
(Minutes)

Date: June 23, 2008 (Monday), 15:00-16:00

[Comments by Ryuji Yamada, President and CEO]

Thank you very much for attending this conference despite your busy schedule. As the newly appointed President and CEO, I am determined to doing my utmost to fulfill my responsibilities to deliver better services to our valued customers, so that DOCOMO can earn their trust and loyalty over a long period of time.

The keywords for our business activities going forward are “change and challenge”. In driving “change and challenge” toward the future, there are three important points: (1) “making changes from the customer’s perspective”, (2) “challenges toward new value creation”, and (3) “transforming DOCOMO into a vibrant and vigorous company”.

Let me elaborate on the first point—“making changes from the customer’s perspective”. As we announced on Apr. 18, 2008, we decided to adopt new branding strategies and to adopt a new corporate logo for the first time in our corporate history. “Making changes from the customer’s perspective”, in a word, is to increase the satisfaction of our 53 million current subscribers, and thereby earn their affection.

After the announcement of our new branding policies, we received various words of encouragement as well as concerns suggesting that shifting focus to the satisfaction of current subscribers could be construed as becoming more defensive. We, however, do not consider it a defensive approach, because if we can successfully raise the satisfaction levels of our 53 million current subscribers, our improved reputation will likely spread by word of mouth, enabling us to acquire additional new subscribers. We will thus ensure that, above all, we achieve greater customer satisfaction.

As a part of our initiatives aimed at achieving higher customer satisfaction, we have conducted an extensive review of our business operations, setting up 25 different internal projects. Now is the time to start implementing these projects, which will be the first major task that I must fulfill. As it could have a significant impact on DOCOMO’s future, I will spare no effort to make these initiatives a success.

Let me update you on the status of some of the 25 internal projects:
We have been working to expand the services offered by the DOCOMO Shops to provide customers with more convenient services. DOCOMO Shops are our closest point of contact with customers, and thus a very important sales channel. These shops not only sell products but also provide after-sales support such as repair services.

In order to make our shops more accessible, we have decided to add another 150 outlets within this fiscal year to our existing nationwide network of 2,000 DOCOMO

Shops.

In addition, the relatively small shops are currently given different names, such as DOCOMO Spot, etc. However, in conjunction with the change of corporate logo on July 1, 2008, we will change them to be uniformly called DOCOMO Shops and upgrade the services offered there—for instance, by ensuring that all shops are capable of providing repair services—so that we can properly respond to customer needs.

In connection with the integration of our regional subsidiaries on July 1, 2008, we will establish a new organization called Front Support Center. We have traditionally provided a dedicated support line for our retail distributors. Building on these efforts, the Front Support Center, which will be created within our head office, will assist our distributors' sales staff by making decisions and answering questions where the salesperson may find it difficult to respond to our customers' various needs, enabling us to react to customer needs with speed and flexibility.

We also intend to improve the ease of use of our billing plans, services and products as they have become very complicated over the years. Though it will be difficult to change them at once, we will work to steadily improve them going forward.

In terms of our network, we have been working aggressively to improve its quality—for instance, by providing connections inside the tunnels of the Tokaido bullet trains—and believe our efforts to improve outdoor coverage are nearly complete. We have also taken measures to expand the transmission capacity of our network to deliver sufficient throughput in our high-speed packet access service. However, we still have some locations where certain spots do not get good reception. To address customer's spot-by-spot request for connectivity improvement, we plan to start a service in which our field staff will strive to be dispatched to the customer's premise within 48 hours after receiving a call, which will be implemented first in the Tokyo and Kanto regions and gradually expanded to other areas.

As I explained, we have been promoting various projects from the perspective of customers. At the same time, I have been instructing our front staff to be mindful of the spirit of the "New DOCOMO Commitments" in responding to customers. For example, when a customer visits our shop immediately before the closing hour, that customer may develop a different impression depending on how he or she is treated, making the difference between our receiving a word of appreciation or a complaint. Customers have their own circumstances, and our shop staff should consider the customers' feelings when they attend to such customers. I myself also intend to visit our branches and distributors, to listen to the opinions of those who are directly contacting customers, and discuss with them how we can satisfy our customers. It would be best if customers begin to appreciate that "DOCOMO has changed" and "DOCOMO became more attentive to customers" as a result of these activities.

Secondly, I would like to talk about our "challenges toward new value creation". When I joined DOCOMO last year, I found that mobile phones—which remain within a 30cm distance from the user 24 hours a day, 365 days a year—have great

potential that is different from fixed line communications. Leveraging this advantage, we would like to take up the challenge to offer new services to have our customers use our phones even more conveniently, and it is important that DOCOMO drives innovation to this end.

I would like explain what we mean by “challenges for new value creation” in more detail through the following four points.

- (1) “Lifestyle support”. Lifestyle support services include *Osaifu-keitai* electronic wallet services, which allow cellular phones to function, for example, as an electronic payment device or a commuter pass. We are currently planning to enhance this service so that a wide range of information tailored to each user’s individual preferences and behavioral patterns can be delivered to the phone through simple settings. We believe customers will find this convenient. We call this “agent functionality” at DOCOMO, and by incorporating agent functionality in cellular phones we believe we can make them more convenient for users.
- (2) “Mobile-izing the Internet”. This jargon may not sound familiar, but this is our concept to further advance the Internet by incorporating characteristics of the mobile phone, such as its personal authentication capability, GPS-based locating function and real-time nature of constantly being carried by the user. The functions offered by today’s cellular phone have become similar to those of PCs, and things that can be done on PCs are mostly supported on mobile phones. Going forward, through expanding usage of video and other rich contents and offering services that take advantage of mobile’s unique properties.

We will seek to “mobilize the internet” — that is to say, to work towards the advancement of the Internet.

To search for necessary information from the vast database on the Internet, people generally use search terms when using PCs. We are looking into ways to utilize GPS and the real-time characteristics of mobile phones for information search via mobile phones to make Internet even more convenient.

For instance, by preregistering user’s preferences data in the handset, and by combining it with the phone’s location information, it becomes possible to deliver information in a timely manner through PUSH technology. If the user is in Ginza, for example, using the phone’s location information and user’s preference data, customized information can be delivered — those who like painting can receive information on an exhibition at a nearby gallery, while those who like consumer goods may receive information regarding events at a department store in the neighborhood.

The difficult part of this service is that random delivery of massive information will likely be regarded as spam mail. We anticipate that much research and development will be necessary to understand how to deliver the necessary information at the right timing for the user.

- (3) “Converged service”. “Convergence” could mean various types of bundled services, such as the convergence between mobile and fixed line services,

between telecommunications and broadcasting, or services combining mobile with ITS or information appliances. Although DOCOMO is a mobile service provider, when we stand in the customers' shoes and think about what the customers want, we believe that if various different technologies could be used in combination with one another, many new and convenient services could be created. We need to overcome several challenges to materialize these convergence services, but we intend to work proactively on their development. An important foundation to the above three concepts of "lifestyle support", "mobilization of the Internet", and "convergence services" will be the further development of the network and handsets.

- (4) "Global and borderless". We will also work aggressively in the international domain and seek alliances with mobile-related peripheral businesses and other industries. Our international operations, centered around the Conexus Mobile Alliance, includes alliances with principal carriers in the Asia Pacific region. Recently, we invested in a mobile operator based in Bangladesh in view of its future growth potential. Going forward, we will study investments outside Japan if proper opportunities arise.

Finally, about "making DOCOMO a vibrant and vigorous company". I am concerned that DOCOMO may be perceived lately as a company that has lost its vigor or is slow to act. I will instruct the entire work force to act swiftly on customer requests and to proactively take up challenges, to transform DOCOMO into an energetic, agile and united company. To this end, it is my responsibility to talk directly to the employees, motivate them to change and stimulate their competence.

With the consolidation of regional subsidiaries on July 1, 2008, and under the new corporate logo and the "New DOCOMO Commitments", I will work to change DOCOMO into a vibrant and vigorous company, one that is capable of execution and can provide energy to customers. "Change and challenge" and "execution" are the words that I will give to you upon my appointment.

[Questions and Answers]

Q1: Can you elaborate on the expansion plan of DOCOMO Shops?

A1: We currently have approximately 2,200 shops nationwide, including 2,000 DOCOMO Shops and some 200 smaller scale outlets called DOCOMO Spot, etc. We intend to increase the total number by approximately 150 by the end of this fiscal year. The 200 DOCOMO Spot and other mini-shops will be changed into DOCOMO Shop from July onwards.

Q2: I believe it is important to improve the efficiency of your sales channel to reduce your sales costs. How does this fit with your shop expansion plan?

A2: After the launch of "Value Plan" in November 2007, the handset retail price at DOCOMO Shops have become almost the same as those of other retail channels, and we have seen an increase in the number of customers purchasing a handset at DOCOMO Shops seeking consultation at the time of purchase. In addition to sales, DOCOMO Shops also provide after-sales services serving as the primary contact window, thus I do not believe the expansion of shops is inconsistent with the improvement of efficiency in sales channels.

- Q3: DOCOMO Shops vary in their sizes or quality of facilities. What kind of measures do you plan to take to improve shop quality?
- A3: The characteristics that affect shop quality can be categorized into (i) hardware, i.e., the shop infrastructure itself, and (ii) software such as staff response. In terms of hardware, the signboard, exterior and interior will be changed as much as possible to satisfy our customers, but in some cases it would be difficult to achieve improvements including the size of shops due to inherent constraints of the location. On the other hand, we will take actions to improve the software—the customer relationship. We will properly address this issue going forward to satisfy the customers who visit our shops.
- Q4: Being an actual user of your service, I find your network quality superior to other carriers. However, when I look at various survey results, I feel that this superior network quality is not necessarily appreciated by customers. Under the new management team, how do you plan to communicate matters like network quality, which is not outright visible?
- A4: We have been working exhaustively for some time to improve our network believing that billing plans and network quality are crucial in the competition with other carriers. As a result, we believe our network quality has improved significantly, but I admit that we have received comments that our PR efforts have been insufficient. Based on these suggestions, we are now promoting PR activities in each region. By disseminating information through our regional branches, we would like to make sure that people in the community will be informed of the enhanced quality.
Network quality is defined not only by area coverage but also the effective transmission speed. To allow customers to enjoy packet communications at truly high speeds, we have been expanding our transmission capacity to a level superior to those of our competitors. This is another point on which we would like to appeal to customers.
- Q5: Can you explain the outlook for your network evolution plan, especially the roll-out of LTE (Super 3G)?
- A5: The introduction of LTE is one of the biggest milestones in our future network enhancement plans. Its development is expected to complete in 2009, so we plan to commence its roll-out in 2010 or beyond. We will make preparations to ensure a smooth roll-out of LTE reutilizing our existing infrastructure.
- Q6: You said you are concerned that DOCOMO may be perceived lately as a company that lost vigor or is slow in action. Why is DOCOMO perceived that way? Can you give us your analysis?
- A6: In this harsh competitive environment, we have been trailing other carriers in the acquisition of net additional subscribers, and the market itself has changed from the era of constant growth. We believe that the recent perception of DOCOMO comes from factors relating to the momentum of the company, and we would like to enhance such momentum through the execution of “New DOCOMO Commitments”. As stated in the Commitments, the first thing and the foremost task that we have to work on is to enhance customer satisfaction in a market which has already entered a mature phase from growth phase. In the competition with other carriers, while the number of net additions is one of the important indicators, we also attach focus on other benchmarks such as churn rate, ARPU and customer satisfaction.
- Q7: How do you think iPhone to be offered by SoftBank Mobile will impact your business? Please also comment on the possibility of releasing iPhone via DOCOMO?
- A7: Apple’s iPhone is a fairly attractive product with a strong appeal especially among young users. While it is difficult to foresee its impact before release, we would like to keep an

eye on how iPhone will be accepted by the Japanese consumers. I cannot comment on the possibility of iPhone being offered through DOCOMO.

Q8: You mentioned “global and borderless” in your opening comments. Can you elaborate on what “borderless” means?

A8: I meant to say that as we have worked with McDonald’s Japan and others, we intend to collaborate with other industries and offer services together with external partners with whom we have business ties if mutual synergies can be expected.

Q9: Can you explain DOCOMO’s activities in the area of fixed-mobile convergence?

A9: Fixed-mobile convergence services are already introduced by large-scale enterprises. To respond to client’s request for a system proposal combining fixed-line and mobile communications, we are providing solutions through the cooperation with NTT Communications and other partners. A typical example of such convergence service used by corporate clients is a solution in which mobile phones function as both an intra-office extension and a phone providing cellular connections outdoors.

For consumers, we recently launched a service called “Home U”, which provides high-speed data access and flat-rate voice service indoor via wireless LAN and outdoor connections through cellular network.

We believe fixed-mobile convergence will make further advancements going forward as seen in such services.

Q10: Your share price has been sluggish. How do you plan to raise your share price? Please give us a message to the stock market.

A10: We are very sorry for our shareholders and investors about our recent share performance. While the share price is ultimately determined by the market, we would like to take various actions to bolster our stock price. Based on the comments that I received from our investors through my IR activities, we believe the recent poor share price performance stems from the concerns about our ability to achieve future growth and make up for the decline in revenues resulting from the harsh price competition in the domestic market.

In a nutshell, the best measure to sustain and increase our share price, I believe, is the execution of the “New DOCOMO Commitments”—to transform DOCOMO, deliver services in a customer-focused way and satisfy our 53 million subscribers. and using them as the driving force, we would like to acquire new subscribers and achieve growth.

Q11: Please explain your investment strategies and revenue target for your international business.

A11: In our future investment policies, we will focus on Asia Pacific and acquire new partners in said regions which have high compatibility with Japan. Naturally there are issues relating to foreign ownership restrictions and the availability of sellers, but we will look into investment opportunities, including the possibility of taking a majority stake, if sufficient growth or synergies with the partners can be expected. This, however, does not mean that making overseas investment is a foregone conclusion; we will carefully study each case and aggressively take up the challenge if there is a good opportunity.

With respect to the revenue target, in the future we would like to raise the scale of our international revenues—comprising international service revenues, dividends and revenue contribution from affiliates in accordance with the equity method—to some 10% of our total revenues. Please consider this as a ballpark goal or our ambition, as opposed to a concrete target to be achieved by a definitive date.

Q12: Among the various initiatives that you are taking to achieve growth, which do you think is most promising?

A12: An area where we can expect growth in the future is the enterprise market. Corporate clients account for approximately 10% of our revenues today, and we would like to grow this even further in the future.

Q13: With respect to your relationship with NTT (holding company), how does DOCOMO intend to contribute to the NTT Group? What kind of relationship do you plan to maintain?

A13: As a member of NTT Group, we believe DOCOMO forms an integral part in NTT Group's middle-term strategies. We, on the other hand, would like to carry out our business management independently, so that our results could be reflected in NTT Group's middle-term strategies as our contribution.

Q14: Please explain the difference of service quality expected of DOCOMO Shops and mass electronic retailers, respectively, in your channel strategies.

A14: The benefits offered by DOCOMO Shops and mass retailers are different. Customers can receive detailed explanation or after-sales support at DOCOMO Shops based on their request. On the other hand, mass electronics retailers offer the products of all cellular operators, so that the customers can compare each carrier's products before making a purchase, and earn loyalty points if they pay for the handset in a lump sum. While we will continue to attach importance on both channels, we will work to improve the customer reception at DOCOMO Shops going forward.