

**Press Conference Announcing the Results**  
**for the First Three Months of the Fiscal Year Ending March 31, 2012 (FY2011/1Q)**  
**(Minutes)**

Date: July 29, 2011 (Friday), 15:00-16:10

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**[Comments by Ryuji Yamada, President and CEO]**

**FY2011/1Q Financial Results**

For the first three months of the fiscal year ending March 31, 2012 (FY2011/1Q), the Company recorded a decrease in operating revenues, but an increase in operating income over the same period of the previous fiscal year. Operating revenues and operating income were ¥1,047.3 billion (a year-on-year decrease of 3.9%) and ¥267.7 billion (a year-on-year increase of 11.3%), respectively. The progress of operating income vis-à-vis our full-year forecast was almost in line with our expectations at 31.5%.

**FY2011/1Q Results Highlights**

Disaster restoration and disaster preparedness measures: As a result of our swift efforts to restore damaged facilities and services following the March 2011 Great East Japan Earthquake, we resumed services in nearly in all areas by April 30, 2011. Currently, we are in the process of deploying measures for full-scale restoration of damaged facilities. We have also achieved steady progress in the implementation of our new disaster preparedness measures as the result of our active engagement.

Customer satisfaction improvement: We were awarded the No. 1 ranking by Nikkei BP Consulting, Inc. in its customer satisfaction survey of mobile data communication device users for the third year in a row.

Promotion of smartphones: We got off to a very good start selling 1.3 million smartphones during FY2011/1Q, which was more than half of our total annual smartphone sales of 2.52 million units for the previous fiscal year. As of yesterday (July 28, 2011), the cumulative number of smartphones sold in FY2011 had reached 2.02 million.

Increased packet ARPU: Packet ARPU for FY2011/1Q grew steadily by ¥110 in comparison to the same period of the previous fiscal year. Our total packet revenues also recorded a year-on-year increase of ¥30.3 billion.

Xi service deployment: Following the launch of our Xi service in December 2010, we expanded coverage of our Xi LTE network into six new cities on July 1, 2011. With the addition of Wi-Fi routers to the Xi product lineup, we will strive to further increase subscriber base going

forward.

### **FY2011/1Q Results Highlights: Key Factors behind Year-on-Year Changes in Operating Income (From ¥240.5 billion for FY2010/1Q to ¥267.7 billion for FY2011/1Q)**

Operating income for FY2011/1Q recorded an increase of ¥27.2 billion over the same period of the previous fiscal year.

With respect to operating revenues, voice revenues decreased by ¥43.9 billion, of which the impact of the expanded uptake of our “Value Plan” accounted for approximately ¥20 billion. Packet revenues, on the other hand, increased by ¥30.3 billion as a result of our efforts to expand sales of smartphones and PC data devices. Other revenues grew by ¥3.7 billion, due mainly to increases in the number of “Mobile Phone Protection and Delivery” service subscriptions and credit revenues. Equipment sales revenues decreased by ¥32.2 billion, owing primarily to a reduction in the sales price of handsets.

On the expenses side, equipment sales expenses dropped by ¥30.8 billion due to a decline in the handset procurement costs. Network-related costs decreased by ¥9.5 billion due to reduced access charges and depreciation. Other expenses also recorded a decline of ¥29 billion due mainly to a drop in handset repair costs, because the number of handsets submitted for repair decreased in line with the increase of subscribers switching to smartphones.

The net negative impact of the earthquake disaster on our operating income amounted to ¥7.5 billion yen.

As a result of the foregoing, operating income for FY2011/1Q grew to ¥267.7 billion, up ¥27.2 billion compared to the same period of the previous fiscal year.

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

As of June 30, 2011, the number of users subscribing to services offering 50% discounts on basic monthly charges topped 48 million, or 83% of our total user base, indicating that a large portion of our total subscribers have already joined these discount services. The subscription rate for our “Value Plan” reached 73% as of June 30, 2011.

### **Cellular (Xi+FOMA+mova) ARPU**

The voice ARPU for FY2011/1Q recorded a year-on-year decrease of ¥340, of which the expanded uptake of our “Value Plan” accounted for approximately ¥100, and the reduction in billable MOU approximately ¥150. In contrast, packet ARPU increased by ¥110 compared to the same period of the previous fiscal year. Of this ¥110 increase, the contributions of smartphones, i-mode and data plans were ¥60, ¥20 and ¥30, respectively.

### **Total Handset Sales**

The total number of handsets sold in FY2011/1Q was 4.64 million units, up 0.6% from the same period of the previous fiscal year. To comment on the impact of the earthquake disaster, although there were temporary supply shortages for some products in the months of April and May, these issues were gradually resolved thereafter. In FY2011/2Q and beyond, we will actively promote sales of smartphones and Xi devices toward our annual handset sales target of 19.8 million units.

### **Churn Rate**

The churn rate for FY2011/1Q was 0.49%. We consider churn rate an important indicator that reflects customer satisfaction levels.

### **Number of Net Additions**

The total number of net additional subscriptions acquired in FY2011/1Q was 410,000. For the full year, we set a target of acquiring 1.95 million net additions. Although the number of net additions grew favorably in June, we struggled in May due to supply shortages of some products, and also because some customers had waited for the release of our new smartphone models.

### **Subscriber Migration to FOMA/Xi**

Some 210,000 subscribers switched from mova to FOMA/Xi in FY2011/1Q. The total number of users remaining our second-generation network, mova, decreased to 970,000, which included 660,000 subscriptions to our mova service and 310,000 subscriptions to with our DoPa communication module service. We will steadily move ahead our subscriber migration efforts in view of the scheduled termination of mova services on March 31, 2012.

### **Principal Actions and Results**

#### **Full-Scale Restoration Status**

With regards to the status of restoration of facilities damaged by the March 2011 earthquake, 55 of the total 97 damaged base stations were restored by June 30, 2011. We plan to complete restoration of the remaining 42 stations by September 30, 2011, thereby restoring our network area quality to pre-disaster levels. The restoration of other base stations that were submerged or physically damaged will be carried out in coordination with the reconstruction plans of each municipality.

#### **New Disaster Preparedness Measures: Progress**

On April 28, 2011, we announced new disaster preparedness measures reflecting our

experience of the Great East Japan Earthquake. These measures are being implemented with top priority being given to the Metropolitan Tokyo and Tokai regions in light of the possibility of a major earthquake occurring directly beneath these regions.

For large-zone base stations, we expect to complete the roll-out of 100 stations by December 31, 2011, which is about three months earlier than our initial schedule of March 31, 2012. These large-zone base stations are being installed with priority given to the Tokyo and Tokai regions, with a plan to complete the installation of 5 stations in Tokyo and 8 stations in Tokai by October 31, 2011. The large-zone stations will be activated only after occurrence of a disaster to cover a radius of approximately seven kilometers, with which we believe we can cover some 35% of the populated areas in Japan.

The wide-area power outages caused by the Great East Japan Earthquake resulted in service disruption in many areas. To prevent this situation from happening in the future, we are currently installing uninterruptible power supply (UPS) systems and extending the battery life of our base stations covering prefectural/municipal government offices and other important locations to ensure 24-hour autonomous power supply. We have already completed the installation of roughly 800 UPS systems. We plan to furnish 24-hour battery supply in 1,100 base stations by December 31, 2011, attaching highest priority to the stations located in the Tokai region. Among the many disaster preparedness measures we are taking, the roll-out of UPS and extension of battery life require the largest amount of capital expenditures, which are estimated to be approximately ¥14 billion.

For the provision of satellite mobile phones, we plan to deploy a total of 2,000 units by October 31, 2011, and a cumulative total of 3,000 units by February 29, 2012. In the event of a disaster, we plan to distribute satellite mobile phones to evacuation shelters and other locations.

With regards to the increase of satellite entrance circuits, we expect to complete the deployment of portable satellite entrance circuits by September 30, 2011 and car-mounted satellite entrance circuits by December 31, 2011. The deployment of emergency microwave facilities in 100 areas is expected to be completed by September 30, 2011.

We are currently in the process of developing a new disaster voice message service, with the aim of starting its operation by March 31, 2012, following completion of the roll-out of necessary facilities.

To further utilize “Area Mail”, we started providing a free-of-charge service for use by national/local governments for information delivery from July 1, 2011. Prior to the launch of our free service, “Area Mail” had been used by only about 80 municipalities. After we announced the launch of free service, the total number grew to approximately 180 with new applications from some 100 local governments.

### **DOCOMO's Next-Generation Green Base Stations**

While we currently operate our base stations using commercial power supply, we will study the use of more environmentally-friendly power sources such as wind power generation, solar battery and bio-fuel cells. In addition, in an effort to secure power sources in the event of a power outage, we plan to adopt new lithium-ion storage batteries that can supply backup power for long durations. We will also study the introduction of a “green power controller”, because this will allow us to store electricity in a storage battery during night hours for use during the day, thereby saving energy consumption and shifting the peak hours of power usage.

We will develop and conduct system trials of next-generation green base stations within FY2011, aiming for limited commercial introduction in base stations within FY2012 (with approximately 10 base stations in the initial phase). Going forward, we will move ahead with our development activities envisaging the introduction of “smart grid” capability, to enable power interchange between regions, for example, sending power from Tokyo to Hokuriku if it is sunny in Tokyo and raining in Hokuriku.

### **Customer Satisfaction Improvement (Smartphones)**

In response to customers' growing requests for opportunities to try out smartphones hands-on and ask questions, we newly opened Smartphone Lounges in four locations in Sapporo, Osaka Umeda, Kobe and Kyoto in April and May 2011. We also plan to open another outlet in Fukuoka in August 2011. We intend to provide at least one shop in each region managed by our Regional Offices.

We have also held classroom sessions to provide instructions concerning the use of smartphones at our docomo Shops, cumulatively accepting some 55,000 participants from the start of this fiscal year. Last year, we established the “Smartphone Meister” accreditation system to certify shop attendants as experts capable to providing detailed information on smartphones. The total number of certified “Meisters” has increased from approximately 5,000 as of March 31, 2011 to currently about 7,000.

### **Customer Satisfaction Improvement (Call Center)**

To address customers' complaints about low response rates for smartphone-related inquiries at our call centers, we reviewed our organizational structure to assign more resources to smartphone-related operations. We increased the total number of our call center staff and also shifted human resources from i-mode to the team responsible for smartphones. As of June 30, 2011, the number of operators handling smartphone-related inquiries grew to over 50% of the total. As a result of these efforts, our response rate improved to over 80%. Going forward, we will maintain a smartphone-oriented call center structure to prevent any drop in response rate amid the projected

expansion in smartphone sales.

### **Customer Satisfaction Improvement (Safety/Security)**

From July 1, 2011, we started providing our “docomo Anshin Scan” virus detection service to smartphone users for free. While virus detection software for PCs is mostly offered for a charge, we decided to provide this service for free to allow customers to use smartphones in a safe and secure environment. Also, as part of our safety/security initiatives, we are currently developing a new handset model tailored for children (“kid’s PHONE”), which is planned for release around September-October 2011.

### **Customer Satisfaction Improvement (External Evaluations)**

We have now won the highest ranking in the customer satisfaction survey of mobile data device users conducted by Nikkei BP Consulting, Inc. for three years straight. This year, we were awarded the highest scores in eight out of 15 survey items, including “overall satisfaction”. We are also making endeavors to maintain the No. 1 ranking in the customer satisfaction study by JP Power Asia from the previous year by continually taking appropriate measures to improve customer satisfaction.

### **Growth of Packet ARPU/Revenues**

Packet ARPU for FY2011/1Q grew by ¥110, or 4.4%, compared to the same period of the previous fiscal year. Total packet revenues also increased by ¥30.3 billion, or 7.3%, year-on-year. Of the ¥110-increase in packet ARPU, the contributions from smartphones, data plans and i-mode were ¥60, ¥30 and ¥20, respectively. Of the ¥30.3 billion increase in total packet revenues, smartphones accounted for ¥17 billion, data plans ¥9 billion and i-mode ¥4 billion.

### **Smartphones (Product Lineup and No. of Units Sold)**

We released nine models of smartphones in our 2011 summer collection and they have all enjoyed positive reviews. We sold a total of some 1.3 million units in the period between April 1 and June 30, 2011, and 2.02 million units in the period between April 1 and July 28, 2011. The total sales of GALAXY S II reached 330,000 units after its release on June 23, 2011. MEDIAS WP sold 210,000 units following its launch on June 24, 2011, and Xperia acro sold 230,000 units after going on sale on July 9, 2011.

### **Smartphones (Services)**

We have been transferring i-mode services to smartphones one by one in order to allow users to continue using them after they migrate to a smartphone. Upon the release of our 2011 summer

model smartphones, we introduced “i-channel”, “Melody Call” and “G-GUIDE program list” compatibility in our smartphones. We have also introduced emergency earthquake alert capability (using the CBS method) in some of our smartphone models starting July 21, 2011.

### **Smartphones (Content Billing/Authentication)**

With i-mode, we offer a large amount of high-quality content to customers in collaboration with some 3,000 content providers. Recently, we have seen cancelation of content subscription contracts by some customers upon their replacement of an i-mode handset with a smartphone. We therefore intend to introduce i-mode’s billing and authentication mechanisms in smartphones, so that users can carry over the content registered in MyMenu without having to go through any special procedures if they wish to continue using the same content after migrating from an i-mode handset to a smartphone.

### **Measures for Boosting i-mode Packet Usage**

We have continually implemented measures targeted at boosting the usage of elderly or middle/light usage i-mode users, such as the “i-mode Kantan mail” service, which provides users with easy access to the latest news and recommended websites via mail. We also launched a service called “Tsunagari Hotto Support”, which can be used, for example, via “message R” to notify family members living apart of an elderly user’s phone usage (detected by the flipping of a phone screen or other phone operations).

### **Data Communications**

We were awarded the No. 1 ranking in the overall customer satisfaction survey by Nikkei BP Consulting for the third straight year. In FY2011/1Q, we sold some 260,000 units of data communication devices due to the launch of Xi-enabled mobile Wi-Fi routers, and various other factors. Both the volume of devices sold and total data service subscription count have grown favorably vis-à-vis our full-year target. This fiscal year, we will focus in particular on the expansion of data communication services appealing the strengths of Xi services, among other things.

### **LTE Service: Xi**

The total number of Xi subscriptions reached 121,000 as of June 30, 2011. Growth accelerated after July with the total number of subscriptions reaching 192,000 as of July 28, 2011. In addition to the data cards and mobile Wi-Fi routers that are already available, we plan to add two models of tablet devices and four models of smartphones for Xi service in the fall, with the aim of raising the total number of subscriptions to over 1 million by March 31, 2012.

## **Global Expansion**

The total number of subscriptions of India's TTSL has grown steadily to approximately 91 million as of May 31, 2011. Our global business expansion policies remain unchanged, but we will focus in particular on the expansion of platform businesses and enhancing the added value of our network business, with a plan to deploy business in markets like China and Vietnam in the future.

## **Multimedia Broadcasting For Mobile Devices**

A multimedia broadcasting service for mobile devices is planned for launch on April 1, 2012. Currently, the facility-supplying broadcaster, Japan Mobilecasting, Inc. is steadily moving ahead with the construction of infrastructure. The commissioned business operator, mmbi, Inc., is expected to apply for a key broadcasting business license in August 2011 in accordance with the approval guidelines issued by the Radio Regulatory Council of Japan in July 13, 2011. We plan to offer both real-time and storage-type broadcasting services, together with various new services through the convergence of broadcasting and mobile communications.

## **New Initiatives**

We have actively pursued new businesses, bringing experimental projects into commercial operations and making further expansion to services that had already been commercialized.

For example, we launched a commercial bike-sharing service to allow users to easily rent bicycles through the use of "Osaifu-Keitai" e-wallet, GPS positioning and other mobile phone functions. We also plan to expand the "docomo one-time insurance" service by adding more options such as "one-day car insurance" to allow users to subscribe to auto insurance on a per-day basis as and when demanded. In addition, we started offering a new affordable insurance service, "docomo medical insurance", and renewed our "docomo mobile remittance" service. Meanwhile, we explored new business opportunities, commencing trial services including a trial service covering 1,000 households across Japan that enables visualization of household power consumption using the smart taps provided by DOCOMO ("docomo energy-saving support service"), and a new prescription drug information service. Through these new initiatives, we will aim to transform ourselves into an integrated service provider.

The Great East Japan Earthquake caused unprecedented damage to people's lives, as well as Japanese society and economy. We, at DOCOMO, have exerted all-out efforts for the restoration of our services and facilities and have actively implemented new disaster preparedness measures.

To summarize our performance in FY2011/1Q, we believe that we achieved tangible results in our priority areas, such as customer satisfaction improvement, expansion of smartphone sales,



increase of packet ARPU and expansion of our Xi service.

In particular, in light of the projected full-scale expansion in the adoption of smartphones, we plan to further enrich our product lineup and release Xi-enabled smartphones in the coming winter. In FY2011/2Q and subsequent quarters, we will strive toward the expansion of smartphone sales and increase of packet ARPU, considering them the most important challenges in our business strategies.

#### **[Questions and Answers]**

Q: The packet ARPU for the first quarter was 2,620 yen. How do you assess this outcome?

A: The packet ARPU is slightly higher than we had expected, and we think it is on course to reach our goal for the fiscal year.

Q: The surge in traffic has become a major issue resulting from the expanded uptake of smartphones. Recently, revisions to flat-rate billing plans have been discussed in the USA. How do you plan to address the issue of traffic growth over the medium-to-long term?

A: We would like to work on the following three areas to accommodate the rapid increase in traffic: 1) expansion of our Xi service, 2) dynamic control, and 3) data off-loading using Wi-Fi or Femto cells. We will work to achieve a good balance among these three options.

The current Xi billing plan is designed in a way that allows us to charge additional fees for any data use in excess of 5GB per month. However, because of our promotional campaign up to April 30, 2012, users are currently able to use our Xi service for a flat monthly rate of ¥4,935 without having to pay any extra charges regardless of actual data usage.

We conducted a customer survey on Xi billing plans and learned that some customers harbor concerns about the incremental charges for use in excess of 5GB. To address these concerns, we are contemplating issuance of a warning before incremental fees are applied and have users choose from two options; to either charge additional fees based on actual usage, or to drop the transmission speed assigned to the user in lieu of additional fees.

Charges are applied on a monthly basis, so in the latter case, if a user's data use reaches the 5GB threshold on the 27<sup>th</sup> of the month, the transmission speed given to the user would be dropped for the remaining three days of the same month, but would return to normal from the first day of the following month.

We will also study whether the 5GB threshold for charging an additional fee is adequate or not. Initially, we set the threshold at 5GB assuming that most users will not consume this much data volume in a month. However, in light of recent usage trends among smartphone users, we will look into the possibility of raising this threshold to a level higher than 5GB.

In contrast, we do not plan to change the rate structure for our 3G FOMA service because we expect that an increasing number of heavy users will migrate to the Xi service as its coverage expands in the future.

Q: Can you provide us with a breakdown of the ¥7.5 billion net negative impact of the earthquake disaster on your income?

A: The ¥7.5 billion net impact was the result of reduced revenues and increased expenses owing to the earthquake. Of the projected ¥7.5 billion net impact, ¥4 billion was from special discounts and subsidies provided to users in stricken areas for the replacement of handsets. The remainder was expenses required for the removal or repair of damaged facilities and subcontracting expenses for construction.

We mentioned in the announcement of our FY2010 results in April 2011 that the total profit/loss impact of the earthquake disaster is expected to reach ¥20 billion for FY2011. At this point, this projection remains unchanged because we expect to incur expenses from the introduction of uninterruptible power supply systems and extension of base station battery life to last 24 hours, the roll-out of large-zone base stations, and other disaster preparedness measures. Progress with construction of these facilities has not been impacted by power-saving requirements.

Q: Your competitors have announced aggressive plans concerning the use of public wireless LAN systems as a solution for offloading data traffic. Can you comment on your strategies?

A: We have seen a surge in data traffic as a result of growing adoption of smartphones. Wireless LAN is considered one of our options for data offloading. Wireless LAN systems can be divided into two types: home wireless LAN and public wireless LAN systems.

We currently offer public wireless LAN service in approximately 6,800 spots. We intend to expand the number to some 30,000 spots over the next 12 months or so in cooperation with NTT Broadband Platform, Inc. (NTTBP), and aim to further increase the number to 100,000 spots eventually while keeping an eye on market trends. Currently, NTTBP owns public wireless LAN spots in relatively large stations where express trains stop, but there are some smaller stations that are not covered, so we would like to reinforce coverage in these areas.

Meanwhile, we also hope that customers will utilize private wireless LAN systems when they use smartphones in their homes at night.

Q: KDDI unveiled its models supporting Windows Phone 7. Do you have plans to introduce smartphones using the same OS?

A: At this point, we do not have any plans to introduce models supporting Windows Phone 7 as part of our 2011 winter lineup. We will study whether to adopt this system or not in our 2012 summer model devices.

Q: How do you view the progress of your FY2011/1Q results vis-à-vis your full-year forecasts?

A: We have achieved 31.5% of our full-year operating income target in the first quarter, and we believe that progress of around 30% compares fairly well with our track record for the first quarters of previous fiscal years. Operating revenues posted a decline over the same period of the previous fiscal year due mainly to lowered handset prices. We reduced our handset sales prices by an average of ¥5,000 per unit, which led to a decrease in equipment sales revenues, but we achieved savings in our procurement costs as well.

Our full-year performance will be affected by how much further can we increase sales of smartphones and thereby increase our packet ARPU. Any revision to our full-year forecasts, if necessary, will be made at the end of FY2011/2Q.

Q: You earlier provided a forecast that your FY2011/1Q results would be impacted by the revisions made to the calculation methodology of loyalty point allowances. How significant was this impact in your actual results?

A: Effective April 1, 2011, we lowered the rate of loyalty points that can be acquired for every ¥100 of usage. As a result, the loyalty program-related expenses for FY2011/1Q decreased by approximately ¥10 billion compared to the same period of the previous fiscal year.

Q: Your handset sales for FY2011/1Q slowed due the impact of the earthquake. Can you provide the background to this?

A: The earthquake impacted the sales of both i-mode handsets and smartphones. The low-tier i-mode handset models were most significantly affected. We had stock in the month of April, but we began to experience difficulty in securing ample supply from May, which affected our net additions of subscribers for that month. The earthquake temporarily impacted the supply of materials and components such as LCDs manufactured in Tohoku, but these conditions have already returned to normal.

Q: What do you think are the reasons behind the decrease in MOU? Also, do you think this downtrend will continue?

A: The MOU for FY2011/1Q dropped by 7 minutes compared to the FY2010/4Q. We have seen a drop in usage particularly during the hours between 21:00-23:00. In contrast, the use of packets during these hours has been rising. We believe customers' usage behavior has changed, with increasing number of users using packet service more frequently for mail or internet access instead of making voice calls. We need to keep a close eye on future trends.

Q: Can you give us more details concerning your plan to introduce your i-mode billing system and authentication process into smartphones to allow users to carry over their MyMenu registrations

(content subscriptions) after migrating to a smartphone?

A: When we unveiled our 2011 summer model handsets, we announced our plan to introduce our i-mode billing system and authentication process for smartphones in the period beyond this winter. We currently have some 3,000 content provider partners in our i-mode business. We have been requesting that these content providers provide content for smartphones as well. To encourage content providers, we will work to expand the user base of smartphones and prepare billing and authentication functions.

Q: The sales price of handsets has been declining. The profitability of your equipment sales business worsened in FY2011/1Q because the drop in equipment sales revenues was larger than the reduction in equipment sales expenses. What are your views on this? And how long do you think this downtrend in sales prices will continue?

A: One of the factors that drove the decline in handset sales prices was the shift in demand to our less expensive "STYLE series" handsets from the more expensive "PRIME series". In addition, expanded sales of relatively inexpensive smartphones also contributed to the decline of sales prices, since the cost per unit of globally marketed smartphones is cheaper due to their relatively larger volume of sales.

Going forward, we will continue to make efforts to bring down the prices of our devices, so that our customers can purchase high-quality products at affordable prices.

Q: When do you think your cellular services revenues will return to an uptrend driven by the increase in packet ARPU?

A: Our goal is to achieve a rebound in aggregate ARPU in FY2012 after halting its decline within FY2011. We will try to make up for the drop in voice ARPU by increasing the packet ARPU.

Q: You set a target to sell 6 million smartphone units this fiscal year. Do you foresee any possibility of revising this target upwards?

A: As of July 28, 2011, our cumulative smartphone sales for this fiscal year exceeded 2 million units. This was achieved in a period of approximately 4 months, so if this pace of sales remains unchanged, the total number of smartphones sold within this fiscal year will likely reach 6 million units. However, we project an increase of sales in the peak seasons in December and at the end of the fiscal year around March 2012.

Any review of our business plan will be made at the end of FY2011/2Q, but at this point, we believe that we may be able to add 1 million units in smartphone sales if we can maintain our current momentum. We will carefully watch sales trends in the months of August, September and October, and determine our full-year target following the end of FY2011/2Q.

Q: The government is currently discussing the idea of raising the spectrum user fee to finance the restoration of the areas devastated by the Great East Japan Earthquake. What are your views on this?

A: We would like to reserve our comments because we are still in the process of confirming the facts through newspaper reports and other sources. We have already agreed to the payment of a spectrum user fee of ¥200 per handset (following the enactment of the revised Radio Law promulgated in June 2011).

Q: What are your views and what kind of actions do you plan to take in relation to the reallocation of radio frequencies in the 700-900MHz band?

A: We believe that all carriers want to receive additional spectrum allocation given the recent surge in traffic volume.

We would like to receive at least 30MHz (15MHz x 2) in the 700-900MHz bands to be able to start using them by 2015 at the latest. The additional spectrum, if allocated to us, would be used to deliver transmission speeds of up to 100Mbps with our LTE network. We have no preference between the 700MHz and 900MHz bands. Our only request is that the allocation will be made in time the commencement of operation in 2015.