Mobile FeliCa
- i-mode Alliance Strategy -

Sep, 2005

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Facts about i-mode

Number of DoCoMo subscribers: Approx. 50Mil.
Number of i-mode subscribers: Over 44Mil.

World's largest ISP (equivalent to one-third of Japan's population)

Market Share of i-mode as much as nearly 60%

Handsets enabled for i-mode FeliCa
Approx. 5.2 million units

Handsets enabled for Infrared Communications
Approx. 33 million units

Handsets compatible with Barcode Reader
Approx. 23 million units

(As of end of Jul, 2005 / A prompt report / Total of number of mova subscribers + cumulative number of FOMA handsets sold)

Mobile Phones Will Become A Lifestyle Infrastructure

Liberalization of handset sale
i-mode service launch
Emergence of the FeliCa service

Telecommunications infrastructure
IT infrastructure
Lifestyle infrastructure

First Growth Stage
- Explosion in the demand for voice

Second Growth Stage
- Introduction of multimedia services

Third Growth Stage
- Introduction of life tools

Number of DoCoMo mobile phone subscribers
Number of i-mode subscribers
Vertical Evolution of i-mode
– Perpetual Drive for More Advanced Technologies

Ever-Smarter and Higher-Value Added Mobile Phones Usher in the Future

FeliCa

HTML Mail, Videophones …
Flash, Ir, Barcode reader …
IrMC, 3D Polygon …
ADPCM, MPEG, Camera phones …
JAVA, SSL, JPEG …
Color display units
GIF, MIDI, C-HTML …

Corporate Venture Capital

5% of IPO companies are those related to Mobile Internet.

Horizontal Evolution of i-mode
– Persistent Challenge to New Frontiers

Credit Settlement

Cash cards

Games

AV devices

e-tickets

Vending machines

Convenience stores

Car navigation systems

WIN-WIN

Karaoke

Rental shops

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To make i-mode serve the User as “Controller in Every Scene of Day-to-Day Life”

To create a Fresh Blend of “Virtual” with “Real”

Our “Mobile Wallet” Service Begins
-Everything you have in wallet into mobile phone-

- Commuter passes and tickets
- Employee IDs (entering/exiting rooms/buildings)
- Mileage cards
- e-money (multi-purpose/independent)
- Tickets
- Credit cards
- Membership cards (ID authentication)
- Reservation vouchers
- Keys (apartment keys/locker keys)
- e-money (multi-purpose/independent)
Mobile Phone Model with i-mode FeliCa chip

NEW: 901iS Lineup

Security Increasingly beefed up Security!
- Remote Lock
- IC Card Lock
- One touch Lock
- Timer Lock

All 901iS Series Models enabled for Remote Lock & IC Card Lock function

All 901iS models are Mobile Wallet!

i-mode FeliCa Platform

Mobile Wallet Alliance

Electronic Money/Credit card
Various point services
Ticket sales
Public transport tickets
Membership card, etc.

FeliCa platform

Membership card and credit card
Employee ID and membership card
Public transport ticket
Integrating i-mode with FeliCa allows us to add services only available over i-mode to the benefits offered by FeliCa.

Benefits of FeliCa

1. Simple one-pass action
2. Speedy data transmission and reception
3. High security

Services unique to i-mode FeliCa

Viewer function
Possible to check the content of the contactless IC chip installed on your mobile phone
Information is shown on the display

Services using networks
- Addition of cash to users' account balances
- Issuance of tickets to mobile handsets, etc.

Benefits of i-mode FeliCa

Server
Internet
DoCoMo network

Network
- "Card" + Network

Benefits of integrating contactless IC cards with i-mode

1. Your mobile phone will become a "handy card"
2. "Card" + Network
3. Your mobile phone will become a "service tool"

What Can Be Achieved by Integrating Contactless IC Cards with i-mode

- Points reward for visiting a store
- Points reward for visiting a store
- Transmission of information within the site
- CRM e-mail distribution
- CRM e-mail distribution
- Incentives to visit a store
- Incentives to visit a store

- Enhanced retention due to higher usage
- Linkage of site services and store services

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Implementation Benefits

- Mobile takes care of everything including cash payments and point-card processing
  - Can reduce storefront operating costs.
  - Can reduce the cost of issuing new cards.
  - Users can shop with just their mobile phones.

- Linkage with i-mode sites
  - Electronic money settlement at i-mode sites is possible.
  - Linkage of point accumulation between the store and the site.
  - Improves convenience and customer retention

- CRM using email and other means
  - Can distribute information based on a buyer's purchase history
  - Can deliver information and coupons limited to loyal customers via email
  - Encourages store visits and customer retention

“Use” the mobile when visiting a website; settle bills, collect bonus points, and receive coupons.

Through i-mode + FeliCa, implement the smooth linkage of storefront and website!
Via email delivery, CRM such as store visit encouragement and premium customer services can be supported!

How Customers like i-mode FeliCa

Questionnaire to those customers who purchased i-mode FeliCa
What image did you have before using it? How do you like it now after using it?
(Please select only one out of the choices).

Many users dissipate concerns over possible disappearance and theft by actually using it and in turn realize its convenience and smartness.
About Credit-card Business

1 Objectives
   (i) Increase the number of the places where Mobile Wallet can be used
   (ii) Acquire new source of revenue other than traffic revenue

2 DoCoMo’s Core Competence
   (i) 49 million customers
   (ii) Handset is always carried with users
   (iii) Launch of Mobile Wallet service (Jul, 2004)

3 What are we going to realize?
   (i) Create and boost new micropayment market
   (ii) Increase utilization of credit-card usage rate which is lower in Japan compared with those in US and Europe
   (iii) Description of business
      a) Establish the new brand of credit business
         (Establish open platform)
      b) Entry to credit business

Credit Payment Service of Mobile Wallet

1. Establishment of new credit card brand
   Establish a new credit card service using “Mobile Wallet” phones equipped with contactless IC chip (FeliCa) as a credit brand holder

2. Issuance of a new credit card
   Issue a new credit card which is characteristic of mobile phone operator to lead the market.
   => Create the new credit payment market in micropayment which is almost dominated by cash payment.

For early realization and penetration of the service, DoCoMo acquire 34% of Sumitomo Mitsui Card’s common shares
Developing Common Infrastructure for Suica e-Money and Osaifu-Keitai Credit Brand

A single reader/writer will be compatible with various settlement systems by developing reader/writer compatible with multiple services and creating and managing a common center that connects the reader/writer.

Now

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<thead>
<tr>
<th>Reader/Writer (Single)</th>
<th>Suica e-Money</th>
<th>Reader/Writer (Single)</th>
<th>DoCoMo's New credit Card brand</th>
<th>Reader/Writer (Single)</th>
<th>Another FeliCa Settlement</th>
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Future

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<tr>
<th>Reader/Writer (Multiple)</th>
<th>Suica New credit Card brand</th>
<th>Reader/Writer (Single)</th>
<th>Suica e-Money</th>
<th>Reader/Writer (Single)</th>
<th>DoCoMo's New credit Card brand</th>
<th>Reader/Writer (Single)</th>
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Scope of joint venture w/JR East

Common Center

Linkage with other services (TBD)

i-mode FeliCa Strategies

- Branding
- Retention Effects
- Churn from Other Operators & Service Providers
- Communications Fee
- Value Enhancement enjoyed by Invested Corporations
- New Business Models
Successful Services ⇒ Services with a FACE

• F  – Fun
• A  – Anywhere, anytime
• C  – Convenient, with user benefits
• E  – Easy for everybody

Thank you for your kind attention

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