



# Harnessing Strengths

Annual Report **2013**

Year Ended March 31, 2013

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#### Forward-Looking Statements

This annual report contains forward-looking statements. These forward-looking statements are based on our current predictions, plans, expectations, acknowledgements and estimates based on the information obtained by us until the date of this annual report. The projections of figures such as the outlook for results in this annual report require us to make certain assumptions that are indispensable for making such projections in addition to the definitive and precisely recognized historical facts. These forward-looking statements are subject to certain inherent risks, uncertainties and other factors that could cause our actual results to differ from the outlook for or projections of such results or figures.



# DOCOMO's Strengths in Action

Since its service launch in 1992, NTT DOCOMO has been a leader in expanding and advancing the possibilities of mobile phone services.

This position of leadership has resulted from the Company's pursuit of the frontiers of mobile communications services and persistent commitment to taking on new challenges. We provide enjoyable, appealing, and exciting functions and services in a format that is pleasant, easy to use, and convenient.

This approach has led to the development of DOCOMO's visible, decisive strengths, and those strengths are now the driving force behind the Company's ongoing progress and business model innovation.



# Providing More than **61** Million Customers with Connections to the World

DOCOMO is a leader in the development of mobile communications services, centered on mobile phone services. In Japan alone, more than 61 million customers use our services. Furthermore, as we expand the provision of services that are compatible with multiple platforms, the number of DOCOMO customers is increasing rapidly in Japan and overseas. Today, 21 years after the Company launched services, DOCOMO has become one of the most widely recognized companies in Japan.\*

With this overwhelming customer base, the Company is aiming to be a Smart Life Partner that supports the realization of lifestyles that are more convenient and fulfilling. Our dream is to provide customers with new worlds and experiences using mobile communications services. Drawing on advanced technologies, we are working to enhance mobile communications services. At the same time, we are striving to provide services that help to make the daily lives of customers more worry-free, safe, and pleasant.

\* Rated number one for two consecutive years in NICES, an integrated corporate ranking system developed by Nikkei Inc., Nikkei Digital Media Inc., and Nikkei Research Inc.





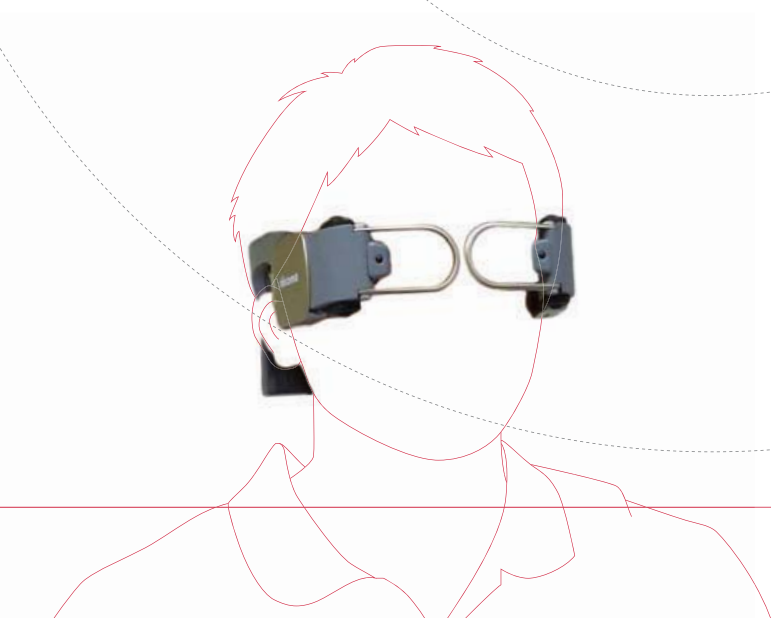
## Accumulating Advanced Technologies and Network Operations Know-How to Realize

# 112.5 Mbps

with Plans for 150 Mbps

LTE is being rolled out around the world as a new high-speed communications standard for mobile phones. DOCOMO, which began to provide LTE service in December 2010, was one of the first mobile communications operators in the world to introduce LTE. The maximum downlink transmission speed, which was 75 Mbps when the service was launched, had increased to 112.5 Mbps by March 2013, and within fiscal 2013 we expect to realize 150 Mbps.

Furthermore, we are aiming for the introduction in 2015 of LTE-Advanced, a fourth-generation (4G) communications protocol that will offer further advances from LTE in transmission speed and capacity. To that end, we are pressing ahead with technical development, centered on the DOCOMO R&D Center, which is one of the world's largest mobile R&D bases and the source of DOCOMO's technical development capabilities. In these endeavors, we will leverage our network operations know-how and leading-edge technical development capabilities, which we have cultivated over more than 20 years. In this way, we will work to drive global innovation in a wide range of advanced technologies and services, including not only mobile communications but also the development of cloud services and the use of renewable energy.



## New Business Off to a Great Start: *dmarket* Revenues

# 11.5 Times

Year-Earlier Level

In addition to its core business in mobile communications services, DOCOMO is aiming to be a Smart Life Partner and is focusing on developing and expanding new fields of business. Especially strong growth is being recorded by *dmarket*, a directly operated platform centered on sales of digital content. The foundation of our business as a service provider, *dmarket* offers carefully selected content, such as music and videos, directly to customers. In fiscal 2012, revenues reached about ¥23 billion, 11.5 times the level of a year earlier. In addition to *dmarket*, we are steadily expanding the range of services provided by DOCOMO, such as media & content, commerce, and finance & payment. In fiscal 2012, revenues from new fields reached about ¥535 billion.

Through mobile communications, which have become an integral part of people's lives, we will provide services that are more enjoyable, more convenient, and more personalized. As we move forward, we will continue working to discover new fields of business that can only be developed by a mobile communications operator and to achieve our target of revenues of ¥1 trillion in new business areas in fiscal 2015.



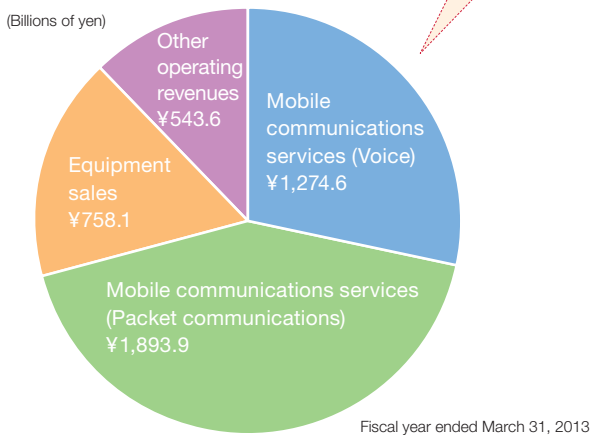


## Business Overview

# About NTT DOCOMO

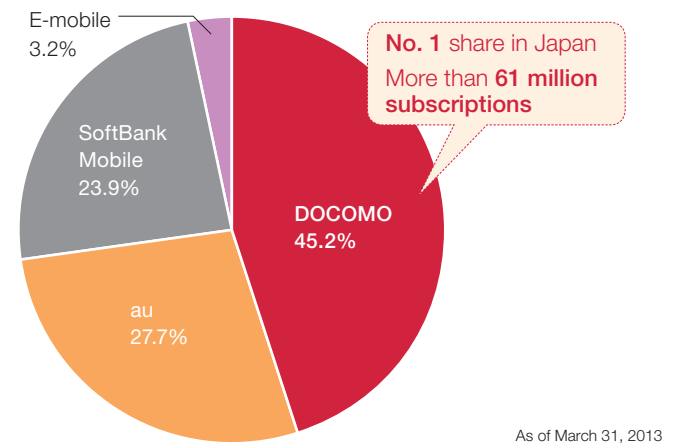
### Operating revenues

Accompanying the increasing use of smartphones, a growing share of operating revenues is contributed by packet communications revenues and, due to the growth of new fields of business, by other operating revenues.



### Share of subscriptions among domestic telecommunications operators

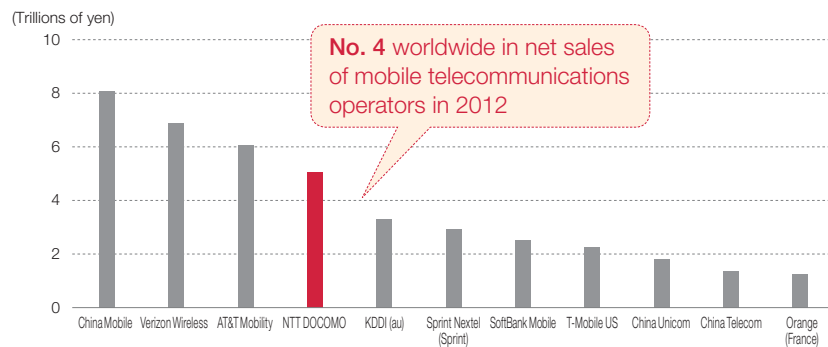
Competition among telecommunications operators remains intense, and in this environment DOCOMO has secured 61.54 million subscriptions, giving the Company an overwhelming share of domestic mobile phone service subscriptions. In this way, DOCOMO has built an extensive customer base.



Source: Calculated by DOCOMO based on data released by each company

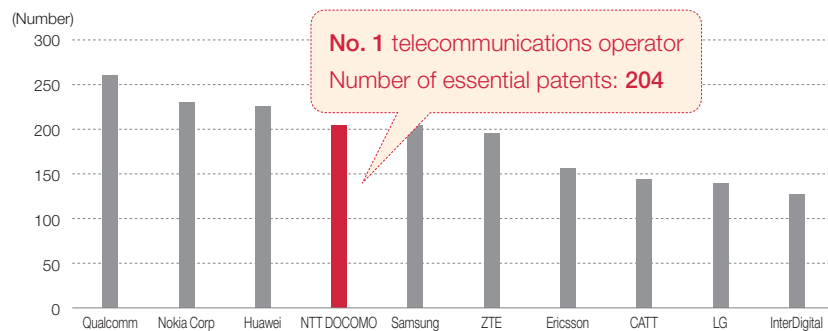
### Net sales of mobile telecommunications operators worldwide

DOCOMO's net sales place the Company in the top ranks of mobile telecommunications operators around the world. This position reflects the scale of Japan's mobile phone market, which is one of the largest in the world, and DOCOMO's strong base of customers.



### Number of LTE essential patents (Estimate based on registered patents)

DOCOMO is ranked No. 4 in the world in the number of patents related to functions that are essential for the use of LTE (essential patents). The Company's R&D capabilities are highly regarded.

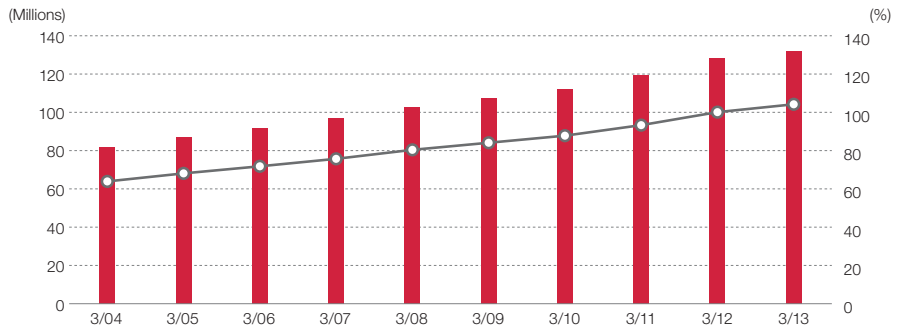


# Mobile Phone Market in Japan

## Number of mobile phone subscriptions / Mobile phone uptake rate

■ Number of mobile phone subscriptions  
○ Mobile phone uptake rate (right)

As of the end of March 2013, the number of domestic mobile phone subscriptions had reached 136.0 million. The mobile phone uptake rate was 106.2%, representing more than one handset per person.

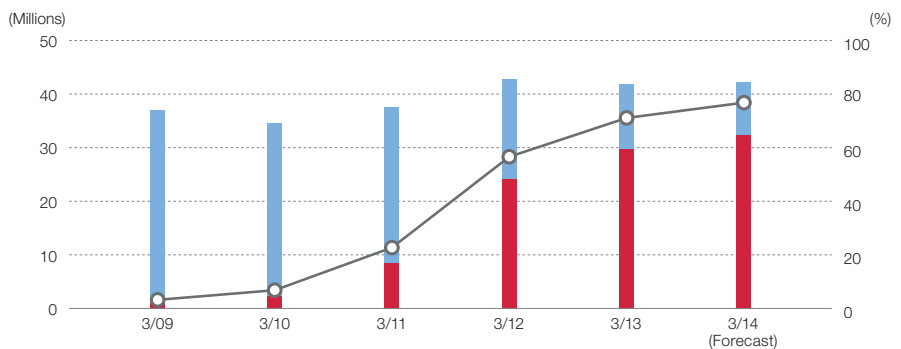


Source: Ministry of Internal Affairs and Communications, Information & Communications Statistics Database

## Smartphones: Units shipped and percentage of smartphone shipments

■ Units of smartphone shipments  
■ Units of feature phone shipments  
○ Percentage of smartphone shipments (right)

The increasing use of smartphones has driven growth in the mobile phone market. In the fiscal year ended March 31, 2012, smartphone shipments surpassed feature phone shipments, and since that time smartphone shipments have continued to increase.

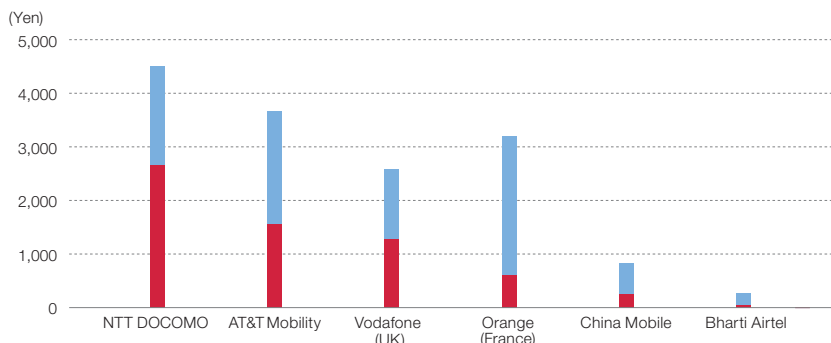


Source: MM Research Institute

## Data communications as a percentage of ARPU

■ April to September 2012, voice  
■ April to September 2012, data

Distinctive features of Japan's mobile communications market include the high ARPU (average monthly revenue per unit) and the large share of ARPU that is attributable to data communications.

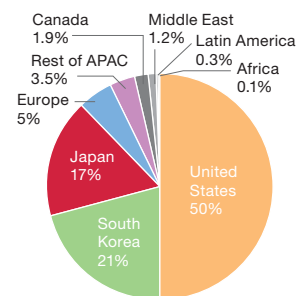
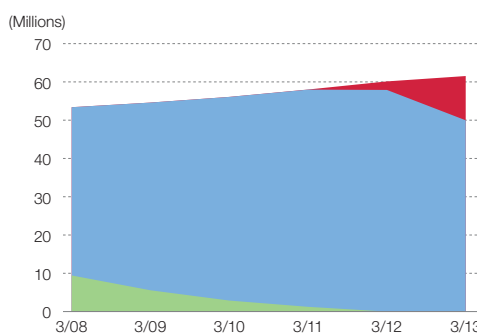


Source: Calculated by DOCOMO based on data released by each company at the exchange rate prevailing on September 28, 2012

## Number of DOCOMO subscriptions by network type / LTE subscription share by country

■ LTE (X<sub>i</sub>)  
■ 3G (FOMA)  
■ 2G (mova)

LTE users account for about 20% of DOCOMO's total subscribers, and Japan's LTE market is the third largest in the world, after the United States and South Korea.



Source: GSMA Intelligence, Global 4G LTE connections by market, Q1 2013 © Wireless Intelligence 2013

# 11-Year Summary of Selected Financial Data

NTT DOCOMO, INC. and Subsidiaries  
Fiscal years

	2002	2003	2004	2005
<b>Operating results:</b>				
Operating revenues	¥4,809,088	¥5,048,065	¥4,844,610	¥4,765,872
Mobile communications services <sup>1</sup>	4,350,861	4,400,119	4,207,261	4,196,971
Equipment sales	458,227	560,153	548,073	470,016
Other operating revenues <sup>1</sup>	–	87,793	89,276	98,885
Operating expenses	3,752,369	3,945,147	4,060,444	3,933,233
Operating income	1,056,719	1,102,918	784,166	832,639
Net income attributable to NTT DOCOMO, INC.	212,491	650,007	747,564	610,481
Comprehensive income attributable to NTT DOCOMO, INC.	152,796	668,425	723,818	579,653
Total assets	6,058,007	6,262,266	6,136,521	6,365,257
Total interest-bearing liabilities	1,348,368	1,091,596	948,523	792,405
Total shareholders' equity	3,475,514	3,704,695	3,907,932	4,052,017
Debt ratio <sup>2</sup>	28.0%	22.8%	19.5%	16.4%
Shareholders' equity ratio	57.4%	59.2%	63.7%	63.7%
Net cash provided by operating activities	¥1,584,610	¥1,710,243	¥1,181,585	¥1,610,941
Net cash used in investing activities	(871,430)	(847,309)	(578,329)	(951,077)
Adjusted free cash flows <sup>3,4</sup>	468,915	862,934	1,003,583	510,905
Capital expenditures	853,956	805,482	861,517	887,113
Research and development expenses	126,229	124,514	101,945	110,509
Depreciation and amortization	749,197	720,997	735,423	737,066
Operating income margin	22.0%	21.8%	16.2%	17.5%
EBITDA <sup>4</sup>	¥1,836,264	¥1,858,920	¥1,625,661	¥1,606,776
EBITDA margin <sup>4</sup>	38.2%	36.8%	33.6%	33.7%
ROCE before tax effect <sup>5</sup>	22.1%	22.9%	16.2%	17.2%
Payout ratio	11.8%	11.5%	12.7%	29.6%
<b>Per share data<sup>6</sup> (Yen):</b>				
Earnings per share	¥ 4,254	¥ 13,099	¥ 15,771	¥ 13,491
Shareholders' equity per share	69,274	76,234	84,455	91,109
Cash dividends declared per share <sup>7</sup>	500	1,500	2,000	4,000
<b>Shares:</b>				
Average common shares outstanding	49,952,907	49,622,595	47,401,154	45,250,031

1. With the expansion of initiatives regarding the new business fields, presentation methods of operating revenues in the consolidated statements of income of the fiscal years ended March 31, 2012 and 2013 have been changed. Some elements which were included in the conventional "Wireless services" have been reclassified into "Other operating revenues," and the title "Wireless services" has been changed to "Mobile communications services."

2. Debt ratio = Interest-bearing liabilities / (Shareholders' equity + Interest-bearing liabilities)

3. Adjusted free cash flows exclude the effects of uncollected revenues due to bank holidays at the end of the period, the effects of the uncollected amounts of transferred receivables of telephone charges to NTT FINANCE CORPORATION, and changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

4. For the reconciliations of these Non-GAAP Financial Measures, see page 68.

5. ROCE (Return on capital employed) = Operating income / (Shareholders' equity + Interest-bearing liabilities)

ROCE ratios are calculated using the simple average of the balance sheet figures for the applicable fiscal year-end and those of the prior fiscal year-end.

6. In the calculation of per share data, treasury stocks are not included in the number of issued shares during or at the end of the year.

7. Cash dividends declared per share are presented in the fiscal year to which each record date for the dividends belongs.

(Millions of yen)

2006	2007	2008	2009	2010	2011	2012
¥4,788,093	¥4,711,827	¥ 4,447,980	¥ 4,284,404	¥4,224,273	¥4,240,003	¥4,470,122
4,194,069	4,001,533	3,624,857	3,456,544	3,354,634	3,326,493	3,168,478
473,953	546,593	606,898	507,495	477,404	498,889	758,093
120,071	163,701	216,225	320,365	392,235	414,621	543,551
4,014,569	3,903,515	3,617,021	3,450,159	3,379,544	3,365,543	3,632,942
773,524	808,312	830,959	834,245	844,729	874,460	837,180
457,278	491,202	471,873	494,781	490,485	463,912	495,633
448,214	478,738	405,774	523,091	450,909	436,338	605,543
6,116,215	6,210,834	6,488,220	6,756,775	6,791,593	6,948,082	7,228,825
602,965	478,464	639,233	610,347	428,378	256,680	253,766
4,161,303	4,276,496	4,341,585	4,635,877	4,850,436	5,062,527	5,427,575
12.7%	10.1%	12.8%	11.6%	8.1%	4.8%	4.5%
68.0%	68.9%	66.9%	68.6%	71.4%	72.9%	75.1%
¥ 980,598	¥1,560,140	¥ 1,173,677	¥ 1,182,818	¥1,287,037	¥1,110,559	¥ 932,405
(947,651)	(758,849)	(1,030,983)	(1,163,926)	(455,370)	(974,585)	(701,934)
192,237	442,410	93,416	416,878	589,777	503,479	225,589
934,423	758,743	737,606	686,508	668,476	726,833	753,660
99,315	100,035	100,793	109,916	109,108	108,474	111,294
744,122	776,425	804,159	701,146	693,063	684,783	700,206
16.2%	17.2%	18.7%	19.5%	20.0%	20.6%	18.7%
¥1,574,570	¥1,639,096	¥ 1,678,422	¥ 1,568,126	¥1,565,728	¥1,583,298	¥1,569,264
32.9%	34.8%	37.7%	36.6%	37.1%	37.3%	35.1%
16.1%	17.0%	17.1%	16.3%	16.1%	16.5%	15.2%
38.5%	42.1%	43.0%	43.8%	44.1%	50.1%	50.2%
¥ 10,396	¥ 11,391	¥ 11,172	¥ 11,864	¥ 11,797	¥ 11,187	¥ 11,952
95,457	100,321	103,966	111,424	116,969	122,084	130,887
4,000	4,800	4,800	5,200	5,200	5,600	6,000
43,985,082	43,120,586	42,238,715	41,705,738	41,576,859	41,467,601	41,467,601

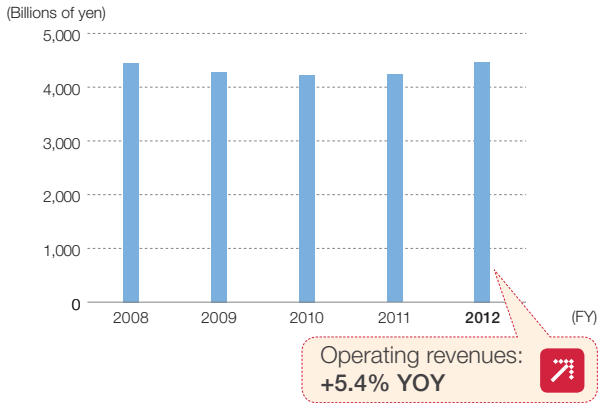
Please refer to Form 20-F for more information.  
Form 20-F is also available at DOCOMO's IR website:  
<http://www.nttdocomo.co.jp/english/corporate/ir/library/sec/index.html>



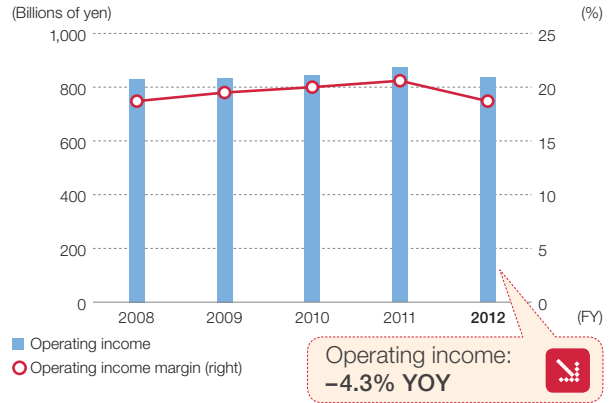
# Financial Highlights

## Growth potential

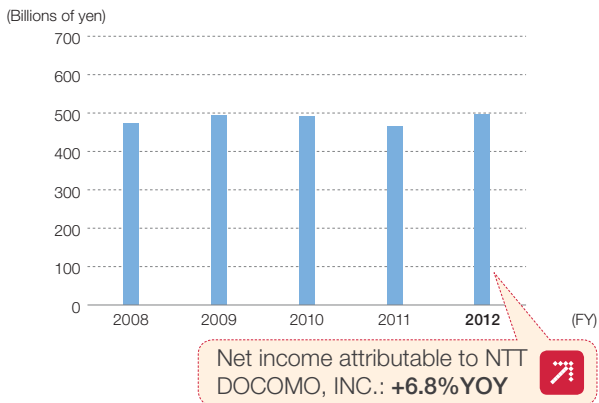
### Operating Revenues



### Operating Income / Operating Income Margin

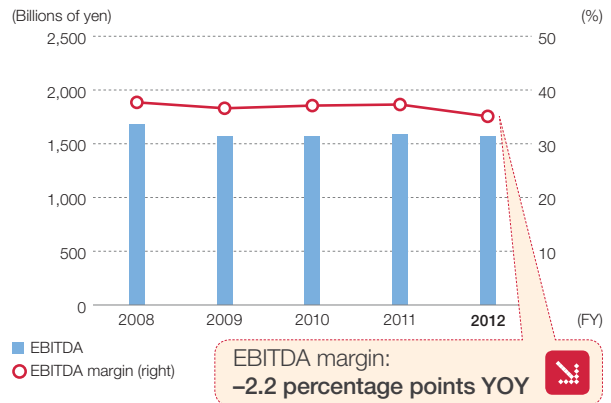


### Net Income Attributable to NTT DOCOMO, INC.

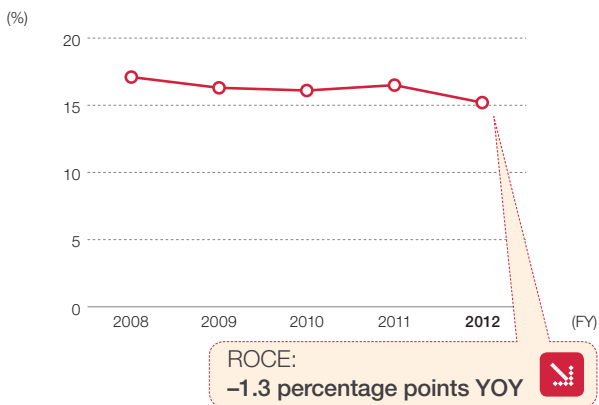


## Profitability

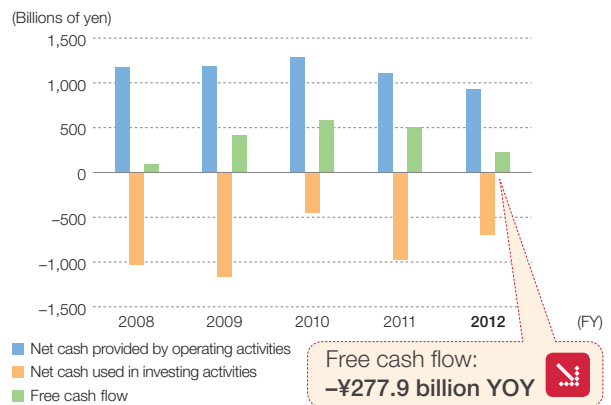
### EBITDA / EBITDA Margin



### ROCE before Tax Effect

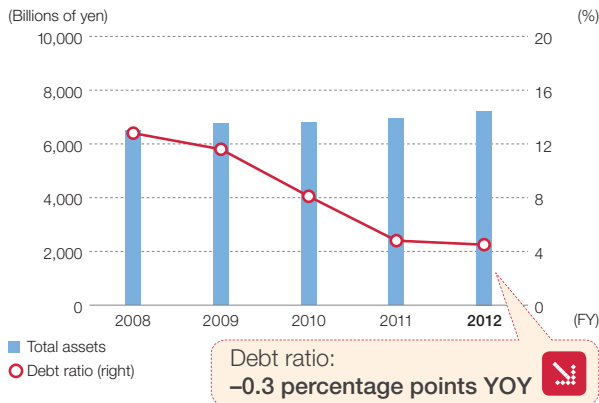


### Cash Flows

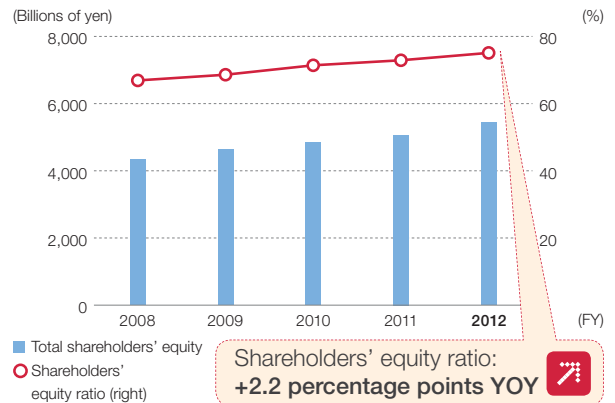


**Stability**

**Total Assets / Debt Ratio**

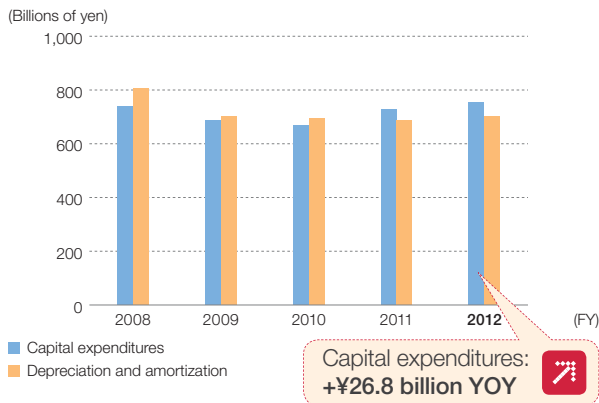


**Total Shareholders' Equity / Shareholders' Equity Ratio**

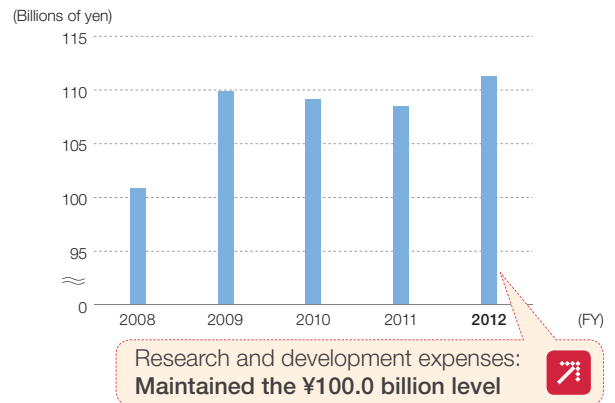


**Growth investment**

**Capital Expenditures / Depreciation and Amortization**

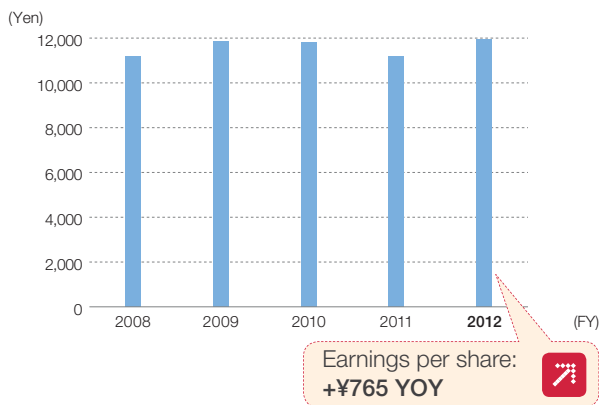


**Research and Development Expenses**

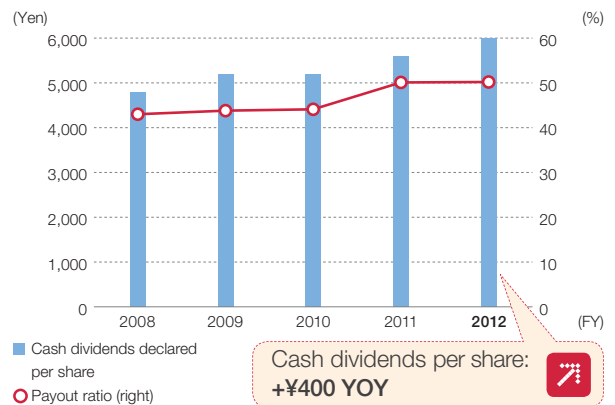


**Shareholder value / Return**

**Earnings per Share**



**Cash Dividends Declared per Share / Payout Ratio**



To Our Stakeholders

# Shaping a Smart Life

NTT DOCOMO is in a period of tremendous change.

Competition is increasingly fierce in the mobile communications industry, and the structure of the industry itself is undergoing substantial change as the competition extends beyond the carriers. In mobile devices, the focus is shifting from feature phones to smartphones. Accompanying this shift, we are also seeing significant changes in the expectations and priorities of our customers. In fact, the mobile communications business model in the smartphone era is far more than just an extension of the feature phone business model.

In this new operating environment, DOCOMO is striving to serve customers as a Smart Life Partner. To that end, we are taking on the challenges of advancing innovation in our traditional core business while aggressively developing businesses in new fields.

**Kaoru Kato**  
President and  
Chief Executive Officer



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## Mobile Services as a Companion Providing Support

Before I discuss DOCOMO's results and activities in fiscal 2012 and our forecasts for the future, I would like to explain how we view our current business environment.

Many consumers keep their mobile devices nearby throughout the entire day. That is because mobile services are not simply a means of communication. They are tools that play an integral role in each moment of our lives — including work, education, and leisure activities.

In addition, due to the deployment of communications infrastructure that supports higher speeds and to the uptake of devices with higher-resolution, larger screens, customers can now use services that were not possible with mobile phones even just a few years ago. And we can provide those services in a format that is comfortable for

customers. Consequently, I believe that mobile communications services are more than just a routine part of consumer lifestyles. They also function like a compass in the Age of Discovery, guiding the actions of users and helping them to discover exciting new worlds. Mobile communications services have the ability to dramatically expand the potential of consumers' lives and to make those lives more fulfilling.

I am excited about how the timing of this change presents great opportunities for DOCOMO. Of course, I do not underestimate the challenges posed by our operating environment and by the need to stay on top of the fast-moving trends in mobile communications. Nonetheless, I believe that this type of dramatically changing environment is what enables us to create new value.

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## DOCOMO's Medium-Term Vision: Become a Smart Life Partner

How can we offer mobile communications services that are truly useful to our customers? Amid the ongoing change in mobile communications, we need to maintain an inquisitive, questioning approach to our business. In other words, we need to ask ourselves how we can provide services that make the lives of our customers more convenient and comfortable, and how we can provide services that will enable our customers to experience new worlds.

At this point, we have reached two key conclusions. First, we must continue to make communications smoother and more secure by increasing quality in mobile communications services, our traditional core business. Second, on that foundation, we need to create services that support the activities of our customers. In these ways, we will help to make customers' lives more convenient and enjoyable. We will become a Smart Life Partner.

For DOCOMO, "Smart Life" refers to a life in which mobile devices enable all customers to discover happiness and joy

in accordance with their own individual tastes. It is a life in which mobile devices make daily activities more convenient and fulfilling in a reassuring, appropriate security environment. As a Smart Life Partner, we believe that our role is to help our customers to navigate the vast quantities of data on the Web, to deliver information that makes their lifestyles more convenient and comfortable, and to develop services that create new value. In addition, we will make all of this available in a format that is easy for anyone to use.



## Fiscal 2012: Moving Ahead in an Exceptionally Challenging Operating Environment

Next, I will review our performance in fiscal 2012, in which we began working to realize the medium-term vision that I introduced earlier.

Operating revenues rose 5.4% year on year, to ¥4,470.1 billion, while operating income was down 4.3%, to ¥837.2 billion. In addition, net income rose 6.8%, to ¥495.6 billion.

To put this performance in perspective, I believe that fiscal 2012 was the most challenging operating environment that DOCOMO has ever faced. Sales of Apple's iPhone by other domestic telecommunications operators drew the interest of consumers and the attention of society. These carriers also took other steps, such as offering discount packages combining mobile and fixed-line services. In this difficult environment, we were unable to stem the MNP\* outflow and our churn rate increased. Consequently, net additions remained sluggish even though our new subscriptions rose. Moreover, to support the implementation of aggressive measures targeting net additions, we budgeted

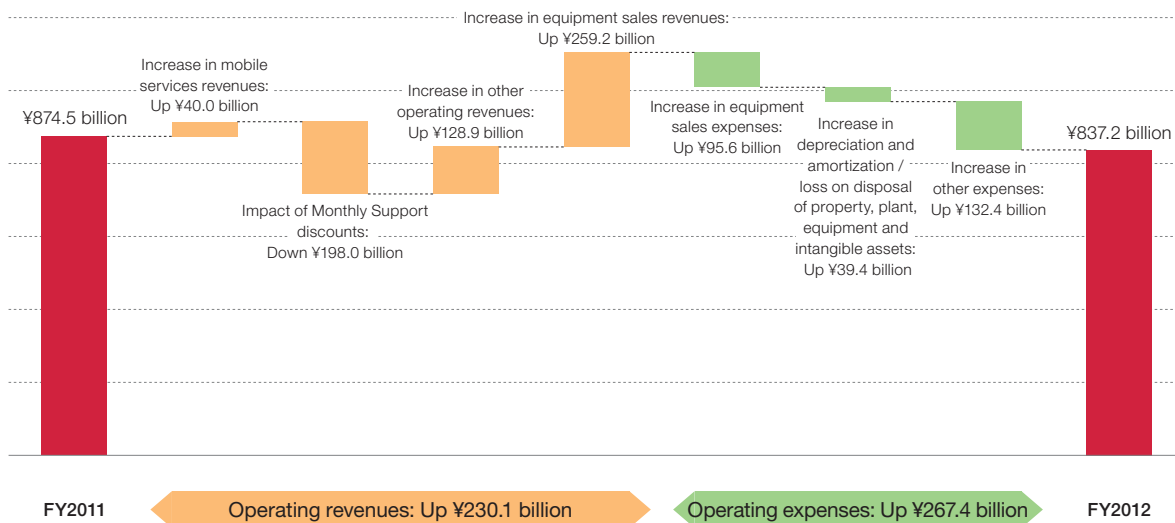
an additional ¥80.0 billion in operating expenses in the second half of the fiscal year. As a result, we reduced our target for operating income, from the initial plan of ¥900.0 billion to a revised figure of ¥820.0 billion.

On the other hand, we continued to record solid growth in smartphone sales and LTE Xi subscriptions, and we also offered handsets that recorded strong sales and took steps to enhance our services. In addition, we began to see solid results from the initiatives that we have implemented. Looking solely at our financial performance and operating data in fiscal 2012, we cannot say that we are satisfied. However, considering milestones toward the goals of our medium-term management plans, I believe that fiscal 2012 was a year in which we achieved steady progress that will drive our growth in the years ahead.

Taking those results into consideration, I will introduce the initiatives that we plan to implement in fiscal 2013, in line with three major themes.

\* MNP: Mobile number portability. See page 22.

### Key Factors behind YOY Change in Operating Income





## Initiatives in Fiscal 2013

### 1. Strengthening Competitiveness in Mobile Communications

To make the most of the potential of mobile communications services, we need to enhance the basic elements of the communications business and fully leverage our mobile communications strengths. We are not satisfied with our operating

data in fiscal 2012, and in response we have launched the Customer Satisfaction Improvement Project. Throughout the Company, we are rededicating ourselves to strengthening our competitiveness in mobile communications.

#### Strengthening Our Networks

It goes without saying that our mission is “connecting” people, and it is our networks that make those connections possible. Our networks are an extremely important asset. Also, we understand that communications quality is the highest priority of our customers. To maintain communications quality, we are working to strengthen our networks, centered on the LTE Xi network. These efforts are undergirded by our renewed recognition of the importance of our social mission as a provider of telecommunications infrastructure.

In 2010, DOCOMO became the first company in Japan to introduce LTE, and we have introduced services a step ahead of our competitors. We continued to make solid progress in fiscal 2012. We aggressively expanded the LTE Xi

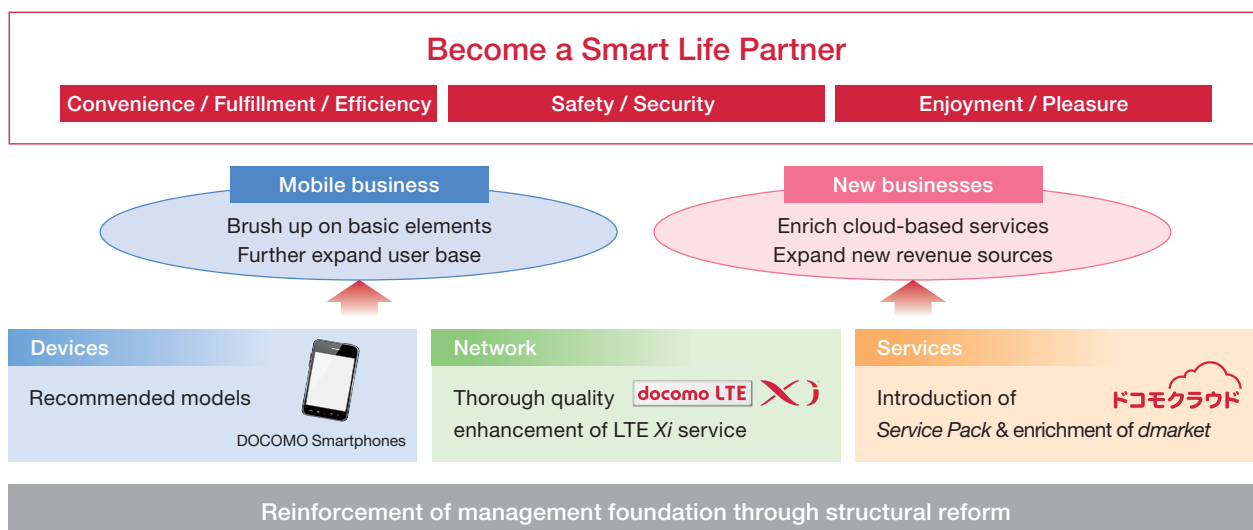
service area, and the number of LTE Xi subscriptions at year-end was 11.57 million, 5.2 times the level a year earlier.

Inside the Company, however, we began to develop a sense of impending crisis. We had expected LTE to retain its competitive superiority over the competition, but our lead had begun to shrink. I shared this sense of crisis, but I believed that we could use it as an opportunity to reinforce LTE's competitive edge, specifically by implementing rapid service development in fiscal 2013.

Accordingly, we have accelerated the schedule spelled out in the medium-term management plans. This schedule has two points of special focus — LTE Xi service area and throughput.\*

\* Data processing capacity per unit time

#### FY2013 Business Management Policies



**Handset Streamlining and Strategic Sales**

In addition, we are working to strengthen sales in line with the keyword “concentration.” In the past, DOCOMO’s policy was to launch large numbers of handsets throughout the year. We received feedback from customers, and we launched highly popular models in line with specific customer preferences, such as the *OsaiFu-Keitai* mobile wallet and water-resistant models. In addition, we met a wide range of needs in such areas as handset color and design. On the other hand, we realized that many customers felt that there were too many models in our stores and that making a choice was difficult or required too much time. Meanwhile, handset features improved and it became possible to include a variety of features in a single handset.

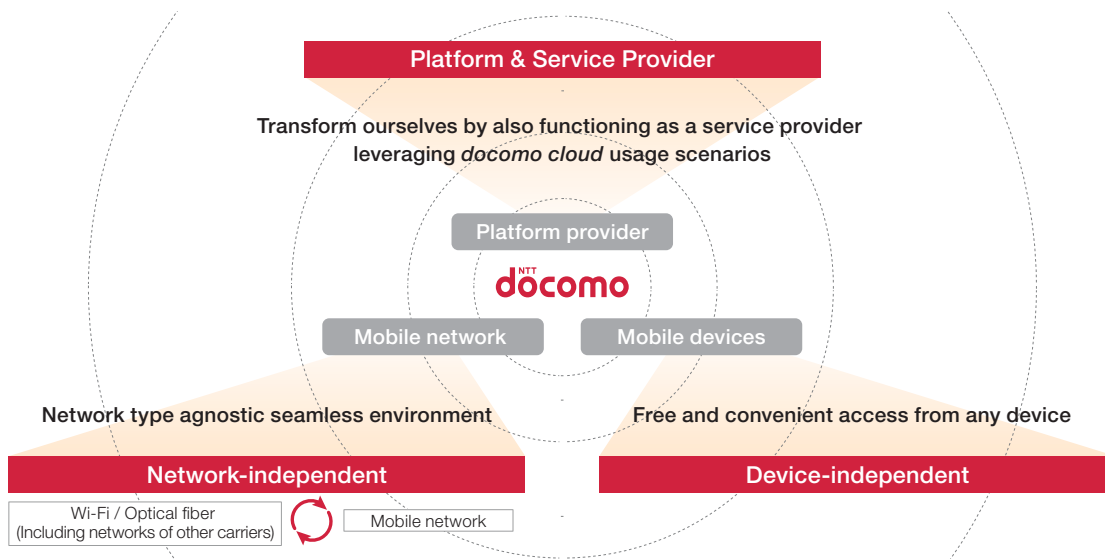
In response, we introduced a new policy for the spring 2013 models, which were announced in January. We decided to concentrate our resources on the development and sale of strategic models, and we chose the Sony *Xperia™ Z* as our recommended smartphone. We continued this policy for the summer models, which were launched in May 2013. At that time, we positioned the Samsung *Galaxy S4* and the Sony *Xperia™ A* as our Top Two models. By changing the direction of our sales strategy, we are aiming to present the key models and their special features in an effective and focused manner. Also, by streamlining our lineup, we are striving to foster enhanced competition among handset manufacturers and to reduce procurement costs.

**2. Expanding New Business Areas**

In the development of new business areas, centered on *dmarket*, we saw steady results in fiscal 2012 with our efforts to rapidly enhance our lineup. We have a growing sense of confidence about the progress of our strategies and our future growth potential. DOCOMO does not stop at the provision of platforms. Rather, we are working to maximize the value provided to customers by becoming a

service provider that creates and offers services. To enable customers to experience the greatest value in a range of usage environments, we are implementing initiatives based on the concepts of “network free” and “device free.” Overall, in fiscal 2015 we are aiming for revenues of ¥1 trillion in new business areas and Smart ARPU of about two times the level in fiscal 2011.

**Evolution That Allows Users to Enjoy Maximum Value**



#### Expanding the *dmarket* Lineup and Increasing the Number of *dmarket* Users

*dmarket* was launched in November 2011 and we took steps to establish a strong lineup of *dmarket* stores, including *dvideo*, *danime*, and *dshopping*. The steady growth in the *dmarket* customer base, which reflected DOCOMO's distinctive strengths and capabilities, was highly evaluated. In addition, our employees believe in the growth potential of these new services, and they have leveraged the resources of a wide range of partners, including those outside the DOCOMO Group, to start up new operations. I have also been inspired by their energy and motivation. In the future, we will continue to rely on the contributions

of these employees, and we will take an active, flexible approach to the use of these types of new ideas.

In fiscal 2012, we decided not only to enhance our service lineup but also to target growth in the number of users of these services. To pursue business development as a service provider, we will offer services to customers who do not have a DOCOMO communications subscription, rather than limiting our target customer group to our own subscribers. The DOCOMO ID will play a key role in increasing the number of users of these services in the years ahead.

#### Initiatives in Healthcare

In addition, as we move forward, we will focus on services that use mobile technologies to support health, which is the foundation of a Smart Life and is, of course, a matter of great concern to customers. In April 2013, we launched a new mobile healthcare platform that receives health-related data from customers and offers advice and proposals for healthy living. Mobile phones, which customers keep nearby throughout the day, are the perfect tool for the

provision of support for healthy lifestyles in a variety of settings. We will fully leverage these characteristics as we continue to expand our service lineup. Other initiatives in the health field will include sales of food and health / sports equipment, and we will also proceed with alliances in the fields of insurance and medical care. In these ways, we will strive to build a framework that provides total support for the health of customers.

### 3. Reforming and Rebuilding Our Operational Structure

We are working to boost our competitiveness in mobile communications services and also working to discover new business areas that have high growth potential. To advance these two initiatives at the same time, we will

need a system that can facilitate rapid, flexible operational administration, and consequently we are taking steps to reform and rebuild our operational structure.

#### Establishing the Smart-life Business Division

As one facet of initiatives to reform and rebuild our operational structure, on July 1, 2013, we established the Smart-life Business Division. This new division has been tasked with accelerating the creation of services targeting the shaping of a Smart Life in new business areas.

The businesses overseen by the division have been reorganized into units that will drive our progress in new business areas. These units include media / content, commerce, finance / payment, environment / ecology, medical / healthcare, and safety / security. The division

will strive to leverage the synergies among the individual businesses in each of these fields.

Also, by transferring authority to the new division we will not only work to speed up service provision but also pursue overall optimization of our service portfolio, which is becoming increasingly diverse. Furthermore, we will take steps to use our management resources efficiently. Through the Smart-life Business Division, we will accelerate alliances with other companies for the purpose of aggressively incorporating new ideas and creativity.

#### Cost Structure Reform

Targeting the reinforcement of our management foundation, we are rapidly advancing wide-ranging organizational reforms, and we made solid progress in fiscal 2012, reducing costs by ¥50.0 billion in comparison with fiscal 2011. We are now working to achieve further cost reductions. In comparison with fiscal 2011, we are determined to reduce our costs by ¥160.0 billion in fiscal 2013 and by ¥250.0 billion in fiscal 2015.

As I mentioned, I believe that achieving growth in mobile communications in the years ahead will require concepts that are entirely different from those of previous business models. I stress to our employees that our organizational reforms are supported not only by cost reductions but also by the attitude of everyone at DOCOMO, and that we need to repeatedly challenge our own understanding of our business. I am excited about this excellent opportunity for us to thoroughly revise the way we work.

## Returns to Shareholders

DOCOMO has consistently stated that providing adequate returns to shareholders is one of the most important issues in corporate management. In fiscal 2012, we increased dividends by ¥400 year on year, for an annual dividend of ¥6,000 per share and a dividend payout ratio of 50.2%. We plan to keep dividends at the same level in fiscal 2013. We aim to maintain one of the top payout ratios among Japanese companies, and moving forward, we plan to continue to make stable dividend payments

while striving to strengthen our financial position and secure internal reserves. Regarding share repurchases, we will continue to study opportunities to flexibly implement them as deemed appropriate through resolution of the Board of Directors. We intend to keep the repurchased shares as treasury stock, and the amount of treasury stock will be limited to approximately 5% of our total issued shares. Treasury stock in excess of this limit will be retired in a single block at the end of the fiscal year.

## Targeting Sustainable Gains in Corporate Value

Our corporate philosophy states that we will strive to create a new culture of communications, fully utilize individual potential, and realize more-personal communications that truly satisfy customers. The foundation of this corporate philosophy is the belief that our ultimate objective is to contribute to the realization of lifestyles that offer people peace of mind and that are safe, convenient, and comfortable.

In a challenging operating environment marked by intense competition, we need to pay attention to short-term operating data. However, as a leader I always keep in mind that we also need to maintain our focus on the longer-term goal of creating new value that contributes to fulfilling lifestyles for each customer. The focus on the longer-term goal is not only important for society but also

necessary for the achievement of growth and profits. DOCOMO's "mission" is to earn the trust of customers with regard to mobile communications by enhancing the basic elements of mobile communications, and our "aspiration" is to create new value as a Smart Life Partner. By pursuing these objectives, we will strive to achieve sustainable gains in corporate value in the years ahead.

July 2013



**Kaoru Kato**  
President and Chief Executive Officer

# Reinforcing Strengths, Pursuing New Businesses

How will DOCOMO's accumulated strengths drive the Company's growth in the years ahead?

How can DOCOMO secure new customers by creating services that break new ground while meeting the expectations of existing customers by providing services that leverage the Company's distinctive strengths?

What is the value that DOCOMO provides to users who move freely between virtual and real worlds?

DOCOMO's discussions about the future have led to the formation of two strategies: "boosting competitiveness" and "expanding new business areas." In this section, key DOCOMO employees comment on the Company's objectives and on these two important strategies.





# DOCOMO's Resolutions: Boosting Competitiveness

## Mobile Number Portability (MNP)

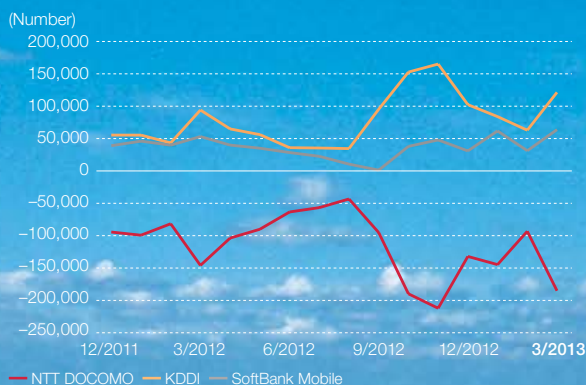
MNP is a system that enables mobile phone users to change their mobile communications carrier while keeping the same telephone number. MNP data is an important indicator in estimating the level of customer satisfaction with a carrier's services and brand.

DOCOMO's MNP outflow began to increase in September 2012 when two competitors launched Apple's iPhone 5. Consequently, for fiscal 2012 we had a net MNP outflow of 1.41 million subscriptions, the largest outflow that we have recorded since MNP was introduced in 2006. Both of our two competitors recorded net MNP inflows for fiscal 2012, making it clear that we lost subscribers to other companies.

DOCOMO has been unable to control the outflow of customers through MNP, and the Company is taking this situation very seriously. The loss of existing customers is an indication that those customers were not satisfied with our services. Our analysis has led us to conclude that the launch of the iPhone by our competitors is only one of the reasons

for the increased outflow. We believe that continued improvement in customer satisfaction will be essential to stem MNP outflow.

Effect of MNP on Number of Subscriptions



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## Customer Expectations

Targeting a turnaround in MNP outflow, we took steps to consider once again what kind of services our customers want as well as what expectations they have of DOCOMO and of mobile communications services in general. That process clarified the importance of the basic elements of the mobile communications business — networks, appealing handsets and services, and customer service capabilities.

DOCOMO's results have earned the Company its position as the number one domestic mobile communications carrier, and we are confident and proud of our capabilities

in the basic elements of our business. However, the occurrence of service interruptions in fiscal 2011 became an opportunity for us to return to the fundamentals and address the issue of how we are fulfilling our responsibilities as a provider of mobile communications services. We took steps to confirm that we were properly deploying our strengths in the current competitive environment, which is characterized by the rapid increase in the use of smartphones and other dramatic changes. As a result, we reconfirmed the need to bolster those strengths.

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## DOCOMO's Mission

Returning to the starting point of our business, DOCOMO's mission is to steadily provide the vital social infrastructure that ensures communications that connect people. To accomplish this mission, we will steadily take the necessary step of enhancing the basic elements of the communications business. We believe that fulfilling this mission will lead to heightened customer satisfaction.

In accordance with this belief, in November 2012, we launched a special project to improve customer satisfaction. We are now implementing that project on a Companywide basis. The project team, which is led by the president, is split into working groups by priority issue. After consideration of fundamental measures to address each of these issues, specific measures and goals are determined and then implemented in daily work activities. We will reinforce our strengths by combining our results in various areas, such as

networks, handsets, services, and customer service. In this way, we are resolved to improve customer satisfaction and reverse the MNP outflow.





Special Feature:

DOCOMO's  
Management  
Strategies



# DOCOMO's Resolutions: Boosting Competitiveness

## Customer Satisfaction Improvement Project

“We will boost our competitiveness by advancing the Customer Satisfaction Improvement Project. This project entails enhancing the basic elements of the mobile communications business, which are directly linked to the value provided by DOCOMO.”

**Yuji Araki**  
Senior Vice President  
Managing Director  
Strategic Marketing Department



The MNP outflow of DOCOMO customers has not been stopped. What is DOCOMO's view of the reason for that trend, and has the Company implemented effective countermeasures?



There is no doubt that the MNP outflow is substantially influenced by a relative decline in customer satisfaction with our services. Our response to this situation is to boost our competitiveness by advancing the Customer Satisfaction Improvement Project. The improvement of MNP through higher customer satisfaction also represents the reinforcement of our customer base, which will support future growth. For DOCOMO, this issue has tremendous strategic importance.

We are taking a variety of specific steps to improve customer satisfaction. A number of different elements combine to create customer satisfaction, and raising that satisfaction is not a simple matter of improving a single element. We believe that if we comprehensively enhance the basic elements of mobile communications — networks, handsets, services, and customer service capabilities — then customer satisfaction will improve.

Of these elements, we think that networks are the most important because stable communications quality and ease of use are the source of our competitive edge. Accordingly, we will increase LTE Xi speeds and, at the same time, double

the number of LTE Xi compatible base stations to 50,000, thereby offering smooth connections that cannot be matched by competitors.

In handsets, we will streamline our lineup and provide detailed information about issues of concern to customers, such as battery life. In this way, we will make it easy for customers to select a model that they like. We are also making progress with services. In May 2013, we began to offer *DOCOMO Service Packs*, which offer combinations of basic services that can be used with peace of mind and

### Priority Issues by Basic Element

Basic Element	Priority Issues
Networks	<ul style="list-style-type: none"> <li>• LTE Xi service area</li> <li>• LTE Xi throughput</li> </ul>
Handsets	<ul style="list-style-type: none"> <li>• Battery life</li> <li>• Handset usability</li> <li>• Ease of selecting a model</li> </ul>
Services	<ul style="list-style-type: none"> <li>• Functionality of basic services (mail, phone book)</li> <li>• Ease of selecting a service (introduction of <i>DOCOMO Service Packs</i>)</li> <li>• Ease of understanding billing plans</li> </ul>
Customer service capabilities	<ul style="list-style-type: none"> <li>• Reduced wait times at DOCOMO shops</li> <li>• More-complete online services</li> </ul>

convenience. They are economically priced, and we have taken steps to make them easy to use even for customers who are new to smartphones.

In terms of customer service capabilities, we are implementing initiatives to reduce wait times at DOCOMO shops, which have been lengthening. Examples include using tablets to provide guidance at DOCOMO shops and aggressively promoting the use of the Web for inquiries and applications.

As we enhance the basic elements, we must also improve our ability to communicate our strengths to our customers. To that end, we will emphasize DOCOMO's strengths through

effective, targeted communications with our customers.

With the transition to smartphones now under way, it is important to have an accurate grasp of customer needs. The needs of customers who have already been using a smartphone for some time are different from those of customers who are considering the switch from a feature phone to a smartphone. We think that the key to enhancing our competitiveness is to implement initiatives aligned with these different needs. That is why we are streamlining our lineups of handsets and services and concentrating our development and marketing resources on those focused lineups.

## We are focused on providing the best possible response to customer needs and minimizing the time that customers wait.

The capabilities of the DOCOMO shops, which handle face-to-face sales and after-sales service, are the source of our strength in customer relationships. These shops propose the optimal services to customers, and accordingly they play a central role in our sales strategy. However, with smartphones currently accounting for more than half of unit sales of mobile phones, the amount of time required to set up handsets and to explain their functions has been increasing. As a result, we identified a problem with the length of time that customers wait to receive service after arriving at the shop.

In response, we are working to reduce the wait time for customers at DOCOMO shops. For fiscal 2013, we have set the goal of reducing the percentage of customers who wait more than 30 minutes by 30 percentage points compared with the fiscal 2012 level. By introducing “the optimal response to customer requests,” we are working to raise the efficiency of DOCOMO shop operations.

Customers who visit DOCOMO shops have varying needs. Some want the shop staff to courteously take time and provide detailed explanations, and others want their issue resolved quickly so they can leave. Accordingly, “the optimal response to customer requests” does not simply mean providing lengthy explanations to all customers. Rather, we are aiming to establish a framework that also facilitates the provision of quick responses to customers who are in a hurry while continuing to provide them with courteous service. Examples include the introduction of tools that use a tablet to provide guidance about mobile phone functions and prices before the customer is served by the staff and a system that enables customers to do the initial handset setup themselves.

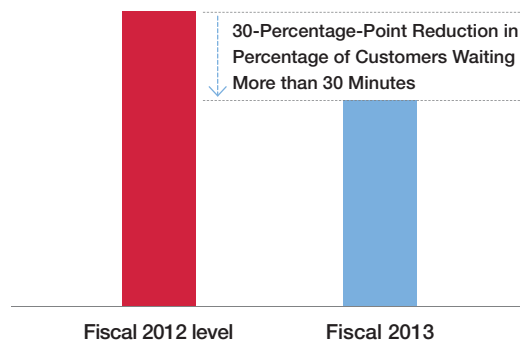
We are also working to offer means of issue resolution that meet the needs of customers who would prefer to use the Internet. To that end, we are bolstering promotions and taking other steps to encourage the use of channels other than shops, principally online services.

It is not a simple task to increase the efficiency of operations while maintaining the quality of the face-to-face service that is one of DOCOMO's strengths. However, at DOCOMO shops that are providing optimal responses, we succeeded in reducing the wait time while maintaining the level of service. As a result, we are now seeing clear progress in improving customer satisfaction.



**Rikiya Seguchi**  
Assistant Manager  
Sales Promotion Department

### Reducing Wait Times



# DOCOMO's Challenges: Expanding New Business Areas

## Shaping a Smart Life

With the mobile phone market shifting from feature phones to smartphones, customer expectations for mobile communications are changing. Until a few years ago, mobile communications were primarily one-to-one voice calls. Mobile communications subsequently became a means of accessing information, and now mobile services are beginning to provide support for the activities of customers.

In response to these types of changes, DOCOMO is aiming to be a Smart Life Partner that is always close to customers, helping them to navigate the vast quantities of information by providing them with the appropriate

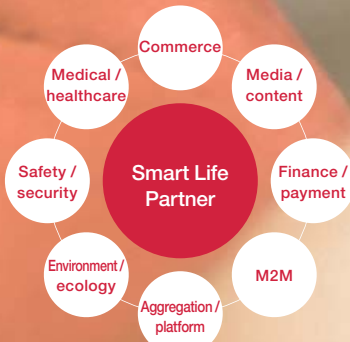
information at the appropriate time and thereby supporting their activities and lifestyles.

This Smart Life refers to lifestyles that create value for each individual, such as convenience, peace of mind, safety, and fun. To realize this type of value, DOCOMO does not stop at the provision of mobile communications services. Rather, as a service provider, we are advancing our business through the use of cloud services. Through four functions — advising, matching, planning, and monitoring — we will enhance our ability to provide services that meet customer needs and contribute to shaping a Smart Life.

### “Become a Smart Life Partner”: The Values We Provide in Serving Customers

Deliver the right message at the right time, making a selection from massive amounts of information  
Provide behavior assistance to help users lead a “convenient,” “safe and secure,” and “enjoyable” life

<p><b>Advising</b></p> <p>Offer proper support based on professional knowledge</p>
<p><b>Matching</b></p> <p>Propose products / services that match customers' tastes and preferences</p>



<p><b>Monitoring</b></p> <p>Enable monitoring of daily activities anytime / anywhere to ensure peace of mind</p>
<p><b>Planning</b></p> <p>Arrange plans for smooth and hassle-free realization of customer requirements</p>

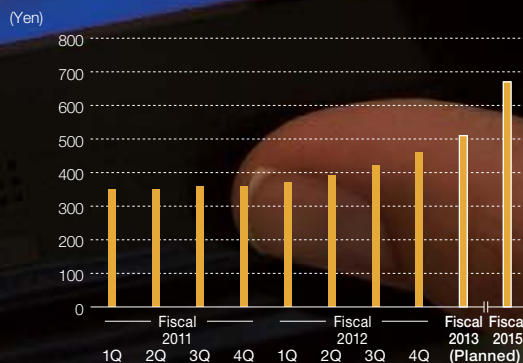
Evolution of communications brought about by mobile phones



## Smart ARPU

As a Smart Life Partner, DOCOMO is striving to add new value as a provider of services that extend beyond the limits of traditional mobile communications services. Accordingly, we developed the new Smart ARPU indicator, which is separate from the conventional Voice ARPU and Packet ARPU indicators. Smart ARPU is a quantitative indicator of growth resulting from the expansion of our new fields of business. In fiscal 2015, we are aiming for Smart ARPU of about two times the level in fiscal 2011.

Smart ARPU



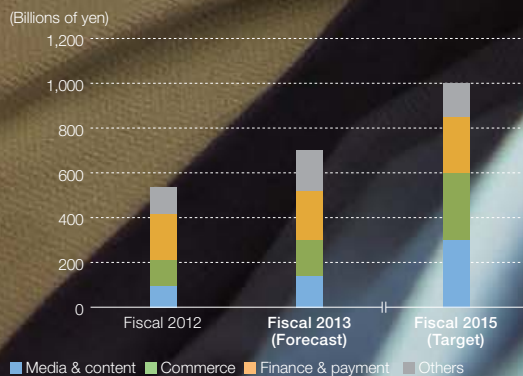
## Aiming for Revenue of ¥1 Trillion in New Fields

We are developing new businesses in eight fields that are closely related to communications, such as media & content, commerce, finance & payment, and others. We are aiming to achieve revenues from these new business fields of ¥1 trillion by fiscal 2015.

In opening up new fields and targeting growth in those fields, it is essential that we do not limit our activities to the traditional telecommunications carrier framework. We need to offer services based on new concepts. The services that we offer in new fields will be available not only to customers with DOCOMO communications subscriptions but also to other customers in Japan as well as to customers overseas. We will offer them on a carrier-independent basis, and we will establish a device-independent environment that can be

freely accessed through any device. In this way, we will strive to offer maximum value to customers in a variety of settings.

### Expansion of New Business Revenues



Special Feature:

DOCOMO's  
Management  
Strategies



**Yoshiaki Maeda**  
Managing Director  
Mobile Retail Department

# DOCOMO's Challenges: Expanding New Business Areas

## Commerce Business

**“To confidently offer services to customers as a platform and service provider, it is important that we have a sense that we are buying and selling products.”**

Q

Some observers do not understand why DOCOMO has entered the field of direct channel sales. With other companies already having a strong presence in this market, why has DOCOMO ventured into this new area?

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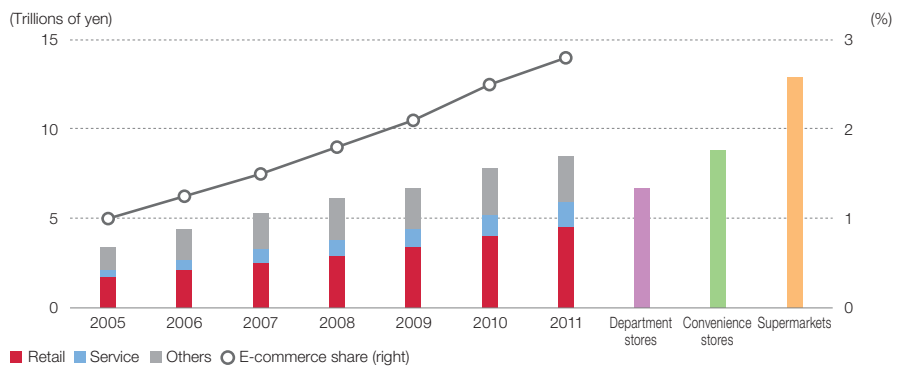
Mobile communications have become one of the most integral elements of people's daily lives, and we were convinced that shopping, which is something that consumers do every day, was closely related to mobile communications. The market for daily items and other goods is huge, and in comparison to that market the scale of e-commerce is still extremely limited. On the other hand, in combination with DOCOMO's core business of mobile communications, e-commerce has the potential for substantial growth.

We are aiming to provide a service that is easy for customers to use with peace of mind. To that end, it is important that we feel that we are actually selling the customer a product. The reason is that we need to have the ability to fine-tune our services at a detailed level to ensure that they are appealing to our customers and are clearly differentiated from

the services of our competitors. In other words, to confidently offer services to customers as a platform and service provider, I think that we must take the initiative in increasing quality.

The reason why we entered the e-commerce field, even as a relative latecomer, was that we believed we could leverage our distinctive strengths. The first of those strengths is the scale of DOCOMO's customer base, which has more than 61 million subscribers. The second

Domestic E-Commerce Market Scale and E-Commerce Share



Source: Report from the Development Bank of Japan on the e-commerce market scale and effect on the logistics industry, based on surveys by the Ministry of Economy, Trade and Industry. Published on March 21, 2013.



is customer information. From the customer's point of view, having a communications services subscription means that there is no need to register or enter credit card information in order to shop. DOCOMO already has the customer information, such as names and addresses, and payment for purchases can be combined with payment for communications charges. Third, we have the know-how to provide services that are easy for customers to use, especially for customers who are reluctant to register their personal information on the Web or to provide multiple confirmations. These strengths are ultimately based on our

customer relationships, which cannot be matched by specialized direct channel sales companies.

Of course, we also face challenges. Our e-commerce operations are still in the early stages, so there are many things that we need to learn from our alliance partners. In fiscal 2013, we plan to build our knowledge about sales and distribution and reinforce our organizations and systems, including human resources. In the future, these advances will provide the foundation for achieving growth and increased profitability in our e-commerce operations.

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## **dshopping: For Both Planned Shopping and Recreational Shopping**

*dshopping* was added to *dmarket*, DOCOMO's directly operated content market, in December 2012. It is targeted primarily at light users who have not previously shopped over the Internet, and it has a lineup of about 100,000 products, centered on such daily items as drinking water and tissue paper. The reason why daily items have been chosen as the main product category is that they are necessities in daily life and customers purchase them repeatedly. Our goal is to encourage shoppers to readily acquire mobile shopping experience so that they can get accustomed to mobile shopping and experience how convenient it is. By conducting direct channel sales, DOCOMO is providing the ability to enjoy reliable service, from purchase to payment, as well as peace of mind.

After careful consideration of what we needed to offer in addition to daily items, in March 2013 we acquired MAGASseek Corporation, which operates a comprehensive fashion e-commerce site. In e-commerce, the field of fashion has a substantial market scale, and it is possible to encourage repeat purchases with seasonal launches of goods. For these reasons, fashion is a high priority field for DOCOMO. Also, in contrast to daily items, where most shoppers are engaged in planned shopping, fashion is oriented toward recreational purchasing, centered on women, and we concluded that this was an opportunity to expand our business exposure to a new e-commerce field.

Currently, the cumulative total number of visitors to *dshopping* is about 1.5 million, and the average purchase amount per time is about ¥3,500. Personally, I initially expected a somewhat faster pace of growth, but we only had about one year for preparations for the *dshopping* launch. With a very limited workforce, it was a furious rush toward the launch, but we were able to impress our alliance partners with the speed of our progress. The field of e-commerce continues to grow at a strong pace, demonstrating the true value of new fields of business.



**Makoto Hasegawa**  
Commerce Service Specialist  
Mobile Retail Department



## Review of Operations

# Financial Review from the CFO

### Operating Revenues

In fiscal 2012, against a background characterized by the uptake of smartphones, DOCOMO faced continued fierce competition with other domestic mobile communications operators. In this setting, we worked to strengthen our competitiveness by providing products and services that leverage our distinctive strengths, working to expand into new business fields, and implementing structural reforms. Consequently, operating revenues in fiscal 2012 were up ¥230.1 billion (5.4%) year on year, to ¥4,470.1 billion.

In mobile services<sup>1</sup>, packet revenues rose ¥109.3 billion (6.1%), due to growth in the number of smartphone users and in the number of LTE Xi subscribers. However, voice revenues were down ¥267.3 billion (17.3%), due to expansion of the Monthly Support<sup>2</sup> discount program, which had the effect of decreasing revenues by ¥198.0 billion, and to a decline in billable minutes of use (MOU). Consequently, total mobile services revenues were down ¥158.0 billion (4.8%), to ¥3,168.5 billion.

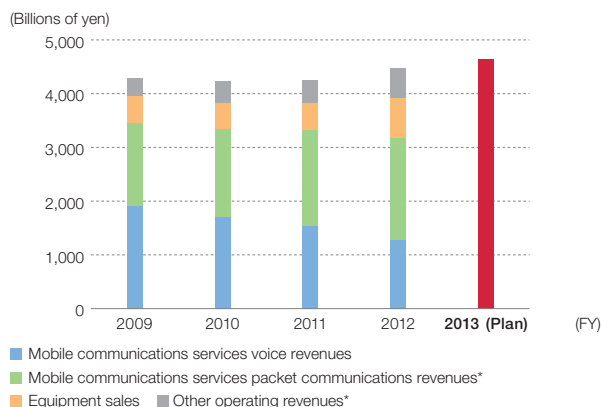
Equipment sales revenues rose ¥259.2 billion (52.0%), to ¥758.1 billion, due to increases in the wholesale price per unit and in the number of units sold at the wholesale level. Also, due to DOCOMO's steady expansion of new fields of business, other operating revenues rose ¥128.9 billion (31.1%), to ¥543.6 billion.

### Operating Expenses and Operating Income

Operating expenses were up ¥267.4 billion (7.9%), to ¥3,632.9 billion. This rise was principally attributable to an increase of ¥95.6 billion in equipment sales expenses, and to a rise of ¥132.4 billion in other expenses, due in part to expansion in new business fields. The rise in selling expenses reflected increased agent reseller commissions and higher costs of equipment sold, which resulted from increases in the purchase price per handset and in the number of handsets sold.

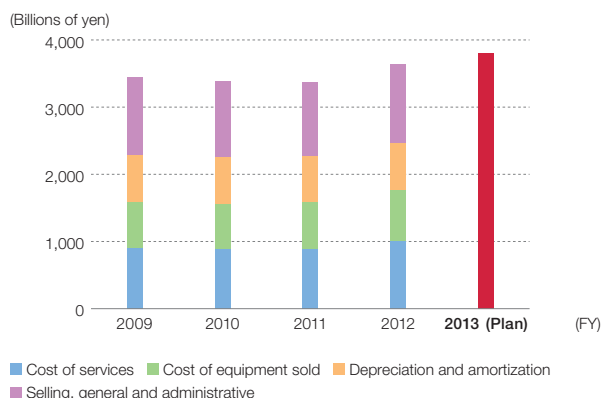
Consequently, operating income was down ¥37.3 billion (4.3%), to ¥837.2 billion. For profitability, our objective is to maintain an EBITDA margin of at least 35%. In fiscal 2012, EBITDA was down ¥14.0 billion, to ¥1,569.3 billion, and the EBITDA margin decreased 2.2 points, to 35.1%.

### Operating Revenues

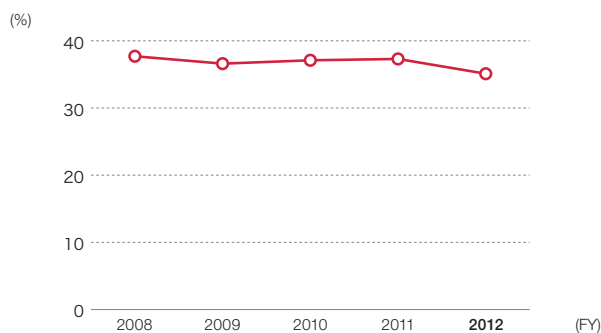


\* With the introduction of other operating revenues in the fiscal year ended March 31, 2013, some elements (revenues from content and other services) previously included in packet communications revenues for the fiscal years ended March 31, 2010 to 2012 have been retroactively reclassified into other operating revenues.

### Operating Expenses



### EBITDA Margin



1. With the expansion of initiatives regarding the new business fields, presentation methods of operating revenues in the consolidated statements of income of the fiscal years ended March 31, 2012 and 2013 have been changed. Some elements which were included in the conventional "Wireless services" have been reclassified into "Other operating revenues," and the title "Wireless services" has been changed to "Mobile communications services."

2. A billing plan system under which the amount of the Monthly Support discount, in accordance with the handset model used by the customer, is deducted from the customer's charges.



**Kazuto Tsubouchi**

Senior Executive Vice President,  
Chief Financial Officer

## Financial Position

Total assets at the end of fiscal 2012 were up ¥280.7 billion (4.0%) from the previous year-end, to ¥7,228.8 billion. Non-current investments and other assets rose, due in part to an increase in marketable securities and other investments.

As a result of declines in current liabilities and long-term liabilities, total liabilities at the end of fiscal 2012 were down ¥80.2 billion (4.4%), to ¥1,759.2 billion. This amount included interest-bearing liabilities of ¥253.8 billion, a decrease of ¥2.9 billion (1.1%).

With consideration for increasing capital efficiency, we have positioned ROCE as an important management

indicator. Accordingly, we will strive to achieve ROCE of at least 20%. In fiscal 2012, ROCE before tax effect was down 1.3 points, to 15.2%, and ROCE after tax effect was down 0.4 points, to 9.4%.

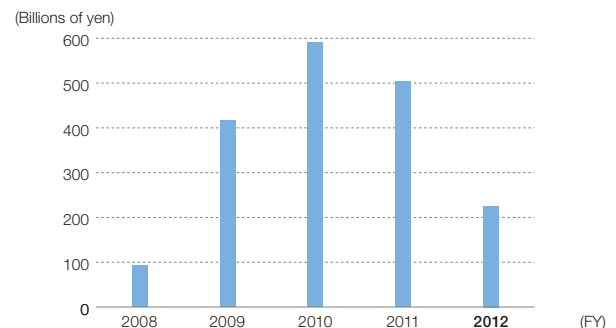
DOCOMO's long-term debt obligations have been rated AA by Standard and Poor's and Aa2 by Moody's, reflecting the positive evaluation of DOCOMO's stability, which is one of the highest among the world's telecommunications operators.

## Cash Flows

Net cash provided by operating activities declined ¥178.2 billion (16.0%), to ¥932.4 billion. This decline was principally attributable to an increase in fund-provision in relation to installment receivable for subscribers' handset purchases under the installment method. Net cash used in investing activities decreased ¥272.7 billion (28.0%), to ¥701.9 billion. This decline was mainly due to a decrease in purchases of short-term investments of more than three months for cash management purposes. Net cash used in financing activities was down ¥117.6 billion (31.1%), to ¥261.0 billion. This decline was primarily attributable to a decrease in repayment of long-term debt of ¥89.7 billion.

Free cash flow<sup>3</sup> in fiscal 2012 was down ¥277.9 billion (55.2%), to ¥225.6 billion.

### Free Cash Flow



## Outlook for Fiscal 2013

In fiscal 2013, we are forecasting year-on-year increases in operating revenues and operating income.

The Monthly Support discount program will have the effect of decreasing revenues, but we will strive to accelerate sales of popular smartphones and to increase packet revenues and equipment sales revenues through the "concentration" of initiatives in handsets, networks, and services.

In addition, due to progress in new business fields, such as growth in *dmarket*, we are forecasting an increase in other operating revenues. Overall, we will aim

for operating revenues of ¥4,640.0 billion, an increase of ¥169.9 billion.

Operating expenses are expected to increase due to a rise in cost of equipment sold driven by the growth in smartphone sales and to advances in new business fields. However, we will work to make further progress in improving cost efficiency through structural reforms. We are forecasting operating expenses of ¥3,800.0 billion, an increase of ¥167.1 billion year on year. Accordingly, we will aim for operating income of ¥840.0 billion, an increase of ¥2.8 billion year on year.

3. The calculation of free cash flows excludes the effects of uncollected revenues due to bank holidays at the end of the period; uncollected amounts of transferred receivables of telephone charges to NTT FINANCE CORPORATION; and changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

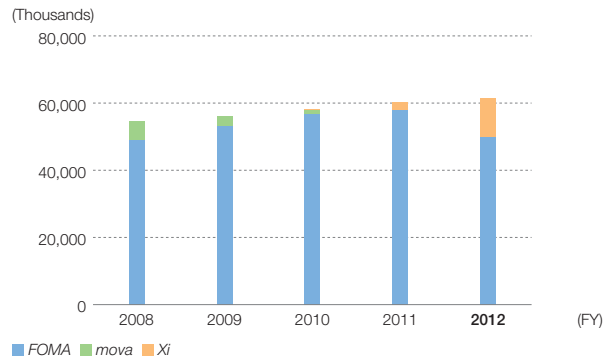
## Management Indicators in Fiscal 2012

### Number of Subscriptions

In fiscal 2012, DOCOMO continued working to increase its base of smartphone users, centered on growth in LTE *Xi* service. As of the end of fiscal 2012, our mobile phone subscriptions were 61.54 million, up 1.41 million from the previous year-end. This total included about 18.70 million smartphone users, an increase of 87% from the previous year-end.

The number of LTE *Xi* service subscriptions grew rapidly, rising to 11.57 million at year-end, 5.2 times the year-earlier level. Moreover, the total number of *Xi* subscriptions had surpassed 12 million by April 20, 2013. DOCOMO is making steady progress in building a smartphone user base for future growth.

Number of Subscriptions



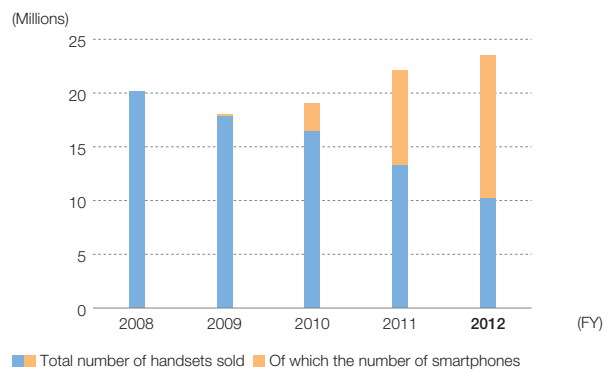
### Handset Sales

In fiscal 2012, we followed a sales strategy of thoroughly focusing on the appeal of competitive handsets centered on smartphones. The *Xperia™ Z*, a recommended model that was put on sale in February 2013, recorded shipments of about 630,000 units in the first 2.5 months after its release. In addition, it was highly evaluated and was the No. 1 mobile phone at mass retailers for six consecutive weeks. Based on these results, we will continue to streamline the handsets that we offer in the future.

Further, we launched a low-cost, flat-rate packet communications plan for light users of smartphones. We also implemented handset discount campaigns for families, students, and long-time subscribers. These initiatives were

successful, and unit sales of smartphones in the year under review were up 50.7%, to 13.29 million units.

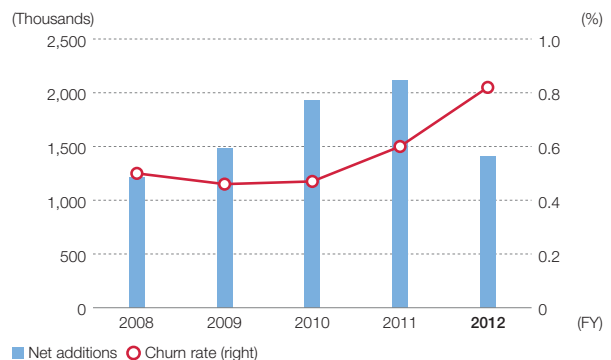
Total Number of Handsets Sold



### MNP and Net Additions

Although smartphone sales recorded favorable growth, our churn rate for fiscal 2012 rose 0.22 points, to 0.82%. Competitors released new versions of popular models and offered discount packages combining mobile and fixed-line services, and as a consequence MNP outflow increased in fiscal 2012. Our recommended models, which we selected as highly competitive, were favorably evaluated. As a result, MNP inflow increased from the fourth quarter of the fiscal year. Nonetheless, net additions were 1.4 million, less than the target set at the beginning of the fiscal year.

Net Additions / Churn Rate





## ARPU and MOU

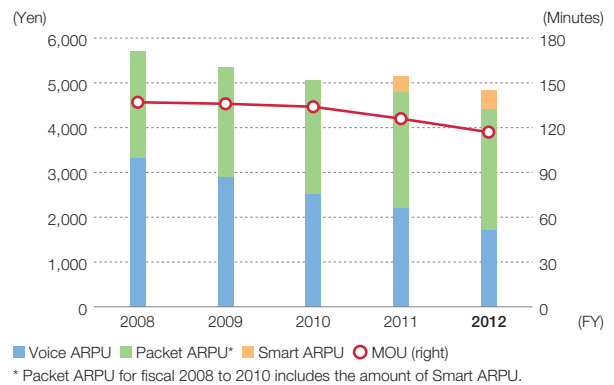
In fiscal 2012, Packet ARPU and Smart ARPU were not enough to cover the decline in Voice ARPU, and as a result Aggregate ARPU declined 5.8%, to ¥4,840. Smart ARPU, which is a component of Aggregate ARPU, was established as an indicator of revenue in new business fields. Smart ARPU recorded favorable growth, rising 20.0% year on year, to ¥420. In addition, Packet ARPU was up 3.9%, to ¥2,690. However, Voice ARPU was down 21.4%, to ¥1,730. This decline was attributable to an increase in the number of VOIP users due to the uptake of smartphones and to changes in the way customers use their phones, specifically a shift from voice communications to data communications.

In fiscal 2012, the Monthly Support discount had the effect of reducing Aggregate ARPU by ¥340, an increase of ¥60 from fiscal 2011. This was attributable to the plan, which was introduced in fiscal 2011, being available for a maximum of

24 months and to growth in the number of users.

MOU continued to decline, decreasing 7.1%, to 117 minutes.

## ARPU / MOU



## Customer Satisfaction

Through the expansion of the LTE *Xi* service area and the enhancement of cloud services, such as *dmenu* and *dmarket*, DOCOMO is aiming to provide products and services that leverage its distinctive strengths. On the other hand, we recognize that customer satisfaction has been significantly impacted by such issues as the occurrence of service interruptions and declines in LTE *Xi* throughput, and we are working to thoroughly resolve these issues.

In fiscal 2012, we continued to register MNP outflow. In addition, in J.D. Power Asia Pacific's survey of customer satisfaction with mobile phone services<sup>4</sup>, we had held the number one position for two consecutive years. However, we were not number one in the year under review. We are

taking these issues seriously, and we have positioned increasing customer satisfaction as a high priority. Specifically, we have established the Companywide Customer Satisfaction Improvement Project Team. We are taking a thorough approach to meeting customer needs in all areas, including handsets, communications quality, and services (see pages 22–25).

In a survey of business customer satisfaction with mobile phone / PHS services<sup>5</sup>, also conducted by J.D. Power Asia Pacific, DOCOMO was rated number one for the fourth consecutive year, and we will continue working to improve service quality.

### J.D. Power Asia Pacific 2012 Japan Mobile Phone Service Study



### J.D. Power Asia Pacific 2012 Japan Business Mobile Phone Service Satisfaction Study



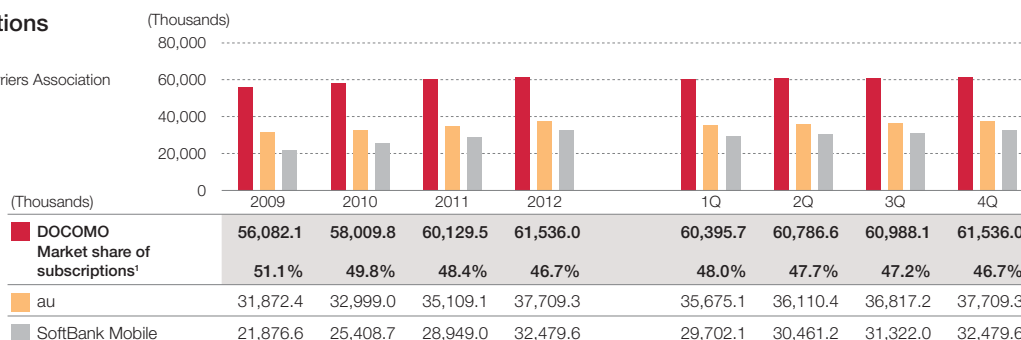
4. 2012 Japan Mobile Phone Service Study.<sup>SM</sup> J.D. Power Asia Pacific 2008–2012. Study based on a total of 31,200 responses from mobile phone subscribers in Japan. [japan.jdpower.com](http://japan.jdpower.com)  
 5. 2012 Japan Business Mobile Phone Service Satisfaction Study.<sup>SM</sup> J.D. Power Asia Pacific 2009–2012. Based on a 2012 survey regarding providers of mobile phone / PHS services, which had a total of 3,646 responses from 2,764 companies with 100 or more employees (up to two responses from one company about firms who provide mobile phone / PHS services).

# Operating Data

## Number of Subscriptions

(Fiscal year / quarterly data)

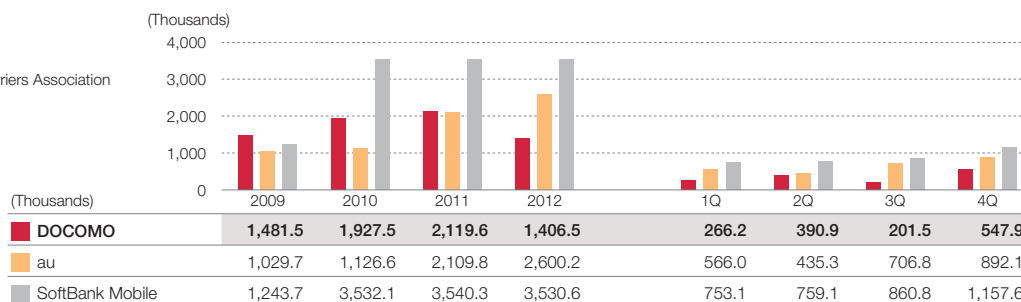
Source: Telecommunications Carriers Association



## Net Additions

(Fiscal year / quarterly data)

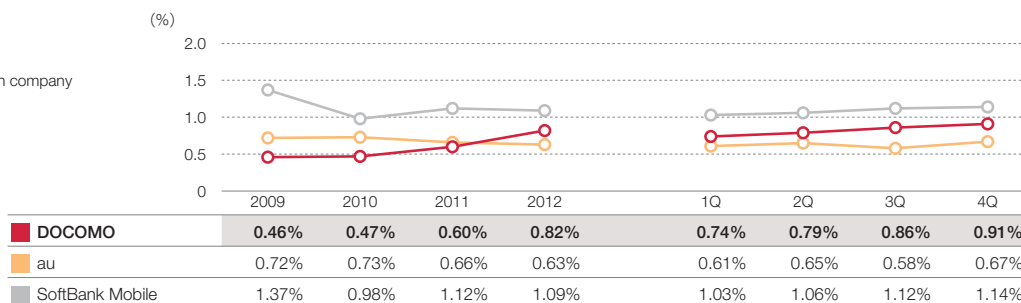
Source: Telecommunications Carriers Association



## Churn Rate

(Fiscal year / quarterly data)

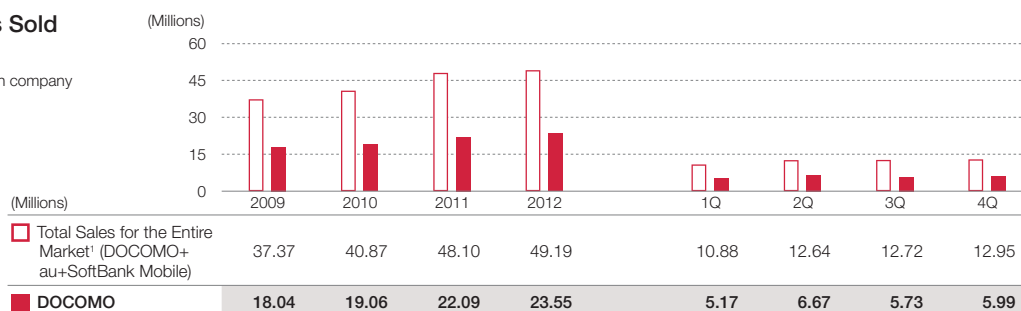
Source: Public sources from each company



## Number of Handsets Sold

(Fiscal year / quarterly data)

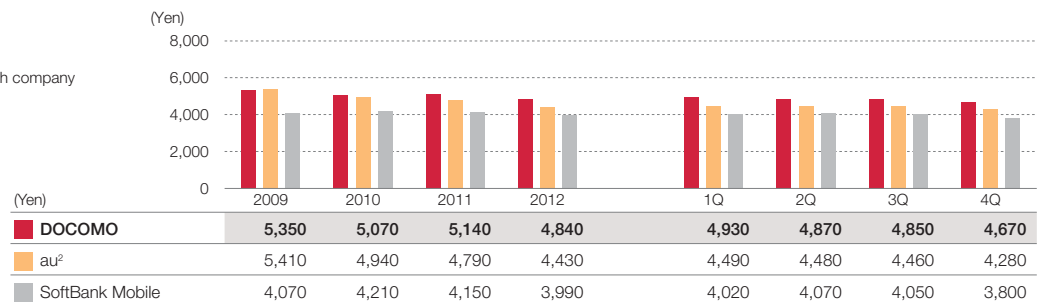
Source: Public sources from each company



### Aggregate ARPU<sup>3</sup>

(Fiscal year / quarterly data)

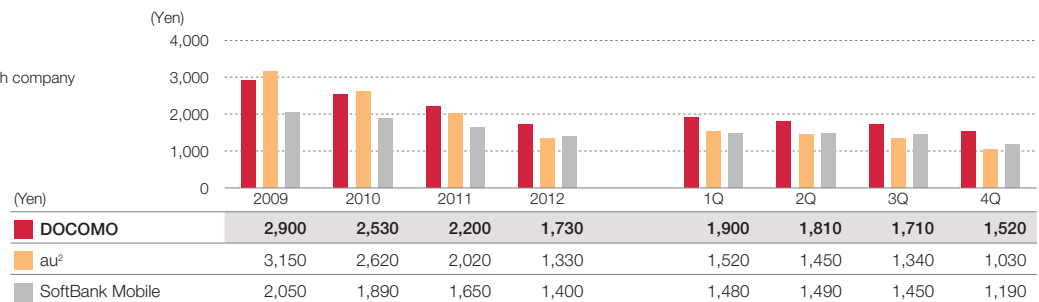
Source: Public sources from each company



### Voice ARPU

(Fiscal year / quarterly data)

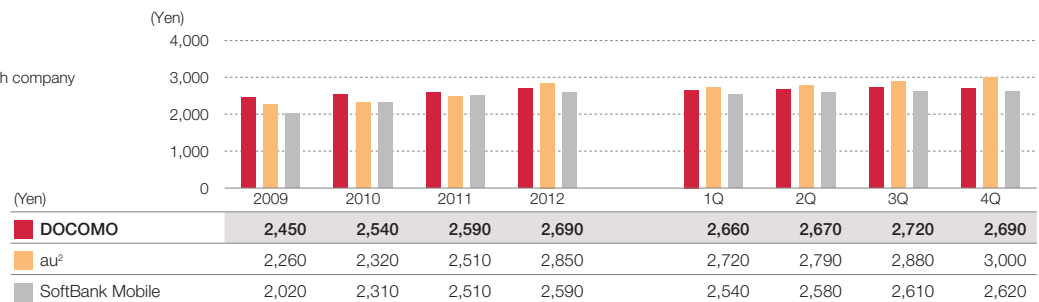
Source: Public sources from each company



### Packet ARPU<sup>3, 4</sup>

(Fiscal year / quarterly data)

Source: Public sources from each company



### DOCOMO's Definition and Calculation Methods of ARPU and MOU

#### Definition of ARPU and MOU

(1) ARPU (Average monthly Revenue Per Unit): Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to designated services on a per subscription basis. ARPU is calculated by dividing various revenue items included in operating revenues from our mobile communications services and a part of other operating revenues by the number of active subscriptions to our wireless services in the relevant periods. We believe that our ARPU figures provide useful information to analyze the average usage per subscription and the impacts of changes in our billing arrangements. The revenue items included in the numerators of our ARPU figures are based on our U.S. GAAP results of operations.

(2) MOU (Minutes of Use): Average monthly communication time per subscription.

#### ARPU Calculation Methods

Aggregate ARPU = Voice ARPU + Packet ARPU + Smart ARPU

\* Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active subscriptions

\* Packet ARPU: Packet ARPU Related Revenues (basic monthly charges, packet communication charges) / No. of active subscriptions

\* Smart ARPU: A part of other operating revenues (revenues from content, collection of charges, mobile phone insurance service, advertising, and others) / No. of active subscriptions

#### Active Subscriptions Calculation Method

Sum of No. of active subscriptions for each month ((No. of subscriptions at the end of previous month + No. of subscriptions at the end of current month) / 2) during the relevant period.

Note: Subscriptions and revenues for Communication Module Services and Phone Number Storage and Mail Address Storage services are not included in the ARPU and MOU calculations.

1. Figures do not include EMOBILE

2. Personal segment and Value segment

3. With the introduction of Smart ARPU in fiscal 2012, Aggregate ARPU of fiscal years 2011 and 2012 contains Smart ARPU. In addition, some elements (revenues from content, etc.) included in conventional Packet ARPU of fiscal years 2011 and 2012 have been retroactively reclassified into Smart ARPU.

4. Specific names might differ by company.

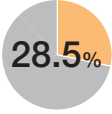
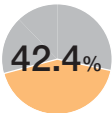
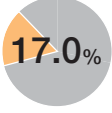
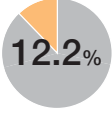
\* Definitions of ARPU, MOU, etc., might be different from those used by other companies.

## At a Glance

DOCOMO is committed to achieving continued growth. To that end, we will foster ongoing progress in the technologies and know-how acquired in our core business of mobile communications services, and we will develop businesses in new fields.

Guided by its commitment to being a Smart Life Partner, DOCOMO will create new value by providing services that make consumer lifestyles and businesses more secure, safe, convenient, and efficient.

Operating revenues		Principal components of revenues	ARPU categories
Mobile communications services	Voice revenues	Basic monthly charges Calling charges Packet communications charges	Voice ARPU
	Packet communications revenues		Packet ARPU
Equipment sales		Revenues from sales of mobile phone handsets and others	
Other operating revenues		<i>dmarket</i> -related revenues “Mobile Phone Protection & Delivery Service”-related revenues Revenues from other new business areas developed on the mobile phone platform	Smart ARPU
		Revenues of consolidated subsidiaries Credit services business revenues Others	

Results of fiscal year ended March 2013	Forecasts for fiscal year ending March 2014	Business overview and initiatives	Main initiatives
<p>¥1,274.6 billion Decreased 17.3% YOY</p> 	<p>¥2,990.0 billion</p>	<p><b>Networks and billing plans</b>  <b>Communications networks and billing plans</b></p> <ul style="list-style-type: none"> <li>• Accelerating <i>Xi</i> service development</li> <li>• Promoting the use of Wi-Fi</li> <li>• Billing plan strategy</li> <li>• LTE-Advanced</li> <li>• Disaster preparedness</li> </ul>	<p>P38 ▶</p>
<p>¥1,893.9 billion Increased 6.1% YOY</p> 			
<p>¥758.1 billion Increased 52.0% YOY</p> 	<p>¥664.0 billion</p>	<p><b>New business fields: Services</b>  <b>New business fields developed on DOCOMO's mobile phone platform</b></p> <ul style="list-style-type: none"> <li>• <i>dmarket</i> • Multiple device framework</li> <li>• Cloud services • Media content</li> <li>• <i>DOCOMO Service Packs</i></li> <li>• Medical / healthcare • Education</li> </ul>	<p>P43 ▶</p>
<p>¥543.6 billion Increased 31.1% YOY</p> 		<p><b>New business fields: Partnerships</b>  <b>New businesses provided through collaboration with the businesses of subsidiaries and partners</b></p> <ul style="list-style-type: none"> <li>• Commerce</li> <li>• Finance / credit services</li> <li>• Global business strategy</li> </ul>	<p>P47 ▶</p>

## Main Initiatives

# Networks and Billing Plans

The increased use of smartphones and tablets is driving rapid growth in network traffic, and in response DOCOMO is taking steps to provide higher communications speeds while simultaneously working to ensure stable communications quality. Moreover, to increase customer satisfaction and achieve continued growth in LTE *Xi* subscriptions, we are offering a range of billing plans that are carefully designed to accommodate the needs of our increasingly diverse customer base.

### Progress in Fiscal 2012

#### Accelerating LTE *Xi* Service Development

With the rollout of LTE *Xi* in December 2010, DOCOMO became the first telecommunications operator in Japan to launch LTE<sup>1</sup> service, and since that time we have steadily taken steps to enhance the LTE *Xi* network environment, such as expanding the service area and increasing transmission speed and communications quality. By providing services that keep us one step ahead of our domestic competitors, we are aiming to achieve further increases in customer satisfaction and new subscriptions.

We continue to expand the LTE *Xi* service area. At the end of the fiscal year, we had 24,400 LTE *Xi* base stations, an increase of 17,400 year on year, and population coverage<sup>2</sup> was 77%, an improvement of 47 percentage points. We are also taking steps to facilitate smooth connections in locations that draw substantial numbers of people, such as airports, major train stations, and large commercial facilities. Consequently, LTE *Xi* service is now available at 53 major airports across the country and all 97 stations on Japan's eight Shinkansen lines. We will continue working to

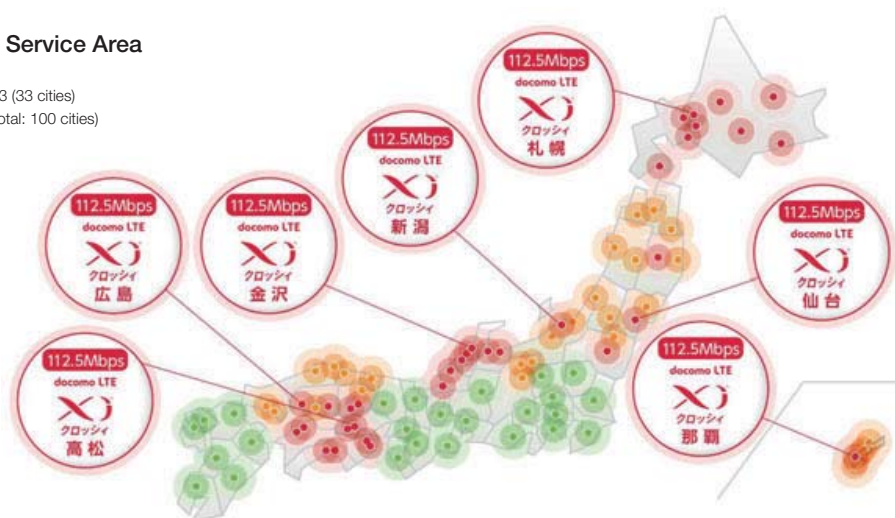
expand the LTE *Xi* service area, thereby meeting the needs of customers.

To raise LTE *Xi* transmission speeds, we have accelerated the installation schedule for base stations with a maximum downlink transmission speed of 75 Mbps. A total of 6,800 of these base stations were in operation at the end of the fiscal year, which quickly expanded to 17,000 by the end of June 2013. At the same time, we further increased the maximum downlink transmission speed in more than 130 cities, making the new maximum speed 112.5 Mbps, the highest in the domestic market. Moreover, we plan to achieve a maximum downlink transmission speed of 150 Mbps within fiscal 2013.

1. LTE: A high-speed communications standard that provides an environment facilitating the comfortable use of functions that capitalize on smartphone features, such as video and cloud services. As of April 2013, LTE had been rolled out in 163 commercial networks in 67 countries. DOCOMO provides LTE service under the brand name *Xi* ("crossy").
2. Population coverage is calculated as follows: The total population in municipal districts in which service is available at all of the district's municipal offices (public offices, branches, etc.) is divided by the total population of the country.

### Expansion of 112.5 Mbps Service Area

- Compatible areas as of March 31, 2013 (33 cities)
- Compatible areas as of spring 2013 (Total: 100 cities)
- Compatible areas as of spring 2014





### Promoting the Use of Wi-Fi

As the use of smartphones and tablets expands, network traffic is increasing rapidly. In this setting, DOCOMO is committed to creating a more-comfortable communications environment for its customers. To that end, we are taking steps to expand our Wi-Fi service area, promote the use of Wi-Fi, and divert network traffic through data offloading. Furthermore, by promoting the use of Wi-Fi in the home, we are delivering an open communications environment that is network-independent and device-independent. Moving forward, we will work to link that open environment to growth in the use of *docomo cloud* and other services.

We are also expanding our public Wi-Fi service area. These

initiatives have been centered on locations with highly concentrated network traffic, such as train stations, cafes, and convenience stores as well as restaurant and pub chains. Consequently, the number of Wi-Fi access points had increased to about 120,000 by the end of fiscal 2012. Moreover, we are implementing a campaign that permanently waives the fee for using our public Wi-Fi service\*, and we are offering indoor Wi-Fi router rentals at no charge\*. Through these initiatives, we are working to promote Wi-Fi usage among a wide range of customers, from those who use large volumes of data to those who have not previously used Wi-Fi.

\* For customers subscribing to flat-rate packet services or data communications plans specified by DOCOMO.

### Billing Plan Strategy

The number of LTE *Xi* subscriptions increased faster than we anticipated at the beginning of the fiscal year, reaching 11 million by year-end. In consideration of this rapid growth, we have increased our target for the number of LTE *Xi* subscriptions at the end of fiscal 2015 from 30 million in our medium-term vision to 41 million.

The rapid growth in LTE *Xi* subscriptions is attributable to several factors. In addition to the enhancement of our handset lineup (see page 41), we have also enjoyed success with our appeals to customers through handset discount campaigns. The key drivers of the increase in the number of subscriptions were *DOCOMO Family Set Discount*, which offers discounts when multiple family members purchase handsets at the same time, and a campaign of limited-time discounts on the basic monthly charges for customers who purchase an LTE *Xi* smartphone.

Other initiatives also contributed to growth in the number of LTE *Xi* customers. These included a flat-rate service that offers unlimited domestic voice calls to other DOCOMO

subscribers, 24 hours a day, and a low-cost, flat-rate packet communications service with a ceiling of 3 gigabytes on high-speed data volume for customers who do not use video and other rich content on a daily basis. Moreover, to stimulate demand for a second mobile device, we are offering a discount campaign for DOCOMO customers who subscribe to a second device, such as a tablet or a Wi-Fi router. Under this campaign, the charges are reduced.

Through these types of initiatives, we are steadily expanding our base of smartphone customers. In the future, as the LTE *Xi* user base grows and customer needs diversify, it will be increasingly important to offer billing plans that reflect a careful analysis of customer profiles and usage patterns. Accordingly, DOCOMO is working to establish a framework that offers ease-of-use for customers without adversely affecting profitability while, at the same time, maintaining a balance between handset sales prices and communications charges.

**Xi Talk 24**

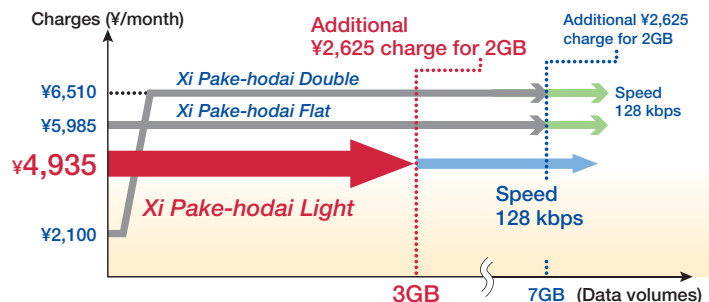
Billing plans  
Type *Xi Ninen*  
**¥780/month**  
Calling charge ¥21/30s

+

Calling charge discount service  
*Xi Kake-hodai*  
**¥700/month**

**¥1,480/month**

Free domestic calls 24 hours a day to DOCOMO subscribers



## Our Next Step

### LTE-Advanced

LTE-Advanced, a fourth-generation mobile communications system, is a more-sophisticated, next-generation version of the LTE technology that is currently being rolled out around the world. Moving forward, the use of certain technologies will drive further gains in the capacity and speed of LTE-Advanced. These technologies include carrier aggregation, in which multiple frequencies are used simultaneously, and small cell technologies that leverage small-cell base stations to increase wireless capacity. Accordingly, LTE-Advanced is expected to promote the more-efficient use of frequencies, which are a limited resource.

DOCOMO has also proposed the advanced Centralized Radio Access Network (C-RAN) architecture. This new

concept will enable cooperation between small cells providing localized coverage and macro cells providing wider area coverage. The C-RAN architecture will also use carrier aggregation technology, one of the main technologies used in LTE-Advanced. Targeting the start of service in 2015, we have commenced the development of the high-capacity base stations that will make the advanced C-RAN architecture possible.

Going forward, DOCOMO will continue striving to make an ongoing contribution to technological development in mobile telecommunications technologies. We already have more LTE patents than any other telecommunications operator in the world (see page 8), and we are actively participating in discussions regarding the global standardization of LTE-Advanced.

## Creating Value for Society

### Preparing to Respond to Major Disasters

Since the Great East Japan Earthquake struck in March 2011, society has increasingly recognized the importance of mobile phones as social infrastructure. For DOCOMO, the Great East Japan Earthquake reconfirmed its mission — to ensure the availability of communications that connect people as vital social infrastructure, even in the event of a disaster or other crisis, and to restore communications as rapidly as possible in the event of an interruption. Since that time, DOCOMO has implemented disaster preparedness measures based on three objectives: securing communications in key areas, by such measures as installing large-zone base stations in densely populated regions and government administrative centers; facilitating swift responses in disaster-stricken areas; and securing means of communication for customers and offering them greater convenience in times of disaster.

In fiscal 2012, we established and began to operate backup centers that were designed to facilitate the dispersion of

smartphone data centers and information systems. We have also taken steps to reinforce our system of operations centers, which monitor network facilities. We have established two bases for these centers — one each in eastern and western Japan — and strengthened the system that enables each base to carry out the monitoring functions of the other if necessary. As a countermeasure against extended power failures, such as following a disaster, we are moving ahead with the introduction of methanol fuel cells. In comparison with the previous emergency power sources for base stations, these fuel cells will be lighter and smaller, and they will also provide power for a longer period of time.

In fiscal 2013, we will install these fuel cells in stages. We also plan to conduct field testing of green base stations.<sup>3</sup> During emergencies, these base stations will be able to provide their own electric power during the daytime through the use of solar panels and lithium-ion batteries. In addition, we are undertaking the research and development of network virtualization technologies that will alleviate the communications congestion that results from the large volumes of communications that follow a disaster as well as the growing traffic from the use of smartphones. In this way, these technologies will make it easier to get connections.

<sup>3</sup> Green base stations: Mobile phone base stations that use environmentally friendly power sources, such as solar panels, wind-power generation equipment, and bio-fuel cells, as well as large-capacity lithium-ion batteries and nickel-hydrogen batteries that can provide electric power backup for extended periods of time. These base stations are environmentally friendly and highly disaster-resistant.



Green base station

# Handsets

DOCOMO continues working to reinforce its competitiveness in handsets. To that end, we are flexibly adjusting the timing of new handset launches in coordination with the ongoing changes in user preferences and the accelerating pace of OS and handset development. In addition, we are concentrating our resources on the development and sale of handsets that are important from a strategic perspective.

## Progress in Fiscal 2012

### Enhancing Handset Competitiveness

In the fiscal year under review, we sold 23.55 million handsets, an increase of 6.6% year on year. This total included 13.29 million smartphones, a rise of 50.7% (see page 32).

We launched new models four times during fiscal 2012, introducing a total of 50 handsets. In line with the growth in the number of LTE *Xi* users, we shifted the focus of our handset lineup to smartphones compatible with LTE *Xi*. We also took steps to enable users to enjoy services that leverage smartphone capabilities. These steps included the development of high-capacity batteries, which address the issue of high power consumption in smartphones, and the introduction of full HD displays and quad-core CPUs, which

make possible high-resolution graphics and high-speed processing. Increases in the number of launches and the number of new models resulted from our decision to take a more-flexible approach to the launch of new models. We made this decision in consideration of the expanding share of smartphones, the diversification of user preferences, and the accelerating pace of OS and handset development.

In the past, we focused on offering a broad lineup of appealing handsets, but in the year under review we selected strategic models from the new releases and introduced them as our recommended devices. Specifically, the *Xperia™ Z* smartphone and the *Xperia™ Tablet Z*, a 10-inch tablet, were positioned as our top recommendations. These models have features that facilitate the comfortable use of cloud services and other functions. Our objective in making these recommendations was to foster user interest by clearly presenting advanced, highly competitive new models. We also developed a lineup of handsets that are easy to use, even for first-time smartphone users (see *Creating Value for Society* on the next page).



*Xperia™ Z*



*Xperia™ Tablet Z*

## Our Next Step

### Characteristics of Summer 2013 Lineup

In May, we began to launch our new mobile device lineup for summer 2013, with 11 smartphones and tablets. All of the models have quad-core CPUs and large-capacity batteries rated at 2,000mAh or more, offering a smooth operational feel and 45 hours of normal browsing, app use, and talk time. Also, four of the smartphones offer consumers the ability to use touch-free operation by simply hovering a finger over the screen. We are implementing focused sales campaigns for two of these models—the *GALAXY S4* and the *Xperia™ A*. We can recommend these models with confidence, and we are promoting them as our Top Two.

The *GALAXY S4* has the world's first\* full HD organic EL display and boasts leading-edge functions, such as temporarily pausing video replay when you look away from the screen. The *Xperia™ A* has a 13.1 megapixel camera with a quick-on function that enables a photo to be taken instantly when awakening from sleep mode. In addition,



*GALAXY S4*



*Xperia™ A*

\* April 1, 2013, Samsung Electronics Co., Ltd. survey

special features are available only with the Top Two models. There are discounts for customers who are new to smartphones and for customers who have been DOCOMO subscribers for more than 10 continuous years. In these ways, by leveraging the superb product appeal of these two models, we are working to promote a transition to smartphones and to reward long-term subscribers.

In the future, by streamlining our recommended models, we will continue to provide a clear solution to the concerns

of consumers that there are too many handset models and it is difficult to make a choice.

To make handsets easier for customers to understand and select, we have changed the classification of models that are now on sale to five new categories: *DOCOMO Smartphone*, *DOCOMO Tablet*, *DOCOMO Feature Phone*, *DOCOMO Kids & Juniors*, and *DOCOMO Raku-Raku PHONE*.

#### Implementing Selection and Concentration in Our Handset Lineup

To boost competitiveness, DOCOMO has decided to implement a new policy based on the principles of selection and concentration in its handset lineup. By concentrating our resources on key models, we will aim to reinforce the appeal of our products. We will also continue to provide other products for which there are strong needs, such as

those for senior citizens and children (see Creating Value for Society below). Our aim in instituting this new policy is to offer an optimal lineup of handsets that meet user needs by developing those handsets more efficiently while controlling procurement costs. From fiscal 2013, we will conduct development in accordance with this new policy.

### Creating Value for Society

#### Meeting the Needs of Diverse Users

Smartphone uptake has recorded notable growth, and users have access to a growing range of content that makes their lives more convenient and enjoyable. In this setting, customers increasingly want mobile phones that are easy to operate and can be used without worrying about the charges. This is especially true for senior citizens. Moreover, parents who are thinking about getting smartphones for their children are concerned about ease of use, safety of content, and communication charges. In response to these needs, in fiscal 2012 DOCOMO developed and launched *Raku-Raku SMART PHONE* (*raku* means easy to use), which emphasizes ease of use and is designed for senior citizens, and *Smartphone for Juniors*, which emphasizes security and safety.

*Raku-Raku SMART PHONE* offers features that are desired by seniors, such as a large-screen touch panel and a feature that makes it easier to hear voice calls. In addition, it offers enhanced usability for smartphone functions, such as the Internet and applications. *Smartphone for Juniors* has been designed principally for 9 to 12 year old children. Parents can limit voice calls and emails to contacts who are registered in the phonebook, and they can also control the downloading and use of applications. In this way, *Smartphone for Juniors* has been given functions that allow parents to control the risks associated with smartphone usage as well as applications and content that make learning fun.

In addition to handset development, we also moved ahead with the establishment of services that help customers to enjoy their smartphones with peace of mind. For *Raku-Raku SMART PHONE* and *Smartphone for Juniors*, we offer specially tailored flat-rate packet services that enable users to avoid spiraling charges. In addition, we enhanced the system for the provision of free operational support by specialized advisers for users of *Raku-Raku SMART PHONE*.



Raku-Raku SMART PHONE



Smartphone for Juniors

# New Business Fields: Services

DOCOMO is working to leverage its advanced technologies to enhance its offerings of unique services that offer high added value. In this way, we are striving to achieve sustained growth in ARPU by increasing the appeal of our services from the customer's perspective and by promoting increased data usage.

## Progress in Fiscal 2012

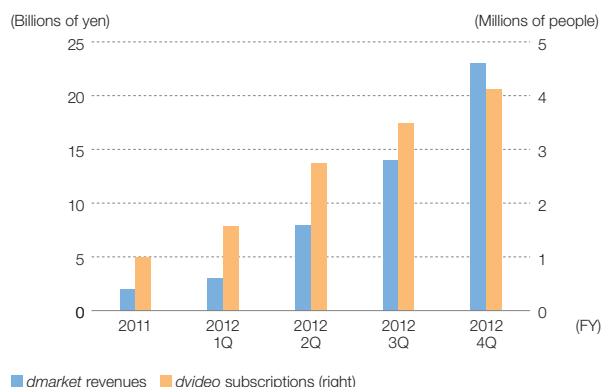
### Enhancing DOCOMO's Directly Operated Content Market

*dmarket*, a market that mainly offers contents directly operated by DOCOMO, has stores in seven areas — games, shopping, videos, anime, music (separately/monthly), and books — as well as a review site that introduces applications.

The *dvideo* store, which was launched in November 2011, has driven growth in the use of *dmarket*. In March 2013, the number of *dvideo* subscriptions surpassed four million. We made continued progress in the year under review, launching the *danime* store and *dhits* in July 2012 and *dgame* and *dshopping* in December 2012. In this way, we have further enhanced the digital content available on *dmarket* with the introduction of anime and game services. At the same time, with the introduction of shopping services we have expanded *dmarket* into a comprehensive market site that also handles a wide range of other items, centered on food and daily necessities. Accordingly, *dmarket* is increasingly useful in the daily lives of DOCOMO customers. In addition to the enhanced range of items and links with intelligent services

(see page 44), *dmarket* has also been highly evaluated for ease of payment, because customers can pay their service usage charges together with their mobile phone charges. *dmarket* revenues are recording strong growth, rising to ¥23.0 billion in fiscal 2012, 11.5 times the level in fiscal 2011.

### *dmarket* Revenues / Cumulative *dvideo* Subscriptions



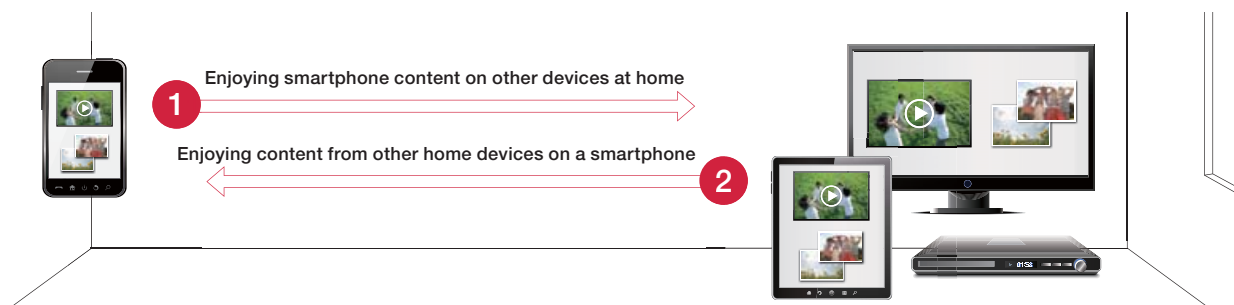
### Advancing a Multiple Device Framework

Upper-layer services are built on the telecommunications infrastructure, and the decisive factor in their uptake is openness, which means they are not tied to specific handsets or telecommunications companies. To boost our competitiveness in upper-layer services, we are taking steps to ensure our

services work smoothly across multiple devices and platforms.

For example, when customers log into *dmarket* using their DOCOMO ID, the content that they purchase can be enjoyed on multiple devices. In fiscal 2012, we launched a new service under the banner *DOCOMO Smart Home*.

### DOCOMO Smart Home



With this new service, smartphone content can be used on tablets or TVs with no additional charge and content on a PC or Blu-ray Disc recorder can be loaded onto a smartphone.

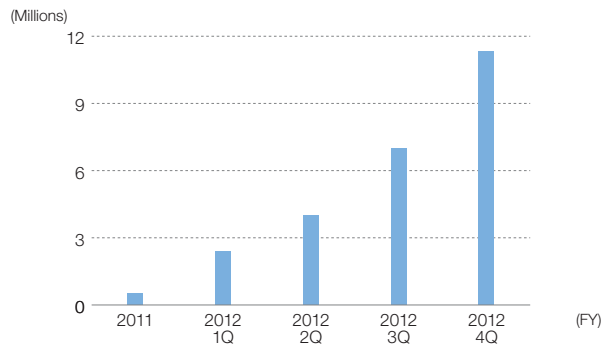
**Advancing New Development in Cloud Services**

In November 2012, we launched an automatic interpretation service. This cloud-based service offers simultaneous interpretation functions through mobile phones, enabling two people speaking different languages to have a conversation. For its accuracy and speed, it won the Grand Prix in the U.S. Media Panel Innovation Awards<sup>4</sup> at CEATEC JAPAN 2012, Asia's largest imaging, information, and communications exhibition. It has also been highly evaluated in other international venues.\*

We also offer a free voice interface that makes it possible to launch and operate handset functions, as well as search for content, by simply speaking into a smartphone. This service also leverages DOCOMO's original, high-precision voice-recognition and intention-interpretation technologies. This voice interface drew substantial attention as soon as it was launched in March 2012, and by the end of April 2013 it had been downloaded 11.37 million times and used 360 million times. Also, in November 2012, we enhanced the voice interface with the addition of a new function that allows users to choose their own character icon. This function has been well received, and at the 18th AMD Awards<sup>5</sup> it was one of the winners in the category of Digital Contents of the Year '12: The AMD Award. DOCOMO's voice interface was linked with *dshopping* in

Our multi-platform initiatives include *dgame*, which has an extensive lineup of games, centered on social games. In a first for DOCOMO, in *dgame* we have begun to provide services that are targeted not only at DOCOMO customers but also at other smartphone users.

**Cumulative Installations of DOCOMO's Voice Interface**



December 2012 and with *i-concier* in February 2013. By serving as a pathway that guides customers to a variety of fee-based services, it is helping DOCOMO to achieve sustained growth in ARPU.

4. U.S. Media Panel Innovation Awards: These awards are presented to products selected by a panel of IT and consumer electronics journalists from the U.S. From among the technologies, products, and services exhibited at CEATEC JAPAN, the panel selects the products that it judges to have superior innovativeness and the ability to significantly influence the U.S. market.

5. AMD Awards: Awards that recognize the achievements of the creators of digital content. Each year, superior products and services are screened and selected from among digital content launched or announced in the preceding year.

\* At Mobile World Congress 2013, Europe's largest mobile telecommunications exhibition, DOCOMO received an award for its automatic interpretation service, the Best Network Product or Solution for Serving Customers.



CEATEC JAPAN 2012  
Grand Prix in U.S. Media Panel Innovation Awards

1 Used with telephone calls



2 Used face to face



Communication between different languages with DOCOMO's automatic interpretation service



### Enhancing Media Content with the Launch of NOTTV

On April 1, 2012, NOTTV, Japan's first broadcasting station for smartphones, was launched by mmbi, Inc., a DOCOMO subsidiary. Using terrestrial broadcast frequencies, NOTTV broadcasts high-quality, high-resolution programs in a variety of genres, including news, sports, music, and dramas. For a monthly rate of ¥420, subscribers can enjoy live broadcasts of about half of the programs in real time. In addition, digital content, such as videos, magazines,

and games, can be temporarily stored on smartphones for enjoyment at any time. Thanks to such features, NOTTV can be enjoyed in a variety of ways.

As of the end of June 2013, the number of NOTTV subscribers had surpassed 1 million. Moving forward, we will focus on further increasing the number of handsets that are compatible with NOTTV, enhancing the programming, and expanding the broadcast area.

## Our Next Step

### Offering Worry-Free, Convenient Smartphone Use

In response to the accelerating shift from feature phones to smartphones, we are taking steps to create an environment in which customers can enjoy worry-free, convenient use of their smartphones. The *DOCOMO Service Packs*, which were launched in May 2013, are a good example of those initiatives. Our approach in developing the *DOCOMO Service Packs* was to ensure that smartphones can be used with peace of mind and convenience, not only by experienced smartphone users but also by customers who are using a smartphone for the first time. On that basis, we are providing combinations of popular services that meet a variety of needs.

There are two service-pack choices. The first, which is based on the theme of recommendations, offers unlimited

access to approximately 100 popular content titles, and customers can utilize recommendations based on their lifestyle and location information. As an option, they can also access 50 gigabytes of additional storage capacity on the cloud. The second is based on the theme of peace of mind. With this service pack, customers can have a replacement handset delivered if there is an accident involving their mobile phone, such as water exposure or loss. They can also utilize remote support for screen operations and settings as well as security support that offers virus detection and warnings about harmful websites.

**ドコモサービスパック**

**Recommendation Pack**

Offers maximum enjoyment at an affordable rate

Unlimited access to popular content titles and cloud-based services

Optional cloud capacity (Additional 50GB)

**Peace-of-mind Pack**

Meticulous customer support to ensure peace of mind at all times

"Mobile Phone Protection & Delivery Service"

Network security

Smartphone remote support

### Supporting the Dreams and Self-Expression of Customers

In May 2013, DOCOMO opened a new store in *dmarket* under the banner *dcreators*. In this store, handmade items and digital content created by amateur artists and craftsmen can be displayed and purchased. In recent years, the market for products from amateur artists and craftsmen, ranging from books and other digital content to handmade items, has seen continued increases in market scale and

the number of suppliers. DOCOMO's new *dcreators* store links people who want to release their creative works, and to see those works used, with consumers who want to find one-of-a-kind items and rare and beautiful items that match their sense of values. This service is compatible with smartphones and tablets from all carriers as well as with PCs, and it also offers multi-platform functionality.

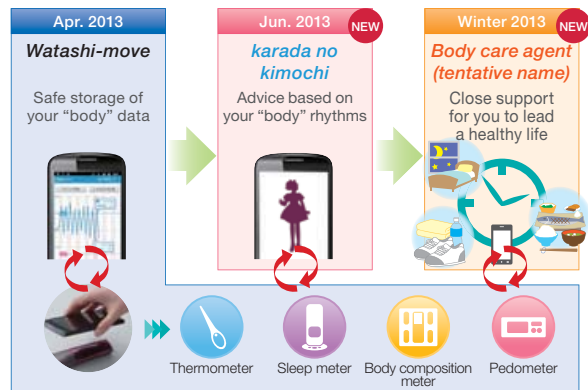
**Contributing to Better Health**

As the Japanese population ages, concern with healthy lifestyles is expected to increase. We believe that our customers want to use their mobile phones, which are an indispensable part of their daily lives, to deal with high-priority matters. On that basis, we launched new services to support the healthy lifestyles of our customers.

Our partner in the healthcare field is OMRON HEALTHCARE Co., Ltd., a provider of health equipment to the general public. OMRON HEALTHCARE has one of the largest market shares in the world in the field of blood pressure monitors, and it is also a leader in such products as scales and thermometers. Along with OMRON HEALTHCARE, we established docomo Healthcare, Inc., a joint venture, and launched a new healthcare services platform in April 2013, centered on health support services. For these services, we have opened a portal site that enables subscribers to use health-related content, such as exercise, sleep, and diet. Through links between smartphones and OMRON HEALTHCARE health equipment, the data that is recorded by the equipment can easily be accumulated and

managed in the cloud.

We also launched a special service for women that offers advice about comfortable lifestyles, and in the future we plan to develop further services that support healthy lifestyles. These initiatives, which will be designed for men and women in a broader range of age groups, will help customers to enjoy healthy living, at any time and in any place.



**Providing Support for Ongoing Study**

In fiscal 2011, we began to offer a learning support service for smartphones, and in fiscal 2012 we launched a monthly flat-rate version of this service and expanded the scope of available subjects. As a result, we have an extensive lineup of learning applications in about 300 areas, extending from English-language, certification, and kids applications to hobbies and practical skills. By the end of fiscal 2012, this service had recorded 450,000 downloads. The content is optimal for using small amounts of time efficiently, which is especially important in Japanese society, where people typically commute to school or work on trains. Accordingly, this service has been well received by a wide range of people, from pre-school children and students to

business executives and housewives. In addition, we have started a new initiative targeting the opening up of content by launching a Web application platform\* for this service.

DOCOMO has also joined hands with Benesse Corporation, a leader in educational services, to offer child-rearing support services. By offering intellectual training content via smartphones and tablets, this service enables parents and children to experience learning together. It has been well-received, and by the end of fiscal 2012 the number of members had surpassed 580,000.

\* An HTML5-based platform that accommodates the open submission of learning-related applications



Examples of learning support services for smartphones



Child-rearing support services by Benesse and DOCOMO

## New Business Fields: Partnerships

DOCOMO is working to realize its medium-term vision, which calls for revenues from new business fields of ¥1 trillion by fiscal 2015. To that end, we are deepening our cooperative alliances and tie-ups with partners that offer promising synergies with our own operations.

### Progress in Fiscal 2012

#### Strengthening Our Business Foundation in Commerce





Targeting the expansion of service provision in new fields, we are aggressively conducting M&A and investment. To expand the *dshopping* lineup, we have brought several companies into the DOCOMO Group as subsidiaries. These companies include Radishbo-ya Co., Ltd., which is a pioneer in membership-based organic vegetable home delivery operations; Tower Records Japan Inc., which has substantial brand strength in music sales; and MAGASseek Corporation, which operates one of Japan's leading e-commerce fashion sites (see page 29).

Since its foundation in 1988, Radishbo-ya has steadily developed its operations in the home delivery of organic and low-chemical agricultural products and additive-free foods. At the end of March 2013, Radishbo-ya had 110,000 members. To further enhance our commerce

operations, we decided to make Radishbo-ya a subsidiary. As a result, we have expanded our fields of business beyond digital content into a wide range of products necessary in daily life, centered on food.

We also acquired MAGASseek, which will be the cornerstone of our fashion e-commerce business. It has many years of experience and strong results in e-commerce operations for fashion goods, and it also has an extensive user base, mainly women in their 20s and 30s. Fashion e-commerce is expected to show strong growth in the years ahead. Accordingly, we will leverage MAGASseek's strong foundation and work in cooperation with ITOCHU Corporation, MAGASseek's former parent company, to enhance our presence in this promising field.

#### Major Investments and Acquisitions in Recent Years (Domestic)

Company invested in or acquired	Timing of investment / acquisition	Business field	Amount of investment / acquisition	Voting rights ownership (%)
 OAK LAWN MARKETING, INC.	April 2009	Mail-order business using televised media as main sales channel	¥31.0 billion	51.00%
 Radishbo-ya Co., Ltd.	March 2012	Membership-based home delivery service of organic and low-chemical agricultural products as well as additive-free foods	¥6.31 billion (After it became a wholly owned subsidiary, 10% of ownership was transferred to Lawson, Inc.)	90.00%
 Tower Records Japan Inc.	July 2012 (Capital alliance in 2005)	Sales of music and video products		50.25%
 MAGASseek Corporation	March 2013	Fashion e-commerce business, including operation of the MAGASseek comprehensive fashion e-commerce site		71.28%

**Advancing Credit Services**

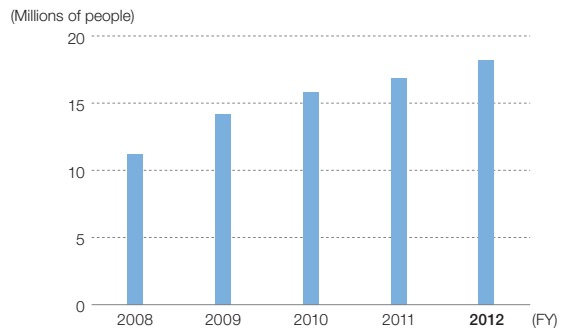
To develop new forms of mobile payment services and expand the locations around the world where our *iD* mobile credit payment system can be used, we have entered a business alliance with MasterCard Worldwide.

We have also continued working to increase the number of merchants accepting payments via our *iD* payment system, including the expansion of acceptance at convenience stores. Consequently, at the end of March 2013, there were 479,000 installed *iD* reader terminals and 18.17 million *iD* subscribers.



Furthermore, we implemented a variety of campaigns to obtain new members and promote use of our *DCMX* credit services. As a result, at the end of the fiscal year under review, the combined total of subscriptions to our various *DCMX* services was 13.85 million, an increase of 0.9 million from the previous fiscal year-end.

**iD Membership**

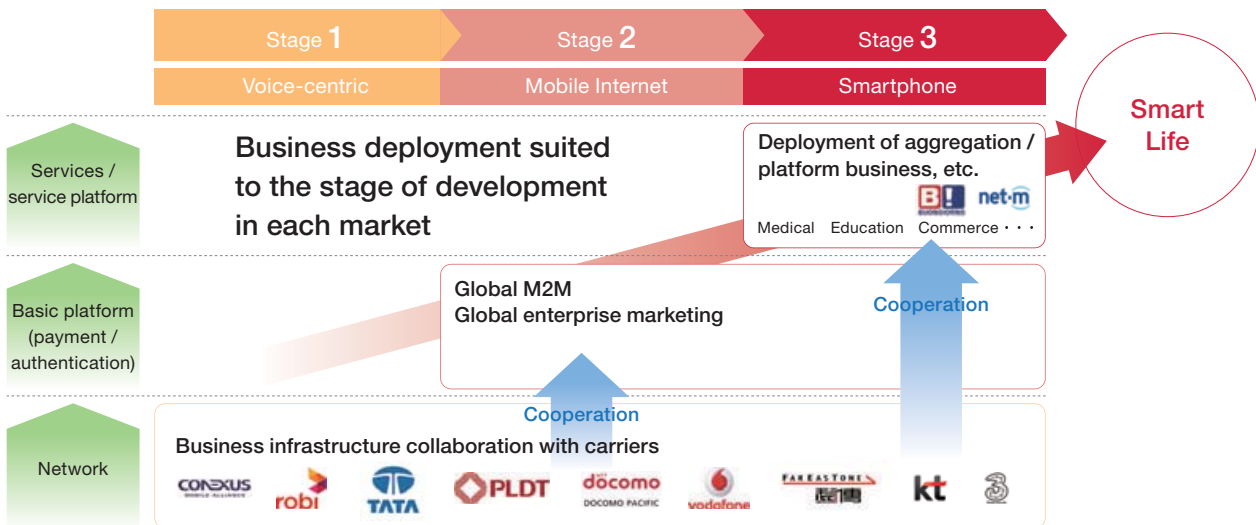


**Global Business Deployment Suited to the Stage of Development in Each Market**

In the past, DOCOMO focused on developing its global business in mobile communications and on achieving growth in new business areas. Accordingly, we invested in

mobile communications operations, principally in Asian markets with high growth potential, and in platform businesses. At this point, however, mobile services are

**Global Strategies**



undergoing a transition from the voice-centric stage to the mobile Internet stage and on to the smartphone stage, where the focus is on the provision of added value in the upper layer. In this environment, DOCOMO is conducting business deployment activities suited to the stage of development in each overseas market.

By leveraging the relationships that we have built with overseas mobile communications operators, we are taking steps to expand our overseas presence, such as the global development of M2M services and the reinforcement of enterprise marketing initiatives. In addition, in the field of platform businesses we are working with overseas companies to build a global open platform through investments and tie-ups. With consideration for the specific characteristics of each country and region, we are offering appealing services and contents on a cross-border basis.

In July 2012, we invested in Buongiorno S.p.A., of Italy, which provides mobile content and a content-distribution

platform, centered on Europe, North America, and South America. Buongiorno provides web application, an HTML5-based marketplace, and mobile payment services in 57 countries, with about 130 operators.

Also, in May 2013 we acquired MCV Guam Holding Corp., a cable television and Internet service provider in Guam. In the cable television market, MCV has the largest share in Guam and the Northern Mariana Islands. Through DOCOMO PACIFIC, INC., a wholly owned subsidiary of DOCOMO and a mobile communications operator in Guam, one-stop solutions will be provided for four services — cable television, Internet, fixed-line phone, and mobile phone.

Moving forward, DOCOMO will continue striving to be a Smart Life Partner in markets around the world. To that end, we will utilize investments and tie-ups to leverage new growth opportunities in overseas markets, including not only telecommunications carriers but also companies in other industries.

## Our Next Step

### Launching DOCOMO Innovation Village

To reinforce our service development capabilities in new business fields, we launched an incubation program, *DOCOMO Innovation Village*, to support start-up companies and ventures. This program will support entrepreneurs in both tangible and intangible ways, such as the provision of office space as well as mentoring from experts in management and development. The objective of this program is to advance the development of services

and business models that will expand the world of the mobile Internet.

We also established the *DOCOMO Innovation Fund*, a venture fund that will invest in start-up companies. This ¥10-billion fund will have a period of 10 years, with investments of up to ¥200 million per project. Plans call for the fund to invest actively in start-up companies that have innovative technologies and original business models.

### Creating Value for Society

#### Service Offering Peace of Mind and Safety for Kids' PHONE Subscribers

In October 2012, DOCOMO and SOHGO SECURITY SERVICES CO., LTD. (ALSOK), began to provide ALSOK's emergency dispatch service for protecting children, which is available with *Kids' PHONE* models (HW-01D, HW-02C).

With this service, upon receiving a request from the child's family, the location information acquired from the *Kids' PHONE* will be used to dispatch an ALSOK security guard to the child's location, 24 hours a day, 365 days a year.



ALSOK's emergency dispatch service for protecting children



## Supporting Tohoku Reconstruction and Revitalization Initiatives

**We established the TOHOKU Reconstruction Support Office to provide prompt reconstruction support initiatives in affected areas. The office is implementing activities in community support; disaster prevention, education, and healthcare; and industrial reconstruction and tourism.**

In December 2011, we opened the TOHOKU Reconstruction Support Office to establish an operational and administrative system that can make timely contributions to areas affected by the Great East Japan Earthquake. Currently, the office is implementing activities in community support, disaster prevention, education, and healthcare as well as in industrial reconstruction and tourism. These activities are conducted primarily in Iwate, Miyagi, and Fukushima prefectures.

For instance, due to the incident at the Fukushima Daiichi Nuclear Power Plant, citizens had to evacuate to various locations throughout the country. We wanted to help them communicate with each other and to ensure smooth communications with relocated public offices. To that end, from fiscal 2012 we have used tablets and photo panels to provide information from the evacuated municipalities. In this way, we have been able to help sustain community bonds and offer a small degree of peace of mind to those living as evacuees.

In the fiscal year under review, our new initiatives included the Future Seeds Project in the town of Minamisanriku, Miyagi Prefecture. This project involves the provision of information and the implementation of brand-building activities for naturally cultivated rice and medicinal herbs that were developed by local farmers. We have installed fixed-point cameras in fields and rice paddies, and we are promoting these products through a website that offers real-time information about seedling cultivation. Furthermore, we are using tablets to provide information about the daily activities of local farmers and the circumstances in the town through social networking services.

Also, in February 2013, we purchased CO<sub>2</sub> absorption credits<sup>6</sup> for land that is owned by the town of Minamisanriku and has received FORESTOCK certification<sup>7</sup>. The funds used to pay for these credits will be allocated to forest conservation activities and to the creation of jobs. In this way, this initiative is expected to contribute to the revitalization of the area. Moreover, we process timber from forest thinning, which is itself a forest resource, into accessories and other products and then offer them for sale on *dshopping*. Our objective is to build a framework for forest conservation activities based on customer participation. Under this framework, customers who are also interested in forest conservation will buy these items, and a portion of the proceeds will be returned to Minamisanriku forest conservation activities from the following year.

In March 2013, with the objective of further advancing reconstruction activities following the Great East Japan Earthquake, we donated ¥25 million to private-sector groups. Specifically, these funds were donated to NPOs and other groups that are making substantial contributions to disaster reconstruction, including local community revitalization and industrial reconstruction initiatives, in areas that are not directly addressed by government entities or private-sector companies.

6. CO<sub>2</sub> absorption credits: Credits for which CO<sub>2</sub> absorption amounts have been quantitatively calculated, certified, and valued.

7. FORESTOCK certification: A system under which the FORESTOCK Association, a general incorporated association, evaluates forests in Japan and certifies them in regard to specific standards, such as appropriate, sustained forest management and biodiversity conservation.



Tablet used to provide information from evacuated municipalities



Local farmer uses a tablet to record agricultural work



Original DOCOMO smartphone holder that comes with forest conservation credits

# Contributing to Society and the Environment through Our Business Activities

**DOCOMO aims to foster innovation for the future through its business activities. Accordingly, we strive to resolve societal issues through mobile technologies and to contribute to the formation of a sustainable society.**

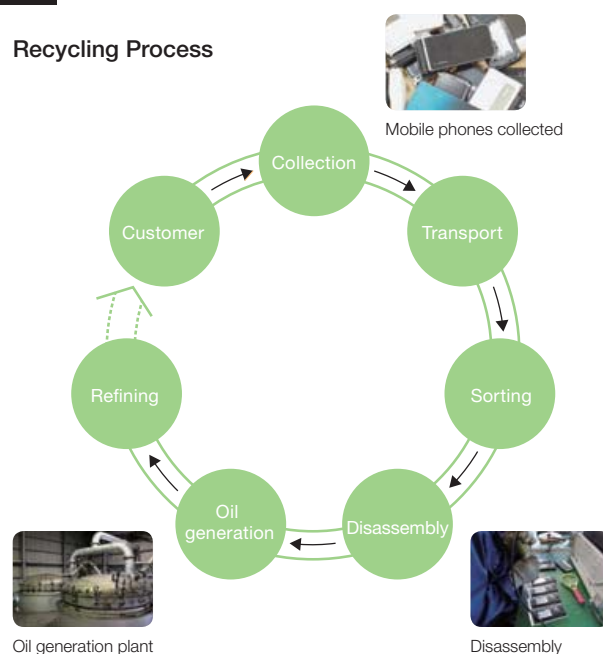
## Collecting Mobile Phones for Recycling

Mobile phones contain gold, silver, palladium, and other metals that are especially valuable in Japan, which has limited mineral resources. DOCOMO began to collect and recycle mobile phone batteries in 1998. Currently, we are collecting used mobile phones from customers at about 2,400 DOCOMO shops and a wide range of special events. In fiscal 2012, we collected about 3.68 million phones, for a cumulative total of about 84.04 million phones since we began these collections.

In fiscal 2011, we launched a new recycling process to recycle mobile phones more effectively and efficiently. We are now Japan's only mobile phone carrier with a recycling process that has received wide-area authorization by the Ministry of the Environment. As a result, in accordance with the law regulating waste disposal, we can accept mobile phones from customers throughout Japan.

In the future, we will take steps to achieve further gains in the safety and efficiency of this recycling process as we continue to advance our recycling initiatives.

## Recycling Process



## Supporting Bicycle-Sharing Services

We have been supporting bicycle-sharing services in Yokohama since April 2011 and in Koto City, Tokyo, since November 2012. In March 2013, we introduced Japan's first next-generation bicycle-sharing service in Sendai City. FOMA modules and GPS capabilities have been added to the bicycles, so they can be managed through GPS, and the remaining charge on the batteries of motor-assisted bicycles can be monitored remotely. In this way, it is possible to authenticate members and manage the lending/return process with just the bicycle itself. This improvement has facilitated significant simplification of the system as well as cost reductions. These operations have the objective of revitalizing the center of Sendai City. To assist in reconstruction initiatives following the Great East Japan Earthquake, a portion of the revenues is used to support those affected by the earthquake.



Bicycle sharing



## Management System

# Corporate Governance

### Basic Approach

Guided by our corporate philosophy of “creating a new world of communications culture,” DOCOMO’s management policy is to maximize corporate value. To this end, DOCOMO will help to achieve a vibrant and enriched society by promoting mobile multimedia through the provision of services useful to customers’ lives and businesses. DOCOMO believes that maintaining effective corporate governance is crucial to continuously increasing corporate value. Accordingly, the Company has established a governance structure that allows it to both make management decisions without delay and reinforce its audit and internal controls.

### Overview of Corporate Governance Structure

DOCOMO has adopted a corporate governance structure consisting of a Board of Directors, audit & supervisory board members, and an Audit & Supervisory Board. This structure supports the realization of consistent and stable business operations through the effective utilization of management resources and the strengthening of the auditing and control functions. In addition, to further bolster management supervision and auditing, the Company appoints outside directors and outside audit & supervisory board members.

In consideration of the vital role of mobile phones as social infrastructure, DOCOMO believes that directors should have a key role in important business execution matters. Accordingly, the Company has introduced the corporate officer system. Under this system, more than half of the members of the Board of Directors serve concurrently as corporate officers. Also, a portion of the business execution authority of the Board of Directors has been transferred to the representative directors and corporate officers. These measures enhance the mutual supervision of the members of the Board of Directors and strengthen the management supervision function. At the same time, these measures enable agile business execution by the responsible corporate officers.

### Management Supervision, Audit, and Business Execution Systems

The Board of Directors consists of 14 members, including two outside directors. The Board of Directors meets in principle once a month, and extraordinary meetings are convened if necessary. In this way, decisions are made on important business matters. Moreover, status reports are received as needed from members of the Board of Directors who have been assigned the responsibility for business execution. In this manner, management supervision is implemented. For decision making on important matters related to business execution, the Company has established the Management Committee, which includes the president and chief executive officer, senior executive vice presidents, executive vice presidents, and full-time audit & supervisory board members. The Management Committee meets in principle once a week, and extraordinary meetings are convened if necessary to enable flexible, rapid decision making by the president and chief executive officer. The Audit &

Supervisory Board consists of five members, including three outside audit & supervisory board members. The Audit & Supervisory Board meets in principle once a month to make decisions on audit policies, plans, methods, and other important issues relating to the audit of the Company. Each audit & supervisory board member, in accordance with audit policies and audit plans determined by the Audit & Supervisory Board, attends important meetings, such as meetings of the Board of Directors, and receives reports from directors, examines important documents, and conducts on-site examinations of the Head Office, major work sites, and major subsidiaries. In this way, audit & supervisory board members appropriately conduct audits of the status of execution of duties by the directors and report to the Audit & Supervisory Board on the status of audit implementation. The Company’s audit & supervisory board members promote mutual understanding and information-sharing with the audit & supervisory board members of subsidiaries. Audit & supervisory board members ensure the effectiveness of audits by collaborating and exchanging information on audit plans and results with the Internal Audit Department, an independent unit established to perform internal audits of the Company and with its registered public accountants on a regular basis.

### Compensation of Directors and Audit & Supervisory Board Members

Matters regarding the compensation of directors are determined by the Board of Directors. The compensation of directors comprises monthly compensation as well as bonuses, with the monthly compensation based on the duties and responsibilities of each rank. Bonuses are paid in consideration of such factors as the Company’s results. To reflect results over the medium-to-long term, a portion of monthly compensation is contributed to a director stock purchase plan through the Directors’ Shareholders Association. The shares of the Company that are purchased through the plan are held throughout the term of office.

In consultation with audit & supervisory board members, it has been decided to pay only monthly compensation to audit & supervisory board members in order to ensure a high degree of independence. The aggregate compensation paid to directors and audit & supervisory board members during fiscal 2012 was as follows.

#### Aggregate Compensation Paid to Directors and Audit & Supervisory Board Members

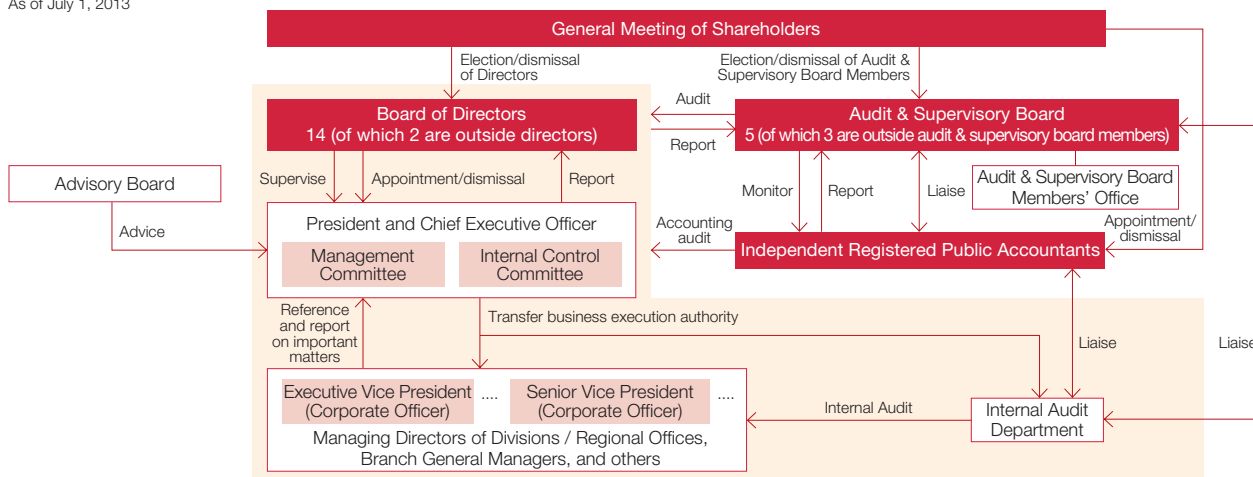
Position	Number	Total compensation
Directors	16*1	¥484 million
Audit & supervisory board members	6*2	¥114 million
Total	22	¥599 million

\*1 This figure includes four directors who retired at the conclusion of the 21st Ordinary General Meeting of Shareholders held on June 19, 2012.

\*2 This figure includes one audit & supervisory board member who retired at the conclusion of the 21st Ordinary General Meeting of Shareholders held on June 19, 2012.

## DOCOMO's Business Execution and Management Supervision Mechanism

As of July 1, 2013



The total includes the following compensation paid to outside directors.

	Number	Total compensation
Total amount of compensation paid to outside directors	3	¥54 million

### Relationship with Parent Company

The corporate group led by the parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), operates the following main businesses: the regional communications business, the long-distance and international communications business, the mobile communications business, and the data communications business. As of March 31, 2013, NTT owned 66.65% of the voting rights of the Company and was in a position to influence the Company's management decision making through the exercise of majority shareholder rights. However, the Company has its own management responsibility and conducts operational management in accordance with its own decision making.

### Advice from Objective Experts

The Company periodically establishes advisory boards composed of experts in various fields, including prominent business leaders, university professors, commentators, and journalists. In this way, these experts can provide objective opinions and proposals in such areas as management issues and the role of communications technology in society, and DOCOMO can reflect those opinions and proposals in management.

To receive advice from a global viewpoint, the Company also periodically establishes U.S. advisory boards. These advisory boards have a chairman and a board member as well as a guest speaker for each meeting.

### The 7th Advisory Board, Board Members

Dr. Motoshige Itoh	Professor, Faculty of Economics, The University of Tokyo
Mr. Shin Kikuchi	Partner, Mori Hamada & Matsumoto
Mr. Koh Koike	President and CEO, Representative Director, Oricon Inc.
Ms. Main Kohda	Novelist
Mr. Masaaki Shintaku	Executive Vice President, Special Olympics Nippon
Mr. Jitsuro Terashima	CEO, Japan Research Institute
Mr. Taizo Nishimuro	President & CEO, Representative Executive Officer, Japan Post Holdings Co., Ltd.
Dr. Hideo Miyahara	Professor Emeritus, Osaka University

### The 6th U.S. Advisory Board, Board Members

Members for the 1st, 2nd, and 3rd Meetings	
Chairman	Managing Director, Core Capital Partners
Mr. Tom Wheeler	Former CEO, Cellular Telecommunications & Internet Association (CTIA)
Member	Professor, University of California, Berkeley
Dr. Michael L. Katz	Former Chief Economist, Federal Communications Commission (FCC)
Members for the 4th Meeting	
Chairman	Same as above
Member	Partner, Wiltshire & Grannis, LLP.
Mr. John Nakahata	Former Chief of Staff, Federal Communications Commission (FCC)

Note: In addition to the chairmen and members, one guest speaker was invited for each meeting.



## Board of Directors

As of July 1, 2013



### President and Chief Executive Officer

**1 Kaoru Kato**

### Senior Executive Vice Presidents

**2 Kazuto Tsubouchi**

Chief Financial Officer  
Responsible for:  
Global business  
Corporate

**3 Fumio Iwasaki**

Chief Privacy Officer and Chief Information Security Officer  
Responsible for:  
Multimedia  
Technology

### Executive Vice Presidents

**4 Tsutomu Shindou**

Managing Director of Corporate Marketing Division  
Managing Director of Corporate Marketing Department II  
Managing Director of TOHOKU Reconstruction Support Office

**5 Takashi Tanaka**

Responsible for:  
Consumer Sales  
Branches in Kanto and  
Koshinetsu areas

**6 Kazuhiro Yoshizawa**

Managing Director of Corporate  
Strategy & Planning Department  
Managing Director of Structural  
Reform Office

**7 Seizo Onoe**

Chief Technical Officer  
Managing Director of R&D Center

Responsible for:

Mobile Society Research Institute

### Executive Vice Presidents

**8 Wataru Kagawa**

Managing Director of General Affairs Department  
Managing Director of Corporate Citizenship Department  
Managing Director of Improvement Action Office  
Responsible for: CSR

**9 Kiyoshi Tokuhira**

Managing Director of Network Department  
Responsible for: Network

### Senior Vice Presidents

**10 Hiroataka Sato**

Managing Director of Accounts  
and Finance Department

**11 Kazuhiro Takagi**

Managing Director of Human  
Resources Management  
Department

### Members of the Board of Directors

**12 Ryuji Yamada**

Chief Strategic Advisor

**13 Teruyasu Murakami<sup>1</sup>**

**14 Takashi Nakamura<sup>1</sup>**

1. Outside director



## Audit & Supervisory Board Members



### Full-time Audit & Supervisory Board Members

1 **Takanori Utano**      2 **Kenji Ota**

3 **Haruo Morosawa<sup>2</sup>**      4 **Naoto Shiotsuka<sup>2</sup>**

### Audit & Supervisory Board Member

5 **Eiko Tsujiyama<sup>2</sup>**

2. Outside audit & supervisory board member

### Message from Outside Audit & Supervisory Board Member

It has been two years since I became an outside audit & supervisory board member at DOCOMO in June 2011. Outside audit & supervisory board members act on behalf of DOCOMO's shareholders, who have limited opportunities to directly access the Company's internal activities. Accordingly, outside audit & supervisory board members have the role of monitoring management from the outside to ensure sound, sustainable growth for DOCOMO. To guarantee the soundness, transparency, and efficiency of management, robust internal control and the clarification of management responsibility are essential, and outside monitoring plays an important role.

Recently, there have been many discussions about taking steps to enhance the corporate governance system, such as making outside directors mandatory. From this year, DOCOMO has increased its number of outside directors by one. I expect that this initiative will help to further enhance DOCOMO's corporate governance system. However, rather than the mandatory appointment of outside directors and outside audit & supervisory board members, I believe it is important for companies to independently establish governance systems that earn the trust of shareholders and society and to be committed to using those systems effectively. Even if the number of outside directors and outside audit & supervisory board members is not large, I think it is possible for companies to make the most of their insight and to establish robust governance systems.

DOCOMO is working on a Companywide basis to "enhance the basic elements," such as improving customer

### Audit & Supervisory Board Member

#### Eiko Tsujiyama

Professor, Faculty of Commerce,  
Waseda University  
Corporate Auditor of Mitsubishi Corporation  
Outside Director of ORIX Corporation  
Corporate Auditor of Lawson, Inc.  
Audit & Supervisory Board Member of  
Shiseido Co., Ltd.



satisfaction and implementing structural reforms. To achieve effective corporate governance in its true sense, the elements I mentioned — enhancing internal control, clarifying management responsibility, and strengthening outside monitoring — are important, but it is also essential for management leaders to clearly explain to employees the corporate philosophy and the issues the company faces; to foster a common understanding of the philosophy and issues among all employees, including those of subsidiaries; and to create a corporate culture in which all employees can work together to address them. Accordingly, I believe that the effective functioning of the corporate governance system, in the true sense, is supported by a shared commitment to the corporate vision among all employees, including young employees, and by all employees working together to "enhance the basic elements."

In the future, IT is likely to make further progress at a pace that exceeds our imaginations. I also believe that society's expectations of DOCOMO, a supporter of Smart Life and Smart Communities, will increase further. As an outside audit & supervisory board member, I will do my utmost to watch carefully over DOCOMO as the Company strives to record sustained growth and contribute to society.

# Internal Control

## Basic Policy for Internal Control

In accordance with the Basic Policy on Fortifying Internal Control Systems, as approved by the Board of Directors, we maintain a system for the purpose of securing rigorous compliance with laws and regulations, business effectiveness and efficiency, and financial reporting reliability. These initiatives are centered on the Internal Control Committee. Furthermore, the Company's Internal Audit Department implements audits with the objective of contributing to the minimization of risks and increased corporate value for the entire DOCOMO Group (Head Office, branches, and Group companies worldwide). The department's work includes evaluating the effectiveness of the internal control system.

## Risk Management

We strive to strengthen risk management with the basic policy of identifying and responding to business risk as early as possible. Specifically, in accordance with our Risk Management Principles, business risks are regularly identified, and the Internal Control Committee designates risks that require Companywide management. Management policies for those identified risks are formulated, and appropriate efforts are made to prevent such risks from materializing and to prepare for a quick response should they occur.

## Ethics and Legal Compliance

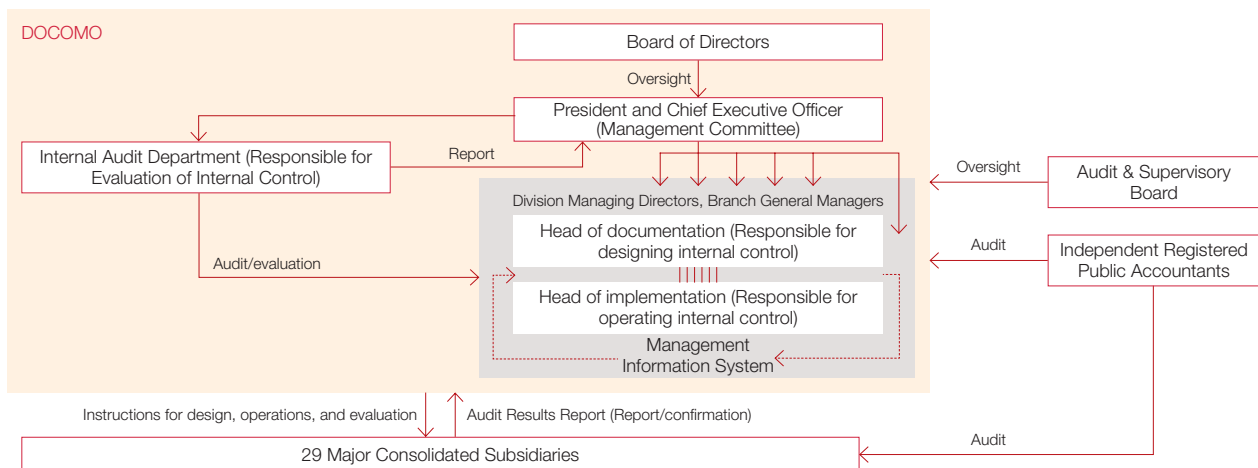
Each of our employees is instructed to follow the NTT DOCOMO Group Code of Ethics. Ensuring that activities are based on high ethical standards is the foundation of our compliance management. Specifically, we are building a compliance promotion system, which is centered on Compliance Promotion Committees, that implements initiatives pertaining to ethics and laws, stipulates that employees have an obligation to make a report if they notice any illegal or fraudulent incidents, and establishes avenues within and outside the Company for consulting on related issues. In addition, all divisions have employees with responsibility for compliance promotion, and we implement education and training in ethics and legal compliance for all employees. We have carried out initiatives to enhance awareness of compliance on a Companywide basis, including a compliance awareness survey of every employee, the results of which were reflected in our various measures to ensure compliance.

## Ensuring Reliability of Financial Reporting

To meet the requirements of the Sarbanes-Oxley Act and the Financial Instruments and Exchange Act of Japan, we employ the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework for the design, operation, and evaluation of our internal control system related to financial reporting. In fiscal 2011, we evaluated the Company and 27 major consolidated subsidiaries and concluded that internal control over financial reporting was effective.

## Sarbanes-Oxley Act, Section 404 Organization Chart

As of July 1, 2013



# Information Management

## Enhancement of Information Management System

The DOCOMO Group has been entrusted with personal information (customer information) of approximately 61 million people, and accordingly, ensuring information security is an important management issue.

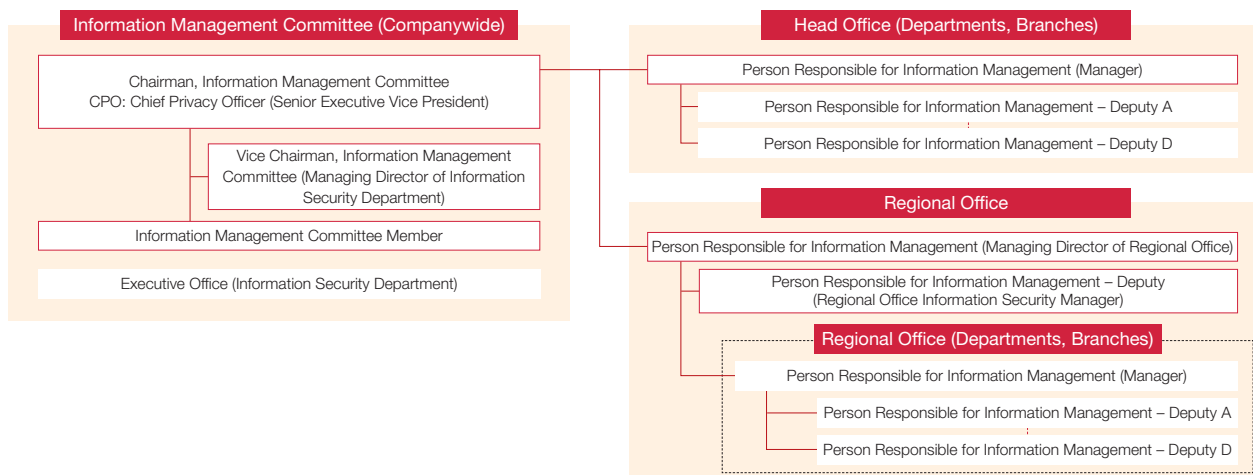
As a telecommunications company with public-oriented operations, the rigorous management and protection of customer information and administrative information is our most important duty. In recognition of this, we have assigned the position of Chief Privacy Officer (CPO) to the senior executive vice president level. The CPO heads the Information Management Committee, which meets on a regular basis. The committee considers and promotes personal information protection measures. To advance integrated information management, we have established information security departments and each work site has an employee who is responsible for information management. Outside contractors who perform work for the Company are required to designate a person responsible for the handling of that work for each organization and policy. We have established and are advancing a system that assigns responsibility for information management.

## Formulation of Management and Administration Rules

To fulfill our obligations above, in regard to the handling of information of customers, shareholders, employees, etc., we have systematically formulated internal regulations in accordance with the Personal Information Protection Act and the guidelines of related government ministries and agencies, clarified internal rules regarding information management, and formulated and announced a privacy policy that clarifies detailed handling policies in accordance with basic principles regarding customer information protection. <http://www.nttdocomo.co.jp/english/utility/privacy/>

## Information Management System

As of July 1, 2013



## Specific Initiatives

In working to strengthen information management, we are advancing and developing the following safety management measures:

### (1) Organizational Security

1. Enhancement of system for information security
2. Formulation of basic guidelines for information security / Establishment and application of regulations and manuals
3. Tracking and management of information assets
4. Implementation / application of audits / security checks
5. Implementation of measures to deal with accidents and violations

### (2) Human Security

1. Agreements regarding duty of confidentiality and receipt of written pledges when employment contracts are concluded
2. Agreements regarding information management compliance for outside contractors
3. Implementation of training and education for employees, contractors, and sales agents
4. Formulation and distribution of training tools, such as handbooks and DVDs

### (3) Physical Security

1. Restrictions on numbers of information management terminals and continuous optimization of installed locations and authorized people
2. Rigorous control of the lending and checking-out of portable terminals
3. Consolidation and special monitoring of terminals used to extract large amounts of customer information
4. Transition to paperless handling of documents, such as customer applications

### (4) Technical Security

1. Access control, access-log retention, and periodic checks
2. Introduction of biometric identity confirmation for use of systems
3. Stricter customer information search parameters
4. Introduction of encryption software for information system terminals and communication channels
5. Strict monitoring to prevent unauthorized removal of information out of the office
6. Cyber attack countermeasures and system surveillance

## Risk Factors

This annual report contains forward-looking statements, such as forecasts of results of operations, management strategies, objectives and plans, forecasts of operational data such as the expected number of subscriptions, and the expected dividend payments. All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions, and estimates based on the information currently available. Some of the projected numbers in this annual report were derived using certain assumptions that are indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties, and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. Potential risks and uncertainties include, without limitation, the following:

- (1) Changes in the market environment in the telecommunications industry, such as intensifying competition from other businesses or other technologies caused by Mobile Number Portability, development of appealing new handsets, new market entrants, mergers among other service providers, and other factors, or the expansion of the areas of competition could limit the acquisition of new subscriptions and retention of existing subscriptions by our corporate group, or it may lead to ARPU diminishing at a greater than expected rate, an increase in our costs, or an inability to reduce expenses as expected.
- (2) If current and new services, usage patterns, and sales schemes proposed and introduced by our corporate group cannot be developed as planned, or if unanticipated expenses arise, the financial condition of our corporate group could be affected and our growth could be limited.
- (3) The introduction or change of various laws or regulations inside and outside of Japan, or the application of such laws and regulations to our corporate group, could restrict our business operations, which may adversely affect our financial condition and results of operations.
- (4) Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction and could increase our costs.

- 
- (5) Other mobile service providers in the world may not adopt the technologies and the frequency bands that are compatible with those used by our corporate group's mobile communications system on a continuing basis, which could affect our ability to sufficiently offer international services.
- (6) Our domestic and international investments, alliances, and collaborations may not produce the returns or provide the opportunities we expect.
- (7) Malfunctions, defects, or imperfection in our products and services or those of other parties may give rise to problems.
- (8) Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.
- (9) Inadequate handling of confidential business information, including personal information by our corporate group, contractors, and others, may adversely affect our credibility or corporate image.
- (10) Owners of intellectual property rights that are essential for our business execution may not grant us a license or other use of such intellectual property rights, which may result in our inability to offer certain technologies, products and/or services, and our corporate group may also be held liable for damage compensation if we infringe the intellectual property rights of others. In addition, the illicit use by a third party of the intellectual property rights owned by our corporate group could reduce our license revenues actually obtained and may inhibit our competitive superiority.
- (11) Events and incidents caused by natural disasters, social infrastructure paralysis such as power shortages, proliferation of harmful substances, terror or other destructive acts, the malfunctioning of equipment, software bugs, deliberate incidents induced by computer viruses, cyber attacks, equipment misconfiguration, hacking, unauthorized access, and other problems could cause failure in our networks, distribution channels, and/or other factors necessary for the provision of service, disrupting our ability to offer services to our subscribers, and such incidents may adversely affect our credibility or corporate image, or lead to a reduction of revenues and/or increase of costs.
- (12) Concerns about adverse health effects arising from wireless telecommunication may spread and consequently adversely affect our financial condition and results of operations.
- (13) Our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), could exercise influence that may not be in the interests of our other shareholders.

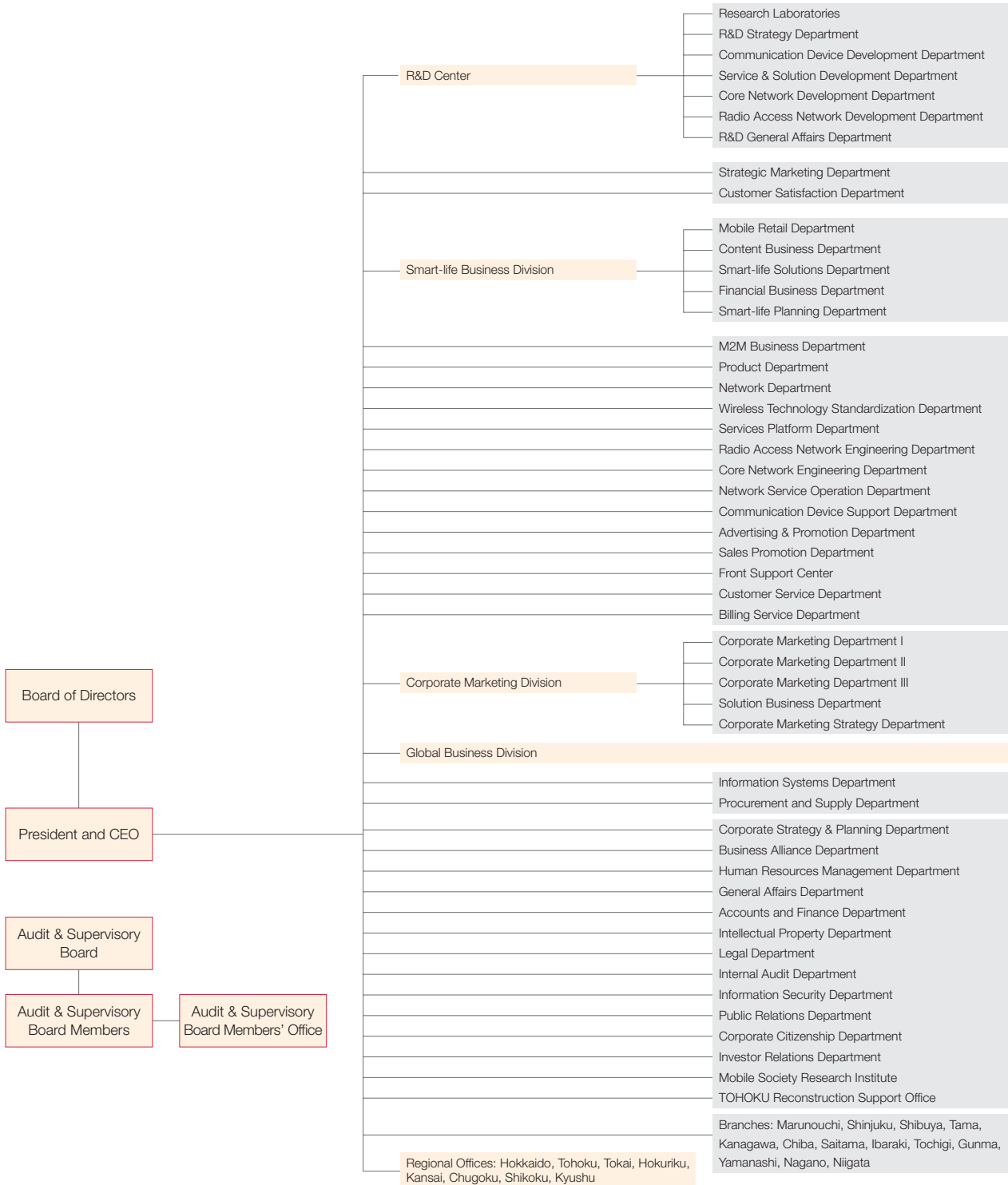
For detailed information about risk factors, please refer to Form 20-F.

<http://www.nttdocomo.co.jp/english/corporate/ir/library/sec/index.html>



# Organizational Structure

NTT DOCOMO, INC. As of July 1, 2013



# Subsidiaries and Affiliates

As of March 31, 2013

## Subsidiaries: 180

Company name	Voting rights ownership	Business activities
<b>Service subsidiaries: 25</b>		
DOCOMO Service Inc.	100.00%	Commissioned business from DOCOMO in sales support
DOCOMO Engineering Inc.	100.00%	Design, construction, and maintenance of telecommunication facilities
DOCOMO Mobile Inc.	100.00%	Maintenance and logistics of mobile phones and other terminals
DOCOMO Support Inc.	100.00%	Operations of call centers and support for sales agents
DOCOMO Systems, Inc.	100.00%	Development and maintenance of internal information systems and sales of hardware relating to information systems
DOCOMO Technology, Inc.	100.00%	Commissioned business from DOCOMO in research and development of mobile communication
DOCOMO Business Net Inc. and 18 other companies	100.00%	Sales agent business and sales support business
<b>Other subsidiaries: 155</b>		
Buongiorno S.p.A.	100.00%	Provision of mobile content and operation of content-distribution platform
DOCOMO Capital, Inc.	100.00%	Search for and investment in venture companies with innovative state-of-the-art technology applicable to mobile communications services
DOCOMO Communications Laboratories Europe GmbH	100.00%	Research on new mobile network technologies in Europe and participation in European standardization projects
DOCOMO Innovations, Inc.	100.00%	Promotion of open innovation and network technology research in Silicon Valley
DOCOMO interTouch Pte. Ltd.	100.00%	Provision of high-speed Internet connection services for hotels worldwide
DOCOMO PACIFIC, INC.	100.00%	Mobile communications business in Guam and the Commonwealth of the Northern Mariana Islands
net mobile AG	87.36%	Management of platforms related to mobile content distribution and billing
NTT DOCOMO USA, Inc.	100.00%	Support for DOCOMO overseas development in the United States
PacketVideo Corporation	100.00%	Development of software for mobile phones, such as software to connect household electronics devices, and provision of content distribution services
OAK LAWN MARKETING, INC.	51.00%	Mail-order business using televised media as main sales channel
Tower Records Japan Inc.	50.25%	Music and video software sales business
DOCOMO ANIME STORE, INC.	60.00%	Planning, development, and operation of anime-related content distribution services, centered on anime video
DOCOMO Innovation Ventures, Inc.	100.00%	Venture capital investment and incubation businesses
DOCOMO InsightMarketing, INC.	51.00%	Research and promotion businesses
DOCOMO.COM, INC.	100.00%	Consultancy targeting mobile content providers
docomo Healthcare, Inc.	66.00%	Platform business centered on management, use, and sharing of physical, health, and medical data
MAGASseek Corporation	71.28%	Fashion e-commerce business, including operation of the MAGASEEK comprehensive fashion e-commerce site
Radishbo-ya Co., Ltd.	90.00%	Membership-based home delivery service of organic and low-chemical agricultural products as well as additive-free foods
D2C Inc.	51.00%	Mobile advertising media development and operations and advertising sales business
mmbi, Inc. and 135 other companies	60.45%	Basic broadcasting pursuant to Japan's Broadcast Act and provision of related services

## Affiliates: 30

Company name	Voting rights ownership	Business activities
Hutchison Telephone Company Limited	24.10%	Mobile communications business in Hong Kong and Macau
Robi Axiata Limited	30.00%	Mobile communications business in Bangladesh
Tata Teleservices Limited	26.50%	Mobile communications business in India
AEON MARKETING CO., LTD.	29.00%	Mobile, marketing, and sales promotion agent businesses
Weather Service inc.	35.00%	Provision of services offering a full range of weather-related information
Avex Broadcasting & Communications Inc.	30.00%	Membership-based mobile video distribution business
NTT Broadband Platform, Inc.	22.00%	Services pertaining to wireless network connections, plus merchandise sales utilizing information and communications systems
NTT Resonant Inc.	33.33%	Media business, including operation of "goo" portal site, and e-commerce
EveryStar Co., Ltd.	30.00%	UGC media operation via mobile
ZENRIN DataCom CO., LTD.	21.01%	Map, net navigation, and map solutions businesses for mobile phones
2Dfacto, Inc.	26.18%	Management of bookstore services for sale of e-books and paper books via the Internet
Nippon Telecommunications Network Co., Ltd.	37.43%	Provision of communications network facilities and applications and outsourcing of network construction
FeliCa Networks, Inc.	38.00%	FeliCa licensing and platform management businesses
Boardwalk Inc.	22.00%	Event ticketing sales and planning / production / sales of digital content
Sumitomo Mitsui Card Company, Limited	34.00%	Services related to credit cards, loans, warranties, and gift cards
Mobile Internet Capital, Inc.	30.00%	Support for venture firms in mobile Internet-related fields and investment fund management
Rakuten Auction, Inc.	40.00%	Internet auction services business
CXD NEXT CO., LTD.	40.00%	Provision of electronic settlement-related services and store support services
Jibe Mobile K.K.	34.48%	Software development
The JV, Ltd. and 10 other companies	30.00%	Management of McDonald's membership organization, and planning, execution and management of membership-related services and promotions

## Financial Data

# Consolidated Balance Sheets

NTT DOCOMO, INC. and Subsidiaries  
March 31, 2012 and 2013

ASSETS	Millions of yen	
	2012	2013
<b>Current assets:</b>		
Cash and cash equivalents	¥ 522,078	¥ 493,674
Short-term investments		
Third parties	281,504	31,762
Related parties	90,000	10,000
Accounts receivable		
Third parties	952,795	251,109
Related parties	10,206	9,233
Receivables held for sale	–	638,149
Credit card receivables	189,163	194,607
Other receivables		
Third parties	45,068	32,180
Related parties	1,946	257,669
Total accounts receivable, receivables held for sale, credit card receivables and other receivables	1,199,178	1,382,947
Less: Allowance for doubtful accounts	(23,550)	(16,843)
Total accounts receivable, receivables held for sale, credit card receivables and other receivables, net	1,175,628	1,366,104
Inventories	146,563	180,736
Deferred tax assets	76,858	70,784
Prepaid expenses and other current assets		
Third parties	60,960	74,577
Related parties	4,670	8,865
Total current assets	2,358,261	2,236,502
<b>Property, plant and equipment:</b>		
Wireless telecommunications equipment	5,700,951	5,151,686
Buildings and structures	867,553	882,165
Tools, furniture and fixtures	520,469	532,506
Land	199,802	200,382
Construction in progress	133,068	127,592
Sub-total	7,421,843	6,894,331
Accumulated depreciation and amortization	(4,885,546)	(4,334,047)
Total property, plant and equipment, net	2,536,297	2,560,284
<b>Non-current investments and other assets:</b>		
Investments in affiliates	480,111	352,025
Marketable securities and other investments	128,389	371,569
Intangible assets, net	680,831	691,651
Goodwill	204,890	217,640
Other assets		
Third parties	236,763	302,533
Related parties	18,984	257,606
Deferred tax assets	303,556	239,015
Total non-current investments and other assets	2,053,524	2,432,039
<b>Total assets</b>	<b>¥ 6,948,082</b>	<b>¥ 7,228,825</b>

LIABILITIES AND EQUITY	Millions of yen	
	2012	2013
<b>Current liabilities:</b>		
Current portion of long-term debt	¥ 75,428	¥ 70,437
Short-term borrowings		
Third parties	733	6,801
Related parties	–	5,506
Accounts payable, trade		
Third parties	607,403	565,142
Related parties	131,380	140,582
Accrued payroll	55,917	55,961
Accrued interest	767	713
Accrued income taxes	150,327	135,418
Other current liabilities		
Third parties	130,037	142,346
Related parties	2,011	7,954
Total current liabilities	1,154,003	1,130,860
<b>Long-term liabilities:</b>		
Long-term debt (exclusive of current portion)	180,519	171,022
Accrued liabilities for point programs	173,136	140,855
Liability for employees' retirement benefits	160,107	171,221
Other long-term liabilities		
Third parties	169,459	143,267
Related parties	2,087	1,935
Total long-term liabilities	685,308	628,300
Total liabilities	1,839,311	1,759,160
<b>Equity:</b>		
NTT DOCOMO, INC. shareholders' equity		
Common stock, without a stated value—		
Authorized shares		
188,130,000 shares at March 31, 2012 and 2013		
Issued shares		
43,650,000 shares at March 31, 2012 and 2013		
Outstanding shares		
41,467,601 shares at March 31, 2012 and 2013	949,680	949,680
Additional paid-in capital	732,592	732,609
Retained earnings	3,861,952	4,117,073
Accumulated other comprehensive income (loss)	(104,529)	5,381
Treasury stock		
2,182,399 shares at March 31, 2012 and 2013	(377,168)	(377,168)
Total NTT DOCOMO, INC. shareholders' equity	5,062,527	5,427,575
Noncontrolling interests	46,244	42,090
Total equity	5,108,771	5,469,665
<b>Commitments and contingencies</b>		
<b>Total liabilities and equity</b>	<b>¥6,948,082</b>	<b>¥7,228,825</b>

## Consolidated Statements of Income

NTT DOCOMO, INC. and Subsidiaries  
Years Ended March 31, 2011, 2012 and 2013

Millions of yen

	2011	2012	2013
<b>Operating revenues:</b>			
Mobile communications services			
Third parties	¥ 3,325,349	¥ 3,302,545	¥ 3,147,531
Related parties	29,285	23,948	20,947
Equipment sales			
Third parties	474,506	496,556	754,521
Related parties	2,898	2,333	3,572
Other operating revenues			
Third parties	377,309	396,034	508,609
Related parties	14,926	18,587	34,942
Total operating revenues	4,224,273	4,240,003	4,470,122
<b>Operating expenses:</b>			
Cost of services (exclusive of items shown separately below)			
Third parties	678,666	673,383	782,352
Related parties	217,836	220,560	221,145
Cost of equipment sold (exclusive of items shown separately below)	662,829	695,008	767,536
Depreciation and amortization	693,063	684,783	700,206
Selling, general and administrative			
Third parties	1,012,267	965,816	940,015
Related parties	114,883	125,993	221,688
Total operating expenses	3,379,544	3,365,543	3,632,942
<b>Operating income</b>	844,729	874,460	837,180
<b>Other income (expense):</b>			
Interest expense	(4,943)	(2,774)	(1,786)
Interest income	1,326	1,376	1,587
Other, net	(5,774)	3,896	4,677
Total other income (expense)	(9,391)	2,498	4,478
<b>Income before income taxes and equity in net income (losses) of affiliates</b>	835,338	876,958	841,658
<b>Income taxes:</b>			
Current	355,734	339,866	304,557
Deferred	(17,897)	62,668	33,014
Total income taxes	337,837	402,534	337,571
<b>Income before equity in net income (losses) of affiliates</b>	497,501	474,424	504,087
Equity in net income (losses) of affiliates, net of applicable taxes	(5,508)	(13,472)	(18,767)
<b>Net income</b>	491,993	460,952	485,320
Less: Net (income) loss attributable to noncontrolling interests	(1,508)	2,960	10,313
<b>Net income attributable to NTT DOCOMO, INC.</b>	¥ 490,485	¥ 463,912	¥ 495,633
<b>Per share data:</b>			
Weighted average common shares outstanding—Basic and Diluted (shares)	41,576,859	41,467,601	41,467,601
Basic and Diluted earnings per share attributable to NTT DOCOMO, INC. (yen)	¥ 11,797.07	¥ 11,187.34	¥ 11,952.29



# Consolidated Statements of Comprehensive Income

NTT DOCOMO, INC. and Subsidiaries  
Years Ended March 31, 2011, 2012 and 2013

	Millions of yen		
	2011	2012	2013
<b>Net income</b>	¥491,993	¥460,952	¥485,320
<b>Other comprehensive income (loss):</b>			
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	(12,297)	1,901	69,505
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	7,003	1,994	6,109
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	4	(2)	45
Foreign currency translation adjustment, net of applicable taxes	(28,258)	(32,082)	38,969
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	356	3,084	155
Pension liability adjustment, net of applicable taxes			
Actuarial gains (losses) arising during period, net	(6,367)	(2,746)	(5,169)
Prior service cost arising during period, net	48	(72)	-
Less: Amortization of prior service cost	(1,346)	(1,347)	(1,458)
Less: Amortization of actuarial gains and losses	1,144	1,606	1,805
Less: Amortization of transition obligation	88	76	80
Total other comprehensive income (loss)	(39,625)	(27,588)	110,041
<b>Comprehensive income</b>	452,368	433,364	595,361
Less: Comprehensive (income) loss attributable to noncontrolling interests	(1,459)	2,974	10,182
<b>Comprehensive income attributable to NTT DOCOMO, INC.</b>	¥450,909	¥436,338	¥605,543

# Consolidated Statements of Changes in Equity

NTT DOCOMO, INC. and Subsidiaries  
Years Ended March 31, 2011, 2012 and 2013

Millions of yen

	NTT DOCOMO, INC. shareholders' equity							Total equity
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock at cost	Total NTT DOCOMO, INC. shareholders' equity	Non-controlling interests	
Balance at March 31, 2010	¥949,680	¥757,109	¥3,347,830	¥ (37,379)	¥(381,363)	¥4,635,877	¥ 26,569	¥4,662,446
Purchase of treasury stock					(20,000)	(20,000)		(20,000)
Retirement of treasury stock		(24,195)			24,195	-		-
Cash dividends declared (¥5,200 per share)			(216,350)			(216,350)		(216,350)
Cash distributions to noncontrolling interests							(1,243)	(1,243)
Others							373	373
Comprehensive income								
Net income			490,485			490,485	1,508	491,993
Other comprehensive income (loss)								
Unrealized holding gains (losses) on available-for-sale securities				(5,293)		(5,293)	(1)	(5,294)
Unrealized gains (losses) on cash flow hedges				4		4		4
Foreign currency translation adjustment				(27,854)		(27,854)	(48)	(27,902)
Pension liability adjustment:								
Actuarial gains (losses) arising during period, net				(6,367)		(6,367)		(6,367)
Prior service cost arising during period, net				48		48		48
Less: Amortization of prior service cost				(1,346)		(1,346)		(1,346)
Less: Amortization of actuarial gains and losses				1,144		1,144		1,144
Less: Amortization of transition obligation				88		88		88
Balance at March 31, 2011	¥949,680	¥732,914	¥3,621,965	¥ (76,955)	¥(377,168)	¥4,850,436	¥ 27,158	¥4,877,594
Cash dividends declared (¥5,400 per share)			(223,925)			(223,925)		(223,925)
Cash distributions to noncontrolling interests							(1,280)	(1,280)
Acquisition of new subsidiaries							1,746	1,746
Contributions from noncontrolling interests		(322)				(322)	21,655	21,333
Others							(61)	(61)
Comprehensive income								
Net income			463,912			463,912	(2,960)	460,952
Other comprehensive income (loss)								
Unrealized holding gains (losses) on available-for-sale securities				3,895		3,895	(0)	3,895
Unrealized gains (losses) on cash flow hedges				(2)		(2)		(2)
Foreign currency translation adjustment				(28,984)		(28,984)	(14)	(28,998)
Pension liability adjustment:								
Actuarial gains (losses) arising during period, net				(2,746)		(2,746)	0	(2,746)
Prior service cost arising during period, net				(72)		(72)		(72)
Less: Amortization of prior service cost				(1,347)		(1,347)		(1,347)
Less: Amortization of actuarial gains and losses				1,606		1,606		1,606
Less: Amortization of transition obligation				76		76		76
Balance at March 31, 2012	¥949,680	¥732,592	¥3,861,952	¥(104,529)	¥(377,168)	¥5,062,527	¥ 46,244	¥5,108,771
Cash dividends declared (¥5,800 per share)			(240,512)			(240,512)		(240,512)
Cash distributions to noncontrolling interests							(4)	(4)
Acquisition of new subsidiaries							6,957	6,957
Change in interest in subsidiaries		17				17	(1,045)	(1,028)
Others							120	120
Comprehensive income								
Net income			495,633			495,633	(10,313)	485,320
Other comprehensive income (loss)								
Unrealized holding gains (losses) on available-for-sale securities				75,611		75,611	3	75,614
Unrealized gains (losses) on cash flow hedges				45		45		45
Foreign currency translation adjustment				38,994		38,994	130	39,124
Pension liability adjustment:								
Actuarial gains (losses) arising during period, net				(5,167)		(5,167)	(2)	(5,169)
Less: Amortization of prior service cost				(1,458)		(1,458)		(1,458)
Less: Amortization of actuarial gains and losses				1,805		1,805		1,805
Less: Amortization of transition obligation				80		80		80
Balance at March 31, 2013	¥949,680	¥732,609	¥4,117,073	¥ 5,381	¥(377,168)	¥5,427,575	¥ 42,090	¥5,469,665

# Consolidated Statements of Cash Flows

NTT DOCOMO, INC. and Subsidiaries  
Years Ended March 31, 2011, 2012 and 2013

	Millions of yen		
	2011	2012	2013
<b>Cash flows from operating activities:</b>			
Net income	¥ 491,993	¥ 460,952	¥ 485,320
Adjustments to reconcile net income to net cash provided by operating activities—			
Depreciation and amortization	693,063	684,783	700,206
Deferred taxes	(22,563)	52,176	20,602
Loss on sale or disposal of property, plant and equipment	27,936	24,055	31,878
Impairment loss on marketable securities and other investments	13,424	4,030	10,928
Equity in net (income) losses of affiliates	10,539	24,208	30,710
Dividends from affiliates	12,757	12,052	7,583
Changes in assets and liabilities:			
(Increase) / decrease in accounts receivable	75,200	(198,538)	706,742
(Increase) / decrease in receivables held for sale	—	—	(638,149)
(Increase) / decrease in credit card receivables	(19,746)	(14,584)	(8,646)
(Increase) / decrease in other receivables	(1,650)	2,359	(229,252)
Increase / (decrease) in allowance for doubtful accounts	2,469	5,388	(7,024)
(Increase) / decrease in inventories	(5,217)	245	(22,375)
(Increase) / decrease in prepaid expenses and other current assets	(1,103)	(2,021)	(12,564)
(Increase) / decrease in non-current installment receivable for handsets	7,029	(12,809)	88,075
(Increase) / decrease in non-current receivables held for sale	—	—	(149,972)
Increase / (decrease) in accounts payable, trade	(30,988)	94,747	(39,377)
Increase / (decrease) in accrued income taxes	(23,805)	(11,751)	(15,844)
Increase / (decrease) in other current liabilities	(14,464)	7,361	10,805
Increase / (decrease) in accrued liabilities for point programs	47,959	(26,451)	(32,281)
Increase / (decrease) in liability for employees' retirement benefits	14,203	7,095	9,539
Increase / (decrease) in other long-term liabilities	(8,791)	(12,296)	(34,215)
Other, net	18,792	9,558	19,716
Net cash provided by operating activities	1,287,037	1,110,559	932,405
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment	(423,119)	(480,416)	(535,999)
Purchases of intangible and other assets	(250,757)	(237,070)	(242,918)
Purchases of non-current investments	(11,746)	(35,582)	(7,444)
Proceeds from sale of non-current investments	3,946	2,540	1,731
Acquisitions of subsidiaries, net of cash acquired	(7,678)	(3,624)	(17,886)
Purchases of short-term investments	(745,602)	(1,164,203)	(665,223)
Redemption of short-term investments	917,492	1,023,698	915,105
Long-term bailment for consumption to a related party	(20,000)	—	(240,000)
Short-term bailment for consumption to a related party	(20,000)	(80,000)	—
Proceeds from redemption of short-term bailment for consumption to a related party	110,000	—	90,000
Other, net	(7,906)	72	700
Net cash used in investing activities	(455,370)	(974,585)	(701,934)
<b>Cash flows from financing activities:</b>			
Proceeds from long-term debt	—	—	60,000
Repayment of long-term debt	(180,075)	(171,879)	(82,181)
Proceeds from short-term borrowings	717	4,991	20,750
Repayment of short-term borrowings	(488)	(4,467)	(15,599)
Principal payments under capital lease obligations	(4,597)	(4,380)	(2,801)
Payments to acquire treasury stock	(20,000)	—	—
Dividends paid	(216,283)	(223,865)	(240,388)
Contributions from noncontrolling interests	—	21,333	2,349
Other, net	(1,243)	(349)	(3,097)
Net cash provided by (used in) financing activities	(421,969)	(378,616)	(260,967)
Effect of exchange rate changes on cash and cash equivalents	(1,862)	(831)	2,092
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>407,836</b>	<b>(243,473)</b>	<b>(28,404)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>357,715</b>	<b>765,551</b>	<b>522,078</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 765,551</b>	<b>¥ 522,078</b>	<b>¥ 493,674</b>
<b>Supplemental disclosures of cash flow information:</b>			
<b>Cash received during the year for:</b>			
Income tax refunds	¥ 301	¥ 251	¥ 1,017
<b>Cash paid during the year for:</b>			
Interest, net of amount capitalized	5,023	2,922	1,840
Income taxes	378,998	351,964	321,453
<b>Non-cash investing and financing activities:</b>			
Assets acquired through capital lease obligations	5,631	2,036	1,931
Retirement of treasury stock	24,195	—	—

## Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

NTT DOCOMO, INC. and Subsidiaries

### EBITDA and EBITDA Margin

Year ended March 31,	Billions of yen				
	2009	2010	2011	2012	2013
<b>a. EBITDA<sup>1</sup></b>	¥1,678.4	¥1,568.1	¥1,565.7	¥1,583.3	¥1,569.3
Depreciation and amortization	(804.2)	(701.1)	(693.1)	(684.8)	(700.2)
Loss on sale or disposal of property, plant and equipment	(43.3)	(32.7)	(27.9)	(24.1)	(31.9)
Operating income	831.0	834.2	844.7	874.5	837.2
Other income (expense)	(50.5)	1.9	(9.4)	2.5	4.5
Income taxes	(308.4)	(338.2)	(337.8)	(402.5)	(337.6)
Equity in net income (losses) of affiliates, net of applicable taxes	(0.7)	(0.9)	(5.5)	(13.5)	(18.8)
Less: Net (income) loss attributable to noncontrolling interests	0.5	(2.3)	(1.5)	3.0	10.3
<b>b. Net income attributable to NTT DOCOMO, INC.</b>	<b>471.9</b>	<b>494.8</b>	<b>490.5</b>	<b>463.9</b>	<b>495.6</b>
<b>c. Operating revenues</b>	<b>4,448.0</b>	<b>4,284.4</b>	<b>4,224.3</b>	<b>4,240.0</b>	<b>4,470.1</b>
<b>EBITDA margin (=a/c)</b>	<b>37.7%</b>	<b>36.6%</b>	<b>37.1%</b>	<b>37.3%</b>	<b>35.1%</b>
<b>Net income margin (=b/c)</b>	<b>10.6%</b>	<b>11.5%</b>	<b>11.6%</b>	<b>10.9%</b>	<b>11.1%</b>

1. EBITDA: Operating income + Depreciation and amortization + Loss on sale or disposal of property, plant and equipment

Note: EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10 (e) of regulation S-K and may not be comparable to similarly titled measures used by other companies.

### Adjusted Free Cash Flows (excluding irregular factors, effect of transfer of receivables and changes in investments for cash management purposes)

Year ended March 31,	Billions of yen				
	2009	2010	2011	2012	2013
<b>Adjusted free cash flows (excluding irregular factors, effect of transfer of receivables and changes in investments for cash management purposes)</b>	¥ 93.4	¥ 416.9	¥ 589.8	¥ 503.5	¥ 225.6
Irregular factors <sup>2</sup>	–	–	–	(147.0)	147.0
Effect of transfer of receivables <sup>3</sup>	–	–	–	–	(242.0)
Changes in investments for cash management purposes <sup>4</sup>	49.3	(398.0)	241.9	(220.5)	99.9
Free cash flows	142.7	18.9	831.7	136.0	230.5
Net cash used in investing activities	(1,031.0)	(1,163.9)	(455.4)	(974.6)	(701.9)
Net cash provided by operating activities	1,173.7	1,182.8	1,287.0	1,110.6	932.4

2. Irregular factors represent the effects of uncollected revenues due to a bank closure at the end of periods.

3. Effect of transfer of receivables represents the effect caused by the uncollected amounts of transferred receivables of telephone charges to NTT FINANCE CORPORATION. Since the payment conditions of the consideration of claims transferred to NTT FINANCE CORPORATION are set approximately equivalent to our cash collection cycle history, an impact derived from the transfer of receivables is not significant.

4. Changes in investments for cash management purposes were derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

## Corporate Data

# Corporate Information

As of March 31, 2013

### Company Name

NTT DOCOMO, INC.

### Address

Head Office:  
11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo 100-6150, Japan  
Tel: +81-3-5156-1111

### Date of Establishment

August 1991

### Capital

¥949,679,500,000

### Fiscal Year-End

March 31

### Number of Employees (Consolidated)

23,890

### Corporate Website

<http://www.nttdocomo.co.jp/english/>

### IR Information

<http://www.nttdocomo.co.jp/english/corporate/ir/>

### Independent Registered Public Accounting Firm

KPMG AZSA LLC (the Japan member firm of KPMG International)

## Stock Information

As of March 31, 2013

### Stock Listings

Tokyo Stock Exchange, First Section listed October 1998  
(Securities code: 9437)

New York Stock Exchange listed March 2002  
(Ticker symbol: DCM)

London Stock Exchange listed March 2002  
(Ticker symbol: NDCM)

### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation,  
Corporate Agency Department  
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan  
Tel: +81-3-3212-1211

### Depository for American Depositary Receipts ("ADRs")

The Bank of New York Mellon Corporation  
101 Barclay Street, New York, NY 10286, U.S.A.  
U.S. Callers: (888) BNY ADRS  
Non-U.S. Callers: +1-201-680-6825

### Number of Shares

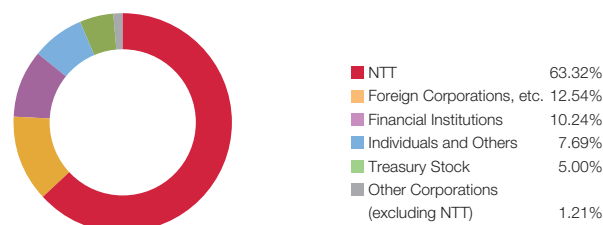
Total Number of Authorized Shares: 188,130,000

Total Number of Issued Shares: 43,650,000

### Number of Shareholders

349,281

### Distribution of Ownership among Shareholders



\* The figures are based on the list of shareholders as of March 31, 2013.

### Principal Shareholders

	Number of Shares Held	Percentage of Total Issued Shares (%)
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	27,640,000	63.32
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	761,871	1.75
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	712,226	1.63
SSBT OD05 OMNIBUS ACCOUNT—TREATY CLIENTS	336,444	0.77
STATE STREET BANK AND TRUST COMPANY	217,579	0.50
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	216,577	0.50
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 9)	211,547	0.48
STATE STREET BANK AND TRUST COMPANY 505225	167,313	0.38
BARCLAYS CAPITAL INC.	159,000	0.36
SIX SIS Ltd	151,227	0.35
Total	30,573,784	70.04

\* The Company's holding of treasury stock (2,182,399 shares equivalent to 5.00% of the total number of issued shares) is not included in the above.

### IR Contact

NTT DOCOMO, INC. IR Department  
11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo 100-6150, Japan  
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