

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)

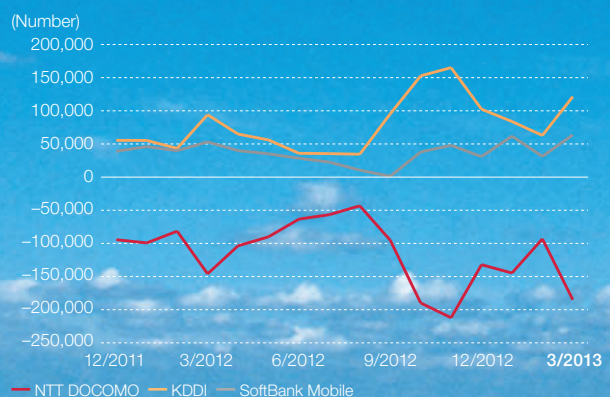
MNP is a system that enables mobile phone users to change their mobile communications carrier while keeping the same telephone number. MNP data is an important indicator in estimating the level of customer satisfaction with a carrier's services and brand.

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



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

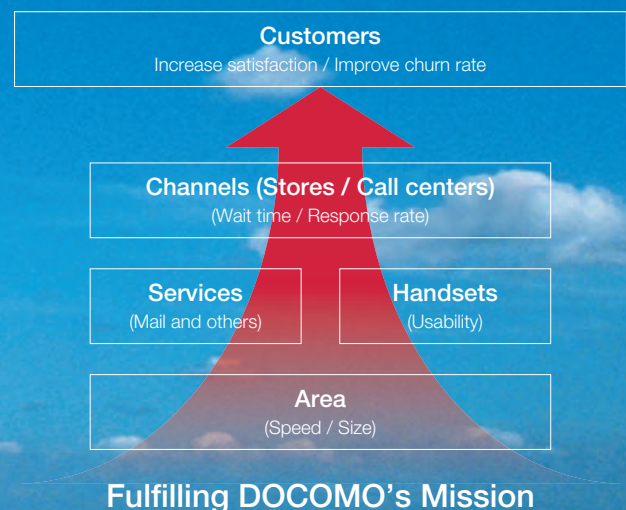
in the basic elements of our business. However, the occurrence of service interruptions in fiscal 2011 became an opportunity for us to return to the fundamentals and address the issue of how we are fulfilling our responsibilities as a provider of mobile communications services. We took steps to confirm 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.

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.





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

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.

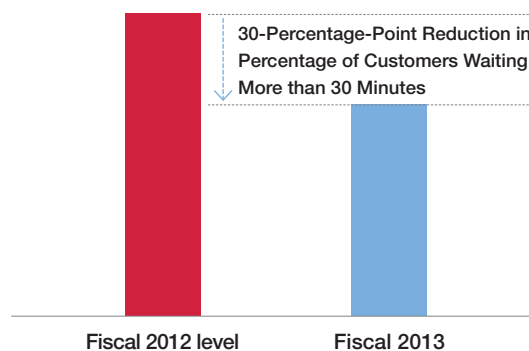
We are also working to offer means of issue resolution that meet the needs of customers who would prefer to use the Internet. To that end, we are bolstering promotions and taking other steps to encourage the use of channels other than shops, principally online services.

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.

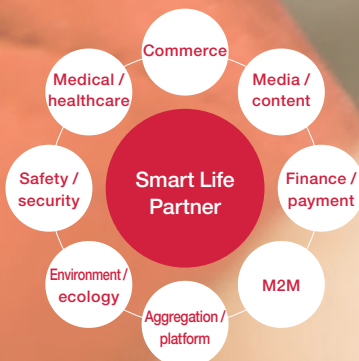
This Smart Life refers to lifestyles that create value for each individual, such as convenience, peace of mind, safety, and fun. To realize this type of value, DOCOMO does not stop at the provision of mobile communications services. Rather, as a service provider, we are advancing our business through 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

Advising
Offer proper support based on professional knowledge

Matching
Propose products / services that match customers' tastes and preferences



Monitoring
Enable monitoring of daily activities anytime / anywhere to ensure peace of mind

Planning
Arrange plans for smooth and hassle-free realization of customer requirements

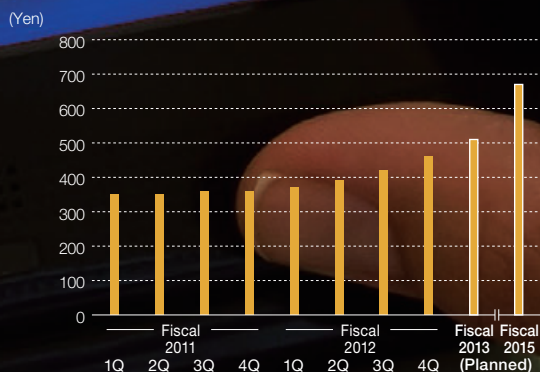
Evolution of communications brought about by mobile phones

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



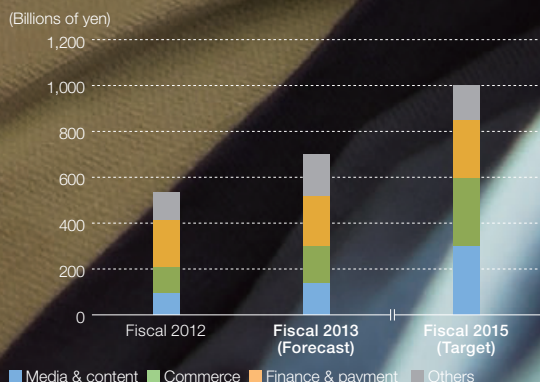
Aiming for Revenue of ¥1 Trillion in New Fields

We are developing new businesses in eight fields that are closely related to communications, such as media & content, commerce, and finance & payment. 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





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.”

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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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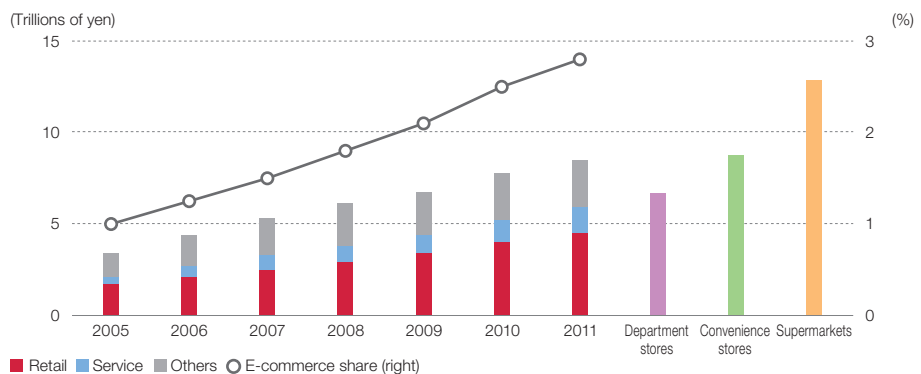
Mobile communications have become one of the most integral elements of people's daily lives, and we were convinced that shopping, which is something that consumers do every day, was closely related to mobile communications. The market for daily items and other goods is huge, and in comparison to that 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.

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

