To achieve growth, DOCOMO faces three key challenges: increasing the number of subscriptions, raising ARPU, and expanding new business areas. To effectively implement its growth strategy, DOCOMO must tackle these three challenges simultaneously. The initiatives that we are implementing to address these challenges are closely related and interdependent. Progress with one initiative could be a precondition for the progress of another, or the concurrent progress of two initiatives could lead to dramatically improved results. By approaching these challenges from multiple directions, we will augment the impact of our growth strategy.

DOCOMO is aiming to generate added value and to realize growth by tackling these three issues at multiple levels on a Company-wide basis.

Customer Base

Well-Grounded Strategy

This section outlines the 14 initiatives that target the three key challenges: increasing the number of subscriptions, raising ARPU, and expanding new business areas. The purpose and progress of each initiative are described, and detailed explanations of the mutual relationships among the various initiatives are provided. Overall, this section illustrates how DOCOMO's growth strategy is well grounded.

One reason why we are confident that our growth strategy is well grounded is that it makes full use of the management capital that we have accumulated. In addition to the 14 growth initiatives, this section also introduces 6 types of management capital that will be indispensable inputs to the realization of our growth strategy. Also, the section provides an overview to corporate governance, internal control, information management, and risk management, which make up the management foundation for our business activities.

Human Resource



Networks

To establish a communications environment that enables the convenient, smooth use of the cloud services and rich content that help consumers to realize a Smart Life, DOCOMO is accelerating the expansion of the LTE *Xi* network.

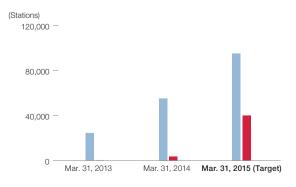
Keitaro Mori

Manager, Radio Access Network Engineering Department

POINT	For DOCOMO to secure new customers and raise the satisfaction of existing customers in the face of competition from other mobile communications companies, it is essential that its communications network offers coverage, speed, and smooth connections.
POINT 2	Advanced communications technologies and facilities are one of DOCOMO's core competencies, and combined with the know-how that makes possible efficient, stable network usage, they are the wellspring of DOCOMO's competitive strength.

Accompanying the uptake of smartphones and other mobile communications devices, the use of video, high-resolution graphics, and cloud services is expanding. As a result, the field of mobile communications is seeing a rapid increase in data traffic. To ensure that customers can use mobile communications devices without any stress, it is highly important to establish an environment in which large volumes of data can be sent and received without delay. According to Keitaro Mori, who works in network engineering, "It is important to enable customers to do ordinary things in an ordinary way and to use their mobile devices without even being aware of the network environment. The network is the foundation of the many services offered by DOCOMO, but at the same time, as the point where 'connectivity' is realized, I think it is also a direct customer touchpoint." In October 2013, DOCOMO began to use quadband technology in the LTE *Xi* service. Quadband refers to the use of four frequency bands in the provision of mobile communications services. Previously, DOCOMO provided scope and convenience through two bands, 2GHz and 800MHz, and convenience and speed through the 1.5GHz band. Now, in Tokyo, Nagoya, and Osaka, we have started using the 1.7GHz band to realize greater convenience and speed. In this way, the LTE frequency bands in three areas have more than doubled, and we realized services using the world's fastest maximum downlink transmission speed*, of 150 Mbps.

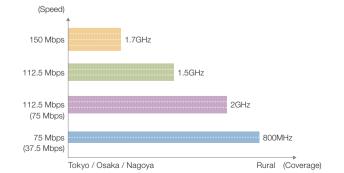
* As of October 2013



Number of LTE Base Stations

Number of LTE base stations compatible with a downlink transmission speed of 100 Mbps or higher

Spectrum Allocation for DOCOMO's "Quad" LTE



Number of LTE base stations

Combining Technology and Know-How to Support Network Enhancement

Mori emphasizes, "LTE network enhancement is one of the areas in which DOCOMO can best demonstrate its competitive advantage, and we are working with a strong sense of mission." This network enhancement is supported by quadband technology and base stations, of which DOCOMO had 55,300 as of the end of March 2014. Currently, DOCOMO is rapidly ramping up construction to add a further 40,000 base stations during fiscal 2014 (see page 39). However, Mori points out that DOCOMO's initiatives for network enhancement are not limited to facilities. "Of course, the frequency bands and base stations are important, but creating an environment that actually provides connections requires the ability to integrate all of the various technologies, such as allocating sectors, tuning to control mutual interference of radio signals, and adjusting antenna directions."

Sector splitting is a technique to add more sectors by using several sector antennas at the base station. This technique allows increased speed and better call connectivity. To achieve those objectives, DOCOMO creates three or six sectors from one base station. According to Mori, "It is the know-how accumulated over many years on the front lines that enables us to enhance our performance by making full use of radio frequencies, which are a limited resource, and the facilities that showcase our advanced technical development capabilities. I believe that both technology and know-how are required to provide good service.

"Another one of our jobs in the Radio Access Network Engineering Department is to build a framework for cooperation among network engineers nationwide, so that we can all share the know-how that we have cultivated." The technologies and know-how accumulated in this way are also used in the roll out of VoLTE¹, which makes possible voice calls over the LTE network, and in achieving higher speeds and larger capacity through the introduction of LTE-Advanced², an enhanced version of LTE *Xi*.

Mori explains that the secret to network engineering is "steadily acquiring know-how through a continued process of daily trial and error. We will need to expand our viewpoint beyond networks and take the initiative while considering future services, so that customers will say they are glad they picked DOCOMO."

- 1 VoLTE (Voice over LTE): Technology for enabling voice calls over the LTE network. In comparison with voice calls over the conventional 3G network, VoLTE offers superior voice quality and low latency. Because VoLTE uses the LTE network to provide voice services, it also increases the efficiency of frequency usage compared with the 3G network.
- 2 LTE-Advanced: A new technology that facilitates higher speed and larger capacity while maintaining compatibility with LTE. DOCOMO plans to begin service in fiscal 2014 at up to 225 Mbps.



Maintaining the network to ensure a smooth communications environment Communications networks are like living things in that they change each day under the influence of many factors, such as the customers who use mobile phones, the weather, and nearby buildings. To earn the trust of customers, DOCOMO will continue to maintain the network environment that is the foundation of the diverse services that the Company provides.

Handsets

We are expanding the breadth of choices for customers by offering both Android handsets and iOS handsets, and at the same time we are providing original DOCOMO services that are available on either type of handset.

POINT	We succeeded in attracting younger customers with the introduction of the iPhone. The iPhone contributed to our net additions and also afforded us further opportunities to promote our services in new business areas.
^{роінт} 2	For the market overall, growth in unit sales of smartphones was sluggish. Nonetheless, through synergies with billing plans, we are facilitating the transition to smartphones and increasing demand for second devices.

With the addition of the iPhone 5s and 5c in September 2013, DOCOMO began to offer a lineup featuring both Android and iOS models. Due to the introduction of the iPhone, we recorded improvement in net additions and MNP port-outs (see page 60), and, through combinations of the iPhone and a basic charge discount service for students, we recorded growth in MNP portins, especially among younger customers between 10 and 30 years old. In comparison with other age groups, younger customers make greater use of rich content, such as video and music, and services, including *dmarket*. Consequently, the introduction of new handsets is expected to increase net additions and to support growth in new business areas in the years ahead. In addition, the ability to introduce a framework for the provision of docomo mail and other DOCOMO services on both Android and iOS handsets is one of the keys to success for the Company's handset strategy.

In fiscal 2014, DOCOMO's summer lineup included 12 models, a reduction of about 30% from the spring / summer model lineup in fiscal 2013. In addition, we launched DOCOMO Select, a new brand of mobile phone accessories and peripheral equipment that we recommend with confidence. Smartphones are being adopted by all age groups, from children to senior citizens. Accordingly, we are working to attain a balance between achieving efficiency and enabling customers to enjoy the process of selecting a phone. To that end, we are working to offer a range of handsets that appeal to customers in all age groups while simultaneously limiting the handset variations to an appropriate number. With the overall market recording sluggish unit sales of smartphones, in fiscal 2014 DOCOMO is working to foster demand for second devices by focusing on combinations of new billing plans (see page 25) and new handsets.



DOCOMO Select offers optional equipment and original items designed by the Company, and these products can be purchased with *docomo Points*. Sales started in conjunction with the introduction of the 2014 summer handset models.



2014 summer handset models

Sales Channels

DOCOMO shops provide more than just faceto-face sales and after-sales service. They also serve as the driving force behind the formation of DOCOMO's brand image, that "DOCOMO can be trusted."

Communications networks, handsets, and services are the components of mobile communications, and competition with other companies in these areas is intensifying. In this environment, we will continue to strengthen the customer service capabilities of DOCOMO shops, which have a significant influence on customer satisfaction.

By enhancing online service and using tablets to provide service guidance, DOCOMO is working to appropriately control customer service times, which have been increasing.

DOCOMO shops provide face-to-face service to customers nationwide, and as of the end of March 2014 there were about 2,400 DOCOMO shops with about 37,000 staff members serving customers throughout Japan. Each staff member works as the "face of DOCOMO" and handles a variety of tasks, including new subscriptions, model changes, usage guidance, and problem resolution. In addition, shop staff introduce services and support the use of application in accordance with customer needs, thereby making a substantial contribution to our marketing initiatives.

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As a result of ongoing efforts to enhance customer service, in a survey conducted by a third party (see page 61), the shop staff received high marks for politeness and attitude. Moreover, DOCOMO shops were awarded first place in the customer service category at the Nikkei Research Awards—Japan Shop Awards 2014, which were sponsored by Nikkei Research Inc. These evaluations are directly linked to achieving differentiation from competitors and to increasing customer satisfaction. In addition, they ultimately contribute to customers developing a sense of trust and peace of mind about the DOCOMO brand (see page 36).

Further, we are using tablets to provide service guidance in shops, working to promote the effective use of online shops, taking steps to sustain and improve the level of call center service, and enhancing remote support services (see page 24). In these ways, we are working to reduce waiting time in our shops, which has been rising due to the growing use of smartphones.



Customer service contest among DOCOMO shop staff To enhance customer service skills, once a year DOCOMO shop staff participate in a nationwide customer service contest.

Nikkei Research Awards – Japan Shop Awards 2014 In January and February 2014, Nikkei

Research Inc., conducted a survey of 360 brands of stores and restaurants in the retail and restaurant industries. Nikkei Research measured consumer attitudes toward visit-



ing the store or restaurant, gaining a time consumption premium, making a purchase at the store or dining at the restaurant, and recommending the store or restaurant. In addition to the overall evaluation, stores and restaurants were evaluated in terms of value drivers that create appeal, such as the tangible aspects of stores themselves and the intangible aspects of the store's atmosphere and customer service. DOCOMO shops were ranked highly in the category of customer service and received an award.

Loyalty

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We are working to foster loyalty to DOCOMO by providing services that enable long-term customers to directly experience the feeling that "DOCOMO can be trusted." These efforts make a contribution to reducing the churn rate and expanding our customer base.



By offering billing plans and services that can be used with greater peace of mind for long periods of time, we are increasing satisfaction among existing customers and stabilizing our customer base.

Marie Wakabayashi (left)

Sachiko Ishizuka (right) Strategic Marketing Department

Assistant Manager, Remote Access Service Center.

DOCOMO Support Inc.

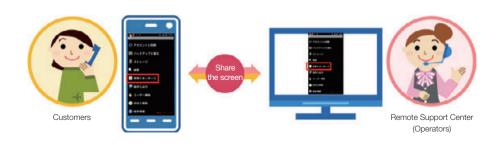
By offering a rich lineup of services, we are increasing trust in the DOCOMO brand and at the same time encouraging transition from feature phones to smartphones.

The mobile communications services market is in the midst of a transition from a growth phase to a mature phase, and in this environment DOCOMO has clearly spelled out its focus on the retention of long-term users. Specifically, we are providing services targeting long-term users, such as special benefits in billing plans (see opposite page). In this way, we are working to increase the satisfaction of existing customers, centered on members of the DOCOMO Premier Club³.

Sachiko Ishizuka recalls, "Smartphone Remote Support was developed to provide help in the transition to smartphones for customers who are concerned because they think it would be difficult to operate a smartphone and that a feature phone is good enough." Detailed services that help to expand the smartphone user base have been well received by customers in a wide range of age groups, wider than DOCOMO initially expected. "In providing this service, the employee operates the customer's smartphone or tablet remotely while confirming the situation. We can address the individual needs of each customer, helping them when they are not sure what to do or when they only know that there is some type of problem. That's why the service has been well received." As a result, the number of subscribers reached 5 million in only 1 year and 9 months after the service was launched in March 2012.

"Customers who are quite concerned when they initially contact support, saying 'I don't understand' or 'It stopped working,' are truly relieved when they receive support and their problem is resolved. When that happens, I have a real sense of satisfaction," said Marie Wakabayashi, who works as an assistant manager at a remote support center. She adds, "Now our challenge is to further expand the service skills of our staff. I would like to contribute further to raising customer satisfaction by offering assistance that extends beyond problem resolution."

3 DOCOMO Premier Club: A free membership service for subscribers through which they can receive a variety of benefits, such as *docomo Points* received in accordance with usage times and amounts. As of the end of March 2014, there were more than 60 million members.



Smartphone Remote Support

To enable customers to have their problems resolved by an operator, we added functions to *Smartphone Remote Support* that were not originally available. Recently, there has been an increase in the number of inquiries from women in their 30s and 40s who want to make greater use of the capabilities of their mobile phones.

Billing Plans

Rather than focusing on short-term subscription gains, we strive to bolster revenues and profits over the medium-to-long term by offering billing plans that customers will select and then continue to use.

By providing billing plans that clearly offer special benefits to long-term users, we are reducing the churn rate and breaking new ground in the competition in MNP.

We are stabilizing our customer base with plans that prioritize ease of use, such as flat-rate monthly plans for domestic voice calls, including calls to fixed-line telephones and mobile phones provided by other carriers.

On June 1, 2014, DOCOMO introduced a new billing plan that fundamentally reformed the conventional billing plan system. The new plan has four key elements: data quotas that can be shared among family members or multiple handsets; flat-rate monthly plans for domestic voice calls; special benefits for longterm, continuous customers; and discounts for customers aged 25 or younger. The new plan addresses changes in the way customers are now using their devices, such as higher data communications usage due to the uptake of smartphones and tablets, increased needs for inexpensive voice calls through VOIP⁴, and the use of multiple devices. DOCOMO's new billing plan is an innovative initiative that changes the foundation of the mobile communications business. In addition, the new plan also addresses feedback from customers, such as "I would like to receive benefits for using DOCOMO for a long time," "I want free voice calls, like there are with FOMA⁵," and "I want to use multiple handsets efficiently."

4 ¥

POINT

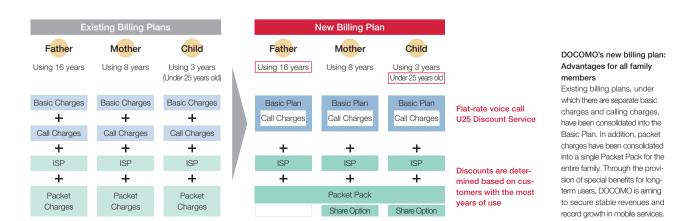
1

POINT

2

Scrambling to get customers via MNP by offering cashback incentives is a practice that will only harm the sound growth of the market. DOCOMO's new billing plan emphasizes the merits of long-term usage, which will reduce the churn rate. In addition, DOCOMO intends to foster growth in packet communications by encouraging existing customers to migrate to smartphones and use multiple devices. Families have traditionally been one of our strengths, and with the new plan, which offers special benefits to younger customers in addition to families, we are working to increase even further the retention of these customers. The new plan began to draw a high level of interest as soon as it was announced in April 2014, and within 10 days of its launch on June 1, the number of subscriptions had reached 3 million.

- 4 VOIP (Voice over Internet Protocol): Voice calls using the Internet. Examples are the voice call services of Skype and LINE.
- 5 FOMA: DOCOMO's third-generation mobile phone service. FOMA is an acronym for Freedom of Mobile multimedia Access.



dmarket

Targeting ¥100.0 billion in revenues from *dmarket* in fiscal 2015, DOCOMO is taking steps to develop content that matches customer tastes and lifestyles and to offer more convenient services that customers can readily use every day.

POINT	DOCOMO is striving to provide "breadth" by expanding the number of stores and "depth" by increasing the number of content offerings and products.
^{POINT}	As a leader in broadening DOCOMO's customer base, we are working to assemble appealing, easy-to-use services and offer them not only to customers who have a DOCOMO communications subscription but also to other users.

Kunihiro Ito recalls, "When we first began to offer the *dmarket* service, we emphasized that it is convenient because it is easy to access, easy to pay the usage charges, and there is no need to register as a member. Our primary target customers were light users who did not use the Internet very often. However, in fiscal 2013 we recorded growth not only in the number of users but also in the average amount spent per customer." Ito, who worked on formulating the strategy for *dmarket*, a content market site for services offered by DOCOMO, is confident about the progress that has been made toward realizing the goal of ¥100.0 billion in revenues from *dmarket* in fiscal 2015. "I think our progress to date is the result of our focus on 'breadth and depth' from the perspective of making it easy to use *dmarket* on a daily basis."

To further increase breadth, additional new stores were launched in fiscal 2013—*dfashion, dtravel, dcreators,* and *dkids. dtravel,* for example, is a comprehensive travel support service that enables users to make hotel reservations and other travel plans and to gather information necessary for their trips. *dtravel* leverages the special characteristics of mobile communications, enabling users to obtain information about tourist spots and dining and update their travel plans, even at their destination. In fiscal 2014, we launched *ddelivery* and *dmagazine. ddelivery* is a delivery service for food and meals that offers a vast lineup, from pizza to sushi, with 9,500 participating restaurants and shops. *dmagazine,* which offers unlimited reading of about 80 magazines for ¥400 per month.



Addition of New dmarket Stores



Kunihiro Ito

Manager, Online Marketplace Department

Ito explains, "An increase in the number of stores gives rise to synergies, with one service fostering the use of other services."

Depth involves more than just increases in the number of content offerings and products. The *dmarket* team is also working to heighten the convenience of existing stores in order to meet the needs of repeat customers. For example, with *dvideo* high-definition content is now available, and with *danime* the download speed has been increased by cutting the file size in half while maintaining the same picture quality.

Up to this point, marketing has been implemented through easy access from the smartphone home screen, where an icon is placed, and through DOCOMO shops and other retailers. However, Ito anticipates new developments, "Moving forward, based on the concept of carrier-free services (see page 30), as we expand the range of DOCOMO members to include customers who do not have a DOCOMO communications subscription, we are also taking other steps, such as implementing aggressive marketing activities and strengthening personalized functions."



dtravel comprehensive travel service

In addition to lodging reservations, *dtravel* also offers abundant tourism and dining information. It can be used on a carrier-free basis and it supports customers in trip planning as well as during travel.



Support for activities at travel destinations

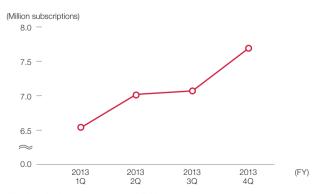
dmarket is collaborating with map navigation and online travel guidebook applications, which are useful services when customers are visiting a location for the first time or searching for a nearby store or facility.

In this way, DOCOMO provides support for activities at travel destinations by leveraging the distinctive characteristics of smartphones to help customers create and change travel plans and to provide navigation assistance.

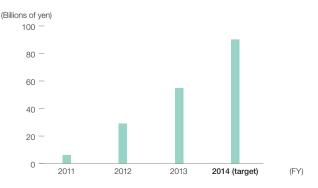


dmagazine launched

dmagazine enables unlimited reading of about 80 of the latest, most popular domestic magazines for a flat monthly rate. The magazines are organized and displayed in 14 genres. A distinctive feature of *dmagazine* is that when a user selects a genre in which they are interested, an original screen is created to recommend multiple magazines side by side.



Total dmarket Transaction Amount



* Number of subscriptions to monthly billable services

dmarket Subscriptions*

Finance / Payment

By incorporating everyday payments into its services, DOCOMO will advance the convergence of the Smart Life of customers and the Company's services.

1 POINT 2

POINT

For customers who use DOCOMO's services, the Company emphasizes the convenience of two services -iD and DCMX – and strives to increase the number of customers using them.

DOCOMO will strengthen its relationships with customers by offering them financial services and *docomo Point* services. These initiatives will contribute to expanded service usage.

For DOCOMO's growth strategy—contributing to the realization of a Smart Life through mobile communications services the provision of services in the field of finance / payment, which touches every aspect of people's lives, is extremely important. DOCOMO's initiatives to expand its finance / payment services will center on two key services: *iD*, an electronic money system, principally for mobile communications devices, and *DCMX*, a credit card.

In marketing, DOCOMO has positioned its 63 million communications services subscribers as potential customers for *iD* and *DCMX*. On that basis, the Company is stepping up its promotions by leveraging the strengths of the DOCOMO shops as a face-to-face sales channel (see page 23). As of the end of fiscal 2013, *iD* had 20.23 million members and *DCMX* had 15.57 million*. Moving ahead, DOCOMO is taking steps to increase the number of subscribers to these services by enhancing convenience. Through a tie-up with MasterCard, the Company provides *iD/PayPass* functions, and through a



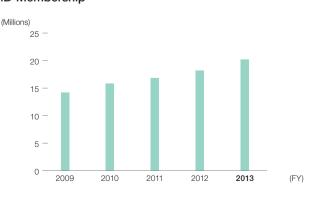
DCMX exclusively for use with *iD*, customers can use *iD* even if their mobile phones are not compatible with the *Osaifu-Keitai* mobile wallet.

In addition, we are leveraging synergies through tie-ups among the *DCMX* and *iD* payment services, the provision of DOCOMO services and products through *dmarket* and other means, and *docomo Points*, which are easy to earn and to use. For example, through *dmarket* we are offering a variety of promotions and services to encourage people to become *DCMX* members. In this way, we can establish a cycle in which more customers are able to utilize services with enhanced safety and peace of mind, and through this cycle we will make a significant contribution to the realization of a Smart Life.

In the future, we will maintain a focus on customer needs as we plan and develop more convenient point frameworks and services and take steps to expand the potential uses of our financial services.

* Number of DCMX and DCMXmini members

iD Membership



Safety / Security

DOCOMO is developing new sources of revenues by moving beyond convenience in mobile communications services to meet needs for higher levels of security.

POINT 1 POINT 2

As mobile communications services become increasingly diverse, there are growing needs for more advanced security. The provision of services that are convenient and can be used with peace of mind will increase customer trust in the DOCOMO brand.

DOCOMO will advance into insurance services that will commercialize needs related to safety and security, and the Company will also pursue synergies with *dmarket* and healthcare-related services.

With mobile communications services expanding and Smart Life becoming a reality, customer needs for safety and security are increasing. The chief reason is the wide range of consumer concerns regarding mobile communications, such as the release of personal information on the Internet, unexpected increases in communications expenses, the viewing of dangerous sites by children, and the loss of mobile devices that contain large amounts of personal information. By addressing these concerns and providing higher levels of security, the Company will increase customer trust in the DOCOMO brand.

For example, the monthly billable service known as *Peace-of-mind Pack* provides comprehensive coverage of the types of concerns outlined above. This economical package combines three services: a service that provides compensation if a

mobile device is damaged, such as by water, or lost; a security service that implements virus and phishing countermeasures; and the *Smartphone Remote Support* service (see page 24), which provides support for smartphone operation and settings. As of the end of March 2014, there were 4.46 million subscribers to *Peace-of-mind Pack*.

DOCOMO is moving one step beyond these initiatives, which provide safety and security related to mobile communications services, to commercialize safety and security. Customers have been able to use their mobile phones to easily apply for medical insurance and automobile insurance since 2011. In March 2014, we added bicycle insurance, which has been well received.



Peace-of-mind Pack

This service addresses a number of consumer concerns about smartphones. Through the provision of compensation for mobile phone damage or loss, virus countermeasures, and usage support, *Peace-of-mind Pack* meets customer needs for the comfortable use of smartphones.

docomo ID

With the full-scale introduction of the *docomo ID*, which is the gateway to DOCOMO services, the Company has established the infrastructure for the expansion of its revenue base. The Company develops services that extend beyond the traditional limits of "DOCOMO customers."

POINT 1 POINT 2

The Company has changed the concept of "DOCOMO customers" through the realization of "four freedoms": network-free, device-free, OS-free, and carrier-free.

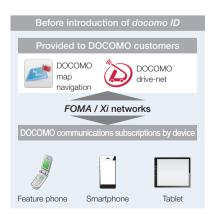
The *docomo ID* is a framework that holds the key to providing upper-layer services, raising Smart ARPU, and increasing revenues from new business areas.

In November 2013, the Company implemented the full-scale launch of the *docomo ID*, which is used to verify the identity of customers when they use a variety of DOCOMO services, including mail services and *dmarket* (see page 26). Identity verification had previously been based on the DOCOMO communications subscription; however, through the transition to the *docomo ID*, the Company has realized "four freedoms."

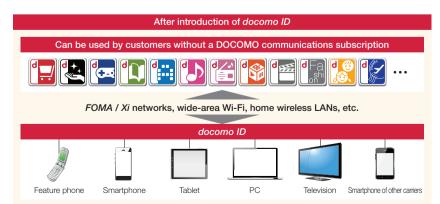
The first freedom is network-free, where services are provided without regard to the type of network, including LTE Xi and other mobile networks, Wi-Fi, and home broadband networks. The second is device-free, where a single service can be enjoyed on different devices, such as smartphones, tablets, and PCs, or on multiple devices. The third is OS-free, where services can be used with any mobile device or PC operating system. And the fourth is carrier-free, where the services are available even to users without a DOCOMO communications subscription.

The *docomo ID* is a framework that holds the key to the realization of a Smart Life for customers. The achievement of the "four freedoms" is a decisive move that will completely change the concept of "DOCOMO customers." In fact, this initiative is a concrete realization of DOCOMO's growth strategy, which is oriented toward the provision of upper-layer services.

Currently, the Company is working to expand the range of services that can be used with the *docomo ID*, and in the future the Company plans to make all of the services provided by the DOCOMO Group available to DOCOMO members who have a *docomo ID*. In addition to its core business of mobile communications services, DOCOMO will strive to increase profits through the provision of superior services to a wide range of customers.



Aiming for carrier-free services through the provision of the *docomo ID*



Healthcare

DOCOMO will create new value by providing services that give shape to the concept of a Smart Life Partner that is closely linked to the daily lives of customers.

POINT DOC 1 DOC real POINT Then that

DOCOMO is striving to generate synergies by combining applications and wearable mobile devices with real businesses, such as online sales of organic vegetables.

There are strong needs for health management utilizing mobile devices, and there is a high probability that multiple new services will be created and the market for those services will grow rapidly.

As a Smart Life Partner, DOCOMO strives to offer services based on mobile communications that are closely linked to customers' daily lives. Healthcare-related services are a good example. In cooperation with OMRON HEALTHCARE Co., Ltd., a leading manufacturer in the healthcare field (see page 41), DOCOMO is developing and providing new services.

Karada no Tokei WM (Watashi Move) is one example. This service provides advice for the daily activities of consumers, such as eating, sleeping, and exercising, thereby supporting the establishment of an ideal lifestyle rhythm. In addition, the service offers free telephone consultations with experts 24 hours a day, 365 days a year. Also, when this service is used in conjunction with wearable wristband devices, steps taken, distance moved, calories consumed, and hours slept can then be recorded and sent to a smartphone, where the information can be confirmed with the application. In this way, as a Smart Life Partner, DOCOMO is providing this service in a seamless manner covering monitoring, planning, matching, and advice, and as a result *Karada no Tokei WM (Watashi Move)* has already become a part of the daily lives of many customers. Furthermore, DOCOMO can also offer packages of real goods and online services by combining healthcarerelated services with other services, such as sales of organic and low-chemical agricultural products (see page 41) and the provision of medical insurance (see page 29).

The healthcare field offers extensive potential business opportunities, as demonstrated by the aging of Japan's population and the concerns of seniors with health-related issues as well as by the degree of overlap between healthcare and wearable devices, which are making marked technological progress. DOCOMO has positioned healthcare as a pillar of its new business areas, and moving forward the Company will continue working to develop healthcare-related services and markets.



Karada no Tokei WM (Watashi Move) is one of DOCOMO's healthcare services.



moveband 2, wearable wristband devices



hitoe, a material developed by Toray Industries, Inc., and NTT When used in clothing, it can measure the weare's heart rate and other information. Moving forward, DOCOMO will strive to provide new services through combinations of this type of wearable product and healthcare-related services.

Education

2

as cooking.

DOCOMO has achieved a first in Japan with the opening of a platform for massive open online courses (MOOCs), which are a major trend in education around the world. DOCOMO is now considering the commercialization of these operations and working to generate synergies with other service fields.

Miki Sassa Smart-life Solutions Department

POINTBy reinforcing the basic elements of mobile communications services, DOCOMO will support online
educational services, a new business area, and in turn growth in the use of those services will contribute
to gains in Aggregate ARPU.POINTIn addition to higher education, DOCOMO will also take steps to meet needs for other types of

education in a wide range of genres, including practical business skills and hobbies and culture, such

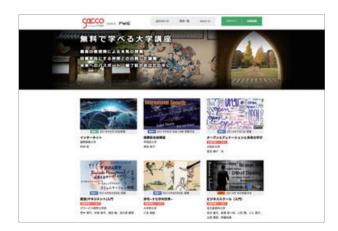
In recent years, large-scale lectures that are available online, coverage, known as MOOCs, have been the focus of growing attention. plans for d in 2012, a leading U.S. university sparked a major trend when of the use it made some of its lectures available online, and that trend is mobile dev now spreading to Europe, Asia, and Oceania. In April 2014, ment have

DOCOMO and NTT Knowledge Square Inc. established gacco[™], Japan's first MOOC platform. Miki Sassa, who is in charge of DOCOMO's education businesses, says, "The response to gacco[™] has been even stronger than expected, and as of mid-June 2014 more than 60,000 people had registered. Those viewing the lectures have said that they are happy to be able to easily study topics in which they have an interest, and the initial response has reconfirmed that a large number of people are enthusiastic about learning. Lifestyles and learning are linked."

She goes on to say, "Our ability to offer MOOCs was a result of changes in the environment, such as expansion in LTE

coverage, which is suitable for viewing video; flat-rate billing plans for data communications; and widespread acceptance of the use of mobile devices for learning." The uptake of mobile devices and the reinforcement of the network environment have made it possible for DOCOMO to record growth in the new business area of online educational services, and now MOOCs are giving shape to DOCOMO's growth scenario.

Lectures on *gacco*[™] are free of charge, but an increased interest in online learning will promote usage of mobile communications. Another benefit will be greater awareness of the DOCOMO brand among younger customers, who are the primary target for *gacco*[™]. Sassa says, "Over the medium-to-long term, we will work to provide a platform for corporate training and take steps to develop educational services into a revenue-generating business area."



gacco™: Free college lectures

Aiming to expand the availability of Japan-style MOOCs, in April 2014 DOCOMO launched *gacco™*, a distribution platform certified by the Japan Open Online Education Promotion Council (JMOOC), which was established in 2013.

Overseas Business

The domestic mobile communications market is maturing, and accordingly DOCOMO pursues growth opportunities in overseas markets. The Company is developing those operations in accordance with three basic policies.

63

To strengthen its systems so that it can provide services without delay to individual and corporate customers in Japan and overseas, DOCOMO pursues alliances with overseas carriers and increased use of roaming services.

^{роінт}

POINT

1

With the objective of increasing growth opportunities through the incorporation of promising technologies and services, DOCOMO will continue to invest in and collaborate with overseas companies that have platforms and know-how.

Targeting the development of growth drivers, DOCOMO is taking steps not only to expand new business areas in Japan but also to discover business opportunities overseas. The Company's three basic policies for those overseas initiatives are to expand carrier-related business, to advance platforms and other new business areas, and to enhance international services for people traveling overseas.

Under the first policy, DOCOMO implements a range of initiatives. For example, the Company will advance cooperative relationships with overseas carriers in which it has invested or with which it is collaborating; secure financial returns and operational synergies by strengthening management foundations through the provision of support for companies in which it has invested; and strengthen the global development of M2M services and corporate services through collaboration with overseas carriers.

Under the second policy, in new business areas DOCOMO will invest in and collaborate with all types of overseas companies. In this way, DOCOMO will build a global open platform and offer a wide array of services that reflect consideration for national and regional characteristics. In fiscal 2013, DOCOMO acquired Austria's fine trade gmbh, which provides e-commerce payment options, making it a subsidiary. Through this acquisition, DOCOMO expands its finance / payment platform businesses in Europe.

Under the third policy, to provide the convenience that will enable customers to use DOCOMO devices and services

overseas in the same way they do in Japan, DOCOMO has expanded area coverage for international roaming services, enhanced the overseas billing plan, and introduced new services. In 2013, DOCOMO offered a new flat-rate packet service that enables overseas packet communications to be used in 24-hour units and also began to provide LTE international roaming service.

Further, as a new direction, DOCOMO plans to implement overseas development of the new business areas that it is advancing in Japan. In fiscal 2013, DOCOMO invested in ABC HOLDINGS Co., Ltd. (see page 41), which has begun to establish overseas bases. Also, DOCOMO began to provide *dgame* in China in 2013. Targeting further growth, DOCOMO has also commenced initiatives aimed at the early realization of *danime* distribution overseas.

Advances in New Business Areas Overseas

Companies that DOCOMO has invested in or collaborated with in recent years	Business field
net mobile AG (Germany)	Provision of mobile content distribution and billing platforms to carriers
Buongiorno S.p.A. (Italy)	Provision of business-to- consumer mobile content distribution and billing platforms
fine trade gmbh (Austria) fine trade gmbh	Provision of online commerce payment services (bill payment, credit card payment, direct debit payment, etc.)

Corporate Customers

DOCOMO has decided to add about 1,000 employees to bolster its base of corporate customers and diversify its sources of earnings through the proposal of solutions and the implementation of joint initiatives with customers.

POINT 1 POINT 2

The corporate services market continues to record growth, and DOCOMO will fully leverage its comprehensive strengths in this market to help customers resolve issues.

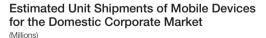
As a partner with its corporate customers, DOCOMO engages in joint initiatives that utilize its original technologies, thereby contributing to the diversification of its earnings.

According to domestic market forecasts by IDC Japan, a specialized IT market intelligence company, from 2013 to 2018 the corporate market will see average annual growth of 27.7% in smartphones and 24.1% in tablets. With growth in sales of smartphones in the individual consumer market tapering off, the expansion of services in the rapidly growing corporate market plays an important role in DOCOMO's growth strategy.

By expanding services for corporate customers, DOCOMO is aiming to achieve more than just a stronger customer base and an increase in the number of subscribers. The provision of solutions that leverage the Company's comprehensive strengths—from network quality, cost competitiveness, and support systems to disaster response capabilities—is contributing to earnings diversification. For example, when a company that manufactures and sells soft drinks introduced large-screen tablets, DOCOMO handled the system integration. We built a framework that enabled the customer's inhouse system to be accessed through LTE *Xi*, in addition to providing tablet security.

Currently, we are focusing on joint initiatives with customers that take the provision of solutions one step further. For example, as a partner with Narita International Airport Corporation, we developed a Narita International Airport original application that uses our proprietary voice-recognition and intentioninterpretation technologies.

In fiscal 2014, we plan to complete the addition of about 1,000 employees (see page 38) and to strengthen our market activities, not only for large corporations but also for small and medium-sized companies throughout Japan.



5 - 4 - 3 - 2 - 1 - 0 - 2013 - 2014 - 2015 - 2016 - 2017 -2018 - (FY)

Smartphones Tablets Source: IDC Japan, Japan Quarterly Mobile Device Tracker 2014 Q1

M2M

In the Machine to Machine (M2M) market, which is expected to drive growth in mobile communications, DOCOMO will take steps to enhance its presence, develop businesses in overseas markets, and expand its revenue platform.

Shoichi Saito Corporate Sales and Marketing Department II

POINT **1** POINT

2

DOCOMO will network a vast array of equipment around the world and help customers increase efficiency in the collection and analysis of information.

The Company uses its comprehensive strengths, including alliances with overseas telecommunications operators and innovative R&D activities, to establish a competitive advantage in the M2M market.

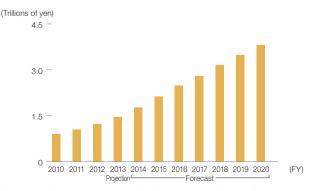
M2M is a framework for the incorporation of communications modules in products, such as vehicles, construction machinery, and IT equipment, and the use of those modules for the collection and analysis of information over a network. This framework enables information to be collected in real time from a wide range of equipment without human intervention. Accordingly, companies are making growing use of M2M to increase management efficiency, and the overseas market is expected to grow at about 20% a year. Moving forward, DOCOMO will develop global M2M operations, centered on communications services in Japan and more than 200 other countries and on the docomo M2M Platform, which enables integrated management of all communication lines.

Shoichi Saito, from the Corporate Sales and Marketing Department II, says with a smile, "In fiscal 2013, we received our first major global order in the M2M business, which will add momentum to our efforts to expand the business. Our customer decided to introduce M2M solutions to manage its products in many regions around the world and held a competitive bidding process that included overseas companies. In addition to our proven track record, we received high marks for our network coverage, after-sales service system, and R&D capabilities, which will drive technical innovation to enhance future M2M solutions. As a result, we received the order."

In the domestic market, DOCOMO has accumulated knowhow in the provision of M2M services for more than 10 years, and the Company's track record has already reached about 4 million lines. In addition, to expand its service area, the Company has moved ahead with alliances with overseas telecommunications operators and enhanced roaming services. Saito says, "Moving forward, we will strive to offer new services that leverage DOCOMO's comprehensive strengths, including advances in such areas as LTE network speed and consideration for the use of big data⁶."

6 Big data: Large volumes of data generated by mobile devices, sensors, SNS, and other sources. The utilization of big data is expected to lead to new business initiatives and contribute to the resolution of social issues.





Source: Yano Research Institute Ltd., M2M Global Market: Key Research Findings 2014, issued on March 28, 2014

Reputation and Brand

DOCOMO has cultivated trust among customers through a wide range of initiatives targeting the establishment of an environment in which mobile communications services can be used safely and with peace of mind.

POINT 1 POINT 2

DOCOMO's continued provision of high-quality services at all levels of mobile communications is closely linked to the trust of customers in DOCOMO and their recognition of the DOCOMO brand.

As a leader in mobile communications services, DOCOMO is taking steps to meet a wide range of social demands, such as education about good manners in the use of smartphones.

DOCOMO's customer base is supported by the trust of customers, who believe that "DOCOMO can be used with peace of mind" and that "DOCOMO is dependable." This trust is the result of the Company's continued provision of high-quality services at all levels. This high quality extends not only to basic elements of mobile communications services, such as network coverage, smooth connections, and speed, but also to robust after-sales service (see page 29), the development of unique services, and prompt responses in the event of a disaster.

As a leader in mobile communications services, DOCOMO strives to create an environment in which those services can be used safely and with peace of mind. For example, the Company is implementing countermeasures to the use of smartphones while walking, which has been identified as a dangerous practice in recent years accompanying the growing uptake of smartphones. DOCOMO has developed and is providing free of charge an application that senses when the user is walking and places a warning on the screen. In addition, the Company is conducting advertising activities to prevent the use of smartphones while walking and working to increase awareness of this issue, not just by DOCOMO customers but by all smartphone users.

The Company's continued provision of high-quality services and implementation of measures to address the demands of society have contributed to the increased recognition of the DOCOMO brand. For example, in a 2014 ranking of brands from Japan by InterBrand, the world's largest brand consulting company, DOCOMO had the No. 1 position among Japan's top 30 domestic brands.



Campaign to prevent smartphone use while walking A smartphone cannot be operated without looking at the screen, and the screen displays a large volume of information. Users tend to focus on the screen for long periods of time, making it dangerous to use a smartphone while walking. Accordingly, DOCOMO is working to prevent accidents from using a smartphone while walking and to increase awareness of mobile ohone manners.

Japan's Top 30 Domestic Brands

2014 rank	2013 rank	Brand	Sector	Brand value (US\$ million)
1	1	NTT DOCOMO	Communications	10,582
2	2	Mitsubishi UFJ Financial Group	Finance	6,528
3	3	SoftBank	Communications	6,352
4	6	UNIQLO	Retail	4,160
5	4	Mitsui Sumitomo Financial Group	Finance	4,112

Source: InterBrand, Japan's Best Domestic Brands 2014

Brand value of domestic brands with overseas sales ratios of less than 30% (Fiscal 2012 consolidated results)

Customer Base

DOCOMO's base of 63 million customers is an irreplaceable asset for the Company as it takes steps to develop business as a Smart Life Partner and to generate new business opportunities.

 POINT
DOCOMO's customer base is more than just the foundation of the Company's management capital. It is also an extremely valuable asset in DOCOMO's efforts to secure partners for the development of devices and services and the roll-out of new businesses.

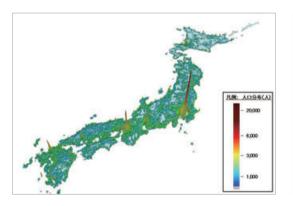
2

DOCOMO will strive to generate new business opportunities by leveraging the big data extracted from the Company's vast amount of customer information.

Out of Japan's population of 127 million*, 63 million people are DOCOMO customers. This overwhelming operational scale is the cornerstone of the Company's business model—number of subscribers x ARPU—and the maintenance and expansion of this customer base is one of the challenges in DOCOMO's growth strategy. At the same time, the Company's customer base represents a deep pool of potential customers, and that depth is a key strength for DOCOMO in its efforts to secure partners in the provision of mobile communications services, such as handset developers and manufacturers, application developers, and other alliance partners.

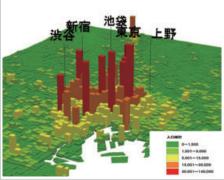
A large base of customers also generates new business opportunities. One example is the field of mobile spatial statistics, which DOCOMO began to apply on a commercial basis in October 2013. Mobile spatial statistics is a category of big data (see page 35) in which population statistics are derived from the number of mobile phones per base station, which is periodically recorded in DOCOMO LTE *Xi* and *FOMA* service areas. Mobile spatial statistics can be used to generate statistical information, such as population distribution by region and population composition. DOCOMO has conducted joint research with academic institutions and local government groups in the application of mobile spatial statistics to public fields, including disaster prevention and urban planning. Accompanying the start of commercial application, DOCOMO will also work to expand the use of mobile spatial statistics to academic and industrial fields.

* Statistics Bureau, Ministry of Internal Affairs and Communications, Statistics of Japan 2014, Results of 2013 national survey



Population Distribution of Japan

Population Distribution of Tokyo's 23 Wards



Understanding population statistics through mobile spatial statistics

DOCOMO periodically records how many mobile phones are in each base station's area. By analyzing the collected data, the geographic population distribution is estimated.

Human Resources

By hiring, training, and allocating employees who are a good match for the Company's activities as a Smart Life Partner, DOCOMO will establish a more dynamic organization and create innovative services.

POINT 1 POINT 2

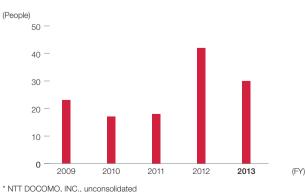
From fiscal 2014, DOCOMO will further reinforce its competitiveness by implementing full-scale organizational reforms and focusing its human resources on strategic fields.

By hiring more personnel with specialized knowledge and experience and strengthening human resources diversity, DOCOMO will accelerate growth in new business areas.

The advent of smartphones and tablets and the enhancement of the LTE network have dramatically expanded the possibilities of mobile communications services, and they have also brought about changes in the fields where employees are needed. As we implement our strategy of advancing into the upper layer and providing our own services as a Smart Life Partner, we need to allocate human resources to new fields as an investment in growth.

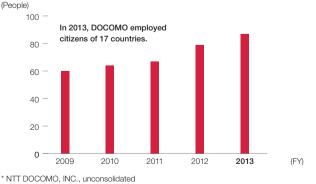
In this setting, DOCOMO has decided to gradually shift human resources to new fields from fiscal 2014. Specifically, to strengthen business revenues, centered on fields related to Smart Life and on corporate customers, we plan to increase our workforce by 2,000 to 3,000 employees. As the first step, DOCOMO implemented organizational reforms in July 2014. In addition, we established DOCOMO CS Inc. and reorganized the Group from 25 companies to 12. Through integrated management of the DOCOMO Group, we will be able to implement flexible, effective initiatives on a national level and enhance our sales capabilities.

Targeting growth in new business areas, we are working to secure employees with diverse backgrounds and to bolster organizational diversity. These initiatives are based on the idea that we need to transition to entirely new concepts and to develop the capability to generate synergies by linking services. In particular, in recent years DOCOMO has increased mid-career hires of people with specialized know-how and experience, and the Company is also focusing resources on the development of employees with global viewpoints.



Number of Mid-Career Hires*

Number of Employees Who Are Citizens of Countries Other than Japan*



Capital Expenditures

By increasing capital expenditure efficiency, DOCOMO is enhancing its network and boosting competitiveness while controlling costs.

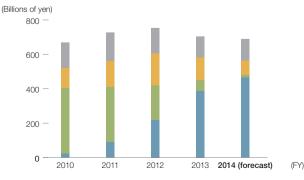
Over five years, DOCOMO will have invested a total of ¥1,190.0 billion to enhance its LTE network. Through the focused application of resources, the Company will establish a competitive advantage versus other companies.

Company-wide organizational reforms include measures to increase efficiency in capital expenditures, which are contributing to cost reductions.

With its sound financial foundation and stable cash flows, DOCOMO is implementing ongoing capital expenditures. Currently, the Company is focusing its resources on the enhancement of the LTE network, centered on increases in the number of base stations. In fiscal 2013, DOCOMO invested ¥387.8 billion to complete 30,900 base stations, and in fiscal 2014 the Company is aiming to complete 40,000 base stations with a further LTE investment of ¥465.0 billion. As a result, DOCOMO expects total LTE network capital expenditures from fiscal 2010 to fiscal 2014 to reach ¥1,190.0 billion. Continued investment in our network is indispensable for maintaining our advantage versus competitors, and in fiscal 2015 and thereafter we will continue to maintain a certain level of investment.

As one part of its Company-wide organizational reforms, DOCOMO is also working to increase the efficiency of its capital expenditures. Over the medium term, the Company plans to reduce annual capital expenditures to less than ¥700.0 billion. DOCOMO will control growth in capital expenditures by consolidating and increasing the capacity of equipment, raising efficiency in construction, and reducing procurement costs. In addition, the Company will take steps to optimize R&D investment. In these ways, DOCOMO will strive to reduce the cost of total capital expenditures.

In installing base stations, the Company will select the optimal equipment from a range of types in accordance with the surrounding environment and topography, the volume of communications, and other factors. In this way, DOCOMO will strive to increase efficiency in service area development and quality improvement.



Mobile phone business (LTE)
Mobile phone business (FOMA)
Other (Information systems, etc.)

Capital Expenditures

POINT

1

POINT

2

R&D

DOCOMO's R&D capabilities are the source of the innovation that makes Smart Life possible. Moving forward, the Company will continue to take on the challenge of expanding the possibilities of mobile communications services.

DOCOMO's R&D capabilities are demonstrated by the Company's communications technologies, which support the world's fastest communications speeds; advanced services; and the development of next-generation communications technologies.

The Company's R&D capabilities are highly evaluated around the world, and their influence extends to technology standardization and the cultivation of strategic alliance partners.

As of October 2013, DOCOMO's LTE *Xi* had achieved the world's highest maximum downlink transmission speed—150 Mbps. The innovation that made that possible is supported by the advanced technical capabilities and know-how that DOCOMO has cultivated (see page 20) and by the Company's world-class R&D capabilities. Our R&D capabilities are also demonstrated in wearable devices (see page 31), cloud services that utilize voice-recognition and intention-interpretation technologies, and advanced services that make recommendations in line with users' tastes.

In October 2013, at CEATEC JAPAN 2013, DOCOMO's Next-Generation Mobile Communications (5G) won the CEATEC AWARD 2013 Minister for Internal Affairs and Communications Award, providing the most recent verification of the Company's R&D capabilities. The Next-Generation Mobile Communications (5G) technology is expected to support the next-generation network following LTE *Xi*, which is now in use, and LTE-Advanced, which is scheduled to be introduced in fiscal 2014. Targeting a capacity 1,000 times that of LTE and a speed 100 times greater than LTE, DOCOMO is proceeding with the development of *5G*, aiming for commercial application in 2020 and thereafter. At CEATEC JAPAN 2013, *5G* was highly evaluated for its originality and its ability to support solutions to increases in communications traffic.

The DOCOMO R&D Center in Yokosuka City, Kanagawa Prefecture, is visited by engineers from companies and research institutions in Japan and overseas who are interested in DOCOMO's advanced research. The Company's strong presence in R&D is extremely important in discussions regarding technical standardization and in making progress in negotiations with potential partners. This presence will be a driver of DOCOMO's competitiveness over the medium-to-long term.



DOCOMO R&D Center

The Company's R&D functions are concentrated in the DOCOMO R&D Center, a base for advanced technologies situated in the Yokosuka Research Park. The center conducts a wide range of R&D activities centered on three key areas: wireless access technologies, network technologies, and multimedia technologies.



CEATEC Minister for Internal Affairs and Communications Award

Alliances

DOCOMO will work to expand its sources of revenues by bringing into the Group businesses with a high degree of synergy with mobile communications. In addition, the Company will work with alliance partners to develop new businesses.

1 POINT 2

POINT

DOCOMO will invest in or acquire operating companies with strong customer bases and move quickly to develop services in new business areas.

Through the pursuit of synergies with mobile communications services, DOCOMO will support business development at a higher level by companies that it has invested in or acquired.

In new business areas, DOCOMO is working to expand its operations, centered on areas in which returns, such as further growth or gains in added value, can be expected through the application of DOCOMO's strengths and know-how. At the same time, alliance partners will gain the benefits of DOCOMO's customer base and technical capabilities in mobile technologies, which can drive rapid growth in their businesses.

One example is our capital alliance with ABC HOLDINGS, which runs ABC Cooking Studio. Japan's largest operator of cooking classrooms, ABC Cooking Studio has about 130 kitchen studios in Japan with a total of about 280,000 students*, centered on women in their 20s and 30s. Through this investment, DOCOMO will work with ABC HOLDINGS to jointly develop new types of services. For example, DOCOMO will use its mobile technologies to develop a hybrid learning service that takes the education provided in actual cooking classrooms to outside settings, where it is linked with digital education activities. In addition, DOCOMO will advance cooperative initiatives that transcend traditional company frameworks, such as joint marketing activities implemented together with docomo Healthcare, Inc., and Radishbo-ya Co., Ltd.

In the future, DOCOMO will strive to develop new possibilities in mobile communications technologies. To that end, the Company will move forward with alliances with companies that are developing services in fields offering synergies with mobile technologies.

* As of April 2014

Major Companies That DOCOMO Has Invested in or Collaborated With (Domestic)

Company invested in or acquired	Business field	
OAK LAWN MARKETING, INC.	Mail-order business using televised media as main sales channel	
Radishbo-ya Co., Ltd.	Membership-based home delivery service of organic and low- chemical agricultural products as well as additive-free foods	
Tower Records Japan Inc.	Sales of music and video products	
MAGASeek Corporation	Fashion e-commerce business, including operation of the MAGASEEK comprehensive fashion e-commerce site	
docomo Healthcare, Inc.	Platform business centered on management, use, and sharing of physical, health, and medical data	
ABC HOLDINGS Co., Ltd.	Operation of ABC Cooking Studio cooking classrooms and direct marketing of foodstuffs and cookware	



DOCOMO and ABC HOLDINGS are advancing initiatives to enrich the lifestyles of customers. These initiatives, which are centered on cooking and food, include a new style of cooking lessons that use ICT.