

“Drawing on network quality, support systems, and cost competitiveness to provide enhanced services for corporations”



“Continually overturning the typical approaches and taking on the challenge of creating new value”



“Contributing to the creation of an environment in which anyone can use a smartphone with peace of mind”



“Realizing a future that is more convenient, more fun, and more exciting”



“People who steadily accumulate innovation and results, from conducting basic telecommunications research to providing services to customers”



“Technologies, services, overseas networks ... All around, comprehensive strengths”



Progress with Our Initiatives

As a Smart Life Partner that supports the activities and lifestyles of its customers, DOCOMO has advanced from its base in the mobile communications business into a variety of other business fields and has worked to provide added value to its customers. In accordance with new initiatives aiming for the medium-term targets that we announced in April 2015, we will aim for further business growth as a “co-creator of added value” that leverages its assets in working together with business partners to generate added value.

In conjunction with this expansion of our business fields, we have taken steps to set the Company on a new growth track. Specifically, from fiscal 2014, we have realigned our business segments and clarified our management focus on two key areas—(1) the Telecommunications business segment and (2) the Smart life business and Other businesses segments. The Telecommunications business segment comprises communications businesses that provide mobile

communications services as well as optical-fiber broadband and satellite telephone services. In the Smart life business we offer a variety of services that transcend conventional mobile communications and help customers to realize a Smart Life. Centered on “dmarket,” these services include media and content, e-commerce, and finance / payment services. In Other businesses, we offer mobile device protection and other services.

By business segment	Business segments	Telecommunications business		Smart life business and Other businesses segments			
				Smart life business		Other businesses	
	Revenues	¥3,654.6 billion (83%)		¥437.0 billion (10%)		¥319.8 billion (7%)	
	Operating income (loss)	¥636.1 billion (99%)		¥(3.9) billion (—%)		¥6.9 billion (1%)	
	Main services	<div>Mobile communications services</div> <div>▪ LTE (“X”) services</div> <div>▪ “FOMA” services</div> <div>▪ International services</div> <div>▪ Sales of handsets / equipment</div>	<div>Optical-fiber broadband services and other telecommunications services</div> <div>▪ Optical-fiber broadband services</div> <div>▪ Satellite communications services</div> <div>▪ Submarine cable TV service</div>	<div>“dmarket”</div> <div>▪ Video distribution service</div> <div>▪ Music distribution service</div> <div>▪ Electronic book store service</div> <div>▪ Online shopping service</div>	<div>Finance / Payment services</div> <div>▪ Credit service</div> <div>▪ Proxy bill collection</div>	<div>Shopping services (commerce)</div> <div>▪ Home shopping service</div> <div>▪ Music software sales</div> <div>▪ Food delivery</div>	<div>Life-related services</div> <div>▪ Cooking studio</div> <div>▪ Health management</div> <div>▪ Medical database</div>
Main operational indicators	<div>Number of subscriptions</div> <div>P38</div> <div>Net additions / Churn rate</div> <div>P38</div> <div>Number of LTE subscriptions</div> <div>P38</div> <div>Handset sales</div> <div>P38</div> <div>Number of LTE base stations</div> <div>P40</div>		<div>Number of “dmarket” subscriptions</div> <div>P41</div> <div>Total amount of “dmarket” transactions</div> <div>P41</div> <div>“dmarket” usage charges per person</div> <div>P41</div> <div>“iD” membership</div> <div>P42</div>				

Telecommunications Business

Segment Results

In the Telecommunications business segment, operating revenues decreased 4.5% year on year, to ¥3,654.6 billion, due mainly to the influence of the “Monthly Support” discount program and the new billing plan. Despite ongoing cost reduction efforts, centered on network-related expenses, the decline in operating revenues had a significant effect, and the segment’s operating income decreased 21.7%, to ¥636.1 billion.

Number of Subscriptions

As of the end of fiscal 2014, the number of mobile phone subscriptions was 66.60 million, up 3.49 million from the previous fiscal year-end. This total included 28.75 million smartphone users, an increase of 18.1%. Smartphones accounted for 43.2% of all subscriptions, compared with 38.6% a year earlier. The number of LTE “Xi” service subscriptions rose to 30.74 million at fiscal year-end, an increase of 40.0%, and the share of LTE-compatible smartphones increased to 92% of all smartphones. In terms of the number of LTE subscriptions at the end of March 2015, DOCOMO was ranked number one in Japan and number three¹ world-wide, after Verizon and AT&T of the United States.

¹ GSMA Intelligence, Connections, excluding cellular M2M, LTE, Q1 2015

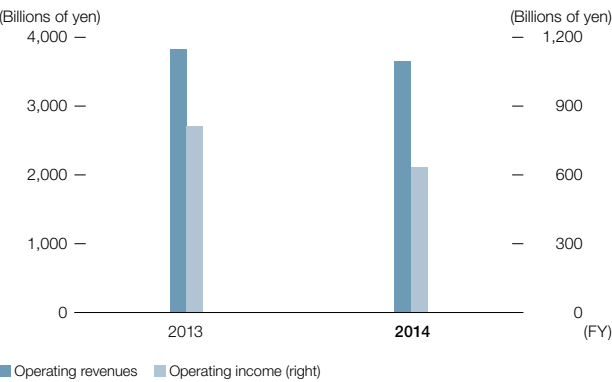
Net Additions, MNP, Churn Rate

In fiscal 2014, DOCOMO secured 3.49 million net additions. We did not reach our annual plan of 3.90 million net additions, but we did achieve 2.2 times the previous year’s level of 1.57 million. This growth in net additions was supported by improvement in MNP port-outs, which were limited to 0.38 million subscriptions, about 70% less than in the previous fiscal year. Related factors included the success of initiatives to provide services to entire families through the new billing plan and the introduction of “docomo Hikari,” and as a result, among younger customers up to 25 years old, MNP port-ins exceeded MNP port-outs. We also succeeded in reversing the trend in the churn rate, which had been increasing since 2009. The churn rate improved by 0.16 percentage points, from 0.87% in fiscal 2013 to 0.71% in fiscal 2014. Due to an inability to accurately track MVNO cancellations, from the first quarter of fiscal 2015, calculation methods for churn rate data has been changed, and MVNO subscription and cancellation numbers are no longer included. Under the new definition, the churn rate for fiscal 2014 was 0.61%.

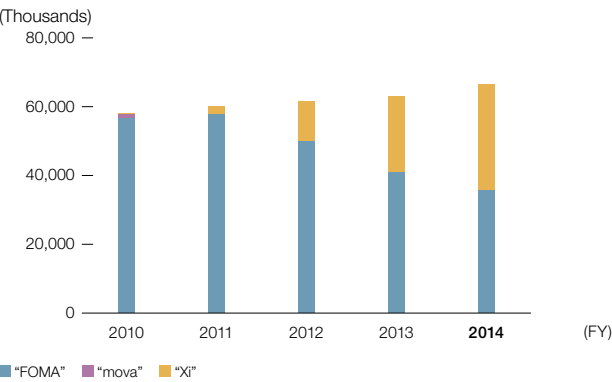
Handset Sales

The total number of handsets sold, which includes new sales of smartphones and feature phones as well as

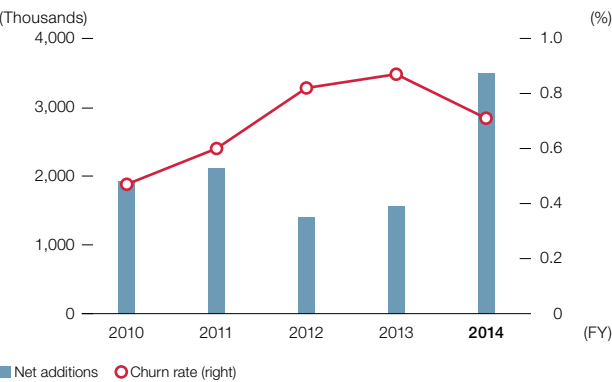
Operating revenues / Operating income



Number of subscriptions



Net additions / Churn rate



subscriptions and model upgrades, rose 5.5% year on year, to 23.75 million units, exceeding our annual target of 22.80 million units. Through the new billing plan, we succeeded in providing services to entire families, and with the enhancement of our tablet lineup, we also fostered demand for second devices. We also recorded higher sales of communications modules, centered on automotive- and energy-related areas. As a result, new unit sales rose 11.9%, to 8.98 million units, with unit sales of smartphones rising 5.9%, to 14.60 million units, due to higher demand stemming from the launch of the iPhone 6 and iPhone 6 Plus.

ARPU and MOU

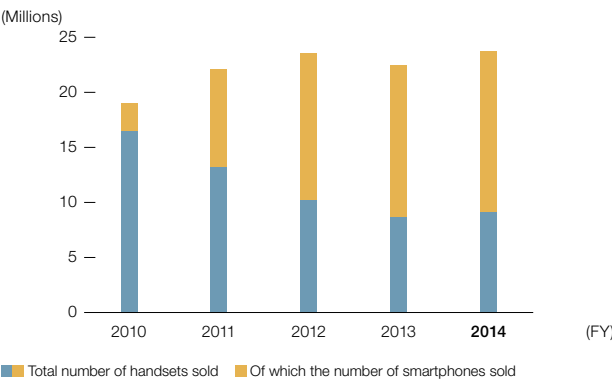
Aggregate ARPU in fiscal 2014 was ¥4,370, down by ¥240 from ¥4,610 in the previous fiscal year. Voice ARPU declined 16.3% year on year, to ¥1,180, due principally to the “Monthly Support” discount program, which had an impact of ¥100, and to the concentrated shift of users with high voice communications charges to the new billing plan. Packet ARPU was down 3.7%, to ¥2,600. This decline resulted from the impact of the “Monthly Support” discount program and from the fact that immediately after the launch of the new billing plan subscriptions were concentrated on the option with the lowest packet communications charges. On the other hand, Smart ARPU rose 18.0%, to ¥590. Contributions to this growth were made by a higher number of “dmarket” users and initiatives to promote sales of two monthly billable service packs, the “Recommendation Pack²” and the “Peace-of-mind Pack³.”

In light of various changes in our operating environment, we have changed calculation methods of ARPU from the first quarter of fiscal 2015 in order to disclose information in better alignment with actual conditions. These conditions include the start of the optical-fiber broadband service; growth in multiple subscriptions, such as for tablets; and, under the carrier-free initiative, the expansion of the provision of services to customers who do not have a DOCOMO mobile telecommunications subscription. [See page 42](#)

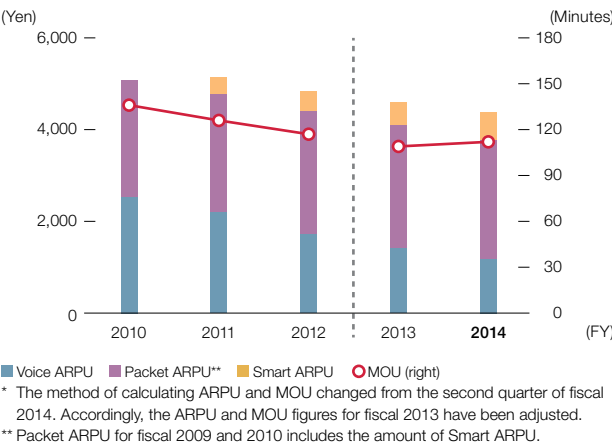
By the new calculation methods, ARPU in fiscal 2014 was ¥4,030, with voice ARPU of ¥1,210 and data ARPU, which combines the previous packet ARPU and “docomo Hikari” ARPU, of ¥2,820.

MOU⁴, which had been declining, increased by 3 minutes year on year, to 112 minutes in fiscal 2014. This was the result of our utilization of a flat-rate plan to increase the use of basic telephone voice call services, which was one of the aims of the new billing plan.

Total number of handsets sold



ARPU and MOU*



* The method of calculating ARPU and MOU changed from the second quarter of fiscal 2014. Accordingly, the ARPU and MOU figures for fiscal 2013 have been adjusted.
** Packet ARPU for fiscal 2009 and 2010 includes the amount of Smart ARPU.

2 Package offering use of more than 100 varieties of established, popular content; recommendation services based on user lifestyles and location information; option of additional 50-gigabytes of cloud-based storage, etc.
3 Package of three services: a service offering protection against trouble with handsets, such as damage or loss; a security service for smartphones, including countermeasures for viruses, dangerous sites, and spam e-mail; and a service offering support with an employee remotely operating the smartphone or tablet while confirming the situation.
4 Average monthly communication time per subscription.

“docomo Hikari”

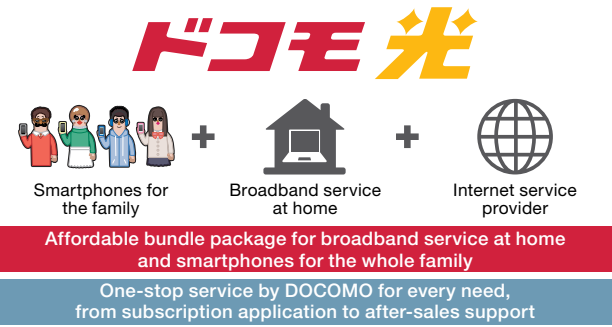
In March 2015, we launched “docomo Hikari”, the optical-fiber broadband service that we will utilize to deliver one-stop solutions for mobile and fixed-line communications, to roll out smart home services, and to boost the competitiveness of our mobile communications business. With “docomo Hikari”, we have begun to offer new value through the convergence of fixed-line and mobile communications services. We received 230 thousand applications in the first month after the launch, and we are aiming to add more than 1.80 million subscriptions in fiscal 2015.

Number of LTE Base Stations

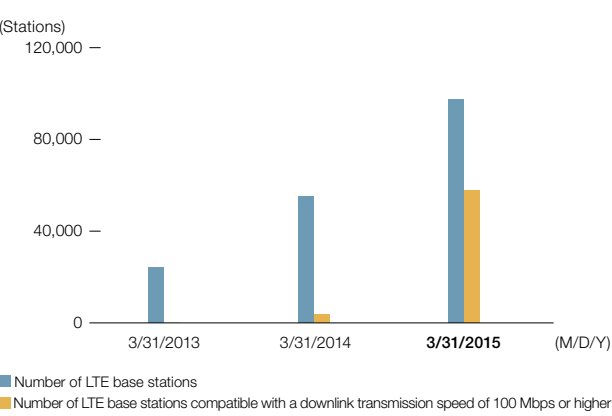
Telecommunications facilities are the foundation of competitiveness in the telecommunications business and are one of the key factors in determining customer satisfaction. Accordingly, the Company continuously works to bolster these facilities, especially its LTE network. As of the end of fiscal 2014, the number of LTE base stations in our network had reached 97,400, an increase of 42,100 from the level of 55,300 a year earlier. Of these base stations, 57,700 are high-speed base stations compatible with a downlink transmission speed of more than 100 Mbps. In addition, in the Tokyo, Nagoya, and Osaka areas, we have increased the number of 150-Mbps-compatible base stations. Furthermore, in March 2015, we introduced LTE-Advanced, which offers the highest downlink transmission speed—225 Mbps—through the use of carrier aggregation and other new technologies.

Customer Satisfaction

DOCOMO places priority on customer satisfaction as an indicator of the Company's efforts to further strengthen the competitiveness of its communications services. According to the November 3, 2014, issue of *Nikkei Business* magazine, DOCOMO placed No. 1 among mobile phone / PHS communications companies in the magazine's 2014 after-sales service customer satisfaction survey, a third-party survey. This achievement is the result of our launch of a Companywide project to increase customer satisfaction in 2012. We made efforts to better address customer needs at DOCOMO shops, such as reducing customer wait times; made improvements to call center response efficiency; and enhanced on-line support services. Moreover, in June 2014, DOCOMO shops were awarded first place in the customer service category⁵ at the Nikkei Research Awards—Japan Shop Awards 2014, which were sponsored by Nikkei Research Inc. In these ways, DOCOMO shops have made a significant contribution to enhancing customers' image of the DOCOMO brand.



Number of LTE base stations



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.

⁵ Nikkei Research measured consumer attitudes toward visiting 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.



Smart Life Business and Other Businesses Segments

Smart Life Business

Segment Results

In the Smart life business, operating revenues rose 22.5%, to ¥437.0 billion from the previous fiscal year, as a result of growth in service revenues across-the-board, centered on “dmarket.” Operating expenses increased 27.8% from the previous fiscal year, to ¥440.9 billion, due principally to higher expenses linked to service revenues and to an impairment loss on business assets related to multimedia broadcast services for mobile devices. Consequently, the Smart life business recorded an operating loss of ¥3.9 billion. However, excluding the impairment loss, operating income was ¥26.3 billion, 2.2 times the level of a year earlier.

Number of “dmarket” Subscriptions

To have a wide range of customers enjoy “dmarket” services, DOCOMO has implemented a broad array of initiatives to offer new services and content and to increase the number of subscriptions. In addition to the digital content services already launched, such as video and music, in June 2014 we began to provide “dmagazine,” which offers unlimited reading of popular magazines and articles in diverse genres, and in the nine months to the end of March 2015, we acquired 1.91 million “dmagazine” subscriptions. As a result of these initiatives, “dmarket” subscriptions are recording favorable growth.

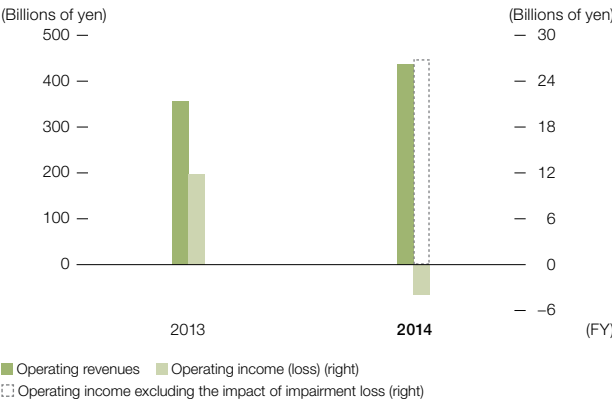
Furthermore, we took steps to enable customers to readily experience the appeal of “dmarket”, such as extending the initial free trial period for “dmarket” services, including “dTV⁶,” “danime store,” “dhits,” and “dmagazine.” As a result, the number of “dmarket” subscriptions⁷ surpassed 10 million in January 2015 and reached 11.88 million by the end of March 2015.

⁶ On April 22, 2015, the service brand was changed from “dvideo” to “dTV.”
⁷ Total number of subscriptions for “dTV,” “danime store,” “dhits,” “dkids,” and “dmagazine.”

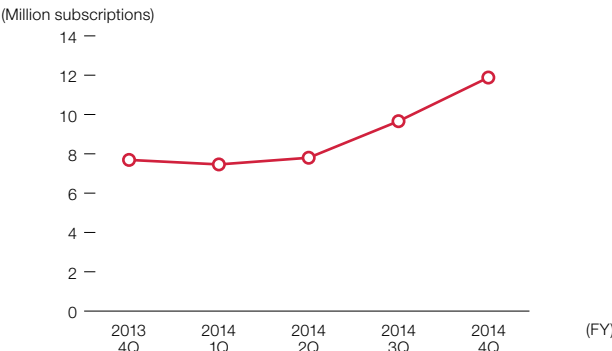
“dmarket” Transaction Amount and Usage Charges per Person

We have taken steps to enhance services that can be used in a wide range of lifestyle scenarios, such as daily goods, apparel, travel, and food delivery services, as well as digital content services, such as video, music, and electronic books and magazines. Against this backdrop, in fiscal 2014, the total amount of “dmarket” transactions was up 31.6% year on year, to ¥72.8 billion. Usage charges per person also increased, rising 34.7%, to ¥1,010.

Operating revenues / Operating income (loss)

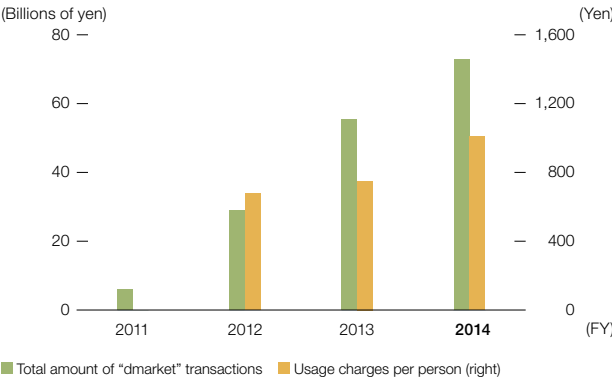


“dmarket” subscriptions*



* Number of subscriptions to monthly billable services

Total amount of “dmarket” transactions / Usage charges per person*



* Annual total of each month's “dmarket” revenues divided by annual total of each month's unique users. Does not include tax

Finance/Payment Services

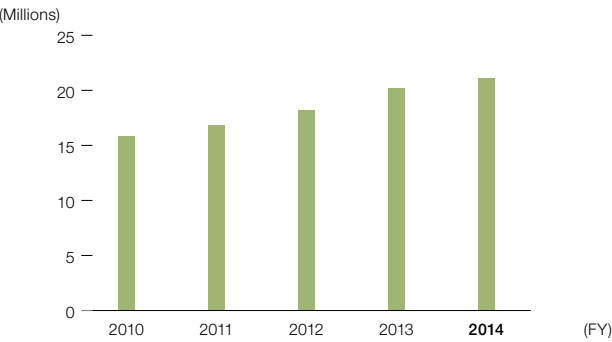
DOCOMO's initiatives to expand its finance/payment services will center on two key services. "iD" is a form of e-money, principally for mobile devices, while "DCMX®" is a credit card. At the end of March 2015, "iD" had 21.15 million subscriptions, and "DCMX" had 15.99 million⁹ cardholders. Customer use of "iD" is increasing, and the payment infrastructure is also making progress, with the number of installed R/W terminals surpassing 560,000. "iD" has become a particularly important business asset for DOCOMO, which is working to foster the co-creation of added value. As one facet of our "New Initiatives toward Delivery of Medium-Term Targets," we entered a business partnership with Lawson, Inc. [See pages 28 to 29](#) From June 2015, we started a service that provides discounts when "DCMX" is used in Lawson stores. In December 2015, we plan to launch a service that will enable "docomo Points¹⁰" to be earned and used when shopping in Lawson stores. In these ways, we are working to promote the adoption and use of "DCMX."

8 Plans call for the name to be changed to "d CARD" from December 2015.
9 Total for "DCMX" and "DCMXmini"
10 Plans call for the name to be changed to "d POINT" from December 2015.

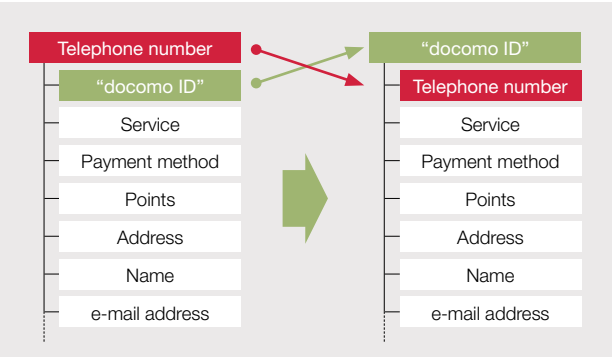
"docomo ID"

"docomo ID" is used to verify identity when using a variety of services provided by DOCOMO, including mail services and the above-mentioned "dmarket". The employment of "docomo ID" realizes our ability to provide services "network-free," "device-free," "OS-free," and "carrier-free." Customers can enjoy services regardless of the type of network and on multiple devices. In addition, services are also accessible with any handset OS, and are available even to users without a DOCOMO communications subscription. By changing the key point in customer management from mobile phone numbers to "docomo ID", we are able to transcend carriers in the provision of services and in the receipt and use of points. This will lead to an increased range of services and growth in the customer base. We are already providing services through "docomo ID", mainly on "dmarket." In December 2015, we will change the name of "docomo ID" to "daccount" as one of our "New Initiatives toward Delivery of Medium-Term Targets."

"iD" membership



Shift in customer management system



Number of subscriptions to principal services

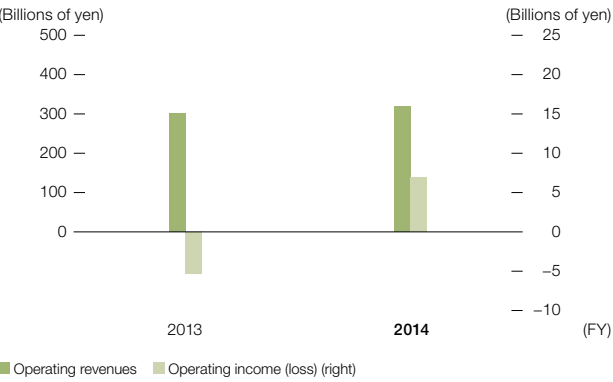
(Millions)	3/31/2014	3/31/2015	Increase
"dmarket"			
"dTV"	4.41	4.68	0.27
"dhits"	2.08	3.04	0.96
"danime store"	1.15	1.83	0.68
"dkids"	0.05	0.41	0.36
"dmagazine"	—	1.91	1.91
docomo Service Pack			
"Recommendation Pack"	2.92	4.92	2.00
"Peace-of-mind Pack"	4.46	9.80	5.34
Other services			
"Karada-no-Kimochi"	0.41	0.66	0.25
"NOTTV"	1.61	1.75	0.14

Other Businesses

Segment Results

In Other businesses, operating revenues were up 5.8%, to ¥319.8 billion, mainly due to the growth of revenues from our "Mobile Device Protection Service." Operating expenses increased 1.7%, to ¥312.9 billion. Consequently, the segment recorded operating income of ¥6.9 billion, compared with an operating loss of ¥5.3 billion in the previous fiscal year.

Operating revenues / Operating income (loss)



Roll-out of M2M /IoT Business

There were about 4.9 million M2M lines at the end of March 2015, and we are recording favorable growth in net additions. We are implementing a wide range of business development initiatives, including for construction machinery, vending machines, automobiles, and smart meters, and in recent years, we have launched products and services for consumers, such as the "Docotch," a wristwatch-type handset that enables the condition and location of children to be monitored, and handsets for pets. In June 2014, we concluded an agreement with Tesla Motors, Inc., of the United States, to provide DOCOMO's M2M platform and data connectivity for Tesla's Model S electric vehicles marketed in Japan. As the age of IoT draws near, we are working to establish an environment that can accommodate stable communications for several hundred million devices.



"Docotch"



Standard equipment car navigation on Tesla's Model S