

## Main Initiatives

# Networks and Billing Plans

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

### Progress in Fiscal 2012

#### Accelerating LTE Xi Service Development

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

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

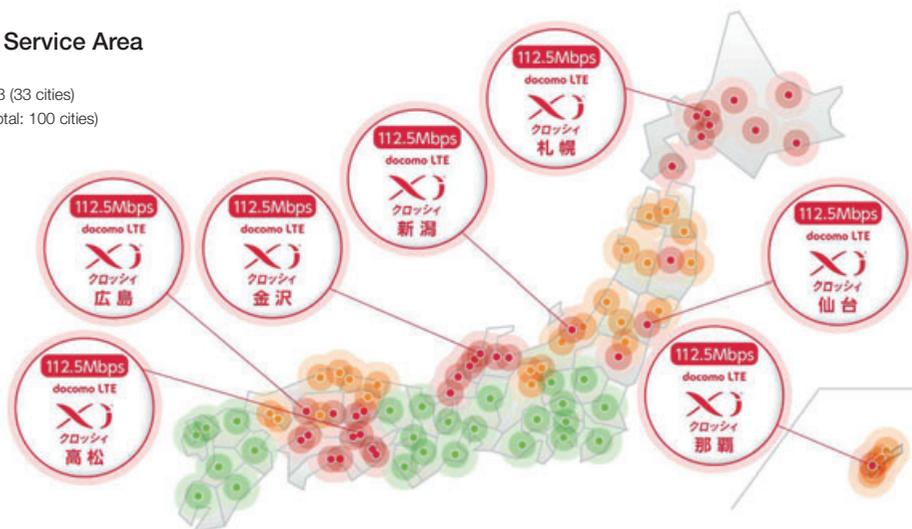
expand the LTE Xi service area, thereby meeting the needs of customers.

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

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

#### Expansion of 112.5 Mbps Service Area

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



## Promoting the Use of Wi-Fi

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

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

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

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

## Billing Plan Strategy

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

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

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

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

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

**Xi Talk 24**

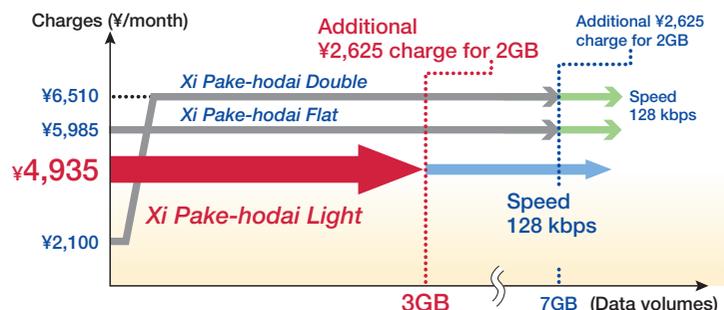
Billing plans  
Type Xi Ninen  
**¥780/month**  
Calling charge ¥21/30s

+

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

**¥1,480/month**

Free domestic calls 24 hours a day to DOCOMO subscribers



## Our Next Step

### LTE-Advanced

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

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

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

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

## Creating Value for Society

### Preparing to Respond to Major Disasters

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

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

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

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

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



Green base station

# Handsets

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

## Progress in Fiscal 2012

### Enhancing Handset Competitiveness

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

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

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

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



*Xperia™ Z*



*Xperia™ Tablet Z*

## Our Next Step

### Characteristics of Summer 2013 Lineup

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

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



*GALAXY S4*



*Xperia™ A*

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

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

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

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

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

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

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

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

### Creating Value for Society

#### Meeting the Needs of Diverse Users

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

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

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



Raku-Raku SMART PHONE



Smartphone for Juniors

# New Business Fields: Services

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

## Progress in Fiscal 2012

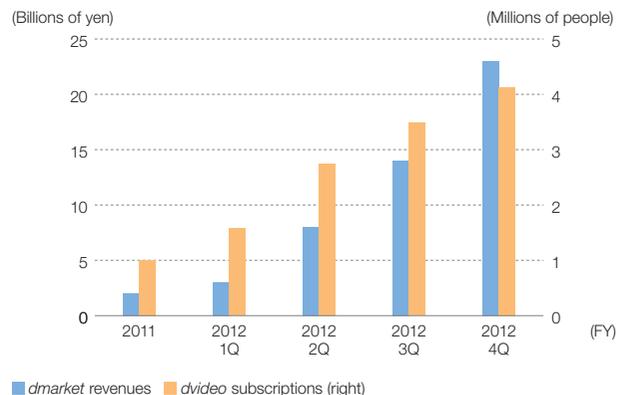
### Enhancing DOCOMO's Directly Operated Content Market

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

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

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

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



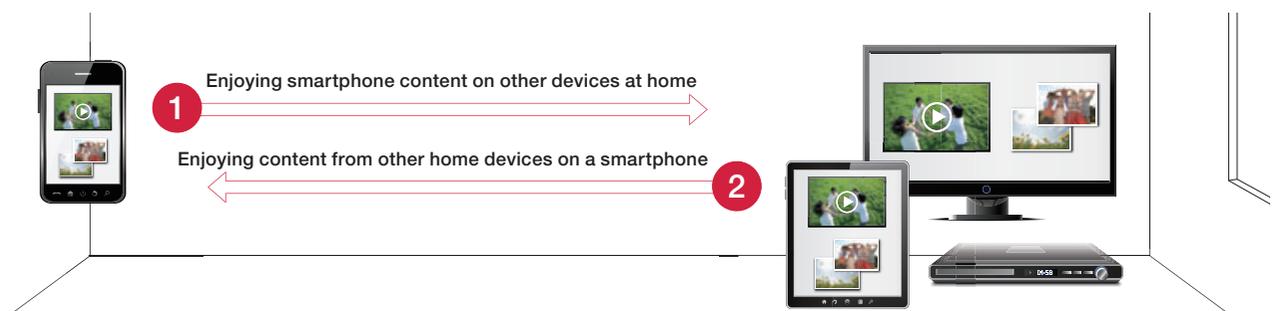
### Advancing a Multiple Device Framework

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

services work smoothly across multiple devices and platforms.

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

### DOCOMO Smart Home



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

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

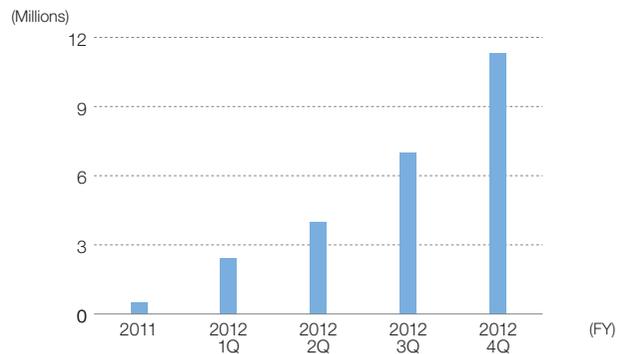
**Advancing New Development in Cloud Services**

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

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

DOCOMO's voice interface was linked with *dshopping* in

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



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

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

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

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



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

1 Used with telephone calls



2 Used face to face



Communication between different languages with DOCOMO's automatic interpretation service

### Enhancing Media Content with the Launch of NOTTV

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

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

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

## Our Next Step

### Offering Worry-Free, Convenient Smartphone Use

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

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

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



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

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

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

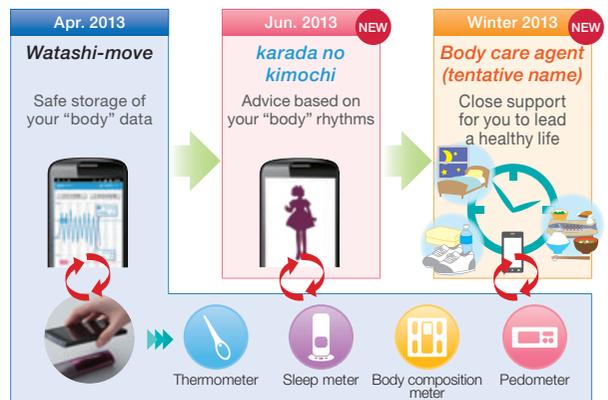
**Contributing to Better Health**

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

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

managed in the cloud.

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



**Providing Support for Ongoing Study**

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

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

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

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



Examples of learning support services for smartphones



© Benesse Corporation  
1988-2013 /しまじろう

Child-rearing support services by Benesse and DOCOMO

# New Business Fields: Partnerships

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

## Progress in Fiscal 2012

### Strengthening Our Business Foundation in Commerce

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

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

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

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

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

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

**Advancing Credit Services**

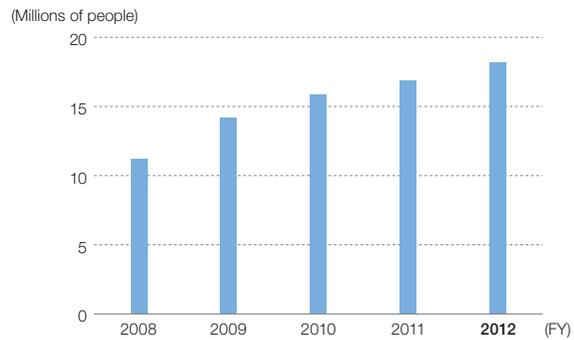
To develop new forms of mobile payment services and expand the locations around the world where our *iD* mobile credit payment system can be used, we have entered a business alliance with MasterCard Worldwide.

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



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

**iD Membership**

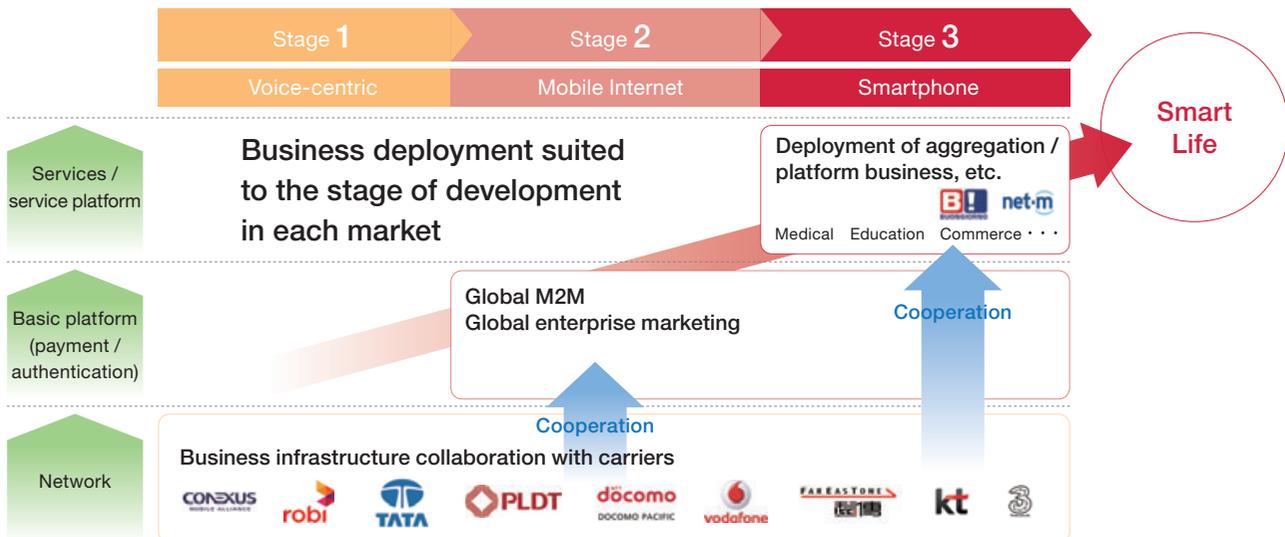


**Global Business Deployment Suited to the Stage of Development in Each Market**

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

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

**Global Strategies**



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

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

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

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

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

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

## Our Next Step

### Launching *DOCOMO Innovation Village*

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

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

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

### Creating Value for Society

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

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

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



ALSOK's emergency dispatch service for protecting children

## Supporting Tohoku Reconstruction and Revitalization Initiatives

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

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

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

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

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

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

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

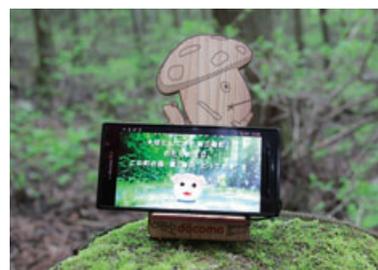
7. FORESTOCK certification: A system under which the FORESTOCK Association, a general incorporated association, evaluates forests in Japan and certifies them in regard to specific standards, such as appropriate, sustained forest management and biodiversity conservation.



Tablet used to provide information from evacuated municipalities



Local farmer uses a tablet to record agricultural work



Original DOCOMO smartphone holder that comes with forest conservation credits

# Contributing to Society and the Environment through Our Business Activities

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

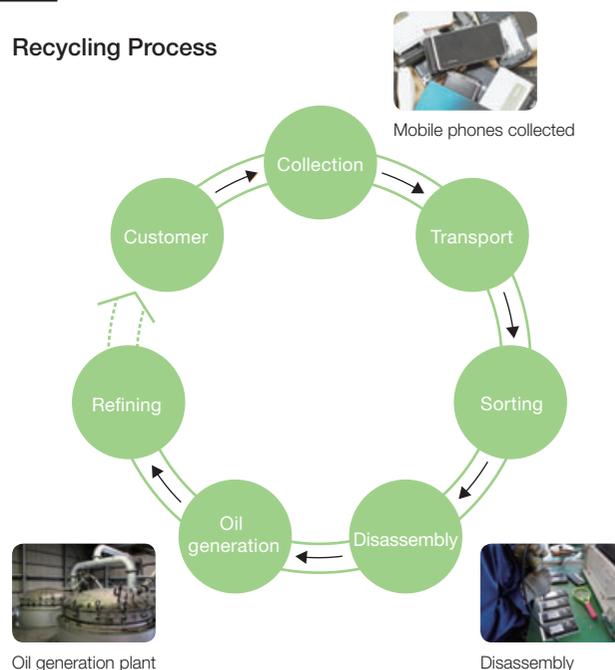
## Collecting Mobile Phones for Recycling

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

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

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

## Recycling Process



## Supporting Bicycle-Sharing Services

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



Bicycle sharing

