

The new of today, the norm of tomorrow.



## Corporate Philosophy

To realize “the creation of a new world of communications culture,” DOCOMO will maximize the potential held by each individual to provide highly personalized communication solutions that truly satisfy customers.

### Editorial Policy

*Annual Report 2016* is presented as an integrated report that combines both financial and non-financial information in order to convey the corporate value of DOCOMO. Assets nurtured through our history lead to future value creation and sustainable growth. We worked to outline this process in a manner comprehensible to all stakeholders including shareholders and investors, paying particular attention to the enhancement of non-financial information. In addition, our efforts as an industry-leading company to contribute to resolving environmental and social issues and create a sustainable society are introduced in the Foundation for Value Creation section.

### Definition of Fiscal Year

“Fiscal 2015” refers to our fiscal year ended March 31, 2016, and other fiscal years are referred to in a corresponding manner.

For more detailed IR-related information:

▶▶▶ Shareholder/Investor Relations website

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

- Earnings releases
- Timely disclosure materials
- Management policy
- Message from the President
- Information for individual investors
- Stock-related information, etc.



For more detailed CSR-related information:

▶▶▶ CSR website

<https://www.nttdocomo.co.jp/english/corporate/csr/>

- Sustainability Report (CSR Report)
- DOCOMO's CSR
- CSR evaluations by third parties
- CSR procurement, etc.



Unless specifically stated otherwise, information in this annual report is as of August 2016. As used in this annual report, references to “DOCOMO,” “the Company,” “the Group,” “we,” “our” and “us” are to NTT DOCOMO, INC. and its consolidated subsidiaries except as the context otherwise requires. Names of companies or products presented in this annual report are the trademarks or registered trademarks of their respective organizations. iPhone is a trademark of Apple Inc. The iPhone trademark is used under a license by AIPHONE CO., LTD.

### Forward-Looking Statements

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



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## Feature: Transformation into a Value Co-Creation Company

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## Foundation for Value Creation

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# We have built the foundation of Japan's mobile ICT\* through countless innovations.



## Mobile phones for all

Once a luxury for only the privileged, the downsizing of the mobile phone and improvement in call quality expanded our customer base to the individual user. The expansion of our base station network also enabled customers to talk anytime, anywhere, to anyone.

**Launch of digital "mova" services**

1993



## From talking to using – the evolution of the mobile phone

With our revolutionary "i-mode" service, which connected the mobile phone to the Internet, along with other functions such as cameras, GPS, and "Osai-fu-Keitai" e-wallets, mobile phones became an essential part of the IT infrastructure.

**Launch of "i-mode" service**

1999



## A tool to support personal activities in lifestyle infrastructure

With the introduction of various services ranging from credit payment ("iD") to disaster information ("Area Mail"), we focused on various aspects of the everyday lives of our customers, to deliver more convenience, fun, safety and security.

**Launch of "iD" credit payment service**

2005



## A new era for mobile communications

As smartphones and tablets came into widespread use, we introduced "dmarket," a platform for content distribution and online shopping services. Our challenge to enrich our customers' lives and businesses for a "Smart Life" has only just begun.

**Launch of "dmarket"**

2011

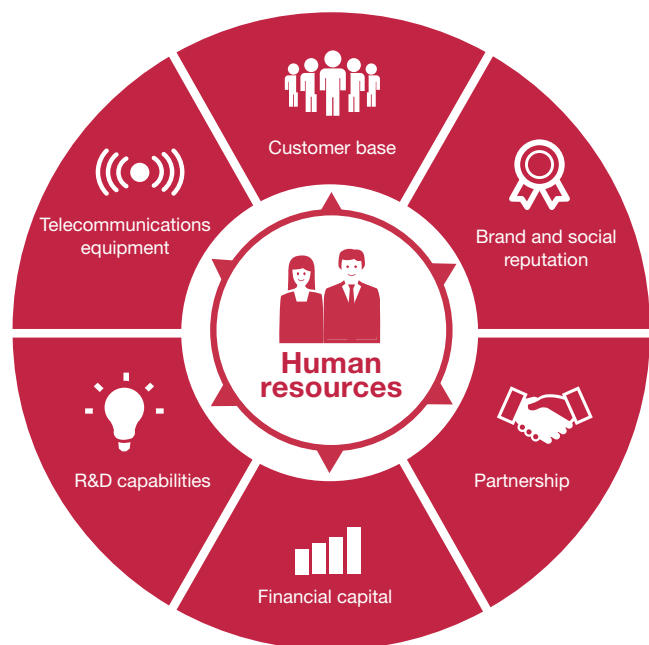
\*ICT: Information and Communication Technology



Based on our corporate philosophy of “creating a new world of communications culture,” DOCOMO has continued to deliver value to people’s lives and to society. We do this by developing innovative products and services that give the world new inspiration and abundance. We deliver safety and security to the social foundation that supports people’s lives. This is the distinctive value that we offer, developed through our growth in accordance with the evolution of mobile telecommunications technology.

Our unique strengths are the fruits of our countless endeavors for innovation and safety: the largest customer base in Japan, superior brand value and social reputation, alliances with multiple partners, extensive and sophisticated telecommunications equipment, global leadership in R&D, a rock-solid financial capital base, and at the core, human resources. Harnessing all our strengths, we continue to strive to create a new world of communications culture.

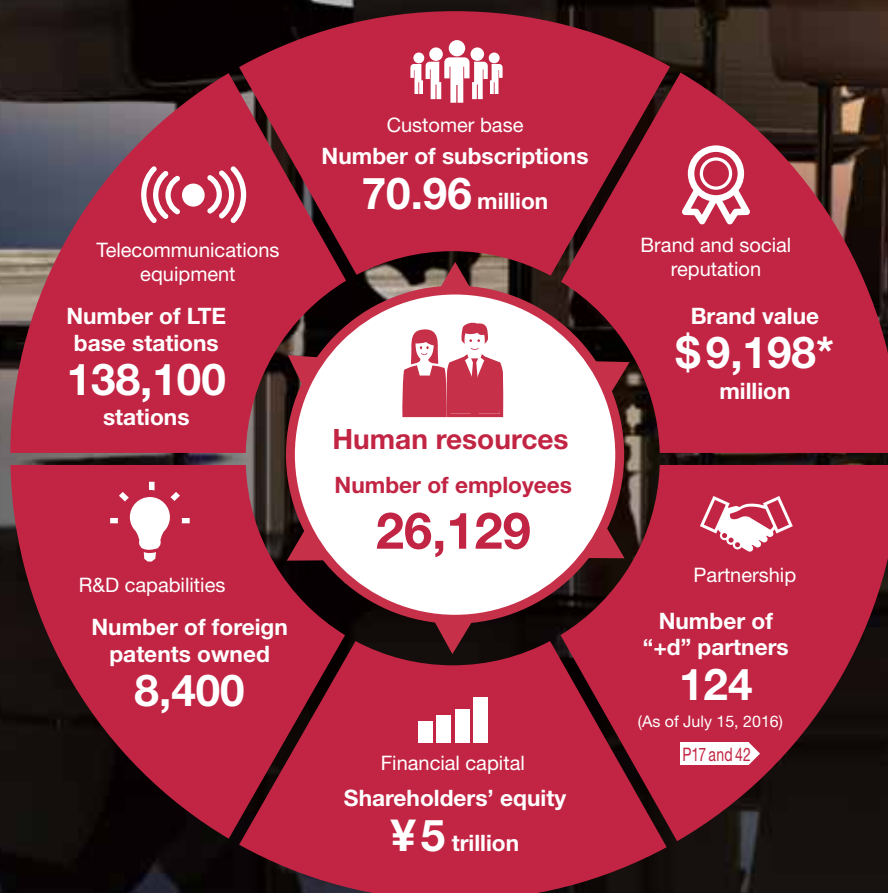
## DOCOMO’s Seven Strengths



# Strengths we have nurtured throughout our history are now coming to fruition.

## Indicators illustrating our seven strengths

(As of March 31, 2016)



\* Brand value is a monetary value given to and ranking of domestic Japanese brands by Interbrand Japan using its unique methodology to evaluate brand value based the brand's financial performance, role and strengths. (*Best Japan Brands 2016* announced on February 17, 2016)

## Our valuation

Share of mobile phone subscriptions

**Domestic  
Ranked 1st**  
(43.6%)

Source: Calculated by DOCOMO based on data announced by each company. (As of March 31, 2016)

Customer satisfaction

**Domestic  
Ranked 1st**

Source: 2015 Japan Mobile Phone Service Satisfaction Study conducted by J.D. Power Asia Pacific

Brand value<sup>1</sup>

**Domestic  
Ranked 1st**

Source: Interbrand Japan, *Best Japan Brands 2016*

Market capitalization

**Domestic  
Ranked 2nd**  
(¥10,428.9 billion)

(As of March 31, 2016)

Number of LTE subscriptions

**Global  
Ranked 3rd**  
(38.68 million subscriptions)

Source: GSMA Intelligence (Connections excluding cellular M2M and LTE in Q1 2015)

Low churn rate

**Global  
Top class**  
(0.62%)

Source: Comparison of the annual churn rate of postpaid contracts from figures announced by each company. (Figures for DOCOMO are as of March 31, 2016)

CSR corporate ranking

**Domestic  
Ranked 5th**

Source: Toyo Keizai Inc., *10th Toyo Keizai CSR Corporate Ranking (2016)*

NICES Comprehensive Corporate Ranking<sup>2</sup>

**Ranked 6th**

Source: Nikkei Inc., *The Nikkei*, November 27, 2015 morning edition

New diversity management selection 100

**Winner**

Note: Ministry of Economy, Trade and Industry, "New Diversity Management Selection 100" in Fiscal 2015

Notes: 1. Brand value of domestic brands with overseas sales of less than 30% (Fiscal 2012 consolidated basis)

2. NICES Comprehensive Corporate Ranking, compiled by Nikkei Research Inc., is based on a comprehensive review of companies from a stakeholder's point of view.

# The new of today, the norm of tomorrow. We continue our challenge toward future goals.



P34-35

## Our aspirations ahead (2020 vision) Pursuing Smart Innovation

- Harmonize** Social contribution beyond borders, across generations
- Evolve** Evolution of service and network
- Advance** Advance industries through convergence of services
- Relate** Creating joy through connections
- Trust** Support for safe, secure, and comfortable living

### Striving for growth beyond recovery to achieve our medium-term targets a year ahead of schedule

Year of achievement	Operating income	Smart life business and other businesses segment	Cost efficiency improvement (vs. FY2013)	Capital expenditures	Shareholder returns
<b>FY2016</b>	<b>¥910 billion</b>	<b>¥120 billion</b>	<b>-¥440 billion</b>	<b>¥585 billion</b>	Enhance shareholder returns through dividend increases and share repurchases
<b>FY2017</b>	¥820 billion or higher	¥100 billion or higher	-¥400 billion or higher	¥650 billion or lower	

Note: Targets for FY2016 are as announced on April 28, 2016. Targets for FY2017 are medium-term targets as announced on October 31, 2014.





# Creation and evolution of services, promotion of “+d,” and reinforcement of all foundations — through these three key strategies we will offer “Ever-Improving Value” to customers and society.

## On becoming President & CEO

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I am Kazuhiro Yoshizawa, newly appointed President & CEO of NTT DOCOMO. I am highly honored to have been appointed to lead the company, and I intend to fully commit myself to DOCOMO's future. In my previous roles as General Manager of the Corporate Strategy and Planning Department and as Senior Executive Vice President, I worked to change the stage of competition to one of “value-added co-creation through services,” and to overhaul the Company's cost and organizational structure. I have also taken part in decisions that led to ground-breaking developments for DOCOMO: the addition of the iPhone to our lineup, the introduction of our billing plan “Kake-hodai & Pake-aeru” and the roll-out of “docomo Hikari.” As President & CEO, I am determined to take up this challenge and further accelerate the initiatives and reforms that we have embarked upon. I will continue to do everything I can to provide our customers and society with “Ever-Improving Value.”

## Three key strategies for offering “Ever-Improving Value”

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Last year, we revised our brand slogan to “The new of today, the norm of tomorrow” to illustrate our long-term corporate vision. This sentiment indicates that we will pursue innovation so that all of our customers will be able to lead lives of comfort and convenience. Japan is currently facing many domestic social issues as it deals with a low birthrate, an aging population and a population decline. In addition, lifestyles are changing. At the same time, the telecommunications industry is undergoing drastic changes on a global level, as many different kinds of players are entering the industry and the positions of telecommunications carriers are evolving. Amidst this change, we will continue to pursue smart innovations.

By doing so, we believe that we will be able to create new value for our customers and society through advances in telecommunications technologies and ICT. The major strategic focus in our efforts to provide “Ever-Improving Value” is the three pillars of creation and evolution of services, the promotion of “+d” and reinforcement of all foundations. **P17**

## Becoming a sound company with a focus on speed

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We strive to be a sound company that achieves both the enhancement of customer service and continuous corporate growth. We will realize this by offering “Ever-Improving Value” and strengthening corporate governance. To us, a sound company means one that constantly provides its customers with the best and most satisfying services while continuously reinventing itself so that it can maintain and grow its profits. And the keyword for achieving this is “speed.” With the constantly accelerating pace of societal change and diversification of the business environment, we believe that it will be the fast beating the slow, regardless of one's size, and will push forward with business developments with a speed-focused strategy. We are working vigorously in line with our corporate philosophy to create a new communications culture.

August 2016

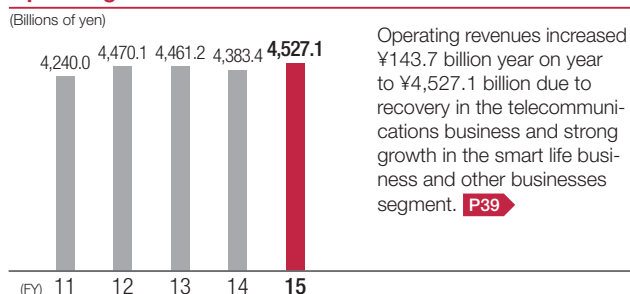


**Kazuhiro Yoshizawa**  
President and Chief Executive Officer

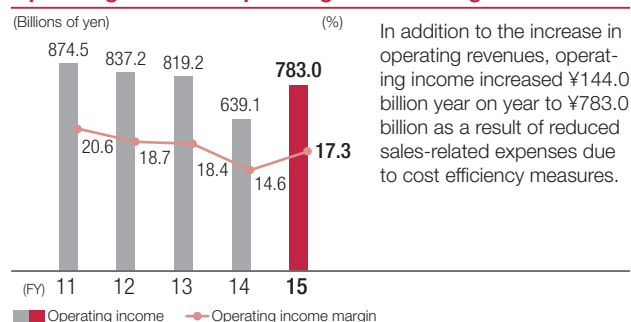
## ► Highlights

### Growth and Profitability

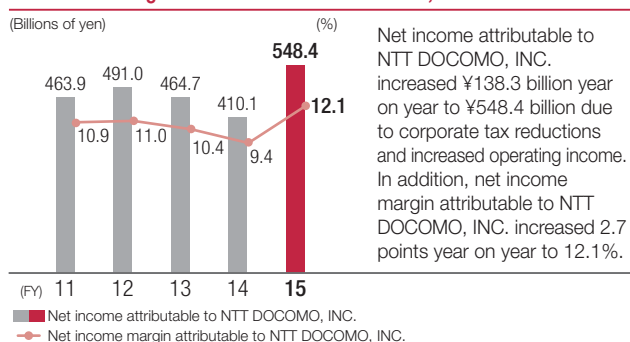
#### Operating revenues



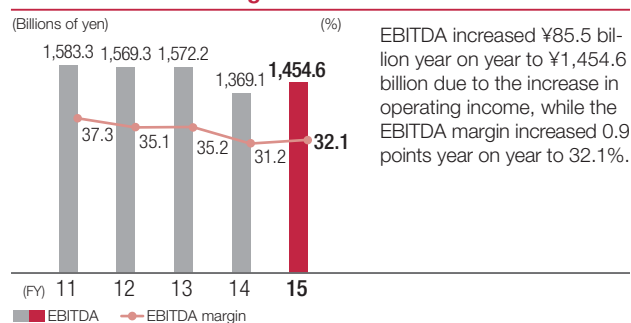
#### Operating income / Operating income margin



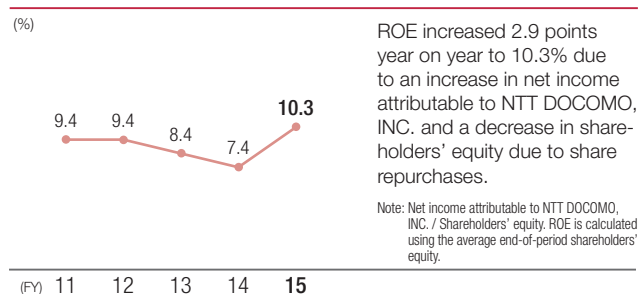
#### Net income attributable to NTT DOCOMO, INC. / Net income margin attributable to NTT DOCOMO, INC.



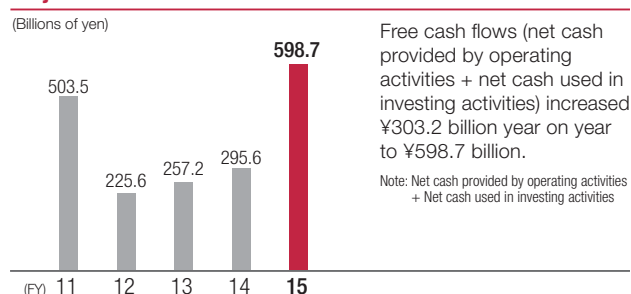
#### EBITDA / EBITDA margin



#### ROE

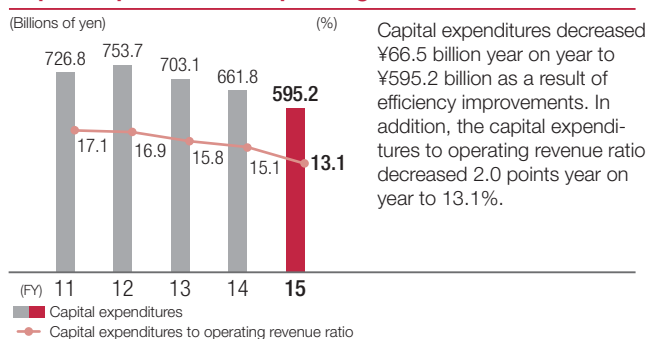


#### Adjusted free cash flows<sup>1</sup>

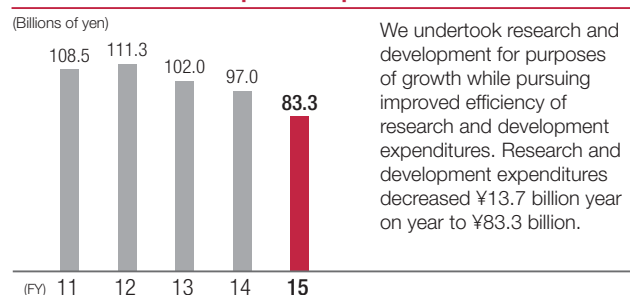


1. Adjusted free cash flows exclude the effects of uncollected revenues due to bank holidays at the end of the period, the effects of the uncollected amounts of transferred receivables of telephone charges to NTT FINANCE CORPORATION, and changes in investment derived from purchases, redemption at maturity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

#### Capital expenditures / Capital expenditures to operating revenue ratio

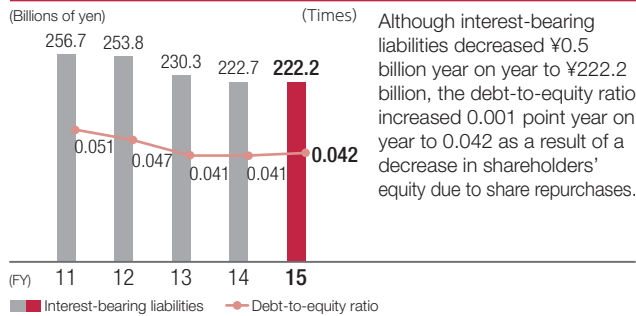


#### Research and development expenditures

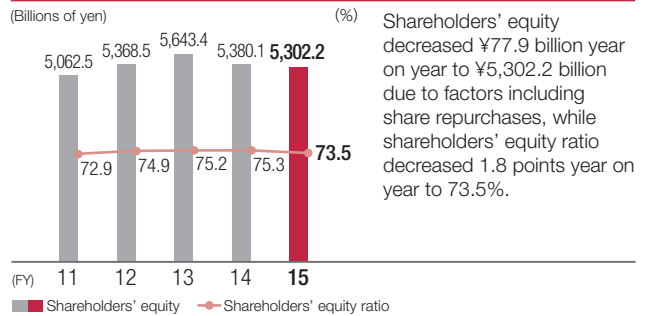


## Financial Position

### Interest-bearing liabilities / Debt-to-equity ratio

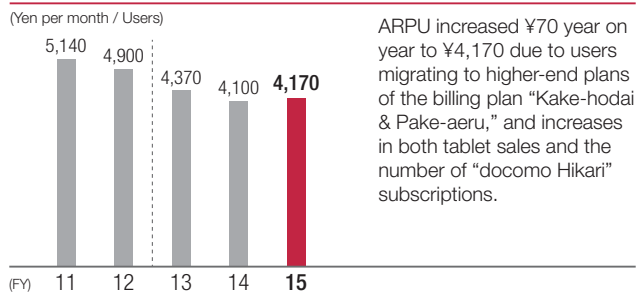


### Shareholders' equity / Shareholders' equity ratio

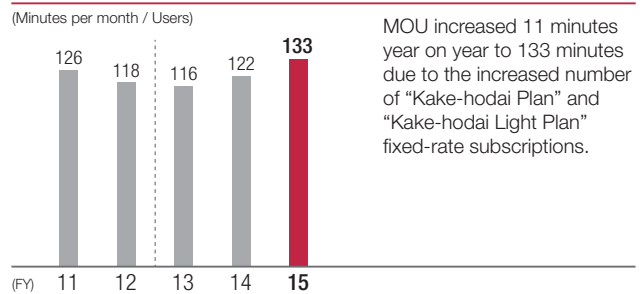


## Operating Indicators

### ARPU<sup>2</sup>

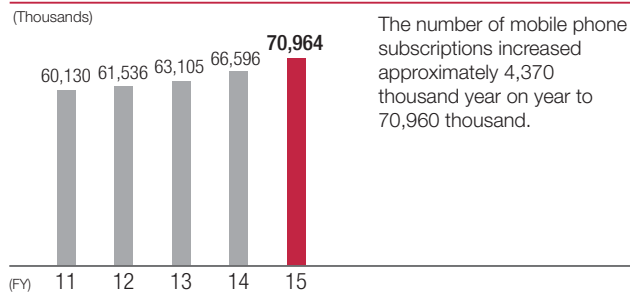


### MOU<sup>2</sup>

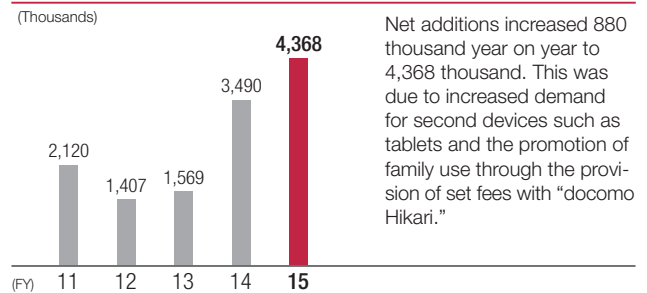


2. The method of calculating ARPU and MOU changed from fiscal 2015. Accordingly, the figures for fiscal 2013 and fiscal 2014 have been adjusted. **P38**

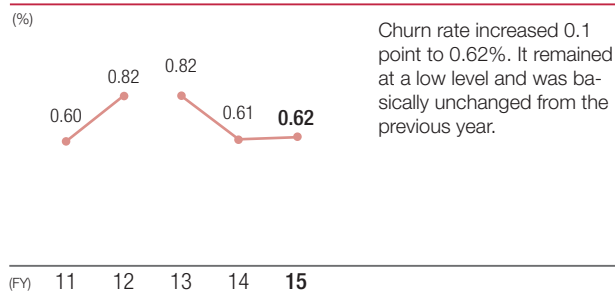
### Number of mobile phone subscriptions



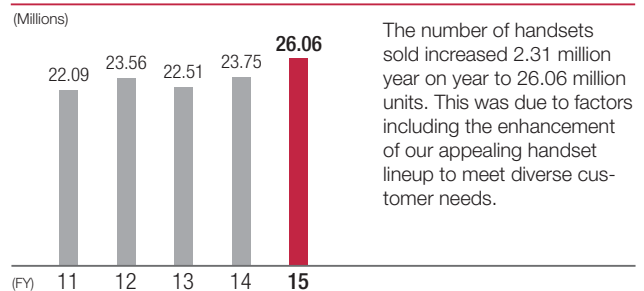
### Net additions



### Churn rate<sup>3</sup>



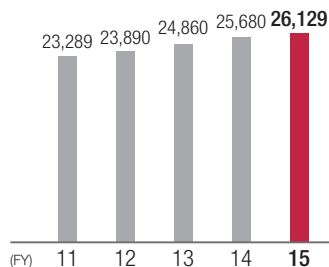
### Total number of handsets sold



3. The definition of churn rate changed from fiscal 2015, and MVNO subscriptions and cancellation numbers are no longer included. Accordingly, the figures for fiscal 2013 and fiscal 2014 have been adjusted.

## Human Resources and the Environment

### Number of employees<sup>4</sup>

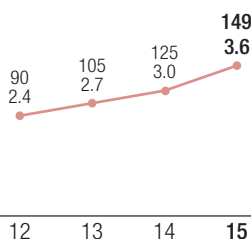


The number of employees increased by 449 from the previous fiscal year to 26,129.

4. Includes employees on loan from other companies; does not include employees of DOCOMO temporarily transferred to other companies.

### Number / Percentage of female employees in managerial positions<sup>5</sup>

(Women / %)

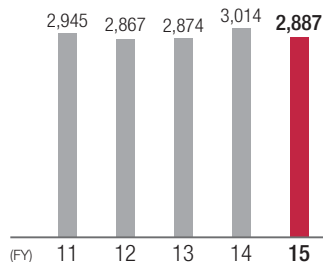


The number of female employees in managerial positions increased by 24 from the previous fiscal year to 149, and the percentage of managerial positions held by female employees increased by 0.6 points to 3.6%.

5. Data prior to FY2012 is not disclosed.

### Total electricity usage

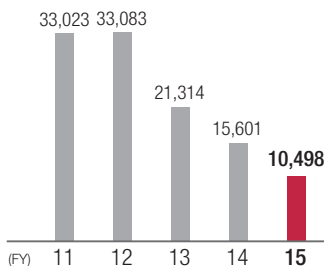
(Thousands of MWh)



Total electricity usage decreased by 127 thousand MWh to 2,887 thousand MWh.

### Paper usage

(t)

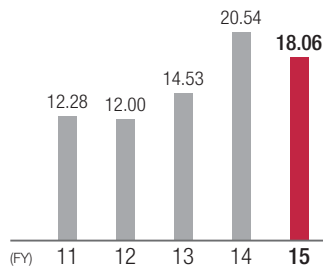


Paper usage decreased by 5,103 tons to 10,498 tons.

## Share-Related

### Price-earnings ratio

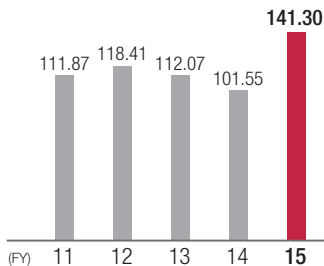
(Times)



The price-earnings ratio (PER) decreased by 2.48 points from the previous fiscal year to 18.06.

### Earnings per share attributable to NTT DOCOMO, INC.

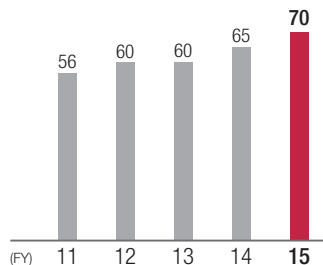
(Yen)



Earnings per share attributable to NTT DOCOMO, INC. increased by ¥39.75 from the previous fiscal year to ¥141.30.

### Cash dividends declared per share<sup>6</sup>

(Yen)

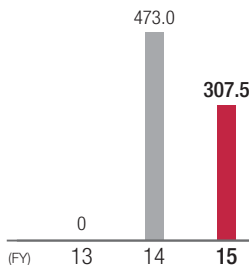


Cash dividends declared per share increased by ¥5 from the previous fiscal year to ¥70.

6. Figures take into account the stock split (1:100) conducted on October 1, 2013.

### Share repurchases

(Billions of yen)

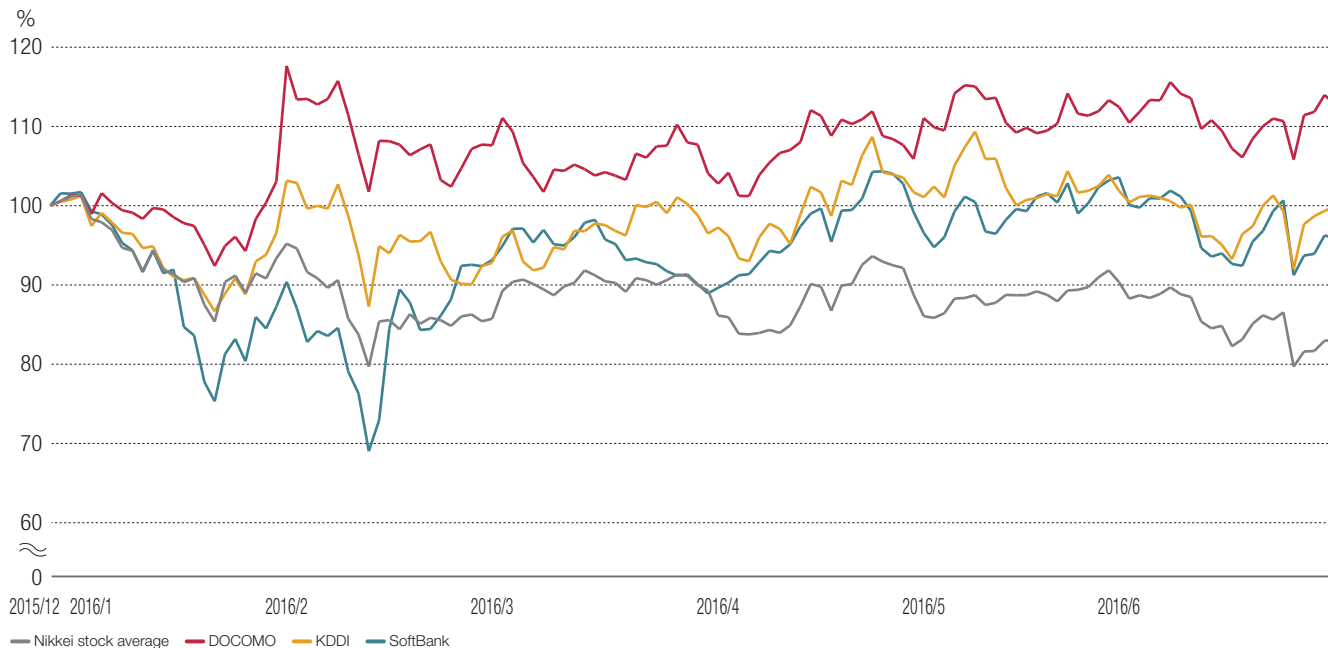


In January 2016, NTT DOCOMO announced share repurchases to take place from February 1 to December 31, 2016, up to a limit of ¥500 billion. During fiscal 2015, the Company repurchased shares worth ¥307.5 billion.

## Stock and Financial Data

### Stock price performance from December 2015 to June 2016

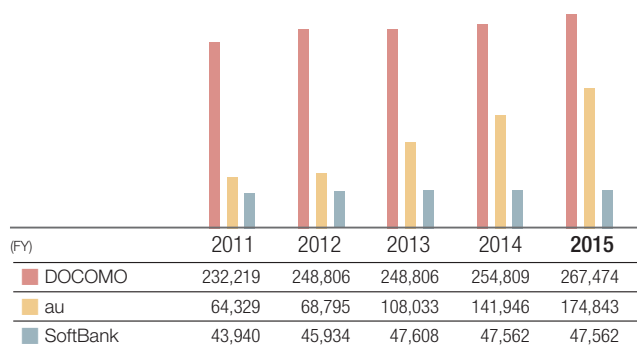
(Changes compared with the prices on December 25, 2015 as 100%)



Source: Tokyo Stock Exchange, Inc.

### Total cash dividends for the year

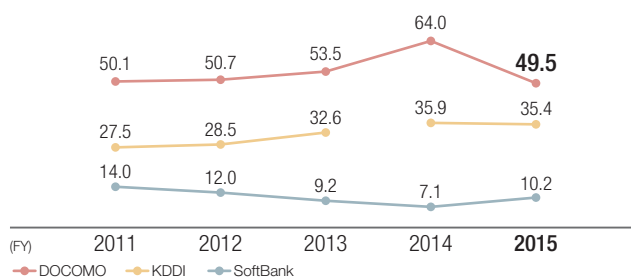
(Millions of yen)



Source: Figures announced by each company.

### Payout ratio

(%)

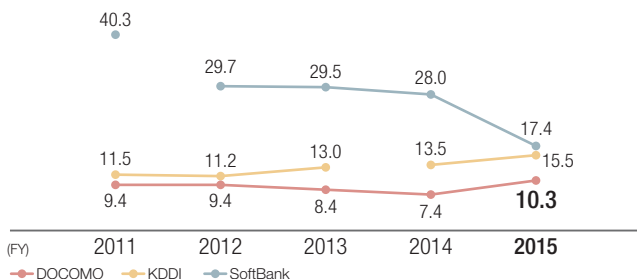


Source: Figures announced by each company.

Note: For KDDI, FY2011-2013 are JGAAP and FY2014-2015 are IFRS. For SoftBank, FY2011 is JGAAP and FY2012-2015 are IFRS.

### ROE

(%)



Source: Figures announced by each company.

Note: For KDDI, FY2011-2013 are JGAAP and FY2014-2015 are IFRS. For SoftBank, FY2011 is JGAAP and FY2012-2015 are IFRS.

### Components of ROE

(Fiscal 2015)

(%)

ROE	Components of ROE		
	Net income margin (Net income/ Net sales)	Asset turnover (Net sales/ Total assets)	Leverage ratio (Total assets/ Shareholders' equity*)
DOCOMO	10.3	12.1	63.0
KDDI	15.5	11.1	78.1
SoftBank	17.4	5.2	43.5

Source: Figures announced by each company.

\* Shareholders' equity is period average. The data for KDDI and SoftBank are calculated by DOCOMO from figures announced by each company.