

Strategy

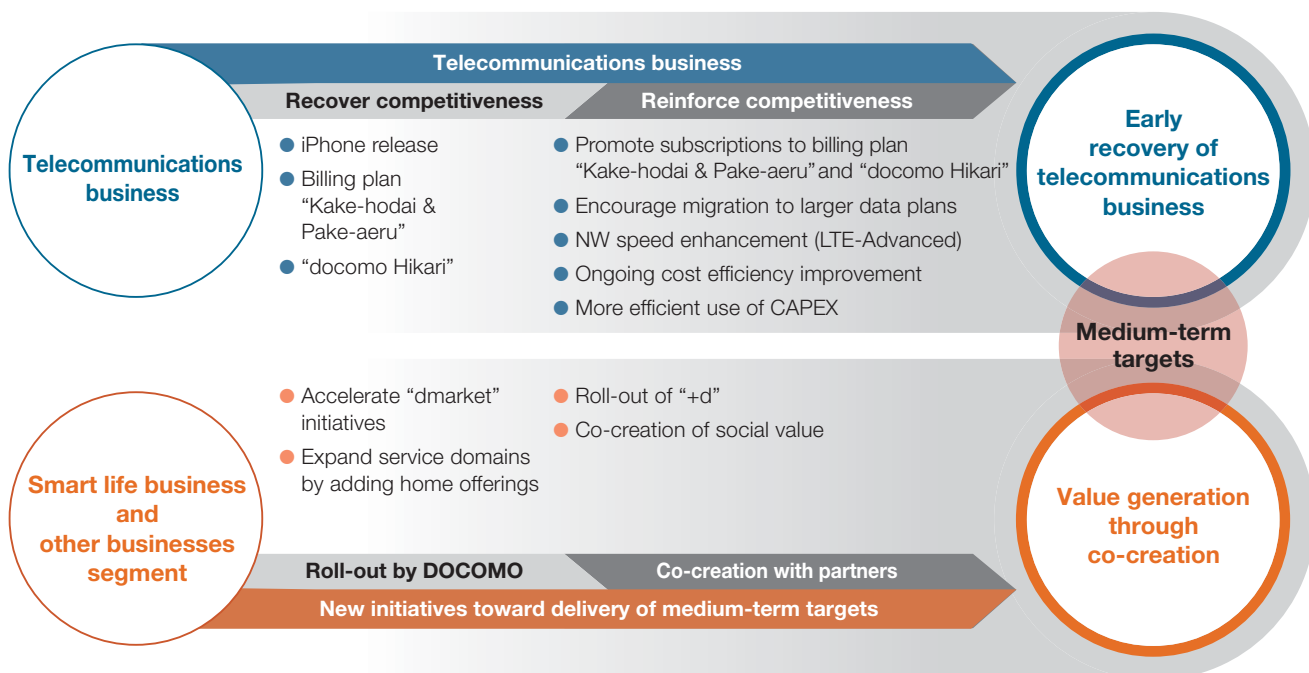
DOCOMO's future vision

2020

Corporate philosophy	<p>We will create a new communications culture We will satisfy our customers We will utilize individual potential</p>
Brand slogan	<p>The new of today, the norm of tomorrow</p>
Corporate vision	<p>Our aspirations ahead (2020 vision)</p> <hr/> <p>Pursuing Smart Innovation</p> <p>HEART</p> <ul style="list-style-type: none"> 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



Initiatives for delivery of medium-term targets



Overview of Strategy by the CEO

Early achievement of our medium-term targets lies just ahead. We will accelerate our initiatives aimed at co-creation of added value.

Kazuhiro Yoshizawa

President and
Chief Executive Officer



Looking back on fiscal 2015

Initiatives to meet our medium-term targets a year ahead of schedule

Our medium-term target for fiscal 2017 is consolidated operating income of ¥820.0 billion or more. Of that total, we expect the smart life business and other businesses segment to account for ¥100.0 billion or more. Fiscal 2015, the first in the three-year target, was an extremely important year for us. In response to the year-on-year decline in income in fiscal 2014, we positioned fiscal 2015 as a year to manage our business with utmost emphasis on results aimed at future growth, and worked together as a company toward the recovery of profits. The result was operating income of ¥783.0 billion, exceeding our initial target of ¥680.0 billion (revised upward to ¥710.0 billion in October 2015). We are continuing our recovery, to the point that we forecast operating income of ¥910.0 billion for fiscal 2016 and aim to achieve our medium-term targets a year ahead of schedule.

Underpinning this performance was the recovery in our telecommunications business. [P36](#) While it is true that our billing plan “Kake-hodai & Pake-aeru” (launched in June 2014) was a factor in the decline in profits in fiscal 2014, our sound

recovery in fiscal 2015 is evidence that the billing plan is by no means a failure. Movement toward larger data plans and the increase in demand for second tablets and other devices, signs of which had begun to appear in fiscal 2014, became increasingly apparent in fiscal 2015. Other successful initiatives included the promotion of family-unit usage through “Share Pack” and “docomo Hikari,” as well as a gain in new mobile subscriptions due to an increase in “docomo Hikari” subscriptions.

We also achieved increased income in the smart life business and other businesses segment. In addition to our “dmarket” and other content services and our finance/ payment services, our group companies and other businesses have grown to the level at which they are generating solid income and improving results. In the future, growth in the top line of our telecommunications business will slow, but we will continue to improve our overall top line by expanding the smart life business and other businesses segment. [P39](#)

Cost efficiencies in capital expenditures, marketing expenses and other areas also yielded results. Acting in unison across the Company, we achieved substantial cost efficiency improvement of ¥240.0 billion compared with fiscal 2014. Looking ahead, we will continue to maintain a sound management foundation.

▶ Aim for early achievement of medium-term targets

(Billions of yen)

	FY2015 results	FY2016 forecasts	FY2017 medium-term targets
Operating income (Excluding impact of change of depreciation method, etc.)	783.0	910.0 (860.0)	820.0 or higher
Incl.) Smart life business & other businesses	74.2	120.0	Over 100.0
Cost efficiency improvement (Compared with FY2013)	-360.0	-440.0*	-400.0 or more
Capital expenditures	595.2	585.0	650.0 each year or less

Move up 1 year

* Cumulative amount of cost efficiency improvement achieved in FY2014 (¥120.0 billion), FY2015 (¥240.0 billion) and planned for FY2016 (¥80.0 billion)
 Note: Targets for FY2017 are medium-term targets as announced on October 31, 2014.

Our future direction

Key strategies are creation and evolution of services, promotion of “+d” and reinforcement of all foundations

The increase in sophistication of devices, networks, and software will continue in mobile information and communication technology (ICT). Devices, for example, hold broad possibilities that include integration with artificial intelligence (AI), wearables, and sheet-type displays. Working towards our 2020 vision “HEART: Pursuing Smart Innovation,” DOCOMO will provide services that support more convenient, enjoyable, safe and secure lifestyles for customers and that resolve various social issues. Looking at the results of our initiatives so far, we are in a good position to make these goals a reality. In order to continue providing value amid changes in a challenging operating environment, we will actively move forward with the following three key strategies.

● Creation and evolution of services

Leveraging our research and development capabilities, an asset that we have built up through our business operations, we will create and evolve services that fit our customers’ lifestyles, that are convenient and fun, and that promote peace of mind. For example, we are working toward further convenience and security through advances in technology such as biometric identity confirmation, and in services like natural-language dialogue and image recognition technologies that will evolve through research and development into AI. We will continue with initiatives that let our creations deliver

“Ever-Improving Value” to customers and become a natural part of their lives.

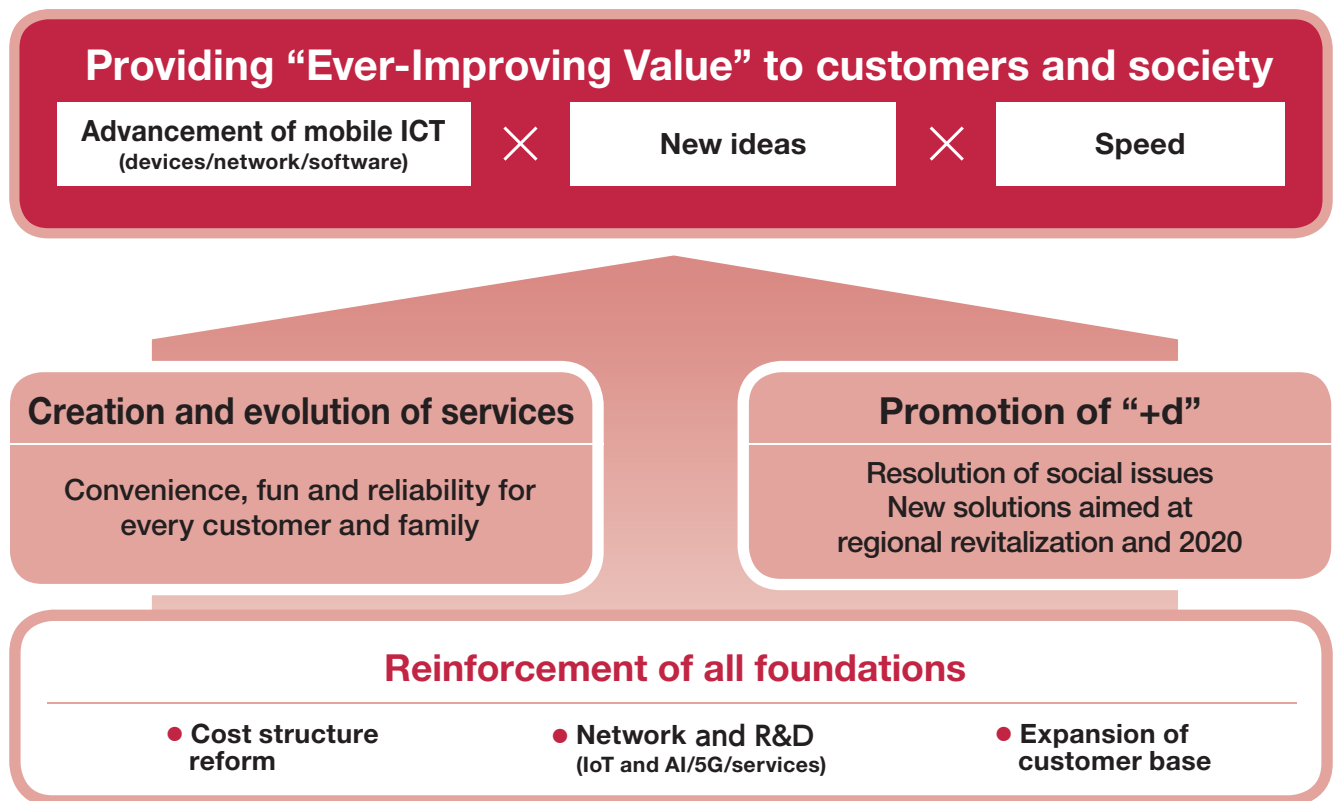
● Promotion of “+d”

It is no longer easy for a single company to generate new value in the telecommunications market, particularly the mobile market. We refer to our collaboration with partners as “+d,” based on the “d” concept in our service brand. We will engage in co-creation with partners through “+d,” bringing together our abundant assets to provide new value and services. In collaboration with local governments, corporations and research institutions in a variety of fields such as agriculture, health and medicine, and education, we are working toward regional revitalization and the resolution of social issues. **P26**
 I used to be involved in corporate sales, in what would be called solutions sales. Amid the cutthroat competition among telecommunications carriers, I worked to expand the business by working together with customers on matters such as fusing mobile with systems. Through “+d,” we will make a shift toward becoming a value co-creation company, and will undertake innovative challenges.

● Reinforcement of all foundations

Achieving services that are widely adopted by society requires that we strengthen the various foundations that are essential assets of the Company. First, we will further advance our network foundation, in particular by conducting research and development to achieve high-speed, high-capacity and low-latency 5G by 2020. **P47** Next, along with the improvement of customer satisfaction through

- ▶ **Three key strategies:**
Creation and evolution of services, promotion of “+d” and reinforcement of all foundations



high-value-added services, we will grow our customer base through membership-based businesses for customers who do not have NTT DOCOMO subscriptions. We will also continue our cost structure reforms and will aim for sustainable growth based on our sound management foundation.

Initiatives in fiscal 2016

Future initiatives and the development of the telecommunications business and the strengthening of the smart life business and other businesses segment, with “+d” at the core

What, then, are the things that DOCOMO should be addressing now?

First, in the telecommunications business, an area in which we have successfully achieved recovery, we will aim for further progress. We will continue to enhance billing plans that meet the

diverse needs of customers such as “Kake-hodai & Pake-aeru,” and improve customer service. In addition, we are promoting family unit-usage through “Share Pack” and “docomo Hikari” as we continue to lead the market in a shift from price-based competition to value-added competition through comprehensive offerings of mobile phones, “docomo Hikari” and other services. At the same time, we are building sophisticated telecommunications networks that allow users to actually experience the comfort of high-speed communications. [P36](#)

Second, we are looking to grow our smart life business and other businesses segment to the same scale as our telecommunications business. This fiscal year, we are making efforts to sow seeds as well as grow our top line. Together with further expansion of our “d CARD,” “d POINT,” and “d ACCOUNT,” [P41](#) we will make efforts to create business models and develop partners for the promotion of “+d.” While profits in the telecommunications business are generated by subscribers, profits in the smart life business and other

businesses segment come from the acquisition of members. In short, we are transforming our business from subscriber-based to member-based.

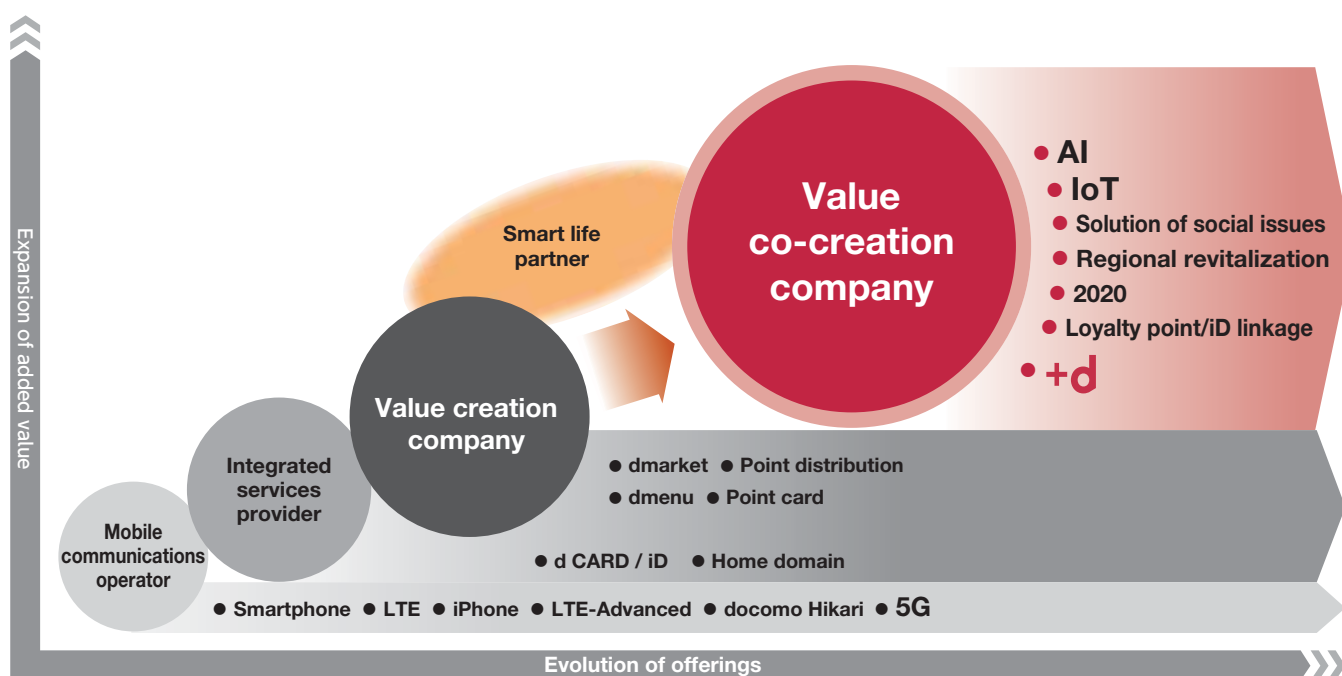
For future growth, we are sowing seeds to create new services centered on “+d.” For example, we are considering new sports-related content and services in light of the 2020 Tokyo Olympic and Paralympic Games. In addition, in the field of tourism, to meet the increased number of foreign tourists to Japan, we are further enhancing translation services **P32** and considering new services that will support visitors during their stay. In the field of health care, we have packaged our various services in a more comprehensive manner. **P41** Covering a wider range of health care services, we will continue to study the ways in which we can contribute to extending healthy life expectancy through disease detection and prevention.

Third, we will undertake initiatives that look to the future. We are leading developments in AI, Internet of Things (IoT)* and 5G networks, as well as new services to accompany these technologies. Our research and development assets boast a long history and successful track record, a strength that is second to none among our competitors. **P47** Regarding AI, we are moving ahead with “the ears and

mouth”—the development of natural-language technology (a natural language dialogue platform) that enables interaction with customers through natural word selection and machine translation technology that removes the barrier of language. We are also developing image recognition technology that becomes “the eyes,” and technology that anticipates the actions and predicts the demands of customers, i.e. “the heart” (comprehensive faculty). We believe that in the future these technologies can be applied in a variety of areas, including referral marketing that links the Internet and the real world, traffic and transportation, and living-at-home support. We are also working on medium- to long-term business development related to IoT, an area recently receiving much attention. We recognize that this field is one that calls for sophisticated research, and that simply connecting devices to the Internet is not enough. Advanced mechanisms such as systems tied to productivity improvements and greater cost efficiency, and the construction of platforms that integrate the whole—in other words, the fusion of devices, networks, and software—are necessary. We will strengthen initiatives to achieve IoT as only we can.

*Internet of Things (IoT): A concept describing a world in which everything is connected to the Internet, enabling remote control and management of devices, etc.

▶ Becoming a value co-creation company



Our CSR policy

Co-creation of social value through “+d” and execution of social responsibilities

We create new value for customers and society through our businesses and aim for sustainable growth and development together with society. At the same time, bearing responsibility as a provider of infrastructure, we must remain committed to the achievement of a safe and secure society. We must address a variety of risks, through means such as information management and preparation for natural disasters. We recognize that CSR is a key management issue, and our CSR policy adheres to the two axes of “Innovative docomo” and “Responsible docomo.” Contributing to the sustainable

growth of society from both perspectives is our mission. Under “Innovative docomo,” in the belief that mobile networks and ICT are deeply connected to the resolution of a variety of issues, we will undertake the development of innovative services built around “+d” that contribute to the resolution of social issues, and will co-create new social value. Under “Responsible docomo,” throughout all of our business undertakings we will engage in activities with integrity and fulfill our social responsibilities as a leading company in the mobile and IT industries. By actively addressing social issues, we hope to heighten our presence in society. **P44**

► For the sustainable growth of society

Society & DOCOMO



For A Brighter Future

Our view of the future is a society in which people can live with greater security, safety, comfort and affluence across national and regional borders and across generations.

With a deep sense of mission, DOCOMO is working diligently toward a better tomorrow in increasingly innovative ways.

Innovative docomo

We will create new value through every facet of our business activities.

Target
Addressing social issues across six value-creation domains

Action
Providing services that employ DOCOMO's ICT and co-creation with partners

Responsible docomo

We will carry out our corporate activities with the utmost integrity.

Target
Establishing a corporate culture that customers trust

Action
Promoting business activities across seven core subjects

I + R = S Sustainable

Innovative + Responsible = Sustainable

Improving corporate value

Pursuing profit growth and continuing to strengthen shareholder returns

With regard to increasing our corporate value, in quantitative terms we are committed to achieving our fiscal 2016 medium-term target of ¥910.0 billion in operating income a year ahead of schedule. We are aiming for medium-term growth in profits and the expansion of free cash flow. At the same time, we recognize that the enhancement of medium-term returns to shareholders is also a key management issue, and intend to continue strengthening shareholder dividends and to make share repurchases. **P23** We plan to increase our annual dividend per share by ¥10 to ¥80 in fiscal 2016, and to continue with share repurchases with an upper limit of ¥500.0 billion by the end of December 2016 taking into consideration market conditions and other factors. **P12**

In conclusion

The motto “Of thy sorrow be not too sad, of thy joy be not too glad” expresses a spirit that I treasure. In both our personal lives and in business activities we experience both good times and bad. It is important to stay calm when things do not go well, as well as to be humble when they do. I also believe that a company must have integrity and humility. Integrity is the foundation of corporate governance. **P54** Humility is important for open partnerships in the creation of innovation, requiring that we have an open mind to listen to others. DOCOMO asks the same of its employees. It is my wish to build a company in which every employee enhances his or her sensitivity, like that of a base station antenna, to detect changes and to undertake new challenges. **P45**

Looking ahead, we will continue to be a sound company. Fortunately, our company is full of fun and energy, and I am confident that we can scale the walls that lie before us, no matter how high or difficult they may be. I hope that you hold high expectations for us as we go forward.





Increasing shareholder and corporate value through improved profitability

Hirotaka Sato

Executive Vice President and Chief Financial Officer
General Manager of Accounts and Finance Department

Review of fiscal 2015 results and future outlook

In fiscal 2015, we recorded higher revenues and higher profits, with 3.3% growth in operating revenues to ¥4,527.1 billion, and 22.5% growth in operating income to ¥783.0 billion. This was the result of a recovery in the telecommunications business, profit growth in the smart life business and other businesses segment and cost efficiencies. Although profit declined substantially in fiscal 2014, we resolved to concentrate on improving our results in fiscal 2015, and our business performance recovered thanks to the concerted efforts of all employees. Although our billing plan “Kake-hodai & Pake-aeru” was the subject of some criticism at the time of its introduction, we continued its expansion with conviction. As a result, we were able to achieve operating income that outperformed even the upward revisions we made to our targets during the year.

In fiscal 2016, we are looking to meet our medium-term targets a year ahead of schedule. We definitely will not rest on our laurels and will aim to grow our profits in both the telecommunications business and smart life business and other businesses segment. Although our target for operating income in fiscal 2016 is ¥910.0 billion, this target reflects the impact of a change in our depreciation method.¹ The actual operating income we are aiming for is about ¥860.0 billion. Within this amount, we have targeted operating income from our smart life business and other businesses segment at an aggressive ¥120.0 billion. We will therefore need to work even harder to reach this target. **P39** In addition, in the telecommunications business we expect about ¥70.0 billion

► Fiscal 2015 results and fiscal 2016 outlook

(Billions of yen)	Fiscal 2015 (1)	Fiscal 2016 Outlook (2)	Difference (2)-(1)
Operating revenues	4,527.1	4,620.0	+92.9
Operating expenses	3,744.1	3,710.0	-34.1
Operating income	783.0	910.0	+127.0
Net income attributable to NTT DOCOMO, INC.	548.4	640.0	+91.6
Capital expenditures	595.2	585.0	-10.2
Adjusted free cash flows	598.7	600.0	+1.3

in returns to our customers, based on further enhancements to our billing plans. Under these circumstances, we look to secure profits through the recovery of ARPU, led by the expansion of our billing plan “Kake-hodai & Pake-aeru” and “docomo Hikari,” reduced impact of the “Monthly Support”² discount program and further cost efficiencies. **P36**

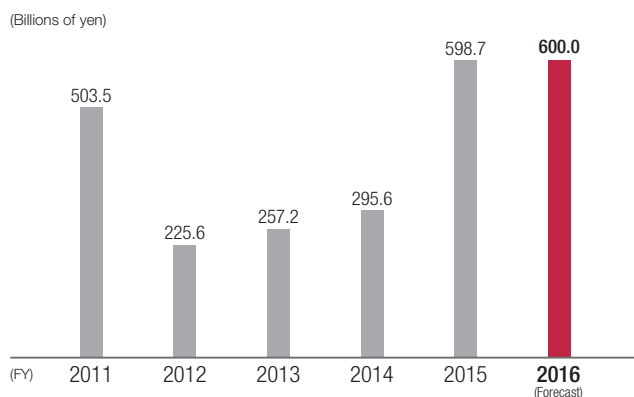
1. While historically the Group has principally used the declining-balance method for calculating the depreciation of property, plant and equipment, from the fiscal year ending March 31, 2017, as a general rule, we plan to begin using the straight-line method for calculating the depreciation of property, plant and equipment.
2. Under the “Monthly Support” discount program, a portion of the cost of purchasing a mobile phone is deducted from the monthly usage charges for a period of up to 24 months.

Financial and capital strategy

From the viewpoint of increasing corporate value, consistent profit growth is a critical issue for a business enterprise like ours. At the same time, we also realize the importance of capital efficiency, and that we have improvements to make in this regard. While striving to surpass our previous level of profitability, we are also currently working to improve capital efficiency. We consider ROE to be a key financial indicator, and target ROE of 12.0% for fiscal 2016.

We also need to consider our use of cash. Looking ahead five or even ten years into the future, we need to invest in new growth areas. At present, growth investments consist mainly of “+d” business alliances, but in situations where we can expect future business development, we may consider engaging in initiatives such as capital tie-ups and joint ventures. In making investments, we will pay attention to

▶ Adjusted free cash flows³



3. 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.

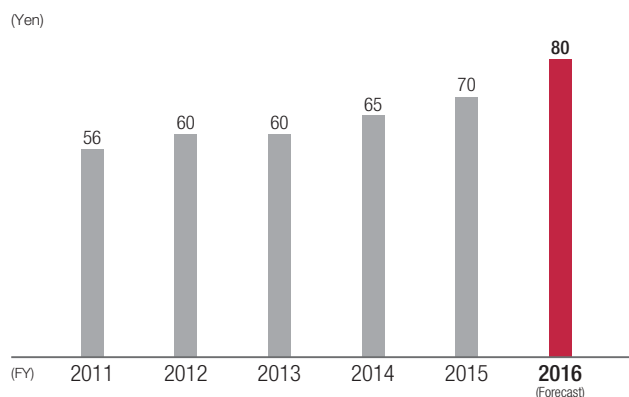
the balance between capital expenditures and returns. Our goal is to make growth investments that balance business strategy and financial return.

Dialogue with stakeholders

As the first head of the IR office when DOCOMO went public, I have always placed emphasis on dialogue with our investors. In both good times and bad, I held regular meetings with investors, and gave feedback to management. I have been open to various opinions, even those critical of the Company. Going forward, I would like to create more opportunities for dialogue with both domestic and overseas institutional investors, as well as individual investors. I would also like to approach more potential investors. **P58**

DOCOMO holds shareholder returns as one of its most important management issues. As our basic dividend policy, we take into account stability and continuity while also considering our business results, financial condition and dividend payout ratio. We have also executed large-scale share repurchases for two consecutive years. We will continue our efforts to enhance shareholder returns.

▶ Cash dividends declared per share*



DOCOMO, as a company that provides social infrastructure, has a mission to provide safety and security, and to maintain the confidence and trust of all of its stakeholders. It is my wish for DOCOMO to be a company that stands for stability as it makes dreams come true and epitomizes growth. We already have a 24-year history since the start of our business, yet we are still a young company that is pursuing a growth scenario. I will do my utmost to keep us on this growth path.

■ Measures to Address Major Management Risks

In order to fulfill its mission to provide society's essential communications infrastructure, the Group continues to identify risks and to implement management initiatives and countermeasures designed to reduce risks. At the same time, we are aware of the possibility that new risks may arise whenever we implement new initiatives as a value co-creation company. Accordingly, the Group works to strike a balance between advanced sensitivity to risk and an ongoing commitment to seeking out and meeting challenges.

An overview of the Group's major risk management measures is provided below. From among the broad range of risks—in business, financial, legal, and other areas—this overview presents those risks considered especially strongly connected to the Group's business strategies as of the end of June 2016.

Details of major risks	The Group's measures to reduce risks
<p>Changes in the telecommunications industry market environment (such as intensifying competition from other businesses or other technologies or the expansion of competitive layers) could limit the Group's acquisition of new subscriptions or our retention of existing subscriptions, and could also lead to unanticipated ARPU decreases, cost increases, etc.</p>	<ul style="list-style-type: none"> • Carrying out multifaceted research and analyses of market trends, as well as developing new products and services that incorporate market feedback (demand) • Establishing billing plans that earn continued customer loyalty, based on detailed analyses of customer usage trends, sales, etc. • Appropriately communicating to customers the Company's initiatives to strengthen network quality, simplify billing plans, expand after-sales services, and make services more convenient <p>For related information P36</p>
<p>If the current and new services, usage patterns, and sales formats proposed and provided by the Group cannot be developed according to plan, or if unanticipated expenses arise, this could impact the financial condition of the Group or restrict our growth.</p>	<ul style="list-style-type: none"> • Developing competitive new products and services by constructing an efficient development process that enables the timely provision of products and services that take into account changes in the environment • Constructing effective and efficient organizational systems to realize new strategies that reflect changes in the environment • Streamlining management resources through selection and concentration of services based on regular service evaluations that reflect customer usage trends and changes in the environment
<p>Introduction of or changes to various laws, regulations, or systems (both inside and outside Japan), or the application of such introductions or changes to the Group, could restrict our business operations. This may adversely impact the Group's operational outcomes.</p>	<ul style="list-style-type: none"> • Gathering information about changes in policies, such as administrative and legislative policies that may impact business operations (introduction of billing plans in response to the various needs of customers, adjustment for subsidies for smartphones, policies related to NTT's circumstances or direction, etc.) • Working to build understanding of the Group's opinions among stakeholders. This includes indicating Group opinions via public comment initiatives implemented by ministries or other government agencies
<p>Limitations in the frequency spectrum or facilities available to us could impact our ability to maintain or improve our service quality and our level of customer satisfaction, and could also increase our costs.</p>	<ul style="list-style-type: none"> • Operating and monitoring network systems, including the introduction of a monitoring program designed to prevent problems in advance • Preparing for system malfunctions by building mechanisms enabling information to automatically bypass problematic areas • Building systems that can flexibly accommodate changes in capital expenditure plans through regular monitoring of traffic • Preventing human error and ensuring the implementation of security countermeasures through in-house training <p>For related information P46</p>
<p>Mobile service providers around the world may fail to adopt technologies or frequency bands compatible with those used by the Group's mobile communications system. This could impact our ability to offer a full range of international services.</p>	<ul style="list-style-type: none"> • Gathering and conveying information by participating in the activities of organizations involved in international standardization, as well as through alliances with overseas telecommunications operators • Minimizing the impact of changes in frequency bands used by overseas operators on development of our handsets and services, as well as promoting the adoption of the frequency bands used by the Group
<p>Our domestic and international investments, alliances, collaborative partnerships, or investments in new business fields may not produce the returns or provide the opportunities we expect.</p>	<ul style="list-style-type: none"> • Working to better clarify revenues and profits from our investments and partnerships, as well as creating and demonstrating synergies, based on the Group's overall strategy • Building a better understanding of the distinctive legal systems, practices, specialized knowledge, etc., of the industries in which we are involved; creating systems to regularly evaluate the progress and risk status of our business partners and other companies in which we have invested; and establishing exit rules in the event that risks do materialize <p>For related information P79</p>

Details of major risks	The Group's measures to reduce risks
Malfunctions, defects, or imperfections in our products or services (or those of other providers) may give rise to problems.	<ul style="list-style-type: none"> • Conducting extensive quality checks before introducing new handsets or applications • Promoting the adoption of virus countermeasure services and phishing countermeasure services • Establishing publication standards for content and services on platforms provided by the Group, as well as regularly verifying safety and building systems that enable prompt removal of any items judged to be inappropriate
Social problems arising from potential misuse of our products or services may adversely impact our credibility or corporate image.	<ul style="list-style-type: none"> • Encouraging our customers to subscribe to Packet Pack or flat-rate services, as well as prompting awareness of increased packet communications charges (such as those incurred by use of rich content, etc.) • Continuing to work toward achieving a safe and secure mobile society by providing appropriate services and countermeasures, providing educational activities, and promoting awareness <p>For related information P49</p>
Unsatisfactory handling of confidential business information, including personal information, by the Group, our contractors, or others may adversely impact our credibility or corporate image.	<ul style="list-style-type: none"> • Rigorously implementing the appropriate handling of managed information by introducing and updating information management rules both internally and externally (including suppliers and other business partners), as well as providing ongoing educational activities • Building robust information systems and carrying out regular testing based on established security standards <p>For related information P59</p>
Owners of intellectual property rights essential for our business operations may fail to grant us licenses for these intellectual property rights. This may render us unable to offer certain technologies, products and/or services, and the Group could also be held liable for damage compensation if the intellectual property rights of others end up being infringed. In addition, any illegal use by third parties of the intellectual property rights owned by the Group could reduce our projected license revenues and could adversely impact our competitive superiority.	<ul style="list-style-type: none"> • Securing the Group's rights prior to the development of any new products or services, as well as investigating rights of other companies and undertaking measures necessary to conclude licensing contracts, etc. • Investigating the use of our intellectual properties by other companies in regard to important technologies and services that have a significant impact on the Group's business, and working to prevent the loss of licensing revenue opportunities by taking immediate action in the event that any infringement of rights is discovered <p>For related information P47</p>
Natural or human-caused disasters (or similar events or incidents) could damage our networks, distribution channels, or any other elements necessary for the Group's provision of service. Such incidents may adversely impact our credibility or corporate image, and may lead to reduced revenues or increased costs.	<ul style="list-style-type: none"> • Establishing basic principles for responses to large-scale natural or other disasters, as well as carrying out training on a regular basis • Formulating business continuity procedures and establishing backup systems for our most important platforms and internal systems <p>For related information P46</p>
Concerns may spread about the adverse health effects of wireless telecommunications.	<ul style="list-style-type: none"> • Conducting ongoing studies and research relating to the effects of radio waves on human health, as well as publishing the results of such research
Our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), could exercise its influence in ways that may not benefit our other shareholders.	<ul style="list-style-type: none"> • Sharing with NTT the opinions and demands of non-NTT shareholders, as well as opinions obtained from the Company's Advisory Board • Constructing a system enabling the opinions of independent outside directors to be reflected in business operations <p>For related information P54-58</p>

Actions taken by the Group to address certain risks do not constitute a guarantee that these risks will be avoided.

For more details about business risks, please refer to the Company's annual report on Form 20-F, submitted to the U.S. Securities and Exchange Commission (SEC).

▶▶▶ <https://www.nttdocomo.co.jp/english/corporate/ir/library/sec/index.html>