

To Shareholders

**Internet Disclosure of
the Notice of Convocation of the 27th Ordinary General
Meeting of Shareholders**

May 28, 2018

NTT DOCOMO, INC.

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In accordance with the applicable laws and regulations, and the provisions of Article 16 of the Company's Articles of Incorporation, the aforesaid information is deemed to have been provided to the shareholders by being available at the Company's following website:

(<https://www.nttdocomo.co.jp/english/corporate/ir/event/meeting/index.html>).

1. Independent Auditor

(1) Name of independent auditor

KPMG AZSA LLC

(2) Audit fees paid to the independent auditor in the fiscal year ended March 31, 2018

| Details | Amount (Millions of yen) |
|---|-----------------------------|
| Audit fees for the independent auditor in the fiscal year ended March 31, 2018 | 845 |
| Total monetary and other financial benefits payable by the Company and its subsidiaries | 1,095 |

(Notes)

1. The audit contract between the Company and the independent auditor does not distinguish among audit fees paid for audits performed pursuant to the Companies Act, audit fees paid for audits performed pursuant to the Financial Instruments and Exchange Act and audit fees paid for audits performed pursuant to the U.S. Securities Exchange Act, and since it is not practically possible to make such a distinction, the amounts indicated in the audit fees paid to the independent auditor in the fiscal year ended March 31, 2018 above are totals.
2. Consideration is paid to the independent auditor for services other than the services specified in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services). The non-audit services are advisory services and other service relating to international financial reporting standards.

(3) Grounds for consenting to audit fees paid to the independent auditor

The Audit & Supervisory Board consented to the audit fees paid to the independent auditor after considering the time required for the audit and details such as the allocation of personnel under the independent auditor's audit plan; the suitability of the state of execution of the audit by the independent auditor; and the basis for the calculation of the estimated fees.

(4) Policies concerning decisions to discharge or not reappoint independent auditors

In the event that the circumstances set forth in any of the items of Article 340, Paragraph 1 of the Companies Act apply to the independent auditor, the independent auditor is to be discharged by a unanimous resolution of the Audit & Supervisory Board.

In addition, if the Company determines that it would be difficult for the independent auditor to perform proper audits, the Audit & Supervisory Board may determine the content of a proposal to the general meeting of shareholders that the independent auditor be discharged or not be reappointed.

2. Systems for ensuring the propriety of the Company's business activities and their operational status

A summary of the Board of Directors resolution concerning the development of a system to ensure the propriety of the Company's business activities (internal control system) is set forth below, along with an overview of the system's operational status.

1) Basic stance on fortifying internal control systems

- (a) In fortifying the internal control systems, the Company aims to achieve legal compliance, management of loss risk and appropriate and efficient business operations and consider various measures, including regulations, organizational and structural improvement, formulation of action plans and the monitoring of activities.
- (b) An internal control committee will be formed as an entity overseeing efforts to have the internal control systems function more efficiently. The committee will aim to fortify internal control systems from the cross-departmental perspective; upon assessing efficacy, necessary improvements will be carried out.
- (c) Appropriate efforts will be made with regard to ensuring the reliability of the internal control systems, which will be involved with the financial reporting based on the U.S. Sarbanes-Oxley Act and the Financial Instruments and Exchange Act.
- (d) The Board of Directors will approve the basic policy on fortifying internal control systems (the Basic Policy), receive regular reports on the progress of the initiative to fortify internal control systems, and oversee and monitor the internal control systems of the Company.
- (e) As chief executive officer, the president and representative director will oversee the efforts to build the internal control systems based on the Basic Policy approved by board members.

2) Fortifying structure relating to internal control systems

- (a) System to ensure that the performance of duties by directors and employees conform with laws and regulations and the Company's Articles of Incorporation
We institute the "NTT DOCOMO Group Code of Ethics" and compliance-related regulations and create requisite systems for ethical and legal compliance. In addition, when preparing financial statements, officers responsible for finance, audit & supervisory board members, and independent auditors hold preliminary discussions of significant accounting policies, and for disclosure of company information including financial statements in a manner that conforms with securities-related laws and regulations, matters are decided at meetings of the Board of Directors after the necessary internal procedures pursuant to in-house regulations have been completed. Also, internal audit staff conducts audits of the company's overall business activities to ensure conformity with laws and regulations and in-house regulations.
- (b) System for storage and maintenance of information relating to the performance of duties by directors
Information relating to the performance of duties by directors is recorded and stored in accordance with rules stipulating the methods of storage and administration of documents and administrative information.
- (c) Regulations and other systems relating to the management of loss risks

Executive directors responsible for risk management periodically summarize information relating to risks in their organizations in accordance with rules concerning risk management, and the internal control committee made up of directors, senior vice presidents, and others identifies risks as necessary for companywide risk management, and decide management policy for identified risks to prevent risks from occurring and to take rapid countermeasures in the event that risks do occur.

(d) System to ensure that the performance of duties by directors is conducted efficiently

The efficiency of the performance by directors of their duties is ensured by such means as decision-making rules based on internal regulations and the specification of powers relating to their duties, the formulation of medium-term management policies and business plans by the Board of Directors, and the establishment of committees composed of directors, senior vice presidents, and others.

(e) System to ensure the propriety of the business activities of the corporate group consisting of the Company, its parent company, and its subsidiaries

i. System for reporting matters concerning the execution of duties of directors, etc. of subsidiaries to the company

In accordance with the rules stipulating fundamental matters relating to the management of affiliated companies for the purpose of the comprehensive development and improvement of performance of the Group, affiliated companies will consult with or report to the Company.

ii. Regulations and other systems relating to the management of loss risks of subsidiaries

Intrinsic risks in the Group are managed in accordance with the rules concerning risk management, and risk management for Group companies is conducted according to their scale and business type.

iii. System to ensure that the performance of duties by directors, etc. of subsidiaries is conducted efficiently

Group companies establish decision-making rules and authority in duties according to their scale and business type, and consult or report on principal issues relating to the business operations of the Group as a whole.

iv. System to ensure that the performance of duties by directors, etc. and employees of subsidiaries conforms with laws and regulations and the Company's Articles of Incorporation

We have established the "NTT DOCOMO Group Code of Ethics" as a uniform code of ethics for the Group, and all Group companies strive to comply with this code of ethics. Furthermore, subsidiaries' officers are responsible for formulating and reporting the status of management systems of code of ethics, as well as for reporting to the Company when they identify a problematic situation involving a management executive, and the Company provides the necessary guidance on the appropriate response.

v. Other systems to ensure appropriate operations

With respect to unusual transactions with the parent company, investigations are conducted by legal personnel and audits are conducted by audit & supervisory board members. Further, audits by internal

audit personnel are directed to cover its subsidiaries, and whenever necessary they obtain and assess the results of the internal audits of those companies.

(f) System to ensure the effectiveness of audits by audit & supervisory board members

- i. Matters relevant to employees assistance to the duties of audit & supervisory board members if their assignment is requested

The Audit & Supervisory Board Member's Office is established as an organization dedicated to assisting the audit & supervisory board members with the performance of their duties, and specialist staff are assigned to it.

- ii. Matters relevant to the independence of the employees in (i) above from directors

We provide the Audit & Supervisory Board with advance explanations concerning matters such as transfers and assessment of personnel who belong to the Audit & Supervisory Board Member's Office, and pay respectful attention to the board's opinions before acting on such matters.

- iii. Matters relevant to ensuring the effectiveness of instructions of audit & supervisory board members to the employees in (i) above

Employees who belong to the Audit & Supervisory Board Member's Office exclusively follow the directions and commands of audit & supervisory board members.

- iv. System for reporting to audit & supervisory board members by directors and employees

Directors, executive officers, and employees report promptly to the audit & supervisory board members and to the Audit & Supervisory Board concerning matters prescribed by laws and regulations as well as requested matters necessary for the performance by the audit & supervisory board members of their duties.

- v. System for reporting to the Company's audit & supervisory board members by subsidiaries' directors, audit & supervisory board members and other equivalent persons and employees, or persons who have received reports from such persons

The matters to be reported in (iv) above shall include material information reported by Group companies.

- vi. System to ensure that persons making reports in the above items (iv) and (v) are not treated disadvantageously due to making the report

Persons who make reports in the above items (iv) and (v) are not treated disadvantageously due to making the report.

- vii. Matters relevant to procedures policy on the expense or debts arising from the execution such an advance payment or reimbursement of expenses arising from the execution of duties by audit & supervisory board members

Audit & supervisory board members may claim necessary expenses for the execution of their duties, and the Company must make the necessary payments based on such claims.

viii. Other systems for ensuring that auditing by audit & supervisory board members is conducted effectively

Representative directors and the Audit & Supervisory Board hold regular meetings and develop an auditing environment necessary for enabling the audit & supervisory board members to perform their duties. In addition, representative directors endeavor to establish a system enabling audit & supervisory board members to hold regular and occasional meetings with internal audit staff and independent auditors.

3) Operational status of internal control systems

- (a) In order to ensure that the performance of duties by directors and employees conforms to laws and regulations and the Articles of Incorporation, meetings of the Compliance Promotion Committee are held to check decisions on initiatives made by management systems for ethical and legal compliance as well as to check on the status of the implementation of such initiatives. Furthermore, periodic training, education and monitoring are carried out for management executives and employees to foster awareness of ethical and legal compliance, and a compliance help desk has been established in an effort to prevent compliance violations.
- (b) In order to store and manage the information related to duties of directors, we established rules for storage and management of written documents and management information. Furthermore, refer to Business Report for the Notice of Convocation of the 27th Ordinary General Meeting of Shareholders, “3. The State of Corporate Governance and the State of Directors, Corporate Officers and Audit & Supervisory Board Members, etc., (6) Efforts Related to Information Security” for other details on the Company’s efforts related to information security.
- (c) As rules and other systems related to the management of the risk of loss, the Risk Management Principles were established to contribute to the appropriate and smooth management of the operations of the Company and Group companies, and in FY 2017, two meetings of the Internal Control Committee based on the rules were held to identify the risks requiring management across the entire Company and establish management policies on these risks. Furthermore, the Internal Audit Department conducted audits on whether the management policies for each risk were being appropriately managed by each organization.
- (d) In order to ensure the efficient execution of duties of directors, we arrange our organization to realize our management strategy to ensure duties are executed efficiently. In FY 2017, we established the Network Division, FinTech Promotion Office, Sports & Live Business Promotion Office, Connected Car Business Promotion Office, Digital Marketing Promotion Office and Tokyo 2020 Promotion Office.
- (e) In order to ensure the propriety of the business activities of the corporate group consisting of the Company, as well as its parent company and its subsidiaries, we receive the necessary consultation and reports from Group companies, and we provide guidance on the establishment and operation of internal control systems

to subsidiaries. Furthermore, the Internal Audit Department conducts internal audits of select Group companies.

(f) In order to ensure that audit by audit & supervisory board members are conducted effectively, we make quarterly reports of financial condition of subsidiaries deemed to be important in terms of business to audit & supervisory board members, as well as these being reported at the meetings attended by the audit & supervisory board members. Also the results of internal audits for the Company and Group companies are reported to audit & supervisory board members on a monthly basis. Furthermore, the Internal Audit Department, the Accounts and Finance Department and the Accounting Auditor hold periodic tri-party meetings with audit & supervisory board members to encourage coordination.

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [U.S.GAAP]

Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Millions of yen)

| | NTT DOCOMO, INC. shareholders' equity | | | | | Total NTT DOCOMO, INC. shareholders' equity | Non-controlling interests | Total equity |
|--|---------------------------------------|----------------------------|-------------------|---|----------------|---|---------------------------|--------------|
| | Common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | | | |
| Balance as of March 31, 2017 | ¥ 949,680 | ¥ 326,621 | ¥ 4,656,139 | ¥ 24,631 | ¥ (426,442) | ¥ 5,530,629 | ¥ 30,517 | ¥ 5,561,146 |
| Purchase of treasury stock | | | | | (300,000) | (300,000) | | (300,000) |
| Retirement of treasury stock | | | (278,039) | | 278,039 | — | | — |
| Cash dividends declared to NTT DOCOMO, INC. shareholders | | | (333,413) | | | (333,413) | | (333,413) |
| Cash distributions to noncontrolling interests | | | | | | — | (119) | (119) |
| Acquisition of new subsidiaries | | | | | | — | 2 | 2 |
| Changes in interest in subsidiaries | | (265) | | | | (265) | (15) | (280) |
| Net income | | | 744,542 | | | 744,542 | 1,219 | 745,761 |
| Other comprehensive income (loss) | | | | 38,916 | | 38,916 | 131 | 39,047 |
| Balance as of March 31, 2018 | ¥ 949,680 | ¥ 326,356 | ¥ 4,789,229 | ¥ 63,547 | ¥ (448,403) | ¥ 5,680,409 | ¥ 31,735 | ¥ 5,712,144 |

(Notes) 1. Amounts are rounded off to the nearest 1 million yen.

2. Changes in the redeemable noncontrolling interest are not included in the table.

(Reference) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [U.S.GAAP]

| | Millions of yen | |
|---|---|---------|
| | Year ended March 31, 2018 (April 1, 2017 - March 31, 2018) | |
| Net income | ¥ | 746,621 |
| Other comprehensive income (loss): | | |
| Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes | | 11,319 |
| Unrealized gains (losses) on cash flow hedges, net of applicable taxes | | (36) |
| Foreign currency translation adjustment, net of applicable taxes | | 25,455 |
| Pension liability adjustment, net of applicable taxes | | 2,309 |
| Total other comprehensive income (loss) | | 39,047 |
| Comprehensive income | | 785,668 |
| Less: Comprehensive (income) loss attributable to noncontrolling interests | | (2,210) |
| Comprehensive income attributable to NTT DOCOMO, INC. | ¥ | 783,458 |

(Note) Amounts are rounded off to the nearest 1 million yen.

4. Notes to Consolidated Financial Statements

Accounting basis for the consolidated financial statements

Summary of significant accounting and reporting policies:

1. Basis of preparation of consolidated financial statements

The consolidated statutory report including consolidated balance sheet, consolidated statement of income and consolidated statement of changes in equity is prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), in compliance with Paragraph 1, Article 120-3 of provision of the Japanese Company Accounting Regulations. However, in compliance with Paragraph 3 of the article, certain disclosure that is required on the basis of U.S.GAAP is omitted.

NTT DOCOMO, INC. has applied to the U.S. Securities and Exchange Commission (“SEC”) for delisting its American Depositary Shares (“ADSs”) from the New York Stock Exchange (“NYSE”) and deregistration from the SEC on April 2, 2018. Effective April 13, 2018, NTT DOCOMO, INC. has delisted its ADSs from NYSE. Termination of registration of NTT DOCOMO, INC.’s ADSs with the SEC is expected to become effective on July 1, 2018.

2. Valuation of inventories

Inventories are stated at the lower of cost or market. The cost of equipment sold is determined by the first-in, first-out method. Inventories consist primarily of handsets and accessories, and NTT DOCOMO, INC. and subsidiaries (“DOCOMO”) evaluates its inventories for obsolescence on a periodic basis and records adjustments as required.

3. Valuation of securities

DOCOMO accounts for its securities in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 320 “Investments—Debt and Equity Securities.”

(1) Held-to-maturity securities

Held-to-maturity securities are carried at amortized cost.

(2) Available-for-sale securities

Available-for-sale securities whose fair value is readily determinable are stated at fair value as of the end of the fiscal year. The unrealized holding gains and losses, net of applicable deferred tax assets/liabilities, are not reflected in earnings, but directly reported as a separate component of equity. The cost of securities sold is determined by the moving-average method with the exception of debt securities sold, whose cost is determined by the first-in, first-out method.

4. Depreciation and amortization of non-current assets

(1) Property, plant and equipment

Depreciation of property, plant and equipment is computed by the straight-line method.

(2) Goodwill and other intangible assets

In accordance with ASC350 “Intangibles—Goodwill and Other,” goodwill and other intangible assets that have indefinite useful lives are not amortized, but are tested for impairment at least annually. Other intangible assets that have finite useful lives are amortized on a straight-line method over their useful lives.

Impairment losses of goodwill and unamortizable intangible assets are included in “Impairment loss” of the consolidated statement of income for the fiscal year ended March 31, 2018.

5. Accounting for allowances

(1) Allowance for doubtful accounts

DOCOMO provides allowance for doubtful accounts principally in an amount computed based on the historical bad debt ratio during a certain reference period and the estimated uncollectible amount based on the analysis of certain individual accounts including claims in bankruptcy.

In case of receivables held for sale, DOCOMO measures them at the lower of cost or fair value and records the amounts by which cost exceeds fair value as allowance for doubtful accounts.

(2) Accrued liabilities for point programs

DOCOMO offers “docomo Points Service” and “d POINT Service,” which provide benefits, such as discount on DOCOMO’s products and services, to customers in exchange for points that DOCOMO grants customers based on the usage of cellular or other services, and records “Accrued liabilities for point programs” relating to the points that customers earn.

6. Liability for employees’ retirement benefits

In accordance with ASC715 “Compensation—Retirement Benefits,” to provide for employees’ retirement benefits, the liability for employees’ retirement benefits is calculated based upon the projected benefit obligation and the fair value of plan assets at the end of the fiscal year.

Prior service cost is amortized over the expected average remaining service periods of employees on a straight-line basis.

Actuarial losses (gains) in excess of ten percent of the greater of the projected benefit obligation or the fair value of plan assets is amortized over the expected average remaining service period of employees on a straight-line basis.

7. Consumption tax

Consumption tax is separately accounted for by excluding it from each transaction amount.

Note to change in Accounting Policies

Balance sheet classification of deferred taxes

On November 20, 2015, FASB issued Accounting Standards Update (“ASU”) 2015-17 “Balance Sheet Classification of Deferred Taxes.” Effective April 1, 2017, DOCOMO adopted prospectively ASU 2015-17 “Balance Sheet Classification of Deferred Taxes.” This ASU requires that all deferred tax assets and liabilities be classified as noncurrent on the consolidated balance sheet.

Scope of consolidation and application of equity method:

Scope of consolidation and application of equity method

There were 108 consolidated subsidiaries and 22 equity method affiliates as of March 31, 2018.

Note to consolidated balance sheet:

Accumulated other comprehensive income (loss) includes the amounts of unrealized holding gains (losses) on available-for-sale securities, unrealized gains (losses) on cash flow hedges, foreign currency translation adjustment and pension liability adjustment.

Note to consolidated statement of income:

In accordance with a binding arbitration award from the London Court of International Arbitration as to Tata Sons Limited’s (“Tata Sons”) breach regarding execution of an option for sale of stake in Tata Teleservices Limited (“TTSL”) pursuant to the shareholders agreement among TTSL, Tata Sons and DOCOMO, DOCOMO received payment of an arbitration award* from Tata Sons on October 31, 2017. As a result of this transaction, DOCOMO recorded the award amount of ¥147,646 million as “Income from arbitration award” on its consolidated statement of income for the fiscal year ended March 31, 2018.

Concurrent with the receipt of the above award amount, all shares in TTSL held by DOCOMO were transferred to Tata Sons and companies designated by Tata Sons. Upon the transfer of DOCOMO’s shares in TTSL, DOCOMO discontinued the application of the equity method to the investment in TTSL. As a result, DOCOMO recorded ¥29,841 million of loss on transfer of investment in an affiliate, equal to the reclassification adjustments of foreign currency translation adjustments, in “Other, net” on its consolidated statement of income for the fiscal year ended March 31, 2018.

* The amount received included interest earned and other costs awarded.

Note to consolidated statement of changes in equity:

1. The class and number of the issued shares

| Class of shares | Number of shares as of March 31, 2017 | Increase during the fiscal year ended March 31, 2018 | Decrease during the fiscal year ended March 31, 2018 | Number of shares as of March 31, 2018 |
|---------------------------------------|---------------------------------------|--|--|---------------------------------------|
| Shares of common stock of the Company | 3,899,563,000 | — | 117,264,000 | 3,782,299,000 |

(Note)

A decrease in the number of issued shares of common stock totaled 117,264,000 shares is due to retirement of treasury stock.

2. Dividends

(1) Cash dividends paid

| Resolution | Class of shares | Total cash dividends paid (millions of yen) | Cash dividends per share (yen) | Date of record | Date of payment |
|--|---------------------------------------|---|--------------------------------|--------------------|-------------------|
| The general meeting of shareholders on June 20, 2017 | Shares of common stock of the Company | ¥ 148,183 | ¥ 40 | March 31, 2017 | June 21, 2017 |
| The Board of Directors' meeting on October 26, 2017 | Shares of common stock of the Company | ¥ 185,229 | ¥ 50 | September 30, 2017 | November 21, 2017 |

(2) Cash dividends declared for the fiscal year ended March 31, 2018 and to be paid during the next fiscal year

As a proposal of the 27th general meeting of shareholders, NTT DOCOMO, INC. plans to submit a matter about dividends of a common stock as follows:

| | |
|---------------------------------|-------------------|
| i Total cash dividends declared | ¥179,659 million |
| ii Cash dividends per share | ¥50 |
| iii Date of record | March 31, 2018 |
| iv Date of payment | June 20, 2018 |
| v Source of dividends | Retained earnings |

3. Redeemable noncontrolling interest

Changes in the redeemable noncontrolling interest for the fiscal year ended March 31, 2018 are as follows:

| | Millions of yen |
|---|-----------------|
| Balance as of March 31, 2017 | ¥ 22,942 |
| Comprehensive income | |
| Net income | 860 |
| Cash distributions to redeemable noncontrolling interests | (366) |
| Balance as of March 31, 2018 | ¥ 23,436 |

Note regarding financial instruments:

1. Conditions of financial instruments

In normal course of business, DOCOMO has financial instruments including available-for-sale securities, long-term debt and other financial assets and liabilities. The fair value and cash flow for these assets and liabilities may be negatively impacted by fluctuations in interest rates and foreign exchange rates. To manage these risks, DOCOMO may use derivative instruments such as interest rate swap agreement, foreign currency option contracts and foreign exchange forward contracts. The financial instruments are executed with creditworthy financial institutions, and the management of DOCOMO believes that there is little risk of default by these counterparties. DOCOMO sets and follows internal regulations that establish conditions to enter into derivative contracts and procedures of approving and monitoring such contracts.

DOCOMO entered into a contract regarding the transfers of accounts receivable for DOCOMO's telecommunications services and installment receivables for subscribers' equipment purchases with NTT FINANCE CORPORATION for customer's convenience. As of March 31, 2018, the amount of other receivables resulting from the sale of receivables to NTT FINANCE CORPORATION is ¥309,403 million, and the amount of receivables held for sale is ¥1,131,437 million.

2. Fair value of financial instruments

The carrying amount, fair value and the difference as of March 31, 2018 are as follows:

| | Millions of yen | | |
|---|-----------------|------------|------------|
| | March 31, 2018 | | |
| | Carrying amount | Fair value | Difference |
| Assets | | | |
| Receivables held for sale (*1) | ¥ 1,131,437 | ¥1,131,437 | — |
| Investments in affiliates | 109,572 | 108,713 | (859) |
| Marketable securities and other investments | | | |
| Available-for-sale securities : | | | |
| Equity securities | 178,730 | 178,730 | — |
| Debt securities | 4 | 4 | — |
| Liabilities | | | |
| Long-term debt (*2) | 160,000 | 162,710 | (2,710) |
| Derivatives | | | |
| Foreign exchange forward contracts | 2 | 2 | — |
| Foreign currency option contracts | 843 | 843 | — |

(*1) "Receivables held for sale" includes its non-current portion, which is accounted for as "Other assets" and excludes amounts recorded as "Allowance for doubtful accounts" from the carrying amounts.

(*2) Current portion of "Long-term debt" is included.

(Notes)

1. The followings are not presented in the above table.

"Cash and cash equivalents," "Short-term investments," "Accounts receivable," "Credit card receivables," "Other receivables," "Accounts payable, trade," and certain other short-term financial instruments: Their carrying amounts approximate fair values with the nature of short-term financial instruments.

2. Fair value measurement for financial instruments and information on securities and derivatives

(1) Receivables held for sale

DOCOMO measures the fair value of the receivables held for sale by discounting, at LIBOR-based discount rates, future cash flows estimated while taking into account factors such as default probabilities and loss severity of similar trade receivables.

(2) Investments in affiliates

The fair values of investments in affiliates are valued using quoted prices in active markets.

Certain investments in affiliates, whose quoted prices in active market are not available, are not included in the table above for the reason that it is difficult to determine their fair values.

(3) Marketable securities and other investments

The fair values of available-for-sale securities are valued using quoted prices in active markets.

Certain long-term investments evaluated at cost are not included in the table above, for the reason that quoted price in active market are not available and it is not practicable to disclose estimated their fair values.

(4) Long-term debt

The fair value of long-term debt including current portion is estimated based on the discounted amounts of future cash flows using DOCOMO's current incremental borrowings rates for similar liabilities.

(5) Derivatives

The fair value of foreign currency option contracts and foreign exchange forward contracts are measured using valuation provided by financial institutions based on observable market data. DOCOMO periodically validates the valuation of such derivatives using observable market inputs.

Note regarding per share information:

| | |
|--|------------|
| NTT DOCOMO, INC. shareholders' equity per share: | ¥ 1,580.88 |
| Basic and Diluted earnings per share attributable to NTT DOCOMO, INC.: | ¥ 201.73 |

5. NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|----------------------|----------------------------------|-----------------|--------------------------------|----------------|----------------------------|----------------------|
| | Common stock | Capital surplus | | Earned surplus | | | | Treasury stock | Total shareholders' equity | |
| | | Capital legal reserve | Total capital surplus | Earned legal reserve | Other earned surplus | | | | | Total earned surplus |
| | | | | | Accelerated depreciation reserve | General reserve | Earned surplus brought forward | | | |
| Balance as of April 1, 2017 | ¥ 949,679 | ¥ 292,385 | ¥ 292,385 | ¥ 4,099 | ¥ 21 | ¥ 358,000 | ¥ 3,979,505 | ¥ 4,341,626 | ¥ (426,442) | ¥ 5,157,248 |
| Changes during the annual period | | | | | | | | | | |
| Reversal of accelerated depreciation reserve | | | | | (16) | | 16 | - | | - |
| Dividends from surplus | | | | | | | (333,412) | (333,412) | | (333,412) |
| Net income | | | | | | | 847,735 | 847,735 | | 847,735 |
| Purchase of treasury stock | | | | | | | | | (300,000) | (300,000) |
| Retirement of treasury stock | | | | | | | (278,039) | (278,039) | 278,039 | - |
| Net changes other than shareholders' equity | | | | | | | | | | |
| The total amount of changes during the annual period | - | - | - | - | (16) | - | 236,299 | 236,283 | (21,960) | 214,322 |
| Balance as of March 31, 2018 | ¥ 949,679 | ¥ 292,385 | ¥ 292,385 | ¥ 4,099 | ¥ 4 | ¥ 358,000 | ¥ 4,215,805 | ¥ 4,577,909 | ¥ (448,402) | ¥ 5,371,571 |

(Note) Amounts are rounded down to the nearest 1 million yen.

(Millions of yen)

| | Valuation and translation adjustments | | Total net assets |
|---|--|---|------------------|
| | Net unrealized holding gains or losses on securities | Total valuation and translation adjustments | |
| Balance as of April 1, 2017 | ¥ 65,415 | ¥ 65,415 | ¥ 5,222,663 |
| Changes during the annual period | | | |
| Reversal of accelerated depreciation reserve | | | - |
| Dividends from surplus | | | (333,412) |
| Net income | | | 847,735 |
| Purchase of treasury stock | | | (300,000) |
| Retirement of treasury stock | | | - |
| Net changes other than shareholders' equity | (20,056) | (20,056) | (20,056) |
| The total amount of changes during the annual period | (20,056) | (20,056) | 194,266 |
| Balance as of March 31, 2018 | ¥ 45,359 | ¥ 45,359 | ¥ 5,416,930 |

(Note) Amounts are rounded down to the nearest 1 million yen.

6. Notes to Non-Consolidated Financial Statements

Significant accounting policies for the non-consolidated financial statements

Basis of preparation:

The accompanying non-consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan.

1. Valuation of certain assets

(1) Securities

Held-to-maturity securities are stated at amortized cost, which is determined by the interest method.

Investments in subsidiaries and affiliates are stated at cost, which is determined by the moving average method.

Available-for-sale securities whose fair value is readily determinable are stated at fair value as of the end of the fiscal year. The holding gains and losses, net of applicable deferred tax assets/liabilities, are directly reported as a separate component of net assets instead of being reflected in earnings. The cost of securities sold is determined by the moving-average method with the exception of the cost of debt securities sold, which is determined by the first-in, first-out method.

Available-for-sale securities whose fair value is not readily determinable are stated at moving-average cost.

(2) Derivative instruments

Derivative instruments are stated at fair value as of the end of the fiscal year.

(3) Inventories

Inventories are stated at cost. The cost of terminal equipment to be sold is determined by the first-in, first-out method. The cost of other inventories is determined by the specific identification method. The amount of inventories in the non-consolidated balance sheet is reduced based on a decrease of profitability.

2. Depreciation and amortization of non-current assets

(1) Property, plant and equipment (except lease assets)

Depreciation of property, plant and equipment is computed by the straight-line method.

The useful lives of the assets are determined by estimation and the residual values of the assets are determined substantially.

(2) Intangible assets (except lease assets)

Amortization of intangible assets is computed by the straight-line method.

The useful lives of the assets are determined by estimation.

Internal-use software is amortized over the estimated useful life (7 years or less) on a straight-line basis.

(3) Lease assets

Financial leases other than those deemed to transfer ownership of properties to lessees

Amortization of lease assets is computed by the straight-line method.

The useful lives of the assets are determined by the term of leases and the residual values of the assets equal to zero.

3. Accounting for allowances

(1) Allowance for doubtful accounts

NTT DOCOMO, INC. provides allowance for doubtful accounts principally in an amount computed based on the historical bad debt ratio during a certain reference period and the estimated uncollectible amount based on the analysis of certain individual accounts including claims in bankruptcy.

(2) Liability for employees' retirement benefits

In order to provide for employees' retirement benefits, NTT DOCOMO, INC. accrues the liability as of the end of the fiscal year in an amount calculated based on the estimated projected benefit obligation and plan assets at the end of the fiscal year.

In calculating projected benefits obligation, the benefit formula basis is used to attribute the expected benefit attributable to the respective fiscal year.

Actuarial losses (gains) are recognized as incurred at the end of the fiscal year.

Prior service cost is amortized on a straight-line basis over the average remaining service periods of employees at the time of occurrence.

(3) Accrued liabilities for point programs

The costs of awards under the point programs called "d POINT Service" and "docomo Points Service" that are reasonably estimated to be redeemed by the customers in the future based on historical data are accounted for as "Accrued liabilities for point programs."

(4) Provision for loss on business withdrawal

The loss resulting from the withdrawal of the multimedia broadcasting business for mobile devices, that are reasonably estimated to occur for the fiscal year ending March 31, 2019 and beyond, are accounted for as "Provision for loss on business withdrawal."

4. Other Significant Accounting Policies

(1) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Japanese yen at the current spot rate at the end of the fiscal year and the subsequent translation gains or losses are reflected in earnings.

(2) Consumption tax

Consumption tax is separately accounted for by excluding it from each transaction amount.

Change in presentation

(Non-consolidated balance sheet)

The costs of awards under the point programs called “d POINT Service” and “docomo Points Service” and costs of handset repair service for NTT DOCOMO, INC.’s subscribers to mobile telecommunications services that were reasonably estimated to be redeemed by the customers in the future based on historical data were accounted for as “Accrued liabilities for loyalty programs” for the fiscal year ended March 31, 2017. For the fiscal year ended March 31, 2018 the costs of awards under the point programs that are reasonably estimated to be redeemed by the customers in the future based on historical data are accounted for as “Accrued liabilities for point programs” since the costs of handset repair service became substantially immaterial.

(Non-consolidated statement of income)

“Provision for doubtful accounts” and “Bad debt expenses for an affiliated company” which were presented separately in “Non-operating expenses” for the fiscal year ended March 31, 2017 are included in the “Miscellaneous expenses” for the fiscal year ended March 31, 2018 because those amounts became relatively immaterial.

Note to non-consolidated balance sheet:

1. Non-current assets in supplementary businesses are included in non-current assets for telecommunication business because these amounts are not material.

2. Accumulated depreciation of property, plant and equipment

| | Millions of yen |
|--------------------------|-----------------|
| | March 31, 2018 |
| Accumulated depreciation | ¥ 4,177,970 |

3. Accounts receivable from and payable to affiliated companies

| | Millions of yen |
|--------------------------------|-----------------|
| | March 31, 2018 |
| Long-term accounts receivable | ¥ 18,153 |
| Short-term accounts receivable | 49,168 |
| Short-term accounts payable | 309,822 |

Note to non-consolidated statement of income:

1. The total amounts of operating revenues, operating expenses and business transactions other than operating activities due from or to affiliated companies are as follows:

| | Millions of yen |
|---------------------------------|-----------------|
| | Year ended |
| | March 31, 2018 |
| Operating revenues | ¥ 75,214 |
| Operating expenses | 577,823 |
| Other than operating activities | 46,447 |

2. Non-operating revenues from affiliated companies, the amounts of which exceed ten percent of total non-operating revenues of NTT DOCOMO, INC., are as follows:

| | Millions of yen |
|-----------------|-----------------|
| | Year ended |
| | March 31, 2018 |
| Dividend income | ¥ 36,743 |

3. Non-operating expenses from affiliated companies, the amounts of which exceed ten percent of total non-operating expenses of NTT DOCOMO, INC., are as follows:

| | Millions of yen |
|---|-----------------|
| | Year ended |
| | March 31, 2018 |
| Loss on debt forgiveness of an affiliated company | ¥ 2,816 |

The cost is related to loan receivable in a subsidiary, Radishbo-ya Co., Ltd.

4. Extraordinary profit

| | Millions of yen |
|-------------------------------|-----------------|
| | Year ended |
| | March 31, 2018 |
| Income from arbitration award | ¥ 147,646 |

This arbitration award is received from Tata Sons in accordance with a binding arbitration award from the London Court of International Arbitration as to Tata Sons' breach regarding execution of an option for sale of stake in TTSL pursuant to the shareholders agreement among TTSL, Tata Sons and DOCOMO.

Note to non-consolidated statement of changes in net assets:

The class and number of the treasury stock (the fiscal year ended March 31, 2018)

| Class of shares | Number of shares as of April 1, 2017 | Increase during the fiscal year ended March 31, 2018 | Decrease during the fiscal year ended March 31, 2018 | Number of shares as of March 31, 2018 |
|---------------------------------------|--------------------------------------|--|--|---------------------------------------|
| Shares of common stock of the Company | 194,977,467 | 111,401,020 | 117,264,000 | 189,114,487 |

(Note)

An increase in the treasury stock of 111,401,020 shares resulted from repurchases of the shares through market purchases, tender offer and compulsory acquisition of less-than-one-unit shares upon request. A decrease in the treasury stock of 117,264,000 shares resulted from the retirement of treasury stock.

Note regarding deferred taxes:

Main factors of recognition of deferred tax assets and deferred tax liabilities

Recognition of deferred tax assets resulted mainly from write-downs of investment in shares of affiliated companies, accelerated depreciation and amortization, liability for employees' retirement benefits and accrued liabilities for point programs. Recognition of deferred tax liabilities resulted mainly from net unrealized holding gains or losses on securities. The amount of valuation allowance which was deducted in calculation of deferred tax assets was ¥51,154 million.

Note regarding financial instruments:

1. Conditions of financial instruments

NTT DOCOMO, INC. focuses on secured and advantageous fund management and, principally, NTT DOCOMO, INC. invests in financial instruments whose principals are guaranteed and which incur fixed income. NTT DOCOMO, INC. also monitors credit risks of financial institutions which NTT DOCOMO, INC. deals with.

For fund procurement, NTT DOCOMO, INC. focuses on stable and the lowest cost financing, in addition to agile and flexible financing. NTT DOCOMO, INC.'s fund procurement is principally made with borrowings from financial institutions, including banks, and issuing bonds.

Shares and bonds, accounted as investment securities and shares of affiliated companies, are exposed to market volatility risks. These securities are mainly the securities of companies with which NTT DOCOMO, INC. has commercial relationship. Following internal regulations for securities, NTT DOCOMO, INC. periodically measures these securities at fair value.

Notes receivable, accounts receivable, trade, and accounts receivable, other, collectively accounts receivables, are exposed to credit risks of customers. Following internal regulation for billing management,

NTT DOCOMO, INC. performs due date controls and balance controls for each customer and monitors major customers' credit status.

Securities and deposits are exposed to credit risks of investees. The transactions are made in accordance with internal regulations for fund management.

Bonds and borrowings, collectively interest bearing liabilities, are fund procurement made in relation to capital expenditure, investments and loans, among others.

Accounts payable, trade, accounts payable, other, and accrued income taxes, collectively accounts payable, are mostly due within 1 year.

Long-term loan receivable from affiliated companies and deposits from affiliated companies are derived from the cash management system, the purpose of which is an efficient control of NTT DOCOMO, INC.'s overall cash, or others.

Interest bearing liabilities, accounts payable, and deposits from affiliated companies are exposed to liquidity risks, and are monitored with cash flow plan in accordance with internal regulations for cash management.

Derivatives are used only for hedging risks, and not used for speculative transaction to obtain gains on sale.

Bonds are mainly fixed-interest rate bonds. NTT DOCOMO, INC. uses interest rate swap transactions, under which NTT DOCOMO, INC. receives fixed rate interest payments and pay floating rate interest payments, to hedge the changes in fair value of certain debt as a part of our asset-liability management (ALM).

2. Fair value of financial instruments

Carrying amount, fair value and difference as of March 31, 2018 are as follows. Financial instruments, of which it is not practicable to disclose estimated the fair value, are not included in the table below.

| | Millions of yen | | |
|---|-----------------|------------|------------|
| | March 31, 2018 | | |
| | Carrying amount | Fair value | Difference |
| (1) Investment securities | ¥ 272,927 | ¥ 272,927 | ¥ — |
| (2) Shares of affiliated companies | 1,246 | 2,024 | 777 |
| (3) Long-term loan receivable in affiliated companies(*1) | 36,099 | | |
| (4) Cash and bank deposits | 118,216 | 118,216 | — |
| (5) Accounts receivable, trade | 566,027 | | |
| (6) Accounts receivable, other (*2) | 1,615,879 | | |
| Allowance for doubtful accounts (*3) | (23,937) | | |
| | 2,157,969 | 2,157,969 | — |
| (7) Deposits | 571,053 | 571,053 | — |
| (8) Bonds (*4) | 160,000 | 162,709 | (2,709) |
| (9) Accounts payable, trade (*4) | 287,846 | 287,846 | — |
| (10) Accounts payable, other (*4) | 626,835 | 626,835 | — |
| (11) Accrued income taxes (*4) | 144,778 | 144,778 | — |
| (12) Deposits from affiliated companies (*4) | 93,366 | 93,366 | — |

(*1) The balance of short-term loan receivable in affiliated companies is included.

(*2) The balance of “Long-term accounts receivable, other” is included.

(*3) The amount represents the allowance for “Accounts receivable, trade,” and “Accounts receivable, other.”

(*4) Amounts are accounted as liabilities.

(Notes)

1. Fair value measurement of financial instruments, securities and derivatives

(1) Investment securities and (2) Shares of affiliated companies

The fair value of these securities equals quoted market price.

(a) The amounts of available-for-sale securities based on classification, cost or amortized cost, carrying amount and difference are as follows:

| | Classification | Millions of yen | | |
|------------------------|---------------------------------------|------------------------|-----------------|------------|
| | | March 31, 2018 | | |
| | | Cost or amortized cost | Carrying amount | Difference |
| Carrying amount > Cost | Equity securities | ¥ 84,759 | ¥ 155,867 | ¥ 71,107 |
| Carrying amount ≤ Cost | Equity securities and debt securities | 125,310 | 117,060 | (8,250) |

(b) For available-for-sale securities, proceeds from sales were ¥164 million, gains from sales were ¥117 million for the fiscal year ended March 31, 2018.

(3) Long-term loan receivable in affiliated companies

These instruments are stated at carrying amount, estimated to approximate fair value because there are no substantial differences between interest rates with which loans were made and interest rates in case of offering new loans.

(4) Cash and bank deposits, (5) Accounts receivable, trade, and (7) Deposits

These instruments are stated at carrying amount because they are short-term and their carrying amounts are approximately the same as their fair values.

(6) Accounts receivable, other

These instruments are stated at carrying amount because they are due within 2 years and their carrying amounts approximate their fair values.

(8) Bonds

Fair values of these instruments are estimated based on the discounted amounts of future cash flow using NTT DOCOMO, INC.'s current incremental borrowings rates for similar bonds.

(9) Accounts payable, trade, (10) Accounts payable, other, (11) Accrued income taxes and (12) Deposits from affiliated companies

These instruments are stated at carrying amount because they are short-term and their carrying amounts are approximately the same as their fair values.

2. Non-listed equity securities (the carrying amount of which is ¥329,293 million) are not included in (1) Investment securities nor (2) Shares of affiliated companies because it is not practicable to determine the fair value, for the reason that quoted market prices are not available and future cash flow is not determinable.

3. For the year ended March 31, 2018, NTT DOCOMO, INC. recognized impairment charges of ¥35,066 million for non-listed equity securities including shares of Tecworld Limited (Investee company : Hutchison Telephone Company Limited), which is an affiliated company of NTT DOCOMO, INC.

Note regarding equity in net income (losses) of affiliates and others:

| | Millions of yen | |
|--|-----------------|----------|
| | March 31, 2018 | |
| The amount of investments in affiliates | ¥ | 236,888 |
| The amount of investments in affiliates based on equity method | | 384,890 |
| The amount of equity in net income (losses) of affiliates based on equity method | | (12,228) |

(Note)

The amount of investments in affiliates based on equity method and the amount of equity in net income (losses) of affiliates based on equity method is prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), in compliance with Paragraph 1, Article 120-3 of provision of the Japanese Company Accounting Regulations.

Note regarding related party transactions:

1. Transactions with parent company and major corporate shareholders

| Attribute | Name | Ownership | Relation with related party | Nature of transactions | Amount of transactions (millions of yen) | Account | Balance as of March 31, 2018 (millions of yen) |
|----------------|--|-------------------|---|------------------------|---|---------|--|
| Parent company | NIPPON TELEGRAPH AND TELEPHONE CORPORATION | 66.64% (Owned) | Acceptance of an appointed person as a member of the board of directors | Share repurchases (*) | ¥ 199,999 | — | — |

(*) Based on the resolution of the Board of director on December 11, 2017, NTT DOCOMO, INC. acquired outstanding shares of its common stock by way of tender offer from December 12, 2017 through January 15, 2018. In order to ensure the precision and objectivity of the criteria, NTT DOCOMO, INC. set a tender offer price of ¥2,681 by applying a discount of 7% to the closing price of NTT DOCOMO, INC.'s common shares on the First Section of the Tokyo Stock Exchange on the business day before the meeting of the Board of Directors to decide the implementation of the tender offer (December 8, 2017.)

2. Transactions with subsidiaries and affiliates

| Attribute | Name | Ownership | Relation with related party | Nature of transactions | Amount of transactions (millions of yen) | Account | Balance as of March 31, 2018 (millions of yen) |
|-----------|---|----------------------------|-------------------------------------|---|---|-------------------------|--|
| Affiliate | Sumitomo Mitsui Card Company, Limited. (SMCC) | 34.00% (Direct Holding) | Transactions regarding credit cards | Settlements of advance payments on behalf of NTT DOCOMO, INC. (*) | ¥ 112,241 | Accounts payable, other | ¥ 147,223 |

Terms and conditions of the above transactions:

(*) Settlements of advance payments on behalf of NTT DOCOMO, INC. are consideration of which SMCC paid in advance on behalf of NTT DOCOMO, INC. regarding credit cards transactions. The amount of transactions is stated as an average balance during the fiscal year due to the frequency of such transactions.

3. Transactions with companies under common control

| Attribute | Name | Ownership | Relation with related party | Nature of transactions | Amount of transactions (millions of yen) | Account | Balance as of March 31, 2018 (millions of yen) |
|---|----------------------------|---------------------------|-----------------------------|---------------------------------|---|--|--|
| Subsidiary of the parent company | NTT FINANCE CORPORATION | 2.92% (Direct Holding) | Business entrustment | Bailment of cash (*1) | ¥ 603,886 | Deposits | ¥ 571,053 |
| | | | | Transfer of receivables (*2) | ¥ 4,631,073 | Accounts receivable, other Deposits received | ¥ 309,403 ¥ 6,426 |

Terms and conditions of the above transactions:

(*1) Yield rates of the cash bailment are determined by NTT FINANCE CORPORATION based on market interest rates. The amount of transactions is stated as an average balance during the fiscal year due to the frequency of such transactions.

(*2) Transfer of receivables is made on general terms and at market price.

Note regarding per share information:

| | | |
|-----------------------|---|----------|
| Net assets per share: | ¥ | 1,507.55 |
| Earnings per share: | ¥ | 229.68 |