

Earnings Release

For the Three Months Ended June 30, 2014

July 25, 2014
[U.S. GAAP]

Name of registrant: **NTT DOCOMO, INC.** (URL <https://www.nttdocomo.co.jp/>)
 Code No.: 9437
 Stock exchange on which the Company's shares are listed: Tokyo Stock Exchange-First Section
 Representative: Kaoru Kato, Representative Director, President and Chief Executive Officer
 Contact: Koji Otsuki, Senior Manager, General Affairs Department / TEL +81-3-5156-1111
 Scheduled date for filing of quarterly report: July 31, 2014
 Scheduled date for dividend payment: —
 Supplemental material on quarterly results: Yes
 Presentation on quarterly results: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2014 (April 1, 2014 - June 30, 2014)

(1) Consolidated Results of Operations

(Millions of yen, except per share amounts)

| | Operating Revenues | Operating Income | Income Before Income Taxes and Equity in Net Income (Losses) of Affiliates | Net Income Attributable to NTT DOCOMO, INC. |
|----------------------------------|--------------------|------------------|--|---|
| Three months ended June 30, 2014 | 1,075,302 (3.4) % | 209,640 (15.3) % | 212,474 (15.8) % | 136,381 (13.7) % |
| Three months ended June 30, 2013 | 1,113,573 3.9 % | 247,470 (5.8) % | 252,484 (4.7) % | 158,009 (3.8) % |

(Percentages above represent changes compared to the corresponding previous quarterly period)

(Note) Comprehensive income attributable to NTT DOCOMO, INC.: For the three months ended June 30, 2014: 133,714 million yen (27.8) %
 For the three months ended June 30, 2013: 185,232 million yen 0.5 %

| | Basic Earnings per Share Attributable to NTT DOCOMO, INC. | Diluted Earnings per Share Attributable to NTT DOCOMO, INC. |
|----------------------------------|---|---|
| Three months ended June 30, 2014 | 32.89 (yen) | — |
| Three months ended June 30, 2013 | 38.10 (yen) | — |

(Note) As we conducted a 1:100 stock split with an effective date of October 1, 2013, "Basic Earnings per Share Attributable to NTT DOCOMO, INC." are calculated on the assumption that the stock split was conducted at the beginning of the fiscal period of 2013.

(2) Consolidated Financial Position

(Millions of yen, except per share amounts)

| | Total Assets | Total Equity (Net Assets) | NTT DOCOMO, INC. Shareholders' Equity | Shareholders' Equity Ratio | NTT DOCOMO, INC. Shareholders' Equity per Share |
|----------------|--------------|---------------------------|---------------------------------------|----------------------------|---|
| June 30, 2014 | 7,261,331 | 5,685,736 | 5,652,677 | 77.8 % | 1,363.16 (yen) |
| March 31, 2014 | 7,508,030 | 5,678,644 | 5,643,366 | 75.2 % | 1,360.91 (yen) |

2. Dividends

| | Cash Dividends per Share (yen) | | | | |
|--|--------------------------------|---------------------------|--------------------------|----------|-------|
| | End of the First Quarter | End of the Second Quarter | End of the Third Quarter | Year End | Total |
| Year ended March 31, 2014 | — | 3,000.00 | — | 30.00 | — |
| Year ending March 31, 2015 | — | — | — | — | — |
| Year ending March 31, 2015 (Forecasts) | — | 30.00 | — | 30.00 | 60.00 |

(Note 1) Revisions to the forecasts of dividends: None

(Note 2) As we conducted a 1:100 stock split with an effective date of October 1, 2013, "Cash Dividends per Share" as of the end of the second quarter of the year ended March 31, 2014, calculated before the stock split.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(Millions of yen, except per share amounts)

| | Operating Revenues | Operating Income | Income Before Income Taxes and Equity in Net Income (Losses) of Affiliates | Net Income Attributable to NTT DOCOMO, INC. | Basic Earnings per Share Attributable to NTT DOCOMO, INC. |
|--------------------------------------|--------------------|------------------|--|---|---|
| Six months ending September 30, 2014 | — — | — — | — — | — — | — |
| Year ending March 31, 2015 | 4,590,000 2.9 % | 750,000 (8.4) % | 758,000 (9.0) % | 480,000 3.3 % | 120.40 (yen) |

(Percentages above represent changes compared to the corresponding previous year)

(Note) Revisions to the forecasts of consolidated financial results: None

* Notes:

| | | |
|---|---|----------------------|
| (1) Changes in significant subsidiaries (Changes in significant subsidiaries for the three months ended June 30, 2014 which resulted in changes in scope of consolidation) | | None |
| (2) Application of simplified or exceptional accounting | | None |
| (3) Changes in accounting policies | | |
| i. Changes due to revision of accounting standards and other regulations: | | None |
| ii. Others: | | None |
| (4) Number of issued shares (common stock) | | |
| i. Number of issued shares (inclusive of treasury stock): | As of June 30, 2014: | 4,365,000,000 shares |
| | As of March 31, 2014: | 4,365,000,000 shares |
| ii. Number of treasury stock: | As of June 30, 2014: | 218,239,900 shares |
| | As of March 31, 2014: | 218,239,900 shares |
| iii. Number of weighted average common shares outstanding: | For the three months ended June 30, 2014: | 4,146,760,100 shares |
| | For the three months ended June 30, 2013: | 4,146,760,100 shares |

As we conducted a 1:100 stock split with an effective date of October 1, 2013, "Number of issued shares (common stock)" are disclosed on the assumption that the stock split was conducted at the beginning of the fiscal period of 2013.

* Presentation on the status of quarterly review procedure:

This earnings release is not subject to the quarterly review procedure as required by the Financial Instruments and Exchange Act of Japan. As of the date when this earnings release was issued, the quarterly review procedure on financial statements as required by the Financial Instruments and Exchange Act had not been finalized.

* Explanation for forecasts of operations and other notes:

1. Forecast of results

Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available and certain assumptions that we regard as reasonable, and therefore actual results may differ materially from those contained in, or suggested by, any forward-looking statements. With regard to the assumptions and other related matters concerning forecasts for the fiscal year ending March 31, 2015, refer to "1. (3) Prospects for the Fiscal Year Ending March 31, 2015" on page 12 and "5. Special Note Regarding Forward-Looking Statements" on page 22, contained in the attachment.

2. Resolution of share repurchase up to prescribed maximum limit

The forecasts of "Basic Earnings per Share Attributable to NTT DOCOMO, INC." for the fiscal year ending March 31, 2015 are based on the assumption that DOCOMO will repurchase up to 320 million shares for up to ¥500,000 million, as resolved at the board of directors' meeting held on April 25, 2014.

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1. Information on Consolidated Results

(1) Operating Results

i. Business Overview

In the mobile telecommunications market, besides the intense competition that we engage in with other Japanese telecommunications carriers due to active movement of subscribers using the Mobile Number Portability (MNP) system, we are also facing competition with new players offering a wide variety of Internet-based services that transcend the scope of traditional telecommunications businesses.

In this new competitive landscape, we have laid out our medium-term growth plan: “Medium-Term Vision 2015: Shaping a Smart Life.”

For the fiscal year ending March 31, 2015, we are addressing the challenge of establishing a new path to growth by reinforcing our comprehensive strengths in the four key areas of “devices (handsets),” “network,” “services” and “billing plans/sales channel,” with the goal of being chosen by a greater number of customers.

During the three months ended June 30, 2014, we launched a new billing scheme, “Kake-hodai & Pake-aeru,” which allows customers to utilize our services at affordable rates for a long period of time by selecting a plan suitable for their individual needs in different stages of life. In addition, leveraging our Xi LTE*¹ network, we launched the commercial service of “VoLTE*²,” a new voice communication service that realizes high-quality and stable calls.

To solidify our managerial foundation, we reorganized our group structure effective July 1, 2014, aiming to achieve even higher customer satisfaction through a group of specialists and community-based organization, and have accelerated the shift of resources to priority areas (our smart life business and corporate marketing).

We will implement measures that will bring greater “happiness” to the lives of our customers, their family and society, so we can be chosen by customers as a “Partner for a Smart Life,” and maintain long-term customer relationships.

Operating revenues for the three months ended June 30, 2014 decreased by ¥38.3 billion from the same period of the previous fiscal year to ¥1,075.3 billion due mainly to a decrease in mobile communications services revenues by ¥49.2 billion as a result of a decrease in voice revenues and an impact of penetration of the “Monthly Support” discount program, whereas other operating revenues increased by ¥16.4 billion from the same period of the previous fiscal year as a result of growing revenues from various services including “dmarket.”

Operating expenses were ¥865.7 billion which was relatively consistent with the same period of the previous fiscal year as a result of cost reduction implemented to further strengthen our management structure and a decrease in selling expenses due to a decrease in the number of handsets sold which was offset by an increase in expenses linked with other operating revenues.

As a result, operating income decreased by ¥37.8 billion from the same period of the previous fiscal year to ¥209.6 billion for the three months ended June 30, 2014.

Income before income taxes and equity in net income (losses) of affiliates was ¥212.5 billion, and net income attributable to NTT DOCOMO, INC. decreased by ¥21.6 billion from the same period of the previous fiscal year to ¥136.4 billion for the three months ended June 30, 2014.

*1: Abbreviation for Long Term Evolution. A mobile communications system specified by the international standard development organization, 3GPP (3rd Generation Partnership Project).

*2: Abbreviation for Voice over LTE. A technology that carries voice calls over LTE’s high-speed data communications network.

Consolidated results of operations for the three months ended June 30, 2013 and 2014 were as follows:

<Results of operations>

| | Billions of yen | | | |
|---|-------------------------------------|-------------------------------------|------------------------|--------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | Increase (Decrease) | |
| Operating revenues | ¥ 1,113.6 | ¥ 1,075.3 | ¥ (38.3) | (3.4)% |
| Operating expenses | 866.1 | 865.7 | (0.4) | (0.1) |
| Operating income | 247.5 | 209.6 | (37.8) | (15.3) |
| Other income (expense) | 5.0 | 2.8 | (2.2) | (43.5) |
| Income before income taxes and equity in net income (losses) of affiliates | 252.5 | 212.5 | (40.0) | (15.8) |
| Income taxes | 96.1 | 73.5 | (22.6) | (23.5) |
| Income before equity in net income (losses) of affiliates | 156.3 | 139.0 | (17.4) | (11.1) |
| Equity in net income (losses) of affiliates | 0.3 | (3.6) | (3.9) | - |
| Net income | 156.6 | 135.4 | (21.2) | (13.6) |
| Less: Net (income) loss attributable to noncontrolling interests | 1.4 | 1.0 | (0.4) | (28.2) |
| Net income attributable to NTT DOCOMO, INC. | ¥ 158.0 | ¥ 136.4 | ¥ (21.6) | (13.7) |
| EBITDA margin* | 37.8% | 36.0% | (1.8)point | - |
| ROCE before tax effect* | 4.4% | 3.6% | (0.8)point | - |
| ROCE after tax effect* | 2.7% | 2.3% | (0.4)point | - |

* EBITDA and EBITDA margin, as we use them in this earnings release, are different from EBITDA as used in Item 10(e) of Regulation S-K and may not be comparable to similarly titled measures used by other companies. For an explanation of our definitions of EBITDA, EBITDA margin, ROCE before tax effect and ROCE after tax effect, see “4. (3) Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures” on page 21.

<Operating revenues>

| | Billions of yen | | | |
|--------------------------------|-------------------------------------|-------------------------------------|------------------------|--------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | Increase (Decrease) | |
| Mobile communications services | ¥ 749.9 | ¥ 700.7 | ¥ (49.2) | (6.6)% |
| Voice revenues | 274.9 | 229.3 | (45.6) | (16.6) |
| Packet communications revenues | 474.9 | 471.3 | (3.6) | (0.8) |
| Equipment sales | 212.5 | 207.0 | (5.5) | (2.6) |
| Other operating revenues | 151.2 | 167.7 | 16.4 | 10.9 |
| Total operating revenues | ¥ 1,113.6 | ¥ 1,075.3 | ¥ (38.3) | (3.4)% |

Notes: Voice revenues include data communications revenues through circuit switching systems.

<Operating expenses>

| | Billions of yen | | | |
|--|-------------------------------------|-------------------------------------|------------------------|---------------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | Increase (Decrease) | |
| Personnel expenses | ¥ 72.0 | ¥ 71.2 | ¥ (0.7) | (1.0)% |
| Non-personnel expenses | 550.3 | 546.4 | (3.9) | (0.7) |
| Depreciation and amortization | 166.6 | 167.2 | 0.5 | 0.3 |
| Loss on disposal of property, plant and equipment and intangible assets | 14.1 | 16.2 | 2.1 | 14.8 |
| Communication network charges | 53.1 | 54.3 | 1.2 | 2.2 |
| Taxes and public dues | 10.0 | 10.4 | 0.4 | 3.7 |
| Total operating expenses | ¥ 866.1 | ¥ 865.7 | ¥ (0.4) | (0.1)% |

<Trend of ARPU and MOU>

| | Yen | | | |
|-----------------|-------------------------------------|-------------------------------------|------------------------|--------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | Increase (Decrease) | |
| Aggregate ARPU* | ¥ 4,610 | ¥ 4,300 | ¥ (310) | (6.7)% |
| Voice ARPU | 1,470 | 1,210 | (260) | (17.7) |
| Packet ARPU | 2,680 | 2,580 | (100) | (3.7) |
| Smart ARPU | 460 | 510 | 50 | 10.9 |
| MOU* (minutes) | 109 | 99 | (10) | (9.2)% |

* See “4. (2) Definition and Calculation Methods of ARPU and MOU” on page 20 for definition and calculation methods.

ii. Segment Results

We realigned the reportable segments from the three months ended June 30, 2014, in order to clearly define our business management of our mobile communications fields (where we are taking steps to reinforce our competitiveness) and new business fields (where we are striving for further expansion of revenue sources by making “Smart Life” a reality), toward the establishment of a new path to growth.

For details, please see 3. (4) “Notes to Consolidated Financial Statements.”

Mobile Communications Business—

<Results of operations>

| | Billions of yen | | |
|---|-------------------------------------|---|------------------------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | Increase (Decrease) |
| Operating revenues from mobile communications business | ¥ 961.4 | ¥ 905.2 | ¥ (56.2) (5.8)% |
| Operating income (loss) from mobile communications business | 243.4 | 203.1 | (40.3) (16.6) |

Our total number of mobile phone subscriptions as of June 30, 2014 was 63.57 million, an increase of 1.94 million subscriptions compared to the number as of June 30, 2013, and the churn rate for the three months ended June 30, 2014 was 0.67%.

Operating revenues from our mobile communications business decreased by ¥56.2 billion from the same period of the previous fiscal year to ¥905.2 billion for the three months ended June 30, 2014 due mainly to a decrease in mobile communications services revenues as a result of the impacts of increasing penetration of the “Monthly Support” discount program.

Operating expenses from mobile communications business decreased by ¥15.9 billion from the same period of the previous fiscal year to ¥702.0 billion for the three months ended June 30, 2014 due mainly to a decrease in selling expenses as a result of a decrease in the number of handsets sold and consequently operating income from our mobile communications business decreased by ¥40.3 billion from the same period of the previous fiscal year to ¥203.1 billion for the three months ended June 30, 2014.

<<Highlights>>
<Devices>

As part of our effort to expand our product lineup, we released new smartphone models equipped with new functions, “docomo keitai” feature phones and “docomo tablets,” aiming to expand our smartphone user base and to facilitate the adoption of multiple mobile devices by a single user.

- We unveiled our 2014 summer handset collection comprising 12 different models including DOCOMO-unique Android smartphones equipped with “VoLTE” compatibility, emergency power-saving mode and various other features, “docomo keitai” feature phones and “docomo tablets.”
- In June 2014, we started marketing “iPad Air”^{*} and “iPad mini with Retina Display.”^{*}
- We launched a new mobile phone accessories brand, “docomo select,” which offers a wide variety of recommended peripherals, such as smartphone cases and audio-visual tools.

<Network>

We continued our efforts to take advantage of DOCOMO’s technical strengths to build a robust network pursuing “breadth,” “speed” and “convenience,” and launched a brand new LTE-based voice communications service.

- To further expand the coverage of our Xi LTE service, we increased the total number of LTE base stations to 66,300 stations across Japan as of June 30, 2014 (vis-à-vis our target of 95,300 LTE base stations as of March 31, 2015.)
- Toward the goal of further enhancement of the transmission speeds of our Xi LTE service, we increased the number of base stations compatible with a maximum download speed of 100Mbps or higher to 10,900 stations as of June 30, 2014 (vis-à-vis our target of 40,000 base stations as of March 31, 2015.)
- We commenced the commercial “VoLTE” service that enables users to enjoy stable and high-quality voice calls over the Xi LTE network.

<Billing Plan/Sales Channel>

We introduced a new billing plan, “Kake-hodai & Pake-aeru,” to allow customers to utilize smartphones, “docomo keitai” feature phones and other mobile devices at affordable rates for a long period of time by selecting plans appropriate for their needs in different stages of life.

The total subscriptions to the new billing plan, “Kake-hodai & Pake-aeru,” reached approximately 4.7 million as of June 30, 2014.

<Overview of New Billing Plan>

| | |
|-----------------------|--|
| Zutto DOCOMO Discount | <ul style="list-style-type: none"> ● A service that offers weighted discounts based on the length of subscription ● Offers discounts on data communication charges based on the subscription length of the longest user |
| U25 Ouen Discount | <ul style="list-style-type: none"> ● A service that offers helpful discounts not only to students but to all customers of age 25 or younger ● Provides a discount of ¥500/month on phone bill ● Also offers free bonus packets of 1GB |
| Kake-hodai | <ul style="list-style-type: none"> ● Unlimited domestic voice calling at a flat monthly rate for any destination, including other DOCOMO phones or users of other mobile/fixed-line networks, with no restrictions on the number of calls or their duration |
| Pake-aeru | <ul style="list-style-type: none"> ● Allows packet data-quota sharing among family members or among multiple devices owned by a single user ● Allows waste-free data usage through the sharing of a data quota among family members by selecting a plan suitable for the family’s total packet consumption ● Additional packets can be purchased on an as-needed basis in months of heavy usage |

The total number of smartphones sold for the three months ended June 30, 2014 was 3.06 million units, and the total number of subscriptions to Xi services as of June 30, 2014 was 24.04 million.

*: TM and (c) 2014 Apple Inc. All rights reserved. “iPad” and “ Retina” are trademarks of Apple Inc., registered in the U.S. and other countries.

Number of subscriptions by services and other operating data are as follows:

<Number of subscriptions by services>

| | Thousand subscriptions | | | Increase | |
|---------------------------|------------------------|---------------|---------|------------|--------|
| | June 30, 2013 | June 30, 2014 | | (Decrease) | |
| Cellular services | 61,623 | 63,566 | 1,943 | | 3.2% |
| Cellular (Xi) services | 14,198 | 24,043 | 9,845 | | 69.3 |
| Cellular (FOMA) services | 47,425 | 39,523 | (7,902) | | (16.7) |
| packet flat-rate services | 39,057 | 40,164 | 1,107 | | 2.8 |
| sp-mode services | 19,921 | 24,685 | 4,764 | | 23.9 |
| i-mode services | 30,689 | 25,362 | (5,328) | | (17.4) |

Notes:

1. Number of subscriptions to Cellular services and Cellular (FOMA) services includes Communication Module services subscriptions.
2. Effective March 3, 2008, FOMA subscription became mandatory for subscription to "2in1" services, and those FOMA subscriptions are included in the number of FOMA subscriptions.
3. Number of subscriptions to packet flat-rate services includes "Share Option" subscriptions under the "Kake-hodai & Pake-aeru" plan.

<Number of handsets sold and churn rate>

| | Thousand units | | | Increase | |
|--|-------------------------------------|-------------------------------------|-------------|------------|--------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | | (Decrease) | |
| Number of handsets sold | 5,393 | 5,156 | (237) | | (4.4)% |
| Cellular (Xi) services | | | | | |
| New Xi subscription | 860 | 1,160 | 300 | | 34.9 |
| Change of subscription from FOMA | 2,021 | 1,388 | (634) | | (31.3) |
| Xi handset upgrade by Xi subscribers | 396 | 1,026 | 630 | | 159.1 |
| Cellular (FOMA) services | | | | | |
| New FOMA subscription | 815 | 577 | (238) | | (29.2) |
| Change of subscription from Xi | 16 | 31 | 16 | | 99.8 |
| FOMA handset upgrade by FOMA subscribers | 1,284 | 973 | (311) | | (24.2) |
| Churn Rate | 0.86% | 0.67% | (0.19)point | | — |

Smart Life Business—

The services provided as part of our smart life business include video and music distribution, electronic books and other services offered through our “dmarket” portal, as well as finance/payment services, shopping services and various other life-related services.

<Results of operations>

| | Billions of yen | | |
|--|-------------------------------------|-------------------------------------|------------------------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | Increase (Decrease) |
| Operating revenues from smart life business | ¥ 85.2 | ¥ 99.6 | ¥ 14.4 16.9% |
| Operating income (loss) from smart life business | 5.3 | 6.6 | 1.3 25.0 |

Operating revenues from smart life business increased by ¥14.4 billion from the same period of the prior fiscal year to ¥99.6 billion for the three months ended June 30, 2014 owing to an increase in the number of users of “dmarket” services by expanding new stores on “dmarket” and enriching stores’ services, an increase in the total subscriptions to “Osusume Pack” and other factors. Operating expenses from smart life business were ¥93.1 billion for the three months ended June 30, 2014, an increase of ¥13.1 billion from the same period of the previous fiscal year. As a consequence, the operating income from our smart life business amounted to ¥6.6 billion for the three months ended June 30, 2014.

<<Highlights>>
<Devices>

To deliver greater “Smart Life” experience, we launched wearable devices equipped with new features and capabilities.

- Through docomo Healthcare, Inc., we launched a new wristband-type health-monitoring device, “move band 2,” after making improvements to the preceding model in pursuit of more comfortable use, e.g., reducing its weight and adding new features such as an alarm function that vibrates to wake up the wearer from the sleep at the optimal timing.

<Services>

We have worked to enrich the content portfolio of existing “dmarket” stores, while launching new stores that will provide users with useful solutions in various scenes of everyday life, and made further progress toward realizing carrier-independent access to services through the use of “docomo ID.”

- We launched a new home food delivery service, “ddelivery.” With this service, users can search restaurants/menus and place orders using voice command via our “Shabette Concier” voice agent service, and also make payments using docomo Points.
- We launched “dmagazine” electronic magazine service, which provides users with unlimited access to wide-ranging genres of magazines and/or individual articles from smartphone/tablets for a flat monthly fee.

As a result of these efforts, the combined “dmarket” store subscriptions* reached 7.46 million as of June 30, 2014, and we are making favorable progress toward our goal of acquiring 10 million subscriptions as quickly as possible.

*: Total number of users using “dvideo,” “dhits,” “danime store,” “dkids” and “dmagazine” services under a monthly subscription arrangement.

Other Businesses—

<Results of operations>

| | Billions of yen | | | |
|---|-------------------------------------|-------------------------------------|------------------------|------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | Increase (Decrease) | |
| Operating revenues from other businesses | ¥ 72.8 | ¥ 77.2 | ¥ 4.4 | 6.1% |
| Operating income (loss) from other businesses | (1.2) | (0.1) | 1.2 | 93.4 |

Operating revenues from other businesses increased by ¥4.4 billion from the same period of the prior fiscal year to ¥77.2 billion for the three months ended June 30, 2014, mainly driven by the growth of revenues from our “Mobile Phone Protection & Delivery service.” Operating expenses from other businesses were ¥77.3 billion for the three months ended June 30, 2014, an increase of ¥3.2 billion from the same period of the prior fiscal year. Consequently, we recorded an operating loss of ¥0.1 billion from other businesses for the three months ended June 30, 2014.

<<Highlights>>

- We reached an agreement with Tesla Motors, Inc.(Tesla) to implement our M2M* connectivity management system for corporate users, “docomo M2M Platform,” in all “Model S”, Tesla’s electrical vehicles and to provide mobile data communications services to be sold in Japan.
- We entered into a basic agreement for business alliance with Vodafone Group Plc to address the delivery of M2M services with the aim of strengthening corporate marketing to global accounts.

*: Abbreviation for Machine-to-Machine. A system that provides automatic communication between machines with built-in communications capability, e.g., vehicles, vending machines or information appliances, and the server or other network equipment.

iii. CSR Activities

In accordance with our medium-term business plan, “Medium-Term Vision 2015,” we are working to provide a stable, high quality network and services and to engage in the persistent creation of new value as a “Partner for a Smart Life” for our customers.

We believe it is the corporate social responsibility “CSR” of DOCOMO to contribute to the realization of a society that enables people to lead abundant lives with comfort, safety, and security by resolving various social issues and surpassing the confines of countries, regions, and generations. Accordingly, we have positioned CSR as the core of our corporate management.

The principal actions undertaken during the three months ended June 30, 2014 are summarized below:

- We set forth the “NTT DOCOMO Group Environmental Targets for FY2016,” which will serve as a medium-term guideline for our environmentally-conscious business management, and also defined concrete numerical targets to reduce the environmental burdens from our network operations or sales activities (e.g., cut power consumption per each unit of data transmission by 1/4; over 40% savings in the paper volume used for producing sales promotion tools.)
- We held approximately 1,900 sessions of our “Mobile Phone Safety Class” to enlighten audiences on the rules and manners of using mobile phones and how to respond to criminal activities and other troubles if encountered when using a mobile phone, and garnered attendance of approximately 390,000 people in total for the three months ended June 30, 2014.

iv. Trend of Capital Expenditures

<Capital expenditures>

| | Billions of yen | | | | | |
|--------------------------------|-------------------------------------|-------|-------------------------------------|-------|------------------------|--------------|
| | Three months ended June 30, 2013 | | Three months ended June 30, 2014 | | Increase (Decrease) | |
| Total capital expenditures | ¥ | 145.4 | ¥ | 148.5 | ¥ | 3.1 2.1% |
| Mobile communications business | | 139.4 | | 145.0 | | 5.6 4.0 |
| Smart life business | | 3.3 | | 1.9 | | (1.4) (42.0) |
| Other businesses | | 2.7 | | 1.6 | | (1.1) (39.6) |

We continued our efforts for Xi LTE coverage expansion and facility buildup to accommodate the growth of data traffic, while working on the improvement of the efficiency of construction and the reduction of equipment procurement costs. As a result, the total amount of capital expenditures increased by 2.1% from the same period of the prior fiscal year to ¥148.5 billion for the three months ended June 30, 2014.

(2) Financial Review
i. Financial Position

| | Billions of yen | | | | | |
|---|-----------------|---------------|------------------------|-------|-------------------------------|--|
| | June 30, 2013 | June 30, 2014 | Increase (Decrease) | | (Reference) March 31, 2014 | |
| Total assets | ¥ 7,094.7 | ¥ 7,261.3 | ¥ 166.7 | 2.3% | ¥ 7,508.0 | |
| NTT DOCOMO, INC. shareholders' equity | 5,429.3 | 5,652.7 | 223.4 | 4.1 | 5,643.4 | |
| Liabilities | 1,624.9 | 1,560.6 | (64.2) | (4.0) | 1,814.5 | |
| Including: Interest bearing liabilities | 246.4 | 230.5 | (15.9) | (6.4) | 230.3 | |
| Shareholders' equity ratio (1) (%) | 76.5% | 77.8% | 1.3point | — | 75.2 % | |
| Debt to Equity ratio (2) (multiple) | 0.045 | 0.041 | (0.004) | — | 0.041 | |

Notes: (1) Shareholders' equity ratio = NTT DOCOMO, INC. shareholders' equity / Total assets
(2) Debt to Equity ratio = Interest bearing liabilities / NTT DOCOMO, INC. shareholders' equity

ii. Cash Flow Conditions

| | Billions of yen | | | |
|---|-------------------------------------|-------------------------------------|------------------------|---------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 | Increase (Decrease) | |
| Net cash provided by operating activities | ¥ 241.6 | ¥ 196.5 | ¥ (45.1) | (18.7)% |
| Net cash used in investing activities | (207.4) | (235.8) | (28.4) | (13.7) |
| Net cash used in financing activities | (135.7) | (128.0) | 7.7 | 5.7 |
| Free cash flows (1) | 34.2 | (39.4) | (73.5) | — |
| Free cash flows excluding changes in investments for cash management purposes (2)* | 16.8 | (24.1) | (40.8) | — |

Notes: (1) Free cash flows = Net cash provided by operating activities + Net cash used in investing activities
(2) Changes in investments for cash management purposes = Changes by purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months
* See "4. (3) Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures" on page 21.

For the three months ended June 30, 2014, net cash provided by operating activities was ¥196.5 billion, a decrease of ¥45.1 billion (18.7%) from the same period of the previous fiscal year. This was due mainly to an increase in the amount of income taxes paid and an increase in cash outflows resulting from advance payments to agent resellers in relation to collections of installment receivables for customers' handset purchases, in addition to a decrease in mobile communications services revenues from the same period of the previous fiscal year.

Net cash used in investing activities was ¥235.8 billion, an increase of ¥28.4 billion (13.7%) from the same period of the previous fiscal year. This was due mainly to a decrease in cash inflows resulting from the redemption of short-term investments for cash management purpose, in addition to an increase in cash outflows resulting from purchases of short-term investments.

Net cash used in financing activities was ¥128.0 billion, a decrease of ¥7.7 billion (5.7%) from the same period of the previous fiscal year, due mainly to an increase in cash inflows resulting from proceed from short-term borrowings, in addition to a decrease in cash outflows resulting from repayments of short and long-term debt.

As a result, the balance of cash and cash equivalents was ¥358.7 billion as of June 30, 2014, a decrease of ¥168.3 billion (31.9%) from the previous fiscal year end.

(3) Prospects for the Fiscal Year Ending March 31, 2015

While competition in Japan's mobile telecommunications market is expected to remain intense in such areas as acquisition of subscribers and further improvement of service offerings, we have undertaken various initiatives to strengthen our competitive edge, most importantly with the introduction of a new billing plan. Under this competitive market, we expect to post an increase in operating revenues due mainly to an increase in packet communications revenues resulting from the expansion of the smartphone user base and an increase in revenues from new business fields, whereas we expect to decrease operating income due mainly to a decrease in voice revenues and an increase in cost for quality enhancements of Xi LTE services for the fiscal year ending March 31, 2015.

Our operating revenues for the fiscal year ending March 31, 2015 are expected to be ¥4,590.0 billion, an increase of ¥128.8 billion from the previous fiscal year, reflecting growth in packet revenues driven by accelerating the migration to Xi smartphones, equipment sales revenues by promoting smartphones sales, and other operating revenues from sources such as dmarket, offsetting a decrease in mobile communications services revenues, which was due mainly to a decrease in voice revenues and the growing impact of the "Monthly Support" discount program. Our operating expenses are expected to be ¥3,840.0 billion, an increase of ¥198.0 billion from the previous fiscal year. Although we continue efforts aimed at further cost efficiency, operating expenses are expected to increase primarily caused by the growth in the number of Xi LTE base stations for quality enhancements, actions aimed for expanding future revenues, and an increase in cost of equipment sold driven by the growth in handset sales. Accordingly, operating income is estimated to be ¥750.0 billion, a decrease of ¥69.2 billion from the previous fiscal year.

As we are not currently aware of any factor that may have a material impact on our projected results of operations, we have not revised our forecasts announced on April 25, 2014.

2. Other Information

(1) Changes in Significant Subsidiaries

None

(2) Application of Simplified or Exceptional Accounting

None

(3) Changes in Accounting Policies

None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

| | Millions of yen | |
|---|--------------------|--------------------|
| | March 31, 2014 | June 30, 2014 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | ¥ 526,920 | ¥ 358,662 |
| Short-term investments | 19,561 | 34,765 |
| Accounts receivable | 281,509 | 200,863 |
| Receivables held for sale | 787,459 | 789,078 |
| Credit card receivables | 220,979 | 223,375 |
| Other receivables | 315,962 | 317,687 |
| Allowance for doubtful accounts | (15,078) | (11,934) |
| Inventories | 232,126 | 239,241 |
| Deferred tax assets | 61,592 | 53,337 |
| Prepaid expenses and other current assets | 95,732 | 110,103 |
| Total current assets | 2,526,762 | 2,315,177 |
| Property, plant and equipment: | | |
| Wireless telecommunications equipment | 4,975,826 | 4,991,289 |
| Buildings and structures | 897,759 | 898,841 |
| Tools, furniture and fixtures | 553,497 | 548,111 |
| Land | 201,121 | 200,945 |
| Construction in progress | 158,173 | 161,487 |
| Accumulated depreciation and amortization | (4,228,610) | (4,255,938) |
| Total property, plant and equipment, net | 2,557,766 | 2,544,735 |
| Non-current investments and other assets: | | |
| Investments in affiliates | 424,531 | 409,941 |
| Marketable securities and other investments | 171,875 | 178,252 |
| Intangible assets, net | 665,960 | 645,414 |
| Goodwill | 262,462 | 261,021 |
| Other assets | 629,174 | 636,203 |
| Deferred tax assets | 269,500 | 270,588 |
| Total non-current investments and other assets | 2,423,502 | 2,401,419 |
| Total assets | ¥ 7,508,030 | ¥ 7,261,331 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | ¥ 248 | ¥ 228 |
| Short-term borrowings | 9,495 | 9,688 |
| Accounts payable, trade | 798,315 | 661,153 |
| Accrued payroll | 54,294 | 41,770 |
| Accrued income taxes | 175,683 | 61,730 |
| Other current liabilities | 167,951 | 177,746 |
| Total current liabilities | 1,205,986 | 952,315 |
| Long-term liabilities: | | |
| Long-term debt (exclusive of current portion) | 220,603 | 220,570 |
| Accrued liabilities for point programs | 113,001 | 99,650 |
| Liability for employees' retirement benefits | 160,666 | 161,842 |
| Other long-term liabilities | 114,261 | 126,258 |
| Total long-term liabilities | 608,531 | 608,320 |
| Total liabilities | 1,814,517 | 1,560,635 |
| Redeemable noncontrolling interests | 14,869 | 14,960 |
| Equity: | | |
| NTT DOCOMO, INC. shareholders' equity | | |
| Common stock | 949,680 | 949,680 |
| Additional paid-in capital | 732,875 | 732,875 |
| Retained earnings | 4,328,389 | 4,340,367 |
| Accumulated other comprehensive income (loss) | 9,590 | 6,923 |
| Treasury stock | (377,168) | (377,168) |
| Total NTT DOCOMO, INC. shareholders' equity | 5,643,366 | 5,652,677 |
| Noncontrolling interests | 35,278 | 33,059 |
| Total equity | 5,678,644 | 5,685,736 |
| Total liabilities and equity | ¥ 7,508,030 | ¥ 7,261,331 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

| | Millions of yen | |
|---|-------------------------------------|-------------------------------------|
| | Three Months Ended June 30, 2013 | Three Months Ended June 30, 2014 |
| Operating revenues: | | |
| Mobile communications services | ¥ 749,856 | ¥ 700,661 |
| Equipment sales | 212,481 | 206,987 |
| Other operating revenues | 151,236 | 167,654 |
| Total operating revenues | 1,113,573 | 1,075,302 |
| Operating expenses: | | |
| Cost of services (exclusive of items shown separately below) | 251,041 | 265,587 |
| Cost of equipment sold (exclusive of items shown separately below) | 177,253 | 177,255 |
| Depreciation and amortization | 166,640 | 167,183 |
| Selling, general and administrative | 271,169 | 255,637 |
| Total operating expenses | 866,103 | 865,662 |
| Operating income | 247,470 | 209,640 |
| Other income (expense): | | |
| Interest expense | (479) | (280) |
| Interest income | 428 | 404 |
| Other, net | 5,065 | 2,710 |
| Total other income (expense) | 5,014 | 2,834 |
| Income before income taxes and equity in net income (losses) of affiliates | 252,484 | 212,474 |
| Income taxes: | | |
| Current | 79,267 | 63,801 |
| Deferred | 16,881 | 9,722 |
| Total income taxes | 96,148 | 73,523 |
| Income before equity in net income (losses) of affiliates | 156,336 | 138,951 |
| Equity in net income (losses) of affiliates | 298 | (3,557) |
| Net income | 156,634 | 135,394 |
| Less: Net (income) loss attributable to noncontrolling interests | 1,375 | 987 |
| Net income attributable to NTT DOCOMO, INC. | ¥ 158,009 | ¥ 136,381 |
| Per share data | | |
| Weighted average common shares outstanding – Basic and Diluted | 4,146,760,100 | 4,146,760,100 |
| Basic and Diluted earnings per share attributable to NTT DOCOMO, INC. | ¥ 38.10 | ¥ 32.89 |

Consolidated Statements of Comprehensive Income

| | Millions of yen | |
|---|-------------------------------------|-------------------------------------|
| | Three Months Ended June 30, 2013 | Three Months Ended June 30, 2014 |
| Net income | ¥ 156,634 | ¥ 135,394 |
| Other comprehensive income (loss): | | |
| Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes | 11,264 | 3,900 |
| Unrealized gains (losses) on cash flow hedges, net of applicable taxes | (32) | 27 |
| Foreign currency translation adjustment, net of applicable taxes | 15,902 | (6,678) |
| Pension liability adjustment, net of applicable taxes | 146 | 22 |
| Total other comprehensive income (loss) | 27,280 | (2,729) |
| Comprehensive income | 183,914 | 132,665 |
| Less: Comprehensive (income) loss attributable to noncontrolling interests | 1,318 | 1,049 |
| Comprehensive income attributable to NTT DOCOMO, INC. | ¥ 185,232 | ¥ 133,714 |

(3) Consolidated Statements of Cash Flows

| | Millions of yen | |
|---|-------------------------------------|-------------------------------------|
| | Three Months Ended June 30, 2013 | Three Months Ended June 30, 2014 |
| Cash flows from operating activities: | | |
| Net income | ¥ 156,634 | ¥ 135,394 |
| Adjustments to reconcile net income to net cash provided by operating activities— | | |
| Depreciation and amortization | 166,640 | 167,183 |
| Deferred taxes | 16,881 | 9,722 |
| Loss on sale or disposal of property, plant and equipment | 6,276 | 9,849 |
| Equity in net (income) losses of affiliates | (298) | 3,557 |
| Changes in assets and liabilities: | | |
| (Increase) / decrease in accounts receivable | 20,165 | 80,189 |
| (Increase) / decrease in receivables held for sale | (23,921) | (1,619) |
| (Increase) / decrease in credit card receivables | (4,184) | (1,392) |
| (Increase) / decrease in other receivables | 4,753 | (3,968) |
| Increase / (decrease) in allowance for doubtful accounts | (2,293) | (2,992) |
| (Increase) / decrease in inventories | (2,821) | (7,938) |
| (Increase) / decrease in prepaid expenses and other current assets | (16,530) | (12,087) |
| (Increase) / decrease in non-current receivables held for sale | (5,323) | (4,334) |
| Increase / (decrease) in accounts payable, trade | (5,880) | (67,295) |
| Increase / (decrease) in accrued income taxes | (60,633) | (113,900) |
| Increase / (decrease) in other current liabilities | 21,311 | 15,533 |
| Increase / (decrease) in accrued liabilities for point programs | (19,265) | (13,351) |
| Increase / (decrease) in liability for employees' retirement benefits | 2,433 | 1,184 |
| Increase / (decrease) in other long-term liabilities | (544) | 10,156 |
| Other, net | (11,824) | (7,426) |
| Net cash provided by operating activities | 241,577 | 196,465 |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (140,377) | (150,785) |
| Purchases of intangible and other assets | (66,462) | (60,336) |
| Purchases of non-current investments | (6,072) | (491) |
| Proceeds from sale of non-current investments | 9 | 340 |
| Acquisitions of subsidiaries, net of cash acquired | (8,611) | - |
| Purchases of short-term investments | (13,754) | (26,982) |
| Redemption of short-term investments | 31,182 | 11,699 |
| Other, net | (3,309) | (9,264) |
| Net cash used in investing activities | (207,394) | (235,819) |
| Cash flows from financing activities: | | |
| Repayment of long-term debt | (4,390) | (53) |
| Proceeds from short-term borrowings | 4,934 | 10,478 |
| Repayment of short-term borrowings | (12,984) | (10,245) |
| Principal payments under capital lease obligations | (560) | (465) |
| Dividends paid | (121,665) | (122,434) |
| Other, net | (1,032) | (5,248) |
| Net cash provided by (used in) financing activities | (135,697) | (127,967) |
| Effect of exchange rate changes on cash and cash equivalents | 1,144 | (937) |
| Net increase (decrease) in cash and cash equivalents | (100,370) | (168,258) |
| Cash and cash equivalents as of beginning of period | 493,674 | 526,920 |
| Cash and cash equivalents as of end of period | ¥ 393,304 | ¥ 358,662 |
| Supplemental disclosures of cash flow information: | | |
| Cash received during the period for: | | |
| Income tax refunds | ¥ 10 | ¥ 4 |
| Cash paid during the period for: | | |
| Interest, net of amount capitalized | 933 | 266 |
| Income taxes | 136,692 | 175,655 |

(4) Notes to Consolidated Financial Statements**i. Note to Going Concern Assumption**

There is no corresponding item.

ii. Significant Changes in NTT DOCOMO, INC. Shareholders' Equity

None

iii. Segment Information

DOCOMO's chief operating decision maker ("CODM") is its board of directors. The CODM evaluates the performance and makes resource allocations of its segments based on the information provided by DOCOMO's internal management reports.

DOCOMO realigned its conventional five operating segments, which consist of mobile phone business, credit services business, home shopping services business, internet connection services business for hotel facilities, and miscellaneous businesses into three operating segments, which consist of mobile communications business, smart life business and other businesses from the three months ended June 30, 2014 in order to clearly define its business management of the mobile communications fields where DOCOMO is taking steps to reinforce its competitiveness, and the new business fields where DOCOMO is striving for its further expansion of revenue sources by making "Smart Life" a reality toward the establishment of a new path to grow.

The mobile communications business includes mobile phone services (Xi services and FOMA services), satellite mobile communications services, international services and the equipment sales related to these services. The smart life business includes video and music distribution, electronic books and other services offered through DOOMO's "dmarket" portal, as well as finance/payment services, shopping services and various other life-related services. The other businesses primarily includes "Mobile Phone protection and delivery services", as well as development, sales and maintenance of IT systems.

In connection with this realignment, segment information for the three months ended June 30, 2013 has been restated to conform to the presentation for the three months ended June 30, 2014.

Accounting policies used to determine segment operating revenues and operating profit or loss are consistent with those used to prepare the consolidated financial statements in accordance with U.S. GAAP.

Segment operating revenues:

| | Millions of yen | |
|---------------------------------|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 |
| Mobile communications business- | | |
| External customers | ¥ 961,048 | ¥ 904,968 |
| Intersegment | 336 | 192 |
| Subtotal | 961,384 | 905,160 |
| Smart life business- | | |
| External customers | 82,410 | 96,104 |
| Intersegment | 2,839 | 3,542 |
| Subtotal | 85,249 | 99,646 |
| Other businesses- | | |
| External customers | 70,115 | 74,230 |
| Intersegment | 2,652 | 2,940 |
| Subtotal | 72,767 | 77,170 |
| Total | 1,119,400 | 1,081,976 |
| Elimination | (5,827) | (6,674) |
| Consolidated | ¥ 1,113,573 | ¥ 1,075,302 |

Segment operating income (loss):

| | Millions of yen | |
|--------------------------------------|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 |
| Mobile communications business | ¥ 243,442 | ¥ 203,134 |
| Smart life business | 5,270 | 6,588 |
| Other businesses | (1,242) | (82) |
| Total | 247,470 | 209,640 |
| Elimination | — | — |
| Consolidated | ¥ 247,470 | ¥ 209,640 |

Operating income is operating revenues less operating expenses.

DOCOMO does not disclose geographical information since the amounts of operating revenues generated outside Japan are immaterial.

4. Appendices

(1) Operating Data for 1st Quarter of the Fiscal Year Ending March 31, 2015

Full-year Forecasts: as announced on April 25, 2014

| | | First Quarter (Apr. - Jun. 2013) Results | First Quarter (Apr.-Jun. 2014) Results | 【Ref.】 Fiscal Year Ended Mar. 31, 2014 Full-year Results | 【Ref.】 Fiscal Year Ending Mar. 31, 2015 Full-year Forecasts |
|---|---------------------------|--|--|---|--|
| Number of Subscriptions and Other Operating Data | | | | | |
| Cellular Subscriptions | thousands | 61,623 | 63,566 | 63,105 | 66,800 |
| Xi | thousands | 14,198 | 24,043 | 21,965 | 29,800 |
| FOMA (1) | thousands | 47,425 | 39,523 | 41,140 | 37,000 |
| Communication Module Service | thousands | 3,204 | 3,286 | 3,338 | - |
| Packet Flat-rate Services Subscriptions (2) | thousands | 39,057 | 40,164 | 40,148 | - |
| Net Increase from Previous Period (3) | thousands | 87 | 461 | 1,569 | 3,700 |
| Xi | thousands | 2,632 | 2,078 | 10,399 | 7,900 |
| FOMA (1) | thousands | (2,545) | (1,617) | (8,830) | (4,200) |
| sp-mode Subscriptions | thousands | 19,921 | 24,685 | 23,781 | 28,700 |
| i-mode Subscriptions | thousands | 30,689 | 25,362 | 26,415 | 22,700 |
| Churn Rate (3) | % | 0.86 | 0.67 | 0.87 | - |
| Number of Handsets Sold (4) | thousands | 5,393 | 5,156 | 22,514 | - |
| ARPU and MOU | | | | | |
| Aggregate ARPU (5) | yen/month/subscription | 4,610 | 4,300 | 4,500 | 4,390 |
| Voice ARPU (6) | yen/month/subscription | 1,470 | 1,210 | 1,370 | 1,240 |
| Packet ARPU | yen/month/subscription | 2,680 | 2,580 | 2,640 | 2,620 |
| Smart ARPU | yen/month/subscription | 460 | 510 | 490 | 530 |
| MOU (7) | minute/month/subscription | 109 | 99 | 106 | - |

* Please refer to "4. (2) Definition and Calculation Methods of ARPU and MOU" for the definition of ARPU and MOU on page 20, and an explanation of the methods used to calculate ARPU and the number of active subscriptions.

- (1) Effective March 3, 2008, FOMA subscription became mandatory for subscription to "2in1" services, and those FOMA subscriptions include in the number of FOMA subscribers.
- (2) Number of subscriptions to packet flat-rate services includes "Share Option" subscriptions under the "Kake-hodai & Pake-aeru" plan.
- (3) Data are calculated including communication module services subscriptions.
- (4) Sum of new subscriptions, change of subscription from FOMA to Xi, Xi to FOMA, Xi handset upgrade by Xi subscribers, FOMA handset upgrade by FOMA subscribers.
- (5) Data are calculated excluding revenues and subscriptions to communication module services, "Phone Number Storage," "Mail Address Storage" and "docomo Business Transceiver."
- (6) Inclusive of circuit-switched data communication
- (7) Data are calculated excluding subscriptions to communication module services, "Phone Number Storage," "Mail Address Storage" and "docomo Business Transceiver."

(2) Definition and Calculation Methods of ARPU and MOU

i. Definition of ARPU and MOU

a. ARPU (Average monthly Revenue Per Unit):

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to designated services on a per subscription basis. ARPU is calculated by dividing various revenue items included in operating revenues from our mobile communications services and a part of other operating revenues by the number of active subscriptions to our wireless services in the relevant periods. We believe that our ARPU figures provide useful information to analyze the average usage per subscription and the impacts of changes in our billing arrangements. The revenue items included in the numerators of our ARPU figures are based on our U.S. GAAP results of operations.

b. MOU (Minutes of Use): Average monthly communication time per subscription.

ii. ARPU Calculation Methods

Aggregate ARPU = Voice ARPU + Packet ARPU + Smart ARPU

- Voice ARPU : Voice ARPU Related Revenues (basic monthly charges, voice communication charges)
/ No. of active subscriptions

- Packet ARPU : Packet ARPU Related Revenues (basic monthly charges, packet communication charges)
/ No. of active subscriptions

- Smart ARPU : A part of other operating revenues (revenues from content, collection of charges, mobile phone insurance service, advertising and others) / No. of active subscriptions

iii. Active Subscriptions Calculation Methods

Sum of No. of active subscriptions for each month ((No. of subscriptions at the end of previous month + No. of subscriptions at the end of current month) / 2) during the relevant period

Note: Subscriptions and revenues for communication module services, “Phone Number Storage,” “Mail Address Storage” and “docomo Business Transceiver” are not included in the ARPU and MOU calculations.

(3) Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures
i. EBITDA and EBITDA margin

| | Billions of yen | |
|--|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 |
| a. EBITDA | ¥ 420.4 | ¥ 386.7 |
| Depreciation and amortization | (166.6) | (167.2) |
| Loss on sale or disposal of property, plant and equipment | (6.3) | (9.8) |
| Operating income | 247.5 | 209.6 |
| Other income (expense) | 5.0 | 2.8 |
| Income taxes | (96.1) | (73.5) |
| Equity in net income (losses) of affiliates | 0.3 | (3.6) |
| Less: Net (income) loss attributable to noncontrolling interests | 1.4 | 1.0 |
| b. Net income attributable to NTT DOCOMO, INC. | 158.0 | 136.4 |
| c. Operating revenues | 1,113.6 | 1,075.3 |
| EBITDA margin (=a/c) | 37.8% | 36.0% |
| Net income margin (=b/c) | 14.2% | 12.7% |

Note: EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10(e) of regulation S-K and may not be comparable to similarly titled measures used by other companies.

ii. ROCE after tax effect

| | Billions of yen | |
|--|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 |
| a. Operating income | ¥ 247.5 | ¥ 209.6 |
| b. Operating income after tax effect {=a*(1-effective tax rate)} | 153.2 | 134.6 |
| c. Capital employed | 5,648.9 | 5,878.4 |
| ROCE before tax effect (=a/c) | 4.4% | 3.6% |
| ROCE after tax effect (=b/c) | 2.7% | 2.3% |

Notes: Capital employed = Two period ends average of (NTT DOCOMO, INC. shareholders' equity + Interest bearing liabilities)

Interest bearing liabilities = Current portion of long-term debt + Short-term borrowings + Long-term debt

The effective tax rate for the year ended June 30, 2013 was 38.1%.

The effective tax rate for the year ending June 30, 2014 was 35.8%.

iii. Free cash flows excluding changes in investments for cash management purposes

| | Billions of yen | |
|---|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2013 | Three months ended June 30, 2014 |
| Net cash provided by operating activities | ¥ 241.6 | ¥ 196.5 |
| Net cash used in investing activities | (207.4) | (235.8) |
| Free cash flows | 34.2 | (39.4) |
| Changes in investments for cash management purposes | 17.4 | (15.3) |
| Free cash flows excluding changes in investments for cash management purposes | 16.8 | (24.1) |

Note: Changes in investments for cash management purposes were derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

5. Special Note Regarding Forward-Looking Statements

This earning release contains forward-looking statements such as forecasts of results of operations, management strategies, objectives and plans, forecasts of operational data such as the expected number of subscriptions, and the expected dividend payments. All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions and estimates based on the information currently available. Some of the projected numbers in this report were derived using certain assumptions that were indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. Potential risks and uncertainties include, without limitation, the following:

- (1) Changes in the market environment in the telecommunications industry, such as intensifying competition from other businesses or other technologies caused by Mobile Number Portability, development of appealing new handsets, new market entrants, mergers among other service providers and other factors, or the expansion of the areas of competition could limit the acquisition of new subscriptions and retention of existing subscriptions by our corporate group, or it may lead to ARPU diminishing at a greater than expected rate, an increase in our costs, or an inability to reduce expenses as expected.
- (2) If current and new services, usage patterns, and sales schemes proposed and introduced by our corporate group cannot be developed as planned, or if unanticipated expenses arise the financial condition of our corporate group could be affected and our growth could be limited.
- (3) The introduction or change of various laws or regulations inside and outside of Japan, or the application of such laws and regulations to our corporate group, could restrict our business operations, which may adversely affect our financial condition and results of operations.
- (4) Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction and could increase our costs.
- (5) Other mobile service providers in the world may not adopt the technologies and the frequency bands that are compatible with those used by our corporate group's mobile communications system on a continuing basis, which could affect our ability to sufficiently offer international services.
- (6) Our domestic and international investments, alliances and collaborations, as well as investments in new business fields, may not produce the returns or provide the opportunities we expect.
- (7) Malfunctions, defects or imperfections in our products and services or those of other parties may give rise to problems.
- (8) Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.
- (9) Inadequate handling of confidential business information including personal information by our corporate group, contractors and others may adversely affect our credibility or corporate image.
- (10) Owners of intellectual property rights that are essential for our business execution may not grant us a license or other use of such intellectual property rights, which may result in our inability to offer certain technologies, products and/or services, and our corporate group may also be held liable for damage compensation if we infringe the intellectual property rights of others. In addition, the illicit use by a third party of the intellectual property rights owned by our corporate group could reduce our license revenues actually obtained and may inhibit our competitive superiority.
- (11) Events and incidents caused by natural disasters, social infrastructure paralysis such as power shortages, the proliferation of harmful substances, terror or other destructive acts, the malfunctioning of equipment, software bugs, deliberate incidents induced by computer viruses, cyber-attacks, equipment misconfiguration, hacking, unauthorized access and other problems could cause failure in our networks, distribution channels, and/or other factors necessary for the provision of service, disrupting our ability to offer services to our subscribers and such incidents may adversely affect our credibility or corporate image, or lead to a reduction of revenues and/or increase of costs.
- (12) Concerns about adverse health effects arising from wireless telecommunications may spread and consequently adversely affect our financial condition and results of operations.
- (13) Our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), could exercise influence that may not be in the interests of our other shareholders.

*Names of companies, products, etc., contained in this release are the trademarks or registered trademarks of their respective organizations.