

Earnings Release

January 27, 2017

[U.S. GAAP]

For the Nine Months Ended December 31, 2016

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: Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer
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 Scheduled date for filing of quarterly report: February 2, 2017
 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 Nine Months Ended December 31, 2016 (April 1, 2016 - December 31, 2016)

(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.	
Nine months ended December 31, 2016	3,469,593	2.5 %	842,336	22.9 %	846,165	24.9 %	589,426	19.7 %
Nine months ended December 31, 2015	3,383,460	1.7 %	685,505	16.8 %	677,377	13.8 %	492,449	29.0 %

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

(Note) Comprehensive income attributable to NTT DOCOMO, INC.: For the nine months ended December 31, 2016: 562,051 million yen 17.2 %
 For the nine months ended December 31, 2015: 479,714 million yen 20.0 %

	Basic Earnings per Share Attributable to NTT DOCOMO, INC.	Diluted Earnings per Share Attributable to NTT DOCOMO, INC.
Nine months ended December 31, 2016	157.89 (yen)	—
Nine months ended December 31, 2015	126.87 (yen)	—

(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
December 31, 2016	7,196,513	5,465,291	5,430,946	75.5 %	1,466.01 (yen)
March 31, 2016	7,214,114	5,343,105	5,302,248	73.5 %	1,409.94 (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, 2016	—	35.00	—	35.00	70.00
Year ending March 31, 2017	—	40.00	—	—	—
Year ending March 31, 2017 (Forecasts)	—	—	—	40.00	80.00

(Note) Revisions to the forecasts of dividends: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(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.	
Year ending March 31, 2017	4,610,000	1.8 %	940,000	20.0 %	936,000	20.3 %	655,000	19.4 %	176.68 (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: None
(Changes in significant subsidiaries for the nine months ended December 31, 2016 which resulted in changes in scope of consolidation)

(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: Yes

(Refer to "2. (3) Change in Accounting Policies" on page 13.)

(4) Number of issued shares (common stock)

i. Number of issued shares (inclusive of treasury stock):

As of December 31, 2016:	3,958,543,000 shares
As of March 31, 2016:	3,958,543,000 shares

ii. Number of treasury stock:

As of December 31, 2016:	253,957,417 shares
As of March 31, 2016:	197,926,250 shares

iii. Number of weighted average common shares outstanding:

For the nine months ended December 31, 2016:	3,733,198,134 shares
For the nine months ended December 31, 2015:	3,881,483,818 shares

* 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 of Japan 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, 2017, refer to "1. (3) Prospects for the Fiscal Year Ending March 31, 2017" on page 12 and "5. Special Note Regarding Forward-Looking Statements" on page 21, 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, 2017 are based on the assumption that DOCOMO will repurchase up to 220,000,000 shares for an amount in total not to exceed ¥500,000 million, as resolved at the board of directors' meeting held on January 29, 2016.

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1. Information on Consolidated Results

(1) Operating Results

i. Business Overview

The environment surrounding our business has changed significantly. In Japan's telecommunications market, competition has intensified due to the government's pro-competition policy, market entry by Mobile Virtual Network Operators (MVNOs) and other factors. In addition, technical advancements in areas including cloud services, IoT^{*1}, big data and artificial intelligence (AI), and new policy developments such as the full liberalization of the electricity retail market, have brought about active competition and collaboration with new players from other industries, accelerating competition in new markets that transcend the conventional boundaries of the telecommunications business.

Amid these changes in the market environment, positioning the current fiscal year ending March 31, 2017 (FY2016) as the year in which we intend to make "a vibrant leap toward further growth" beyond income recovery, we aim to achieve the various medium-term target indicators we announced for the fiscal year ending March 31, 2018 (FY2017) one year ahead of the schedule. In connection with the management of our business, in order to provide ever-improving value to our customers, we are promoting the two pillars of "reinforcement of our telecommunications business" and "expansion of our smart life business and other businesses" centered on our "+d" value co-creation strategy, through which we pursue the creation of new values by evolving our collaborative activities with a wide range of external partners.

In the three months ended December 31, 2016, we implemented new initiatives, such as the creation of new billing options for customers using feature phones and "Kids' Keitai" handsets designed for children, and the launch of our "docomo Child Raising Support Program," which offers additional benefits and convenience to families with children and helps families make precious memories. As part of our "+d" initiatives, we started the "docomo Drone Project" with the aim of solving social issues involving the using drones and promoted the following initiatives in collaboration with various partners toward the commercial launch of such services in the future:

- Commenced a joint verification trial with MIKAWAYA21 INC. and ENROUTE CO., LTD. envisioning the commercialization of a proxy shopping service using cellular drones operated via mobile networks.
- Commenced a joint verification trial with Mitsubishi Heavy Industries, Ltd. and Future University Hakodate for developing a new common IoT platform in the field of transportation, where the use of IoT is expected to accelerate in the future.
- Concluded an agreement on a trial service of a VR^{*2} tourist guide service that leverages the next-generation 5G mobile system at the "5G Trial Site" to be rolled out by DOCOMO in collaboration with partners such as Tobu Railway Co., Ltd. and Toppan Printing Co., Ltd., with the goal of creating commercial services for 5G.
- Conducted a test-ride event at the Ito Campus of Kyushu University prior to the verification experiment that is planned in the roadmap agreed by the Smart Mobility Promotion Consortium, which was founded by four organizations, including DOCOMO, toward the practical implementation of a self-driving bus service.

For the nine months ended December 31, 2016, despite a decrease in equipment sales revenues and a negative impact on mobile communications services revenues caused by the further expansion of our "Kake-hodai & Pake-aeru" billing scheme for the purpose of increasing returns to our customers, operating revenues increased by ¥86.1 billion from the same period of the previous fiscal year to ¥3,469.6 billion, mainly due to the recovery of telecommunications services revenues as a result of the growth of the packet consumption of our "Kake-hodai & Pake-aeru" billing plan subscribers, the expansion of smartphone use and the demand for tablets and other products

purchased as a second mobile device for individual use, and the growth in the number of “docomo Hikari” users, as well as the growth of our smart life business and other businesses such as “dmarket” and other content services.

Operating expenses decreased by ¥70.7 billion from the same period of the previous fiscal year to ¥2,627.3 billion, owing primarily to a decline of depreciation expenses as a result of our change in depreciation method used and a decrease in cost of equipment sold and initiatives to pursue further cost efficiency, despite an increase in expenses associated with the expansion of “docomo Hikari” revenues and the growth of revenues from our smart life business and other businesses, as well as an increase in expenses associated with the initiatives for enhancing returns to our customers such as “docomo Child Raising Support Program.”

As a result, operating income increased by ¥156.8 billion from the same period of the previous fiscal year to ¥842.3 billion for the nine months ended December 31, 2016.

Income before income taxes and equity in net income (losses) of affiliates was ¥846.2 billion and net income attributable to NTT DOCOMO, INC. increased by ¥97.0 billion from the same period of the previous fiscal year to ¥589.4 billion for the nine months ended December 31, 2016.

*1 Abbreviation for Internet of Things. A concept that describes a world in which everything is connected to the Internet, enabling remote control and management of devices, etc.

*2 Abbreviation for Virtual Reality, the concept or technology that gives users a sensation through the use of goggles and various other dedicated devices as if what they have experienced in the virtual environment was explored in the real world.

Consolidated results of operations for the nine months ended December 31, 2015 and 2016 were as follows:

<Results of operations>

	Billions of yen				
	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)		
Operating revenues	¥ 3,383.5	¥ 3,469.6	¥ 86.1	2.5%	
Operating expenses	2,698.0	2,627.3	(70.7)	(2.6)	
Operating income	685.5	842.3	156.8	22.9	
Other income (expense)	(8.1)	3.8	12.0	–	
Income before income taxes and equity in net income (losses) of affiliates	677.4	846.2	168.8	24.9	
Income taxes	169.8	260.1	90.3	53.2	
Income before equity in net income (losses) of affiliates	507.6	586.1	78.5	15.5	
Equity in net income (losses) of affiliates	(0.8)	5.3	6.1	–	
Net income	506.8	591.4	84.6	16.7	
Less: Net (income) loss attributable to noncontrolling interests	(14.3)	(2.0)	12.4	86.3	
Net income attributable to NTT DOCOMO, INC.	¥ 492.4	¥ 589.4	¥ 97.0	19.7	
EBITDA margin*	34.3%	34.6%	0.3point	–	
ROE*	9.0%	11.0%	2.0point	–	

* 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, ROE, see “4. Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures” on page 20.

<Operating revenues>

	Billions of yen				
	Nine months ended December 31, 2015		Nine months ended December 31, 2016	Increase (Decrease)	
Telecommunications services	¥ 2,099.6		¥ 2,225.2	¥ 125.6	6.0%
Mobile communications services revenues	2,070.2		2,129.1	59.0	2.8
Voice revenues	633.4		660.2	26.8	4.2
Packet communications revenues	1,436.7		1,468.9	32.2	2.2
Optical-fiber broadband service and other telecommunications services revenues	29.5		96.1	66.6	226.1
Equipment sales	657.8		586.3	(71.5)	(10.9)
Other operating revenues	626.0		658.1	32.1	5.1
Total operating revenues	¥ 3,383.5		¥ 3,469.6	¥ 86.1	2.5%

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

<Operating expenses>

	Billions of yen				
	Nine months ended December 31, 2015		Nine months ended December 31, 2016	Increase (Decrease)	
Personnel expenses	¥ 216.4		¥ 217.3	¥ 0.9	0.4 %
Non-personnel expenses	1,754.7		1,754.8	0.1	0.0
Depreciation and amortization	457.1		334.4	(122.7)	(26.8)
Loss on disposal of property, plant and equipment and intangible assets	34.7		41.3	6.5	18.8
Communication network charges	204.7		247.6	42.9	21.0
Taxes and public dues	30.3		31.8	1.5	5.1
Total operating expenses	¥ 2,698.0		¥ 2,627.3	¥ (70.7)	(2.6)%

ii. Segment Results
Telecommunications Business—

<Results of operations>

	Billions of yen			
	Nine months ended December 31, 2015	Nine months ended December 31, 2016		Increase (Decrease)
Operating revenues from telecommunications business	¥ 2,762.8	¥ 2,814.0		¥ 51.2 1.9%
Operating income (loss) from telecommunications business	616.3	744.2		127.8 20.7

Despite a decrease in equipment sales revenues and the negative impact on mobile communications services revenues caused by the further expansion of our “Kake-hodai & Pake-aeru” billing scheme for the purpose of increasing returns to our customers, operating revenues from telecommunications business for the nine months ended December 31, 2016 increased by ¥51.2 billion, or 1.9%, from ¥2,762.8 billion for the same period of the previous fiscal year to ¥2,814.0 billion, as a result of the growth of the packet consumption of our “Kake-hodai & Pake-aeru” billing plan subscribers, the expansion of smartphone use and the demand for tablets and other products purchased as a second mobile device for individual use, and the growth in the number of “docomo Hikari” users, of which there were 2.97 million as of December 31, 2016.

Operating expenses from telecommunications business decreased by ¥76.7 billion, or 3.6%, from ¥2,146.5 billion for the same period of the previous fiscal year to ¥2,069.8 billion due primarily to a decrease in depreciation expenses as a result of our change in depreciation method used, a decrease in cost of equipment sold and initiatives to pursue further cost efficiency, despite the increase in expenses associated with “docomo Hikari” revenues as well as an increase in expenses associated with initiatives for enhancing returns to our customers, such as our “docomo Child Raising Support Program.”

Consequently, operating income from telecommunications business was ¥744.2 billion, an increase of ¥127.8 billion, or 20.7%, from ¥616.3 billion for the same period of the previous fiscal year.

<<Key Topics>>

- In October 2016, we unveiled our 2016-2017 winter/spring new product collection comprising a total of 13 models including our first original smartphone, “MONO MO-01J,” in an effort to respond to the diversifying needs of customers. The total number of subscriptions using smartphones and tablets amounted to 34.93 million as of December 31, 2016.
- In October 2016, in conjunction with the release of LTE-enabled feature phones, we added two new options to our “Kake-hodai & Pake-aeru” billing scheme, “Kake-hodai Light (for feature phones),” which provides users with unlimited domestic voice calls of under five minutes for a flat monthly fee, and the “Keitai Pack” two-tier rate plan for packet access via feature phones. In November 2016, we launched “Kids’ Keitai Plus,” a billing plan for customers using “Kids’ Keitai” handsets. The number of “Kake-hodai & Pake-aeru” subscriptions as of December 31, 2016 totaled 35.20 million, recording an increase of 8.68 million from December 31, 2015.
- With respect to our “docomo Hikari” optical-fiber broadband service, we strived to improve our offerings through initiatives including the launch of “docomo Hikari Type C,” which allows subscribers to use the optical-fiber broadband and Internet access services offered by our partner cable TV operators as a set. Thanks also to the “new installation fee waiver campaign” and other stepped-up promotional activities, the total number of “docomo Hikari” subscriptions grew to 2.97 million as of December 31, 2016.
- To promote the construction of a more convenient mobile telecommunications network, we expanded the area coverage of our “PREMIUM 4G” service to 1,319 cities across Japan and 49,400 base stations as of December 31, 2016. Toward the goal of further expanding the area coverage of our LTE service, we

increased the total number of LTE-enabled base stations to 154,300 stations nationwide as of December 31, 2016.

- In accordance with the “Effective Speed Measurement Method of Internet Connection Services Provided by Mobile Telecommunications Carriers” set forth by the Ministry of Internal Affairs and Communications, we performed measurements on the effective speeds of our Android and iOS devices. The measurement data showed we successfully improved the speeds compared to the previous year as a result of our endeavors to improve the comfort of network access through the deployment of “PREMIUM 4G.” The median values for Android and iOS devices combined were 118Mbps for downloading and 23Mbps for uploading, which represented an improvement of 166% and 110%, respectively, over the values of the previous year.

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

<Number of subscriptions by services>

	Thousand subscriptions			
	December 31, 2015	December 31, 2016	Increase (Decrease)	
Mobile telecommunications services	69,602	73,588	3,986	5.7%
Including: “Kake-hodai & Pake-aeru” billing plan	26,519	35,198	8,678	32.7
Mobile telecommunications services (LTE(Xi))	36,293	42,671	6,378	17.6
Mobile telecommunications services (FOMA)	33,309	30,917	(2,392)	(7.2)

Note: Number of subscriptions to Mobile telecommunications services, Mobile telecommunications services (LTE(Xi)) and Mobile telecommunications services (FOMA) includes Communication Module services subscriptions.

<Number of handsets sold>

	Thousand units			
	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)	
Number of handsets sold	18,526	20,140	1,614	8.7%
Mobile telecommunications services (LTE(Xi))				
New LTE(Xi) subscription	6,360	7,019	659	10.4
Change of subscription from FOMA	2,515	2,050	(465)	(18.5)
LTE(Xi) handset upgrade by LTE(Xi) subscribers	5,751	6,968	1,217	21.2
Mobile telecommunications services (FOMA)				
New FOMA subscription	1,713	2,301	588	34.3
Change of subscription from LTE(Xi)	78	53	(25)	(32.4)
FOMA handset upgrade by FOMA subscribers	2,109	1,750	(359)	(17.0)
Churn rate*	0.59%	0.57%	(0.02)point	–

* “Churn rate” is calculated excluding the subscriptions and cancellations of subscriptions of Mobile Virtual Network Operators (MVNOs).

<Trend of ARPU and MOU>

	Yen				
	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)		
Aggregate ARPU	¥ 4,140	¥ 4,400	¥ 260		6.3%
Voice ARPU	1,200	1,250	50		4.2
Data ARPU	2,940	3,150	210		7.1
Packet ARPU	2,900	2,970	70		2.4
“docomo Hikari” ARPU	40	180	140		350.0
MOU (minutes)	133	137	4		3.0 %

Notes:

- Definition of ARPU and MOU
 - 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 user basis. ARPU is calculated by dividing telecommunications services revenues (excluding certain revenues) by the number of active users to our wireless services in the relevant periods, as shown below under “ARPU Calculation Method.” We believe that our ARPU figures provide useful information to analyze the average usage per user 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.
 - MOU (Minutes of Use):
Average monthly communication time per user.
- ARPU Calculation Methods
Aggregate ARPU= Voice ARPU + Packet ARPU + “docomo Hikari” ARPU
Data ARPU= Packet ARPU + “docomo Hikari” ARPU
 - Voice ARPU : Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / Number of active users
 - Packet ARPU : Packet ARPU Related Revenues (basic monthly charges, packet communication charges) / Number of active users
 - “docomo Hikari” ARPU : “docomo Hikari” ARPU Related Revenues (basic monthly charges, voice communication charges) / Number of active users
- Active Users Calculation Method
Sum of number of active users for each month ((number of users at the end of previous month + number of users at the end of current month) / 2) during the relevant period
- The number of “users” used to calculate ARPU and MOU is the total number of subscriptions, excluding the subscriptions listed below:
 - Subscriptions of communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunication services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs); and
 - Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for “Xi” or “FOMA” services in his/her name

Revenues from communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs) are not included in the ARPU calculation.

Smart life business—
<Results of operations>

	Billions of yen				
	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)		
Operating revenues from smart life business	¥ 373.8	¥ 382.0	¥ 8.1		2.2%
Operating income (loss) from smart life business	49.0	58.7	9.7		19.7

Operating revenues from smart life business for the nine months ended December 31, 2016 were ¥382.0 billion, an increase of ¥8.1 billion, or 2.2%, from ¥373.8 billion for the same period of the previous fiscal year, due mainly to an expansion of content services revenues such as “dmarket” and other content services, despite a decrease in revenues from our subsidiaries.

Operating expenses from smart life business were ¥323.3 billion, a decrease of ¥1.5 billion, or 0.5%, from ¥324.8 billion for the same period of the previous fiscal year, due mainly to a decrease in expenses associated with revenues from our subsidiaries and despite an increase in expenses associated with the growth in content services revenues.

As a consequence, operating income from smart life business was ¥58.7 billion, an increase of ¥9.7 billion, or 19.7%, from ¥49.0 billion for the same period of the previous fiscal year.

<<Key Topics>>

- In October 2016, we started to support Apple Pay*¹ on our “d CARD” credit card services and “iD” contactless payment, enabling customers using the eligible devices to add “d CARD” to Apple Pay and also enabling customers using iPhone7*¹, iPhone7 Plus*¹ and Apple Watch Series 2*¹ devices to pay by “iD” when they shop in stores.
- The combined number of “dmarket” subscriptions*² as of December 31, 2016, reached 15.61 million, an increase of 1.35 million from December 31, 2015. Among the various “dmarket” services, “dmagazine” has been recording brisk sales and its total number of subscriptions grew to 3.46 million as of December 31, 2016, an increase of 0.70 million from December 31, 2015.
- Starting in December 2016, the “gacco” online video learning service was adopted as the e-learning system for the “Regional Revitalization College” program operated by the Japan Productivity Center and promoted by the Office for Promotion of Regional Revitalization, Cabinet Office, Government of Japan. A total of 21 professional courses, including a course on “how to build attractive tourist destinations,” have been started under the “Regional Revitalization College” program.

*1 TM and © 2017 Apple Inc. All rights reserved. iPhone, Apple Watch Series and Apply Pay are trademarks of Apple Inc. The trademark iPhone is used with a license from AiPhone Co., Ltd.

*2 The total number of users using “dTV,” “danime store,” “dhits,” “dkids,” “dmagazine,” “dgourmet,” “dhealthcare pack” and “dliving” services under a monthly subscription arrangement.

Other businesses—

<Results of operations>

	Billions of yen			
	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)	
Operating revenues from other businesses	¥ 265.6	¥ 294.9	¥ 29.3	11.0%
Operating income (loss) from other businesses	20.2	39.5	19.3	95.8

Operating revenues from other businesses for the nine months ended December 31, 2016 amounted to ¥294.9 billion, an increase of ¥29.3 billion, or 11.0%, from ¥265.6 billion for the same period of the previous fiscal year, driven mainly by an increase in the number of subscriptions for our “Mobile Device Protection Service” and the growth of revenues relating to IoT businesses.

Operating expenses from other businesses were ¥255.4 billion, an increase of 10.0 billion, or 4.1%, from ¥245.4 billion for the same period of the previous fiscal year, as a result of rises in expenses associated with the expansion of revenues from our “Mobile Device Protection Service” and other services.

Consequently, operating income from other businesses was ¥39.5 billion, an increase of ¥19.3 billion, or 95.8%, from ¥20.2 billion for the same period of the previous fiscal year.

iii. CSR Activities

We aspire to help build a society in which everyone can share in a prosperous life of safety, security and comfort, beyond borders and across generations. We believe it is our corporate social responsibility (“CSR”) to fulfill the two aspects of (i) “Innovative docomo,” to solve various social issues in the fields of IoT, medicine, healthcare, education and agriculture through the “co-creation of social values,” an initiative that we plan to pursue together with various partners to create new services and businesses, and (ii) “Responsible docomo,” to thoroughly ensure fair, transparent and ethical business operations as a foundation for the creation of such values. Accordingly, we will strive to realize a sustainable society while expanding our own businesses.

To create a better future for the earth together, in October 2016, we decided on our “DOCOMO Group’s Environmental Declaration,” which sets the group’s environmental vision, and our “Green Action Plan 2030,” which sets our environmental goals through FY2030.

The principal CSR actions we undertook during the three months ended December 31, 2016 are summarized below:

<Innovative docomo>

- From October 2016, we started the trial offering of “Mierudenwa,” a service that automatically converts the caller’s spoken words into text in real time to assist customers with hearing difficulties.

<Responsible docomo >

- We set up a charity website to support the people and areas affected by the hurricane that struck Haiti and collected donations using “docomo Kouza” accounts and “d POINTs.”
- In the aftermath of the 2016 Middle Tottori Earthquake and the large-scale fire that devastated Itoigawa City, Niigata Prefecture, we implemented various measures to support the disaster victims, including measures such as the free provision of battery chargers and partial waiver of handset repair fees.
- We held a total of approximately 6,400 sessions of our “Smartphone and Mobile Phone Safety Class” garnering a cumulative participation of approximately 1.10 million people during the nine months ended December 31, 2016. The classes enlighten participants on the rules and manners of using smartphones and mobile phones, and inform them as to how to respond to troubles that may arise with their use.
- With the aim of facilitating communication among the disaster victims and invigorating the communities affected by the Great East Japan Earthquake, we held seven sessions of cooking classes through our group company, ABC Cooking Co., Ltd. and tablet devices classes using the “dTV” and other services for the evacuees living in temporary shelters or public reconstruction housing complexes. A total of about 100 people participated in the sessions.

iv. Trend of Capital Expenditures

<Capital expenditures>

	Billions of yen			
	Nine months ended December, 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)	
Total capital expenditures	¥ 362.5	¥ 399.4	¥ 37.0	10.2%
Telecommunications business	348.1	386.3	38.2	11.0
Smart life business	9.0	9.0	0.0	0.2
Other businesses	5.4	4.1	(1.3)	(24.0)

We pursued more efficient use of capital expenditures and further cost reduction, and expanded the area coverage of our “PREMIUM 4G” service to construct a more convenient mobile telecommunications network. As a result, the total amount of capital expenditures increased by 10.2% from the same period of the previous fiscal year to ¥399.4 billion for the nine months ended December 31, 2016.

(2) Financial Review
i. Financial Position

	Billions of yen					
	December 31, 2015	December 31, 2016	Increase (Decrease)		(Reference) March 31, 2016	
Total assets	¥ 7,274.2	¥ 7,196.5	¥ (77.7)	(1.1)%	¥ 7,214.1	
NTT DOCOMO, INC. shareholders' equity	5,588.1	5,430.9	(157.1)	(2.8)	5,302.2	
Liabilities	1,636.9	1,708.4	71.5	4.4	1,854.8	
Including: Interest bearing liabilities	223.5	222.1	(1.3)	(0.6)	222.2	
Shareholders' equity ratio (1) (%)	76.8%	75.5%	(1.3)point	-	73.5%	
Debt to Equity ratio (2) (multiple)	0.040	0.041	0.001	-	0.042	

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				
	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)		
Net cash provided by operating activities	¥ 844.9	¥ 924.9	¥ 80.0	9.5%	
Net cash used in investing activities	(376.5)	(668.1)	(291.6)	(77.5)	
Net cash provided by (used in) financing activities	(276.4)	(429.2)	(152.8)	(55.3)	
Free cash flows (1)	468.4	256.8	(211.6)	(45.2)	
Free cash flows excluding changes in investments for cash management purposes (2)*	388.3	442.1	53.8	13.8	

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. Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures" on page 20.

For the nine months ended December 31, 2016, net cash provided by operating activities was ¥924.9 billion, an increase of ¥80.0 billion, or 9.5%, from the same period of the previous fiscal year. This was due mainly to an increase in cash inflows from customers in relation to collections of installment receivables for customers' handset purchases, which are included in decrease in receivables held for sale.

Net cash used in investing activities was ¥668.1 billion, an increase of ¥291.6 billion, or 77.5%, from the same period of the previous fiscal year. This was due mainly to increases in cash outflows for purchases of short-term investments and short-term bailment for consumption to a related party.

Net cash used in financing activities was ¥429.2 billion, an increase of ¥152.8 billion, or 55.3%, from the same period of the previous fiscal year. This was due mainly to an increase in cash outflows for payments to acquire treasury stock.

As a result of the foregoing, the balance of cash and cash equivalents was ¥179.6 billion as of December 31, 2016, a decrease of ¥174.8 billion, or 49.3%, from the previous fiscal year end.

(3) Prospects for the Fiscal Year Ending March 31, 2017

The environment surrounding our business has changed significantly. In Japan's telecommunications market, competition has intensified due to the government's pro-competition policy, market entry by Mobile Virtual Network Operators (MVNOs) and other factors. In addition, technical advancements in areas including cloud services, IoT, big data and artificial intelligence (AI), and new policy developments such as the full liberalization of the electricity retail market, have brought about active competition and collaboration with new players from other industries, accelerating competition in new markets that transcend the conventional boundaries of the telecommunications business.

Amid these changes in the market environment, in connection with our management of our business, we are promoting the two pillars of "reinforcement of our telecommunications business" and "expansion of our smart life business and other businesses" centered on our "+d" value co-creation strategy, through which we pursue the creation of new values by evolving our collaborative activities with a wide range of external partners. Through these endeavors, we expect the following prospects for the fiscal year ending March 31, 2017.

Operating revenues are estimated to be ¥4,610.0 billion, an increase of ¥82.9 billion from the previous fiscal year, driven by an increase in telecommunications services revenues resulting from the expansion of our smartphone user base and a growth of demand for tablets and other devices purchased as a second mobile device for individual use, an increase in optical-fiber broadband service and other telecommunications services revenues due to the projected growth of "docomo Hikari" users and the growth of our smart life business and other businesses such as "dmarket."

On the expenses side, although we project an increase in expenses associated with the growth of revenues from smart life business and other businesses and the expansion of "docomo Hikari" revenues, operating expenses are expected to decrease by ¥74.1 billion to ¥3,670.0 billion, owing primarily to a decline of depreciation expenses as a result of our change in depreciation method used from the declining-balance method to the straight-line method, as well as a decrease in cost of equipment sold and initiatives to pursue further cost efficiency. Accordingly, operating income for the fiscal year ending March 31, 2017 is estimated to be ¥940.0 billion, an increase of ¥157.0 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 October 28, 2016.

2. Other Information

(1) Changes in Significant Subsidiaries

None

(2) Application of Simplified or Exceptional Accounting

None

(3) Change in Accounting Policies

Change in depreciation method

Previously, DOCOMO principally used the declining-balance method for calculating depreciation of property, plant, and equipment. Effective April 1, 2016, DOCOMO adopted the straight-line method of depreciation. Data traffic has recently grown due to increased use of smartphones. As a way of addressing the rising data traffic, DOCOMO provides LTE-Advanced services, using the carrier aggregation technology which enables higher speeds and capacities for the LTE services. With the introduction of the carrier aggregation technology, DOCOMO is able to use its frequencies more efficiently, bringing stability to DOCOMO's operation of its wireless telecommunications equipment. As a result, DOCOMO believes that the straight-line depreciation method better reflects the pattern of consumption of the future benefits to be derived from those assets being depreciated. The effect of the change in the depreciation method is recognized prospectively as a change in the accounting estimate pursuant to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification 250, "Accounting Changes and Error Corrections."

The change in depreciation method caused a decrease in "Depreciation and amortization" by ¥109,236 million and ¥39,806 million for the nine months ended December 31, 2016 and for the three months ended December 31, 2016, respectively. "Net income attributable to NTT DOCOMO, INC." increased by ¥74,717 million and ¥27,227 million for the nine months ended December 31, 2016 and for the three months ended December 31, 2016, respectively. "Basic and Diluted earnings per share attributable to NTT DOCOMO, INC." increased by ¥20.01 and ¥7.33 for the nine months ended December 31, 2016 and for the three months ended December 31, 2016, respectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2016	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 354,437	¥ 179,601
Short-term investments	5,872	191,042
Accounts receivable	237,040	230,767
Receivables held for sale	972,851	961,178
Credit card receivables	276,492	343,822
Other receivables	381,096	383,760
Allowance for doubtful accounts	(17,427)	(20,103)
Inventories	153,876	143,270
Deferred tax assets	107,058	75,325
Prepaid expenses and other current assets	108,898	127,859
Total current assets	2,580,193	2,616,521
Property, plant and equipment:		
Wireless telecommunications equipment	5,084,416	5,104,355
Buildings and structures	896,815	903,796
Tools, furniture and fixtures	468,800	463,275
Land	199,054	198,971
Construction in progress	190,261	227,849
Accumulated depreciation and amortization	(4,398,970)	(4,407,290)
Total property, plant and equipment, net	2,440,376	2,490,956
Non-current investments and other assets:		
Investments in affiliates	411,395	370,689
Marketable securities and other investments	182,905	196,883
Intangible assets, net	615,013	597,394
Goodwill	243,695	236,967
Other assets	479,103	453,509
Deferred tax assets	261,434	233,594
Total non-current investments and other assets	2,193,545	2,089,036
Total assets	¥ 7,214,114	¥ 7,196,513
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	¥ 200	¥ 200
Short-term borrowings	1,764	1,870
Accounts payable, trade	793,084	720,342
Accrued payroll	53,837	42,098
Accrued income taxes	165,332	69,206
Other current liabilities	205,602	235,065
Total current liabilities	1,219,819	1,068,781
Long-term liabilities:		
Long-term debt (exclusive of current portion)	220,200	220,070
Accrued liabilities for point programs	75,182	72,246
Liability for employees' retirement benefits	201,604	208,957
Other long-term liabilities	137,983	138,377
Total long-term liabilities	634,969	639,650
Total liabilities	1,854,788	1,708,431
Redeemable noncontrolling interests	16,221	22,791
Equity:		
NTT DOCOMO, INC. shareholders' equity		
Common stock	949,680	949,680
Additional paid-in capital	330,482	327,228
Retained earnings	4,413,030	4,721,964
Accumulated other comprehensive income (loss)	14,888	(12,487)
Treasury stock	(405,832)	(555,439)
Total NTT DOCOMO, INC. shareholders' equity	5,302,248	5,430,946
Noncontrolling interests	40,857	34,345
Total equity	5,343,105	5,465,291
Total liabilities and equity	¥ 7,214,114	¥ 7,196,513

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

	Millions of yen	
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016
Operating revenues:		
Telecommunications services	¥ 2,099,632	¥ 2,225,197
Equipment sales	657,804	586,268
Other operating revenues	626,024	658,128
Total operating revenues	3,383,460	3,469,593
Operating expenses:		
Cost of services (exclusive of items shown separately below)	887,566	969,354
Cost of equipment sold (exclusive of items shown separately below)	634,521	592,460
Depreciation and amortization	457,095	334,418
Selling, general and administrative	718,773	731,025
Total operating expenses	2,697,955	2,627,257
Operating income	685,505	842,336
Other income (expense):		
Interest expense	(1,219)	(368)
Interest income	717	434
Other, net	(7,626)	3,763
Total other income (expense)	(8,128)	3,829
Income before income taxes and equity in net income (losses) of affiliates	677,377	846,165
Income taxes:		
Current	207,485	199,214
Deferred	(37,701)	60,867
Total income taxes	169,784	260,081
Income before equity in net income (losses) of affiliates	507,593	586,084
Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)	(798)	5,306
Net income	506,795	591,390
Less: Net (income) loss attributable to noncontrolling interests	(14,346)	(1,964)
Net income attributable to NTT DOCOMO, INC.	¥ 492,449	¥ 589,426
Per share data		
Weighted average common shares outstanding – Basic and Diluted	3,881,483,818	3,733,198,134
Basic and Diluted earnings per share attributable to NTT DOCOMO, INC.	¥ 126.87	¥ 157.89

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016
Net income	¥ 506,795	¥ 591,390
Other comprehensive income (loss):		
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	(1,402)	7,863
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	(108)	14
Foreign currency translation adjustment, net of applicable taxes	(10,929)	(36,653)
Pension liability adjustment, net of applicable taxes	(353)	997
Total other comprehensive income (loss)	(12,792)	(27,779)
Comprehensive income	494,003	563,611
Less: Comprehensive (income) loss attributable to noncontrolling interests	(14,289)	(1,560)
Comprehensive income attributable to NTT DOCOMO, INC.	¥ 479,714	¥ 562,051

Consolidated Statements of Income

	Millions of yen	
	Three Months Ended December 31, 2015	Three Months Ended December 31, 2016
Operating revenues:		
Telecommunications services	¥ 717,325	¥ 750,704
Equipment sales	240,959	206,160
Other operating revenues	210,189	224,386
Total operating revenues	1,168,473	1,181,250
Operating expenses:		
Cost of services (exclusive of items shown separately below)	299,919	337,119
Cost of equipment sold (exclusive of items shown separately below)	248,184	228,337
Depreciation and amortization	159,988	113,880
Selling, general and administrative	237,451	245,175
Total operating expenses	945,542	924,511
Operating income	222,931	256,739
Other income (expense):		
Interest expense	(674)	(11)
Interest income	333	143
Other, net	2,225	8,131
Total other income (expense)	1,884	8,263
Income before income taxes and equity in net income (losses) of affiliates	224,815	265,002
Income taxes:		
Current	63,185	69,545
Deferred	(29,381)	11,842
Total income taxes	33,804	81,387
Income before equity in net income (losses) of affiliates	191,011	183,615
Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)	(2,379)	1,966
Net income	188,632	185,581
Less: Net (income) loss attributable to noncontrolling interests	(13,318)	(1,562)
Net income attributable to NTT DOCOMO, INC.	¥ 175,314	¥ 184,019
Per share data		
Weighted average common shares outstanding – Basic and Diluted	3,881,483,812	3,714,091,197
Basic and Diluted earnings per share attributable to NTT DOCOMO, INC.	¥ 45.17	¥ 49.55

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three Months Ended December 31, 2015	Three Months Ended December 31, 2016
Net income	¥ 188,632	¥ 185,581
Other comprehensive income (loss):		
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	5,635	13,180
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	(65)	72
Foreign currency translation adjustment, net of applicable taxes	(9,948)	(4,916)
Pension liability adjustment, net of applicable taxes	(120)	357
Total other comprehensive income (loss)	(4,498)	8,693
Comprehensive income	184,134	194,274
Less: Comprehensive (income) loss attributable to noncontrolling interest	(13,194)	(1,585)
Comprehensive income attributable to NTT DOCOMO, INC.	¥ 170,940	¥ 192,689

(3) Consolidated Statements of Cash Flows

	Millions of yen			
	Nine Months Ended December 31, 2015		Nine Months Ended December 31, 2016	
Cash flows from operating activities:				
Net income	¥	506,795	¥	591,390
Adjustments to reconcile net income to net cash provided by operating activities-				
Depreciation and amortization		457,095		334,418
Deferred taxes		(37,701)		60,867
Loss on sale or disposal of property, plant and equipment		17,555		24,574
Inventory write-downs		4,239		8,878
Impairment loss on marketable securities and other investments		475		2,070
Loss on sale of a subsidiary		13,117		-
Equity in net (income) losses of affiliates (including impairment charges of investments in affiliates)		798		(5,306)
Dividends from affiliates		9,464		8,413
Changes in assets and liabilities:				
(Increase) / decrease in accounts receivable		21,079		4,884
(Increase) / decrease in receivables held for sale		(46,966)		11,673
(Increase) / decrease in credit card receivables		(18,651)		(32,410)
(Increase) / decrease in other receivables		(34,174)		281
Increase / (decrease) in allowance for doubtful accounts		2,594		2,549
(Increase) / decrease in inventories		(24,828)		1,544
(Increase) / decrease in prepaid expenses and other current assets		(7,976)		(22,822)
(Increase) / decrease in non-current receivables held for sale		1,921		29,141
Increase / (decrease) in accounts payable, trade		(82,682)		(23,224)
Increase / (decrease) in accrued income taxes		42,207		(96,056)
Increase / (decrease) in other current liabilities		37,846		28,974
Increase / (decrease) in accrued liabilities for point programs		(14,401)		(2,936)
Increase / (decrease) in liability for employees' retirement benefits		4,275		7,376
Increase / (decrease) in other long-term liabilities		4,307		5,277
Other, net		(11,538)		(14,697)
Net cash provided by operating activities		844,850		924,858
Cash flows from investing activities:				
Purchases of property, plant and equipment		(312,668)		(337,446)
Purchases of intangible and other assets		(141,412)		(142,444)
Purchases of non-current investments		(2,447)		(2,030)
Proceeds from sale of non-current investments		4,024		5,889
Purchases of short-term investments		(4,000)		(116,212)
Redemption of short-term investments		4,111		70,938
Proceeds from redemption of long-term bailment for consumption to a related party		80,000		-
Short-term bailment for consumption to a related party		-		(180,000)
Proceeds from redemption of short-term bailment for consumption to a related party		-		40,000
Other, net		(4,067)		(6,777)
Net cash used in investing activities		(376,459)		(668,082)
Cash flows from financing activities:				
Proceeds from short-term borrowings		145,117		19,679
Repayment of short-term borrowings		(144,042)		(19,526)
Principal payments under capital lease obligations		(1,055)		(886)
Payments to acquire treasury stock		(0)		(149,607)
Dividends paid		(271,538)		(280,359)
Cash distributions to noncontrolling interests		(2,387)		(3,500)
Other, net		(2,467)		4,996
Net cash provided by (used in) financing activities		(276,372)		(429,203)
Effect of exchange rate changes on cash and cash equivalents		(1,008)		(2,409)
Net increase (decrease) in cash and cash equivalents		191,011		(174,836)
Cash and cash equivalents as of beginning of period		105,553		354,437
Cash and cash equivalents as of end of period	¥	296,564	¥	179,601

Supplemental disclosures of cash flow information:
Cash received during the period for:

Income tax refunds	¥	8,007	¥	742
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Cash paid during the period for:

Interest, net of amount capitalized		1,243		323
Income taxes		176,118		297,562

(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 (the "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 has three operating segments, which consist of telecommunications business, smart life business and other businesses.

The telecommunications business includes mobile phone services (LTE(Xi) services and FOMA services), optical-fiber broadband 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 DOCOMO's "dmarket" portal, as well as finance/payment services, shopping services and various other services to support our customers' daily lives. The other businesses primarily include "Mobile Device Protection Service," as well as the development, sales and maintenance of IT systems.

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

Segment operating revenues:

	Millions of yen	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Telecommunications business-		
External customers	¥ 2,761,877	¥ 2,813,130
Intersegment	923	822
Subtotal	2,762,800	2,813,952
Smart life business-		
External customers	364,924	370,817
Intersegment	8,893	11,136
Subtotal	373,817	381,953
Other businesses-		
External customers	256,659	285,646
Intersegment	8,952	9,238
Subtotal	265,611	294,884
Segment total	3,402,228	3,490,789
Elimination.....	(18,768)	(21,196)
Consolidated	¥ 3,383,460	¥ 3,469,593

	Millions of yen	
	Three months ended December 31, 2015	Three months ended December 31, 2016
Telecommunications business-		
External customers	¥ 955,486	¥ 956,892
Intersegment	306	438
Subtotal	955,792	957,330
Smart life business-		
External customers	124,391	127,329
Intersegment	3,115	4,256
Subtotal	127,506	131,585
Other businesses-		
External customers	88,596	97,029
Intersegment	3,499	4,450
Subtotal	92,095	101,479
Segment total	1,175,393	1,190,394
Elimination	(6,920)	(9,144)
Consolidated	¥ 1,168,473	¥ 1,181,250

Segment operating income (loss):

	Millions of yen	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Telecommunications business	¥ 616,344	¥ 744,186
Smart life business	48,984	58,651
Other businesses	20,177	39,499
Consolidated	¥ 685,505	¥ 842,336

	Millions of yen	
	Three months ended December 31, 2015	Three months ended December 31, 2016
Telecommunications business	¥ 196,175	¥ 219,449
Smart life business	15,543	21,676
Other businesses	11,213	15,614
Consolidated	¥ 222,931	¥ 256,739

Segment operating income (loss) is segment operating revenues less segment operating expenses.

As indicated in “2. (3) Change in Accounting Policies,” previously, DOCOMO principally used the declining-balance method for calculating depreciation of property, plant, and equipment. Effective April 1, 2016, DOCOMO adopted the straight-line method of depreciation. As a result, compared with the depreciation method used prior to April 1, 2016, operating income for the Telecommunications business segment, Smart life business segment, and Other businesses segment for the nine months ended December 31, 2016 increased by ¥109,037 million, ¥108 million and ¥91 million, respectively. Operating income for the Telecommunications business segment, Smart life business segment, and Other businesses segment for the three months ended December 31, 2016 increased by ¥39,709 million, ¥56 million and ¥41 million, respectively.

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

4. Appendix

Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

i. EBITDA and EBITDA margin

	Billions of yen		
	Year ended March 31, 2016	Nine months ended December 31, 2015	Nine months ended December 31, 2016
a. EBITDA	¥ 1,454.6	¥ 1,160.2	¥ 1,201.3
Depreciation and amortization	(625.9)	(457.1)	(334.4)
Loss on sale or disposal of property, plant and equipment	(36.5)	(17.6)	(24.6)
Impairment loss	(9.1)	-	-
Operating income	783.0	685.5	842.3
Other income (expense)	(5.0)	(8.1)	3.8
Income taxes	(211.7)	(169.8)	(260.1)
Equity in net income (losses) of affiliates	(5.1)	(0.8)	5.3
Less: Net (income) loss attributable to noncontrolling interests	(12.9)	(14.3)	(2.0)
b. Net income attributable to NTT DOCOMO, INC.	548.4	492.4	589.4
c. Operating revenues	4,527.1	3,383.5	3,469.6
EBITDA margin (=a/c)	32.1%	34.3%	34.6%
Net income margin (=b/c)	12.1%	14.6%	17.0%

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. ROE

	Billions of yen		
	Year ended March 31, 2016	Nine months ended December 31, 2015	Nine months ended December 31, 2016
a. Net income attributable to NTT DOCOMO, INC.	¥ 548.4	¥ 492.4	¥ 589.4
b. Shareholders' equity	5,341.2	5,484.1	5,366.6
ROE (=a/b)	10.3%	9.0%	11.0%

Notes: Shareholders' equity (for annual period) = The average of NTT DOCOMO, INC. shareholders' equity, each as of March 31, 2015 and 2016.

Shareholders' equity (for nine months) = The average of NTT DOCOMO, INC. shareholders' equity, each as of March 31, 2016 (or 2015) and December 31, 2016 (or 2015).

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

	Billions of yen		
	Year ended March 31, 2016	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net cash provided by operating activities	¥ 1,209.1	¥ 844.9	¥ 924.9
Net cash used in investing activities	(375.3)	(376.5)	(668.1)
Free cash flows	833.9	468.4	256.8
Changes in investments for cash management purposes	235.1	80.1	(185.3)
Free cash flows excluding changes in investments for cash management purposes	598.7	388.3	442.1

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 optimize costs 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.

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