



**Results Presentation**  
**for the Fiscal Year Ended March 31, 2014**

**April 25, 2014**

# FY2013 Results Highlights

- ➡ Revenues **FLAT**, operating income **DOWN** year-on-year
- ➡ FY2013 Results highlights



## Future Business Management Policies

- ➡ FY2014 Forecasts & planned actions
- ➡ Actions for medium-term growth & return to shareholders



# FY2013 Results Summary



## Revenues FLAT, operating income DOWN year-on-year

Numbers in parentheses indicate year-on-year percentage changes

Operating revenues:	¥ 4,461.2 billion	( -0.2%)
Operating income:	¥ 819.2 billion	( -2.1%)

### 【Highlights】

➤ Total handsets sold:	22.51 million units	( -4.4%)
➤ Smartphones sold:	13.78 million units	( +3.7%)
➤ Smartphone users:	24.35 million	(+30.0%)
➤ LTE subscriptions:	21.97 million	(+89.9%)

# FY2013 Selected Financial Data

U.S.  
GAAP

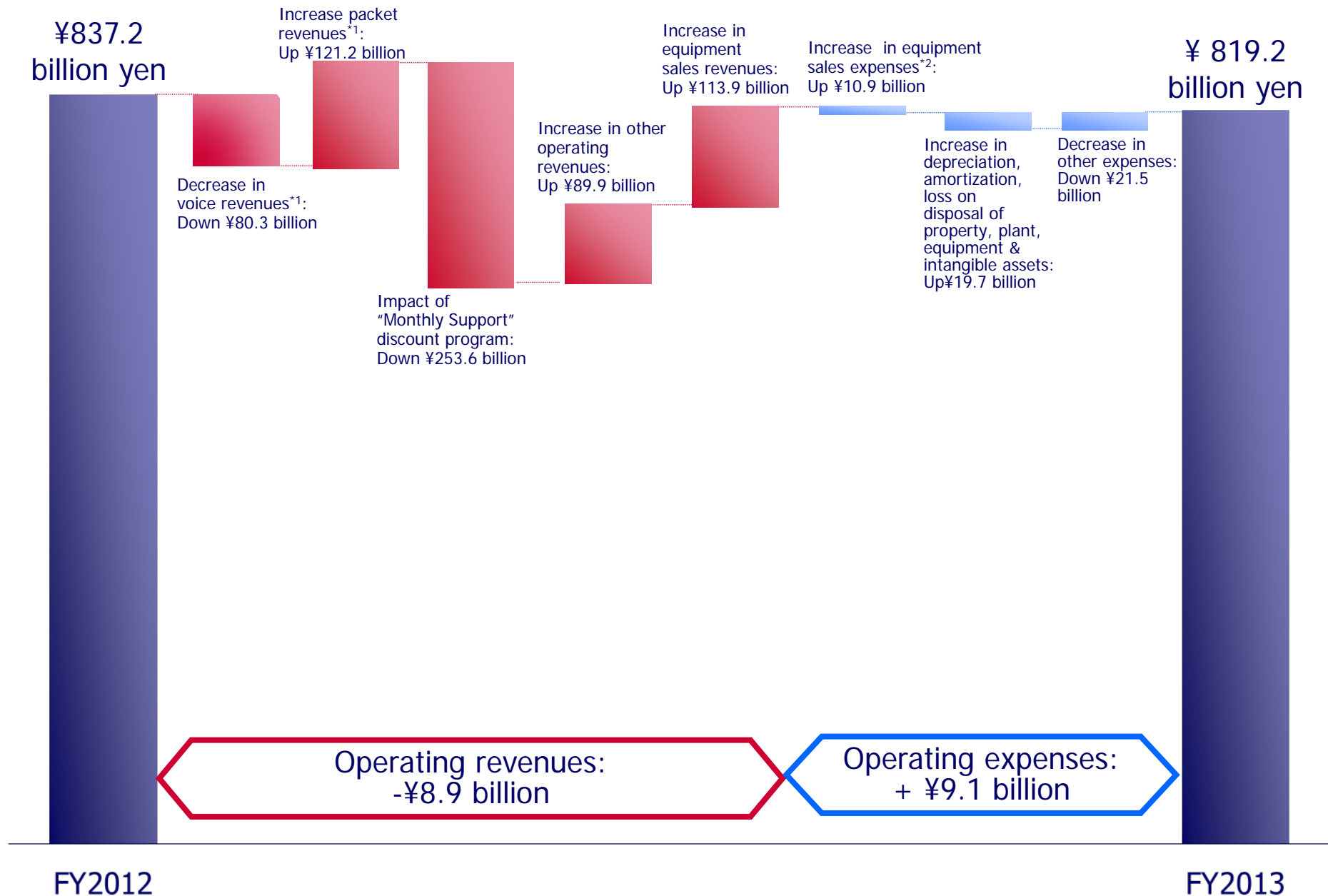
(Billions of yen)	FY2012 Full year (1)	FY2013 Full year (2)	Changes (1) → (2)
Operating revenues	4,470.1	4,461.2	-8.9
Operating expenses	3,632.9	3,642.0	+9.1
Operating income	837.2	819.2	-18.0
Net income attributable to NTT DOCOMO, INC.	491.0	464.7	-26.3
EBITDA margin (%) <sup>*1</sup>	35.1	35.2	+0.1
Capital expenditures	753.7	703.1	-50.5
Adjusted free cash flow <sup>*1*2</sup>	225.6	257.2	+31.6

\*1: For an explanation of the calculation processes of these numbers, please see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP in this document and the IR page of our website, [www.nttdocomo.co.jp](http://www.nttdocomo.co.jp)

\*2: Adjusted free cash flow excludes the effects of uncollected revenues due to bank holidays at the end of the period or the transfer of receivables of telephone charges to NTT FINANCE CORPORATION, and changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

# Key Factors Behind YOY Changes in Operating Income

U.S.  
GAAP

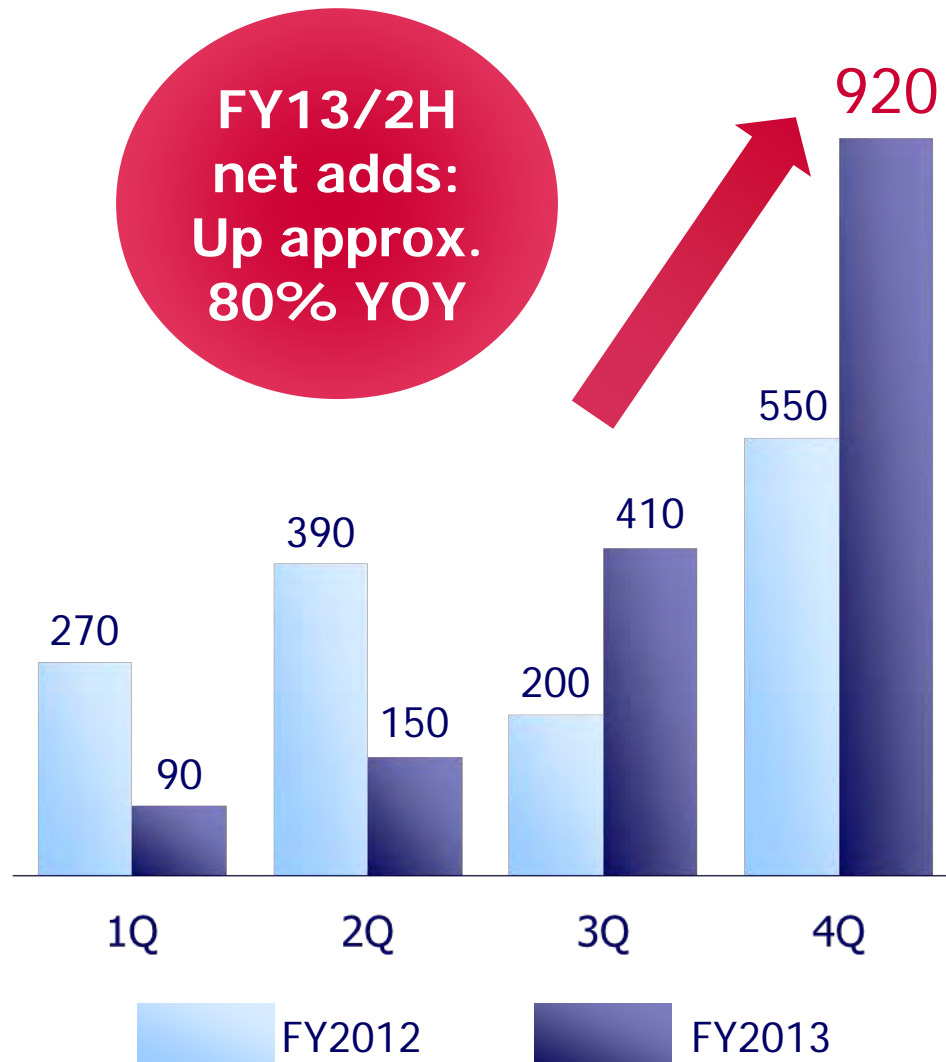


\*1: Excluding impact of "Monthly Support" discounts

\*2: Sum of cost of equipment sold and commissions to agent resellers

# Net Additions

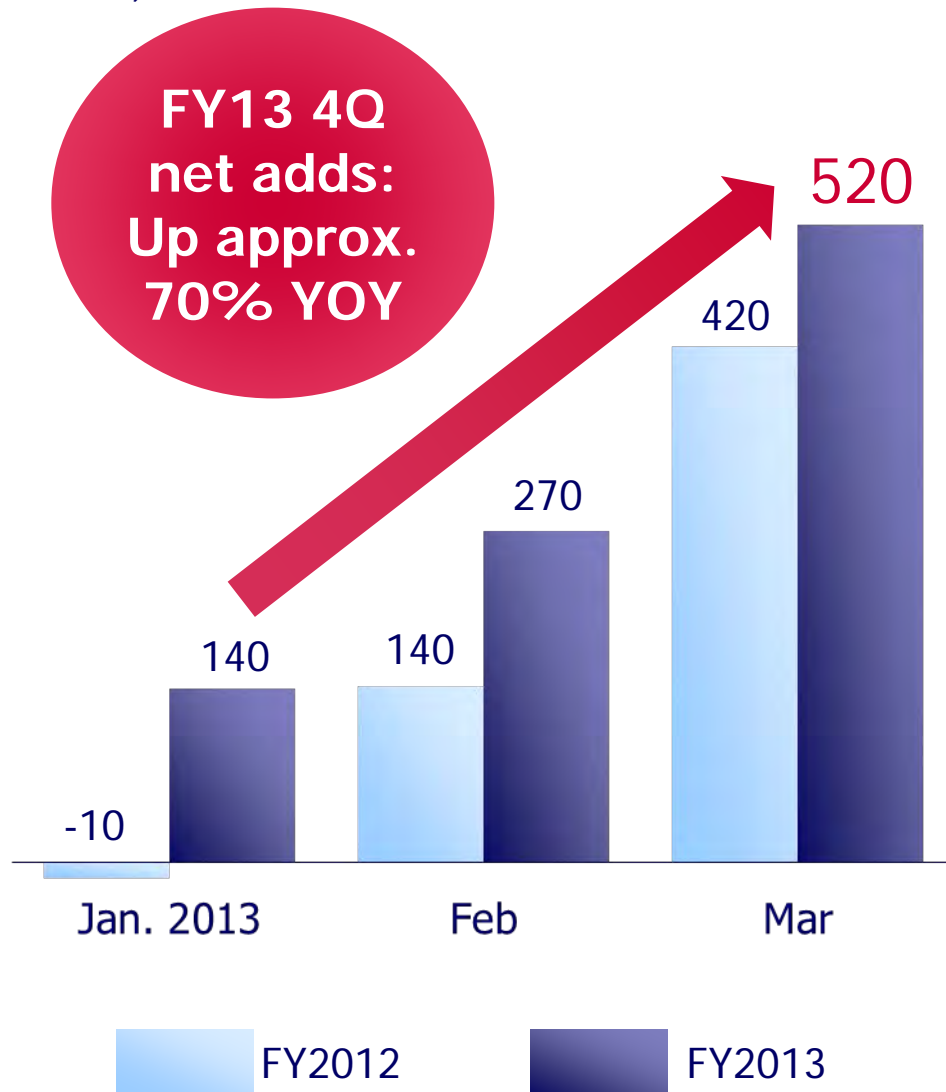
(1,000 subs)



**Improving  
significantly  
after  
iPhone launch**

# Net Additions

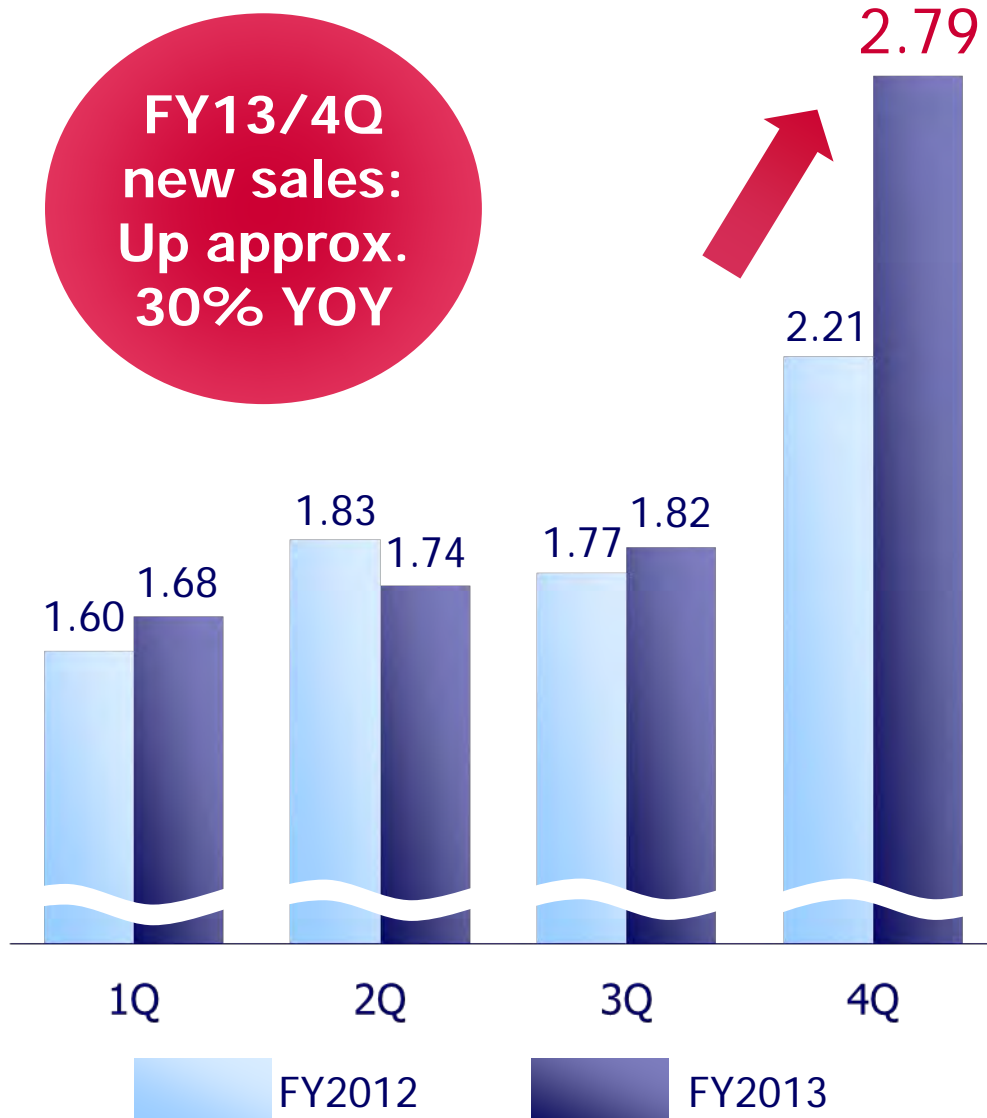
(1,000 subs)



**Monthly numbers  
also showing  
significant  
improvement**

# New Sales

(Million subs)



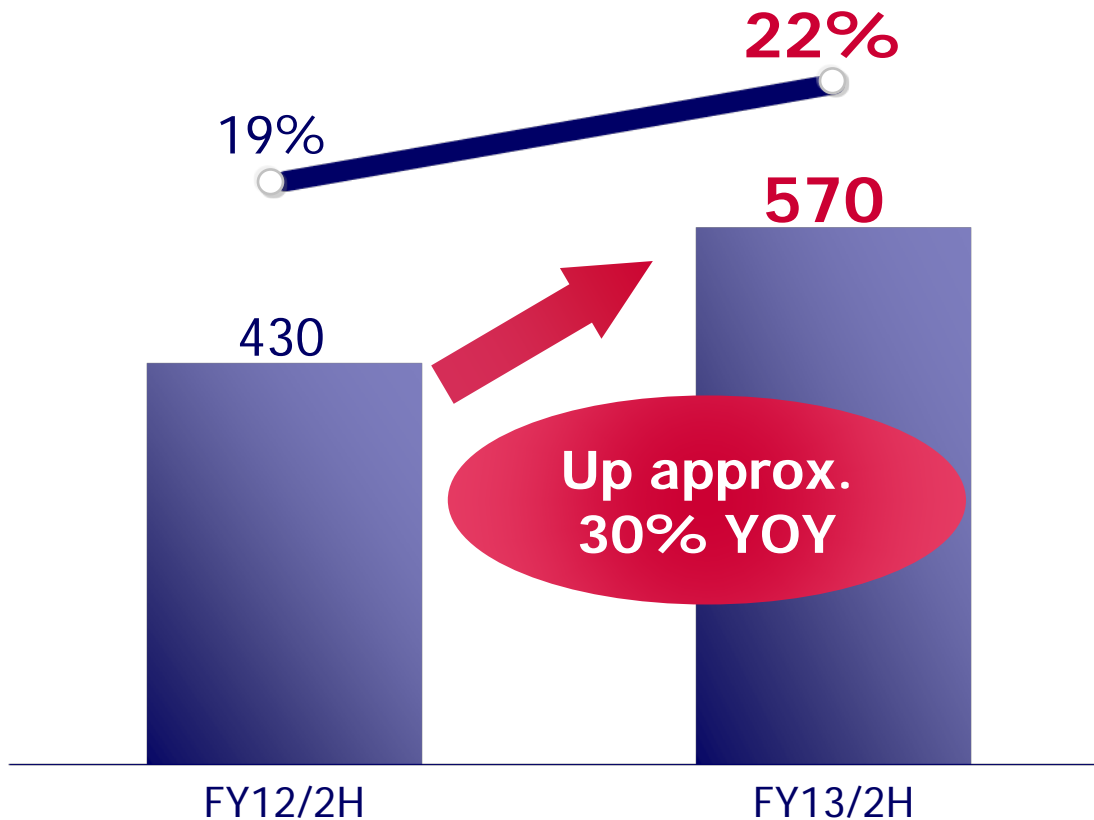
**Recorded  
a significant  
increase during  
spring sales  
season**



# New Sales

(1,000 subs)

New sales to customers in the 10 to 20 age group  
& their contribution\* to total new sales



**Successfully  
increased new  
sales to younger  
customers during  
spring  
sales season**

 New sales to younger customers  % to total new sales

\* Contribution indicates the percentage of sales from users in their 10's and 20's to total new handset sales (excluding sales from enterprise users)

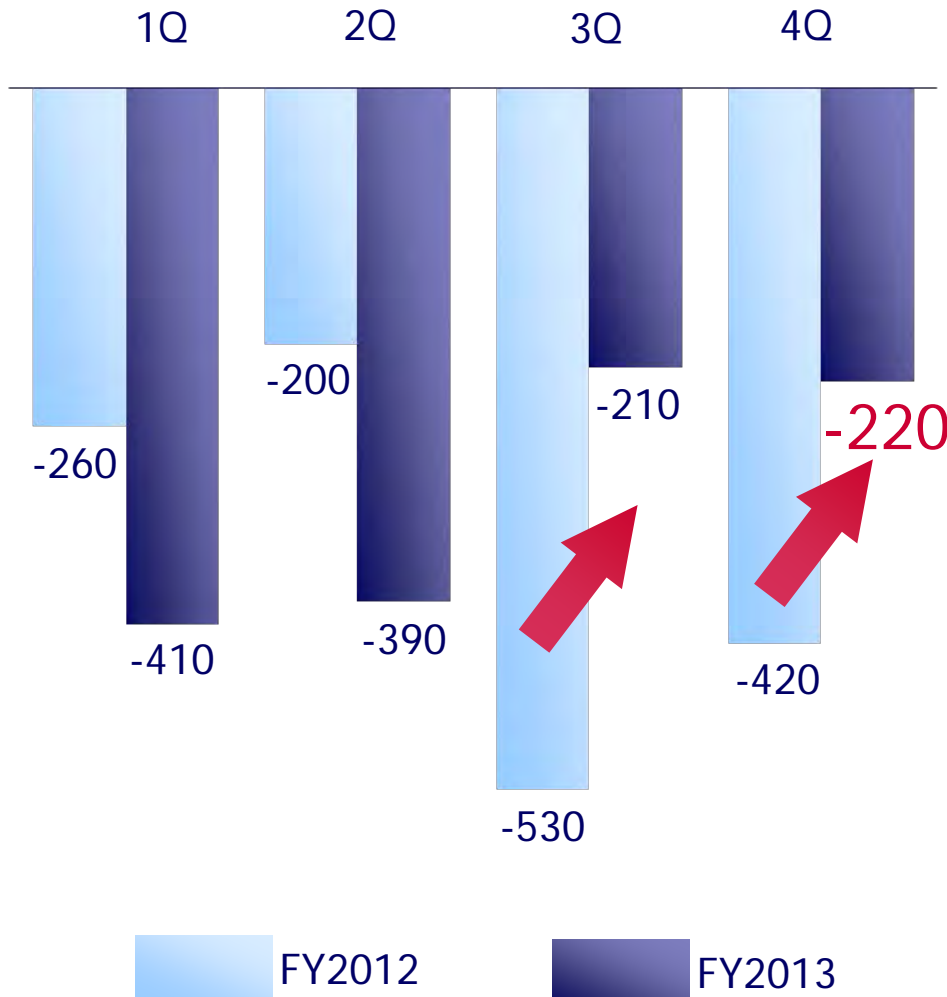
# Churn Rate

**Overheated  
competition in  
MNP market  
resulted in  
increased  
churn rate**



# MNP Performance

(1,000 subs)



**Improving  
significantly  
after iPhone  
launch**

# Total Handset/Smartphone Sales

% of smartphones  
to total handsets sold **61%**

56%

(Million units)

Total handsets sold:  
**23.55**

Total handsets sold:  
**22.51**

Smartphones  
sold:  
**13.29**

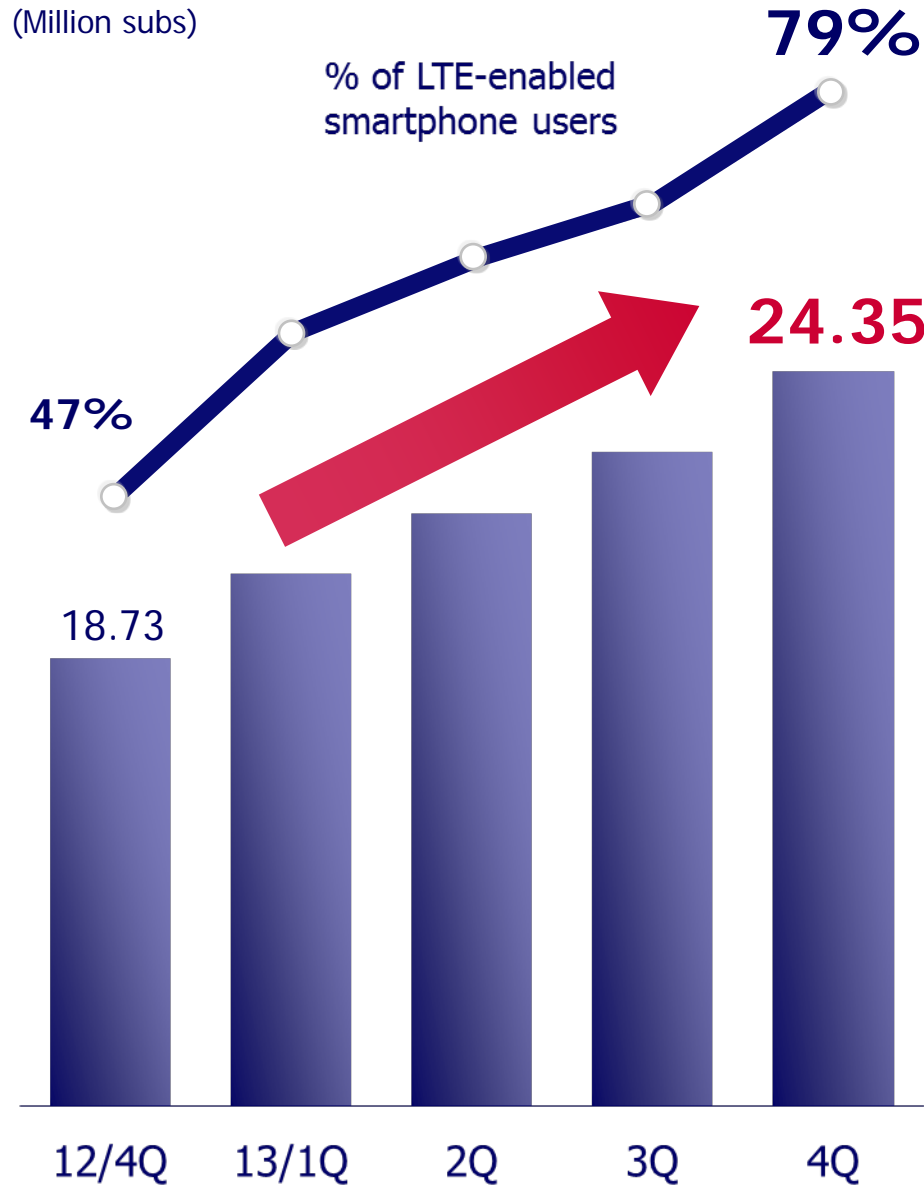
Smartphones  
sold:  
**13.78**

FY2012

FY2013

**Smartphones  
account for  
over 60% of  
total  
handsets sold**

# Smartphone Users



**Smartphone users:  
Up 30% YOY**

**% of LTE smartphones:  
Approx. 80% of total**

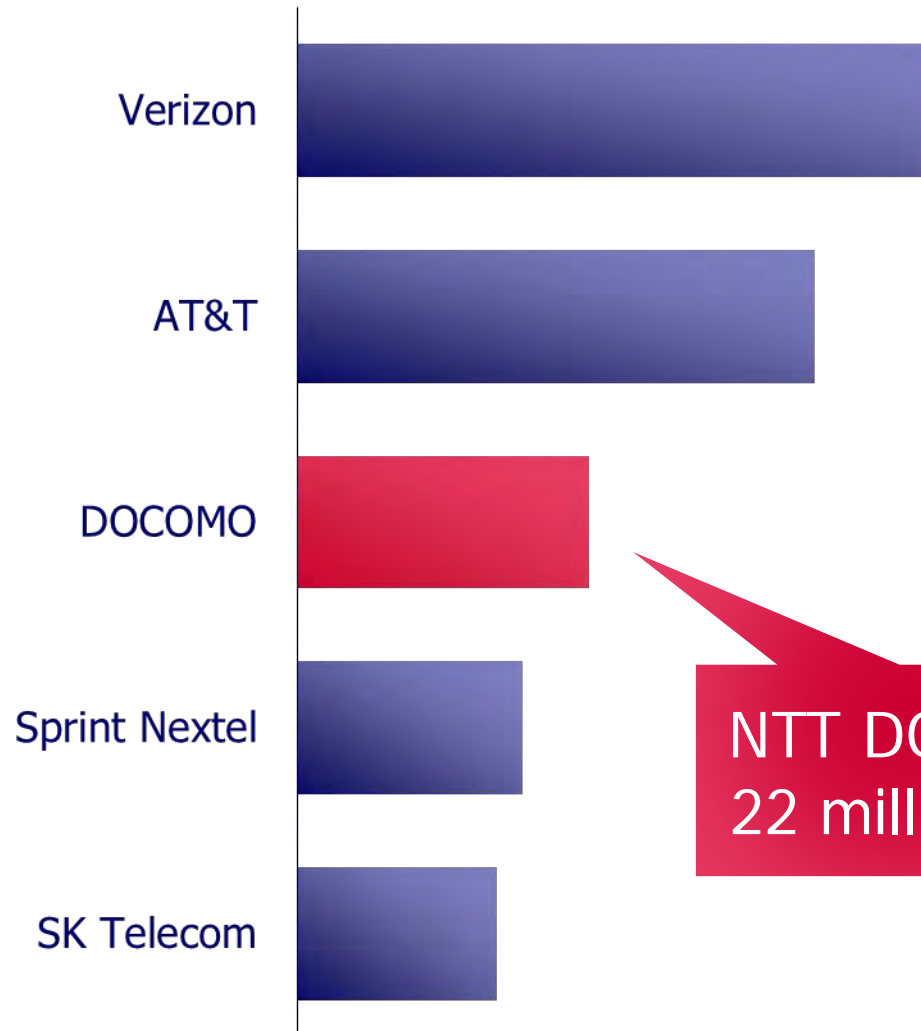
# LTE Subscriptions

(Million subs)



**Grew to  
approx. 22 million**

# LTE Subscriptions

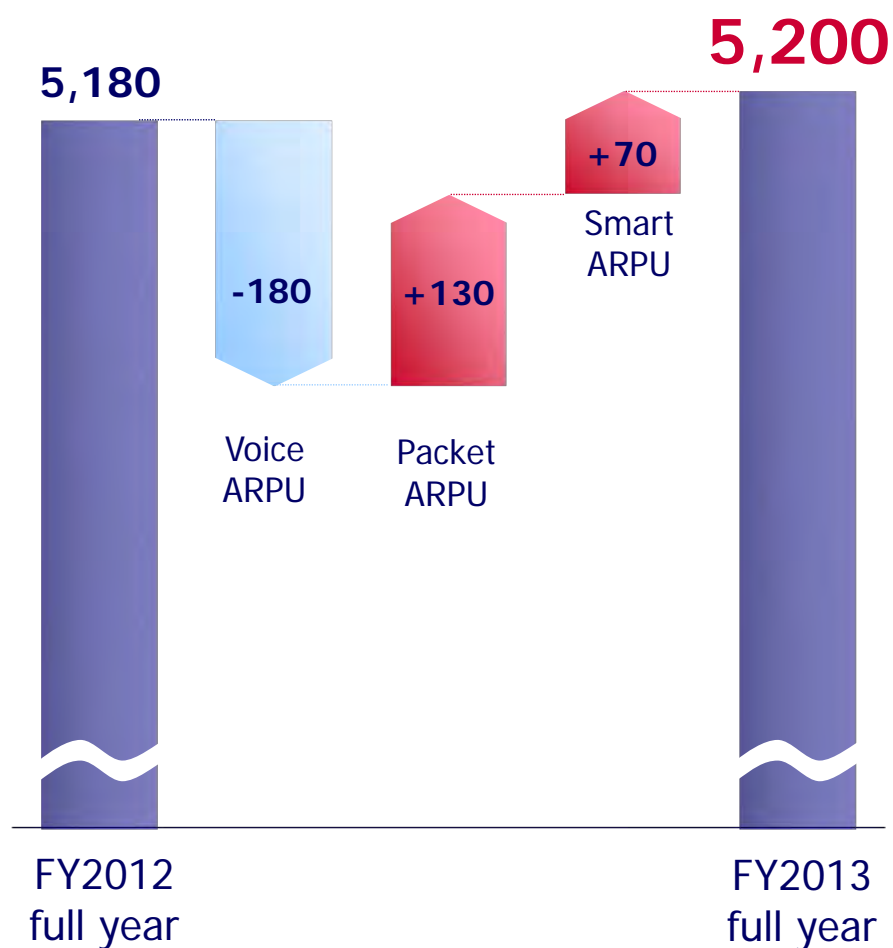


**The world's  
3<sup>rd</sup> largest carrier  
by no. of LTE subs**

NTT DOCOMO:  
22 million subs

# ARPU (Exclusive of Monthly Support Impact)

(Yen)

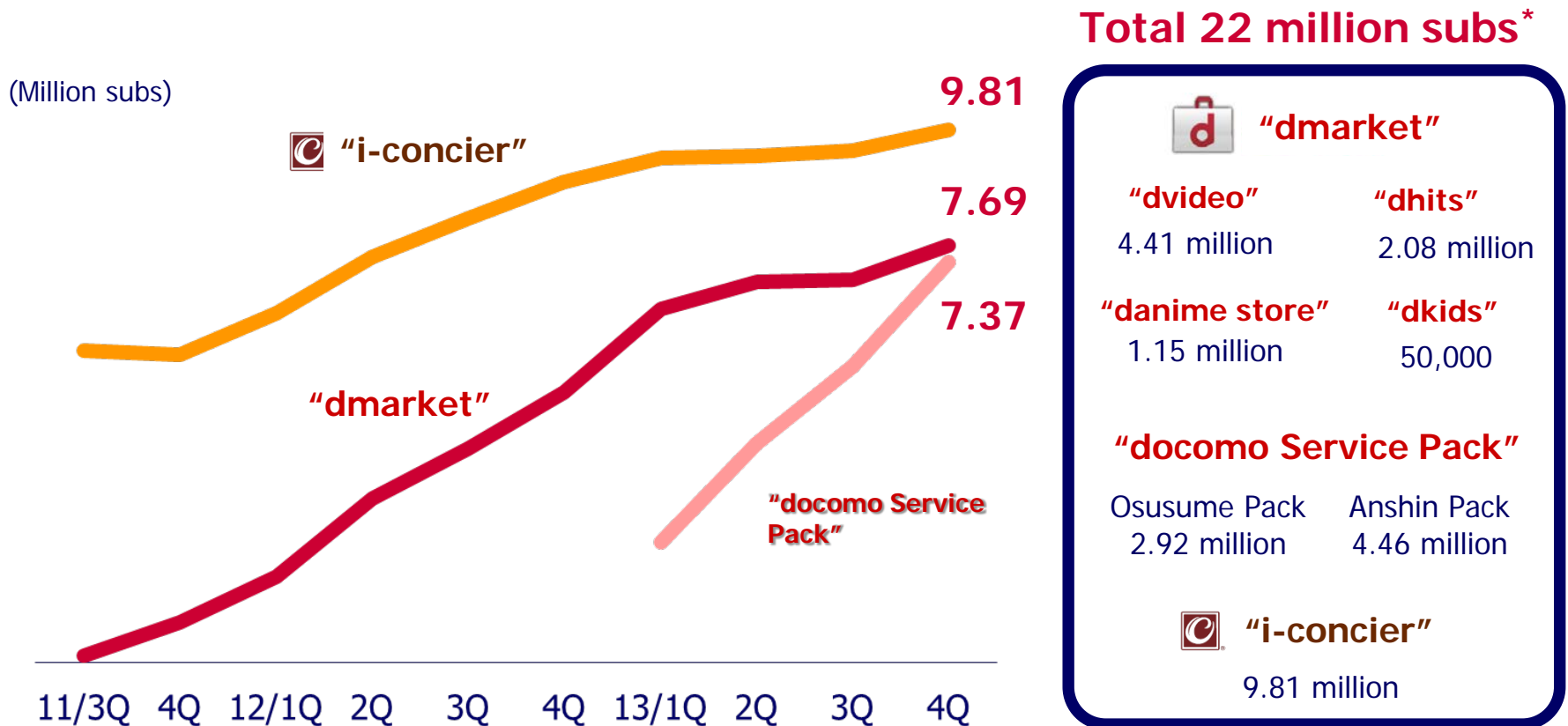


**ARPU on an uptrend  
driven by the  
expanded adoption  
of smartphones**



# Historical Growth of Principal Services

## Subscriptions continue to grow



\*Overlapping subscriptions to i-concier and Osusume Pack are eliminated, and presented after rounding off to whole numbers.

\*No. of "dmarket" service subscriptions above accounts for only monthly subscriptions and one-time transactions are not included.

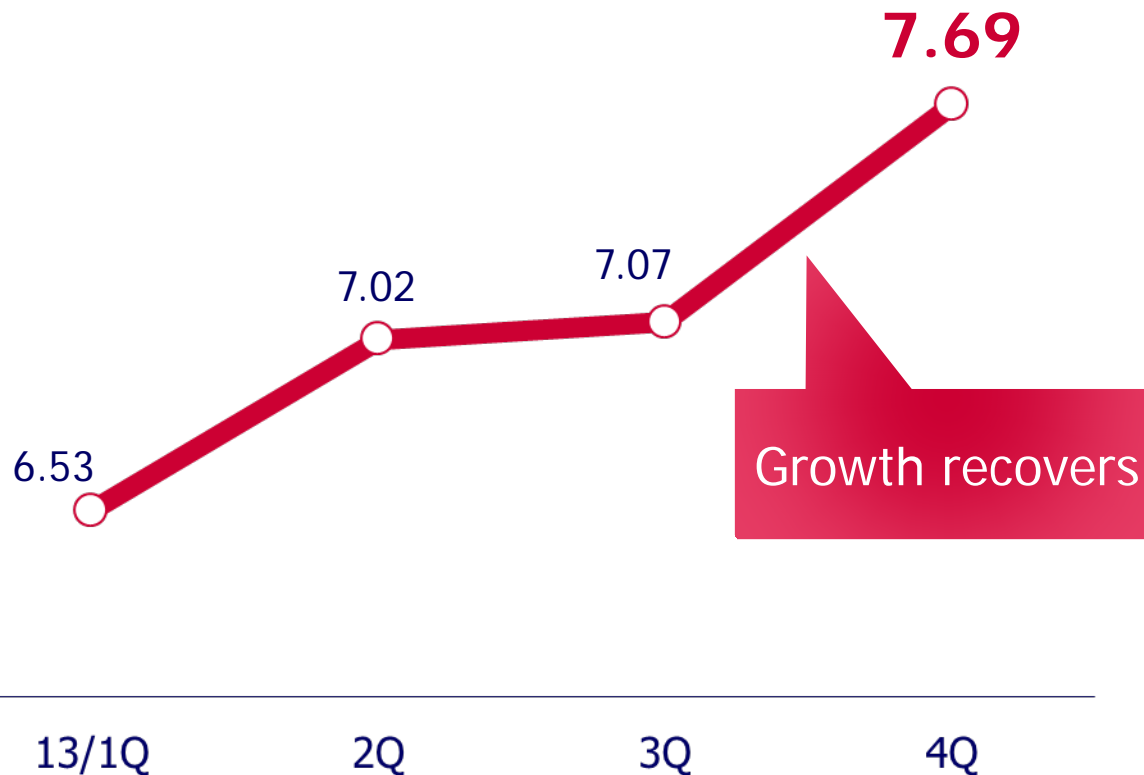
# "dmarket" Subscriptions

## Subscriber growth regains momentum

(Million subs)



"dmarket"



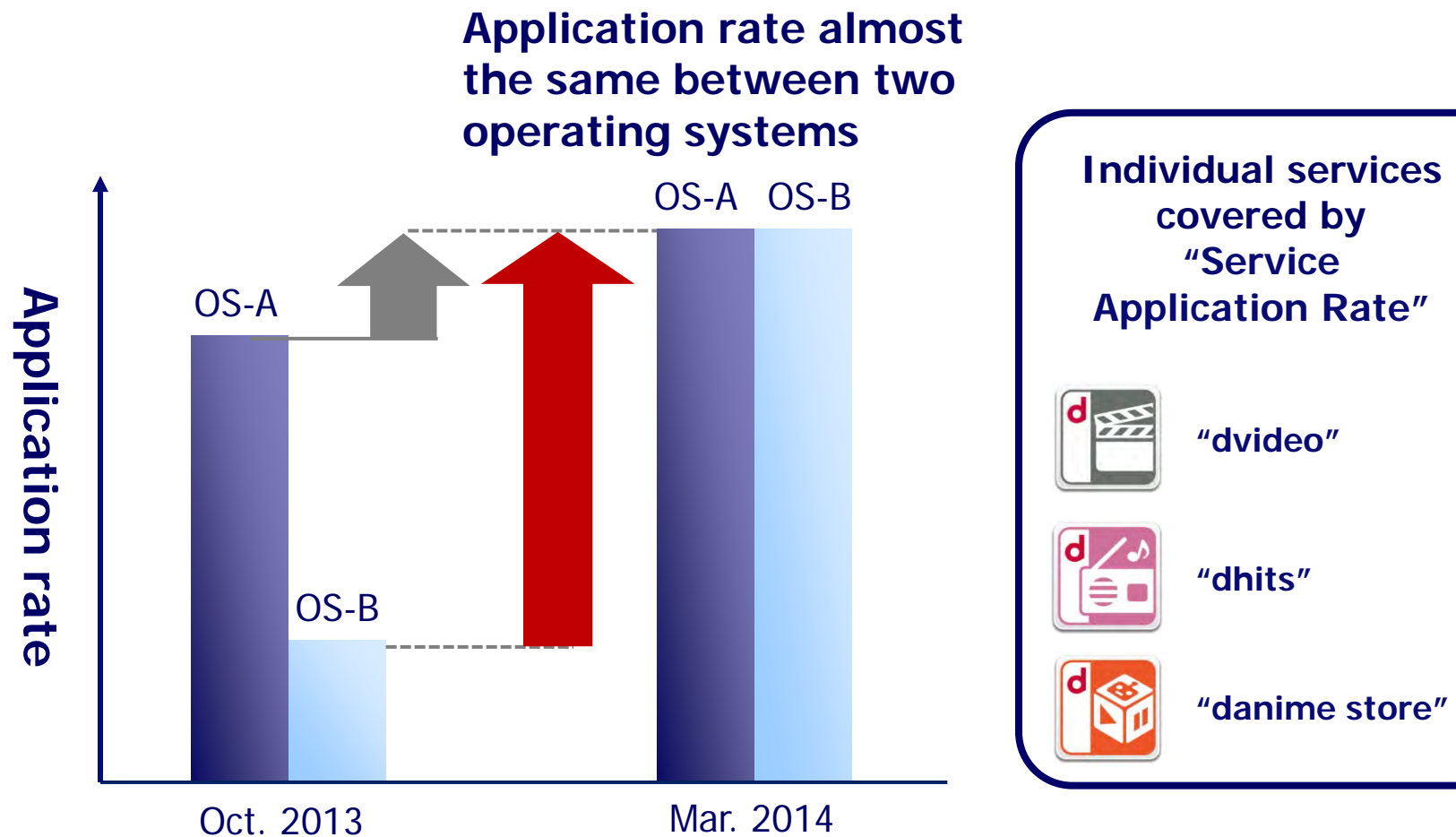
### "dhits"

- Total subs topped 2 million
- Started offering menu priced at ¥500/month from April 2014



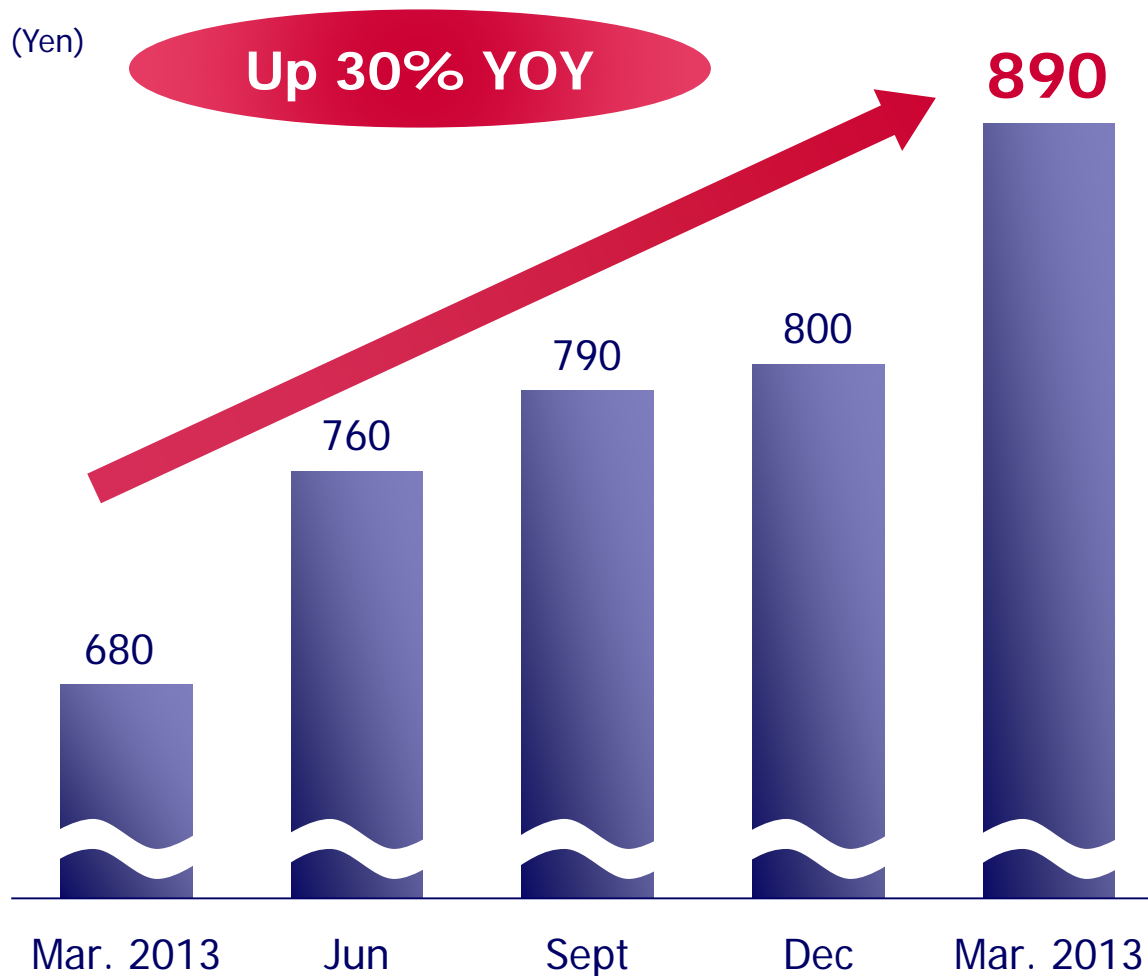
# Service Application Rate

## Application rate rising significantly among users of new OS



# Historical Growth of “dmarket” Usage Per Subscriber

Subscribers' usage expanding significantly



## Key Factors driving growth

Expanded use of one-time transaction services:

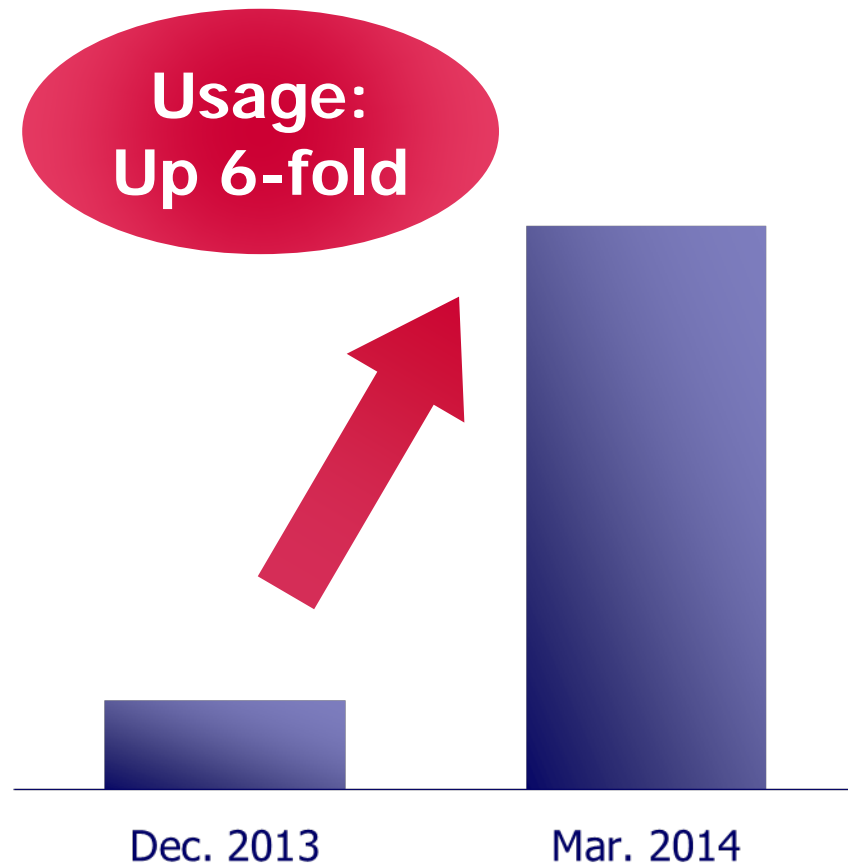
“dtravel”      “dgame”  
“dfashion”      “dbook”  
“dshopping”

Increased number of users subscribing to multiple monthly-pay services:

“dvideo”      “dhits”  
“d anime store”

# "dtravel"

## Getting off to a good start with favorable increase in users



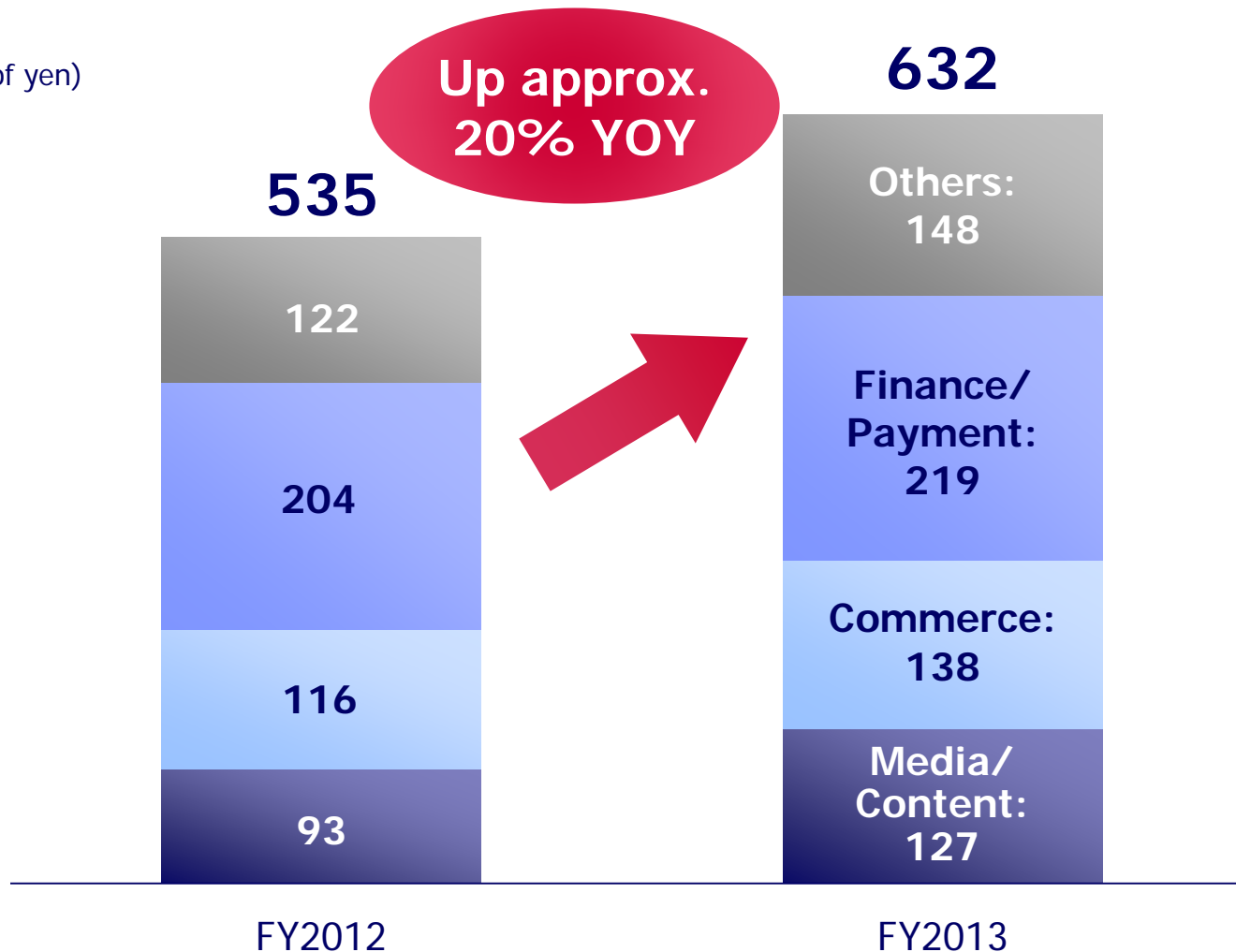
**"dtravel"**

- **Behavior support function for users during travel**  
(Automatic itinerary, etc., update function linked with "docomo Map Navi")
- **Allows users to look up for a high-quality travel plan based on their mood or purpose**
- **Travel expenses can be paid together with phone bill, and docomo Points can be used as a payment option**

# New Business Revenues: Progress

**Achieved YOY revenue growth  
of approx. ¥100 billion**

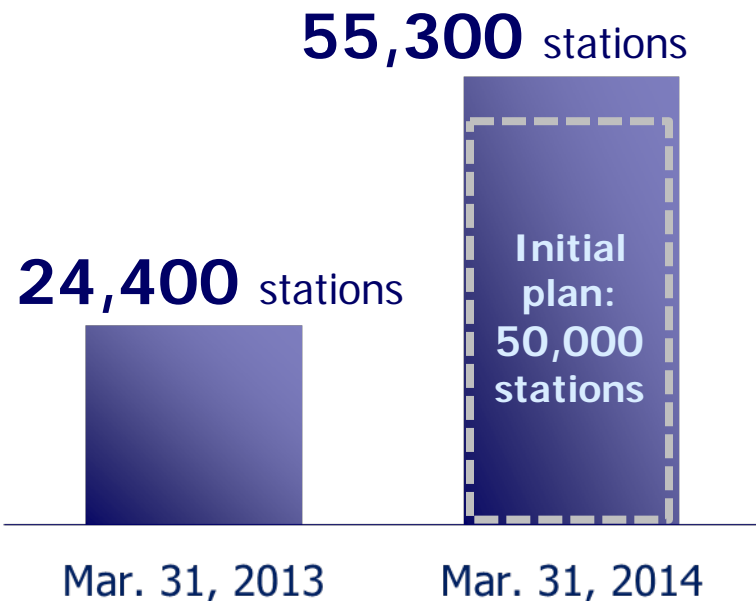
(Billions of yen)



# LTE Network

## Effects of doubling no. of base stations becoming visible

Increased no. of base stations by 2.3-fold in FY2013 compared to the no. a year earlier



### LTE speed survey results\*

Tokyo/Osaka/  
Nagoya

101 locations  
(Jan-Feb. 2014)

No. 1



Hokkaido/Tohoku/  
Chugoku/ Shikoku/  
Kyushu

650 locations  
(e.g., universities/colleges,  
high schools, stations, etc.)  
(Feb. 2014)

No.1

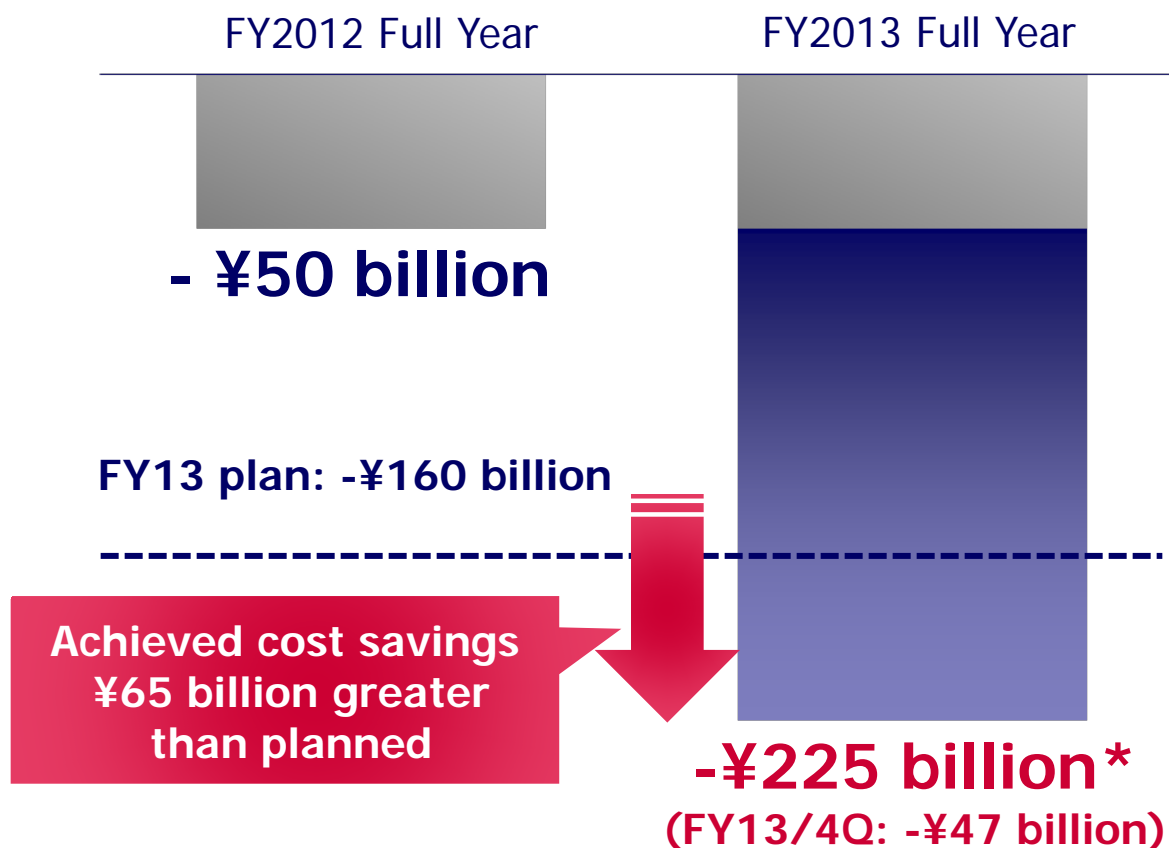


\* Ranking awarded in a survey comparing the downlink speeds of each network conducted by IID, Inc.

# Reinforcement of Management Foundation

## Achieved greater cost efficiency improvement than initially planned

(Billions of yen)



### Cost reduction achieved in FY2013 (breakdown)

Total amount : 175 billion

- Equipment sales expenses :  
( -¥40 billion)
- Depreciation, amortization,  
loss on disposal of property,  
plant, equipment & intangible  
assets:  
( -¥32 billion)
- Other expenses:  
( -¥103 billion)

\*The amounts of FY 2013 in the graph are the cumulative amounts from FY2012

◆ Amounts of cost reduction are in comparison with the level of FY2011



# FY2013 Results: Summary

- Net additions/MNP performance showing significant improvement since FY13/3Q; Smartphone subscriptions and packet revenues recording steadfast growth
- Successfully reinforced LTE service areas by significantly increasing base station installations
- “dmarket” subscriptions growing at a favorable pace, and new business revenues recording steadfast increase
- Despite achieving greater-than-expected cost efficiency improvement, operating income posted YOY decrease due to handset sales falling short of target and rise in expenses during spring sale season

# Challenges

- **Boost packet revenues even further**
  - Further expansion of smartphone user base
  - Promote use of multiple mobile devices, e.g., “mobile phone + tablet”
- **Break away from cash rebate-centric customer acquisition model**
  - Differentiate from the competition through improvement/enrichment of network and services
  - Lower churn rate and regain customers
- **Proper control of “Monthly Support” discounts**

# FY2013 Results Highlights

- ➡ Revenues **FLAT**, operating income **DOWN** year-on-year
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## Future Business Management Policies

- ➡ FY2014 Forecasts & planned actions
- ➡ Actions for medium-term growth & return to shareholders



# FY2014: Planned Actions

## Actions for establishing a growth track

Aggressively promote the new billing plan toward new growth of mobile business

Step up smartphone sales and stimulate demand for multi-device ownership to boost packet revenues

Enrich service portfolio to differentiate ourselves from the competition and expand new businesses

Install another 40,000 LTE base stations to construct the strongest LTE network

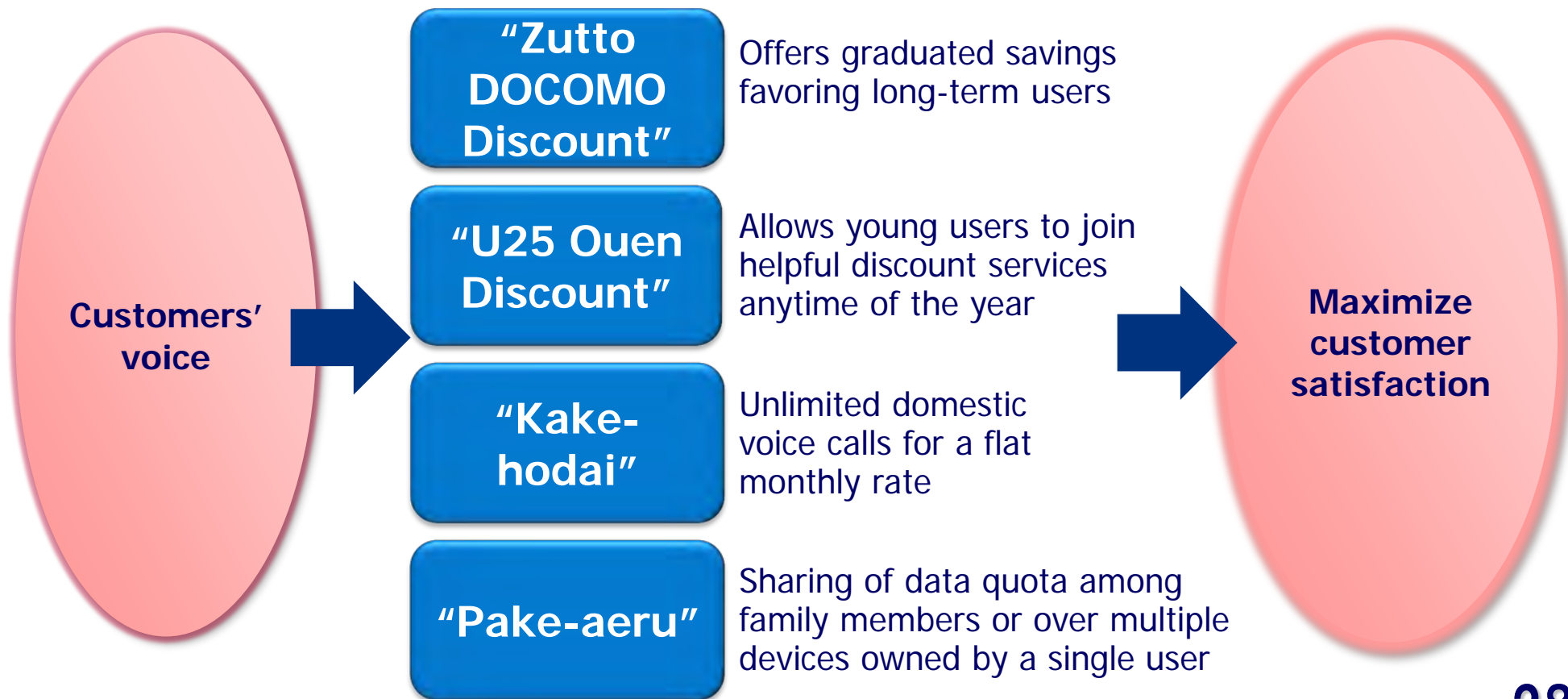
Move ahead with business structure reform and reconstruction to realize strategic shift of resources

# New Billing Plan

## Novel billing plan developed in anticipation of future needs

### **"Kake-hodai & Pake-aeru"**

- Applicable to smartphones, mobile phones and M2M devices-



# New Billing Plan

## Toward new growth of mobile business

**"Kake-hodai & Pake-aeru"**

Promote packet usage

Stimulate  
voice communication

Expand  
subscriber base

Optimize handset  
sales expenses

# Service Enrichment

## Addition of new “dmarket” stores



**“dmarket”**

Planned for launch May 1, 2014



**“ddelivery”**



Further market expansion

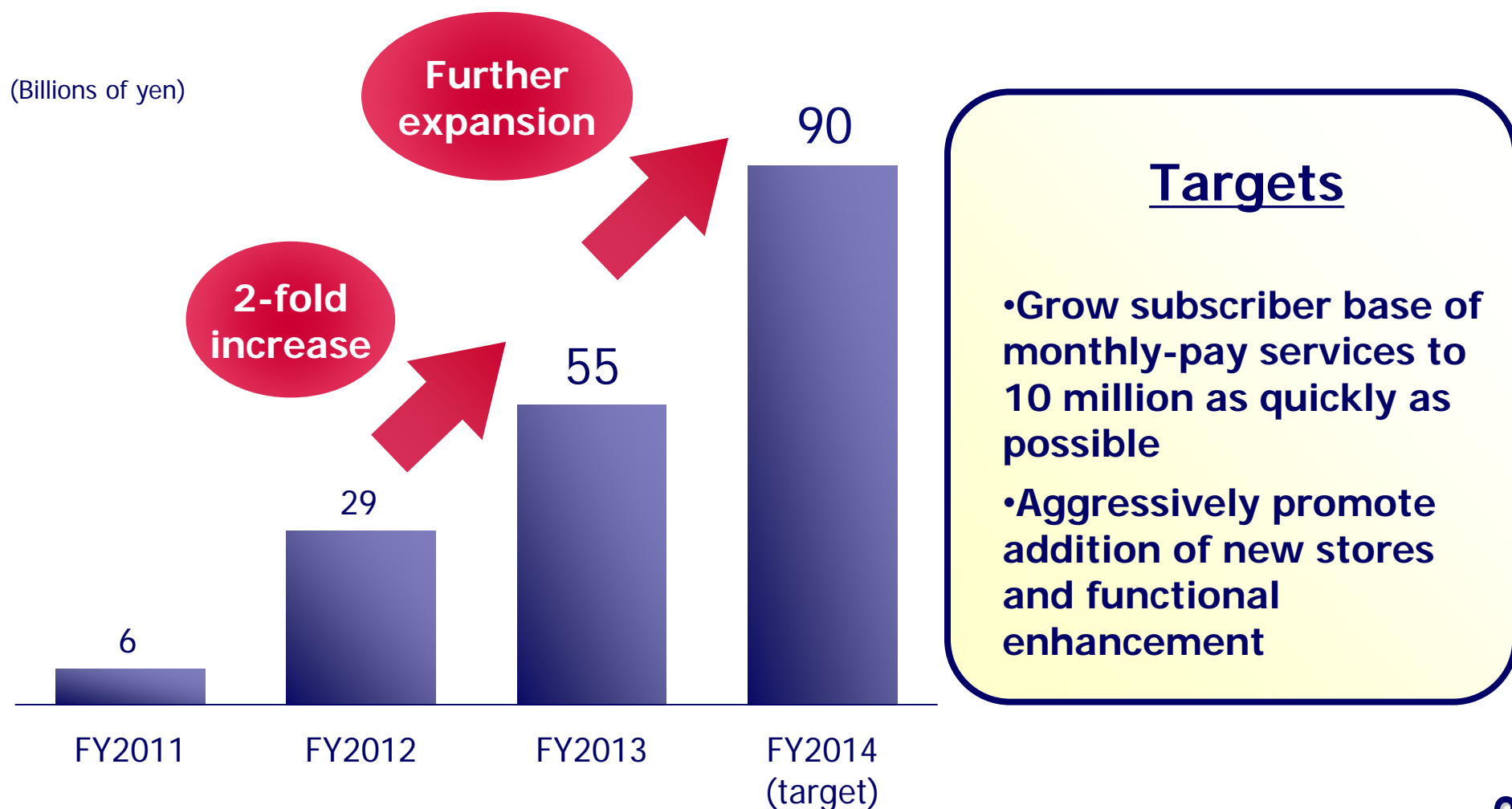
Improve ease of use through  
addition of functions

FY2011-2013

FY2014 & beyond

# Service Enrichment

**Total “dmarket” transaction amount  
aim to grow at an accelerated pace**



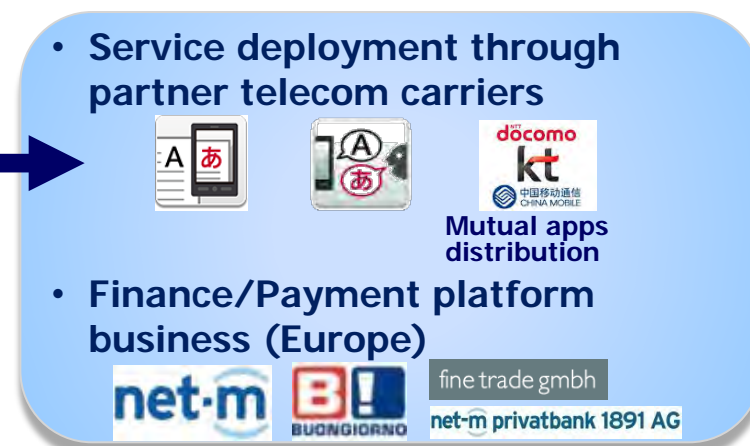


# Global Business Expansion

Seek revenue expansion opportunities in markets outside Japan as well

New  
businesses

Mobile  
business



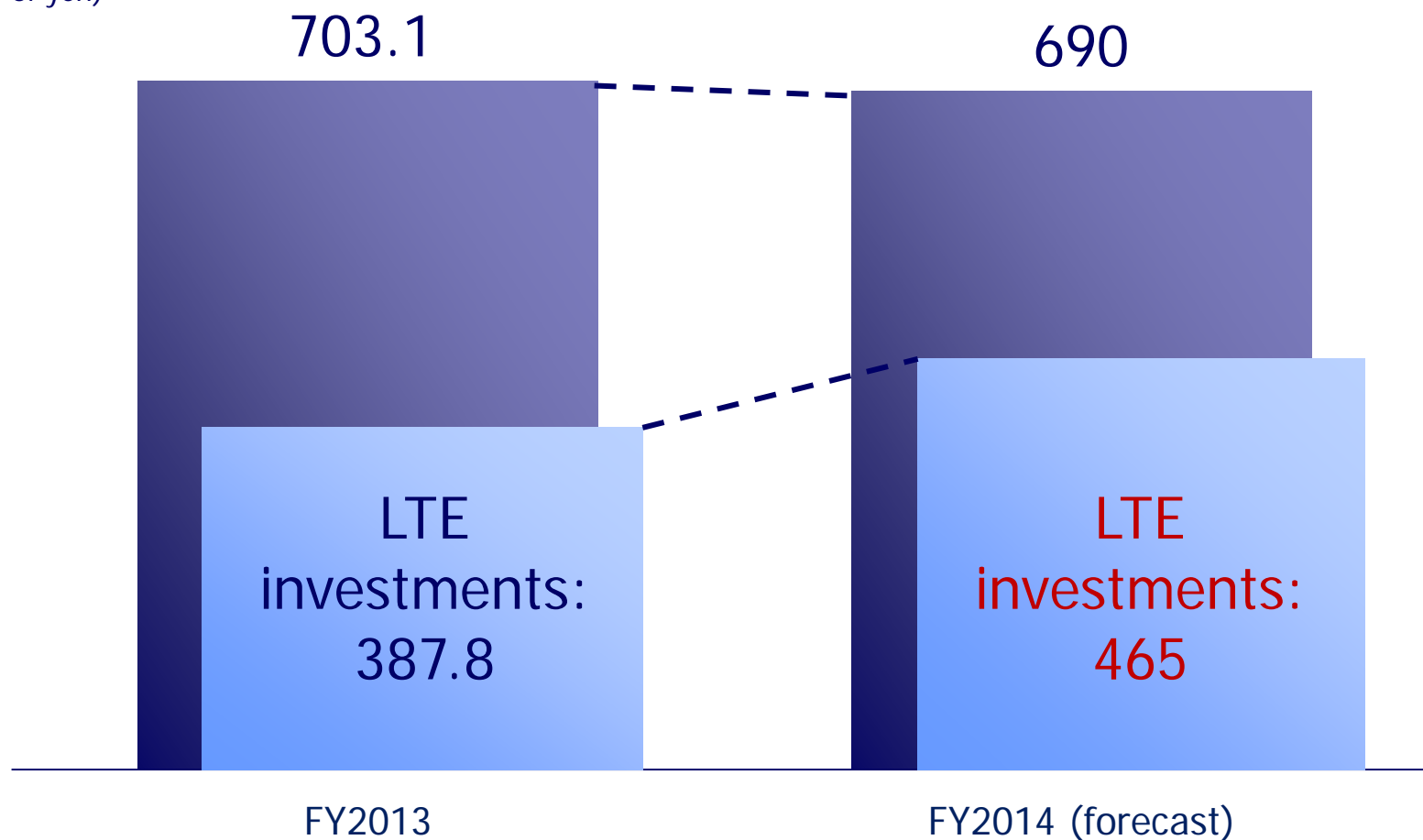
Japan

Overseas markets

# FY2014 CAPEX Outlook

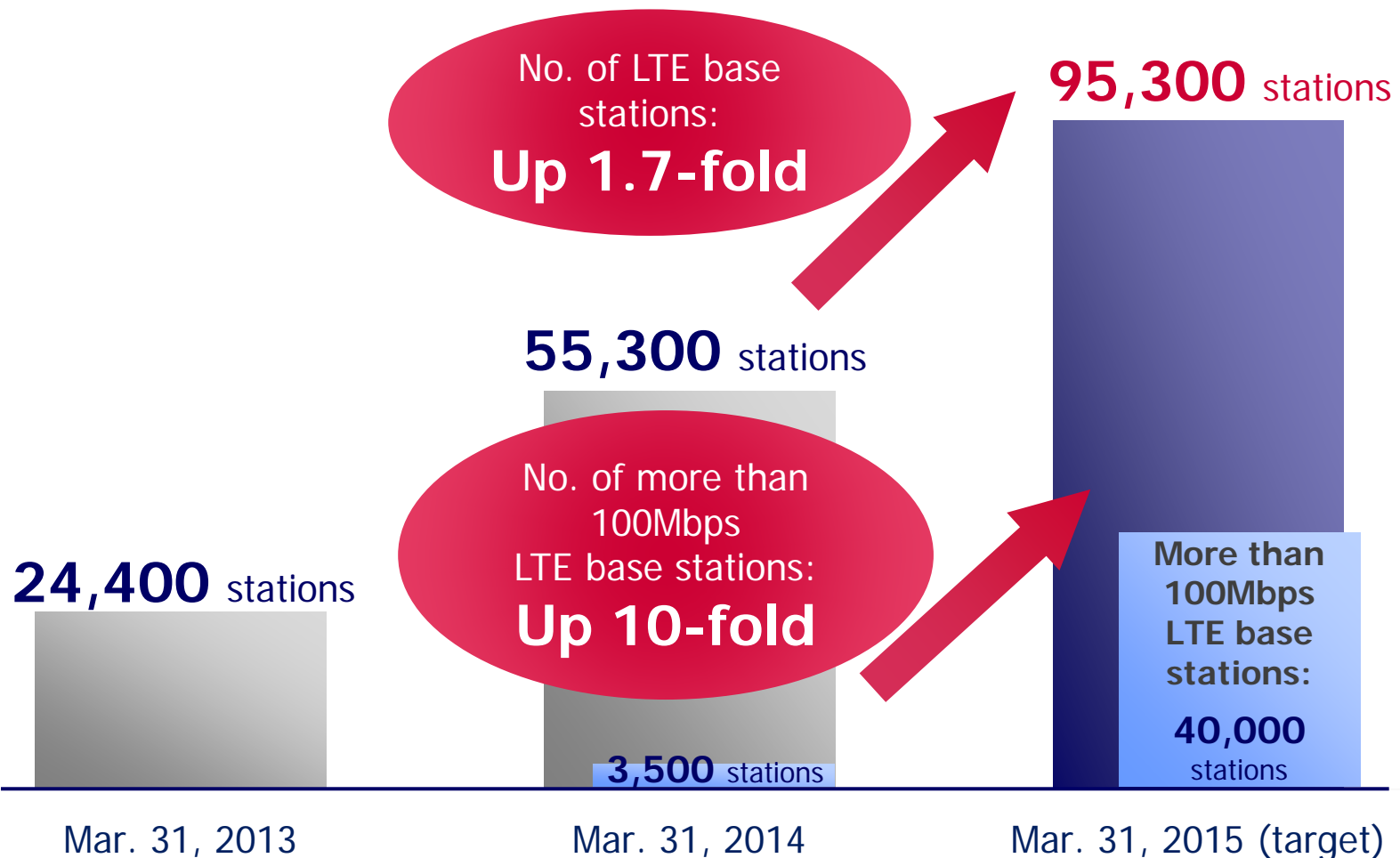
## Concentrate resources on LTE reinforcement

(Billions of yen)



# LTE Network

**LTE base station installations to be increased even more significantly**



# LTE Network

**VoLTE\* planned for launch  
summer/2014**

**VoLTE compatibility to be introduced in some smartphone models  
of 2014 summer collection**

**VoLTE**

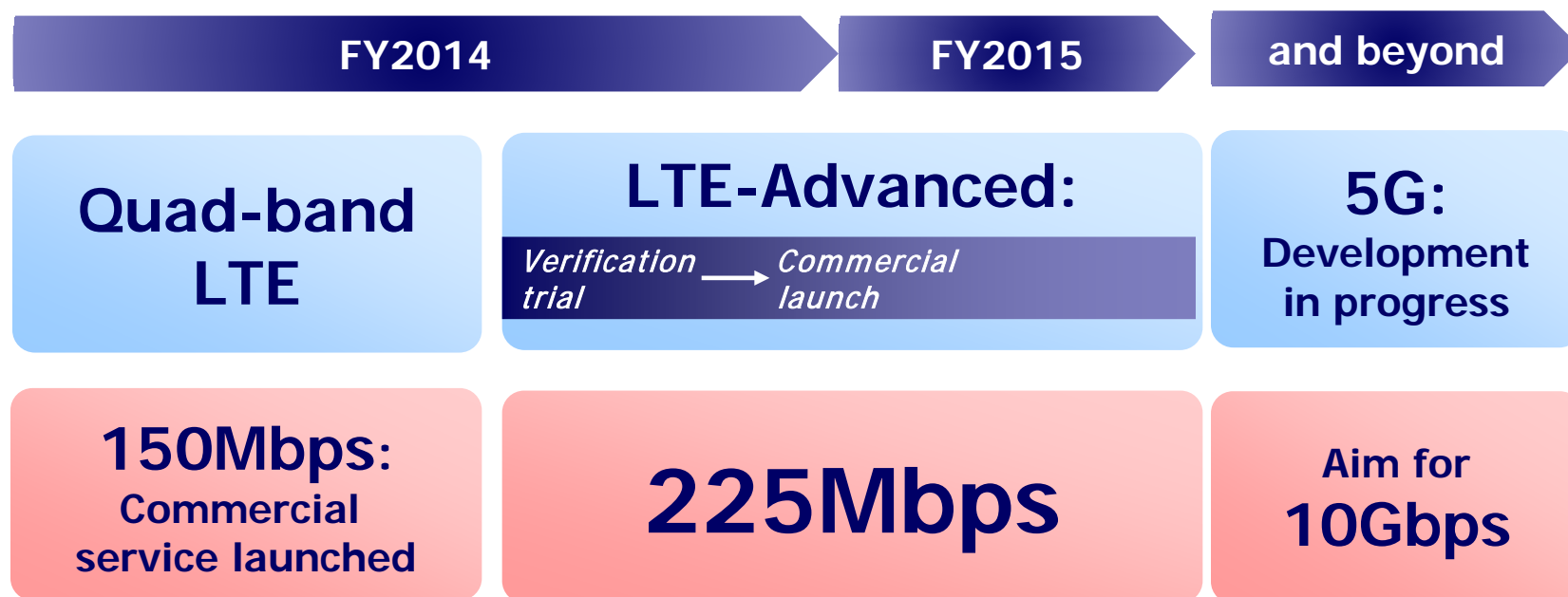
**Spectral efficiency\*: Up 3 times**

Superior voice  
quality

Low latency

# LTE-Advanced

**225Mbps service :  
planned for launch within FY2014**

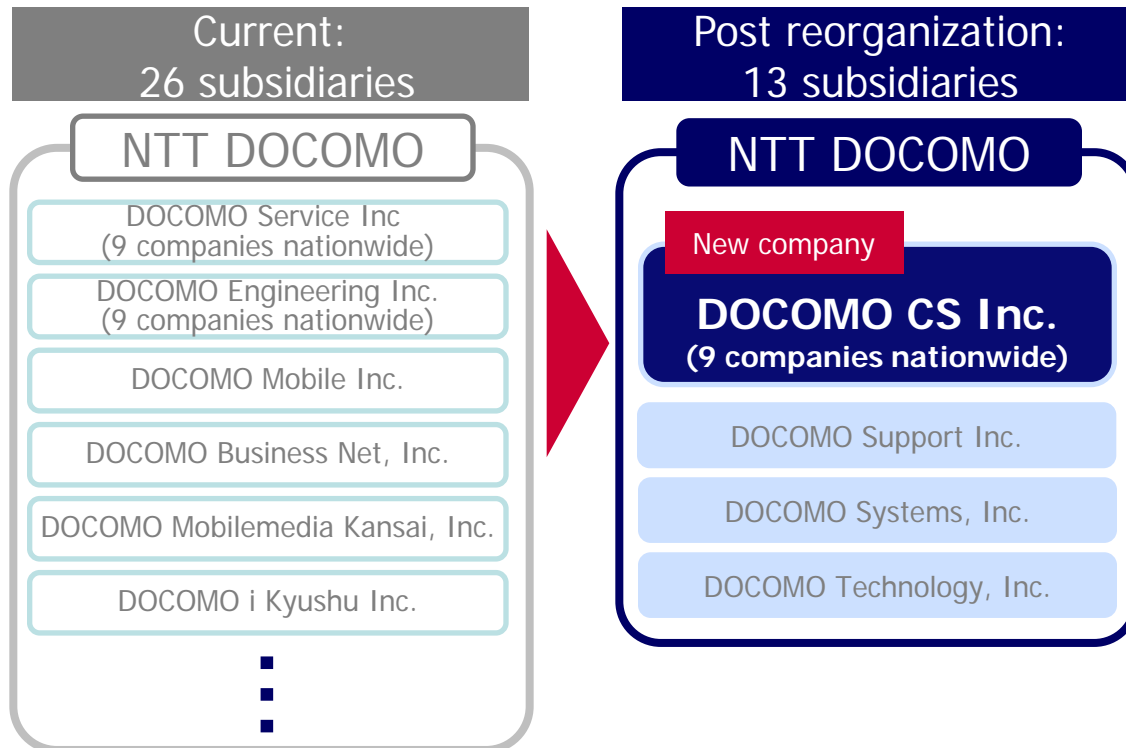


\*The transmission speeds described above are theoretical maximum downlink rates as specified in the technical standard. The actual rate may vary depending on the propagation conditions, etc.

# Business Structure Reform/Reconstruction

**Further improve customer services  
establishing deep-rooted ties with the  
community through the new company**

Group reorganization (effective July 1, 2014)

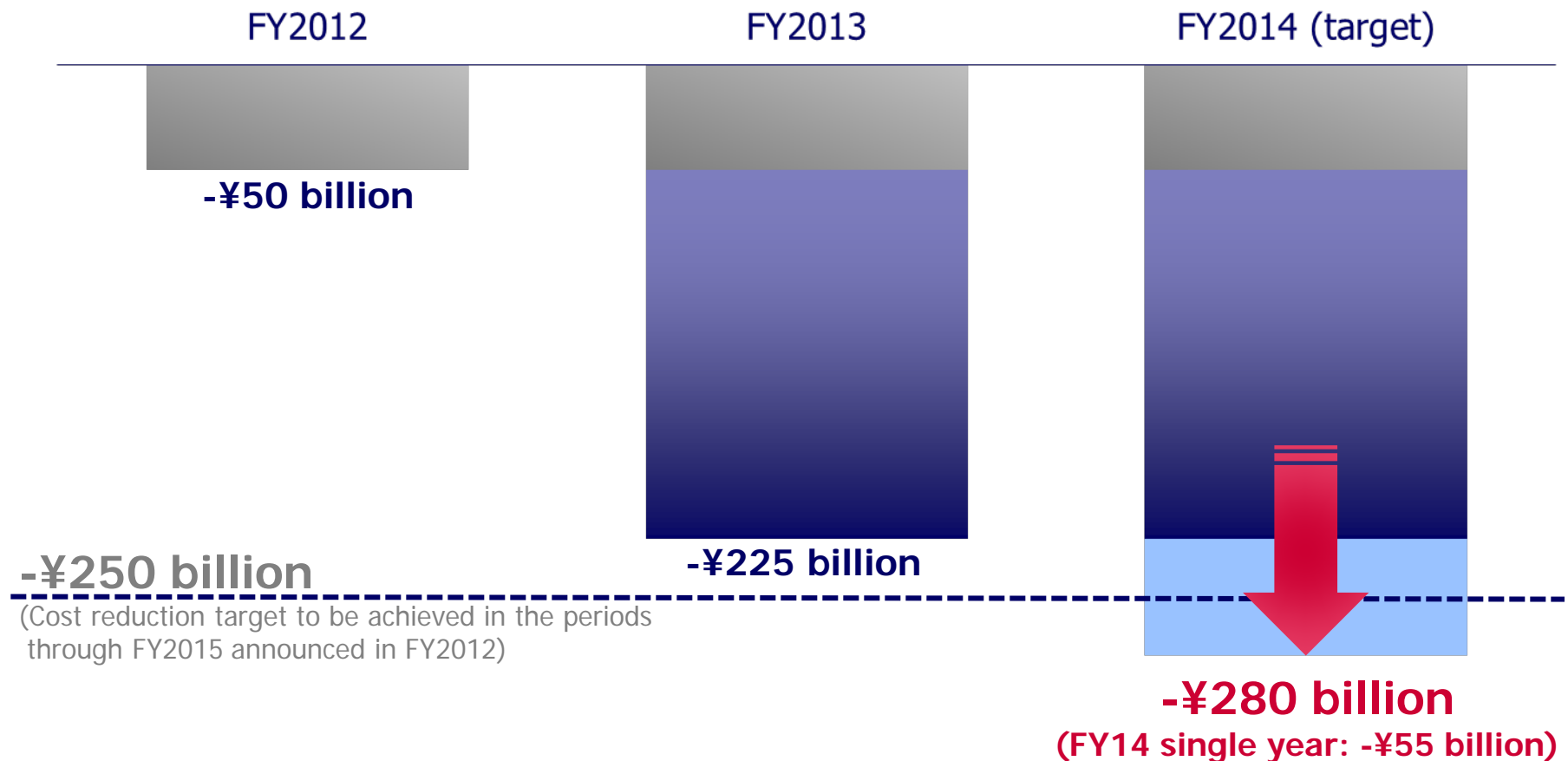


## Aims

- Improve customer services through a group of specialists and an organization with deep-rooted ties with community
- Shift resources to focus areas (new businesses/ corporate marketing) by streamlining Regional Offices

# Reinforcement of Management Foundation

## Aim for further efficiency improvement



\*Amounts of cost reduction are all in comparison with the level of FY2011

\*The actual and planned numbers represent the cumulative amounts from FY2012

# FY2014 Operational Indicators (Forecast)

	FY2013 Full year (1)	FY2014 full-year forecast (2)	Changes (1) → (2)
Net additions (million subs)	1.57	3.70	+2.13
Total handsets sold (million units)	22.51	23.30	+0.79
Smartphones sold (million units)	13.78	15.30	+1.52
LTE subs (million subs)	21.97	29.80	+7.83
Packet revenues* (billions of yen)	2,082.7	2,218.0	+135.3
Smart ARPU (yen)	490	530	+40

\* Excluding impact of "Monthly Support" discounts



# FY2014 Forecasts

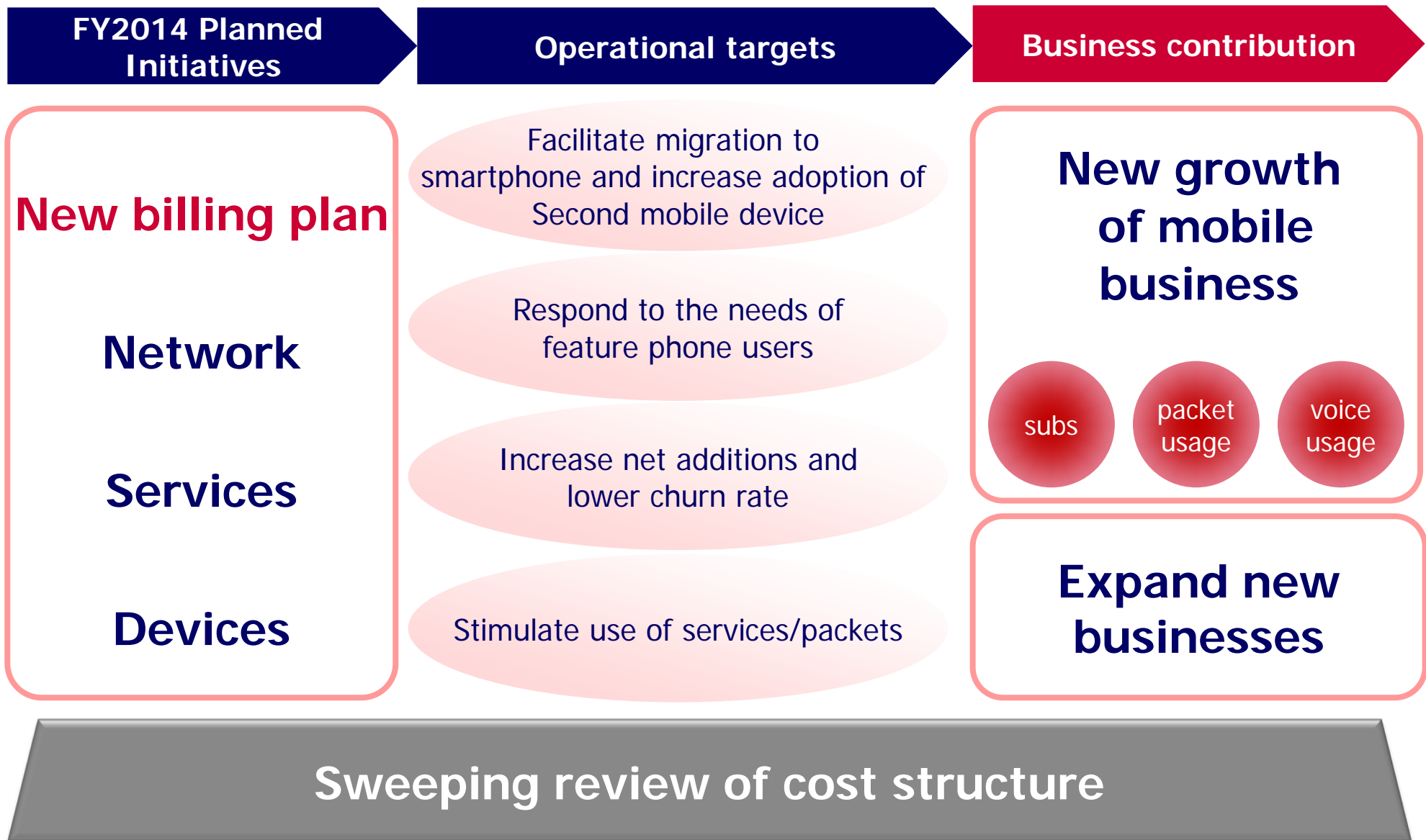
U.S.  
GAAP

(Billions of yen)	FY2013 full year (1)	FY2014 full- year forecast (2)	Changes (1) → (2)
Operating revenues	4,461.2	4,590.0	+128.8
Operating expenses	3,642.0	3,840.0	+198.0
Operating income	819.2	750.0	-69.2
Net income attributable to NTT DOCOMO, INC.	464.7	480.0	+15.3
EBITDA margin (%) <sup>*</sup>	35.2	32.7	-2.5
Capital Expenditures	703.1	690.0	-13.1
Adjusted Free Cash Flow <sup>*1*2</sup>	257.2	280.0	22.8

<sup>\*1</sup>: For an explanation of the calculation processes of these numbers, please see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP in this document and the IR page of our website, [www.nttdocomo.co.jp](http://www.nttdocomo.co.jp)

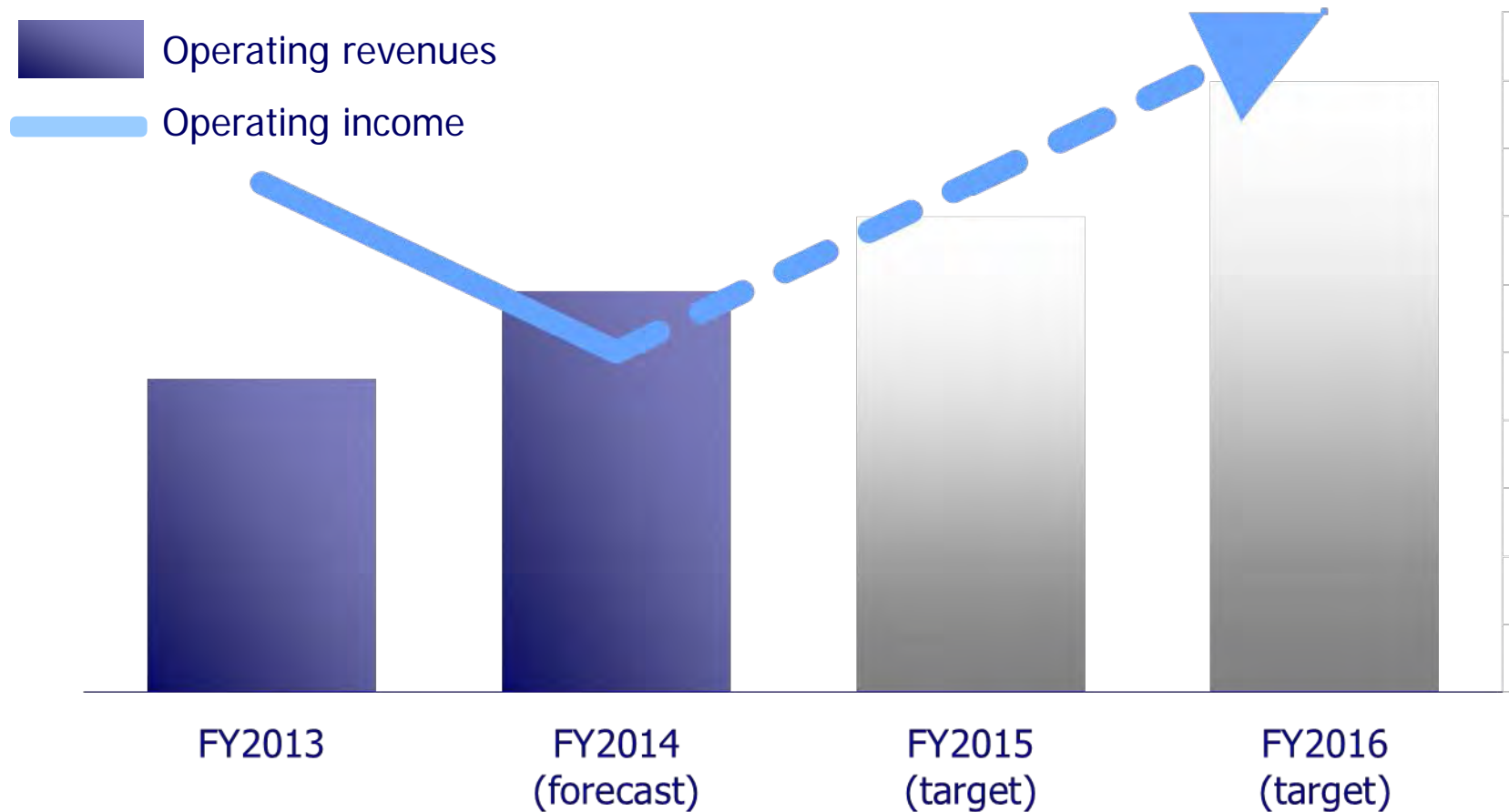
<sup>\*2</sup>: Adjusted free cash flow excludes the effects of uncollected revenues due to bank holidays at the end of the period or the transfer of receivables of telephone charges to NTT FINANCE CORPORATION, and changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

# Toward Medium-Term Growth



# Toward Medium-Term Growth

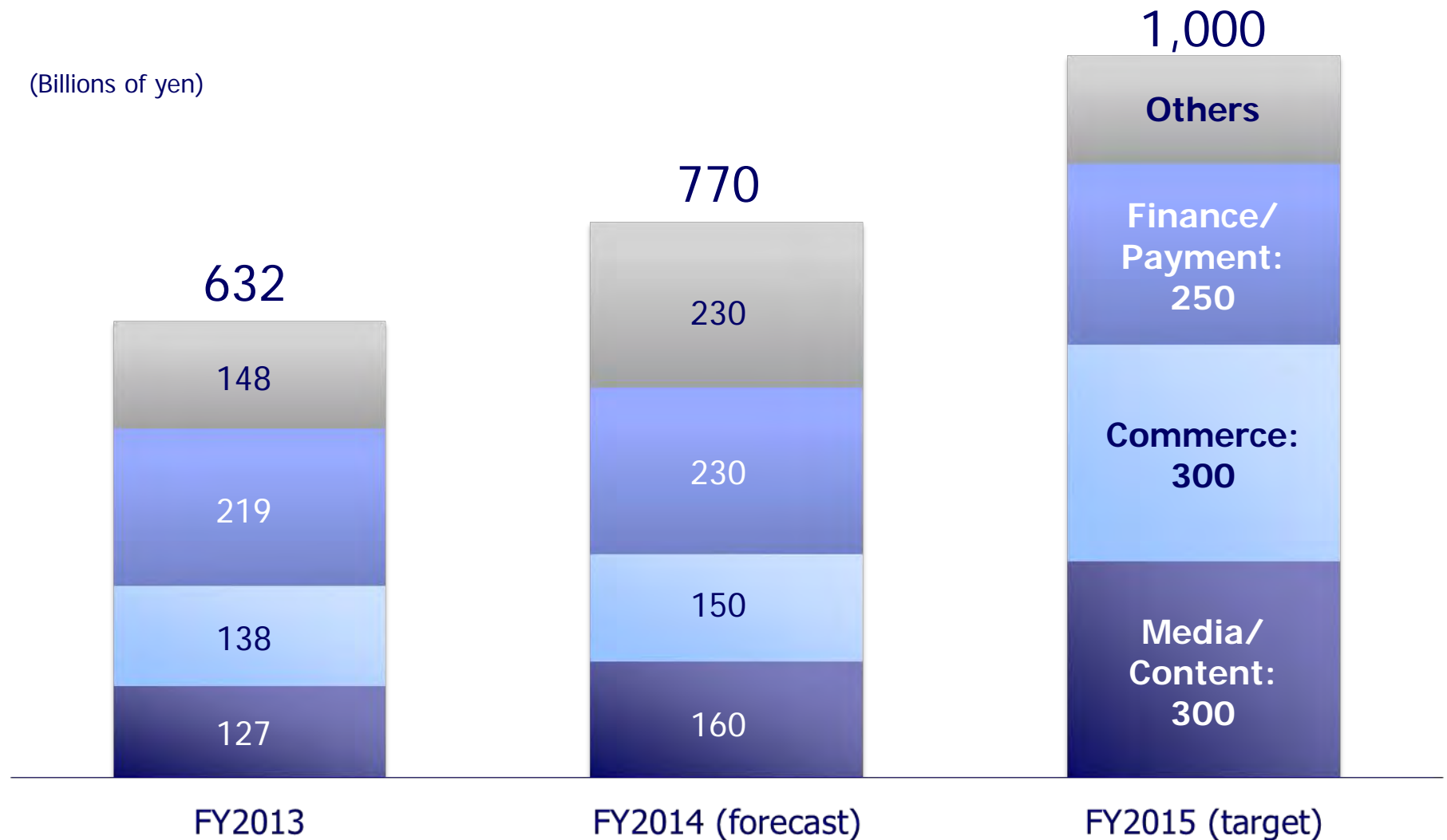
## Return to growth track in FY2015



# New Business Revenues (Forecast)

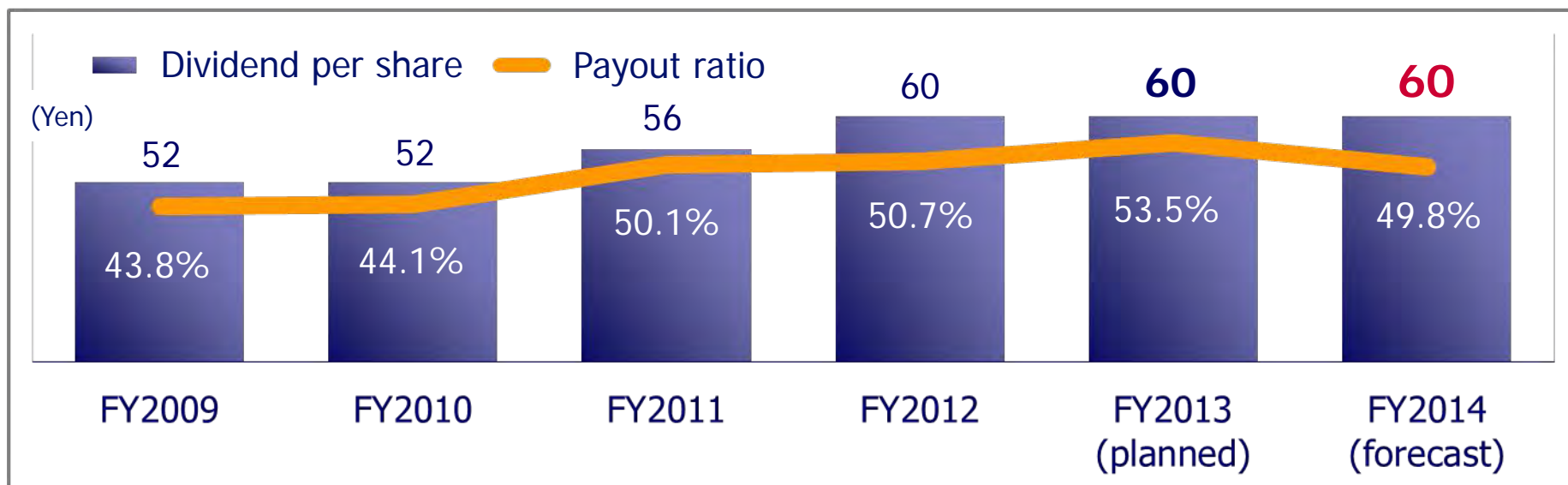
**Expand new businesses toward achievement of 1 trillion income target**

(Billions of yen)



# Return to Shareholders

## • Dividend per share



## • Authorized share repurchase framework

- |  |   |
|--|---|
| (1) Class of shares                              | : Common stock                          |
| (2) Aggregate number of shares to be repurchased | : Up to 320 million shares              |
| (3) Aggregate price of shares to be repurchased  | : Up to ¥500 billion                    |
| (4) Period for share repurchase                  | : From April 26, 2014 to March 31, 2015 |

\*Dividend payout ratio for FY2014 is calculated based on the assumption of conducting share repurchase of 320 million shares (upper limit) for 500 billion yen (upper limit) as resolved by the Board of Directors of the Company on April 25, 2014.

\*The dividend amount takes into account the 1:100 stock split that took effect Oct. 1, 2013

# Before Concluding...

## Challenges to be addressed to establish a growth track

- Increase net additions, facilitate subscriber migration to smartphones, boost packet usage and lower churn leveraging the introduction of the new billing plan, thereby achieving new growth of mobile business
- Expand smartphone user base by brushing up our offerings in the areas of network and devices. Take the lead in service differentiation, and expand new business revenues and income
- Properly control the amount of “Monthly Support” discounts, sales and network expenses to ensure efficient use of expenses



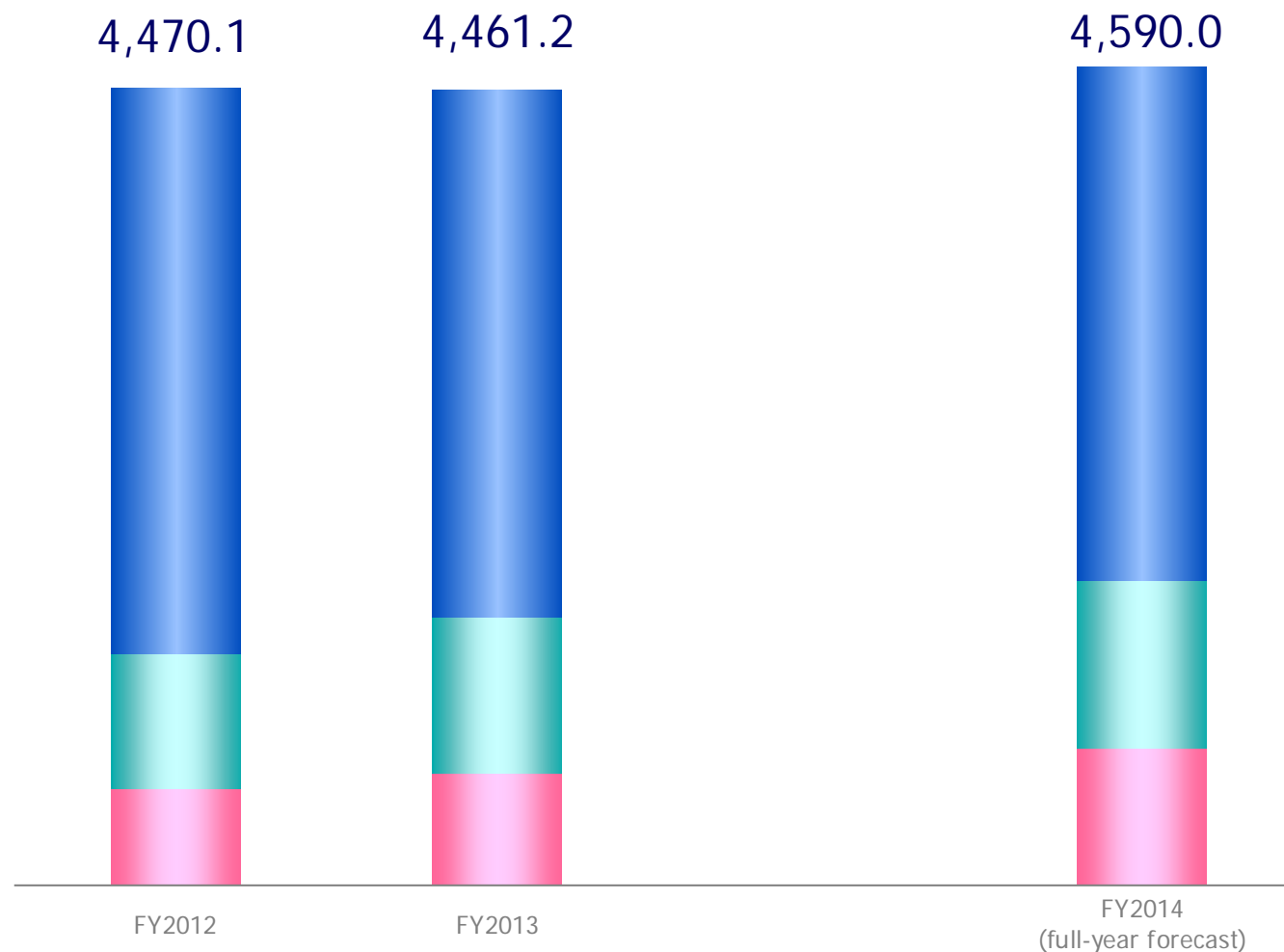
# Appendices



# Operating Revenues



(Billions of yen)



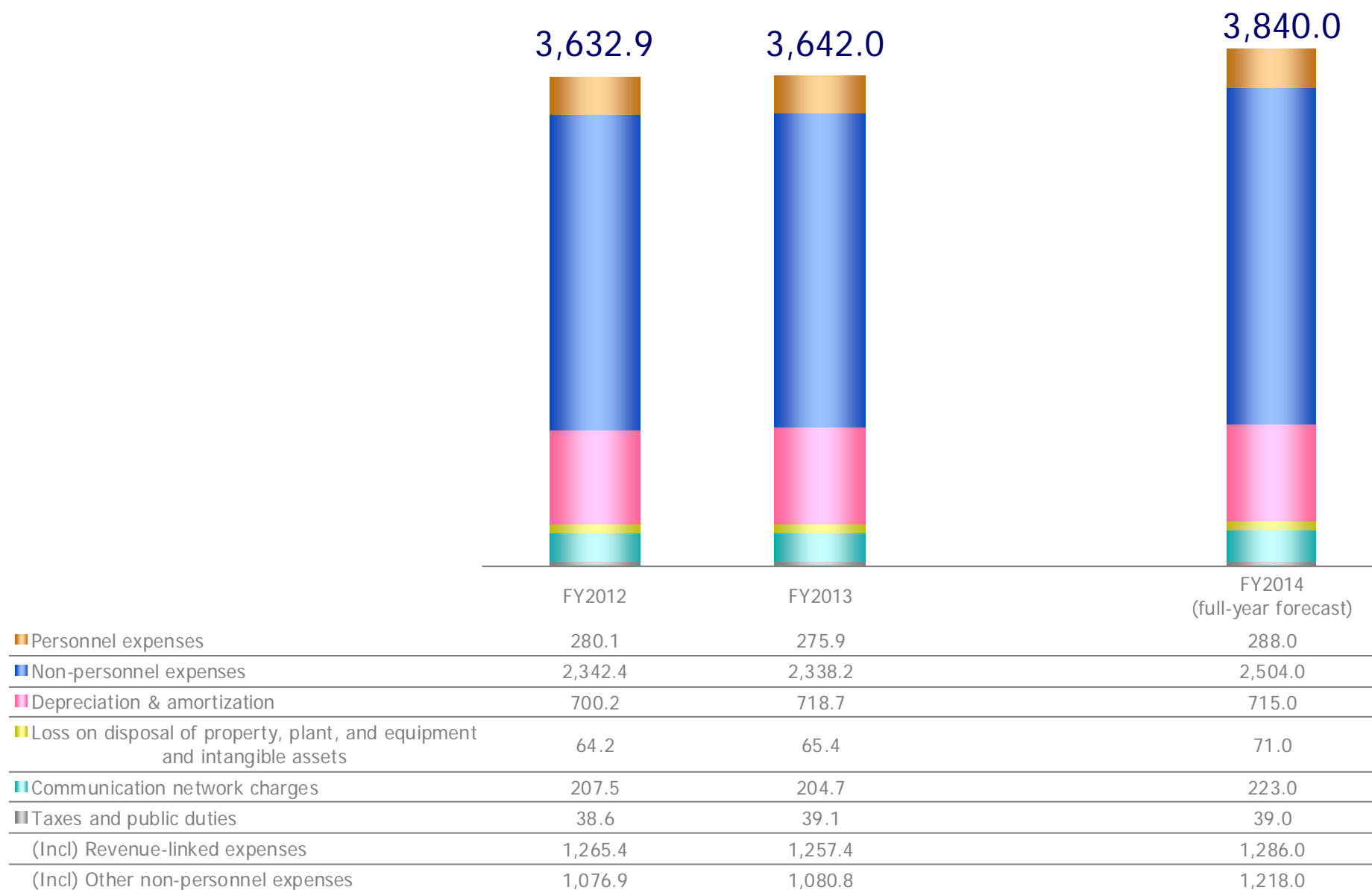
■ Mobile communications services revenues	3,168.5	2,955.8	2,881.0
■ Equipment sales revenues	758.1	872.0	935.0
■ Other operating revenues	543.6	633.4	774.0

◆ "International services revenues" are included in "Mobile communications services revenues"

# Operating Expenses



(Billions of yen)



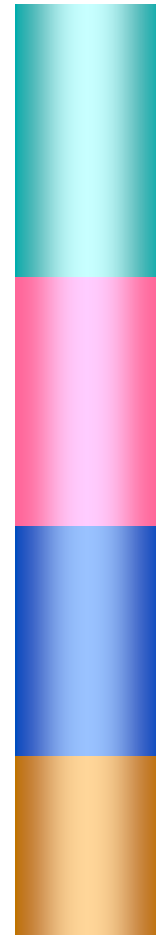
\* Revenue-linked expenses: Cost of equipment sold + commissions to agent resellers + loyalty program expenses

# Capital Expenditures

U.S.  
GAAP

(Billions of yen)

753.7



703.1



690.0



FY2012

FY2013

FY2014 (full-year forecast)

■ Mobile phone business (LTE)	218.9	387.8	465.0
■ Mobile phone business (FOMA)	201.6	63.4	17.0
■ Mobile phone business (other)	185.6	130.7	85.0
■ Other (Information systems, etc.)	147.5	121.2	123.0

# Operational Results and Forecasts

			FY2012 (1)	FY2013 (2)	Changes (1) → (2)	FY2014 (full-year forecast)	
Cellular Phone	No. of subscriptions (thousands)		61,536	63,105	+1,569	66,800	
		FOMA	49,970	41,140	-8,830	37,000	
		Xi	11,566	21,965	+10,399	29,800	
		i-mode	32,688	26,415	-6,273	22,700	
		sp-mode	18,285	23,781	+5,497	28,700	
		Communication module service	3,169	3,338	+168	-	
	Net additional subscriptions (thousands)		1,407	1,569	+163	3,700	
	Handsets sold (thousands)  (Including handsets sold without involving sales by DOCOMO)	Total handsets sold		23,555	22,514	-1,041	-
		Xi	New Xi subscription	2,840	5,005	+2,164	-
			Change of subscription from FOMA	6,995	7,154	+159	-
			Xi handset upgrade by Xi subscribers	653	2,601	+1,947	-
		FOMA	New FOMA subscription	4,575	3,023	-1,551	-
			Change of subscription from Xi	29	69	+41	-
			FOMA handset upgrade by FOMA subscribers	8,463	4,662	-3,801	-
	Churn rate (%)		0.82	0.87	+0.04	-	
	Aggregate ARPU (yen)		4,840	4,500	-340	4,390	
		Voice ARPU (yen)		1,730	1,370	-360	1,240
	Packet ARPU (yen)		2,690	2,640	-50	2,620	
	Smart ARPU (yen)		420	490	+70	530	
MOU (minutes)		117	106	-11	-		

# Principal Services: Miscellaneous Data

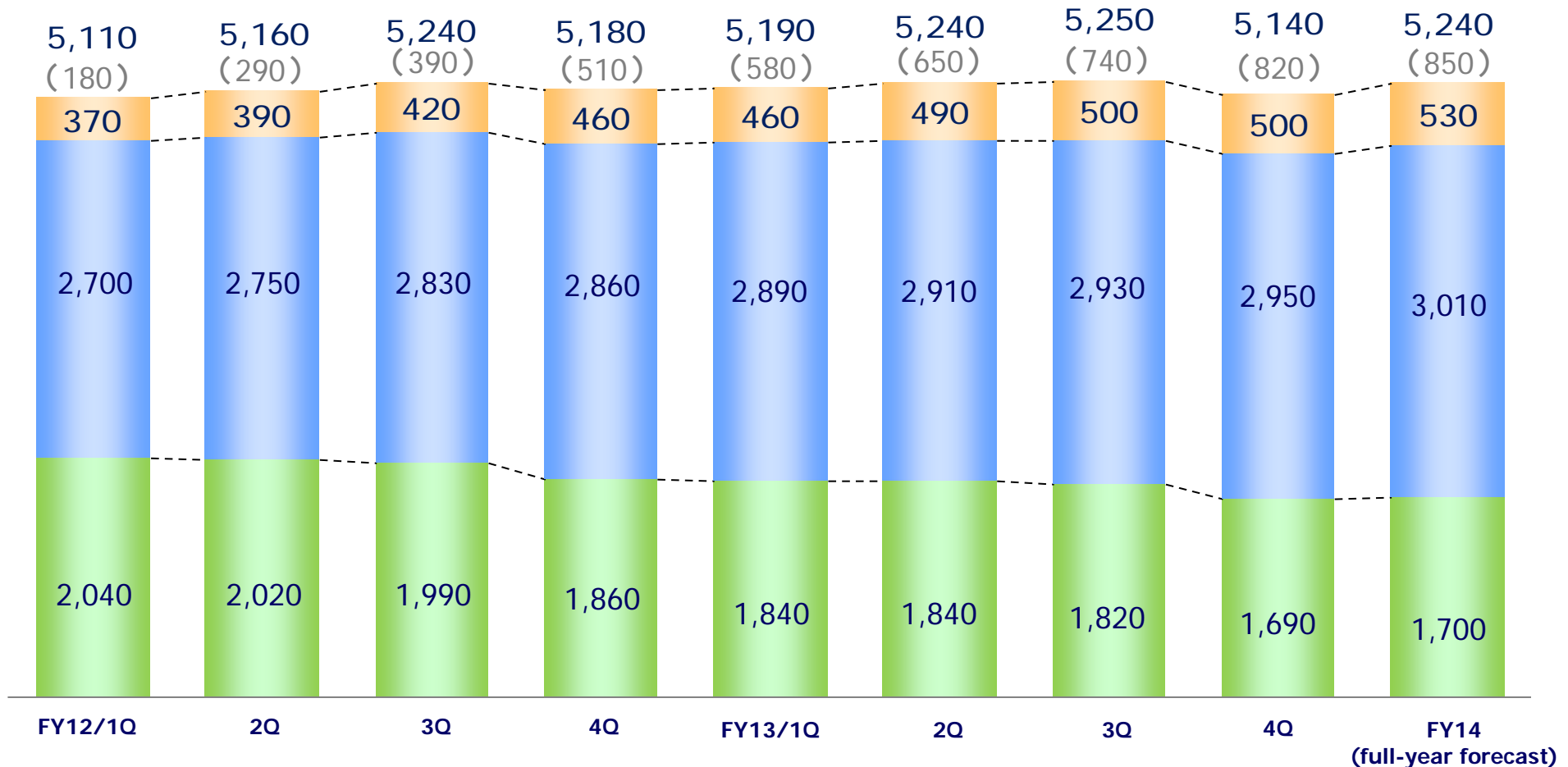
	FY2013/3Q (1) 【Previous quarter】	FY2013/4Q (2)	Changes (1) → (2)
dmarket			
dvideo subscriptions (Millions)	4.34	4.41	+0.07
dhits subscriptions (Millions)	1.73	2.08	+0.35
danime store subscriptions (Millions)	0.98	1.15	+0.17
dmusic cumulative downloads (Millions)	29.20	31.80	+2.60
dbook cumulative downloads (Millions)	182.88	198.68	+15.80
docomo Service Pack			
Osusume Pack subscriptions (Millions)	2.06	2.92	+0.86
Anshin Pack subscriptions (Millions)	3.40	4.46	+1.05
Other new businesses			
Karada-no-kimochi subs (Millions)	0.26	0.41	+0.15
NOTTV subs (Millions)	1.53	1.61	+0.07

# Aggregate ARPU

(Exclusive of "Monthly Support" Impact)

■ : Voice ARPU (Excl. "Monthly Support" impact)  
■ : Packet ARPU (Excl. "Monthly Support" impact)  
■ : Smart ARPU

(Yen)

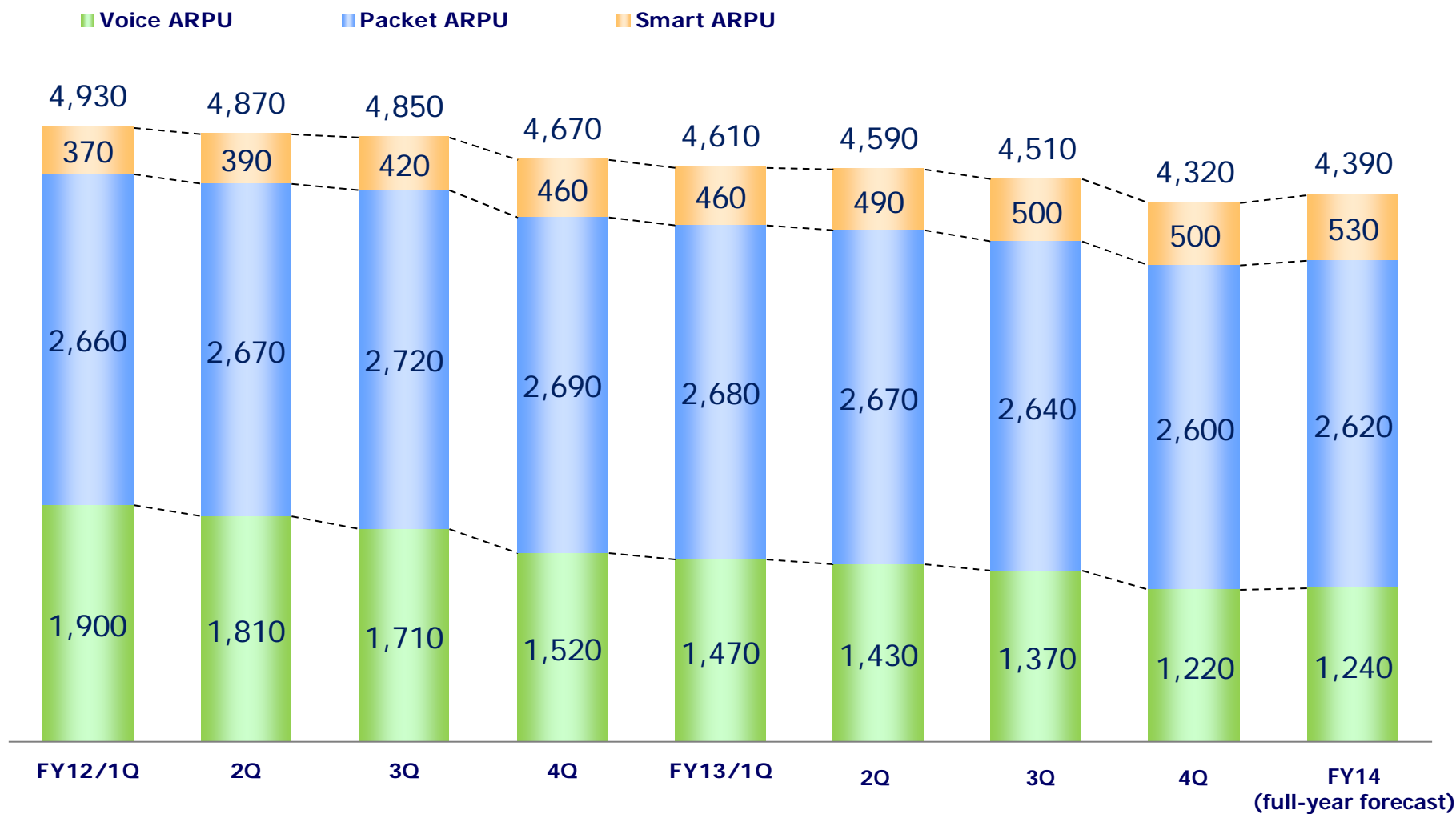


- ◆ Smart ARPU is not impacted by "Monthly Support" discounts
- ◆ ARPU data contained in this document are calculated based on the new ARPU definition
- ◆ For an explanation on ARPU, please see slide "Definition and Calculation Methods of ARPU and MOU" in this document

\* Numbers in parentheses indicate impact of "Monthly Support" discounts

# Aggregate ARPU/MOU

(Yen)



MOU  
(minutes)

- ◆ ARPU data contained in this document are calculated based on the new ARPU definition
- ◆ For an explanation regarding the definition and calculation methods of ARPU and MOU, please see slide "Definition and Calculation Methods of ARPU and MOU" in this document

# Key Indicators

	Mar. 31, 2013	Mar. 31, 2014	Mar. 31, 2015 (forecast)
<b>Profitability/efficiency indicators</b>			
EBITDA (billions of yen)	1,569.3	1,572.2	1,499.0
EBITDA margin (%)	35.1	35.2	32.7
Adjusted free cash flow (billions of yen)	225.6	257.2	280.0
ROE (%) * Net income attributable to NTT DOCOMO, INC / shareholders' equity	9.4	8.4	8.7
ROCE (%) * Operating income before tax / (shareholders' equity + interest bearing liabilities)	15.3	14.3	13.1
<b>Safety indicators</b>			
Shareholders' equity ratio (%) *Shareholders' equity/ Total assets	74.9	75.2	-
Debt ratio (%) * Interest bearing liabilities / shareholders' equity	0.047	0.041	-
Interest bearing liabilities / EBITDA multiples	0.16	0.15	-
<b>Equity value indicators</b>			
EPS (Yen) *Net income attributable to NTT DOCOMO, INC per share	118.41	112.07	120.40
PER *Market capitalization/net income	12.0	14.53	-
PBR *Market capitalization / shareholders' equity	1.1	1.2	-
Dividend payout ratio (%)	50.7	53.5	49.8
Dividend yield (%) * Annual cash dividend per share / Closing share price at end of period	4.2	3.7	-
Market capitalization (billions of yen) * Closing share price x number of outstanding shares (excluding treasury stocks) as of the end of the fiscal period	5,892.5	6,750.9	-

\* ROE and ROCE are calculated using the average end-of-period shareholders' equity and interest bearing liabilities for the current and previous fiscal periods.

\* The number of Mar. 31, 2015 forecast is calculated based on the assumption of conducting share repurchase of 320 million shares (upper limit) for 500 billion yen (upper limit) as resolved by the Board of Directors of the Company on April 25, 2014.





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# 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

$$\text{Aggregate ARPU} = \text{Voice ARPU} + \text{Packet ARPU} + \text{Smart ARPU}$$

- Voice ARPU :  $\frac{\text{Voice ARPU Related Revenues (basic monthly charges, voice communication charges)}}{\text{No. of active subscriptions}}$

- Packet ARPU :  $\frac{\text{Packet ARPU Related Revenues (basic monthly charges, packet communication charges)}}{\text{No. of active subscriptions}}$

- Smart ARPU :  $\frac{\text{A part of other operating revenues (revenues from content services, proxy bill collection commissions, mobile phone insurance service, advertising and others)}}{\text{No. of active subscriptions}}$

## iii. Active Subscriptions Calculation Methods

$$\text{Sum of No. of active subscriptions for each month} = \frac{(\text{No. of subscriptions at the end of previous month} + \text{No. of subscriptions at the end of current month})}{2}$$
 during the relevant period

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

# 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 ending March 31, 2015 (Forecasts)	Year ended March 31, 2013	Year ended March 31, 2014
a. EBITDA	¥ 1,499.0	¥ 1,569.3	¥ 1,572.2
Depreciation and amortization	(715.0)	(700.2)	(718.7)
Loss on sale or disposal of property, plant and equipment	(34.0)	(31.9)	(34.3)
Operating income	750.0	837.2	819.2
Other income (expense)	8.0	(3.8)	13.9
Income taxes	(270.0)	(323.1)	(308.0)
Equity in net income (losses) of affiliates	(7.0)	(29.6)	(69.1)
Less: Net (income) loss attributable to noncontrolling interests	(1.0)	10.3	8.8
b. Net income attributable to NTT DOCOMO, INC.	480.0	491.0	464.7
c. Operating revenues	4,590.0	4,470.1	4,461.2
EBITDA margin (=a/c)	32.7%	35.1%	35.2%
Net income margin (=b/c)	10.5%	11.0%	10.4%

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.  
"Year ended March 31, 2013" have been revised due to the reinstatement of equity method for an investee.

## ii. ROCE before tax effect

Billions of yen

	Year ending March 31, 2015 (Forecasts)	Year ended March 31, 2013	Year ended March 31, 2014
a. Operating income	¥ 750.0	¥ 837.2	¥ 819.2
b. Capital employed	5,740.2	5,470.7	5,748.0
ROCE before tax effect (=a/b)	13.1%	15.3%	14.3%

Note: Capital employed = Two period ends average of (NTT DOCOMO, INC. shareholders' equity + Interest bearing liabilities)  
"NTT DOCOMO, INC. shareholders' equity" for the fiscal year ending March 31, 2015 is based on the assumption that DOCOMO will repurchase up to 320 million shares for up to 500,000 million yen, as resolved at the board of directors' meeting held on April 25, 2014.  
Interest bearing liabilities = Current portion of long-term debt + Short-term borrowings + Long-term debt  
"Year ended March 31, 2013" have been revised due to the reinstatement of equity method for an investee.

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

## iii. Free cash flows excluding irregular factors and effect by transfer of receivables and changes in investments for cash management purposes

	Billions of yen		
	Year ending March 31, 2015 (Forecasts)	Year ended March 31, 2013	Year ended March 31, 2014
Free cash flows excluding irregular factors and effect by transfer of receivables and changes in investments for cash management purposes	¥ 280.0	¥ 225.6	¥ 257.2
Irregular factors (1)	-	147.0	-
Effect of transfer of receivables(2)	-	(242.0)	-
Changes in investments for cash management purposes(3)	-	99.9	39.9
Free cash flows	280.0	230.5	297.1
Net cash used in investing activities	(690.0)	(701.9)	(703.6)
Net cash provided by operating activities	970.0	932.4	1,000.6

Note: (1) Irregular factors represent the effects of uncollected revenues due to a bank closure at the end of the fiscal period.

(2) Effect of transfer of receivables represents the effect caused by the uncollected amounts of transferred receivables of telephone charges to NTT FINANCE CORPORATION.

Net cash provided by operating activities includes the effect caused by the uncollected amounts of transferred receivables of telephone charges to NTT FINANCE CORPORATION for cash management purposes except for the year ended March 31, 2013.

(3) 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. Net cash used in investing activities includes changes in investments for cash management purposes for the year ended March 31, 2013 and 2014. The effect of changes in investments for cash management purposes is not taken into account when we forecasted net cash used in investing activities for the year ending March 31, 2015 due to the difficulties in forecasting such effect.

# Special Note Regarding Forward-Looking Statements

This earnings 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 subscription, 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 earnings release were derived using certain assumptions that are 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 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 imperfection 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, 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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