Questioner No. 1	
Q1	I would like to know the breakdown of the incremental expenses in your revised guidance. You mentioned earlier that you plan to spend more money for subscriber migration, Smart life business and Other businesses, but the size of revision you made for cost of equipment sold and services and other expenses is quite large at 48 billion yen. Because there were no increases in the first half, I believe all incremental spend will incur in the second half. Can you share with us the breakdown of these expenses? Further, you also raised the projected amount of loss on disposal of property, plant and equipment and intangible assets by 19 billion yen from your initial projection. Please explain the items that you plan to write off using this additional amount.
A1	The largest item behind the increase is the cost of equipment sold. This time around, we raised the projected amount of equipment sales revenues by 25 billion yen. Please note that the expenses required for the execution of subscriber migration initiatives will be deducted from the equipment sales revenues, and 25 billion yen represents the amount after these deductions. The underlying cost of equipment sold is therefore larger, because it is the sum of 25 billion yen and the expenses for the migration initiatives. Although we cannot comment on the exact amount due to competitive reasons, we have earmarked a reasonably sizable amount. For the write-off, we plan to eliminate 3G-related assets in light of our decision to terminate the service as well as some 4G assets which can no longer be used, during the current fiscal year when we enjoy favorable revenue generation.
Q2	You are executing various campaigns this fiscal year to strengthen your payment services such as "d Payment", "d CARD" and "iD". However, when I look at the FY2019/1H results of Smart life business, it appears that these measures have not yet produced meaningful profits. I would like to know how the efforts you poured in the payment services would show in your profits from next year onwards. Please also give us a quantitative outlook because I believe payment services are expected to become a key driver of your Smart life and Other businesses profit in FY2020 and beyond.
A2	While we cannot provide you with a detailed profit projection, we disclose the total amount of transactions processed with our finance/payment services at the end of each fiscal term, which reached 3.9 trillion yen for FY2018. The amount of transactions for the current fiscal year is growing at a pace faster than our earlier expectations. We receive commission fees of a few percent of the transaction, so if you make a reverse calculation from the revenues, I believe you can get some indication on the size of profit. We set a target to increase the total amount of transactions processed with our finance/payment services to six trillion yen by FY2021. To this end, we are currently focusing on boosting the usage and increasing the number of locations where the service is available. Meanwhile, we also made a functional enhancement to "d Payment" and started offering a new wallet capability from Sept. 26. One of the objectives behind this functional upgrade is to integrate various types of transactions on this platform. This can be used as a key media of our finance and payment offerings, and we plan to leverage this to expand the businesses of our enterprise partners or to distribute advertisements and other services, thereby establishing new types of business in a different format from those targeting consumers. For now, however, we are focusing on stimulating usage by increasing the number of users and locations where the service is available to develop a new pillar of revenues.

Questioner No. 2	
Q1	This is a question about the penetration of the new rate plans. I understand the number of subscriptions was approximately 7.17 million as of Sept. 30 after acquiring some 3.4 million subscriptions in the second quarter. At this pace, however, I believe it will be difficult for you to achieve your year-end target of 17 million. How do you plan to address subscriber acquisition in FY2019/3Q and 4Q?
A1	The number of subscriptions already surpassed eight million according to our recent statistics. It has been five months since we introduced the new rate plans, and we have five months remaining in the current fiscal year. So far, we have successfully secured an average of approximately 1.6 million subscriptions each month, and added some 1.5-1.6 million subscriptions per month in September and October. We thus believe we are well positioned to achieve our annual target if we can sustain the current pace of growth. As I mentioned earlier, we will accelerate our efforts to migrate 3G subscribers to 4G. When

	customers switch to 4G, they will have to subscribe to the new rate plan. Furthermore, the savings and benefits offered by the new rate plans has already gained broad recognition in the market. We will properly address subscriber migration leveraging one-to-one marketing and rate plan consultation fairs, etc.
Q2	Regarding your capital expenditures, you explained that you will employ additional flood control measures against typhoons and other disasters and bring forward the 5G-construction plan, but you only made a slight change to your full-year capital expenditures guidance for FY2019. How will you manage the implementation of additional measures within this budget? And what should we expect for your CAPEX plan for next fiscal year?
A2	The progress of investment in the first half was slightly behind schedule, due to the restriction of construction works in relation to G20 summit, etc. We are planning to make outlays required to achieve the planned engineering works for PREMIUM 4G service and accelerate the rollout of 5G in the second half of this fiscal year, and we believe we can manage all these within the planned budget. We, therefore, have not made any changes to our initial CAPEX guidance of 570 billion yen. While we have not yet finalized our business plan, we basically project a flat growth for FY2019 CAPEX, comprising investments for 5G (with a larger budget allocated to 5G compared to FY2019) and construction of the underlying 4G network.

Questioner No. 3	
Q1	The expenses for the second half are projected to be lower compared to the same period of the previous fiscal year. However, if the cost efficiency improvement planned for the second half is excluded from the calculation, there will be a significant rise in expenses. Can you share with us the detailed items behind the projected increase? For the measures for subscriber migration, if you sell tens of thousands of handsets carrying a cost of 70,000-80,000 yen per unit (50,000 to 60,000 yen for the cost of handset sold added with a subsidy of 20,000 per unit), you will incur a total cost of several tens of billions of yen. Can you explain the details of the measures you plan to implement?
A1	The key pillar of our cost efficiency improvement program for this fiscal year is the reduction of commissions that are used to finance handset discounts. This is not reflected in the expenses on our P/L because the commissions are deducted from the handset sales revenues. We delivered cost efficiency improvement totaling 40 billion yen in the first half, and less than half of this amount is reflected as decrease in expenses. The principal expense items that actually recorded a year-on-year increase in FY2019/1H include the 20-billion yen caused by the inclusion of NTT Plala in the scope of consolidation, the increase in communication network charges associated with the growth of revenues from the expanded adoption of “docomo Hikari” optical-fiber broadband services of 20 billion yen and incremental point-related expenses of 10+ billion yen, and these trends will likely continue in the second half of the year. We plan to achieve cost efficiency improvement of 90 billion yen in the second half. However, because most of the efficiency improvement accompany a drop of equipment sales revenues, the rise in expenses becomes relatively conspicuous despite the sizable cost efficiency improvement of 130 billion yen for the full year.
Q2	You revised your operating revenues guidance upwards by 60 billion yen at the end of the first half, which includes an upward revision of mobile communications services revenues. I do understand this will bring about temporary increase in some expenses, but do you foresee a drop in these expenses in the next fiscal year after an increase this fiscal year? Or do you think the rise in expenses associated with revenue growth will continue going forward?
A2	We will continue to implement solid actions for cost efficiency next fiscal year. While it may be difficult to seek a reduction of 130 billion yen, we can expect a certain size of contribution from the reduction of handset discounts that will have a full-year impact next fiscal year. This year’s cost efficiency improvement program was primarily driven by lowered handset discounts. For the medium term, however, as part of the structural reform of the Company, we will address marketing and network-related spend and promote digital transformation initiatives leveraging AI and other

	technologies. Through these measures we will aim to achieve cost reduction in the order of several tens of billions of yen.
Q3	This is a question about the new rate plans. Can you comment on the changes of the monthly bill of users who have switched to the new rate plan from your conventional billing plan? Have you seen a general rise in the billed amounts of users who chose a usage-based billing plan after migration?
A3	We of course expect to see upsell effects post migration, but this has not been achieved yet. So far, we have confirmed successful upsells among different options of the "Basic Pack," a usage-based billing menu of our conventional billing scheme. Of the upward revisions that we made to the mobile communications services revenues this time, the impact from the slower-than-expected uptake of "Gigaho" and "Gigalight" accounted for less than half; other elements such as successful acquisition of new subscribers, upsells within the conventional rate plans, impact of subscriber migration and better-than-expected performance of voice revenues accounted for the remainder.

Questioner No. 4	
Q1	How did the stepped-up subscriber migration measures impact your ARPU?
A1	We have not singled out the impact of various subscriber migration measures on the ARPU. However, because the ARPU recorded a year-on-year increase of over 50 yen, we believe the measures are producing positive effects and this is likely to continue going forward. When we compare the ARPU between the first and second quarters of FY2019, we have recorded a slightly smaller growth of a few tens of yen, which makes us believe we can continue to expect positive results for the future.
Q2	What was the total number of credit cards issued as of September 30, and how fast is this growing? Please also share with us the pace of growth of the total "d Payment" transactions and your views on the profitability of this business.
A2	We have achieved a favorable growth in line with our expectations. The total number of credit cards issued as of September 30 (excluding "d CARD mini") was 12 million. As for "d Payment," when an "active user" is defined as a user who has used the service at least once a month, we have seen a significant growth in the period between August and October, i.e., the period before and after September when the Government's cashless payment reward program was implemented. Although we do not disclose detailed data, the number of active users for October was approximately 1.2- or 1.3-fold higher than the number for September. "d Payment" is already in black ink in our managerial accounting. We make a proportional allocation of costs among "d Payment" and various other businesses (such as collection of payments using monthly phone bills), and the commission income that we receive from "d Payment" is almost identical to the amount of its profit. The campaigns implemented in the first half with the aim of boosting "d Payment" usage incurred some costs, but "d Payment" on its own, at least in our managerial accounting, is not a significant loss maker.

Questioner No. 5	
Q1	You made an upward revision of 39 billion yen to your full-year mobile communications services revenues forecast this time around. Can you comment on the impact of the new rate plans to this upward revision?
A1	The negative revenue impact of the new rate plans being smaller than expected accounted for less than half of the 39 billion-yen upward revision.
Q2	You have not changed your year-end new rate plan subscriptions target of 17 million, but the impact from the discounts turned out smaller than your initial forecast. Is this because the amount of discount per user is coming down? Or is this because the number of active users applied with discounts came in lower than your projections due to the slow adoption of the new rate plans immediately after their launch?
A2	It is mainly due to the lower-than-expected adoption in the early days after the launch of the new plans.
Q3	You revised your full-year net additions forecast upwards. I believe the sales of communications modules

	was brisk in the first two quarters, making a significant contribution to the favorable performance of net additions. Can you share with us the breakdown of components other than communication modules? Should we consider the bulk of the upward revision of 0.5 million was attributable to the modules?
A3	As you rightly pointed out, we recorded a strong growth in the sales of communication modules in the first half of the year, and we believe this trend will continue for some time going forward. For docomo brand circuits, the number of data plan subscriptions recorded a net loss due mainly to the impact from the launch of new rate plans. The handset performance, on the contrary, has been faring better than expected due to the effects of the new rate plans. We also believe this will have a positive impact on subscriber migration and our competitiveness. For these two factors, we decided to make an upward revision to our full-year net increase forecast. Although we cannot provide you with a detailed breakdown, the contribution of modules was significant.

Questioner No. 6	
Q1	Given the implementation of the revised Telecommunications Business Act, you can no longer subsidize your handsets. How do you plan to promote subscriber migration from next fiscal year onwards in this environment?
A1	The number of migrations we achieved in the first half was higher than the same period of the previous fiscal year despite a decrease in the total addressable user base. We are beginning to see positive effects from the new rate plans, the "Gigalight" package in particular, as well as the "Hajimete Sumaho Wari" discount program for smartphone debutants. We started adding new standard models to our handset lineup from June 2019, and we plan to further enrich their variety with our 2019-20 winter/spring collection with some models carrying a price of less than 20,000 yen. In addition, because a certain level of handset discounts are allowed to be provided for the purpose of promoting migration from 3G to 4G under the rules of the revised Telecommunications Business Act, we will strive to accelerate subscriber migration taking advantage of such programs. We will aim to migrate customers as quickly as possible because our competitors are also vying for this segment of users.
Q2	Don't you think the measures you can employ from next fiscal year onward to accelerate subscriber migration will be limited?
A2	Because the users who are switching to smartphones now are mostly the late majority segment, we will approach them meticulously and attentively leveraging not only our rate plans and products but also smartphone classes, rate consultation fairs and other means.
Q3	Regarding your ESG-related initiatives, you have held a significant number of Mobile Phone Safety Class sessions. How has this effort contributed to ARPU growth or acceleration of subscriber migration?
A3	The Smartphone/Mobile Phone Safety Classes are designed to eliminate the negative impacts of mobile phones by preventing troubles arising from the use of mobile phones through literacy improvement of elementary school/junior high school students and adoption of filtering capabilities. Accordingly, we do not intend to link this program with sales promotion. We are convening these sessions primarily to improve the overall image and reputation of the mobile industry; the program is not something of a nature that can be tied directly to our business performance.
Q4	What about the Smartphone classes?
A4	docomo Smartphone Classes have already garnered over 4 million participants, and many docomo Shops hold approximately 3 sessions in a day. Through this program, we hope the feature phone users, including those of other carriers, and especially the elderly users will better understand the convenience and make a switch to a smartphone. The program has already produced tangible results, but we would like to reserve comments on specific numbers.