STARWOOD PROPERTY TRUST, INC.
Form DEFA14A
April 10, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o	Definitive Proxy Statement
x	Definitive Additional Materials
o	Soliciting Material under §240.14a-12

STARWOOD PROPERTY TRUST, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.		
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.		
	(1)	Title of each class of securities to which transaction applies:	
	(2)	Aggregate number of securities to which transaction applies:	
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):	
	(4)	Proposed maximum aggregate value of transaction:	
	(5)	Total fee paid:	
o	Fee paid previously with preliminary materials.		
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.		
	(1)	Amount Previously Paid:	
	(2)	Form, Schedule or Registration Statement No.:	
	(3)	Filing Party:	

(4) Date Filed:

April 10, 2014

Dear Fellow Stockholder:

We have previously sent to you proxy materials for the Starwood Property Trust, Inc. Annual Meeting of Stockholders to be held on April 30, 2014. To date, we have not received your proxy. **Your Board of Directors unanimously recommends that you vote FOR all of the nominees for director in Proposal 1, FOR Proposals 2 and 3 and AGAINST Proposal 4.**

Your vote is important, no matter how many or how few shares you may own. To ensure that your shares are represented at the meeting, **please vote today by telephone, via the Internet, or by signing, dating and returning the enclosed proxy card in the envelope provided.**

Very truly yours,

Barry S. Sternlicht

Chairman and Chief Executive Officer

REMEMBER:

You can vote your shares by telephone or via the Internet.

Please follow the easy instructions on the enclosed proxy card.

If you have any questions or need assistance in voting

your shares, please call our proxy solicitor,

INNISFREE M&A INCORPORATED

TOLL-FREE, at 1-888-750-5834.

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nt-family:Times New Roman" SIZE="2">1,731 1,594.71 1,343.29 19,778.60 16,592.57

2016

2,888 1,961 1,702.83 1,193.85 20,952.71 14,865.77

1st Quarter

2,399.5 2,040.5 1,686.61 1,519.41 20,952.71 18,927.95

2nd Quarter

2,873.5 1,961 1,702.83 1,371.44 20,946.93 16,901.49

3rd Quarter

2,586 2,008.5 1,609.76 1,414.20 20,012.40 17,389.57

4th Quarter

2,888 2,265.5 1,544.73 1,193.85 18,951.12 14,865.77

Calendar Year 2015

December

	2,586	2,304.5	1,607.27	1,502.55	20,012.40	18,562.51
Calendar Year 2016						
January	2,581	2,265.5	1,544.73	1,301.49	18,951.12	16,017.26
February	2,888	2,472.5	1,463.79	1,193.85	17,905.37	14,865.77
March	2,730	2,462.5	1,384.35	1,284.50	17,291.35	15,857.37
April	2,760	2,422	1,412.98	1,250.77	17,613.56	15,471.80
May	2,864	2,642	1,380.88	1,289.01	17,251.36	15,975.47
June (through June 3, 2016)	2,796	2,705	1,374.37	1,329.53	17,145.94	16,525.47

*1 As we conducted a 1:100 stock split with an effective date of October 1, 2013, figures provided for TSE are adjusted accordingly.

*2 Since TSE introduced the sub-yen tick sizes for TOPIX100 stocks on July 22, 2014 (¥0.5 tick sizes was introduced between ¥1,000 and ¥5,000), the stock prices from 2nd quarter of fiscal year ended March 31, 2015 contain decimals.

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Since March 2002, our American Depositary Shares have been listed on the NYSE. On June 3, 2016, the closing sale price of American Depositary Shares on the NYSE was $25.40 per share. The following table lists the reported high and low sale prices of our American Depositary Shares on the NYSE for the periods indicated:

	NYSE (U.S. dollars)	
Fiscal Year ended March 31,	**High**	**Low**
2012	19.55	16.56
2013	17.49	13.81
2014	16.74	14.58
2015	18.64	14.42
1st Quarter	17.35	15.02
2nd Quarter	18.10	16.62
3rd Quarter	17.12	14.60
4th Quarter	18.64	14.42
2016	23.91	16.55
1st Quarter	19.34	17.24
2nd Quarter	22.64	16.55
3rd Quarter	20.94	17.02
4th Quarter	23.91	19.43
Calendar Year 2015		
December	20.94	19.10
Calendar Year 2016		
January	22.81	19.43
February	23.91	22.24
March	23.85	22.24
April	25.16	22.25
May	25.99	24.33
June (through June 3, 2016)	25.42	24.82

B. Plan of Distribution

Not applicable.

C. Markets

See A. Offer and Listing Details in Item 9 of this annual report for information on the markets on which our common stock is listed or quoted.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

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Item 10. Additional Information

A. Share Capital
Not applicable.

B. Memorandum and Articles of Association
1. Objects and Purposes in Our Articles of Incorporation

Article 2 of our Articles of Incorporation, which are attached as an exhibit to this annual report, state our purposes, which include engaging in the telecommunications business, other businesses related to the operation of a wireless telecommunication services provider and non-related businesses.

2. Provisions Regarding Our Directors

There is no provision in our Articles of Incorporation as to a director s power to vote on a proposal, arrangement or contract in which a director is materially interested, but, under the Companies Act, a director is required to refrain from voting on such matters at meetings of the Board of Directors.

The Companies Act provides that compensation for directors is fixed by resolution of a general meeting of shareholders of a company. Within the upper limit approved by the shareholders meeting, the Board of Directors will determine the amount of compensation for each directors. The Board of Directors may, by its resolution, leave such decision to the discretion of the Company s president.

The Companies Act provides that the incurrence by a company of a significant loan from a third party should be approved by a resolution of the Company s Board of Directors. Our Regulations of the Board of Directors have adopted this policy.

There is no mandatory retirement age for our directors under the Companies Act or our Articles of Incorporation.

There is no requirement concerning the number of shares one individual must hold in order to qualify him or her as a director of NTT DOCOMO, INC. under the Companies Act or our Articles of Incorporation.

3. Holding of Our Shares by Foreign Investors

There are no limitations on the rights of non-residents or foreign shareholders to hold or exercise voting rights on our shares imposed by the Companies Act or our Articles of Incorporation or our other constituent documents.

4. Rights of Our Shareholders

The following section contains certain information relating to the shares, including summaries of certain provisions of our Articles of Incorporation and Share Handling Regulations and of the Companies Act relating to joint stock corporations.

General
At present, our authorized share capital is 17,460,000,000 shares with no par value of which 3,958,543,000 shares have been issued. All issued shares are fully paid and non-assessable.

On January 5, 2009, a new central clearing system for shares of Japanese listed companies was established pursuant to the Act on Book-Entry of Company Bonds, Shares, etc. of Japan (including the cabinet order and ministerial ordinances promulgated thereunder; the Act on Book-Entry), and since then the shares of all

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Japanese companies listed on any Japanese financial instruments exchange, including our shares, have become subject to this new system. On the same day, all existing shares were dematerialized and all existing share certificates for such shares became null and void. At present, the Japan Securities Depository Center, Incorporated (JASDEC) is the sole institution that is designated by the relevant authorities as a book-entry transfer institution which is permitted to engage in the clearing operations of shares of Japanese listed companies under the Act on Book-Entry, under the new clearing system, in order for any person to hold, sell or otherwise dispose of shares of Japanese listed companies, such person must have an account at an account management institution unless such person has an account directly at JASDEC. Account management institutions are, in general, financial instruments firms engaged in type 1 financial instruments business (i.e., securities brokers/dealers), banks, trust companies and certain other financial institutions which meet the requirements prescribed by the Act on Book-Entry.

Under the Act on Book-Entry, any transfer of shares is effected through book entry, and title to the shares passes to the transferee at the time when the number of the shares to be transferred is, by an application for book entry, recorded in the transferee s account at an account management institution. The holder of an account at an account management institution is presumed to be the legal owner of the shares recorded in such account.

Under the Companies Act and the Act on Book-Entry, in order to assert shareholders rights against us, a shareholder must have its name and address registered in the register of shareholders, except in limited circumstances. Although, in general, holders of an account with shares recorded are to be registered in the register of shareholders on the basis of information notified by JASDEC to us at certain prescribed time, in order to exercise minority shareholders rights (other than those for which the record dates are fixed) against us, a holder of an account with shares needs to make an application though an account management institution to JASDEC, which will then give a notice of the name and address of such holder, the number of shares held by such holder and other requisite information to us, and to exercise rights within four weeks from such notice.

The registered beneficial holder of deposited shares underlying the ADSs is the depositary for the ADSs. Accordingly, holders of ADSs will not be able to directly assert shareholders rights against us.

Dividends

Dividends on our shares are generally distributed in proportion to the number of shares owned by each shareholder.

In Japan, the ex-dividend date and the record date for any dividend precede the date of determination of the amount of the dividend to be paid. Generally, the ex-dividend date is two business days prior to the record date.

Under the Companies Act, we are permitted to make distributions of surplus to our shareholders any number of times per fiscal year pursuant to resolutions of our general meeting of shareholders, subject to certain limitations described below. Distributions of surplus are required, in principle, to be authorized by a resolution of the general meeting of shareholders. In an exception to the above rule, we are permitted to make distributions of surplus in cash to our shareholders by board resolution once per fiscal year if our Articles of Incorporation so provide. Currently, our Articles of Incorporation so provide. This exception is intended to make it possible to distribute an interim dividend.

We are also permitted to make distributions of surplus pursuant to a board resolution if certain requirements under the Companies Act are met, including that our Articles of Incorporation provide that the Board of Directors may determine to distribute surplus. Currently, our Articles of Incorporation do not so provide. Accordingly, distributions of our surplus must be approved by a general meeting of shareholders.

Distributions of surplus may be made in cash or in-kind in proportion to the number of shares held by each shareholder. If a distribution of surplus is to be made in-kind, we may, pursuant to a general meeting of shareholders resolution, or as the case may be, a board resolution, grant our shareholders a right to require us to

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make the distribution in cash instead of in-kind. If no such right is granted, the relevant distribution must be approved by a special resolution of a general meeting of shareholders (see Voting Rights). Currently, we do not have any concrete plan to make a distribution of surplus in-kind.

Under the Companies Act, when we make a distribution of surplus, we must set aside in our additional paid-in capital or legal reserves an amount equal to one-tenth of the amount of surplus so distributed, until the sum of our additional paid-in capital and legal reserves reaches one-quarter of our stated capital as required by an ordinance of the Ministry of Justice.

Under the Companies Act, we may distribute any dividends up to the amount of the aggregate of (a) and (b) below, less the aggregate of (c) through (f) below, on an unconsolidated basis, as of the effective date of such distribution, if our net assets are not less than ¥3,000,000:

(a) the amount of surplus, as described below;

(b) in the event that extraordinary financial statements as of, or for a period from the beginning of the fiscal year to, the specified date are approved, the aggregate amount of (i) the amount of the current net income for such period described in the profit and loss statement included in the extraordinary financial statements and (ii) the amount of consideration that we received for the treasury stock that we disposed of during such period;

(c) the book value of our treasury stock;

(d) in the event that we disposed of treasury stock after the end of the previous fiscal year, the amount of consideration that we received for such treasury stock;

(e) in the event of that which is described in (b) in this paragraph, the aggregate amount of current net loss for such period described in the profit and loss statement included in the extraordinary financial statements; and

(f) the aggregate amount of accounts provided for in an ordinance of the Ministry of Justice.

For the purposes of this section, the amount of surplus is the excess of the aggregate of I. through IV. below, less the aggregate of V. through VII. below, on an unconsolidated basis:

I. the total amount of (x) assets and (y) the book value of treasury stock less the total amount of (i) liabilities, (ii) stated capital, (iii) additional paid-in capital, (iv) legal reserve and (v) certain other amounts set forth in an ordinance of the Ministry of Justice;

II. in the event that we disposed of treasury stock after the end of the previous fiscal year, the difference between the book value of such treasury stock and the consideration that we received for such treasury stock;

III. in the event that we reduced our stated capital after the end of the previous fiscal year, the amount of such reduction less the portion thereof that has been transferred to additional paid-in capital and/or the legal reserve (if any);

IV. in the event that additional paid-in capital and/or legal reserves were reduced after the end of the previous fiscal year, the amount of such reduction less the portion thereof that has been transferred to stated capital (if any);

V. in the event that we canceled treasury stock after the end of the previous fiscal year, the book value of such treasury stock;

VI. in the event that we distributed dividends after the end of the previous fiscal year, the aggregate of the following amounts:
a. the aggregate amount of the book value of the distributed assets, excluding the book value of such assets that would be distributed to shareholders for their exercise of the right to receive dividends in cash instead of dividends in kind;

b. the aggregate amount of cash distributed to shareholders who exercised the right to receive dividends in cash instead of dividends in kind; and

c. the aggregate amount of cash paid to shareholders holding fewer shares that was required in order to receive dividends in kind;

VII. the aggregate amounts of a. through d. below, less e. and f. below:

a. in the event that the amount of surplus was reduced and transferred to additional paid-in capital, the legal reserve and/or stated capital after the end of the previous fiscal year, the amount so reduced;

b. in the event that we distributed dividends after the end of the previous fiscal year, the amount set aside in additional paid-in capital and/or legal reserve;

c. in the event that we disposed of treasury stock in the process of (x) a merger in which we succeeded all rights and obligations of a merged company, (y) a corporate split in which we succeeded all or a part of the rights and obligations of a split company or (z) a share exchange in which we acquired all shares of a company after the end of the previous fiscal year, the difference between the book value of such treasury stock and the consideration that we received for such treasury stock;

d. in the event that we reduced the amount of surplus in the process of a corporate split (including absorption-type corporate split and incorporation-type corporate split) in which we became a split company after the end of the previous fiscal year, the amount so reduced;

e. in the event that we made (x) a merger in which we succeeded all rights and obligations of a merged company, (y) a corporate split in which we succeeded all or a part of the rights and obligations of a split company or (z) a share exchange in which we acquired all shares of a company after the end of the previous fiscal year, the aggregate amount of (i) the amount of our capital surplus after such merger, corporate split or share exchange, less the amount of our capital surplus before such merger, corporate split or share exchange, and (ii) the amount of our retained earnings after such merger, corporate split or share exchange, less the amount of our retained earnings before such merger, corporate split or share exchange; and

f. in the event that the amount of capital surplus increased in accordance with the provisions of an ordinance of the Ministry of Justice after the end of the previous fiscal year, such increased amount.

Under the Companies Act, we will be permitted to prepare non-consolidated extraordinary financial statements consisting of a balance sheet as of any date subsequent to the end of the previous fiscal year and an income statement for the period from the first day of the current fiscal year to the date of such balance sheet. If we prepare such extraordinary financial statements, special provisions may apply to the calculation of distributable amount.

We plan to make distributions of surplus twice per fiscal year, if possible. The record date for annual dividends is March 31 and the record date for interim dividends is September 30. Under the Act on Book-Entry, holders of account with shares recorded as of the respective record dates are deemed to be registered in the register of shareholders as of such record dates on the basis of information notified by JASDEC to us.

For information as to Japanese taxes on dividends, see E. Taxation Japanese Taxation in Item10.

Capital and Reserves

An increase in our authorized share capital is only possible pursuant to an amendment of our articles of incorporation.

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The entire paid-in amount of new shares is required to be accounted for as stated capital, although we may account for an amount not exceeding one-half of such paid-in amount as additional paid-in capital. We may at any time reduce the whole or any part of our additional paid-in capital and legal reserve or transfer them to stated capital by resolution of a general meeting of shareholders.

Stock Splits

We may at any time split our issued shares into a greater number of shares by resolution of the Board of Directors. So long as the shares are our only class of issued shares, we may increase the number of authorized shares in the same ratio as that of any stock split by amending our Articles of Incorporation, which amendment may be effected by board resolution without shareholder s approval.

Under the Act on Book-Entry, we must give notice to JASDEC regarding a stock split at least 2 weeks prior to the relevant record date. On the effective date of the stock split, the numbers of shares recorded in all accounts held by our shareholders at account management institutions or at JASDEC will be increased in accordance with the applicable ratio.

Consolidation of Shares

Generally, we may consolidate shares into a smaller number of shares by a special resolution of a general meeting of shareholders. A company that conducts a consolidation of shares is required by the Companies Act to give public notice to its shareholders in order to inform them of the ratio and effective date of the consolidation of shares.

Under the Act on Book-Entry, we must give notice to JASDEC regarding a consolidation of shares at least two weeks prior to the relevant record date. On the effective date of the consolidation of shares, the number of shares recorded in all accounts held by our shareholders at account management institutions or at JASDEC will be decreased in accordance with the applicable ratio.

Unit Share System

Effective from October 1, 2013, the unit share system has been introduced pursuant to the amendments to our articles of incorporation that were approved by a resolution of the Board of Directors of April 26, 2013 and 100 shares constitute one unit of shares. Under the unit share system, shareholders have, at general meetings of shareholders, one vote for each unit of shares held by them, and shares constituting less than a full unit carry no voting rights. Our articles of incorporation provide that holders of shares constituting less than a full unit do not have shareholder rights, except for those specified in the Companies Act or an ordinance of the Ministry of Justice which include rights (i) to receive dividends, (ii) to receive cash or other assets in the case of a consolidation or split of shares, share exchange (*kabushiki-kokan*), share transfer (*kabushiki-iten*), or merger and (iii) to be allotted rights to subscribe for new shares and stock acquisition rights for free when such rights are granted to shareholders. Holders of shares constituting less than a full unit may at any time request that we purchase such shares constituting less than a full unit at their market price in accordance with our share handling regulations. In addition, holders of shares constituting less than a full unit may require that we sell them such number of shares, that, when combined with the number of shares already held by such holder, constitute a whole unit of shares; provided that we be obliged to comply with such request only when there is a sufficient number of treasury shares to accommodate such request. As prescribed in the share handling regulations, such requests must be made through an account management institution and JASDEC pursuant to the rules set by JASDEC without going through the notification procedure required for the exercise of shareholders rights to which shareholders are entitled regardless of record dates. The Board of Directors may reduce the number of shares constituting one unit or cease to use the unit share system by amendments to the articles of incorporation without shareholders approval even though amendments to the articles of incorporation generally require a special resolution adopted at the general meeting of shareholders.

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Under the new book-entry transfer system described above, shares constituting less than a full unit are transferable. Under the rules of the Japanese financial instruments exchanges, however, shares constituting less than a full unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on the Japanese financial instruments exchanges.

General Meeting of Shareholders

The ordinary general meeting of our shareholders is usually held in June of each fiscal year in Tokyo. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary. Notice of a shareholders meeting stating the purpose thereof and a summary of the matters to be acted upon must be dispatched to each shareholder having voting rights (or, in the case of a non-resident shareholder, to his or her mailing address or standing proxy in Japan) at least two weeks prior to the date set for the meeting. The record date for an ordinary general meeting of shareholders is March 31.

Under the Companies Act and our Articles of Incorporation, any shareholder of record as of the relevant record date who is holding 300 or more voting rights or 1 percent or more of the total number of voting rights for six months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a written request to our director at least eight weeks prior to the date of such meeting. To the contrary, under the Act on Book-Entry, such shareholder is not required to be registered in the register of shareholders when exercising the right of proposal, but such shareholder is required to make an application though an account management institution to JASDEC, which will then give us notice of the name and address of such shareholder, the number of shares held by such shareholder and other requisite information, and to exercise the right of proposal within four weeks from such notice.

Voting Rights

Generally, a holder of our shares is entitled to one vote for each one unit of shares (100 shares). Except as otherwise provided in law and our Articles of Incorporation, a resolution can be adopted at a meeting of shareholders by shareholders holding a majority of our shares having voting rights represented at such meeting. Shareholders may also exercise their voting rights through proxies, provided that a proxy is one of our shareholders or that in the case of a shareholder being a government or a juridical person, its proxy may be its employee. Shareholders who intend to be absent from the shareholders meeting may exercise their voting rights in writing or by electronic means. The Companies Act and our Articles of Incorporation provide that the quorum for appointment of directors and audit & supervisory board members shall not be less than one-third of the total number of the voting rights represented at the meeting. Our Articles of Incorporation provide that shares may not be voted cumulatively for the appointment of directors.

Under the Companies Act and our Articles of Incorporation, certain corporate actions must be approved by a special resolution of our meeting of shareholders, when the quorum is one-third of the total number of shares having voting rights and the approval of the holders of not less than two-thirds of our shares having voting rights represented at the meeting is required. Examples of corporate actions that require a special resolution are:

- any amendment of our articles of incorporation (except for amendments that may be authorized solely by the Board of Directors under the Companies Act);

- a reduction of stated capital (except for a reduction of stated capital for the purpose of replenishing capital deficiencies at the day of the ordinary general meeting);

- a distribution by us of surplus in-kind, if we do not grant shareholders the right to require us to effect the distribution in cash, instead of in-kind;

- a dissolution or a merger, subject to a certain exception under which a shareholders resolution is not required;

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- the transfer of the whole or an important part of the business, except for the transfer of an important part of the business in which the book value of transferred assets does not exceed 20% of that of the Company s total assets;
- the taking over of the whole of the business of any other corporation;
- a share exchange or share transfer for the purpose of establishing a parent and wholly owned subsidiary relationship, subject to a certain exception under which a shareholders resolution is not required;
- a company split, subject to a certain exception under which a shareholders resolution is not required;
- the offering of shares at a specially favorable price and any offering of stock acquisition rights or bonds with stock acquisition rights at a specially favorable price or in a specially favorable condition to any persons other than shareholders; and
- any purchase of the Company s own shares from a certain person.

The voting rights of holders of ADSs are exercised by the depositary based on instructions from those holders. With respect to voting by holders of ADSs, please see Exhibit 1 of the Registration Statement on Form F-6 (File No. 333-134940) filed on September 16, 2013.

Liquidation Rights

In the event of our liquidation, the assets remaining after payment of all taxes, liquidation expenses and debts will be distributed among the shareholders in proportion to the respective number of shares which they hold.

Issue of Additional Shares and Pre-emptive Rights

Shareholders have no pre-emptive rights. Authorized but unissued shares may be issued at such times and upon such terms as the Board of Directors determines, by its resolution subject to the limitations as to the offering of shares at a specially favorable price mentioned above. Under the Companies Act, the Board of Directors may, however, determine to grant shareholders subscription rights in connection with a particular issue of shares. Any such subscription rights must be granted on uniform terms to all shareholders on a *pro rata* basis. In addition, we are required to notify each shareholder of certain matters regarding such subscription rights, as well as the date by which shareholders need to exercise such rights.

We may issue stock acquisition rights or bonds with stock acquisition rights in relation to which stock acquisition rights are non-separable. Except where the issue of stock acquisition rights would be on specially favorable terms or price, the issue of stock acquisition rights or of bonds with stock acquisition rights may be authorized by a resolution of the Board of Directors. Upon exercise of the stock acquisition rights, the holder of such rights may, subject to the terms and conditions thereof, either acquire shares by paying the applicable exercise price or, if so determined by a resolution of the Board of Directors, by making a substitute payment, such as having bonds redeemed without payment to the holder in lieu of the exercise price.

Dilution

It is possible that, in the future, market conditions and other factors might make subscription rights allocated to shareholders desirable at a subscription price substantially below their current market price, in which case shareholders who do not exercise and are unable otherwise to realize the full value of their subscription rights will suffer dilution of their equity interest in us. As of March 31, 2016, we have not issued stock acquisition rights or bond with stock acquisition rights.

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Report to Shareholders

We furnish to our shareholders notices of shareholders meetings, annual business reports, including non-consolidated and consolidated financial reports, and notices of resolutions adopted at the shareholders meetings, in Japanese and English translation. Such notices as described above may be given by electronic means to those shareholders who have agreed to such method of notice.

Record Date

In addition to the record dates for an ordinary general meeting of shareholders and annual and interim dividends which are provided for in our Articles of Incorporation, by a resolution of the Board of Directors and after giving at least two weeks prior public notice, we may at any time set a record date in order to determine shareholders who are entitled to certain rights pertaining to the shares.

Under the Act on Book-Entry, we are required to give notice of each record date to JASDEC at least two weeks prior to such record date. JASDEC is required to promptly give us notice of the names and addresses of all of our shareholders of record, the numbers of shares held by them and other relevant information as of such record date.

Repurchase of our Own Shares

Under the Companies Act, we are generally required to obtain authorization for any acquisition of our own shares by means of:

(i) a resolution at a general meeting of shareholders;

(ii) a resolution of the Board of Directors if the acquisition is in accordance with our Articles of Incorporation; or

(iii) a resolution of the Board of Directors if the acquisition is to purchase our shares from a subsidiary.

We may only dispose of shares we may so acquire in accordance with the procedures applicable to a new share issuance under the Companies Act.

Upon due authorization, we may acquire our own shares:

- in the case of (i) and (ii) above:
  - through the stock exchanges on which the shares are listed or the over-the-counter markets on which the shares are traded; or
  - by way of tender offer;
- in the case of (i) above, from a specific person, but only if our shareholders approve this acquisition by special resolution; and
- in the case of (iii) above, from the subsidiary.

In the event we are to acquire our own shares from a specific person other than a subsidiary at the price which exceeds market price, each other shareholder may request us to acquire the shares held by such shareholder as well.

Acquisitions described in (i) and (ii) above must satisfy certain other requirements, including that the total amount of the purchase price may not exceed the distributable amount.

Shareholders of Unknown Location

We are not required to send a notice to a shareholder if a notice to such shareholder fails to arrive at the registered address of the shareholder in our register of shareholders or at the address otherwise notified to us continuously for five years or more.

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In addition, we may dispose of the shares at the then market price of the shares and hold or deposit the proceeds for such shareholder, the location of which is unknown, (i) notices to the shareholders fails to arrive continuously for five years or more at the registered address of the shareholder in our register of shareholders or at the address otherwise notified to us, and (ii) the shareholder fails to receive dividends on the shares continuously for five years or more at the address registered in our register of shareholders or at the address otherwise notified to us.

American Depositary Receipts

The current ADS/share ratio is one ADS per each share of common stock*.

For further information regarding our American Depositary Receipt program, please refer to Exhibit 1 of the Registration Statement on Form F-6 (File No.333-134940) filed on September 16, 2013.

* We changed the ratio of ADS to underlying shares in accordance with the stock split effectuated on October 1, 2013, where each of our common shares were split at a ratio of 1:100 as of the effective date.

Reporting of Substantial Shareholdings

The Financial Instruments and Exchange Act of Japan and its related regulations require any person who has become, solely or jointly, a holder of more than 5% of the total issued shares of a company that is listed on any Japanese financial instruments exchange, to file a report with the director of the competent Local Finance Bureau of the Ministry of Finance within five business days from the date of becoming such holder. With certain exceptions, a similar report must also be filed in respect of any subsequent change of 1% or more in the holding or of any change specified in the ordinance in material matters set out in any previously-filed reports. For this purpose, shares issuable upon exercise of stock acquisition rights are taken into account in determining both the number of shares held by the holder and the issuer s total issued shares. Copies of each report must also be furnished to the issuer of the shares and to all Japanese financial instruments exchanges on which the shares are listed. These reports are made available for public inspection.

Daily Price Fluctuation Limits under Japanese Financial Instruments Exchange Rules

Share prices on Japanese financial instruments exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges set daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day s closing price or special quote. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

On June 3, 2016, the closing price of our shares on the Tokyo Stock Exchange was ¥2,743 per share. The following table shows the daily price limit for a stock on the Tokyo Stock Exchange with a closing price of between ¥2,000 and ¥3,000 per share, as well as the daily price limit if our per share price were to rise to between ¥3,000 and ¥5,000, or fall to between ¥1,500 and ¥2,000.

Selected Daily Price Limits

Previous Day s Closing Price or Special Quote				Maximum Daily Price Movement
Over	¥ 1,500	Less than	¥ 2,000	¥ 400
Over	2,000	Less than	3,000	500
Over	3,000	Less than	5,000	700

For a history of the trading price of our shares on the Tokyo Stock Exchange, see Item 9.A.

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C. Material Contracts

We have not entered into any material contracts (which would present any significant impact on our financial condition), other than in the ordinary course of business.

D. Exchange Controls

There are no laws, decrees, regulations or other legislation which materially affect our ability to import or export capital for our use or our ability to pay dividends to nonresident holders of our shares.

E. Taxation

1. United States Federal Income Taxation

This section describes the material United States federal income tax consequences of owning shares or ADSs. It applies to you only if you are a U.S. holder (as defined below) and hold your shares or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a tax-exempt organization;
- a life insurance company;
- a person liable for alternative minimum tax;
- a person that actually or constructively owns 10% or more of our voting stock;
- a person that holds shares or ADSs as part of a straddle or a hedging or a conversion transaction;
- a person that purchases or sells shares or ADSs as part of a wash sale for tax purposes; or
- a person whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the Convention Between the Government of the United States of America and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the Treaty). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of The Bank of New York Mellon as depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

If a partnership holds shares or ADSs, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the shares or ADSs should consult its tax advisor with regard to the United States federal income tax treatment of an investment in shares or ADSs.

In general, and taking into account the earlier assumptions, for United States federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to United States federal income tax.

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For purposes of United States federal income taxation, you are treated as a U.S. holder if 1) you are a beneficial owner of shares or ADSs and 2) you are, for United States federal income tax purposes:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust s administration and one or more United States persons are authorized to control all substantial decisions of the trust.

You should consult your own tax advisor regarding the United States federal, state and local and the Japanese and other tax consequences of owning and disposing of shares and ADSs in your particular circumstances.

2. Taxation of Dividends

Under the United States federal income tax laws, and subject to the passive foreign investment company rules discussed below, if you are a U.S. holder, the gross amount of any dividend paid by us out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. If you are a non-corporate U.S. holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends paid by us with respect to our shares or ADSs generally will be qualified dividend income. You must include any Japanese tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when you, in the case of shares, or the depositary, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the Japanese yen payments made, determined at the spot Japanese yen/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. In general, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a nontaxable return of capital to the extent of your basis in the shares or ADSs and thereafter as capital gain. However we do not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, you should expect to generally treat distributions we make as dividends.

Subject to certain limitations, the Japanese tax withheld in accordance with the Treaty and paid over to Japan will be creditable or deductible against your United States federal income tax liability. To the extent a refund of the tax withheld is available to you under Japanese law or under the Treaty, the amount of tax that is refundable will not be eligible for credit against your United States federal income tax liability. Please see Japanese Taxation, below, for the procedures for obtaining a reduced rate of withholding under the Treaty or a tax refund. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. Dividends will generally be income from sources outside the United States and will, depending on your circumstances, generally be either passive or general income for purposes of computing the foreign tax credit allowable to you.

Distributions of additional shares to you with respect to shares or ADSs that are made as part of a *pro rata* distribution to all of our shareholders generally will not be subject to United States federal income tax. Your

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basis in the new shares or ADSs received will be determined by allocating your basis in the shares or ADSs you held at the time of the distribution between the new shares or ADSs and the shares or ADSs you held at the time of the distribution based on their relative fair market values on the date of the distribution.

Taxation of Capital Gains

Subject to the passive foreign investment company rules discussed below, if you are a U.S. holder and you sell or otherwise dispose of your shares or ADSs, you will recognize capital gain or loss for the United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your shares or ADSs. Capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Rules

We believe that our shares and ADSs should not be treated as stock of a passive foreign investment company, or PFIC, for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, unless a U.S. holder were to elect to be taxed annually on a mark-to-market basis with respect to the shares or ADSs, gain realized on the sale or other disposition of your shares or ADSs would in general not be treated as capital gain. Instead, if you are a U.S. holder, you would be treated as if you had realized such gain and certain excess distributions ratably over your holding period for the shares or ADSs and would generally be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, your shares or ADSs will be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your shares or ADSs. In addition, dividends that you receive from us will not be eligible for the special tax rates applicable to qualified dividend income if we are treated as a PFIC either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

3. Japanese Taxation

The following is a summary of the principal Japanese tax consequences to owners of our shares or ADSs who are non-resident individuals or non-Japanese corporations without a permanent establishment in Japan to which income from our shares is taxable. The tax treatment is subject to possible changes in the applicable Japanese laws or double taxation conventions occurring after the date of this annual report. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor. Potential investors should consult their own tax advisors as to:

- the overall tax consequences of the acquisition, ownership and disposition of shares or ADSs, including specifically the tax consequences under Japanese law;
- the laws of the jurisdiction of which they are resident; and
- any tax treaty between Japan and their country of residence.

Generally, a non-resident individual or a non-Japanese corporation as a holder of shares or ADSs is subject to Japanese withholding tax on dividends paid by us. In the absence of any applicable tax treaty, convention or agreement reducing the maximum rate of withholding tax, the rate of Japanese withholding tax applicable to dividends paid by us to a non-resident individual of Japan or a non-Japanese corporation is 20.42% (up to December 31, 2037, which rate of Japanese withholding tax includes the Special Reconstruction Income Tax, which is described below) and will be 20% after December 31, 2037. With respect to dividends paid on listed shares issued by a Japanese corporation (such as our shares) to a non-resident individual of Japan or a non-Japanese corporation, the aforementioned 20.42% or 20% withholding tax rate is reduced to (i) 15.315% for

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dividends to be due and payable on or before December 31, 2037, and (ii) 15% for dividends to be due and payable thereafter. This tax reduction is not available for a non-resident individual who holds 3% or more of the issued shares of a Japanese corporation. For the purpose of this paragraph, the Special Reconstruction Income Tax is a special surtax at the rate of 2.1% imposed on individuals and corporations (whether residents or non-residents of Japan, or Japanese corporations or non-Japanese corporations) up to December 31, 2037 for reconstruction funding after the Great East Japan Earthquake. This special surtax is applicable to various income taxes including withholding tax on dividends and the amount of such special surtax is calculated by multiplying the amount of the original income tax by the surtax rate of 2.1%. In consequence, the amount of the aggregate withholding tax on dividends will be the original amount of such withholding tax plus the original amount multiplied by the surtax rate (i.e. 102.1% of the original amount). Japan has income tax treaties whereby the withholding tax rate is provided not to exceed the prescribed rate, which is generally 15% or 10%, for portfolio investors. 15% is applied under the income tax treaties with, among others, Belgium, Canada, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway, Singapore and Spain, and 10% is applied under the income tax treaties with Australia, France, Hong Kong, Kuwait, The Netherlands, Portugal, Saudi Arabia, Sweden, Switzerland, the United Kingdom, the United States and United Arab Emirates. In addition, under the income tax treaty between the United States and Japan, dividends paid to pension funds of qualified United States residents eligible to enjoy treaty benefits are exempt from Japanese income taxation by way of withholding or otherwise unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension funds. Under the income tax treaties between Japan and the United Kingdom, The Netherland, and Switzerland, similar treatment will be applied to dividends. Under Japanese tax law, any reduced maximum rate applicable under a tax treaty shall be available when such maximum rate is below the rate otherwise applicable under the Japanese tax law referred to in the preceding paragraph with respect to the dividends to be paid by us on the shares.

Non-resident holders who are entitled to a reduced rate of Japanese withholding tax on payments of dividends on the shares by us are required to submit an Application Form for the Income Tax Convention regarding Relief from Japanese Income Tax on Dividends in advance through us to the relevant tax authority before the payment of dividends. A standing proxy for non-resident holders may provide the application. In this regard, a certain simplified special filing procedure is available for non-resident holders of listed shares to claim treaty benefits of exemption from or reduction of Japanese withholding tax, with respect to dividends to be due and payable on or after January 1, 2014, by submitting a Special Application Form for Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stocks. With respect to ADSs, this reduced rate is applicable if the depositary or its agent submits in duplicate two Application Forms for Income Tax Convention (one is FORM 4 subtitled Extension of Time for Withholding of Tax on Dividends with respect to Foreign Depositary Receipt to the payer of dividends, who has to file the original with the district director of tax office for the place where the payer resides, by the day before the payment of dividends and the other is FORM 5 subtitled Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends with respect to Foreign Depositary Receipt to the district director of tax office through the payer of Dividends in 8 months from the day following the base date of payment of dividends for application purposes for which FORM 4 has been submitted). To claim this reduced rate, a non-resident holder of ADSs will be required to file proof of taxpayer status, residence and beneficial ownership (as applicable) and to provide other information or documents as may be required by the depositary. Non-resident holders who do not submit an application in advance will generally be entitled to claim a refund from the relevant Japanese tax authority of withholding taxes withheld in excess of the rate of an applicable tax treaty.

Gains derived from the sale of shares or ADSs outside Japan, or from the sale of shares within Japan by a non-resident holder, generally are not subject to Japanese income or corporation taxes provided that such gains are from portfolio investments where the shareholding ratio is within certain prescribed level.

Japanese inheritance and gift taxes at progressive rates may be payable by an individual who has acquired shares or ADSs as a legatee, heir or donee, even if the individual is not a Japanese resident.

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F. Dividends and Paying Agents
Not applicable.

G. Statement by Experts
Not applicable.

H. Documents on Display
We have filed with the SEC this annual report on Form 20-F under the Securities Exchange Act of 1934 with respect to our shares and ADSs.

You may review a copy of the annual report and other information without charge at the SEC s public reference room at 100 F Street, NE., Washington, D.C. 20549. You may also obtain copies of all or any portion of the annual report from the public reference room. For information regarding the procedures of the public reference room, please call the SEC at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy statements and other information regarding registrants that file electronically with the SEC.

As a foreign private issuer, we are exempt from the rules under the Securities Exchange Act of 1934 prescribing the furnishing and content of proxy statements to shareholders.

I. Subsidiary Information
Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

We are primarily exposed to market risks from changes in interest rates, foreign currency exchange rates and stock prices. The fair value of our assets and liabilities, our earnings and cash flows may be negatively impacted by these market risks.

To manage these risks, we use derivative instruments such as interest rate swap agreements, foreign exchange forward contracts, foreign currency option contracts, etc. as needed. The derivative instruments are executed with creditworthy financial institutions and our management believes that there is little risk of default by these counterparties. We set and follow internal regulations that establish conditions to enter into derivative contracts and procedures for approving and monitoring such contracts.

No specific hedging activities are taken against the fluctuations in prices of marketable securities.

Interest rate risk

We may use interest rate swap transactions from time to time in certain cases, under which we receive fixed rate interest payments and pay floating rate interest payments, to hedge the changes in fair value of certain debt as a part of our asset-liability management.

We were not a counterparty to any interest rate swap arrangements designated as instruments hedging the changes in fair value as of March 31, 2015 and 2016 and did not enter into any interest rate swaps designated as instruments hedging the changes in fair value for the fiscal years ended March 31, 2015 and 2016.

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The following table below provides information about financial instruments that are sensitive to changes in interest rates:

	Weighted Average Interest Rate (per annum)	Millions of yen Expected Maturity Year ending March 31, 2017	2018	2019	2020	2021	Thereafter	Total	Fair value 3/31/16
DEBT									
Corporate bonds									
Japanese Yen Bonds	1.2%		¥ 60,000	¥ 110,000			¥ 50,000	¥ 220,000	¥ 227,517
Borrowings from banks and others									
Japanese Yen Loans	0.9%	200	200					400	402
Long term debt, including current portion Total		¥ 200	¥ 60,200	¥ 110,000			¥ 50,000	¥ 220,400	¥ 227,919

Foreign exchange risk

In order to mitigate foreign currency risks we engage in foreign currency hedge and option transactions. As of March 31, 2016, the foreign exchange forward contracts outstanding totaled ¥2,965 million, with an unrealized gain of ¥11 million. As of March 31, 2016, the foreign currency option contracts outstanding totaled ¥63,652 million, with an unrealized loss of ¥2,415 million.

Investment price risk

The fair values of certain investments of ours, primarily in marketable securities, expose us to fluctuation risks of securities prices. In general, we have invested in highly-liquid and low-risk instruments, which are not held for trading purposes. These investments are subject to changes in the market prices of the securities. The following table below provides information about our market sensitive marketable securities:

	Millions of yen March 31, 2016 Carrying Amount	Fair Value
Equity securities available-for-sale	¥ 170,477	¥ 170,477
Debt securities available-for-sale		
Total	¥ 170,477	¥ 170,477

Concentrations of credit risk

As of March 31, 2016, the amount of other receivables resulting from the sale of receivables to NTT FINANCE was ¥283,274 million, and the amount of receivables held for sale was ¥1,237,437 million. For information regarding our transactions with NTT FINANCE, see Notes to Consolidated Financial Statements Related Party Transactions in Note 15.

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Item 12. Description of Securities Other than Equity Securities

Fees payable by ADR Holders

The following table shows the fees and charges that a holder of our ADR may have to pay, either directly or indirectly:

Services	Fees[USD]
Taxes and other governmental charges	As applicable
Such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Issuer or Foreign Registrar and applicable to transfers of Shares to the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder	As applicable
Such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement	As applicable
Such expenses as are incurred by the Depositary in the conversion of Foreign Currency	As applicable
The execution and delivery of Receipts and the surrender of Receipts	$5.00 or less per 100 ADS
Any cash distribution made pursuant to the Deposit Agreement	$0.02 or less per ADS
The distribution of securities, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a results of the deposit of such securities, but which securities are instead distributed by the Depositary to Owners.	As applicable

Fees paid to DOCOMO by the Depositary

The Bank of New York Mellon, as Depositary, has reimbursed DOCOMO for the New York Stock Exchange listing fees of $45,000 for the calendar year 2015. Furthermore, from April 1, 2015 to March 31, 2016, the Bank of New York Mellon has waived a total of $131,000 in fees associated with the administration of the ADR program, investor relations expenses and administrative fees for routine corporate actions such as, among others, proxy process fees and cash distribution process fees, in addition to their standard fees for providing investor relations information services.

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PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

1. Disclosure Controls and Procedures

The Company s management carried out an evaluation, with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of March 31, 2016 pursuant to the U.S. Securities Exchange Act of 1934. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures as of March 31, 2016 were effective.

2. Management s Report on Internal Control over Financial Reporting

The Company s management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the U.S. Securities Exchange Act of 1934. Internal control over financial reporting of the Company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of internal control to future periods are subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company s management evaluated the effectiveness of the Company s internal control over financial reporting as of March 31, 2016 by using the criteria set forth in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon this evaluation, our management concluded that the Company s internal control over financial reporting as of March 31, 2016 was effective.

Our independent registered public accounting firm, has issued an audit report on the effectiveness of our internal control over financial reporting as of March 31, 2016, which appears on page F-3 of this annual report on Form 20-F.

3. Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the year ended March 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our Audit & Supervisory Board has resolved to elect Ms. Eiko Tsujiyama as audit committee financial expert within the meaning of the rules of the Securities and Exchange Commission. In addition, Ms. Tsujiyama is an outside audit & supervisory board member under the Companies Act and is independent from us.

Item 16B. Code of Ethics

We have a code of ethics that applies to our chief executive officer, chief financial officer and other senior officers in order to promote honesty, integrity, transparency, and ethical conduct in such persons performance of their management responsibilities. Our code of ethics, as of June 24, 2016, is attached to this annual report on Form 20-F as exhibit 11.1.

Item 16C. Principal Accountant Fees and Services

Fees Paid to the Independent Auditor

The Company and its subsidiaries engaged KPMG AZSA LLC to perform an annual audit of the Company s financial statements.

The following table presents information concerning fees paid to KPMG AZSA LLC and its affiliates for the years ended March 31, 2015 and 2016.

	Millions of yen	
	Year ended March 31,	
	2015	2016
Audit fees [*1]	¥ 1,122	¥ **1,176**
Audit-related fees [*2]	3	**3**
Tax-related fees [*3]	48	**39**
All other fees [*4]	10	**76**
Total	¥ 1,183	¥ **1,294**

*1 These are fees for professional services performed by KPMG AZSA LLC and its affiliates for the audit of the Company and its subsidiaries annual financial statements and services that are normally provided in connection with statutory and regulatory filings.

*2 These are fees for assurance and related services rendered by these accountants that are reasonably related to the performance of the audit or review of the Company s and its subsidiaries financial statements and are not reported under audit fees.

*3 These are fees for professional services rendered by KPMG for tax returns and tax consultation services.

*4 These are fees for the services provided by KPMG AZSA LLC and its affiliates, other than the fees reported in paragraphs *1 through *3, such as providing guidance and counsel on International Financial Reporting Standards.

Pre-Approval of Services Provided by KPMG AZSA LLC and its affiliates

The Company and its subsidiaries have adopted policies and procedures for the Company s Board of Directors and the Audit & Supervisory Board s pre-approving all audit and non-audit work performed by KPMG AZSA LLC and its affiliates. Specifically, the policies and procedures prohibit KPMG AZSA LLC and its affiliates from performing any services for the Company or its subsidiaries without the prior approval of the Company s Board of Directors and the Audit & Supervisory Board.

For the fiscal year ended March 31, 2016, all of the services provided by KPMG AZSA LLC and its affiliates were approved by the Company s Board of Directors and the Audit & Supervisory Board pursuant to the approval policies described above, and none of such services were approved pursuant to the procedures described in Rule 2-01(c)(7)(i)(C) of Regulation S-X, which waives the general requirement for pre-approval in certain circumstances.

Item 16D. Exemptions from the Listing Standards for Audit Committees

With respect to the requirements of Rule 10A-3 under the Securities Exchange Act of 1934 relating to listed company audit committees, which apply to us through Section 303A.06 of the New York Stock Exchange s Listed Company Manual, we rely on an exemption provided by paragraph (c)(3) of that Rule available to foreign

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private issuers with audit & supervisory board members meeting certain requirements. For a New York Stock Exchange-listed Japanese company with an Audit & Supervisory Board, the requirements for relying on paragraph (c)(3) of Rule 10A-3 are as follows:

- The Audit & Supervisory Board must be established, and its members must be selected, pursuant to Japanese law requiring such a board for Japanese companies that elect to have a corporate governance system with audit & supervisory board members.
- Japanese law must and does require the Audit & Supervisory Board to be separate from the Board of Directors.
- None of the members of the Audit & Supervisory Board may be elected by management, and none of the listed company s executive officers may be a member of the Audit & Supervisory Board.
- Japanese law must and does set forth standards for the independence of the members of the Audit & Supervisory Board from the listed company or its management.
- The Audit & Supervisory Board, in accordance with Japanese law or the listed company s governing documents (such as Articles of Incorporation, Regulations of the Board of Directors and etc.), must be responsible, to the election of independent auditor and the extent permitted by Japanese law, for the appointment, retention and oversight of the work of any registered public accounting firm engaged (including, to the extent permitted by Japanese law, the resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed company, including its principal accountant which audits its consolidated financial statements included in its annual reports on Form 20-F.
- To the extent permitted by Japanese law:
  - the Audit & Supervisory Board must establish procedures for (i) the receipt, retention and treatment of complaints received by the listed company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by the listed company s employees of concerns regarding questionable accounting or auditing matters;
  - the Audit & Supervisory Board must have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties; and
  - the listed company must provide for appropriate funding, as determined by its Audit & Supervisory Board, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed company, (ii) compensation to any advisers employed by the Audit & Supervisory Board, and (iii) ordinary administrative expenses of the audit & supervisory board members that are necessary or appropriate in carrying out its duties.

In our assessment, our Audit & Supervisory Board, which meets the requirements for reliance on the exemption in paragraph (c)(3) of Rule 10A-3 described above, is not significantly different from an audit committee meeting all the requirements of paragraph (b) of Rule 10A-3 (without relying on any exemption provided by that Rule) at acting independently of management and performing the functions of an audit committee as contemplated therein.

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Item 16E. Purchases of Equity Securities by Issuer and Affiliated Purchasers

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased*	(b) Average Price Paid per Share (Yen)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 to 30, 2015	0		0	0
May 1 to 31, 2015	43	2,263.5	0	0
June 1 to 30, 2015	0		0	0
July 1 to 31, 2015	0		0	0
August 1 to 31, 2015	0		0	0
September 1 to 30, 2015	0		0	0
October 1 to 31, 2015	0		0	0
November 1 to 30, 2015	0		0	0
December 1 to 31, 2015	0		0	0
January 1 to 31, 2016	0		0	0
February 1 to 29, 2016	0		0	0
March 1 to 31, 2016	120,867,062	2,544	120,867,062	99,132,938
Total	120,867,105	2,544	120,867,062	99,132,938

* Shares purchased include compulsory acquisition of less-than-one-unit shares purchased from time to time

(Note) On January 29, 2016, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 220,000,000 outstanding shares of its common stock for an amount in total not exceeding ¥500,000 million during the period from February 1, 2016 through December 31, 2016. To be more specific, repurchase by a tender offer (up to 137,578,616 outstanding shares of its common stock at an amount in total not exceeding ¥350,000 million, ¥2,544 per common share from during the period from February 8, 2016 through March 7, 2016) resolved at the meeting of the Board of Directors held on February 5, 2016.

Item 16F. Change in Registrant s Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Committees

Under the Companies Act, Japanese joint stock corporations (*kabushiki kaisha*) above a certain size whose shares are transferable without the approval of such corporations, including the Company, may elect to structure their corporate governance system as either, a company with an audit & supervisory board (*kansayakukai secchigaisha*), a company with nominating committees or similar (*shimei iinkaitou secchikaisha*), or a company with audit and supervisory committees (*kansatou iinkai secchikaisha*). The company with audit or similar committees is a new corporate governance system introduced by the Companies Act amendment enacted as of May 1, 2015. The Company is currently a company with an audit & supervisory board.

As a company with an audit & supervisory board, the Company is not required under the Companies Act to have any outside director.

However, due to the amendment described above, new rules to promote the establishment of outside director are established and if a listed company greater than a certain scale does not have any outside director appointed, the Company is obligated to explain why it is not appropriate to appoint an outside director at the annual general meeting of shareholders.

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Also, the definition of outside director has been revised in this amendment of the Companies Act and outside director are now defined as those who fulfill all of the conditions below:

A person who is not an Executive Director, Executive Officer, manager or other employee (hereafter, Executive Director, etc.) of the Company or its subsidiaries and have not been an Executive Director, etc. of the Company or its subsidiaries in the ten years prior to appointment as an outside director;

A person who has been a director, accounting advisor or audit & supervisory board member of the Company or its subsidiaries at any time in the ten years prior to appointment as an outside director, those who have not been an executive director, etc. of the Company or its subsidiaries in the ten years prior to the appointment to the said position;

A person who is not a Parent Company, etc. of the Company (limited to a natural person) or a director, executive officer, manager or other employee of a Parent Company, etc.;

A person who is not an Executive Director, etc. of a subsidiary, etc. of the Parent Company, etc. of the Company (excluding the Company and its subsidiaries); and

A person who is not a spouse or relative within the second degree of kinship of a director, executive officer, manager or other important employee of the Company, nor its Parent Company, etc (limited to a natural person).

The tasks of auditing the performance of its directors and auditing the performance of accounting auditors are assigned to the Company s audit & supervisory board members, who are separate from the Company s directors. Under the Companies Act, at least one half of a company s audit & supervisory board members are required to be outside audit & supervisory board members who must meet certain requirements. Due to the amendment to the Companies Act, the definition of outside audit & supervisory board members has also been revised, and outside audit & supervisory board members are defined as those who meet all of the following requirements:

A person who has not been a director, accounting advisor, executive officer, manager or other employee of the Company or its subsidiaries within the ten years prior to the appointment;

A person who has been an audit & supervisory board member of the Company or its subsidiaries at any time in the ten years prior to this appointment, the person who has not been a director, accounting advisor, executive officer, manager or employee of the Company or its subsidiaries in the ten years prior to the appointment to the said audit & supervisory board member position;

A person who is not a Parent Company, etc. of the Company (limited to a natural person) or a director, audit & supervisory board member, executive officer, manager or other employee of a Parent Company, etc.;

A person who is not an Executive Director, etc. of a subsidiary, etc. of Parent Company, etc. (excluding the Company and its subsidiaries); and

A person who is not the spouse or a relative within the second degree of kinship of a director, manager or other important employee of the Company, nor its Parent Company, etc. (limited to a natural person).

In addition, the Securities Listing Regulations of the Tokyo Stock Exchange (TSE) requires the Company as a TSE-listed company to designate at least one independent director/auditor. Further, the regulations state that companies must take efforts to secure at least one independent director/auditor who is a director. An independent director/auditor is defined as an outside director/audit & supervisory board member who is unlikely to have conflicts of interest with general investors. As of June 2016, we have appointed two outside directors and two outside audit & supervisory board members as independent director/auditor. These outside directors and outside audit & supervisory board members meet the revised criteria for outside directors or outside audit & supervisory board members under the aforementioned Companies Act amendment.

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Furthermore, the TSE formulated as an appendix to its rules titled Japan s Corporate Governance Code applicable to all listed companies on the TSE, which was issued on June 1, 2015. The TSE requires all listed companies to adopt the Corporate Governance Code or explain the reasons for not adopting the Corporate Governance Code in their corporate governance reports. The Corporate Governance Code establishes fundamental principles for effective corporate governance, consisting of i) securing the rights and equal treatment of shareholders, ii) appropriate cooperation with various stakeholders other than shareholders, iii) ensuring appropriate information disclosure and transparency, iv) responsibilities of the Board of Directors and v) constructive dialogue with shareholders.

Audit & Supervisory Board

Under the audit & supervisory board member system that the Company employs, the Audit & Supervisory Board is a legally separate and independent body from the Board of Directors. The function of the Audit & Supervisory Board and each audit & supervisory board member is similar to that of independent directors, including those who are members of the audit committee, of a U.S. company: to audit the performance of directors, and express an opinion if it is the opinion of the Audit & Supervisory Board that the method, or the results of the audit report by the Company s accounting firm is not suitable and express the reason for such opinion, for the protection of the Company s shareholders. Further, due to the aforementioned amendments to the Companies Act, agenda items for shareholder s meetings in relation to the selection, termination or discontinuation of accounting auditors will be determined by the Audit & Supervisory Board.

Under the Companies Act, the Company is required to have not less than three audit & supervisory board members. The Articles of Incorporation of the Company permit it to have up to five audit & supervisory board members. Currently, five audit & supervisory board members of the Company have been elected. The term of office of each audit & supervisory board member is up to four years after his/her election, whereas the term of office of each director is up to two years after his/her election.

With respect to the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934, relating to listed company audit committees, the Company relies on an exemption under that rule which is available to foreign private issuers with audit & supervisory boards meeting certain criteria.

Directors

The Company s directors must be elected at a general meeting of shareholders. Its Board of Directors does not have the power to fill vacancies thereon.

The Company s audit & supervisory board members must also be elected at a general meeting of shareholders. The Company s Board of Directors must obtain the consent of its Audit & Supervisory Board in order to submit a proposal for election of an audit & supervisory board member to a general meeting of shareholders. The audit & supervisory board is empowered to request that the Company s directors submit a proposal for election of an audit & supervisory board member to a general meeting of shareholders. All audit & supervisory board members have the right to state their opinion concerning the election of an audit & supervisory board member at the general meeting of shareholders.

Compensation

The maximum aggregate compensation amount for the Company s directors and that of the Company s audit & supervisory board members must be, and accordingly has been, approved at a general meeting of shareholders.

The Company must also obtain the approval at a general meeting of shareholders if the Company desires to change such maximum amount of compensation.

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The compensation amount for each director is determined by the Company s President or another directors who is delegated to do so by the Board of Directors, and that for each audit & supervisory board member is determined upon consultation among the audit & supervisory board members.

There are no procedural or disclosure requirements with respect to the use of compensation consultants, independent legal counsel or other advisors.

Shareholder Approval with respect to any Equity Compensation Plan

Pursuant to the Companies Act, if the Company desires to adopt an equity compensation plan under which stock acquisition rights are granted on specially favorable conditions (except where such rights are granted to all of its shareholders on a *pro rata* basis), the Company must approve the said plan by a special resolution of a general meeting of shareholders, where the quorum is one-third of the total number of voting rights and the approval of at least two-thirds of the voting rights represented at the meeting is required.

Item 16H. Mine Safety Disclosure

Not applicable.

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PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

Refer to Consolidated Financial Statements and Schedule of this annual report.

Item 19. Exhibits

Exhibit Number	Description
1.1	Articles of Incorporation of the registrant (English translation) *1
1.2	Share Handling Regulations of the registrant (English translation) *2
1.3	Regulations of the Board of Directors of the registrant (English translation) *1
1.4	Regulations of the Audit & Supervisory Board of the registrant (English translation) *1
2.1	Form of Deposit Agreement among the registrant, The Bank of New York Mellon as Depositary and all owners and holders from time to time of American Depositary Receipts, including the form of American Depositary Receipt (incorporated by reference to Exhibit 1 of the Registration Statement on Form F-6 (File No. 333-134940) filed on September 16, 2013)
8.1	List of Significant Subsidiaries (See B.1. Business Overview in Item 4 of this Form 20-F)
11.1	Code of Ethics (English translation) *3
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
13.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

*1 Previously filed with the Securities and Exchange Commission on June 26, 2015 and herein incorporated by reference.
*2 Previously filed with the Securities and Exchange Commission on June 27, 2014 and herein incorporated by reference.
*3 Previously filed with the Securities and Exchange Commission on June 27, 2006 and herein incorporated by reference.

We have not included as exhibits certain instruments with respect to our long-term debt. The amount of debt authorized under each such debt instrument does not exceed 10% of our total assets. We agree to furnish a copy of any such instrument to the Commission upon request.

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NTT DOCOMO, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

NTT DOCOMO, INC.:

We have audited the consolidated financial statements of NTT DOCOMO, INC. and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NTT DOCOMO, INC. and subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2016, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NTT DOCOMO, INC. s internal control over financial reporting as of March 31, 2016, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 24, 2016 expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

(signed) KPMG AZSA LLC

Tokyo, Japan

June 24, 2016

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

NTT DOCOMO, INC.:

We have audited NTT DOCOMO, INC. s internal control over financial reporting as of March 31, 2016, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). NTT DOCOMO, INC. s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, NTT DOCOMO, INC. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2016, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of NTT DOCOMO, INC. and subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2016, and our report dated June 24, 2016 expressed an unqualified opinion on those consolidated financial statements.

(signed) KPMG AZSA LLC

Tokyo, Japan

June 24, 2016

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NTT DOCOMO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2015 and 2016

	Millions of yen	
	2015	**2016**
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 105,553	¥ **354,437**
Short-term investments		
Third parties	3,757	**5,872**
Related parties	240,000	
Accounts receivable		
Third parties	258,761	**232,698**
Related parties	5,830	**4,342**
Receivables held for sale	897,999	**972,851**
Credit card receivables	234,412	**276,492**
Other receivables		
Third parties	30,576	**61,334**
Related parties	296,699	**319,762**
Total accounts receivable, receivables held for sale, credit card receivables and other receivables	1,724,277	**1,867,479**
Less: Allowance for doubtful accounts	(14,100)	**(17,427)**
Total accounts receivable, receivables held for sale, credit card receivables and other receivables, net	1,710,177	**1,850,052**
Inventories	186,275	**153,876**
Deferred tax assets	61,512	**107,058**
Prepaid expenses and other current assets		
Third parties	98,618	**101,790**
Related parties	9,484	**7,108**
Total current assets	2,415,376	**2,580,193**
Property, plant and equipment:		
Wireless telecommunications equipment	5,027,390	**5,084,416**
Buildings and structures	890,382	**896,815**
Tools, furniture and fixtures	508,810	**468,800**
Land	200,736	**199,054**
Construction in progress	193,497	**190,261**
Sub-total	6,820,815	**6,839,346**
Accumulated depreciation and amortization	(4,309,748)	**(4,398,970)**
Total property, plant and equipment, net	2,511,067	**2,440,376**
Non-current investments and other assets:		
Investments in affiliates	439,070	**411,395**
Marketable securities and other investments	195,047	**182,905**
Intangible assets, net	636,319	**615,013**
Goodwill	266,311	**243,695**
Other assets		
Third parties	430,633	**468,895**

Related parties	15,090	**10,208**
Deferred tax assets	237,427	**261,434**
Total non-current investments and other assets	2,219,897	**2,193,545**
Total assets	¥ 7,146,340	**¥ 7,214,114**

See accompanying notes to consolidated financial statements.

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NTT DOCOMO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

MARCH 31, 2015 and 2016

	Millions of yen	
	2015	**2016**
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	¥ 203	**¥ 200**
Short-term borrowings	2,048	**1,764**
Accounts payable, trade		
Third parties	664,945	**611,835**
Related parties	146,854	**181,249**
Accrued payroll	54,955	**53,837**
Accrued income taxes	68,563	**165,332**
Other current liabilities		
Third parties	169,631	**198,292**
Related parties	7,103	**7,310**
Total current liabilities	1,114,302	**1,219,819**
Long-term liabilities:		
Long-term debt (exclusive of current portion)	220,400	**220,200**
Accrued liabilities for point programs	89,929	**75,182**
Liability for employees retirement benefits	173,872	**201,604**
Other long-term liabilities		
Third parties	127,932	**136,602**
Related parties	1,700	**1,381**
Total long-term liabilities	613,833	**634,969**
Total liabilities	1,728,135	**1,854,788**
Redeemable noncontrolling interests	15,589	**16,221**
Equity:		
NTT DOCOMO, INC. shareholders equity		
Common stock, without a stated value		
Authorized shares		
17,460,000,000 shares as of March 31, 2015 and 2016		
Issued shares		
4,085,772,000 shares as of March 31, 2015		
3,958,543,000 shares as of March 31, 2016		
Outstanding shares		
3,881,483,855 shares as of March 31, 2015		
3,760,616,750 shares as of March 31, 2016	949,680	**949,680**
Additional paid-in capital	339,783	**330,482**
Retained earnings	4,397,228	**4,413,030**
Accumulated other comprehensive income (loss)	52,599	**14,888**
Treasury stock		
204,288,145 shares as of March 31, 2015		
197,926,250 shares as of March 31, 2016	(359,218)	**(405,832)**

Total NTT DOCOMO, INC. shareholders equity	5,380,072	**5,302,248**
Noncontrolling interests	22,544	**40,857**
Total equity	5,402,616	**5,343,105**
Commitments and contingencies		
Total liabilities and equity	¥ 7,146,340	**¥ 7,214,114**

See accompanying notes to consolidated financial statements.

NTT DOCOMO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2014, 2015 and 2016

	Millions of yen		
	2014	2015	2016
Operating revenues:			
Telecommunications services			
Third parties	¥ 2,942,847	¥ 2,727,891	¥ **2,789,673**
Related parties	21,133	19,264	**25,834**
Equipment sales			
Third parties	870,597	903,231	**859,875**
Related parties	1,403	858	**611**
Other operating revenues			
Third parties	582,938	682,967	**806,491**
Related parties	42,285	49,186	**44,600**
Total operating revenues	4,461,203	4,383,397	**4,527,084**
Operating expenses:			
Cost of services (exclusive of items shown separately below)			
Third parties	808,790	876,285	**933,027**
Related parties	250,829	283,229	**315,526**
Cost of equipment sold (exclusive of items shown separately below)	785,209	853,062	**881,471**
Depreciation and amortization	718,694	659,787	**625,934**
Impairment loss		30,161	**9,063**
Selling, general and administrative			
Third parties	876,903	835,882	**806,626**
Related parties	201,579	205,920	**172,413**
Total operating expenses	3,642,004	3,744,326	**3,744,060**
Operating income	819,199	639,071	**783,024**
Other income (expense):			
Interest expense	(1,211)	(797)	**(512)**
Interest income	1,680	1,283	**987**
Other, net	13,381	4,326	**(5,478)**
Total other income (expense)	13,850	4,812	**(5,003)**
Income before income taxes and equity in net income (losses) of affiliates	833,049	643,883	**778,021**
Income taxes:			
Current	319,683	218,552	**267,249**
Deferred	(11,704)	19,515	**(55,530)**
Total income taxes	307,979	238,067	**211,719**
Income before equity in net income (losses) of affiliates	525,070	405,816	**566,302**
	(69,117)	(7,782)	**(5,060)**

Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)						
Net income		455,953		398,034		**561,242**
Less: Net (income) loss attributable to noncontrolling interests		8,776		12,059		**(12,864)**
Net income attributable to NTT DOCOMO, INC.	¥	464,729	¥	410,093	**¥**	**548,378**
Per share data:						
Weighted average common shares outstanding Basic and Diluted		4,146,760,100		4,038,191,678		**3,880,823,341**
Basic and Diluted earnings per share attributable to NTT DOCOMO, INC.	¥	112.07	¥	101.55	**¥**	**141.30**

See accompanying notes to consolidated financial statements.

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NTT DOCOMO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED MARCH 31, 2014, 2015 and 2016

		Millions of yen	
	2014	**2015**	**2016**
Net income	¥ 455,953	¥ 398,034	**¥ 561,242**
Other comprehensive income (loss):			
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	8,751	22,468	**(4,715)**
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	(84)	120	**(1278)**
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	(76)	(20)	**(148)**
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	59	16	**31**
Foreign currency translation adjustment, net of applicable taxes	31,653	29,678	**(10,324)**
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	6,010		**(263)**
Pension liability adjustment, net of applicable taxes			
Actuarial gains (losses) arising during period, net	11,929	(9,159)	**(21,634)**
Prior service cost arising during period, net	3,361		
Less: Amortization of prior service cost	(1,457)	(894)	**(824)**
Less: Curtailment gain	(3,294)		
Less: Amortization of actuarial gains and losses	1,963	1,104	**1417**
Less: Amortization of transition obligation	80	72	**33**
Total other comprehensive income (loss)	58,895	43,385	**(37,705)**
Comprehensive income	514,848	441,419	**523,537**
Less: Comprehensive (income) loss attributable to noncontrolling interests	8,583	11,683	**(12,870)**
Comprehensive income attributable to NTT DOCOMO, INC.	¥ 523,431	¥ 453,102	**¥ 510,667**

See accompanying notes to consolidated financial statements.

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NTT DOCOMO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED MARCH 31, 2014, 2015 and 2016

	Millions of yen							
	NTT DOCOMO, INC. shareholders equity							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total NTT DOCOMO, INC. shareholders equity	Noncontrolling interests	Total equity
Balance as of March 31, 2013	¥ 949,680	¥ 732,609	¥ 4,112,466	¥ (49,112)	¥ (377,168)	¥ 5,368,475	¥ 42,090	¥ 5,410,565
Cash dividends declared (¥60 per share)			(248,806)			(248,806)		(248,806)
Cash distributions to noncontrolling interests							(1,032)	(1,032)
Acquisition of new subsidiaries							2,588	2,588
Changes in interest in subsidiaries		266				266		266
Others							215	215
Net income			464,729			464,729	(8,776)	455,953
Other comprehensive income (loss)				58,702		58,702	193	58,895
Balance as of March 31, 2014	¥ 949,680	¥ 732,875	¥ 4,328,389	¥ 9,590	¥ (377,168)	¥ 5,643,366	¥ 35,278	¥ 5,678,644
Purchase of treasury stock					(473,036)	(473,036)		(473,036)
Retirement of treasury stock		(393,092)	(97,894)		490,986			
Cash dividends declared (¥60 per share)			(243,360)			(243,360)		(243,360)
Cash distributions to noncontrolling interests							(1,061)	(1,061)
Acquisition of new subsidiaries							732	732
Others							(2)	(2)
Net income			410,093			410,093	(12,777)	397,316
Other comprehensive income (loss)				43,009		43,009	374	43,383
Balance as of March 31, 2015	¥ 949,680	¥ 339,783	¥ 4,397,228	¥ 52,599	¥ (359,218)	¥ 5,380,072	¥ 22,544	¥ 5,402,616
Purchase of treasury stock					**(307,486)**	**(307,486)**		**(307,486)**
Retirement of treasury stock			**(260,872)**		**260,872**			
Cash dividends declared (¥70 per share)			**(271,704)**			**(271,704)**		**(271,704)**
Cash distributions to noncontrolling interests							**(2,390)**	**(2,390)**
Acquisition of new subsidiaries							**22**	**22**
Changes in interest in subsidiaries		**(9,301)**				**(9,301)**	**8,489**	**(812)**
Others							**(46)**	**(46)**
Net income			**548,378**			**548,378**	**12,232**	**560,610**
Other comprehensive income (loss)				**(37,711)**		**(37,711)**	**6**	**(37,705)**
Balance as of March 31, 2016	**¥ 949,680**	**¥ 330,482**	**¥ 4,413,030**	**¥ 14,888**	**¥ (405,832)**	**¥ 5,302,248**	**¥ 40,857**	**¥ 5,343,105**

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

See accompanying notes to consolidated financial statements.

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NTT DOCOMO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2014, 2015 and 2016

	Millions of yen		
	2014	2015	2016
Cash flows from operating activities:			
Net income	¥ 455,953	¥ 398,034	¥ **561,242**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	718,694	659,787	**625,934**
Deferred taxes	(11,704)	19,515	**(55,530)**
Loss on sale or disposal of property, plant and equipment	34,303	40,073	**36,535**
Inventory write-downs	4,415	13,716	**18,880**
Impairment loss		30,161	**9,063**
Impairment loss on marketable securities and other investments	3,055	902	**636**
Loss on sale of a subsidiary			**13,117**
Equity in net (income) losses of affiliates (including impairment charges of investments in affiliates)	69,117	7,782	**5,060**
Dividends from affiliates	17,415	17,591	**13,929**
Changes in assets and liabilities:			
(Increase) / decrease in accounts receivable	(9,269)	17,489	**22,406**
(Increase) / decrease in receivables held for sale	(149,310)	(110,540)	**(74,852)**
(Increase) / decrease in credit card receivables	(13,849)	(7,497)	**(22,551)**
(Increase) / decrease in other receivables	(21,875)	(13,467)	**(46,331)**
Increase / (decrease) in allowance for doubtful accounts	(2,815)	2,931	**3,884**
(Increase) / decrease in inventories	(55,264)	32,270	**13,125**
(Increase) / decrease in prepaid expenses and other current assets	(7,661)	(10,565)	**(4,966)**
(Increase) / decrease in non-current receivables held for sale	(53,276)	(55,468)	**(13,601)**
Increase / (decrease) in accounts payable, trade	65,083	5,278	**(32,544)**
Increase / (decrease) in accrued income taxes	39,691	(107,166)	**97,176**
Increase / (decrease) in other current liabilities	(40,422)	16,964	**31,638**
Increase / (decrease) in accrued liabilities for point programs	(27,854)	(23,072)	**(14,747)**
Increase / (decrease) in liability for employees retirement benefits	(10,732)	13,209	**27,752**
Increase / (decrease) in other long-term liabilities	(32,977)	11,925	**11,488**
Other, net	29,924	3,125	**(17,612)**
Net cash provided by operating activities	1,000,642	962,977	**1,209,131**
Cash flows from investing activities:			
Purchases of property, plant and equipment	(498,668)	(493,189)	**(434,919)**
Purchases of intangible and other assets	(213,508)	(170,203)	**(179,010)**
Purchases of non-current investments	(16,186)	(5,107)	**(3,465)**
Proceeds from sale of non-current investments	5,235	1,753	**9,345**
Acquisitions of subsidiaries, net of cash acquired	(19,213)		**15**
Purchases of short-term investments	(39,084)	(34,613)	**(9,523)**
Redemption of short-term investments	68,937	50,806	**4,659**
Proceeds from redemption of long-term bailment for consumption to a related party	10,000		**240,000**
Short-term bailment for consumption to a related party	(70,000)		
Proceeds from redemption of short-term bailment for consumption to a related party	70,000		
Other, net	(1,093)	(641)	**(2,353)**
Net cash used in investing activities	(703,580)	(651,194)	**(375,251)**
Cash flows from financing activities:			
Proceeds from long-term debt	50,000		
Repayment of long-term debt	(74,989)	(248)	**(203)**
Proceeds from short-term borrowings	13,740	221,606	**146,880**
Repayment of short-term borrowings	(26,132)	(229,065)	**(147,022)**
Principal payments under capital lease obligations	(2,128)	(1,729)	**(1,389)**

Payments to acquire treasury stock		(473,036)	**(307,486)**
Dividends paid	(248,814)	(243,349)	**(271,643)**
Cash distributions to noncontrolling interests	(1,032)	(1,061)	**(2,390)**
Other, net	19,562	(7,375)	**(355)**
Net cash provided by (used in) financing activities	(269,793)	(734,257)	**(583,608)**
Effect of exchange rate changes on cash and cash equivalents	5,977	1,107	**(1,388)**
Net increase (decrease) in cash and cash equivalents	33,246	(421,367)	**248,884**
Cash and cash equivalents at beginning of year	493,674	526,920	**105,553**
Cash and cash equivalents at end of year	¥ 526,920	¥ 105,553	**¥ 354,437**
Supplemental disclosures of cash flow information:			
Cash received during the fiscal year for:			
Income tax refunds	¥ 886	¥ 1,539	**¥ 8,241**
Cash paid during the fiscal year for:			
Interest, net of amount capitalized	1,578	876	**400**
Income taxes	280,434	326,107	**176,806**
Non-cash investing and financing activities:			
Assets acquired through capital lease obligations	1,513	940	**965**
Assets of wireless telecommunications equipment acquired through exchanges of similar equipment		3,605	**3,844**
Retirement of treasury stock		490,986	**260,872**

See accompanying notes to consolidated financial statements.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of operations:

NTT DOCOMO, INC. and subsidiaries (DOCOMO) is a joint stock corporation that was incorporated under the laws of Japan in August 1991 as the wireless telecommunications arm of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT). NTT, 35.21% of which is owned by the Japanese government, owns 62.37% of NTT DOCOMO, INC. s issued stock and 65.66% of NTT DOCOMO, INC. s voting stock outstanding as of March 31, 2016.

DOCOMO mainly provides its subscribers with mobile communications services such as LTE(Xi) services and FOMA services. In addition, DOCOMO sells handsets and related equipment primarily to agent resellers who in turn sell such equipment to subscribers.

2. Summary of significant accounting and reporting policies:

(a) Significant accounting policies

Principles of consolidation

The consolidated financial statements include accounts of NTT DOCOMO, INC. and its majority-owned subsidiaries. All significant intercompany balances and transactions are eliminated in consolidation.

DOCOMO also evaluates whether DOCOMO has a controlling financial interest in an entity through means other than voting rights and should consolidate the entity. For the fiscal years ended March 31, 2014, 2015 and 2016, DOCOMO had no variable interest entities to be consolidated or disclosed.

Use of estimates

The preparation of DOCOMO s consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. DOCOMO has identified the following areas where it believes estimates and assumptions are particularly critical to the consolidated financial statements. These are determination of useful lives of property, plant and equipment, internal use software and other intangible assets, impairment of goodwill and unamortizable intangible assets, impairment of long-lived assets, impairment of investments, accrued liabilities for point programs, liability for employees retirement benefits and revenue recognition.

Effective July 1, 2014, DOCOMO revised its estimate of the expected useful life of certain software for telecommunications network and internal-use software based on the actual utilization of the software to reflect an extended expected maximum useful life from 5 years to 7 years. This modification has been applied prospectively as a change in accounting estimate.

The impact from this change in accounting estimate on the consolidated statements of income resulted in increases in Income before income taxes and equity in net income (losses) of affiliates, Net income attributable to NTT DOCOMO, INC. and Basic and Diluted earnings per share attributable to NTT DOCOMO, INC. of ¥51,307 million, ¥32,939 million and ¥8.16, respectively, for the fiscal year ended March 31, 2015.

Cash and cash equivalents

DOCOMO considers cash in banks and short-term highly liquid investments with original maturities of 3 months or less at the date of purchase to be cash and cash equivalents.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Short-term investments

Highly liquid investments, which have original maturities of longer than 3 months at the date of purchase and remaining maturities of 1 year or less at the end of fiscal year, are considered to be short-term investments.

Receivables held for sale

The accounts receivable for DOCOMO s telecommunications services, installment receivables for subscribers equipment purchases and others (receivables for telecommunications services) which DOCOMO decides to sell are reclassified to Receivables held for sale and Other assets in the consolidated balance sheets.

Receivables held for sale are measured at the lower of cost or fair value and the amount by which cost exceeding fair value was ¥7,635 million and ¥7,732 million for the fiscal years ended March 31, 2015 and 2016, respectively, and the amount exceeding fair value was recorded as a valuation allowance in Allowance for doubtful accounts and Other assets in the consolidated balance sheets.

In addition, the aggregated amount of losses on sales of receivables for telecommunications services and adjustments to record the receivables held for sale at the lower of cost or fair value was ¥64,789 million, ¥67,327 million and ¥62,305 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively, and was recorded as Selling, general and administrative expenses in the consolidated statements of income. The fair value of receivables held for sale is measured based on the estimated future discounted cash flows.

Allowance for doubtful accounts

The allowance for doubtful accounts is computed based on historical bad debt experience and the estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy.

Inventories

Inventories are stated at the lower of cost or market. The cost of equipment sold is determined by the first-in, first-out method. Inventories consist primarily of handsets and accessories. DOCOMO evaluates its inventory mainly for obsolescence on a periodic basis and records valuation adjustments as required. DOCOMO recognized losses on write-downs for the fiscal years ended March 31, 2014, 2015 and 2016 resulting in losses totaling ¥4,415 million, ¥13,716 million and ¥18,880 million, respectively, which were included in Cost of equipment sold in the consolidated statements of income.

Property, plant and equipment

Property, plant and equipment are stated at cost and include interest cost incurred during construction, as discussed below in Capitalized interest. Property, plant and equipment under capital leases are stated at the present value of minimum lease payments. Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets with the exception of buildings, which are depreciated on a straight-line basis. Useful lives are determined at the time the asset is acquired and are based on its expected use, past experience with similar assets and anticipated technological or other changes. If technological or other changes occur more or less rapidly or in a different form than anticipated or the intended use changes, the useful lives assigned to these assets are adjusted as appropriate. Property, plant and equipment held under capital leases and leasehold improvements are amortized using either the straight-line method or the declining-balance method, depending on the type of the assets, over the shorter of the lease term or estimated useful life of the asset.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The estimated useful lives of major depreciable assets are as follows:

Major wireless telecommunications equipment	8 to 16 years
Steel towers and poles for antenna equipment	30 to 40 years
Reinforced concrete buildings	42 to 56 years
Tools, furniture and fixtures	4 to 15 years

Depreciation and amortization expenses of property, plant and equipment for the fiscal years ended March 31, 2014, 2015 and 2016 were ¥480,836 million, ¥479,569 million and ¥460,547 million, respectively.

When depreciable telecommunications equipment is retired or abandoned in the normal course of business, the amounts of such telecommunications equipment and its accumulated depreciation are deducted from the respective accounts. Any remaining balance is charged to expense immediately. DOCOMO estimates the fair values of its asset retirement obligations to restore certain leased land and buildings used for DOCOMO s wireless telecommunications equipment to their original states. The aggregate fair value of its asset retirement obligations does not have a material impact on DOCOMO s results of operations or financial position.

Expenditures for replacements and betterments are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Assets under construction are not depreciated until placed in service. The rental costs associated with ground or building operating leases that are incurred during a construction period are expensed.

Capitalized interest

DOCOMO capitalizes interest related to the construction of property, plant and equipment over the period of construction. DOCOMO also capitalizes interest associated with the development of internal-use software. DOCOMO amortizes such capitalized interest over the estimated useful lives of the related assets.

Investments in affiliates

The equity method of accounting is applied to investments in affiliates where DOCOMO is able to exercise significant influence over the investee, but does not have a controlling financial interest. Under the equity method of accounting, DOCOMO records its share of income and losses of the affiliates and adjusts its carrying amount. DOCOMO periodically reviews the facts and circumstances related thereto to determine whether or not it can exercise significant influence over the operating and financial policies of the affiliates. For some investees accounted for under the equity method, DOCOMO records its share of income or losses of such investees with up to a 3 month lag in its consolidated statements of income.

DOCOMO evaluates the recoverability of the carrying value of its investments in affiliates, which includes investor level goodwill, when there are indicators that a decline in value below its carrying amount may be other than temporary. In performing its evaluations, DOCOMO utilizes various information including cash flow projections, independent valuations and, as applicable, quoted market values to determine recoverable amounts and the length of time an investment s carrying value exceeds its estimated current recoverable amount. In the event of a determination that a decline in value is other than temporary, a charge to earnings is recorded for the loss, and a new cost basis in the investment is established.

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Marketable securities and other investments

Marketable securities consist of debt and equity securities. DOCOMO determines the appropriate classification of its investment securities at the time of purchase. DOCOMO periodically reviews the carrying amounts of its marketable securities for impairments that are other than temporary. If this evaluation indicates that a decline in value is other than temporary, the security is written down to its estimated fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether a decline in value is other than temporary, DOCOMO considers whether DOCOMO has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the decline in value, the severity and duration of the decline, changes in value subsequent to year-end, forecasted earnings performance of the investee and the general market condition in the geographic area or industry the investee operates in.

Equity securities held by DOCOMO, whose fair values are readily determinable, are classified as available-for-sale securities. Available-for-sale equity securities are carried at fair value with unrealized holding gains or losses, net of applicable taxes, included in Accumulated other comprehensive income (loss). Realized gains and losses are determined using the average cost method and are reflected in earnings.

Debt securities held by DOCOMO, which DOCOMO has the positive intent and ability to hold to maturity, are classified as held-to-maturity, and the other debt securities that may be sold before maturity are classified as available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost. Available-for-sale debt securities are carried at fair value with unrealized holding gains or losses, net of applicable taxes, included in Accumulated other comprehensive income (loss). Realized gains and losses are determined using the first-in, first-out cost method and are reflected in earnings. Highly liquid debt securities with original maturities of 3 months or less at the date of purchase are recorded as Cash and cash equivalents, while debt securities that are not recorded as Cash and cash equivalents with remaining maturities of 1 year or less at the end of fiscal year are recorded as Short-term investments in the consolidated balance sheets.

DOCOMO did not hold or transact any trading securities during the fiscal years ended March 31, 2014, 2015 and 2016.

Other investments include equity securities whose fair values are not readily determinable. Equity securities whose fair values are not readily determinable are carried at cost. Other-than-temporary declines in value are charged to earnings. Realized gains and losses are determined using the average cost method and are reflected currently in earnings.

Goodwill and other intangible assets

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Other intangible assets primarily consist of software for telecommunications network, internal-use software, software acquired to be used in manufacture of handsets and rights to use certain telecommunications facilities of wireline operators.

DOCOMO does not amortize either goodwill, including investor level goodwill related to the investments accounted for under the equity method, or other intangible assets determined to have an indefinite useful life. However, (1) goodwill, except those related to equity method investments, and (2) other intangible assets that have indefinite useful lives are tested annually for impairment mainly as of March 31 and the assets are also tested between the annual tests if an event or circumstances occurs that would imply impairment.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DOCOMO applies a two-step test when assessing goodwill for impairment. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). Fair value of the reporting unit is determined using mainly discounted cash flow method. If the carrying value of the reporting unit exceeds its fair value, an indication of goodwill impairment exists for the reporting unit and DOCOMO performs the second step of the impairment test (measurement). Under the second step, an impairment loss is recognized for any excess of the carrying amount of the reporting unit s goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. If the fair value of the reporting unit exceeds its carrying value, the second step does not need to be performed.

During the fiscal year ended March 31, 2015, DOCOMO realigned its operating segments. This realignment was due to a change in the management of DOCOMO s businesses, which led DOCOMO to reorganize the internal organization of its financial reporting structure in a manner that caused the composition of DOCOMO s reporting segments to change. DOCOMO realigned its reporting units in accordance with the realignment of its reporting segments and goodwill was allocated to reporting units based on their relative fair value.

For the fiscal years ended March 31, 2015 and 2016, the most significant amount of recorded goodwill resides in the telecommunications business in Japan reporting unit, which is included in DOCOMO s telecommunications business segment. This reporting unit has recorded goodwill of ¥127,272 million since the change in the reporting units and has passed the first step of the impairment tests by a substantial margin. The fair value of the remaining goodwill which resides in other reporting units also exceeds the net carrying amount by a significant margin or is not considered significant for the fiscal years ended March 31, 2014, 2015 and 2016. Fair values have primarily been estimated using the discounted cash flow method which is based upon the future business plan. The future business plan is supported by the historical operating results and DOCOMO s most recent views of the mid to long-term outlook. However, if operating income were to decline significantly in the future due to now unforeseen events, it would adversely affect the estimated fair value of the reporting unit.

For the goodwill impairment losses recorded during the fiscal years ended March 31, 2014, 2015 and 2016, see Note 8 Goodwill and other intangible assets.

Goodwill related to equity method investments is tested for impairment as a part of the other-than-temporary impairment assessment of the equity method investment as a whole.

Intangible assets that have finite useful lives, consisting primarily of software for telecommunications network, internal-use software, software acquired to be used in manufacture of handsets and rights to use telecommunications facilities of wireline operators are amortized on a straight-line basis over their useful lives.

DOCOMO capitalizes the cost of internal-use software which has a useful life in excess of 1 year. Subsequent costs for additions, modifications or upgrades to internal-use software are capitalized only to the extent that the software is able to perform a task it previously did not perform. Software acquired to be used in manufacture of handsets is capitalized if the technological feasibility of the handset to be ultimately marketed has been established at the time of acquisition. Software maintenance and training costs are expensed as incurred. Capitalized software costs are amortized over up to 7 years.

Amounts capitalized related to rights to use certain telecommunications assets of wireline operators, primarily NTT, are amortized over 20 years.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Impairment of long-lived assets

DOCOMO s long-lived assets other than goodwill, such as property, plant and equipment, software and amortizable intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held for use is evaluated by a comparison of the carrying amount of the asset with future undiscounted cash flows expected to be generated by the asset or asset group. If the asset (or asset group) is determined to be impaired, the loss recognized is the amount by which the carrying value of the asset (or asset group) exceeds its fair value as measured through various valuation techniques, including discounted cash flow methods, quoted market value and third-party independent appraisals, as considered necessary.

Hedging activities

DOCOMO uses derivative instruments, including interest rate swap agreements, foreign exchange forward contracts, non-deliverable forward contracts (NDF) and foreign currency option contracts, and other financial instruments in order to manage its exposure to fluctuations in interest rates and foreign exchange rates. DOCOMO does not hold or issue derivative instruments for trading purposes. These financial instruments are effective in meeting the risk reduction objectives of DOCOMO by generating either transaction gains or losses which offset transaction gains or losses of the hedged items or cash flows which offset the cash flows related to the underlying position in respect of amount and timing.

All derivative instruments are recorded in the consolidated balance sheets at fair value. The recorded fair values of derivative instruments represent the amounts that DOCOMO would receive or pay to terminate the contracts at each fiscal year end. For derivative instruments that qualify as fair value hedge instruments, the changes in fair value of the derivative instruments are recognized in earnings, which offset the changes in fair value of the related hedged assets or liabilities that are also recognized in earnings of the period. For derivative instruments that qualify as cash flow hedge instruments, the changes in fair value of the derivative instruments are initially recorded in Accumulated other comprehensive income (loss) and reclassified into earnings when the relevant hedged transaction is realized. For derivative instruments that do not qualify as hedging instruments, the changes in fair value of the derivative instruments are recognized in earnings.

DOCOMO discontinues hedge accounting when it is determined that the derivative instruments or other financial instruments are no longer highly effective as a hedge or when DOCOMO decides to discontinue the hedging relationship.

Cash flows from derivative instruments that are designated as qualifying hedges are classified in the consolidated statements of cash flows under the same categories as the cash flows from the relevant assets, liabilities or anticipated transactions.

Claim reserves

DOCOMO provides customers with an option to purchase Mobile Device Protection Service, which represents a comprehensive coverage program for damages or losses incurred to mobile handsets.

Since July 2015, DOCOMO is partially self-insured the claims. The liability associated with the self-insurance consists of the reserve for the reported claims but not paid and an estimated reserve for the claims incurred but not reported.

Based on DOCOMO s historical experience and the nature of the service, it is expected that a customer would generally make a claim immediately after occurrence of a claim incident. Accordingly, the estimated

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

amount of reserve for the claims incurred but not reported is immaterial. The amount of claim for the reported claims but not paid is also immaterial. DOCOMO has recorded these reserves in Other current liabilities in the consolidated balance sheet.

Accrued liabilities for point programs

DOCOMO offers docomo Points Service, which provides points to customers based on the usage of cellular and other services. These points may be exchanged for benefits such as payments on DOCOMO s products.

On December 1, 2015, DOCOMO began offering d POINT Service, which provides individual customers with points that may be earned through, among others, mobile phone usage, making payments with d CARD or DCMX credit cards, or purchasing goods or services at DOCOMO s partner stores. These points may be exchanged for payments on DOCOMO s products and mobile phone charges, and payments at DOCOMO s partner stores. Individual customers may continue using d POINTs subsequent to the cancellation of DOCOMO s mobile telecommunications service contract. All docomo Points granted to individual customers from April 1, 2015 through November 30, 2015 were automatically transferred to d POINTs, and DOCOMO no longer grants docomo Points to any individual customer after December 1, 2015. docomo Points granted prior to March 31, 2015 may be used until their expiration date.

DOCOMO records Accrued liabilities for point programs relating to the points that customers earn. DOCOMO separately estimates the accrued liabilities for d POINTs and for docomo Points.

In measuring the accrued liabilities for docomo Points, DOCOMO estimates such factors as the point utilization rate reflecting the forfeitures by, among other things, expected cancellation rate of cellular service contracts by customers based on DOCOMO s historical experiences.

In measuring the accrued liabilities for d POINTs, on the other hand, DOCOMO does not estimate the point utilization rate since there is no sufficient empirical evidence to estimate the point utilization rate.

Employees retirement benefit plans

DOCOMO recognizes the funded status of its defined benefit plans, measured as the difference between the plan assets at fair value and the projected benefit obligation, in the consolidated balance sheets. Changes in the funded status are recognized as changes in comprehensive income during the fiscal period in which such changes occur.

Services cost for pension benefits of employee earned during the year as well as interest costs on projected benefit obligations are accrued. Actuarial losses (gains) in excess of 10% of the greater of the projected benefit obligation or the fair value of plan assets and prior service cost due to the changes of benefit plans, both of which are included in Accumulated other comprehensive income (loss), are amortized to earnings over the expected average remaining service period of employees on a straight-line basis.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Redeemable noncontrolling interests

A portion of noncontrolling interests of a subsidiary can be put to DOCOMO upon certain events. As redemption of the noncontrolling interests is not solely in the control of DOCOMO, it is considered as Redeemable noncontrolling interests and presented in between Liabilities and Equity in the consolidated balance sheets.

For the fiscal years ended March 31, 2015 and 2016, DOCOMO believes that subsequent fair value adjustment of redeemable noncontrolling interests is not required because these are not currently redeemable or it is not probable that these will become redeemable. DOCOMO will reassess the probability of redemption annually.

Revenue recognition

DOCOMO primarily generates revenues from two sources mobile communications services and equipment sales. These revenue sources are separate and distinct earnings processes. Mobile communications service is sold to the subscriber directly or through third-party resellers who act as agents, while equipment, including handsets, are sold principally to agent resellers.

DOCOMO sets its mobile communications services rates in accordance with the Japanese Telecommunications Business Act and government guidelines, which currently allow wireless telecommunications operators to set their own tariffs without government approval. Mobile communications service revenues primarily consist of basic monthly charges, airtime charges and fees for activation. Basic monthly charges and airtime charges are recognized as revenues at the time the service is provided to the subscribers. DOCOMO s monthly billing plans for FOMA services generally include a certain amount of allowances (free minutes and/or packets), and the used amount of the allowances is subtracted from total usage in calculating the airtime revenue from a subscriber for the month. DOCOMO offers billing arrangements called Nikagetsu Kurikoshi (2 month carry-over) and Zutto Kurikoshi and Packet Kurikoshi, in which unused allowances are automatically carried over.

Nikagetsu Kurikoshi is a billing arrangement, in which the unused allowances of the monthly free minutes and/or packets are automatically carried over for up to the following two months. In addition, DOCOMO offers an arrangement which enables the unused allowances that were carried over for the two months to be automatically used to cover the airtime and/or packet charges exceeding the allowances of the other subscriptions in the Family Discount group, a discount billing arrangement for families. Out of the unused allowance in a month, DOCOMO defers the revenues based on the portion which is estimated to be used in the following two months. As for the portion which is estimated to expire, DOCOMO recognizes the revenue attributable to such portion of allowances ratably as the remaining allowances are utilized, in addition to the revenue recognized when subscribers make calls or utilize data transmissions.

On June 1, 2015, DOCOMO started providing Zutto Kurikoshi, in which the unused allowances of the monthly free minutes and/or packets are automatically and indefinitely carried over up to the upper limit set by each billing plan, and thereby terminated Nikagetsu Kurikoshi in principle. Out of the unused allowance in a month, DOCOMO defers the revenues based on the portion which is estimated to be used in the following months. However, the unused allowances are carried over indefinitely, and DOCOMO does not have sufficient empirical evidence to reasonably estimate unused allowances that will be utilized in the following months. Hence DOCOMO deducts and defers amounts allocated to unused allowances from revenues, which do not exceed the upper limit set by each billing plan. The deferred revenues are recognized as revenues in accordance with an actual use of the allowances in the following months.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Packet Kurikoshi is a billing arrangement, in which the unused allowances of the monthly packet data which can be used without speed cap are automatically carried over for up to the following month. DOCOMO defers revenues based on the portion of unused allowances that are estimated to be utilized in the next month. As DOCOMO does not have sufficient empirical evidence to reasonably estimate unused allowances that will be utilized in the next month, DOCOMO deducts and defers all amounts allocated to unused allowances from revenues. The deferred revenues are recognized as revenues in the next month.

Equipment sales are recognized as revenues when equipment is accepted mainly by agent resellers, and all inventory risk is transferred mainly to agent resellers from DOCOMO. Certain commissions paid to agent resellers and incentives offered to subscribers are recognized as a reduction of revenue upon delivery of the equipment to such agent resellers.

From the fiscal year ended March 31, 2014, DOCOMO has offered a new incentive program which provides certain discounts for subscribers who purchase qualified smartphones under the installment payment arrangement. Under the incentive program, DOCOMO provides subscribers with the discounts depending on the number of installment payments upon certain events including replacement of the original smartphones.

During the fiscal year ended March 31, 2014, DOCOMO recorded a reduction of revenues based on the maximum potential discount amount of installment receivables as no sufficient empirical evidence was available to reasonably estimate such amounts. From the fiscal years ended March 31, 2015, DOCOMO has recognized estimated future discount amount as a reduction of revenue since DOCOMO developed sufficient empirical evidence such as an analysis of the historical churn rate and replacement rate of the qualified and other smartphones to reasonably estimate the future discount amount.

DOCOMO provides subscribers with options to select installment payments for the purchase of the handset over a period of 12 or 24 months. When installment payments are selected, under agreements entered into among DOCOMO, subscribers and agent resellers, DOCOMO provides financing by providing funds for the purchase of the handset by the subscribers. DOCOMO then includes current installments for the receivable for the purchased handset with basic monthly charges and airtime charges for the installment payment term. This is a separate contract from the mobile communications services contract between DOCOMO and the subscriber or the handset purchase agreement between the agent resellers and the subscriber, and cash collection from the subscriber is the recovery of the cash payment. Therefore, cash collection from subscribers for the purchased handsets does not have an impact on DOCOMO s revenue.

Non-recurring upfront fees such as activation fees are deferred and recognized as revenues over the estimated average period of the subscription for each service. The related direct costs are also deferred to the extent of the related upfront fee amount and are amortized over the same period.

On March 1, 2015, DOCOMO commenced an optical-fiber broadband service, docomo Hikari, by utilizing the wholesale optical-fiber access service of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION, subsidiaries of NTT.

With the commencement of this service, DOCOMO introduced a billing arrangement, docomo Hikari Pack, which enables docomo Hikari subscribers who also subscribe specific monthly packet communications plan to receive discounted charges.

DOCOMO sells docomo Hikari service and packet communications plan service offered in a bundled arrangement, as well as separately. Therefore, each service has a standalone selling price. The total arrangement

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

consideration for docomo Hikari Pack is allocated to optical-fiber broadband service and other telecommunications services and packet communications plan service based on the relative selling prices of the services and each service is separately recognized as revenue at the time each service is provided to the subscribers.

In addition to the above, DOCOMO sells a variety of goods and digital media contents, such as video and music distribution, electronic books and other services offered through DOCOMO s dmarket portal, and renders services such as Mobile Device Protection Service, of which revenues are included in other operating revenues on the consolidated statements of income. DOCOMO recognizes the related revenues when the following criteria are met. Persuasive evidence of an arrangement or contract exists, delivery has occurred or service has been rendered, the selling price is fixed and collection is reasonably assured.

In addition, DOCOMO evaluates whether it is appropriate to record the gross amount of the revenues and related costs for those goods and services by considering a number of factors, including, but not limited to, whether DOCOMO is the primary obligor under the arrangement or contract, has the inventory risk and has latitude in establishing prices. As DOCOMO generally is the primary obligor with the inventory risk, latitude in establishing prices and/or credit risks, the related revenues are presented on a gross basis.

Contrarily, for certain transactions on the dmarket, DOCOMO is not considered the primary obligor, does not take or take little inventory risk, has no latitude in establishing prices and/or credit risk. DOCOMO is considered an agent for such transactions and related revenues are presented on a net basis.

The deferred revenue and deferred charges as of March 31, 2015 and 2016 were as follows:

		Millions of yen	
	Locations	2015	2016
Current deferred revenue	Other current liabilities	¥ 64,796	¥ **85,434**
Long-term deferred revenue	Other long-term liabilities	79,610	**102,005**
Current deferred charges	Prepaid expenses and other current assets	17,293	**14,707**
Long-term deferred charges	Other assets	72,801	**95,171**

Selling, general and administrative expenses

Selling, general and administrative expenses primarily include commissions paid to sales agents, expenses associated with point programs, advertising expenses, as well as other expenses such as payroll and related benefit costs of personnel not directly involved in the service operations and maintenance process.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

DOCOMO recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50 percent likely of being realized. Changes in recognition or measurement are reflected in the fiscal year in which the change in judgment occurs. DOCOMO has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as a part of income tax expense in the consolidated statements of income.

Earnings per share attributable to NTT DOCOMO, INC.

Basic earnings per share attributable to NTT DOCOMO, INC. include no dilution and are computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per share attributable to NTT DOCOMO, INC. assume the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

DOCOMO did not issue dilutive securities during the fiscal years ended March 31, 2014, 2015 and 2016, and therefore there is no difference between basic and diluted earnings per share attributable to NTT DOCOMO, INC.

Foreign currency translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at appropriate year-end current rates and all income and expense accounts are translated at rates that approximate those rates prevailing at the time of the transactions. The related translation adjustments are included in Accumulated other comprehensive income (loss).

Foreign currency receivables and payables of DOCOMO are translated at appropriate year-end current rates and the related translation gains or losses are included in earnings.

The effects of exchange rate fluctuations from the initial transaction date to the settlement date are recorded as exchange gain or loss, which are included in Other income (expense) in the consolidated statements of income.

(b) Reclassifications

Certain reclassifications have been made to the prior periods consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2016.

(c) Recently issued Accounting Standards

Revenue from Contracts with Customers

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize the amount to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective.

The FASB also issued ASU 2016-08 Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU 2016-10 Identifying Performance Obligations and Licensing, ASU 2016-12 Narrow-Scope Improvements and Practical Expedients, in March, April and May 2016, respectively, to partially amend ASU 2014-09.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On August 12, 2015, the FASB issued ASU 2015-14 Revenue from Contracts with Customers: Deferral of the Effective Date, and deferred the effective date of ASU 2014-09 by one year. Consequently, the standard is expected to take effect for DOCOMO on April 1, 2018. Early adoption of the standard as of April 1, 2017 would also be permitted.

DOCOMO has not yet selected a transition method and is currently evaluating the effect that the ASU will have on DOCOMO s consolidated financial statements and related disclosures.

Recognition and Measurement of Financial Assets and Financial Liabilities

On January 5, 2016, the FASB issued ASU 2016-01 Recognition and Measurement of Financial Assets and Financial Liabilities, which significantly changes the income statement impact of equity investments held by an entity, and the recognition of changes in fair value of financial liabilities when the fair value option is elected. The new standard is effective for DOCOMO on April 1, 2018. DOCOMO is currently evaluating the effect of adopting the ASU.

Lease

On February 25, 2016, the FASB issued ASU 2016-02 Lease, which requires all lessees to recognize the right-of-use asset and lease liability, principally. The new standard is effective for DOCOMO on April 1, 2019. DOCOMO is currently evaluating the effect of adopting the ASU.

3. Cash and cash equivalents:

Cash and cash equivalents as of March 31, 2015 and 2016 comprised the following:

	Millions of yen	
	2015	**2016**
Cash	¥ 92,821	**¥ 97,683**
Certificates of deposit		**50,000**
Commercial paper	802	**433**
Bailment for consumption	11,930	**206,321**
Total	¥ 105,553	**¥ 354,437**

The commercial paper as of March 31, 2015 and 2016 was classified as available-for-sale securities, fair value of which approximates their amortized amounts.

Information regarding Bailment for consumption is disclosed in Note 15 Related party transactions.

4. Inventories:

Inventories as of March 31, 2015 and 2016 comprised the following:

	Millions of yen	
	2015	**2016**
Finished goods	¥ 183,325	**¥ 149,356**

Materials and supplies	2,950	**4,520**
Total	¥ 186,275	**¥ 153,876**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Impairment of long-lived assets:

Impairment of multimedia broadcasting business for mobile devices assets

For the fiscal year ended March 31, 2015, DOCOMO failed to meet the forecasted revenues of the multimedia broadcasting business for mobile devices of DOCOMO s smart life business segment due to new competition in content streaming services provided through smart phones and other devices, resulting in a significant increase in uncertainty over the likelihood of future significant improvement of the profitability of this business.

DOCOMO conducted a recoverability assessment of its long-lived assets including property, plant and equipment and intangible assets of the multimedia broadcasting business for mobile devices based on its business conditions, for the fiscal year ended March 31, 2015.

The estimated undiscounted future cash flows generated by such long-lived assets were less than their carrying amounts. The fair value of long-lived assets related to the multimedia broadcasting business for mobile devices was estimated primarily based on the discounted cash flow method. As a result, the discounted cash flows expected to be generated by the long-lived assets, related to multimedia broadcasting business for mobile devices, would be a negative.

Consequently, since it was necessary to reduce the carrying amounts to fair value for the fiscal year ended March 31, 2015, DOCOMO recorded a non-cash impairment loss of ¥30,161 million, as Impairment loss in the consolidated statements of income, which included an impairment loss for the intangible assets of ¥6,365 million.

During the fiscal year ended March 31, 2016, DOCOMO also recorded a non-cash impairment loss of ¥4,542 million in Impairment loss in the consolidated statements of income, related to the multimedia broadcasting business for mobile devices assets which included an impairment loss for the intangible assets of ¥733 million.

During the fiscal year ended March 31, 2016, DOCOMO decided to terminate the multimedia broadcasting business for mobile devices on June 30, 2016.

6. Investments in affiliates:

Sumitomo Mitsui Card Company, Limited.

Sumitomo Mitsui Card Company, Limited. (Sumitomo Mitsui Card) is a credit card operator in Japan and a privately held company.

As of March 31, 2015 and 2016, DOCOMO held 34% of the outstanding common shares of Sumitomo Mitsui Card. DOCOMO entered into an agreement with Sumitomo Mitsui Card, Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation to jointly promote credit transaction services which use mobile phones compatible with the Osaifu-Keitai (wallet-phone) service.

Philippine Long Distance Telephone Company

Philippine Long Distance Telephone Company (PLDT) is a telecommunication operator in the Philippines and a public company listed on the Philippine Stock Exchange and the New York Stock Exchange.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DOCOMO held approximately 15% of PLDT s outstanding common shares and approximately 9% of voting interest in PLDT as of March 31, 2015 and 2016. The ratio of outstanding common shares and voting interest in PLDT held by DOCOMO as of March 31, 2015 and 2016 are disproportionate because PLDT issued voting preferred stock in October, 2012.

DOCOMO applies the equity method of accounting for the investment in PLDT, as DOCOMO has the ability to exercise significant influence over PLDT given DOCOMO s board representation and the right to exercise the voting rights associated with the ownership interest collectively held by DOCOMO and NTT Communications Corporation (NTT Com), which held approximately 6% of PLDT s outstanding common shares and approximately 3% of voting interest in PLDT as of March 31, 2015 and 2016, in accordance with an agreement between PLDT and its major shareholders, including NTT Com and DOCOMO.

DOCOMO s carrying amount of its investment in PLDT was ¥143,819 million and ¥126,325 million as of March 31, 2015 and 2016, respectively. The aggregate market price of the PLDT shares owned by DOCOMO was ¥240,522 million and ¥152,683 million as of March 31, 2015 and 2016, respectively.

Tata Teleservices Limited

Tata Teleservices Limited (TTSL) is a telecommunication operator in India and a privately held company.

As of March 31, 2015 and 2016, DOCOMO held approximately 26.5% of the outstanding common shares of TTSL.

On November 12, 2008, DOCOMO entered into a capital alliance with TTSL and Tata Sons Limited (Tata Sons), the parent company of TTSL. On March 25, 2009, DOCOMO acquired approximately 26% of the outstanding common shares of TTSL pursuant to the capital alliance and accounted for the investment by applying the equity method.

DOCOMO made additional investments in response to a rights offering that TTSL commenced in March and May, 2011. TTSL has used the capital increase to strengthen the quality of the 3G network in India s market. As a result of its participation in the rights offering, DOCOMO s equity interest in TTSL slightly increased to approximately 26.5%.

DOCOMO determined that the decline in value below carrying amount was other-than-temporary and recognized impairment charges of ¥51,244 million related to its investment in TTSL for the fiscal year ended March 31, 2014.

Under the shareholders agreement (the Agreement) entered into among TTSL, Tata Sons and DOCOMO, when DOCOMO entered into a business alliance with TTSL in March 2009, DOCOMO shall have certain shareholder rights including the right to require Tata Sons to find a suitable buyer for DOCOMO s entire stake (1,248,974,378 shares, or approximately 26.5% of outstanding shares) in TTSL for 50% of the DOCOMO s acquisition price, which amounts to 72.5 billion Indian rupees (or ¥120.4 billion*) or at fair value, whichever is higher, in the event that TTSL fails to achieve certain specified performance targets by March 31, 2014. The right became exercisable on May 30, 2014, and DOCOMO exercised the right on July 7, 2014.

The obligation of Tata Sons under the Agreement was not fulfilled, although DOCOMO repeatedly held discussions with Tata Sons in regards to the sale of its entire stake in TTSL, pursuant to the Agreement. Accordingly, DOCOMO submitted its request for arbitration to the London Court of International Arbitration (LCIA) on January 3, 2015.

* 1 rupee = ¥1.66 as of May 31, 2016

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DOCOMO received a binding arbitration award from the LCIA on June 23, 2016. The award orders that Tata Sons pay damages to DOCOMO in the amount of approximately $1,172 million (or ¥130.0 billion*) for Tata Sons breach of the shareholders agreement, upon DOCOMO s tender of its entire stake in TTSL to Tata Sons or its designee. However, it is uncertain as to whether Tata Sons will honor the binding award.

The sale of investment in TTSL has not been completed as Tata Sons has not fulfilled its obligation, and thus DOCOMO has not accounted for the sale transaction for the year ended March 31, 2016. DOCOMO continues to account for the investment in TTSL under the equity method as DOCOMO continues to hold approximately 26.5% of the outstanding voting shares of TTSL and have the representation on the Board of Directors of TTSL, even after receiving the binding arbitration award from the LCIA. The financial effect of this matter cannot be estimated at this time due to the aforementioned uncertainties surrounding this investment. DOCOMO may recognize a gain or loss upon disposition of its TTSL shares or in the event that the transaction as described above will not be carried out.

Impairment

DOCOMO evaluates the recoverability of the carrying value of its investments in affiliates including those mentioned above when there are indications that a decline in value below carrying amount may be other than temporary.

DOCOMO determined that there were other-than-temporary declines in values, of certain investments and recognized impairment charges for the fiscal year ended March 31, 2014. For the fiscal year ended March 31, 2014, DOCOMO recognized impairment charges on certain investments including TTSL aggregating ¥51,279 million. The impairment charges are included in Equity in net income (losses) of affiliates in the consolidated statements of income.

DOCOMO reviewed the business outlook of TTSL in order to determine if the value of the investment in TTSL has suffered a decline that was other than temporary because of the recent economic and financial environment surrounding its industry.

During the fiscal year ended March 31, 2014, DOCOMO s estimate of future cash flows of TTSL were further revised downward as a result of the growing business risk of mobile network operators in India, including an increase in the cost of maintaining or acquiring frequency spectrum due to a steep rise of the auction price of frequency spectrum in India. Reflecting growing business risk and recent operating results of TTSL, the weighted average cost of capital increased to 12.6%, which was applied to these revised estimated cash flows and DOCOMO concluded that the further decline in value was other than temporary. Consequently, DOCOMO recognized an additional impairment charge of ¥51,244 million.

During the fiscal years ended March 31, 2015 and 2016, DOCOMO determined that the value of the investment in TTSL had not suffered a decline that was other than temporary. As previously described, DOCOMO plans to dispose of DOCOMO s entire investment in TTSL. DOCOMO may recognize a gain or loss upon disposition of DOCOMO s TTSL shares or if the transaction as previously described above is not carried out. In addition, DOCOMO recorded impairment charges for other than temporary declines on investments in certain affiliates for the fiscal years ended March 31, 2015 and 2016. Those impairment charges do not have a material impact on DOCOMO s results of operations or financial position.

* $1 = ¥110.94 as of May 31, 2016

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DOCOMO believes that the estimated fair values of each of its investments in affiliates as of March 31, 2016 are equal to or exceed the related carrying values on an individual basis.

Others

All of the significant affiliates, except for PLDT, are privately held companies as of March 31, 2016.

DOCOMO s shares of undistributed earnings of its affiliates included in its consolidated retained earnings were ¥36,111 million, ¥44,367 million and ¥52,203 million, as of March 31, 2014, 2015 and 2016, respectively. DOCOMO does not have significant business transactions with its affiliates except for Sumitomo Mitsui Card.

The total carrying value of DOCOMO s Investments in affiliates in the consolidated balance sheets as of March 31, 2015 and 2016 was greater by ¥280,140 million and ¥263,669 million, respectively, than its aggregate underlying equity in net assets of such affiliates as of the date of the most recent available financial statements of the investees. The differences mainly consist of investor level goodwill and fair value adjustments for amortizable intangible assets.

The following represents summarized financial information for DOCOMO s affiliates.

	Millions of yen 2014	
	TTSL	Others
Operating information		
Operating revenues	¥ 227,582	¥ 911,020
Operating income (loss)	(28,683)	171,193
Income (loss) from continuing operations	(85,026)	122,511
Net income (loss)	(85,026)	122,511
Net income (loss) attributable to shareholders of the affiliates	(84,613)	122,324

	Millions of yen 2015	
	TTSL	Others
Balance sheet information		
Current assets	¥ 76,869	¥ 1,415,618
Non-current assets	468,569	1,766,763
Current liabilities	141,608	1,234,202
Long-term liabilities	601,880	843,066
Equity	(198,050)	1,105,113
Redeemable preferred stock	48,964	
Noncontrolling interests	22,920	2,212

	Millions of yen 2015	
	TTSL	Others
Operating information		
Operating revenues	¥ 238,040	¥ 991,113

Operating income (loss)	(19,853)	168,368
Income (loss) from continuing operations	(79,390)	127,466
Net income (loss)	(79,390)	127,466
Net income (loss) attributable to shareholders of the affiliates	(78,742)	127,468

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Millions of yen 2016	
	TTSL	Others
Balance sheet information		
Current assets	¥ **72,726**	¥ **1,542,550**
Non-current assets	**472,261**	**1,751,092**
Current liabilities	**146,459**	**1,335,526**
Long-term liabilities	**604,141**	**867,003**
Equity	**(205,613)**	**1,091,113**
Redeemable preferred stock	**83,418**	
Noncontrolling interests	**24,393**	**2,060**

	Millions of yen 2016	
	TTSL	Others
Operating information		
Operating revenues	¥ **271,878**	¥ **1,207,344**
Operating income (loss)	**12,643**	**132,026**
Income (loss) from continuing operations	**(57,057)**	**95,374**
Net income (loss)	**(57,057)**	**95,374**
Net income (loss) attributable to shareholders of the affiliates	**(59,721)**	**95,340**

7. Marketable securities and other investments:

Marketable securities and other investments as of March 31, 2015 and 2016 comprised the following:

	Millions of yen	
	2015	2016
Marketable securities:		
Available-for-sale	¥ 181,830	¥ **170,477**
Other investments	13,217	**12,428**
Marketable securities and other investments (Non-current)	¥ 195,047	¥ **182,905**

The carrying amount and fair value of debt securities classified as available-for-sale included in Marketable securities and other investments as of March 31, 2015 and 2016, aggregated by maturities, were as follows:

	Millions of yen			
	2015		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Due after 1 year through 5 years	¥ 6	¥ 6	¥	¥

Due after 5 years through 10 years								
Due after 10 years								
Total	¥	6	¥	6	¥		¥	

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The cost, gross unrealized holding gains and losses and fair value as of March 31, 2015 and 2016, aggregated by type of available-for-sale securities included in Marketable securities and other investments, were as follows:

	Millions of yen 2015			
	Cost /Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	¥ 105,396	¥ 76,662	¥ 234	¥ 181,824
Debt securities	5	1		6

	Millions of yen 2016			
	Cost /Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	**¥ 103,179**	**¥ 68,150**	**¥ 852**	**¥ 170,477**

The proceeds and gross realized gains (losses) from the sale of available-for-sale securities and other investments for the fiscal years ended March 31, 2014, 2015 and 2016 were as follows:

	Millions of yen		
	2014	2015	2016
Proceeds	¥ 2,729	¥ 1,003	**¥ 8,836**
Gross realized gains	1,846	609	**5,867**
Gross realized losses	(44)	(734)	**(42)**

The fair value of and gross unrealized holding losses on available-for-sale securities and cost method investments included in other investments as of March 31, 2015 and 2016, aggregated by investment category and length of time during which individual securities were in a continuous unrealized loss position, were as follows:

	Millions of yen 2015					
	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
Available-for-sale:						
Equity securities	¥ 3,094	¥ 234	¥	¥	¥ 3,094	¥ 234
Cost method investments			192	1,935	192	1,935

	Millions of yen 2016					
	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses

Available-for-sale:								
Equity securities	**¥ 2,656**	**¥**	**351**	**¥ 2,680**	**¥**	**501**	**¥ 5,336**	**¥**	**852**
Cost method investments	**16**		**37**	**57**		**1,154**	**73**		**1,191**

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Other investments include long-term investments in various privately held companies.

For long-term investments in various privately held companies for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. Accordingly, DOCOMO believes that it is not practicable to disclose estimated fair values of these cost method investments. Unless DOCOMO identifies events or changes in circumstances that may have had a significant adverse effect on the fair value of these investments, the fair value of such cost method investments is not estimated.

The aggregate carrying amount of cost method investments included in other investments and the aggregate carrying amount of investments whose fair values were not evaluated for impairment as of March 31, 2015 and 2016 were as follows:

	Millions of yen	
	2015	2016
Cost method investments included in other investments	¥ 13,178	**¥ 12,394**
Including: Investments whose fair values were not evaluated for impairment	11,050	**11,058**

The amount of other-than-temporary impairment of marketable securities and other investments is disclosed in Note 14 Other income (expense).

8. Goodwill and other intangible assets:

Goodwill

The majority of DOCOMO s goodwill was recognized when DOCOMO purchased all the remaining noncontrolling interests in its eight regional subsidiaries through share exchanges and made these subsidiaries wholly owned in November 2002.

The changes in the carrying amount of goodwill by each segment for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of yen 2015			
	Telecommunications business	Smart life business	Other businesses	Consolidated
Balance at beginning of year				
Gross goodwill	¥ 141,825	¥ 70,663	¥ 63,565	¥ 276,053
Accumulated impairment losses			(13,591)	(13,591)
	141,825	70,663	49,974	262,462
Foreign currency translation adjustment	2,093	84	2,492	4,669
Other		6	(826)	(820)
Balance at end of year				
Gross goodwill	143,918	70,753	65,231	279,902
Accumulated impairment losses			(13,591)	(13,591)
	¥ 143,918	¥ 70,753	¥ 51,640	¥ 266,311

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	Millions of yen 2016			
	Telecommunications business	Smart life business	Other businesses	Consolidated
Balance at beginning of year				
Gross goodwill	¥ 143,918	¥ 70,753	¥ 65,231	¥ 279,902
Accumulated impairment losses			(13,591)	(13,591)
	143,918	70,753	51,640	266,311
Goodwill impairment loss		(2,368)	(6,131)	(8,499)
Foreign currency translation adjustment	9	(22)	(3,167)	(3,180)
Sale of a consolidated subsidiary			(10,937)	(10,937)
Balance at end of year				
Gross goodwill	143,927	70,731	51,127	265,785
Accumulated impairment losses		(2,368)	(19,722)	(22,090)
	¥ 143,927	¥ 68,363	¥ 31,405	¥ 243,695

Segment information is disclosed in Note 16 Segment reporting.

In the fiscal year ended March 31, 2016, because of the rapid adverse change in its business environment, DOCOMO recognized a ¥6,131 million goodwill impairment loss for a reporting unit in the other businesses. The fair value of this reporting unit was measured using the discounted cash flow method. The amount of this impairment loss was included in Selling, general and administrative of the consolidated statements of income.

In the fiscal year ended March 31, 2016, DOCOMO recorded ¥10,937 million of a decrease in goodwill related to sale of a consolidated subsidiary for a reporting unit in the other businesses, which was associated with the sale of a certain consolidated subsidiary.

Other intangible assets

Other intangible assets, as of March 31, 2015 and 2016 comprised the following:

	Millions of yen 2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortizable intangible assets:			
Software for telecommunications network	¥ 1,084,746	¥ 802,180	¥ 282,566
Internal-use software	1,387,249	1,131,005	256,244
Software acquired to be used in manufacture of handsets	250,022	201,021	49,001
Rights to use telecommunications facilities of wireline operators	18,271	7,276	10,995
Other	56,959	35,852	21,107
Total amortizable intangible assets	¥ 2,797,247	¥ 2,177,334	¥ 619,913

Unamortizable intangible assets:		
Trademarks and trade names	¥	13,210
Other		3,196
Total unamortizable intangible assets	¥	16,406
Total	¥	636,319

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	Millions of yen 2016 Gross carrying amount	Accumulated amortization	Net carrying amount
Amortizable intangible assets:			
Software for telecommunications network	**¥ 1,035,821**	**¥ 761,630**	**¥ 274,191**
Internal-use software	**1,433,751**	**1,172,861**	**260,890**
Software acquired to be used in manufacture of handsets	**252,610**	**220,658**	**31,952**
Rights to use telecommunications facilities of wireline operators	**19,064**	**8,009**	**11,055**
Other	**51,470**	**38,891**	**12,579**
Total amortizable intangible assets	**¥ 2,792,716**	**¥ 2,202,049**	**¥ 590,667**
Unamortizable intangible assets:			
Trademarks and trade names			**¥ 13,052**
Other			**11,294**
Total unamortizable intangible assets			**¥ 24,346**
Total			**¥ 615,013**

Effective July 1, 2014, DOCOMO revised its estimate of the expected useful life of a part of the software for telecommunications network and internal-use software based on the actual utilization of the software to reflect an extended expected maximum useful life from 5 years to 7 years.

The amount of amortizable intangible assets acquired during the fiscal year ended March 31, 2016 was ¥143,267 million, the main components of which were software for telecommunications network in the amount of ¥58,996 million and internal-use software in the amount of ¥76,936 million. The weighted-average amortization period of such software for telecommunications network and internal-use software is 7 years and 6 years, respectively.

Amortization of intangible assets for the fiscal years ended March 31, 2014, 2015 and 2016 was ¥237,858 million, ¥180,218 million and ¥165,387 million, respectively. Estimated amortization of existing intangible assets for fiscal years ending March 31, 2017, 2018, 2019, 2020 and 2021 is ¥158,264 million, ¥133,180 million, ¥105,053 million, ¥74,868 million and ¥46,322 million, respectively. The weighted-average amortization period of the intangible assets acquired during the fiscal year ended March 31, 2016 is 6 years.

9. Other assets:

Other assets as of March 31, 2015 and 2016 comprised the following:

	Millions of yen 2015	2016
Deposits	¥ 82,731	**¥ 91,984**
Deferred customer activation costs	72,801	**95,171**
Receivables held for sale (Non-current).	258,717	**272,318**
Allowance for doubtful accounts	(5,402)	**(4,865)**
Long-term prepaid expenses	17,215	**11,547**
Asset for employees retirement benefits	10,220	**4,898**
Other	9,441	**8,050**

Total	¥ 445,723	**¥ 479,103**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Short-term borrowings and long-term debt:

Short-term borrowings, excluding the current portion of long-term debt as of March 31, 2015 and 2016 were as follows:

	Millions of yen 2015	2016
Short-term borrowings denominated in Japanese Yen:		
Unsecured short-term loans from financial institutions	¥ 400	**¥ 1,500**
(Year ended March 31, 2015 weighted-average rate per annum : 0.7% as of March 31, 2015)		
(Year ended March 31, 2016 weighted-average rate per annum : 0.5% as of March 31, 2016)		
Short-term borrowings denominated in Euro:		
Unsecured short-term loans from financial institutions	1,648	**264**
(Year ended March 31, 2015 weighted-average rate per annum :1.3% as of March 31, 2015)		
(Year ended March 31, 2016 weighted-average rate per annum :0.7% as of March 31, 2016)		
Total short-term borrowings	¥ 2,048	**¥ 1,764**

Long-term debt as of March 31, 2015 and 2016 were as follows:

	Millions of yen 2015	2016
Debt denominated in Japanese Yen:		
Unsecured corporate bonds	¥ 220,000	**¥ 220,000**
(Year ended March 31, 2015 interest rates per annum : 0.2%-2.0%, due : years ending March 31, 2018-2024)		
(Year ended March 31, 2016 interest rates per annum : 0.2%-2.0%, due : years ending March 31, 2018-2024)		
Unsecured indebtedness to financial institutions	603	**400**
(Year ended March 31, 2015 interest rates per annum : 0.9%-1.2%, due : years ending March 31, 2016-2018)		
(Year ended March 31, 2016 interest rates per annum : 0.9%, due : years ending March 31, 2017-2018)		
Sub-total	¥ 220,603	**¥ 220,400**
Less: Current portion	(203)	**(200)**
Total long-term debt	¥ 220,400	**¥ 220,200**

For the fiscal years ended March 31, 2015 and 2016, DOCOMO did not redeem or issue corporate bonds.

Interest rates on DOCOMO s debts are mainly fixed. DOCOMO may use interest rate swap agreements, under which DOCOMO receives fixed rate interest payments and pays floating rate interest payments, to hedge the changes in fair value of certain debt as a part of its asset-liability management (ALM). Information relating to interest rate swap agreements is disclosed in Note 21 Financial instruments. DOCOMO did not enter into any interest rate swaps agreements designated as instruments hedging the changes in fair value for the fiscal years ended March 31, 2015 and 2016. DOCOMO was not a counterparty to any interest rate swap agreements designated as instruments hedging the changes in fair value as of March 31, 2015 and 2016.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Interest costs related to short-term borrowings and long-term debt for the fiscal years ended March 31, 2014, 2015 and 2016 totaled ¥3,096 million, ¥2,790 million and ¥2,681 million, respectively. Interest expense in the consolidated statements of income excludes the amounts of capitalized interest.

The aggregate amounts of annual maturities of long-term debt as of March 31, 2016, were as follows:

Year ending March 31,	Millions of yen
2017	¥ 200
2018	60,200
2019	110,000
2020	
2021	
Thereafter	50,000
Total	¥ 220,400

11. Redeemable noncontrolling interest

Changes in the redeemable noncontrolling interest for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of yen	
	2015	2016
Balance at beginning of year	¥ 14,869	**¥ 15,589**
Comprehensive income		
Net income	718	**632**
Other comprehensive income (loss)		
Foreign currency translation adjustment, net of applicable taxes	2	**(0)**
Balance at end of year	¥ 15,589	**¥ 16,221**

12. Equity:

(a) Dividends

The Companies Act of Japan (the Companies Act) provides that (i) dividends of earnings require approval at a general meeting of shareholders, (ii) interim cash dividends can be distributed upon the approval of the Board of Directors, if the articles of incorporation provide for such interim cash dividends and (iii) an amount equal to 10% of the decrease in retained earnings, as a result of a dividend payment, shall be contributed to a legal reserve that can be funded up to an amount equal to 25% of capital stock. The legal reserve is available for distribution upon approval of the shareholders.

The distributable amount available for the payments of dividends to shareholders as of March 31, 2016 was ¥3,519,443 million and was included in Additional paid-in capital and Retained earnings.

In the general meeting of shareholders held on June 16, 2016, the shareholders approved cash dividends of ¥131,622 million or ¥35 per share, payable to shareholders of record as of March 31, 2016, which were declared by the Board of Directors on April 28, 2016.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(b) Issued shares and treasury stock

With regard to the acquisition of treasury stock, Companies Act provides that (i) it can be executed according to a resolution of the general meeting of shareholders, and (ii) the acquisition of treasury stock through open market transactions can be done according to a resolution of the Board of Directors, if the articles of incorporation contain such a provision. In accordance with (ii) above, a provision in NTT DOCOMO, INC. s articles of incorporation stipulates that NTT DOCOMO, INC. may repurchase treasury stock through open market transactions, by a resolution of the Board of Directors, for the purpose of improving capital efficiency and implementing flexible capital policies in accordance with the business environment.

On April 26, 2013, the Board of Directors approved a stock split and the adoption of a unit share system from October 1, 2013. Based on the intent of the Action Plan for Consolidating Trading Units announced by stock exchanges of Japan in November 2007, NTT DOCOMO, INC. conducted the 1:100 stock split and adopted the unit share system which sets 100 shares as a share trading unit. There was no effective change to the investment units due to the stock split and adoption of the unit share system.

Public notice date of record date, record date and effective date were September 13, 2013, September 30, 2013 and October 1, 2013, respectively.

NTT DOCOMO, INC. has reflected the effect of this split in the consolidated financial statements and notes to the consolidated financial statements.

On April 25, 2014, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 320,000,000 outstanding shares of its common stock for an amount in total not exceeding ¥500,000 million from April 26, 2014 through March 31, 2015. NTT DOCOMO, INC. also carries out compulsory acquisition of less-than-one-unit shares upon request.

On January 29, 2016, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 220,000,000 outstanding shares of its common stock for an amount in total not exceeding ¥500,000 million from February 1, 2016 through December 31, 2016.

The changes in the number of issued shares and treasury stock were as follows. NTT DOCOMO, INC. has not issued shares other than shares of its common stock.

	Number of issued shares	**Number of treasury stock**
As of March 31, 2013	4,365,000,000	218,239,900
As of March 31, 2014	4,365,000,000	218,239,900
Acquisition of treasury stock based on the resolution of the Board of Directors		265,276,121
Acquisition of treasury stock through purchase of less-than-one-unit shares		124
Retirement of treasury stock	(279,228,000)	(279,228,000)
As of March 31, 2015	4,085,772,000	204,288,145
Acquisition of treasury stock based on the resolution of the Board of Directors		**120,867,062**
Acquisition of treasury stock through purchase of less-than-one-unit shares		**43**
Retirement of treasury stock	**(127,229,000)**	**(127,229,000)**
As of March 31, 2016	**3,958,543,000**	**197,926,250**

On August 6, 2014, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 206,489,675 outstanding shares of its common stock for an amount in total not exceeding ¥350,000 million from

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

August 7, 2014 through September 3, 2014. Based on this resolution, NTT DOCOMO, INC. repurchased 181,530,121 shares of its common stock for a total purchase price of ¥307,694 million between August 2014 and September 2014.

On October 31, 2014, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 138,469,879 outstanding shares of its common stock for an amount in total not exceeding ¥192,306 million from November 1, 2014 through March 31, 2015. Based on this resolution, NTT DOCOMO, INC. repurchased 83,746,000 shares of its common stock for a total purchase price of ¥165,342 million between November 2014 and March 2015.

On February 5, 2016, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 137,578,616 outstanding shares of its common stock by way of tender offer at an amount in total not exceeding ¥350,000 million from February 8, 2016 through March 7, 2016. Based on this resolution, NTT DOCOMO, INC. repurchased 120,867,062 shares of its common stock for a total purchase price of ¥307,486 million between February 2016 and March 2016.

The aggregate number of shares repurchased from our parent company, NTT, was 176,991,100 shares and 117,924,500 shares, and the amounts in total were ¥300,000 million and ¥300,000 million for the fiscal years ended March 31, 2015 and 2016, respectively.

NTT DOCOMO, INC. also carried out compulsory acquisition of less-than-one-unit shares upon request.

The aggregate number and price of shares repurchased for the fiscal years ended March 31, 2015 and 2016 were as follows:

Year ended March 31,	Shares	Millions of yen
2015	265,276,245	¥ 473,036
2016	**120,867,105**	**¥ 307,486**

Based on the resolution of the Board of Directors, NTT DOCOMO, INC. retired its own shares held as treasury stock as shown in the following table for the fiscal years ended March 31 2015 and 2016.

Date of the resolution of the Board of Directors	Shares	Millions of yen
March 27, 2015	279,228,000	¥ 490,986
March 25, 2016	**127,229,000**	**¥ 260,872**

The Companies Act and related ordinance provide that in case the aggregate purchase price of the retired shares exceeds the balance of Additional paid-in capital, Additional paid-in capital shall be reduced to zero and the remaining balance shall be deducted from the balance of Retained earnings on non-consolidated balance sheet.

The share retirement for the fiscal year ended March 31, 2015 resulted in decreases of Additional paid-in capital by ¥393,092 million and Retained earnings by ¥97,894 million on the consolidated balance sheets in response to the treatment described above. The share retirement for the fiscal year ended March 31, 2016 resulted in a decrease of Retained earnings by ¥260,872 million. There were no changes in the number of authorized shares.

On April 28, 2016, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 99,132,938 outstanding shares of its common stock by way of the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) and market purchases in accordance with the discretionary dealing contract, at an amount in total not exceeding ¥192,514 million from May 2, 2016 through December 31, 2016.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Based on this resolution, NTT DOCOMO, INC. repurchased 9,021,000 shares of its common stock at ¥24,433 million using the ToSTNeT-3 on May 18, 2016, and has also repurchased 992,800 shares of its common stock for a total purchase price of ¥2,773 million by way of market purchases in accordance with the discretionary dealing contract as of May 31, 2016.

(c) Accumulated other comprehensive income (loss)

Changes in accumulated other comprehensive income (loss)

Changes in accumulated other comprehensive income (loss), net of applicable taxes, for the fiscal years ended March 31, 2014, 2015 and 2016 were as follows:

	Millions of yen 2014				
	Unrealized holding gains (losses) on available-for-sale securities	Unrealized gains (losses) on cash flow hedges	Foreign currency translation adjustment	Pension liability adjustment	Total
Balance as of March 31, 2013	¥ 36,372	¥ (80)	¥ (49,907)	¥ (35,497)	¥ (49,112)
Other comprehensive income (loss) before reclassifications	8,751	(76)	31,653	15,290	55,618
Amounts reclassified from accumulated other comprehensive income (loss)	(84)	59	6,010	(2,708)	3,277
Other comprehensive income (loss)	8,667	(17)	37,663	12,582	58,895
Less: other comprehensive (income) loss attributable to noncontrolling interests	(1)		(193)	1	(193)
Balance as of March 31, 2014	¥ 45,038	¥ (97)	¥ (12,437)	¥ (22,914)	¥ 9,590

	Millions of yen 2015				
	Unrealized holding gains (losses) on available-for-sale securities	Unrealized gains (losses) on cash flow hedges	Foreign currency translation adjustment	Pension liability adjustment	Total
Balance as of March 31, 2014	¥ 45,038	¥ (97)	¥ (12,437)	¥ (22,914)	¥ 9,590
Other comprehensive income (loss) before reclassifications	22,468	(20)	29,678	(9,159)	42,967

Amounts reclassified from accumulated other comprehensive income (loss)	120	16		282	418
Other comprehensive income (loss)	22,588	(4)	29,678	(8,877)	43,385
Less: other comprehensive (income) loss attributable to noncontrolling interests	(6)		(370)		(376)
Balance as of March 31, 2015	¥ 67,620	¥ (101)	¥ 16,871	¥ (31,791)	¥ 52,599

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Millions of yen 2016				
	Unrealized holding gains (losses) on available-for-sale securities	Unrealized gains (losses) on cash flow hedges	Foreign currency translation adjustment	Pension liability adjustment	Total
Balance as of March 31, 2015	¥ 67,620	¥ (101)	¥ 16,871	¥ (31,791)	¥ 52,599
Other comprehensive income (loss) before reclassifications	(4,715)	(148)	(10,324)	(21,634)	(36,821)
Amounts reclassified from accumulated other comprehensive income (loss)	(1,278)	31	(263)	626	(884)
Other comprehensive income (loss)	(5,993)	(117)	(10,587)	(21,008)	(37,705)
Less: other comprehensive (income) loss attributable to noncontrolling interests	(3)		(3)		(6)
Balance as of March 31, 2016	¥ 61,624	¥ (218)	¥ 6,281	¥ (52,799)	¥ 14,888

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reclassifications out of accumulated other comprehensive income (loss) to net income

Amounts reclassified out of accumulated other comprehensive income (loss) to net income and affected line items in the consolidated statement of income for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of yen		
	Amounts reclassified out of accumulated other comprehensive income (loss) (*1)		Affected line items in the consolidated statements of income
	2015	2016	
Unrealized holding gains (losses) on available-for-sale securities	¥ 14	**¥ 1,796**	Other, net of Other income (expense)
	(201)	**249**	Equity in net income (losses) of affiliates
	(187)	**2,045**	Pre-tax amount
	67	**(767)**	Tax benefit (expense)
	(120)	**1,278**	Net-of-tax amount
Unrealized gains (losses) on cash flow hedges	(25)	**(46)**	Equity in net income (losses) of affiliates
	(25)	**(46)**	Pre-tax amount
	9	**15**	Tax benefit (expense)
	(16)	**(31)**	Net-of-tax amount
Foreign currency translation adjustment		**263**	Other, net of Other income (expense)
		263	Pre-tax amount
		263	Net-of-tax amount
Pension liability adjustment	(439)	**(931)**	(*2)
	(439)	**(931)**	Pre-tax amount
	157	**305**	Tax benefit (expense)
	(282)	**(626)**	Net-of-tax amount
Total reclassified amounts	(418)	**¥ 884**	Net-of-tax amount

(*1) Amounts in parentheses indicate decreased effects on net income.
(*2) Amounts reclassified out of pension liability adjustment are included in the computation of net periodic pension cost. See Note 17 Employees retirement benefits for additional details.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tax effects on other comprehensive income (loss)

Tax effects allocated to each component of other comprehensive income (loss), including amounts attributable to noncontrolling interests, for the fiscal years ended March 31, 2014, 2015 and 2016 were as follows:

	Millions of yen 2014 Pre-tax amount	Tax benefit / (expense)	Net-of-tax amount
Unrealized holding gains (losses) on available-for-sale securities	¥ 13,574	¥ (4,823)	¥ 8,751
Less: Reclassification of realized gains and losses included in net income	(165)	81	(84)
Unrealized gains (losses) on cash flow hedges	(119)	43	(76)
Less: Reclassification of realized gains and losses included in net income	92	(33)	59
Foreign currency translation adjustment	36,447	(4,794)	31,653
Less: Reclassification of realized gains and losses included in net income	9,489	(3,479)	6,010
Pension liability adjustment			
Actuarial gains (losses) arising during period, net	18,585	(6,656)	11,929
Prior service cost arising during period, net	5,235	(1,874)	3,361
Less: Amortization of prior service cost	(2,270)	813	(1,457)
Less: Curtailment gain	(5,131)	1,837	(3,294)
Less: Amortization of actuarial gains and losses	3,058	(1,095)	1,963
Less: Amortization of transition obligation	125	(45)	80
Total other comprehensive income (loss)	¥ 78,920	¥ (20,025)	¥ 58,895

Unrealized holding gains on available-for-sale securities, foreign currency translation gains and actuarial losses, net of tax, attributable to noncontrolling interests were ¥1 million, ¥193 million and ¥(1) million, respectively, for the fiscal year ended March 31, 2014.

	Millions of yen 2015 Pre-tax amount	Tax benefit / (expense)	Net-of-tax amount
Unrealized holding gains (losses) on available-for-sale securities	¥ 34,890	¥ (12,422)	¥ 22,468
Less: Reclassification of realized gains and losses included in net income	187	(67)	120
Unrealized gains (losses) on cash flow hedges	(31)	11	(20)
Less: Reclassification of realized gains and losses included in net income	25	(9)	16
Foreign currency translation adjustment	37,371	(7,693)	29,678
Pension liability adjustment			
Actuarial gains (losses) arising during period, net	(14,258)	5,099	(9,159)
Less: Amortization of prior service cost	(1,392)	498	(894)
Less: Amortization of actuarial gains and losses	1,719	(615)	1,104
Less: Amortization of transition obligation	112	(40)	72
Total other comprehensive income (loss)	¥ 58,623	¥ (15,238)	¥ 43,385

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unrealized holding gains on available-for-sale securities and foreign currency translation gains, net of tax, attributable to noncontrolling interests were ¥6 million and ¥370 million, respectively, for the fiscal year ended March 31, 2015.

	Millions of yen 2016		
	Pre-tax amount	Tax benefit / (expense)	Net-of-tax amount
Unrealized holding gains (losses) on available-for-sale securities	¥ (7,479)	¥ 2,764	¥ (4,715)
Less: Reclassification of realized gains and losses included in net income	(2,045)	767	(1,278)
Unrealized gains (losses) on cash flow hedges	(220)	72	(148)
Less: Reclassification of realized gains and losses included in net income	46	(15)	31
Foreign currency translation adjustment	(12,991)	2,667	(10,324)
Less: Reclassification of realized gains and losses included in net income	(263)		(263)
Pension liability adjustment			
Actuarial gains (losses) arising during period, net	(32,201)	10,567	(21,634)
Less: Amortization of prior service cost	(1,226)	402	(824)
Less: Amortization of actuarial gains and losses	2,108	(691)	1,417
Less: Amortization of transition obligation	49	(16)	33
Total other comprehensive income (loss)	¥ (54,222)	¥ 16,517	¥ (37,705)

Unrealized holding gains on available-for-sale securities and foreign currency translation gains, net of tax, attributable to noncontrolling interests were ¥3 million and ¥3 million, respectively, for the fiscal year ended March 31, 2016.

13. Research and development expenses and advertising expenses:

Research and development expenses

Research and development costs are charged to expense as incurred. Research and development expenses are included primarily in Selling, general and administrative expenses and amounted to ¥102,039 million, ¥96,997 million and ¥83,315 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

Advertising expenses

Advertising costs are charged to expense as incurred. Advertising expenses are included primarily in Selling, general and administrative expenses and amounted to ¥67,128 million, ¥69,129 million and ¥61,544 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Other income (expense):

Other income (expense) included in Other, net in the consolidated statements of income for the fiscal years ended March 31, 2014, 2015 and 2016 comprised the following:

	Millions of yen		
	2014	2015	2016
Net realized gains (losses) on dispositions of investments in affiliates	¥ 1,888	¥ (46)	¥ **148**
Net realized gains (losses) on dispositions of marketable securities and other investments	1,802	(125)	**5,825**
Other-than-temporary impairment loss on marketable securities and other investments	(3,055)	(902)	**(636)**
Loss on sale of a subsidiary			**(13,117)**
Foreign exchange gains (losses), net	4,409	(409)	**(3,627)**
Dividends income	3,999	3,675	**4,213**
Penalties and compensation for damages	1,840	1,460	**1,105**
Bad debt expenses	(35)	(1)	**(0)**
Other, net	2,533	674	**611**
Total	¥ 13,381	¥ 4,326	¥ **(5,478)**

15. Related party transactions:

DOCOMO is majority-owned by NTT, which is a holding company for more than 1,000 companies comprising the NTT group.

DOCOMO has entered into a number of different types of transactions with NTT, its subsidiaries and affiliates in the ordinary course of business. DOCOMO s transactions with NTT group companies include purchases of wireline telecommunications services (i.e. for DOCOMO s offices and operations facilities) based on actual usage, leasing of various telecommunications facilities and sales of DOCOMO s various wireless telecommunications services. During the fiscal years ended March 31, 2014, 2015 and 2016, DOCOMO purchased capital equipment from NTT group companies in the amount of ¥75,768 million, ¥59,925 million and ¥59,049 million, respectively.

NTT DOCOMO, INC. repurchased its common stock from NTT during the fiscal years ended March 31, 2015 and 2016. Information regarding the acquisition of treasury stock is disclosed in Note 12 Equity.

NTT and its subsidiaries collectively own 100% of the voting interests in NTT FINANCE CORPORATION (NTT FINANCE), of which DOCOMO owns 2.92% as of March 31, 2016. Accordingly, NTT FINANCE is a related party of DOCOMO. DOCOMO has carried out the following transactions with NTT FINANCE.

DOCOMO has entered into contracts for bailments of cash for consumption with NTT FINANCE for cash management purposes. Under the terms of the contracts, excess cash generated at DOCOMO is bailed to NTT FINANCE and NTT FINANCE manages the funds on behalf of DOCOMO. DOCOMO can withdraw the funds upon its demand and receives relevant interest from NTT FINANCE. The funds are accounted for as Cash and cash equivalents, Short-term investments, or Other assets depending on the initial contract periods.

The balance of bailments was ¥251,930 million as of March 31, 2015. The assets related to the contracts were recorded as Cash and cash equivalents of ¥11,930 million and Short-term investments of

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

¥240,000 million in the consolidated balance sheet as of March 31, 2015. The contracts had remaining terms to maturity ranging less than 1 year with an average interest rate of 0.1% per annum as of March 31, 2015.

The balance of bailments was ¥206,321 million as of March 31, 2016. The assets related to the contracts were recorded as Cash and cash equivalents in the consolidated balance sheet as of March 31, 2016. The contracts had remaining terms to maturity ranging less than 3 months with an average interest rate of 0.04% per annum as of March 31, 2016.

The average balances of the contracts for bailments that expired during the fiscal years ended March 31, 2014, 2015 and 2016 were ¥99,206 million, ¥111,077 million and ¥323,467 million, respectively. The amount of interest derived from the contracts was recorded as Interest income of ¥796 million, ¥589 million and ¥388 million in the consolidated statements of income for the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

In May, 2012, DOCOMO and NTT FINANCE entered into a basic contract regarding the transfer of DOCOMO s receivables for telecommunications services for the convenience of DOCOMO s customers. In June, 2012, DOCOMO and NTT FINANCE entered into an individual contract regarding the transfers of receivables.

Under the contracts, receivables for telecommunications services which DOCOMO decides to sell are reclassified to receivables held for sale and are sold to NTT FINANCE at fair value on a monthly basis. By the end of the month following the month of sale, the entire amount sold is paid to DOCOMO by NTT FINANCE. DOCOMO has no further involvement with the receivables sold.

For the fiscal year ended March 31, 2014, the amount of receivables for telecommunications services that DOCOMO sold to NTT FINANCE was ¥3,717,135 million and the aggregated amount of losses on sales of receivables and adjustments to recognize the receivables held for sale at the lower of cost or fair value was ¥64,789 million and was included in Selling, general and administrative expenses in the consolidated statement of income. The amount DOCOMO has not collected from NTT FINANCE, as of March 31, 2014, was ¥248,732 million and was included in Other receivables in its consolidated balance sheet.

For the fiscal year ended March 31, 2015, the amount of receivables for telecommunications services that DOCOMO sold to NTT FINANCE was ¥3,862,878 million and the aggregated amount of losses on sales of receivables and adjustments to recognize the receivables held for sale at the lower of cost or fair value was ¥67,327 million and was included in Selling, general and administrative expenses in the consolidated statement of income. The amount DOCOMO has not collected from NTT FINANCE, as of March 31, 2015, was ¥259,218 million and was included in Other receivables in its consolidated balance sheet.

For the fiscal year ended March 31, 2016, the amount of receivables for telecommunications services that DOCOMO sold to NTT FINANCE was ¥4,163,618 million and the aggregated amount of losses on sales of receivables and adjustments to recognize the receivables held for sale at the lower of cost or fair value was ¥62,305 million and was included in Selling, general and administrative expenses in the consolidated statement of income. The amount DOCOMO has not collected from NTT FINANCE, as of March 31, 2016, was ¥283,274 million and was included in Other receivables in its consolidated balance sheet.

DOCOMO has an agreement with Sumitomo Mitsui Card, Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation to jointly promote credit transaction services, as described in Note 6 Investments in affiliates.

Under the agreement described above, DOCOMO paid Sumitomo Mitsui Card for consideration of which Sumitomo Mitsui Card paid in advance on behalf of NTT DOCOMO, INC. related to credit card transactions.

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The amounts of payables related to the transactions as of March 31, 2015 and 2016 were ¥65,620 million and ¥80,169 million, respectively, which were included in Accounts payable, trade in its consolidated balance sheets.

The amounts DOCOMO received from Sumitomo Mitsui Card as commissions of the credit card transactions for the fiscal years ended March 31, 2014, 2015 and 2016 were ¥20,532 million, ¥21,655 million and ¥23,777 million, respectively, which were included in Other operating revenues in the consolidated statements of income. The amounts of receivables related to the transactions as of March 31, 2015 and 2016 were ¥957 million and ¥1,156 million, respectively, which were included in Other receivables in its consolidated balance sheets.

16. Segment reporting:

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 realigned its formerly five operating segments, which had consisted of its mobile phone business, credit services business, home shopping services business, internet connection services business for hotel facilities, and miscellaneous businesses into three operating segments, which consist of its telecommunications business, smart life business and other businesses from the fiscal year ended March 31, 2015 in order to clarify the responsibilities of management of the telecommunications business where DOCOMO is taking steps to reinforce its competitiveness and the smart life business where DOCOMO is striving for further expansion of revenue sources.

The telecommunications business includes mobile phone services (LTE(Xi) services and FOMA services), optical-fiber broadband service, 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 includes Mobile Device Protection Service, as well as development, sales and maintenance of IT systems.

Furthermore, certain Machine-to-Machine (M2M) services for consumers that had been included in other businesses were reclassified to the smart life business from the fiscal year ended March 31, 2016 to reflect the change in its internal organizational structure effective as of July 1, 2015.

In connection with this realignment, segment information for the fiscal years ended March 31, 2014 and 2015 has been restated to conform to the presentation for the fiscal year ended March 31, 2016.

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.

Assets by segment are not included in the management reports which are reported to the CODM, however, they are disclosed herein only to provide additional information. The Corporate row in the tables below is included to reflect the recorded amounts of common assets which are not allocated to any segments, and assets in Corporate primarily include cash and cash equivalents, securities and investments in affiliates. DOCOMO allocates amounts of assets and related depreciation and amortization expenses to common assets, such as buildings for telecommunications purposes and common facilities, on a systematic and rational basis based on the proportionate amount of network assets to each segment.

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Segment operating revenues:

	Millions of yen		
Year Ended March 31	**2014**	**2015**	**2016**
Telecommunications business-			
External customers	¥ 3,825,429	¥ 3,653,344	**¥ 3,688,486**
Intersegment	1,899	1,221	**1,293**
Subtotal	3,827,328	3,654,565	**3,689,779**
Smart life business-			
External customers	354,923	427,707	**491,234**
Intersegment	11,279	15,613	**12,895**
Subtotal	366,202	443,320	**504,129**
Other businesses-			
External customers	280,851	302,346	**347,364**
Intersegment	11,954	11,146	**11,912**
Subtotal	292,805	313,492	**359,276**
Segment total	4,486,335	4,411,377	**4,553,184**
Elimination	(25,132)	(27,980)	**(26,100)**
Consolidated	¥ 4,461,203	¥ 4,383,397	**¥ 4,527,084**

Segment operating income (loss):

	Millions of yen		
Year Ended March 31	**2014**	**2015**	**2016**
Segment operating income (loss)-			
Telecommunications business	¥ 812,736	¥ 636,076	**¥ 708,854**
Smart life business	18,188	(2,394)	**46,450**
Other businesses	(11,725)	5,389	**27,720**
Consolidated operating income	819,199	639,071	**783,024**
Other income (expenses)	13,850	4,812	**(5,003)**
Income before income taxes and equity in net income (losses) of affiliates	¥ 833,049	¥ 643,883	**¥ 778,021**

Segment assets:

Millions of yen

As of March 31	2014	2015	2016
Segment assets-			
Telecommunications business	¥ 5,256,976	¥ 5,275,976	**¥ 5,309,327**
Smart life business	545,949	553,647	**601,601**
Other businesses	204,429	228,581	**237,862**
Segment total	6,007,354	6,058,204	**6,148,790**
Elimination	(2,263)	(1,875)	**(1,988)**
Corporate	1,502,939	1,090,011	**1,067,312**
Consolidated	¥ 7,508,030	¥ 7,146,340	**¥ 7,214,114**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other Significant items:

	Millions of yen		
Year Ended March 31	**2014**	**2015**	**2016**
Depreciation and amortization-			
Telecommunications business	¥ 669,495	¥ 614,821	**¥ 592,073**
Smart life business	20,809	24,594	**16,892**
Other businesses	28,390	20,372	**16,969**
Consolidated	¥ 718,694	¥ 659,787	**¥ 625,934**

	Millions of yen		
Year Ended March 31	**2014**	**2015**	**2016**
Capital expenditures-			
Telecommunications business	¥ 658,427	¥ 635,445	**¥ 573,893**
Smart life business	27,494	17,195	**13,855**
Other businesses	17,203	9,125	**7,468**
Consolidated	¥ 703,124	¥ 661,765	**¥ 595,216**

	Millions of yen		
Year Ended March 31	**2014**	**2015**	**2016**
Point program expenses-			
Telecommunications business	¥ 59,959	¥ 60,971	**¥ 49,155**
Smart life business	11,215	6,945	**9,112**
Other businesses			**1**
Segment total	71,174	67,916	**58,268**
Elimination	(337)	(211)	**(436)**
Consolidated	¥ 70,837	¥ 67,705	**¥ 57,832**

	Millions of yen		
Year Ended March 31	**2014**	**2015**	**2016**
Impairment losses of goodwill-			
Telecommunications business	¥	¥	**¥**
Smart life business			**2,368**
Other businesses			**6,131**
Consolidated	¥	¥	**¥ 8,499**

	Millions of yen		
Year Ended March 31	**2014**	**2015**	**2016**

Impairment loss of long-lived assets-			
Telecommunications business	¥	¥	¥ **1,684**
Smart life business		30,161	**7,186**
Other businesses			**193**
Consolidated	¥	¥ 30,161	¥ **9,063**

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

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As indicated in Use of estimates under Note 2. (a) Significant accounting policies effective July 1, 2014, DOCOMO has revised its estimate of the useful life of certain software related to its telecommunications network and certain internal-use software based on the actual utilization of the software. As a result, compared with the method used prior to July 1, 2014, segment operating income for the Telecommunications business segment, Smart life business segment, and Other businesses segment increased by ¥46,927 million, ¥1,251 million and ¥3,129 million, respectively, for the fiscal year ended March 31, 2015. Furthermore, the amortization expenses decreased by the same amounts for the fiscal year ended March 31, 2015.

Impairment loss of long-lived assets mainly relates to the multimedia broadcasting business for mobile devices that is included in the smart life business segment.

DOCOMO does not disclose geographical information because the amounts of operating revenues generated and long-lived assets owned outside Japan are immaterial.

There were no sales and operating revenue from transactions with a single external customer amounting to 10% or more of DOCOMO s revenues for the fiscal years ended March 31, 2014, 2015 and 2016.

Operating revenues from products and services were as follows:

		Millions of yen	
Year ended March 31,	**2014**	**2015**	**2016**
Telecommunications services	¥ 2,963,980	¥ 2,747,155	**¥ 2,815,507**
Mobile communications services revenues	2,955,788	2,736,649	**2,767,591**
Voice revenues	1,065,196	883,844	**849,440**
Packet communications revenues	1,890,592	1,852,805	**1,918,151**
Optical-fiber broadband service and other telecommunications services revenues	8,192	10,506	**47,916**
Equipment sales	872,000	904,089	**860,486**
Other operating revenues	625,223	732,153	**851,091**
Total operating revenues	¥ 4,461,203	¥ 4,383,397	**¥ 4,527,084**

17. Employees retirement benefits:

Lump-sum severance, defined benefit pension plans and defined contribution pension plans

Employees whose services with DOCOMO are terminated are normally entitled to lump-sum severance and pension benefits based on internal labor regulations. The amounts are determined by a combination of factors such as the employee s salary eligibility, length of service and other conditions. The pension benefit is covered by the contract-type corporate pension plans, which are the non-contributory defined benefit pension plans and the defined contribution pension plans sponsored by DOCOMO.

During the fiscal year ended March 31, 2014, DOCOMO decided to transition from NTT DOCOMO, INC. s contract-type corporate pension plan to a defined contribution pension plan effective on and after April 1, 2014. NTT DOCOMO, INC. s contract-type corporate pension plan continues to remain for the pension benefit earned up to March 31, 2014. Upon a curtailment of this pension plan, NTT DOCOMO, INC. fully amortized its prior service cost and recognized a curtailment gain of ¥5,131 million for the fiscal year ended March 31, 2014.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents reconciliations and changes in the lump-sum severance and contract-type corporate pension plans projected benefit obligations and fair value of plan assets for the fiscal years ended March 31, 2015 and 2016. DOCOMO uses a measurement date of March 31.

	Millions of yen	
	2015	2016
Change in benefit obligations:		
Projected benefit obligation, beginning of year	¥ 206,055	**¥ 217,950**
Service cost	8,562	**9,438**
Interest cost	2,821	**2,113**
Actuarial (gain) loss	9,408	**11,536**
Transfer of liability from contract-type corporate pension plans of the NTT group	195	**(2,828)**
Benefit payments	(9,091)	**(11,276)**
Projected benefit obligation, end of year	¥ 217,950	**¥ 226,933**
Change in fair value of plan assets:		
Fair value of plan assets, beginning of year	¥ 98,840	**¥ 98,981**
Actual return on plan assets	2,529	**1,685**
Employer contributions	1,248	**1,199**
Transfer of plan assets from contract-type corporate pension plans of the NTT group	36	**(859)**
Benefit payments	(3,672)	**(3,697)**
Fair value of plan assets, end of year	¥ 98,981	**¥ 97,309**
As of March 31:		
Funded status	¥ (118,969)	**¥ (129,624)**

The amounts recognized in the consolidated balance sheets as of March 31, 2015 and 2016 were as follows:

	Millions of yen	
	2015	2016
Liability for employees retirement benefits	¥ (129,189)	**¥ (134,522)**
Asset for employees retirement benefits	10,220	**4,898**
Net amount recognized	¥ (118,969)	**¥ (129,624)**

Asset for employees retirement benefits is included in Other assets in the consolidated balance sheets.

Amounts recognized in Accumulated other comprehensive income (loss) as of March 31, 2015 and 2016 were as follows:

Millions of yen

	2015	2016
Actuarial gains (losses), net	¥ (33,386)	**¥ (44,040)**
Prior service cost, net	1,068	**374**
Transition obligation	(452)	**(403)**
Total	¥ (32,770)	**¥ (44,069)**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The accumulated benefit obligation was ¥217,949 million and ¥226,932 million as of March 31, 2015 and 2016, respectively.

The projected benefit obligation, the accumulated benefit obligation and the fair value of plan assets in the pension plans with the projected or accumulated benefit obligation in excess of the plan assets as of March 31, 2015 and 2016 were as follows:

	Millions of yen	
	2015	2016
Plans with projected benefit obligation in excess of plan assets:		
Projected benefit obligation	¥ 216,552	**¥ 225,465**
Fair value of plan assets	97,323	**95,516**
Plans with accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	¥ 216,550	**¥ 225,464**
Fair value of plan assets	97,323	**95,516**

The net periodic pension cost for the fiscal years ended March 31, 2014, 2015 and 2016 comprised the following:

	Millions of yen		
	2014	2015	2016
Service cost	¥ 10,435	¥ 8,562	**¥ 9,438**
Interest cost on projected benefit obligation	3,171	2,821	**2,113**
Expected return on plan assets	(1,791)	(2,003)	**(1,931)**
Amortization of prior service cost	(1,635)	(851)	**(694)**
Curtailment gain	(5,131)		
Amortization of actuarial gains and losses	1,704	834	**1,128**
Amortization of transition obligation	123	112	**49**
Net periodic pension cost	¥ 6,876	¥ 9,475	**¥ 10,103**

Other changes in plan assets and benefit obligations recognized in Accumulated other comprehensive income (loss) for the fiscal years ended March 31, 2014, 2015 and 2016 comprised the following:

	Millions of yen		
	2014	2015	2016
Other changes in plan assets and benefit obligations:			
Actuarial (gains) losses arising during period, net	¥ (17,885)	¥ 8,882	**¥ 11,782**
Amortization of prior service cost	1,635	851	**694**
Curtailment gain	5,131		
Amortization of actuarial gains and losses	(1,704)	(834)	**(1,128)**
Amortization of transition obligation	(123)	(112)	**(49)**
Total recognized in Accumulated other comprehensive income (loss)	¥ (12,946)	¥ 8,787	**¥ 11,299**

Total recognized in net periodic pension cost and Accumulated other comprehensive income (loss) was ¥(6,070) million, ¥18,262 million and ¥21,402 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The amount of actuarial losses, transition obligation and prior service cost, which are expected to be amortized and reclassified from Accumulated other comprehensive income (loss) to net pension cost during the fiscal year ending March 31, 2017 is ¥1,648 million, ¥48 million and ¥(559) million, respectively.

The assumptions used in determination of the projected benefit obligations as of March 31, 2015 and 2016 were as follows:

	2015	2016
Discount rate	1.0%	**0.5%**
Long-term rate of salary increases	2.9	**2.9**

The assumptions used in determination of the net periodic pension cost for the fiscal years ended March 31, 2014, 2015 and 2016 were as follows:

	2014	2015	2016
Discount rate	1.5%	1.4%	**1.0%**
Long-term rate of salary increases	2.9	2.9	**2.9**
Expected long-term rate of return on plan assets	2.0	2.0	**2.0**

In determining the expected long-term rate of return on plan assets, DOCOMO considers the current and projected asset allocations, as well as expected long-term investment returns and risks for each category of the plan assets based on analysis of historical results.

The following table presents the fair values of DOCOMO s pension plan assets as of March 31, 2015 and 2016. Descriptions of fair value hierarchy and the inputs used in measuring fair value are presented in Note 20 Fair value measurements.

	Millions of yen 2015			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	¥ 340	¥ 340	¥	¥
Debt securities				
Japanese government bonds/local government bonds	22,378	22,036	342	
Domestic corporate bonds	7,205		7,205	
Foreign government bonds	5,865	5,816	49	
Foreign corporate bonds	121	28	93	
Equity securities				
Domestic stocks	8,088	8,087	1	
Foreign stocks	5,635	5,635		
Securities investment trust beneficiary certificates				
Domestic debt securities	923		923	
Domestic equity securities	778		778	
Foreign debt securities	580		580	
Foreign equity securities	766		766	
Pooled funds	30,324		30,324	
Life insurance company general accounts	14,386		14,386	
Other	1,592		0	1,592

Total	¥ 98,981	¥ 41,942	¥ 55,447	¥ 1,592

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Millions of yen 2016			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	¥ 2,217	¥ 2,217	¥	¥
Debt securities				
Japanese government bonds/local government bonds	34,518	34,321	197	
Domestic corporate bonds	3,738		3,738	
Foreign government bonds	4,120	3,950	170	
Foreign corporate bonds	153	59	94	
Equity securities				
Domestic stocks	2,439	2,437	2	
Foreign stocks	4,124	4,124		
Securities investment trust beneficiary certificates				
Domestic debt securities	1,849		1,849	
Domestic equity securities	954		954	
Foreign debt securities	722		722	
Foreign equity securities	643		643	
Pooled funds	26,834		26,834	
Life insurance company general accounts	13,530		13,530	
Other	1,468		(1)	1,469
Total	¥ 97,309	¥ 47,108	¥ 48,732	¥ 1,469

Cash and cash equivalents

Cash and cash equivalents include foreign currency deposits and call loans, and are all classified as Level 1.

Debt securities

Debt securities include Japanese government bonds and local government bonds, domestic corporate bonds, foreign government bonds and foreign corporate bonds. If active market prices are available, fair value is measured by quoted prices for identical assets in active markets, which is classified as Level 1. If active market prices are not available, fair value is measured by inputs derived principally from observable market data provided by financial institutions, which is classified as Level 2.

Equity securities

Equity securities include domestic stocks and foreign stocks. If active market prices are available, fair value is measured by quoted prices for identical assets in active markets, which is classified as Level 1. If active market prices are not available, fair value is measured by inputs derived principally from observable market data provided by financial institutions, which is classified as Level 2.

Securities investment trust beneficiary certificates

Securities investment trust beneficiary certificates include bond investment trusts and foreign stock investment trusts. Fair values of securities investment trust beneficiary certificates are measured by inputs derived principally from observable market data provided by financial institutions. Therefore, they are classified as Level 2.

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pooled funds

Pooled funds include government bonds, local government bonds, domestic stocks and foreign stocks. Pooled funds are measured based on the fair value as reported by the trust operator, and are classified as Level 2.

Life insurance company general accounts

Life insurance company general accounts are the financial assets which guarantee an expected rate of return and a principal and they are all classified as Level 2.

Other

Other mainly includes fund of hedge funds. Fair value measured by inputs derived from unobservable data is classified as Level 3.

A Level 3 reconciliation is not disclosed since the amounts in Level 3 are immaterial.

The lump-sum severance and the contract-type corporate pension plans policy toward plan asset management is formulated with the ultimate objective of ensuring the steady disbursement of pension benefits in future periods. The long-term objective of asset management, therefore, is to secure the total profits deemed necessary to ensure the financial soundness of the plan assets. To achieve this, DOCOMO selects various investments and takes into consideration their expected returns and risks and the correlation among the investments. DOCOMO then sets a target allocation ratio for the plan assets and endeavors to maintain that ratio. The target ratio is formulated from a mid to long-term perspective and reviewed annually. In the event that the investment environment changes dramatically, DOCOMO will review the asset allocation as necessary. The target ratio in March 2016 was: domestic bonds, 55.0%; domestic stocks, 5.0%; foreign bonds, 10.0%; foreign stocks, 10.0%; and life insurance company general accounts, 20.0%.

As of March 31, 2015 and 2016, securities owned by DOCOMO as its plan assets included the stock of NTT and the NTT group companies listed in Japan including DOCOMO in the amount of ¥231 million (0.2% of total plan assets) and ¥175 million (0.2% of total plan assets), respectively.

The benefit payments, which reflect expected future service, are expected to be as follows:

Year ending March 31,	Millions of yen
2017	¥ 11,613
2018	11,405
2019	11,140
2020	11,011
2021	13,137
2022-2026	68,611

Defined contribution pension plan

DOCOMO recognized ¥2,060 million and ¥2,059 million of retirement benefit expenses related to DOCOMO s defined contribution benefit plan in the fiscal years ended March 31, 2015 and 2016, respectively.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Social welfare pension scheme and NTT Kigyou-Nenkin-Kikin (NTT Corporate Defined Benefit Pension Plan)

DOCOMO participates in the national welfare pension plan (National Plan) and a contributory defined benefit pension plan sponsored by the NTT group (NTT Kigyou-Nenkin-Kikin or NTT Corporate Defined Benefit Pension Plan, NTT CDBP). The National Plan is a government-regulated social welfare pension plan under the Japanese Employees Pension Insurance Act and both NTT group and its employees provide contributions to such plan every year. The National Plan is considered a multi-employer plan and contributions to such plan are recognized as expenses. The total amount of contributions by DOCOMO was ¥15,982 million, ¥16,168 million and ¥16,603 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively. In addition, the National Plan is a social welfare pension scheme, and because the information required by its accounting standards is limited, additional quantitative information relating to participation in the multi-employer plan is not disclosed.

Both NTT group, including DOCOMO, and its employees make contributions to the NTT CDBP to supplement the pension benefits to which the employees are entitled under the National Plan. The NTT CDBP is regulated under the Defined-Benefit Corporate Pension Act. The NTT CDBP is considered a defined benefit pension plan. The participation by DOCOMO in the NTT CDBP is accounted for as a single employer plan. The number of DOCOMO s employees covered by the NTT CDBP as of March 31, 2015 and 2016 represented approximately 10.9% and 11.3% of the total members, respectively.

The following table presents reconciliations and changes in the NTT CDBP s projected benefit obligation and fair value of plan assets for the fiscal years ended March 31, 2015 and 2016. The amount in the table is based on actuarial computations which covered only DOCOMO employees participation in the NTT CDBP. The funded status was recognized as Liability for employees retirement benefits in the consolidated balance sheets as of March 31, 2015 and 2016.

	Millions of yen	
	2015	**2016**
Change in benefit obligations:		
Projected benefit obligation, beginning of year	¥ 116,898	**¥ 131,142**
Service cost	3,905	**4,743**
Interest cost	1,613	**1,311**
Actuarial (gain) loss	10,630	**19,652**
Internal adjustment due to transfer of employees within the NTT group	21	**(1,136)**
Other	(72)	**139**
Benefit payments	(1,853)	**(2,245)**
Projected benefit obligation, end of year	¥ 131,142	**¥ 153,606**
Change in fair value of plan assets:		
Fair value of plan assets, beginning of year	¥ 76,528	**¥ 86,459**
Actual return on plan assets	9,309	**330**
Employer contributions	2,136	**2,242**
Employee contributions	432	**458**
Internal adjustment due to transfer of employees within the NTT group	(21)	**(859)**
Other	(72)	**139**
Benefit payments	(1,853)	**(2,245)**
Fair value of plan assets, end of year	¥ 86,459	**¥ 86,524**
As of March 31:		

Funded status	¥ (44,683)	**¥ (67,082)**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Amounts recognized in Accumulated other comprehensive income (loss) as of March 31, 2015 and 2016 were as follows:

	Millions of yen	
	2015	2016
Actuarial gains (losses), net	¥ (20,334)	¥ **(41,022)**
Prior service cost, net	4,448	**3,924**
Total	¥ (15,886)	¥ **(37,098)**

The accumulated benefit obligation for the NTT CDBP regarding DOCOMO employees was ¥100,386 million and ¥115,796 million as of March 31, 2015 and 2016, respectively.

The projected benefit obligation, the accumulated benefit obligation and the fair value of plan assets in the pension plans with the projected or accumulated benefit obligation in excess of the plan assets as of March 31, 2015 and 2016 were as follows:

	Millions of yen	
	2015	2016
Plans with projected benefit obligation in excess of plan assets:		
Projected benefit obligation	¥ 131,142	¥ **153,606**
Fair value of plan assets	86,459	**86,524**
Plans with accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	¥ 100,219	¥ **115,562**
Fair value of plan assets	86,283	**86,274**

The net periodic pension cost for the NTT CDBP regarding DOCOMO employees for the fiscal years ended March 31, 2014, 2015 and 2016 comprised the following:

	Millions of yen		
	2014	2015	2016
Service cost	¥ 4,067	¥ 3,905	¥ **4,743**
Interest cost on projected benefit obligation	1,690	1,613	**1,311**
Expected return on plan assets	(1,719)	(1,892)	**(2,141)**
Amortization of prior service cost	(618)	(525)	**(524)**
Amortization of actuarial gains and losses	1,288	686	**775**
Contribution from employees	(406)	(432)	**(458)**
Net periodic pension cost	¥ 4,302	¥ 3,355	¥ **3,706**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other changes in plan assets and benefit obligations of the NTT CDBP regarding DOCOMO employees recognized in Accumulated other comprehensive income (loss) for the fiscal years ended March 31, 2014, 2015 and 2016 comprised the following:

	Millions of yen		
	2014	**2015**	**2016**
Other changes in plan assets and benefit obligations:			
Prior service cost arising during period	¥ (5,235)	¥	¥
Actuarial (gains) losses arising during period, net	(3,888)	3,213	**21,463**
Amortization of prior service cost	618	525	**524**
Amortization of actuarial gains and losses	(1,288)	(686)	**(775)**
Total recognized in Accumulated other comprehensive income (loss)	¥ (9,793)	¥ 3,052	**¥ 21,212**

Total recognized in net periodic pension cost and Accumulated other comprehensive income (loss) was ¥(5,491) million, ¥6,407 million and ¥24,918 million for the fiscal years ended March 31, 2014, 2015 and 2016, respectively.

The amount of actuarial losses and prior service cost, which are expected to be amortized and reclassified from Accumulated other comprehensive income (loss) to net periodic pension cost during the fiscal year ending March 31, 2017 is ¥2,409 million and ¥(524) million, respectively.

The assumptions used in determining the NTT CDBP s projected benefit obligations, based on actuarial computations which covered only DOCOMO employees participation in the NTT CDBP, as of March 31, 2015 and 2016 were as follows:

	2015	**2016**
Discount rate	1.0%	**0.5%**
Long-term rate of salary increases	3.4	**3.4**

The assumptions used in determining the net periodic pension cost, based on actuarial computations which covered only DOCOMO employees participation in the NTT CDBP, for the fiscal years ended March 31, 2014, 2015 and 2016 were as follows:

	2014	**2015**	**2016**
Discount rate	1.5%	1.4%	**1.0%**
Long-term rate of salary increases	3.9	3.4	**3.4**
Expected long-term rate of return on plan assets	2.5	2.5	**2.5**

In determining the expected long-term rate of return on plan assets, the NTT CDBP considers the current and projected asset allocations, as well as expected long-term investment returns and risks for each category of the plan assets based on analysis of historical results.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents the fair values of NTT CDBP s pension plan assets as of March 31, 2015 and 2016. Descriptions of fair value hierarchy and the inputs used in measuring fair value are presented in Note 20 Fair value measurements.

	Millions of yen 2015			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	¥ 664	¥ 664	¥	¥
Debt securities				
Japanese government bonds/local government bonds	24,043	23,681	362	
Domestic corporate bonds	6,771		6,771	
Foreign government bonds	6,108	6,062	46	
Foreign corporate bonds	88	26	62	
Equity securities				
Domestic stocks	15,955	15,953	2	
Foreign stocks	9,227	9,227		0
Securities investment trust beneficiary certificates				
Domestic debt securities	1,500		1,500	
Domestic equity securities	2,143		2,143	
Foreign debt securities	1,463		1,463	
Foreign equity securities	1,359		1,359	
Pooled funds	6,987		6,987	
Life insurance company general accounts	9,971		9,971	
Other	180		0	180
Total	¥ 86,459	¥ 55,613	¥ 30,666	¥ 180

	Millions of yen 2016			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	**¥ 569**	**¥ 569**	**¥**	**¥**
Debt securities				
Japanese government bonds/local government bonds	**25,104**	**24,611**	**493**	
Domestic corporate bonds	**5,743**		**5,743**	
Foreign government bonds	**4,697**	**4,527**	**170**	
Foreign corporate bonds	**28**	**8**	**20**	
Equity securities				
Domestic stocks	**8,692**	**8,687**	**5**	
Foreign stocks	**7,073**	**7,073**		**0**
Securities investment trust beneficiary certificates				
Domestic debt securities	**8,007**		**8,007**	
Domestic equity securities	**5,784**		**5,784**	
Foreign debt securities	**2,436**		**2,436**	
Foreign equity securities	**1,498**		**1,498**	
Pooled funds	**6,468**		**6,468**	
Life insurance company general accounts	**10,294**		**10,294**	
Other	**131**		**0**	**131**
Total	**¥ 86,524**	**¥ 45,475**	**¥ 40,918**	**¥ 131**

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cash and cash equivalents

Cash and cash equivalents include foreign currency deposits and call loans, and are all classified as Level 1.

Debt securities

Debt securities include Japanese government bonds and local government bonds, domestic corporate bonds, foreign government bonds and foreign corporate bonds. If active market prices are available, fair value is measured by quoted prices for identical assets in active markets, which is classified as Level 1. If active market prices are not available, fair value is measured by inputs derived principally from observable market data provided by financial institutions, which is classified as Level 2.

Equity securities

Equity securities include domestic stocks and foreign stocks. If active market prices are available, fair value is measured by quoted prices for identical assets in active markets, which is classified as Level 1. If active market prices are not available, fair value is measured by inputs derived principally from observable market data provided by financial institutions, which is classified as Level 2. Fair value measured by inputs derived from unobservable data is classified as Level 3.

Securities investment trust beneficiary certificates

Securities investment trust beneficiary certificates include bond investment trusts and foreign stock investment trusts. Fair values of securities investment trust beneficiary certificates are measured by inputs derived principally from observable market data provided by financial institutions. Therefore, they are classified as Level 2.

Pooled funds

Pooled funds include government bonds, local government bonds, domestic stocks and foreign stocks. Pooled funds are measured based on the fair value as reported by the trust operator, and are classified as Level 2.

Life insurance company general accounts

Life insurance company general accounts are the financial assets which guarantee an expected rate of return and a principal and they are all classified as Level 2.

Other

Other includes loans to employees and lease receivables. Fair value measured by inputs derived from unobservable data is classified as Level 3.

A Level 3 reconciliation is not disclosed since the amounts in Level 3 are immaterial.

The NTT CDBP s policy toward plan asset management is formulated with the ultimate objective of ensuring the steady disbursement of pension benefits in future periods. The long-term objective of asset management, therefore, is to secure the total profits deemed necessary to ensure the financial soundness of the plan assets. To achieve this, the NTT CDBP selects various investments and takes into consideration their expected returns and risks and the correlation among the investments. The NTT CDBP then sets a target allocation ratio for the plan assets and endeavors to maintain that ratio. The target ratio is formulated from a mid to long-term perspective and reviewed annually. In the event that the investment environment changes

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

dramatically, the NTT CDBP will review the asset allocation as necessary. The weighted average target ratio in March 2016 was: domestic bonds, 48.6%; domestic stocks, 14.9%; foreign bonds, 10.0%; foreign stocks, 14.4%; and life insurance company general accounts, 12.1%.

As of March 31, 2015 and 2016, domestic stock owned by the NTT CDBP as its plan assets included common stock of NTT and the NTT group companies listed in Japan including DOCOMO in the amount of ¥4,453 million (0.4% of total plan assets) and ¥5,401 million (0.5% of total plan assets), respectively.

DOCOMO expects to contribute ¥2,303 million to the NTT CDBP in the fiscal year ending March 31, 2017.

The benefit payments, which reflect expected future service under the NTT CDBP, based on actuarial computations which covered only DOCOMO employees are expected to be as follows:

Year ending March 31,	**Millions of yen**
2017	¥ 2,009
2018	2,112
2019	2,225
2020	2,253
2021	2,336
2022-2026	12,166

18. Income taxes:

Total income taxes for the fiscal years ended March 31, 2014, 2015 and 2016 comprised the following:

		Millions of yen	
	2014	**2015**	**2016**
Income taxes-current	¥ 319,683	¥ 218,552	**¥ 267,249**
Income taxes-deferred			
Adjustments of a deferred tax liabilities and assets for enacted changes in tax laws	7,907	25,040	**15,160**
Adjustments of the beginning of the year balance of a valuation allowance			**(32,698)**
Other	(19,611)	(5,525)	**(37,992)**
Total income taxes-deferred	(11,704)	19,515	**(55,530)**
Other comprehensive income (loss)	20,025	15,238	**(16,517)**
Total income taxes	¥ 328,004	¥ 253,305	**¥ 195,202**

For the fiscal years ended March 31, 2014, 2015 and 2016, NTT DOCOMO, INC. and its domestic subsidiaries were subject to a National Corporate Tax of 28.05%, 25.5%, and 23.9%, respectively, a Corporate Inhabitant Tax of approximately 5% and a deductible Corporate Enterprise Tax and Special Local Corporate Tax of approximately 8%, 8% and 7%, respectively. The rate of the Corporate Inhabitant Tax and Corporate Enterprise Tax differs depending on the municipality.

The aggregate statutory income tax rates for the fiscal years ended March 31, 2014, 2015 and 2016 were 38.1%, 35.8% and 33.4%, respectively. The actual effective income tax rates for the fiscal years ended March 31, 2014, 2015 and 2016 were 37.0%, 37.0% and 27.2%, respectively.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The amendments to the Japanese Corporate Tax Law were enacted on March 20, 2014, and the corporate tax rate was changed effectively from April 1, 2014. The aggregate statutory income tax rate declined from 38.1% to 35.8% to be used in measuring deferred tax assets and liabilities after the enactment date, resulting from temporary differences that are expected to be recovered or settled during the fiscal year from April 1, 2014 and thereafter. The impact of the change in the enacted tax rate on DOCOMO s financial results was insignificant for the fiscal year ended March 31, 2014.

Amendments to the Japanese Corporate Tax Law were enacted on March 31, 2015, and the corporate tax rate has been changed effective from April 1, 2015 and will be changed again effective from April 1, 2016. The aggregate statutory income tax rate to be used in measuring deferred tax assets and liabilities after the enactment date declined from 35.8% to 33.4% and 32.8%, resulting from temporary differences that were expected to be recovered or settled during the fiscal years from April 1, 2015 to March 31, 2016 and April 1, 2016 and thereafter, respectively. Due to the change in the enacted tax rates, net deferred tax assets as of enactment date decreased by ¥25,040 million for the fiscal year ended March 31, 2015. Net income attributable to NTT DOCOMO, INC. decreased by ¥25,264 million as of enacted date.

Amendments to the Japanese Corporate Tax Law were enacted on March 29, 2016, and the corporate tax rate has been changed effective from April 1, 2016 and will be changed again effective from April 1, 2018. The aggregate statutory income tax rate to be used in measuring deferred tax assets and deferred tax liabilities after the enactment date declined from 32.8% to 31.6% and 31.4%, resulting from temporary differences that are expected to be recovered or settled during the periods from April 1, 2016 to March 31, 2018, and April 1, 2018 and thereafter, respectively. Due to the change in the enacted tax rates, net deferred tax assets as of enactment date decreased by ¥15,160 million for the fiscal year ended March 31, 2016. Net income attributable to NTT DOCOMO, INC. decreased by ¥14,691 million as of enacted date.

During the fiscal year ended March 31, 2016, DOCOMO decided to terminate the multimedia broadcasting business for mobile devices of DOCOMO s smart life business segment effective June 30, 2016.

In connection with the decision to terminate of the multimedia broadcasting business and the acquisition of the non-controlling interest in the entities involved, DOCOMO concluded that it became more likely than not that the related deferred tax assets will be realized as the termination will make available certain prudent and feasible tax-planning strategies in the tax jurisdictions of certain subsidiaries which operate the multimedia broad casting business for mobile devices. DOCOMO, therefore, released all of the valuation allowance for the related deferred tax assets of those subsidiaries.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reconciliation of the difference of the actual effective income tax rate and the statutory income tax rate of DOCOMO is as follows:

	2014	2015	2016
Statutory income tax rate	38.1%	35.8%	**33.4%**
Expenses not deductible for tax purposes	0.1	0.3	**0.2**
Research and other credits	(0.8)	(0.7)	**(1.4)**
Tax credits of investment in productivity improvement facilities		(3.6)	**(2.7)**
Change in valuation allowance	1.1	2.0	**(3.9)**
Effect of enacted changes in tax laws and rates	1.0	3.9	**1.9**
Effect of outside basis differences of equity method investment	(3.1)	(0.6)	**(0.3)**
Goodwill impairment loss			**0.4**
Other	0.6	(0.1)	**(0.4)**
Actual effective income tax rate	37.0%	37.0%	**27.2%**

According to amendments to the Japanese Corporate Tax Law enacted on March 20, 2014, new deductible special depreciation or tax credits for the investments of productivity improvement facilities were introduced. DOCOMO elected to apply for the tax credit for the investments of these eligible investments. The tax credit for investments in productivity improvement facilities amounted to ¥23,435 million and ¥20,667 million for NTT DOCOMO, INC. and its domestic subsidiaries for the fiscal years ended March 31, 2015 and 2016, respectively. Under the Japanese Corporate Tax Law, the investment tax credit does not reduce any tax basis of the related assets. DOCOMO recognized the entire tax benefit from this investment tax credit as a reduction to current income tax expense based on the Flow-Through Method. There was no unused investment tax credit as of March 31, 2015 and 2016.

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred income taxes primarily result from temporary differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Significant components of deferred tax assets and liabilities as of March 31, 2015 and 2016 were as follows:

	Millions of yen	
	2015	**2016**
Deferred tax assets:		
Investments in affiliates	¥ 102,665	**¥ 110,312**
Property, plant and equipment and intangible assets	84,347	**89,680**
Liability for employees retirement benefits	56,590	**61,615**
Operating loss carryforwards	39,031	**42,747**
Accrued liabilities for loyalty programs	39,363	**29,840**
Deferred revenues regarding Nikagetsu Kurikoshi, Zutto Kurikoshi, and Packet Kurikoshi	10,723	**15,820**
Accrued enterprise tax	6,970	**11,565**
Marketable securities and other investments	11,358	**11,368**
Inventories	6,328	**10,170**
Compensated absences	10,621	**9,876**
Receivables held for sale	5,434	**8,873**
Allowance for doubtful accounts	3,654	**6,294**
Accrued bonus	5,703	**5,389**
Asset retirement obligations	1,755	**2,417**
Accrued commissions to agent resellers	1,945	**2,412**
Other	13,551	**12,714**
Sub-total deferred tax assets	¥ 400,038	**¥ 431,092**
Less: Valuation allowance	(48,701)	**(17,672)**
Total deferred tax assets	¥ 351,337	**¥ 413,420**
Deferred tax liabilities:		
Investments in affiliates	¥ 26,692	**¥ 27,975**
Unrealized holding gains on available-for-sale securities	26,204	**20,395**
Identifiable intangible assets	8,590	**5,531**
Other	3,473	**1,261**
Total deferred tax liabilities	¥ 64,959	**¥ 55,162**
Net deferred tax assets	¥ 286,378	**¥ 358,258**

The components of net deferred tax assets included in the consolidated balance sheets as of March 31, 2015 and 2016 were as follows:

	Millions of yen	
	2015	**2016**
Deferred tax assets (Current assets)	¥ 61,512	**¥ 107,058**
Deferred tax assets (Non-current investments and other assets)	237,427	**261,434**
Other current liabilities	(29)	**(47)**

Other long-term liabilities	(12,532)	**(10,187)**
Total	¥ 286,378	**¥ 358,258**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of March 31, 2016, certain subsidiaries of DOCOMO had operating loss carryforwards for tax purposes of ¥165,770 million, which may be used as a deduction in determining taxable income in future periods. The period available to offset future taxable income varies in each tax jurisdiction as follows:

	Millions of yen 2016
Within 5 years	¥ 21,604
6 to 20 years	118,359
Indefinite periods	25,807
Total	¥ 165,770

In assessing the realizability of deferred tax assets, DOCOMO considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax loss carryforwards become deductible. DOCOMO considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax-planning strategies in making this assessment. The realizability of all of DOCOMO s deferred tax assets is substantially dependent upon the generation of future book income and DOCOMO anticipates continuing to generate substantial book income.

The net changes in the total valuation allowance were an increase of ¥11,483 million for the fiscal year ended March 31, 2014, and an increase of ¥9,060 million for the fiscal year ended March 31, 2015, and a decrease of ¥31,029 million for the fiscal year ended March 31, 2016, respectively. DOCOMO believes that it is more likely than not that the deferred tax assets less valuation allowances of certain subsidiaries will be realized; however, that assessment could change in the near term if estimates of future taxable income during the carryforward period are reduced.

As of and for the fiscal years ended March 31, 2014, 2015 and 2016, DOCOMO had no material unrecognized tax benefits. DOCOMO does not believe that there will be any significant increases or decreases in reserve for unrecognized tax benefits within the next 12 months. The total amounts of interest and penalties related to unrecognized tax benefits for the fiscal years ended March 31, 2014, 2015 and 2016 are immaterial.

DOCOMO mainly files income tax returns in Japan. DOCOMO is no longer subject to regular income tax examination by the tax authority for and before the fiscal year ended March 31, 2015.

DOCOMO does not disclose amounts applicable to foreign income taxes separately because amounts applicable to foreign income from continuing operations and to foreign income taxes are immaterial.

Other taxes

The consumption tax rate for all taxable goods and services, with minor exceptions, was 5% for the fiscal year ended March 31, 2014 and 8% for the fiscal years ended March 31, 2015 and 2016. Consumption tax payable or receivable is determined based on consumption taxes levied on operating revenues offset by consumption taxes directly incurred by DOCOMO when purchasing goods and services.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Commitments and contingencies:

(a) Leases

DOCOMO leases certain facilities and equipment under capital leases or operating leases.

Assets covered under capital leases as of March 31, 2015 and 2016 were as follows:

Class of property	Millions of yen 2015		2016	
Machinery, vessels and equipment	¥	5,571	¥	**5,027**
Less: Accumulated depreciation and amortization		(3,708)		**(3,333)**
Total	¥	1,863	¥	**1,694**

Future minimum lease payments by year under capital leases together with the present value of the net minimum lease payments as of March 31, 2016 were as follows:

Years ending March 31,	Millions of yen	
2017	¥	**1,162**
2018		**822**
2019		**544**
2020		**308**
2021		**148**
Thereafter		**15**
Total minimum lease payments		**2,999**
Less: Amount representing interest		**(108)**
Present value of net minimum lease payments		**2,891**
Less: Amounts representing estimated executory costs		**(425)**
Net minimum lease payments		**2,466**
Less: Current obligation		**(925)**
Long-term capital lease obligations	¥	**1,541**

The above obligations are classified as part of Other current liabilities and Other long-term liabilities as appropriate.

The minimum lease payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of March 31, 2016 were as follows:

Years ending March 31,		**Millions of yen**
2017	¥	**12,016**
2018		**8,374**
2019		**5,757**
2020		**3,991**
2021		**2,742**
Thereafter		**5,159**
Total minimum lease payments	¥	**38,039**

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Total rental expense for all operating leases except those with terms of 1 month or less that were not renewed for the fiscal years ended March 31, 2014, 2015 and 2016 were as follows:

	Millions of yen		
	2014	2015	2016
Rental expense	¥ 76,429	¥ 79,634	**¥ 77,208**

(b) Litigation

DOCOMO is involved in litigation and claims arising in the ordinary course of business. DOCOMO believes that none of the litigation or claims outstanding, pending or threatened against DOCOMO would have a materially adverse effect on DOCOMO s results of operations, financial position or cash flows.

(c) Purchase commitments

DOCOMO has entered into various contracts for the purchase of property, plant and equipment, inventories (primarily handsets) and services. Commitments outstanding as of March 31, 2016 were ¥19,612 million (of which ¥3,231 million are with related parties) for property, plant and equipment, ¥50,846 million (of which none are with related parties) for inventories and ¥28,182 million (of which ¥19,387 million are with related parties) for the other purchase commitments.

The amounts of purchase commitments are estimates calculated based on given assumptions and do not represent DOCOMO s entire anticipated purchases in the future.

(d) Loan commitments

DOCOMO provides the cash advance service which accompanies credit cards issued by DOCOMO. Total outstanding credit lines related to loan commitments of the cash advance service as of March 31, 2015 and 2016 were ¥131,401 million and ¥141,237 million, respectively.

Credit lines are not necessarily executed to the maximum amount because these contracts contain a clause to lower the credit lines if there are reasonable grounds.

(e) Guarantees

DOCOMO enters into agreements in the normal course of business that provide guarantees for counterparties. These counterparties include subscribers, related parties, foreign wireless telecommunications service providers and other business partners.

DOCOMO provides subscribers with guarantees for product defects of cellular phone handsets sold by DOCOMO, but DOCOMO is provided with similar guarantees by the handset vendors and no liabilities were recognized for these guarantees.

Though the guarantees or indemnifications provided in transactions other than those with the subscribers are different in each contract, the likelihood of almost all of the performance of these guarantees or indemnifications are remote and amount of payments DOCOMO could be claimed for is not specified in almost all of the contracts. Historically, DOCOMO has not made any significant guarantee or indemnification payments under such agreements. DOCOMO estimates the fair value of the obligations related to these agreements is not significant. Accordingly, no liabilities were recognized for these obligations.

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Fair value measurements:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value according to observability. The inputs are described as follows:

Level 1 quoted prices in active markets for identical assets or liabilities

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability

Level 3 unobservable inputs for the asset or liability

DOCOMO also distinguishes assets and liabilities measured at fair value every period on a recurring basis from those measured on a nonrecurring basis in certain circumstances.

(a) Assets and liabilities measured at fair value on a recurring basis

DOCOMO s assets and liabilities measured at fair value on a recurring basis include available-for-sale securities and derivatives.

DOCOMO s assets and liabilities that were measured at fair value on a recurring basis at March 31, 2015 and 2016 were as follows:

	Millions of yen 2015			
	Total	Level 1	Level 2	Level 3
Assets:				
Available-for-sale securities				
Equity securities (domestic)	¥ 88,675	¥ 88,675	¥	¥
Equity securities (foreign)	93,149	93,149		
Debt securities (foreign)	6	6		
Total available-for-sale securities	181,830	181,830		
Derivatives				
Foreign currency option contracts	¥ 474	¥	¥ 474	¥
Total derivatives	474		474	
Total	¥ 182,304	¥ 181,830	¥ 474	¥
Liabilities:				
Derivatives				
Foreign currency option contracts	¥ 80	¥	¥ 80	¥
Foreign exchange forward contracts	0		0	
Total derivatives	80		80	

Total	¥	80	¥		¥	80	¥

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

There were no transfers between Level 1 and Level 2.

	Millions of yen 2016							
		Total		Level 1		Level 2		Level 3
Assets:								
Available-for-sale securities								
Equity securities (domestic)	¥	86,530	¥	86,530	¥		¥	
Equity securities (foreign)		83,947		83,947				
Debt securities (foreign)		5		5				
Total available-for-sale securities		170,482		170,482				
Derivatives								
Foreign exchange forward contracts	¥	16	¥		¥	16	¥	
Total derivatives		16				16		
Total	¥	170,498	¥	170,482	¥	16	¥	
Liabilities:								
Derivatives								
Foreign currency option contracts	¥	2,415	¥		¥	2,415	¥	
Foreign exchange forward contracts		5				5		
Total derivatives		2,420				2,420		
Total	¥	2,420	¥		¥	2,420	¥	

There were no transfers between Level 1 and Level 2.

Available-for-sale securities

Available-for-sale securities include marketable equity securities and debt securities, which are valued using quoted prices in active markets for identical assets. Therefore, they are classified as Level 1.

Derivatives

Derivative instruments represent foreign currency option contracts and foreign exchange forward contracts, which are valued based on observable market data, and are classified as Level 2. The valuation of such derivatives is periodically validated using observable market data, such as exchange rates.

(b) Assets and liabilities measured at fair value on a nonrecurring basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis in certain circumstances.

DOCOMO may be required to measure fair value of receivables held for sale, long-lived assets, equity securities whose fair values are not readily determinable, and other assets or liabilities on a nonrecurring basis.

DOCOMO uses valuation methods such as a discounted cash flow method and market approach techniques in order to determine the fair value of its assets and liabilities classified as Level 3. DOCOMO selects a valuation method which best reflects the nature, characteristics, and risks of each asset and liability, and also determines the unobservable inputs using the best and most relevant data available. DOCOMO verifies the appropriateness of valuation methods and unobservable inputs, and may use third-party pricing information to evaluate the appropriateness of DOCOMO s valuation during the verification processes.

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DOCOMO s assets that were measured at fair value on a nonrecurring basis for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of yen 2015				
	Total	Level 1	Level 2	Level 3	Gains (losses) (before taxes)
Assets:					
Receivables held for sale	¥ 935,648	¥	¥ 935,648	¥	¥ (6,866)
long-lived assets	107		107		(30,161)

Receivables held for sale

Receivables held for sale are measured at the lower of cost or fair value.

Receivables held for sale are classified as Level 2. DOCOMO measures the fair value of the receivables held for sale by discounting, at LIBOR-based discount rates, estimated future cash flows while taking into account factors such as default probabilities and loss severity of similar trade receivables.

Long-lived assets

The fair value of certain equipment related to the multimedia broadcasting business for mobile devices is measured based on observable market transactions involving sales of comparable assets and is classified as Level 2. In addition, the fair value of other long-lived assets related to the multimedia broadcasting business for mobile devices is measured based on the discounted cash flow method and is classified as Level 3. Since the future cash flows expected to be generated by such assets would be negative, the fair value in Level 3 is zero, as described in Note 5.

	Millions of yen 2016				
	Total	Level 1	Level 2	Level 3	Gains (losses) (before taxes)
Assets:					
Receivables held for sale	**¥ 980,686**	**¥**	**¥ 980,686**	**¥**	**¥ (8,742)**
Goodwill					**(8,499)**
long-lived assets	**742**			**742**	**(9,063)**

Receivables held for sale

Receivables held for sale are measured at the lower of cost or fair value.

Receivables held for sale are classified as Level 2. DOCOMO measures the fair value of the receivables held for sale by discounting, at LIBOR-based discount rates, estimated future cash flows while taking into account factors such as default probabilities and loss severity of similar trade receivables.

Goodwill

The fair value of the reporting units is measured based on discounted cash flow method using unobservable inputs and is classified as Level 3. The future cash flows expected to be generated by a reporting unit in other businesses segment would be negative, and the implied fair value of the goodwill in Level 3 is zero. The fair value of the other reporting unit in smart life business segment is immaterial, and the implied fair value of goodwill in Level 3 is zero.

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Long-lived assets

The fair value of long-lived assets related to the multimedia broadcasting business for mobile devices is measured based on the discounted cash flow method and is classified as Level 3. Since the future cash flows expected to be generated by such assets would be negative, the fair value in Level 3 is zero, as described in Note 5.

The fair value of the other long-lived assets is measured based on the discounted cash flow method or appraisal by third parties and is classified as Level 3.

21. Financial instruments:

(a) Risk management

The fair values of DOCOMO s assets and liabilities and DOCOMO s cash flows may be negatively impacted by fluctuations in interest rates and foreign exchange rates. To manage these risks, DOCOMO uses derivative instruments such as interest rate swap agreements, foreign exchange forward contracts, non-deliverable forward contracts (NDF) and foreign currency option contracts as needed. The financial instruments are executed with creditworthy financial institutions and DOCOMO believes that there is little risk of default by these counterparties. DOCOMO sets and follows internal regulations that establish conditions to enter into derivative contracts and procedures of approving and monitoring such contracts.

(b) Concentration of credit risk

As of March 31, 2015 and 2016, the amount of other receivables resulting from the sale of receivables to NTT FINANCE was ¥259,218 million and ¥283,274 million, respectively. As of March 31, 2015 and 2016, the amount of receivables held for sale was ¥1,149,081 million and ¥1,237,437 million, respectively.

Information regarding the transaction with NTT FINANCE is disclosed in Note 15 Related party transactions.

(c) Fair value of financial instruments

Financial instruments

Carrying amounts of Cash and cash equivalents, Short-term investments, Accounts receivable, Receivables held for sale, Credit card receivab Other receivables, Accounts payable, trade and certain other financial instruments approximate their fair values except the items separately referred to below.

Long-term debt including current portion

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

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The carrying amount and the estimated fair value of long-term debt including current portion as of March 31, 2015 and 2016 were as follows. The fair value is valued and validated periodically based on observable market data. Therefore, it is classified as Level 2.

Millions of yen			
2015		2016	
Carrying amount	Fair value	Carrying amount	Fair value
¥ 220,603	¥ 228,678	¥ **220,400**	¥ **227,919**

Derivative instruments

(i) Fair value hedge

DOCOMO may use interest rate swap agreements, under which DOCOMO receives fixed rate interest payments and pays floating rate interest payments, to hedge the changes in fair value of certain debt as a part of its asset-liability management (ALM).

DOCOMO was not a counterparty to any interest rate swap agreements designated as instruments hedging the changes in fair value as of March 31, 2015 and 2016 and did not enter into any interest rate swap agreements designated as instruments hedging the changes in fair value for the fiscal years ended March 31, 2015 and 2016.

(ii) Derivatives not designated as hedging instruments

DOCOMO had interest rate swap agreements, foreign exchange forward contracts, non-deliverable forward contracts (NDF) and foreign currency option contracts to hedge the risk of fluctuations in interest rates and foreign exchange rates. DOCOMO did not designate such derivative instruments as hedging instruments.

The contract amounts as of March 31, 2015 and 2016 were as follows:

	Millions of yen	
Instruments	**2015**	**2016**
Foreign exchange forward contracts	¥ 100	¥ **2,965**
Foreign currency option contracts	48,740	**63,652**
Total	¥ 48,840	¥ **66,617**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(iii) The effect on the consolidated balance sheets

The locations and fair values of the derivative instruments as of March 31, 2015 and 2016, recorded in the consolidated balance sheets, were as follows:

Asset derivatives

Instruments	Locations	Millions of yen 2015	2016
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts	Prepaid expenses and other current assets	¥	**¥ 16**
Foreign currency option contracts	Other assets	474	
Total		¥ 474	**¥ 16**

Liability derivatives

Instruments	Locations	Millions of yen 2015	2016
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts	Other current liabilities	¥ 0	**¥ 5**
Foreign currency option contracts	Other current liabilities		**604**
	Other long-term liabilities	80	**1,811**
Total		¥ 80	**¥ 2,420**

The fair values of derivative instruments were valued and validated periodically based on observable market data and represent the amount that DOCOMO could have settled with the counterparties to terminate the contracts outstanding as of March 31, 2015 and 2016.

(iv) The effect on the consolidated statements of income

The locations and gain (loss) amounts of the derivative instruments for the fiscal years ended March 31, 2014, 2015 and 2016, recognized in the consolidated statements of income, were as follows:

Instruments	Locations	Amount of gain (loss) recognized in income on derivative Millions of yen 2014	2015	2016
Derivatives not designated as hedging instruments				
Interest rate swap agreements	Other, net*	¥ 25	¥	**¥**
Foreign exchange forward contracts	Other, net*	713	(26)	**(35)**
Non-deliverable forward contracts (NDF)	Other, net*	(29)	0	**(20)**
Foreign currency option contracts	Other, net*	1,549	1,520	**(1,963)**

Total	¥ 2,258	¥ 1,494	**¥ (2,018)**

* Other, net was included in Other income (expense).

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(v) Contingent features in derivatives

As of March 31, 2016, DOCOMO had no derivative instruments with credit-risk-related contingent features.

Other

Information regarding investments in affiliates and marketable securities and other investments is disclosed in Note 6 Investments in affiliates and Note 7 Marketable securities and other investments, respectively.

22. Financing receivables:

DOCOMO has financing receivables including installment receivables, credit card receivables and receivables due to transfers. Installment receivables arise from providing funds for the subscribers handset purchase from agent resellers. Credit card receivables arise from usage of credit services by the customers. Receivables due to transfers arise from selling DOCOMO s receivables for telecommunications services to NTT FINANCE. These receivables generally do not bear interest.

DOCOMO appropriately extends credit to customers upon these transactions and manages credit risks. When entering into installment payment, credit card contracts, or the contract regarding transfers of receivables with NTT FINANCE, DOCOMO performs credit check and manages the credit exposure thereafter by monitoring payment delays. The amounts per transaction for handset purchases and credit card usage are generally low and the billing cycle is also short, generally one month. Therefore, DOCOMO is able to maintain accurate past due information on a timely basis. Most of those customers utilize automated payment system to make cash payments, which mitigates the risk of uncollected receivables significantly. Besides, in relation to receivables due to transfers, the billing cycle is short, or generally two months, therefore, DOCOMO is able to maintain accurate past due information on a timely basis and the risk of uncollected receivables is mitigated. Because of the nature of the business and its effective credit control system, DOCOMO believes that a credit risk in its business is low. As a result, historical losses of installment receivables and credit card receivables have not been significant. There have been no historical losses of receivables due to transfers.

Allowance for doubtful accounts is computed based on historical bad debt experience and the estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy. When it is determined that there is little possibility of collection based on the debtor s solvency, such receivables are written off. Since DOCOMO appropriately extends credits, manages credit risks and writes off uncollectible receivables, the amount of past due receivables is not significant.

NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Financing receivables and related allowance for doubtful accounts as of March 31, 2015 and 2016 were as follows:

Millions of yen 2015	Installment receivables	Credit card receivables	Receivables due to transfers	Other	Total
Allowance for doubtful accounts:					
Balance as of March 31, 2014	¥ 203	¥ 2,144	¥	¥ 4,767	¥ 7,114
Provision		5,714		(543)	5,171
Charge-offs	(128)	(1,744)		(33)	(1,905)
Balance as of March 31, 2015	¥ 75	¥ 6,114	¥	¥ 4,191	¥ 10,380
Ending balance: collectively evaluated for impairment	75	6,114		22	6,211
Ending balance: individually evaluated for impairment				4,169	4,169
Financing receivables:					
Balance as of March 31, 2015	¥ 411	¥ 234,412	¥ 259,218	¥ 12,748	¥ 506,789
Ending balance: collectively evaluated for impairment	411	234,412	259,218	8,550	502,591
Ending balance: individually evaluated for impairment				4,198	4,198

The cost of installment receivables and credit card receivables which were sold for the fiscal year ended March 31, 2015 were ¥663,102 million and ¥51,792 million, respectively. The balance of receivables held for sale as of March 31, 2015 which was reclassified from installment receivables and credit card receivables were ¥873,983 million and ¥4,101 million, respectively.

Millions of yen 2016	Installment receivables	Credit card receivables	Receivables due to transfers	Other	Total
Allowance for doubtful accounts:					
Balance as of March 31, 2015	**¥ 75**	**¥ 6,114**	**¥**	**¥ 4,191**	**¥ 10,380**
Provision		**9,613**		**(388)**	**9,225**
Charge-offs	**(19)**	**(5,652)**		**(20)**	**(5,691)**
Balance as of March 31, 2016	**¥ 56**	**¥ 10,075**	**¥**	**¥ 3,783**	**¥ 13,914**
Ending balance: collectively evaluated for impairment	**56**	**10,075**		**21**	**10,152**
Ending balance: individually evaluated for impairment				**3,762**	**3,762**
Financing receivables:					
Balance as of March 31, 2016	**¥ 330**	**¥ 276,492**	**¥ 283,274**	**¥ 12,722**	**¥ 572,818**
Ending balance: collectively evaluated for impairment	**330**	**276,492**	**283,274**	**8,934**	**569,030**
Ending balance: individually evaluated for impairment				**3,788**	**3,788**

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NTT DOCOMO, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The cost of installment receivables and credit card receivables which were sold for the fiscal year ended March 31, 2016 were ¥756,710 million and ¥46,099 million, respectively. The balance of receivables held for sale as of March 31, 2016 which was reclassified from installment receivables and credit card receivables were ¥939,394 million and ¥3,653 million, respectively.

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NTT DOCOMO, INC. AND SUBSIDIARIES

FINANCIAL STATEMENT SCHEDULE

YEARS ENDED MARCH 31, 2014, 2015 and 2016

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

	Millions of yen			
	Balance as of beginning of year	Charged to expenses	Deductions*	Balance as of end of year
2014				
Allowance for doubtful accounts	¥ 9,690	¥ 6,323	¥ (6,604)	¥ 9,409
2015				
Allowance for doubtful accounts	¥ 9,409	¥ 3,531	¥ (1,073)	¥ 11,867
2016				
Allowance for doubtful accounts	**¥ 11,867**	**¥ 4,113**	**¥ (1,420)**	**¥ 14,560**

* Amounts written off.

	Millions of yen			
	Balance as of beginning of year	Charged to expenses	Deductions*	Balance as of end of year
2014				
Valuation allowance for receivables held for sale	¥ 9,079	¥ 5,984	¥ (7,999)	¥ 7,064
2015				
Valuation allowance for receivables held for sale	¥ 7,064	¥ 6,898	¥ (6,327)	¥ 7,635
2016				
Valuation allowance for receivables held for sale	**¥ 7,635**	**¥ 6,286**	**¥ (6,189)**	**¥ 7,732**

* The decrease in valuation allowance for receivables held for sale due to sale of receivables held for sale.

	Millions of yen					
			Deductions			
	Balance as of beginning of year	Addition: Charged to expenses	Credited to expenses*	Expiration of operating loss carryforwards	Foreign currency translation adjustment	Balance as of end of year
2014						
Valuation allowance for deferred tax assets	¥ 28,158	¥ 9,954	¥	¥ (697)	¥ 2,226	¥ 39,641
2015						
Valuation allowance for deferred tax assets	¥ 39,641	¥ 11,041	¥	¥ (2,906)	¥ 925	¥ 48,701
2016						
Valuation allowance for deferred tax assets	**¥ 48,701**	**¥ 2,212**	**¥ (32,739)**	**¥**	**¥ (502)**	**¥ 17,672**

* The decrease in valuation allowance for deferred tax assets due mainly to release of valuation allowance of deferred tax assets related to DOCOMO s subsidiaries operating multimedia broadcasting business for mobile devices.

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SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

NTT DOCOMO, INC.

By /s/ KAZUHIRO YOSHIZAWA
Kazuhiro Yoshizawa
President and Chief Executive Officer

Date: June 24, 2016

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EXHIBIT INDEX

Exhibit Number	Description
1.1	Articles of Incorporation of the registrant (English translation)*1
1.2	Share Handling Regulations of the registrant (English translation)*2
1.3	Regulations of the Board of Directors of the registrant (English translation)*1
1.4	Regulations of the Board of Corporate Auditors of the registrant (English translation)*1
2.1	Form of Deposit Agreement among the registrant, The Bank of New York Mellon as Depositary and all owners and holders from time to time of American Depositary Receipts, including the form of American Depositary Receipt (incorporated by reference to Exhibit 1 of the Registration Statement on Form F-6 (File No. 333-134940) filed on September 16, 2013)
8.1	List of Significant Subsidiaries (See B. 1. Business Overview in Item 4 of this Form 20-F)
11.1	Code of Ethics (English translation)*3
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
13.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

*1 Previously filed with the Securities and Exchange Commission on June 26, 2015 and herein incorporated by reference.
*2 Previously filed with the Securities and Exchange Commission on June 27, 2014 and herein incorporated by reference.
*3 Previously filed with the Securities and Exchange Commission on June 27, 2006 and herein incorporated by reference.