平成１４年３月期　決算短信(連結) ［米国会計基準］

平成１４年７月１０日

上場会社名　株式会社エヌ・ティ・ティ・ドコモ　　上場取引所　東京証券取引所市場第一部
コード番号　９４３７　　本社所在都道府県　東京都
（ＵＲＬ　http://www.nttdocomo.co.jp/）

問合せ先　責任者役職名　総務部株式担当部長
氏　名　梶村　保寿　　電話（０３）５１５６－１１１１

親会社名　日本電信電話株式会社（コード番号：9432）　　親会社における当社の株式保有比率　64.1%
米国会計基準採用の有無　有

１４年３月期の連結業績　（平成１３年４月１日～平成１４年３月３１日）

（1）連結経営成績　　（注）記載金額は、百万円未満を四捨五入しております。

	売上高	営業利益	税引前当期純利益
	百万円　%	百万円　%	百万円　%
14年3月期	5, 167, 138 (10. 7)	1, 000, 887 (28. 5)	956, 391 (26.2)
13年3月期	4, 669, 366 (25. 6)	778, 620 (52. 9)	758, 131 (55.4)

	当期純利益	１株当たり当期純利益	潜在株式調整後1株当たり当期純利益	株主資本当期純利益率	総資本税引前当期純利益率	売上高税引前当期純利益率
	百万円　%	円　銭	円　銭	%	%	%
14年3月期	△ 116, 191 (－)	△ 2, 315　48	――	△ 3. 5	15. 8	18. 5
13年3月期	401, 755 (56. 6)	8, 350　21	――	15. 2	15. 7	16. 2

（注）①持分法投資損益　14年３月期　△ 643,962百万円　13年３月期　△ 17,767 百万円
②会計処理の方法の変更　無
③１株あたり当期純利益は平成14年５月15日に実施した１対５の株式分割後の株数で計算
期中平均株式数（分割後に換算）　14年３月期　50,180,000 株　13年３月期　48,113,150 株
④税引前当期純利益は、税引前持分法投資損益前少数株主損益前利益
⑤売上高、営業利益、税引前当期純利益、当期純利益におけるパーセント表示は、対前期増減率

（2）連結財政状態

	総資産	株主資本	株主資本比率	１株当たり株主資本
	百万円	百万円	%	円　銭
14年3月期	6, 067, 225	3, 291, 883	54. 3	65, 601　49
13年3月期	6, 016, 505	3, 318, 587	55. 2	66, 133　66

（注）１株あたり株主資本は平成14年５月15日に実施した１対５の株式分割後の株数で計算
期末発行済株式数（分割後に換算）　14年３月期　50,180,000 株　13年３月期　50,180,000 株

（3）連結キャッシュ･フローの状況

	営業活動によるキャッシュ・フロー	投資活動によるキャッシュ・フロー	財務活動によるキャッシュ・フロー	現金及び現金同等物期末残高
	百万円	百万円	百万円	百万円
14年3月期	1, 341, 088	△ 1, 125, 093	△ 33, 372	301, 048
13年3月期	857, 846	△ 2, 744, 215	1, 523, 764	118, 425

NTT DoCoMo, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and the Shareholders of
NTT DoCoMo, Inc.:

We have audited the accompanying consolidated balance sheets of NTT DoCoMo, Inc. (a Japanese corporation) and subsidiaries as of March 31, 2001 and 2002, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended March 31, 2002. These consolidated financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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, 2001 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2002, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for derivative instruments and hedging activities and accounting for goodwill effective April 1, 2001.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule II is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respect the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Tokyo, Japan
June 20, 2002

NTT DoCoMo, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 118,425	¥ 301,048	$ 2,268,636
Accounts receivable			
Third parties	807,132	809,881	6,103,097
Related parties	102,049	56,964	429,269
Sub-total	909,181	866,845	6,532,366
Less: Allowance for doubtful accounts	(23,903)	(22,029)	(166,006)
Total accounts receivable, net	885,278	844,816	6,366,360
Inventories	107,404	96,000	723,436
Deferred tax assets	29,323	44,056	331,997
Prepaid expenses and other current assets			
Third parties	86,877	96,931	730,452
Related parties	7,179	2,054	15,479
Total current assets	1,234,486	1,384,905	10,436,360
Property, plant and equipment:			
Wireless telecommunications equipment	2,823,646	3,361,066	25,328,304
Buildings and structures	370,483	439,171	3,309,503
Tools, furniture and fixtures	465,913	529,532	3,990,445
Land	151,545	173,867	1,310,226
Construction in progress	228,676	195,389	1,472,411
Sub-total	4,040,263	4,699,025	35,410,889
Accumulated depreciation	(1,700,889)	(2,080,033)	(15,674,702)
Total property, plant and equipment, net	2,339,374	2,618,992	19,736,187
Non-current investments and other assets:			
Investments in affiliates	753,183	997,331	7,515,682
Marketable securities and other investments	1,165,062	17,758	133,821
Intangible assets, net	346,403	434,690	3,275,735
Other assets	138,642	135,411	1,020,429
Deferred tax assets	39,355	478,138	3,603,150
Total non-current investments and other assets	2,442,645	2,063,328	15,548,817
Total assets	¥ 6,016,505	¥ 6,067,225	$ 45,721,364

The accompanying notes are an integral part of these consolidated balance sheets.

NTT DoCoMo, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS—(Continued)

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	¥ 175,686	¥ 212,934	$ 1,604,627
Short-term borrowings	314,200	81,050	610,776
Accounts payable, trade			
Third parties	534,790	464,350	3,499,247
Related parties	141,564	93,501	704,604
Accrued payroll	31,908	42,728	321,989
Accrued interest	3,128	3,226	24,310
Accrued taxes on income	203,816	293,410	2,211,078
Other current liabilities	78,210	86,693	653,301
Total current liabilities	1,483,302	1,277,892	9,629,932
Long-term liabilities:			
Long-term debt	953,282	1,135,348	8,555,750
Employee benefits	86,795	105,728	796,744
Other long-term liabilities	96,780	152,749	1,151,085
Total long-term liabilities	1,136,857	1,393,825	10,503,579
Total liabilities	2,620,159	2,671,717	20,133,511
Minority interests in consolidated subsidiaries	77,759	103,625	780,897
Commitments and contingencies			
Shareholders' equity:			
Common stock, without a stated value—Authorized—191,500,000 shares			
Issued and outstanding—50,180,000 shares at March 31, 2001 and 2002	949,680	949,680	7,156,594
Additional paid-in capital	1,262,672	1,262,672	9,515,237
Retained earnings	1,083,126	956,899	7,210,995
Accumulated other comprehensive income	23,109	122,632	924,130
Total shareholders' equity	3,318,587	3,291,883	24,806,956
Total liabilities and shareholders' equity	¥6,016,505	¥6,067,225	$45,721,364

The accompanying notes are an integral part of these consolidated balance sheets.

NTT DoCoMo, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
Years ended March 31, 2000, 2001, and 2002

	Millions of yen			Thousands of U.S. dollars
	2000	2001	2002	2002
Operating revenues:				
Wireless services				
Third parties	¥ 2,990,719	¥ 3,586,734	¥ 4,130,761	$31,128,568
Related parties	18,007	33,537	22,698	171,048
Equipment sales				
Third parties	707,678	1,032,459	1,005,111	7,574,310
Related parties	2,290	16,636	8,568	64,567
	3,718,694	4,669,366	5,167,138	38,938,493
Operating expenses:				
Cost of services (exclusive of items shown separately below)				
Third parties	183,077	185,226	386,083	2,909,442
Related parties	349,291	352,687	298,317	2,248,056
Cost of equipment sold (exclusive of items shown separately below)	649,685	958,022	927,483	6,989,322
Depreciation and amortization	599,486	595,598	640,505	4,826,714
Selling, general, and administrative				
Third parties	1,247,945	1,499,034	1,715,722	12,929,330
Related parties	180,023	300,179	198,141	1,493,150
	3,209,507	3,890,746	4,166,251	31,396,014
Operating income	509,187	778,620	1,000,887	7,542,479
Other (income) expense:				
Interest expense	21,699	20,315	17,229	129,834
Interest income	(976)	(864)	(154)	(1,161)
Other, net	636	1,038	27,421	206,639
	21,359	20,489	44,496	335,312
Income before income taxes, equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries	487,828	758,131	956,391	7,207,167
Income taxes:				
Current	255,631	331,076	453,914	3,420,603
Deferred	(44,559)	(13,739)	(54,271)	(408,975)
	211,072	317,337	399,643	3,011,628
Income before equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries	276,756	440,794	556,748	4,195,539
Equity in net losses of affiliates (including write-downs of investments in affiliates in 2002—see Note 6), net of deferred taxes of ¥470,278 million ($3,543,919 thousand) in the year ended March 31, 2002	(1,730)	(17,767)	(643,962)	(4,852,766)
Minority interests in earnings of consolidated subsidiaries	(18,462)	(21,272)	(28,977)	(218,365)
Net Income (Loss)	¥ 256,564	¥ 401,755	¥ (116,191)	$ (875,592)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale securities (net of taxes of ¥10,000 million, ¥7,986 million and ¥1,013 million ($7,634 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively)	13,889	(11,091)	(1,418)	(10,685)
Less: Reclassification adjustment for gains (net of losses) included in net income (net of taxes of ¥4 million, ¥418 million and ¥520 million ($3,919 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively)	(6)	(581)	(718)	(5,411)
Net revaluation of financial instruments	—	—	(90)	(678)
Foreign currency translation adjustment (net of taxes of ¥18,553 million and ¥75,048 million ($565,546 thousand) for the years ended March 31, 2001 and 2002, respectively)	(378)	25,999	105,147	792,366
Minimum pension liability adjustment (net of taxes of ¥953 million, ¥1,915 million and ¥2,482 million ($18,704 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively)	(1,323)	(2,636)	(3,398)	(25,607)
Comprehensive income (loss):	¥ 268,746	¥ 413,446	¥ (16,668)	$ (125,607)
Earnings per share data:				
Weighted average common shares outstanding—Basic and Diluted (shares)	47,880,000	48,113,150	50,180,000	50,180,000
Basic and diluted earnings per share (Yen and U.S. dollars)	¥ 5,358.48	¥ 8,350.21	¥ (2,315.48)	$ (17.45)

The accompanying notes are an integral part of these consolidated financial statements.

NTT DoCoMo, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended March 31, 2000, 2001 and 2002

		Millions of yen				
	Number of Shares	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Shareholders' Equity
Balance at March 31, 1999	1,915,200	¥474,499	¥ 799,294	¥ 448,747	¥ (764)	¥1,721,776
Five-for-one stock split	7,660,800					
Cash dividends declared and paid (¥200 per share)				(9,576)		(9,576)
Net income				256,564		256,564
Cash dividends declared and paid (¥100 per share)				(4,788)		(4,788)
Unrealized gains on available-for-sale securities					13,883	13,883
Foreign currency translation adjustment					(378)	(378)
Minimum pension liability adjustment					(1,323)	(1,323)
Balance at March 31, 2000	9,576,000	474,499	799,294	690,947	11,418	1,976,158
Issuance of common stock in public offering	460,000	475,181	454,826			930,007
Tax benefit associated with the issuance of common stock			8,552			8,552
Cash dividends declared and paid (¥200 per share)				(9,576)		(9,576)
Net income				401,755		401,755
Unrealized losses on available-for-sale securities					(11,672)	(11,672)
Foreign currency translation adjustment					25,999	25,999
Minimum pension liability adjustment					(2,636)	(2,636)
Balance at March 31, 2001	10,036,000	¥949,680	¥1,262,672	¥1,083,126	¥ 23,109	¥3,318,587
Cash dividends declared and paid (¥200 per share)				(10,036)		(10,036)
Net loss				(116,191)		(116,191)
Unrealized losses on available-for-sale securities					(2,136)	(2,136)
Net revaluation of financial instruments					(90)	(90)
Foreign currency translation adjustment					105,147	105,147
Minimum pension liability adjustment					(3,398)	(3,398)
Five-for-one stock split	40,144,000					
Balance at March 31, 2002	50,180,000	¥949,680	¥1,262,672	¥ 956,899	¥122,632	¥3,291,883

		Thousands of U.S. dollars				
	Number of Shares	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Shareholders' Equity
Balance at March 31, 2001	10,036,000	$7,156,594	$9,515,237	$8,162,216	$174,145	$25,008,192
Cash dividends declared and paid				(75,629)		(75,629)
Net loss				(875,592)		(875,592)
Unrealized losses on available-for-sale securities					(16,096)	(16,096)
Net revaluation of financial instruments					(678)	(678)
Foreign currency translation adjustment					792,366	792,366
Minimum pension liability adjustment					(25,607)	(25,607)
Five-for-one stock split	40,144,000					
Balance at March 31, 2002	50,180,000	$7,156,594	$9,515,237	$7,210,995	$924,130	$24,806,956

The accompanying notes are an integral part of these consolidated financial statements.

NTT DoCoMo, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2002, 2001 and 2002

	Millions of yen			Thousands of U.S. dollars
	2000	2001	2002	2002
Cash flows from operating activities:				
Net income (loss)	¥ 256,564	¥ 401,755	¥ (116,191)	$ (875,592)
Adjustments to reconcile net income (loss) to net cash provided by operating activities—				
Depreciation and amortization	599,486	595,598	640,505	4,826,714
Deferred taxes	(44,559)	(13,739)	(524,549)	(3,952,893)
Loss on sale or disposal of property, plant and equipment	28,352	51,117	39,204	295,433
Equity in net losses of affiliates (including write-down of ¥1,077,879 million in investments in affiliates in the year ended March 31, 2002)	1,730	17,767	1,114,240	8,396,684
Minority interests in earnings of consolidated subsidiaries	18,462	21,272	28,977	218,365
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable, trade	(102,367)	(436,204)	42,336	319,036
(Decrease) increase in allowance for doubtful accounts	(1,126)	1,030	(1,874)	(14,122)
Decrease (increase) in inventories	26,750	(41,672)	11,404	85,938
Increase (decrease) in accounts payable, trade	80,463	158,020	(99,689)	(751,236)
Increase in other current liabilities	12,272	41,657	8,483	63,926
Increase in accrued taxes on income	147,690	17,273	89,594	675,162
Increase in liability for employee benefits, net of deferred pension costs	2,451	12,113	18,933	142,675
Other	33,971	31,859	89,715	676,074
Net cash provided by operating activities	1,060,139	857,846	1,341,088	10,106,164
Cash flows from investing activities:				
Purchases of property, plant and equipment	(745,002)	(803,397)	(863,184)	(6,504,778)
Purchases of intangible and other assets	(193,589)	(154,079)	(199,517)	(1,503,519)
Purchases of investments	(70,933)	(1,834,073)	(68,189)	(513,858)
Collection of loan receivable	7,534	40,209	7	53
Other	2,026	7,125	5,790	43,632
Net cash used in investing activities	(999,964)	(2,744,215)	(1,125,093)	(8,478,470)
Cash flows from financing activities:				
Issuance of long-term debt	—	545,273	395,238	2,978,432
Repayment of long-term debt	(212,252)	(246,619)	(177,686)	(1,339,005)
Issuance of common stock	—	930,007	—	—
Principal payments under capital lease obligation	(14,939)	(11,431)	(8,418)	(63,436)
Dividends paid	(14,364)	(9,576)	(10,036)	(75,629)
Proceeds from short-term borrowings	66,980	1,760,120	957,619	7,216,420
Repayment of short-term borrowings	(67,630)	(1,445,920)	(1,190,769)	(8,973,391)
Other	9,935	1,910	680	5,124
Net cash (used in) provided by financing activities	(232,270)	1,523,764	(33,372)	(251,485)
Effect of exchange rate changes on cash and cash equivalents	—	27	—	—
Net (decrease) increase in cash and cash equivalents	(172,095)	(362,578)	182,623	1,376,209
Cash and cash equivalents at beginning of year	653,098	481,003	118,425	892,427
Cash and cash equivalents at end of year	¥ 481,003	¥ 118,425	¥ 301,048	$ 2,268,636
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest	¥ 26,820	¥ 24,910	¥ 20,165	$ 151,959
Income taxes	107,941	305,250	364,321	2,745,448
Noncash investing and financing activities:				
Tax benefit associated with the issuance of common stock	—	8,552	—	—
Assets acquired through capital lease obligations	4,841	4,121	5,376	40,512

The accompanying notes are an integral part of these consolidated financial statements.

1. History and nature of operations:

NTT DoCoMo, Inc. and subsidiaries (the "Company" or "DoCoMo") is a joint stock corporation that was incorporated under the laws of Japan in August 1991 under the name of NTT Mobile Communications Planning Co., Ltd., and, in April 1992, was renamed NTT Mobile Communications Network, Inc. The Company changed its name to NTT DoCoMo, Inc. on April 1, 2000. The Company is organized as the wireless telecommunications arm of Nippon Telegraph and Telephone Corporation ("NTT"). NTT, which is 45.95% owned by the Japanese government, currently owns 64.1% of DoCoMo's issued stock.

NTT was incorporated as a limited liability, joint stock corporation in April 1985. Prior to that time, NTT was a government-owned public corporation. Wireless telecommunications operations were initially conducted by a division within NTT. When NTT was privatized, a law which was passed in connection with the privatization, provided for governmental review within five years to determine whether such law had been successfully implemented and what further changes were necessary. Based on such review, the Ministry of Posts and Telecommunications of Japan ("MPT") issued on March 30, 1990 a release which directed NTT to separate its wireless telecommunications businesses from the rest of NTT in order to promote fair and effective competition. With a view to providing better services to its customers and enhancing the interests of its shareholders, the management of NTT also decided that such separation was desirable.

In February 1991, NTT and the MPT agreed that this separation should be achieved by transferring the wireless telecommunications business first to DoCoMo the parent company and later to its eight regional subsidiaries. To achieve this purpose DoCoMo was incorporated as a subsidiary of NTT in August 1991 and took over NTT's wireless telecommunications operations in July 1992. In July 1993, DoCoMo the parent company transferred its wireless telecommunications operations (other than those in Kanto-Koshinetsu region which remained with DoCoMo the parent company) to its eight regional subsidiaries.

Prior to the transfer, DoCoMo had engaged several subcontractors in the respective regions for sales activities and other business and strategic reasons. In October 1993, DoCoMo merged with those regional subcontractors, and their shareholders became minority shareholders in DoCoMo and its regional subsidiaries, respectively. DoCoMo the parent company, however, is the majority-owner of each of its regional subsidiaries (see Note 19).

DoCoMo provides wireless telecommunications services such as cellular, packet communications services (wireless data communications services using packet switching), Personal Handyphone System ("PHS") service (a wireless data and voice platform that enables customers to have higher speed access to the Internet, as well as to make calls), Quickcast (paging) service, satellite mobile communications service and in-flight telephone service, primarily on its own nationwide networks. In addition, DoCoMo sells handsets, pagers and related equipment. On October 1, 2001, DoCoMo launched the world's first 3G (third generation) wireless communication service.

2. Summary of significant accounting and reporting policies:

Basis of presentation

DoCoMo maintains its books and records in conformity with the Japanese Telecommunications Business Law and the related accounting regulations and accounting principles generally accepted in Japan ("Japanese GAAP") which differ in certain respects from accounting principles generally accepted in the United States ("U.S. GAAP").

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and, therefore, reflect certain adjustments to DoCoMo's books and records. The principal adjustments relate to accounting for goodwill, impairment of long-lived assets and investments, foreign currency translations, cost deferrals, derivative instruments and hedging activities and income tax effects on such adjustments.

Significant accounting policies are as follows:

Principles of consolidation—

The consolidated financial statements include the accounts of DoCoMo and its majority-owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation.

Use of estimates—

The preparation of DoCoMo's consolidated financial statements in conformity with generally accepted accounting principles 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 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 financial statements. These are determination of useful lives of property, plant and equipment, internal use software and intangible assets, impairment of long-lived assets, accounting for investments in affiliates, impairment of investments in affiliates, revenue recognition and realization of deferred tax assets.

Cash and cash equivalents—

DoCoMo considers cash in banks and short-term highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

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 for obsolescence on a periodic basis and records adjustments as required. Due to rapidtechnological changes associated with the wireless communications business, DoCoMo disposed of obsolete handsets during the years ended March 31, 2000, 2001 and 2002 totaling ¥18,162 million, ¥16,787 and ¥9,527 million ($71,794 thousand), respectively, which are included in "cost of equipment sold" in the accompanying consolidated statements of operations and comprehensive income (loss).

Property, plant and equipment—

Property, plant and equipment is stated at cost and includes interest cost incurred during the construction period, as discussed below in "Capitalized interest." 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 that are depreciated on a straight-line basis. Useful lives are determined at the time the asset is acquired and are based on expected use, 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 would be adjusted, as appropriate.

The estimated useful lives of depreciable assets are as follows:

Wireless telecommunications equipment	6 to 15 years
Buildings and structures	15 to 60 years
Tools, furniture and fixtures	4 to 20 years
Other outside plant	10 to 42 years

Other outside plant includes equipment and structures comprising wireless base stations, including steel towers and concrete poles for antenna facilities. It is included in wireless telecommunications equipment in the consolidated balance sheets.

Depreciation expense for the years ended March 31, 2000, 2001 and 2002 was ¥522,881 million, ¥512,148 million and ¥540,762 million ($4,075,071 thousand), respectively.

When depreciable telecommunications equipment is retired or abandoned in the normal course of business, the amount of such telecommunications equipment is deducted from the respective telecommunications equipment and accumulated depreciation accounts. Any remaining balance is charged to expense immediately.

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.

Included as property, plant and equipment as of March 31, 2002 is approximately ¥597,000 million ($4,499 thousand) in assets related to DoCoMo's so called third generation ("3G") service, FOMA. DoCoMo started the FOMA service during the year ended March 31, 2002 with a plan to expand geographic coverage in Japan over the next several years. The realizability of such assets is dependent on the successful deployment and expansion of the FOMA network and service, which is currently not determinable given thenewness of such service. However, based on its current estimates and projections, management believes such assets are realizable.

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. Total interest costs incurred were ¥25,711 million, ¥23,576 million and ¥20,285 million ($152,863 thousand), of which ¥4,012 million, ¥3,261 million and ¥ 3,056 million ($23,029 thousand) were capitalized for the years ended March 31, 2000, 2001 and 2002, respectively.

Investments in affiliates—

The equity method of accounting is applied for investments in affiliates where DoCoMo owns an aggregate of 20% to 50% and is able to exercise significant influence over the affiliate. Under the equity method of accounting, DoCoMo records its share of earnings and losses of the affiliate and adjusts its investment amount. For investments of less than 20%, 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 affiliate and, therefore should apply the equity method of accounting to such investments. Investments of less than 20% in which DoCoMo does not have significant influence are recorded using the cost method of accounting if they are non-marketable securities. For investees accounted for under the equity method whose year end is December 31, DoCoMo takes its share of income or losses of such investees on a three months lag basis in its consolidated statements of operations and comprehensive income (loss).

DoCoMo evaluates its investments in affiliates for impairment due to declines in value considered to be other than temporary. In performing its evaluations, the Company utilizes various information, as available, including cash flow projections, independent valuations and, as applicable, stock price analysis. 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.

Marketable securities—

Marketable securities consist of debt and equity securities. DoCoMo accounts for such investments in debt and equity securities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Management determines the appropriate classification of its investment securities at the time of purchase.

Equity securities held by DoCoMo, whose fair values are readily determinable, are classified as available-for-sale. Available-for-sale securities are carried at fair value with unrealized gains or losses, net of applicable taxes, included as a component of other comprehensive income (loss) in shareholders' equity. 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 in income.

For debt securities classified as held-to-maturity securities at March 31, 2001 and 2002, DoCoMo has the intent and ability to hold such securities to maturity. Held-to-maturity securities are carried at amortized cost and are reduced to net realizable value by a charge to earnings for other than temporary declines in fair value.

DoCoMo did not hold or transact activity in any trading securities during the years ended March 31, 2000, 2001 and 2002.

Intangible assets—

Intangible assets primarily consist of goodwill, internal-use software and rights to use certain telecommunications assets of wireline carriers. Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Prior to April 1, 2001, DoCoMo amortized such goodwill on a straight-line basis over the periods to be benefited, not to exceed 20 years. Goodwill amortization expense was ¥2,656 million for each of the years ended March 31, 2000 and 2001.

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142 "Goodwill and Other Intangible Assets", which establishes financial accounting and reporting for acquired goodwill and other intangible assets and supersedes Accounting Principles Board ("APB") Opinion No. 17, "Intangible Assets". As permitted, the Company has elected to adopt SFAS No. 142 beginning on April 1, 2001. SFAS No. 142 requires that (1) goodwill and (2) intangible assets that have indefinite useful lives not be amortized. Accordingly, the Company ceased amortization of all goodwill on April 1, 2001, including embedded goodwill created through the acquisition of its investments accounted for under the equity method. Intangible assets that have finite useful lives, consisting primarily of software for telecommunications network, internal-use software and rights to use telecommunications facilities of wireline carriers will continue to be amortized over their useful lives.

The standard also requires that (1) goodwill, excluding goodwill related to equity investments, and (2) intangible assets that have indefinite useful lives, be tested for impairment upon the initial application of the standard and at least annually thereafter. The Company completed the prescribed impairment tests under SFAS No. 142 and no impairment charge was required at date of adoption or for the year ended March 31, 2002.

Goodwill related to equity method investments will continue to be tested for other than temporary impairment in accordance with existing standards under APB Opinion No. 18 "The Equity Method of Accounting for Investments in Common Stock". See Note 6.

DoCoMo capitalizes the cost of internal-use software which has a useful life in excess of one year in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". Subsequent 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 maintenance and training costs are expensed in the period in which they are incurred. Capitalized computer software costs are being amortized on a straight-line basis over a period of 5 years.

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

Impairment of long-lived assets—

DoCoMo's long-lived assets other than goodwill, including property, plant and equipment, software and other intangibles, 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 and used is evaluated by a comparison of the carrying amount of the asset with future undiscounted cash flows expected to be generated by the asset. If the asset is determined to be impaired, the loss recognized is the amount by which the carrying value of the asset exceeds its fair value as measured by discounted cash flows, salvage value or expected net proceeds, depending on the circumstances.

As a result of a decline in subscribers due to a migration to cellular service, DoCoMo recorded an impairment charge of ¥25,457 million during the fiscal year ended March 31, 2000, with respect to its Quickcast (paging) business. The write-down related primarily to paging network equipment and related software. The fair value of the impaired assets was determined using a discounted cash flow methodology of the future projected revenues and expenses of the paging business operations. Such write-down was reflected as part of depreciation expense in the accompanying consolidated statements of operations and comprehensive income (loss).

Beginning April 1, 2001, goodwill is reviewed at least annually for impairment based on the fair value of the business unit to which it relates.

Derivative financial instruments—

DoCoMo uses interest rate swap and foreign exchange forward contracts to manage its exposure to fluctuations in interest rates and foreign exchange rates. These derivative financial instruments are effective in meeting the risk reduction objectives of DoCoMo by generating cash flows which offset the cash flows related to the underlying position in respect of amount and timing. DoCoMo does not hold or issue derivative financial instruments for trading purposes. Interest rate swap contracts are designated as hedges of the interest rate of certain debt instruments. Foreign currency risk associated with purchases of foreign investments is hedged through forward contracts.

As of April 1, 2001, DoCoMo adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities"(as amended by SFAS No. 138), which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contract, and hedging activities. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at fair value. If a derivative is designated as a fair value hedge, all changes in the fair values of the derivative and the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portion of the change in the fair value of the derivative is recorded in net unrealized gains or losses on derivative instruments which is a part of accumulated other comprehensive income, net of applicable income taxes and reclassified into earnings in the same period during which the hedged item or transaction affects earnings. The ineffective portions of cash flow hedges are immediately recognized in earnings. This statement requires that changes in the fair value of derivatives that do not qualify as a hedge be recognized currently in earnings. Realized and unrealized gains and losses on derivative instruments that hedge net capital exposures are recorded as foreign currency translation adjustments in accumulated other comprehensive income, net of applicable income taxes.

Prior to April 1, 2001, the interest payments relating to interest rate swap contracts were recorded in earnings on an accrual basis as an adjustment to interest expense.

The foreign currency gains and losses on foreign contracts were not recognized until the underlying transaction was completed. At that time, the gains or losses on such derivatives were recorded as an adjustment to the underlying transaction and recognized in income in the same period that the underlying transaction was recorded in earnings. Should an underlying hedged transaction settle or cease to exist, all changes in the fair value of the forward contracts that had not been settled would be recognized as a foreign exchange gain or loss.

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

Employee benefit plans—

Pension benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Prior service costs and credits resulting from changes in plan benefits are amortized over the average remaining service period of the employees expected to receive benefits.

Revenue recognition—

DoCoMo generates its revenues from two sources—wireless services and equipment sales. These revenue sources are separate and distinct earnings processes. DoCoMo sells equipment, including handsets, principally to approximately 1,000 primary distributors, while cellular service is sold to the ultimate subscriber directly or through third-party retailers who act as agent.

DoCoMo sets its wireless services rates in accordance with the Japanese Telecommunications Business Law and government guidelines, which currently allow wireless telecommunications operators to set their own tariffs without government approval. Mobile phone, PHS and Quickcast service revenues consist of fees for activation, base monthly service and airtime.

Prior to April 1, 2000, activation fees for wireless services were recognized as revenue when received and the related direct costs were expensed as incurred.

Effective April 1, 2000, DoCoMo adopted the provisions of the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements". The impact to DoCoMo pertains to the treatment of non-recurring upfront fees, such as activation fees, and the related direct costs. DoCoMo has revised its accounting policy to defer such activation fees and to recognize them as revenues over the expected term of the customer relationship which ranges from approximately two to six years depending on the service. The related direct costs, are being deferred only to the extent of the upfront fee amount and are being amortized over the same period. This change has been adopted, on a prospective basis, effective April 1, 2000. The effect on both revenues and expenses for prior periods was insignificant and it had no effect on related results of operations.

Base monthly service and airtime are recognized as revenues as service is provided to the subscribers. Equipment sales are recognized as revenue upon delivery of the equipment to the customers.

Selling, general and administrative expenses—

Selling, general and administrative expenses include primarily commissions paid to agents for new service contracts and sales of handsets, payments for services rendered by related parties for rental of space by various DoCoMo sales offices, shared services such as data processing and certain collection services, as well as other expenses such as payroll and related benefit costs of personnel not directly involved in the operations and maintenance process. Commissions paid to agents represent a significant portion of selling, general and administrative expenses.

Research and development expenses—

Research and development expenses are charged to income as incurred. Such amounts charged to income for the years ended March 31, 2000, 2001 and 2002 were ¥81,670 million, ¥94,126 million and ¥99,454 million ($749,465 thousand), respectively.

Advertising costs—

Advertising costs are expensed as incurred. Such costs are included in selling, general and administrative expenses and amounted to ¥59,155 million, ¥66,324 million and ¥ 63,480 million ($478,372 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively.

Income taxes—

DoCoMo records income taxes to recognize full inter-period tax allocations. Under the liability method of income tax accounting, deferred tax assets and liabilities are recorded for the estimated future tax effects of carryforwards and temporary differences between the tax basis of an asset or liability and the amount reported in the balance sheet. The amount of the deferred tax asset or liability is determined by applying enacted statutory tax rates expected to be in effect during the carryforward periods or when the temporary differences reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. In determining the valuation allowance, DoCoMo considers expected future taxable income and available tax planning strategies. To the extent future taxable income is lower than expected or tax planning strategies become unavailable, the estimated valuation allowance would be increased.

Earnings per share—

Basic earnings per share includes no dilution and is 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 assumes 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 has no dilutive securities outstanding at March 31, 2000, 2001 and 2002, and therefore there is no difference between basic and diluted earnings per share.

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 resulting translation adjustments are included as a component of accumulated other comprehensive income (loss).

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

DoCoMo transacts limited business in foreign currencies. The effect of exchange rate fluctuations from the initial transaction date to the settlement date are recorded as exchange gain or loss in the accompanying statements of operations and comprehensive income (loss).

Recent accounting pronouncements—

In November 2001, the Emerging Issues Task Force (“EITF”) reached a consensus on various related issues collectively referred to as “Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor’s Products” (“EITF 01-09”). EITF 01-09 codified and replaced several earlier consensuses covering the same matters as well as reached additional conclusions regarding scope and application of these issues. As it relates to DoCoMo, the basic conclusion of the EITF is that sales incentives or other consideration from a vendor to a reseller of the vendor’s products is presumed to be a reduction of the selling price of the vendor’s products and, therefore, should be characterized as a reduction of revenue when the sale to the reseller is recognized in the vendor’s income statement. That presumption can be overcome in certain circumstances based on specific criteria. DoCoMo will adopt EITF 01-09 effective April 1, 2002. EITF 01-09 will have no impact on reported financial position or results of operations for periods prior to the date of adoption. However, it will result in the reclassification of certain amounts previously classified in selling, general and administrative expenses as a reduction of equipment revenue. The adoption of EITF 01-09 may also result in an adjustment as of April 1, 2002 for the cumulative effect of changes in accounting principles.

In June 2001, FASB issued SFAS No.143, “Accounting for Asset Retirement Obligations”. SFAS No.143 is effective for DoCoMo beginning April 1, 2003. SFAS No. 143 requires that legal obligations associated with the retirement of tangible long-lived assets be recorded as a liability and measured at fair value, when those obligations are incurred if a reasonable estimate of fair value can be made. Upon initially recognizing a liability for an asset retirement obligations, an entity must capitalize the cost by recognizing an increase in the carrying amount of the related long-lived asset. DoCoMo is in the process of determining the impact, if any, that the adoption of SFAS No.143 will have on its results of operations and financial position.

In August 2001, FASB issued SFAS No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets”. SFAS No. 144 supercedes SFAS No. 121, but retains SFAS No. 121’s fundamental provisions for (a) recognition and measurement of impairment of long-lived assets to be held and used and (b) measurements of long-lived assets to be disposed of by sale. SFAS No. 144 also supercedes APB Opinion No. 30 “Reporting the Results of Operation-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions” for segments of a business to be disposed of but retains APB No. 30’s requirement to report discontinued operations separately from continuing operations and extends that reporting to a component of an entity that either has been disposed of or is classified as held for sale. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early adoption encouraged. The Company does not believe the adoption of SFAS No. 144 will have a material impact on its consolidated financial statements.

In April 2002, FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections", which updates and clarifies existing accounting pronouncements. Specifically, it rescinds SFAS No. 4 and SFAS No. 64, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result of the new statement, the criteria in APB Opinion 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," will now be used to classify those gains and losses. SFAS No. 145 also amends SFAS No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. SFAS No. 145 is to be applied, on a retroactive basis, in fiscal years beginning after May 15, 2002 related to the rescission of SFAS No. 4 with earlier adoption permitted. The provisions of SFAS No. 145 related to SFAS No. 13 are effective for transactions occurring after May 15, 2002. The Company is currently evaluating the potential impact, if any, of SFAS No. 145 to its consolidated financial statements.

Reclassifications—

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2002.

3. U.S. dollar amounts:

The consolidated financial statements are stated in Japanese yen. Translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers using the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 29, 2002, which was ¥132.70 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

4. Related party transactions:

As previously noted, DoCoMo is majority-owned by NTT, which is a holding company for more than 300 companies comprising the NTT group.

DoCoMo has entered into a number of different types of transactions with NTT, its other subsidiaries and its affiliated companies 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, including its PHS business) based on actual usage, leasing of various telecommunications facilities and sales of DoCoMo's various wireless communications services.

Receivables include primarily customer accounts receivables related to DoCoMo's sales of wireless communications services to customers, which NTT collects on behalf of DoCoMo. These sales are recorded as revenue from each third-party customer receiving the services and are not included in the amount of sales to related parties. During the years ended March 31, 2000, 2001 and 2002, DoCoMo purchased capital equipment from NTT Group companies in the amount of ¥134,192 million, ¥299,344 million and ¥121,555 million ($916,014 thousand), respectively.

On March 24, 2000, DoCoMo extended short-term unsecured loans of ¥30,000 million to NTT East and ¥10,000 million to NTT West. The amount of notes receivable from NTT group companies totaled ¥40,000 million at March 31, 2000, and the interest income on these loans was approximately ¥3 million and ¥10 million for the years ended March 31, 2000 and 2001, respectively. Such notes receivable were repaid prior to March 31, 2001.

5. Inventories:

Inventories as of March 31, 2001 and 2002 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Telecommunications equipment to be sold	¥105,244	¥93,363	$703,564
Materials and supplies	653	766	5,772
Other	1,507	1,871	14,100
Total	¥107,404	¥96,000	$723,436

6. Investments in affiliates:

DoCoMo's investments in the following entities are accounted for on the equity method as of March 31, 2001 and 2002:

	Ownership Percentage	
Company name	2001	2002
Hutchison 3G UK Holdings Limited ("3GUK")	20.00%	20.00%
Hutchison 3G HK Holdings Limited ("3GHK")	n/a	25.37%
KPN Mobile N.V. ("KPNM")	15.00%	15.00%
KG Telecommunications Co., Ltd. ("KGT")	20.00%	21.42%
Hutchison Telephone Company Limited ("HTCL")	19.00%*	25.37%
DoCoMo AOL, Inc.	42.30%	42.30%
AT&T Wireless Services, Inc. ("AT&T Wireless")	n/a	16.01%

* The initial 19% investment in HTCL was made in the fiscal year ended March 31, 2000.

All of the above investments are privately held companies with the exception of AT&T Wireless. DoCoMo's recorded investment in AT&T Wireless was ¥601,040 million ($4,529,314 thousand) as of March 31, 2002 and based on quoted market prices at that date, the related market value was ¥514,248 million ($3,875,268 thousand). DoCoMo reflects its investments in KPNM and AT&T Wireless on an equity method basis due to its ability to exercise significant influence over operating and financial policies primarily through board representation, technology alliances and/or financing agreements, appointment of key management positions, approval rights and rights to require repurchase of the investment under certain circumstances.

AT&T Wireless—

On July 9, 2001 AT&T Corp. ("AT&T") completed the planned split-off of its wireless group ("AT&T Wireless Group"). In connection with the split-off, all the assets and liabilities of AT&T Wireless Group were transferred to AT&T Wireless, a wholly owned subsidiary of AT&T. The split-off was then effected by redeeming all the outstanding shares of AT&T Wireless Group tracking stock in exchange for shares of AT&T

Wireless common stock and distributing additional shares of AT&T Wireless common stock to holders of AT&T common stock, resulting in AT&T Wireless becoming an independent, publicly-traded company. DoCoMo's investment in AT&T Wireless preferred tracking stock was converted into AT&T Wireless common stock resulting in approximately 16% voting interest in AT&T Wireless. As a result, DoCoMo began to account for its common stock investment in AT&T Wireless using the equity method based on its ownership percentage and ability to exercise significant influence and reclassified this investment to "Investments in Affiliates" from "Marketable Securities and Other Investments" in the accompanying balance sheets at the split-off date.

Under terms of the investment agreement, in certain circumstances, if AT&T Wireless fails to meet specific 3G wireless technology benchmarks in the United States by June 30, 2004, DoCoMo may require the repurchase of its investment in stock and warrants (See Note 7) at original purchase price plus interest at a predetermined rate. In addition, DoCoMo has agreed to certain standstill provisions for five years, which include that it will not acquire or agree to acquire any additional voting shares of AT&T Wireless, except in connection with the exercise of its existing preemptive rights or warrants. The standstill provisions will continue in effect after the five-year period as long as DoCoMo has the right to nominate at least one director to the board.

As part of its agreements with AT&T Wireless, the Company has a preemptive right to acquire additional shares of AT&T Wireless in order to maintain its current ownership interest, if such interest would otherwise be diluted. In December 2001, AT&T Wireless announced its intention to acquire a U.S. regional wireless operator, TeleCorp PCS, Inc. (TeleCorp), through an exchange of shares. In connection therewith, on December 28, 2001, the Company agreed, subject to the completion of the TeleCorp acquisition, to exercise its preemptive right to maintain its 16% ownership in AT&T Wireless at a price of $14.28 per share. The purchase of approximately 26.7 million additional shares of AT&T Wireless common stock for approximately $382 million was completed in February, 2002.

KPNM—

In connection with its investment in KPNM, DoCoMo entered into various agreements with it and its parent—Royal KPN N. V. ("KPN"). Key provisions include DoCoMo's right to approve a fundamental change in the business of KPNM and restrictions on DoCoMo's ability to buy or sell shares of KPNM during certain periods through August 2, 2004. In addition, DoCoMo is restricted from making investments and alliances, obtaining licenses or otherwise directly competing with KPNM in the Netherlands, United Kingdom, Belgium, Ukraine, Hungary, and the Czech Republic. Similarly, KPNM is restricted from engaging in such activities in Brazil, Japan or Hong Kong. Further, for the most part neither KPN nor its affiliates may own, operate, manage or otherwise hold, directly or indirectly, any interest in any mobile telecommunications infrastructure operator or a mobile virtual network operator within Europe other than through KPNM.

Because of the economic and financial environment surrounding the telecommunication industry and resultant significant declines in equity values of telecommunications companies on a global basis, the Company reviewed the business outlook of its affiliates in order to determine if any decline in investment values was other than temporary. The Company utilized cash flow projections, independent valuations and other financial information and, as applicable, stock price analysis in performing its reviews and estimating investment values.

As a result of such evaluations, the Company determined that there were other than temporary decline in values of certain investments and has recorded impairment charges aggregating ¥624,644 million ($4,707,189 thousand), net of deferred income taxes of ¥453,235 million ($3,415,486 thousand) for the year ended March 31, 2002. The gross impairment charges were ¥664,493 million ($5,007,483 thousand) for AT&T Wireless, ¥320,481 million ($2,415,079 thousand) for KPNM, ¥36,461 million ($274,763 thousand) for KGT and ¥56,444 million ($425,350 thousand) for 3GUK. The impairment charges are included with equity in earnings (losses) of affiliates in the accompanying statement of operations and comprehensive income (loss).

The Company believes the remaining carrying values for its investments in affiliates approximate their fair values.

The following represents summarized financial information for DoCoMo's investments in equity method investees for their most recent year ends. All affiliates are included in both fiscal years disclosures except for 3GHK and AT&T Wireless, which, as new equity investees, are reflected in the disclosures for the fiscal year ended March 31, 2002 only. The investee information for 2001 is presented in total, as there was no individual significant investee.

	Millions of yen			
	2001	**2002**		
	Total	AT&T Wireless	KPNM	Others
Balance sheet data:				
Current assets	¥ 275,724	**¥ 830,889**	**¥ 100,660**	**¥ 106,998**
Noncurrent assets	4,317,130	**4,674,329**	**4,034,564**	**1,236,787**
Current liabilities	1,966,649	**452,852**	**1,649,764**	**126,807**
Noncurrent liabilities	977,978	**1,490,903**	**1,192,530**	**276,362**
Minority interest	—	**6,070**	**—**	**—**
Mandatorily redeemable common stock	—	**1,011,265**	**—**	**—**
Income statement data:				
Revenues	¥ 519,024	**¥1,655,499**	**¥ 506,330**	**¥ 163,581**
Operating income (loss)	(79,593)	**72,740**	**(28,304)**	**(20,151)**
Income (loss) from continuing operations	(171,110)	**24,328**	**100,252**	**(12,303)**
Net income (loss)	(165,918)	**(107,893)**	**84,468**	**(13,434)**

	Thousands of U.S. dollars		
	2002		
	AT&T Wireless	KPNM	Others
Balance sheet data:			
Current assets	**$ 6,261,409**	**$ 758,553**	**$ 806,315**
Noncurrent assets	**35,224,785**	**30,403,647**	**9,320,174**
Current liabilities	**3,412,600**	**12,432,283**	**955,592**
Noncurrent liabilities	**11,235,139**	**8,986,662**	**2,082,607**
Minority interest	**45,742**	**—**	**—**
Mandatorily redeemable common stock	**7,620,686**	**—**	**—**
Income statement data:			
Revenues	**$12,475,501**	**$ 3,815,599**	**$1,232,713**
Operating income (loss)	**548,154**	**(213,293)**	**(151,854)**
Income (loss) from continuing operations	**183,331**	**755,479**	**(92,713)**
Net income (loss)	**(813,060)**	**636,534**	**(101,236)**

DoCoMo's share of undistributed earnings of affiliates included in consolidated retained earnings were ¥244 million, ¥509 million and ¥1,930 million ($14,544 thousand) as of March 31, 2000, 2001 and 2002, respectively. Dividends received from affiliates were ¥6 million, ¥12 million and ¥20 million ($151 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively. DoCoMo has not transacted business with its affiliates.

The total carrying value of DoCoMo's investments in affiliates in the accompanying consolidated balance sheet at March 31, 2002 approximates its aggregate underlying equity in net assets of such affiliates as of the date of the most recent available financial statements of the investees.

7. Marketable securities and other investments:

Marketable securities and other investments as of March 31, 2001 and 2002 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Marketable securities:			
Available-for-sale	¥ 6,857	**¥ 5,269**	**$ 39,706**
Held-to-maturity	3,324	**26**	**196**
Other investments	1,154,881	**12,463**	**93,919**
Total	¥1,165,062	**¥17,758**	**$133,821**

The aggregate fair value, gross unrealized holding gains and losses and cost by type of marketable security at March 31, 2001 and 2002 are as follows:

	Millions of yen			
	March 31, 2001			
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	¥1,107	¥5,811	¥ 61	¥6,857
Held-to-maturity:				
Debt securities	3,324	232	—	3,556

	Millions of yen			
	March 31, 2002			
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	**¥ 971**	**¥1,610**	**¥105**	**¥2,476**
Debt securities	**2,601**	**192**	**—**	**2,793**
Held-to-maturity:				
Debt securities	**26**	**2**	**—**	**28**

	Thousands of U.S. dollars			
	March 31, 2002			
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	**$ 7,317**	**$12,133**	**$791**	**$18,659**
Debt securities	**19,601**	**1,447**	**—**	**21,047**
Held-to-maturity:				
Debt securities	**196**	**15**	**—**	**211**

The proceeds and gross realized gains (losses) from the sale of available-for-sale securities and other investments are as follows:

	Millions of yen			Thousands of U.S. dollars
	2000	2001	**2002**	**2002**
Proceeds	¥147	¥1,218	**¥2,718**	**$20,482**
Gross realized gains	25	1,012	**1,369**	**10,317**
Gross realized losses	(15)	(4)	**(0)**	**(0)**

Maturities of debt securities classified as held-to-maturity at March 31, 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2002		**2002**	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Due after 1 year through 5 years	**¥ 26**	**¥ 28**	**$196**	**$211**
Due after 5 years through 10 years	**—**	**—**	**—**	**—**
Total	**¥ 26**	**¥ 28**	**$196**	**$211**

Actual maturities may differ from contractual maturities because some issuers have the right to call or prepay obligations.

Under the provisions of SFAS No. 133, and in connection with its adoption, DoCoMo reclassified investment securities carried at ¥3,598 million ($27,114 thousand) with a market value of ¥3,830 million ($28,862 thousand) from the “held-to-maturity” classification to the “available-for-sale” classification as of April 1, 2001. The effect of this change, net of tax, was an unrealized gain of ¥135 million ($1,017 thousand) recorded in other comprehensive income (loss). Other investments includes long-term investments in various privately held companies and, as discussed below, an investment in AT&T Wireless.

As discussed in Note 6, on January 22, 2001, DoCoMo invested $9.8 billion (¥1,142.5 billion) in AT&T Wireless Group. The $9.8 billion cost was allocated based on estimated fair values at date of investment to AT&T preferred tracking stock $9.5 billion (¥1,111.8 billion) and warrants $0.3 billion (¥30.7 billion) and were accounted for on the cost basis. On July 9, 2001 upon the split-off of AT&T Wireless and automatic conversion of its investment into AT&T Wireless common stock and warrants, DoCoMo began to account for its investment in AT&T Wireless common stock on the equity method, while the warrants began to be carried on a mark to market basis. In this regard, a market value write-down of ¥28,534 million ($215,026 thousand) has been included in “Other, net” in the accompanying consolidated statement of operations and comprehensive income (loss) for the year ended March 31, 2002. The warrants continue to be included in “Marketable securities and other investments” in the accompanying consolidated balance sheets. Market value of the warrants was computed using the Black-Scholes option pricing methodology.

8. Intangible assets:

As previously noted, the Company adopted SFAS 142 effective April 1, 2001 and ceased amortization of goodwill at that date. The following table reflects the Company's comparative net income (loss) before goodwill amortization under SFAS No. 142:

	Millions of yen			Thousands of U.S. dollars
	For the year ended March 31,			For the year ended March 31,
	2000	2001	**2002**	**2002**
Reported net income (loss)	¥ 256,564	¥ 401,755	**¥ (116,191)**	**$(875,592)**
Add back: Goodwill amortization	2,656	2,656	**—**	**—**
Add back: Embedded goodwill amortization related to equity method investments	506	10,116	**—**	**—**
Adjusted net income (loss)	¥ 259,726	¥ 414,527	**¥ (116,191)**	**$(875,592)**
	Yen			U.S. dollars
Basic and diluted earnings per share:				
Reported net income (loss)	¥5,358.48	**¥8,350.21**	**¥(2,315.48)**	**$ (17.45)**
Goodwill amortization	55.47	**55.20**	**—**	**—**
Embedded goodwill amortization related to equity method investments	10.57	**210.25**	**—**	**—**
Adjusted net income (loss)	¥5,424.52	**¥8,615.66**	**¥(2,315.48)**	**$ (17.45)**

The following table displays the intangible assets that continue to be subject to amortization, as well as intangible assets not subject to amortization at March 31, 2001 and 2002.

	Millions of yen	
	March 31, 2001	
	Gross carrying amount	Accumulated amortization
Amortized intangible assets:		
Software for telecommunications network	¥223,493	¥126,492
Internal-use software	291,362	121,456
Rights to use telecommunications facilities of wireline carriers	45,477	9,717
Other	41,828	3,404
	¥602,160	¥261,069
Unamortized intangible assets:		
Goodwill	¥ 5,312	

	Millions of yen	
	March 31, 2002	
	Gross carrying amount	Accumulated amortization
Amortized intangible assets:		
Software for telecommunications network	**¥277,536**	**¥137,500**
Internal-use software	**386,176**	**175,400**
Rights to use telecommunications facilities of wireline carriers	**48,135**	**14,727**
Other	**45,767**	**609**
	¥757,614	**¥328,236**
Unamortized intangible assets:		
Goodwill	**¥ 5,312**	

	Thousands of U.S. dollars	
	March 31, 2002	
	Gross carrying amount	Accumulated amortization
Amortized intangible assets:		
Software for telecommunications network	**$2,091,454**	**$1,036,172**
Internal-use software	**2,910,143**	**1,321,778**
Rights to use telecommunications facilities of wireline carriers	**362,736**	**110,980**
Other	**344,891**	**4,589**
	$5,709,224	**$2,473,519**
Unamortized intangible assets:		
Goodwill	**$ 40,030**	

Amortization of intangible assets for the year ended March 31, 2002 was ¥99,743 million ($751,643 thousand). Estimated amortization of intangible assets for fiscal years ending March 31, 2003, 2004, 2005, 2006 and 2007 is ¥112,443 million, ¥97,564 million, ¥75,980 million, ¥54,400 million, and ¥23,594 million, respectively.

There was no change in the carrying amount of goodwill for the year ended March 31, 2002. The Company's goodwill is included in the assets of the mobile phone business segment.

9. Other assets

Other assets are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Deposits	¥ 55,069	**¥ 57,475**	**$ 433,120**
Deferred customer activation costs	60,100	**65,005**	**489,864**
Other	23,473	**12,931**	**97,445**
Total	¥138,642	**¥135,411**	**$1,020,429**

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

All of DoCoMo's borrowings are denominated in Japanese yen.

Short-term borrowings, excluding the current portion of long-term debt, at March 31, 2001 and 2002 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Unsecured short-term bank loans and commercial paper bearing interest at a weighted average rate of 0.21% and 0.13% per annum at March 31, 2001 and 2002, respectively	¥314,200	**¥81,050**	**$610,776**

Long-term debt at March 31, 2001 and 2002 comprised the following:

	Interest rate	Maturities	Millions of yen		Thousands of U.S. dollars
			2001	**2002**	**2002**
Unsecured corporate bonds	0.5%–2.7%	2002–2011	¥ 453,000	**¥ 716,000**	**$5,395,629**
Unsecured indebtedness to banks and insurance companies	0.3%–5.0%	2002–2011	675,968	**632,282**	**4,764,748**
		Sub-total	1,128,968	**1,348,282**	**10,160,377**
		Less: Current portion	(175,686)	**(212,934)**	**(1,604,627)**
		Total Long-term debt	¥ 953,282	**¥1,135,348**	**$8,555,750**

Interest rates on most of DoCoMo's borrowings are fixed in nature. Interest costs related specifically to short-term borrowings and long-term debt for the years ended March 31, 2001 and 2002 totaled ¥23,119 million and ¥19,958 million ($150,399 thousand), respectively.

In April and May 2001, DoCoMo refinanced a portion of its short-term borrowings with long-term facilities. As such, ¥290,000 million of short-term borrowings have been classified as long-term debt as of March 31, 2001 in the above table and accompanying consolidated financial statements.

In April 2002, DoCoMo filed a shelf registration statement with the Kanto Finance Bureau of the Japanese Ministry of Finance pursuant to which DoCoMo may issue up to ¥1,000 billion of general domestic corporate bonds during the two-year period starting April 3, 2002. On April 30, 2002, the Company issued ¥100 billion 0.67% straight corporate bonds due June 20, 2007, the proceeds of which will be used primarily to repay long-term indebtedness.

The aggregate amounts of annual maturities of long-term debt at March 31, 2002, were as follows:

Year ending March 31,	**Millions of yen**	**Thousands of U.S. dollars**
2003	¥ 212,934	$ 1,604,627
2004	126,740	955,087
2005	146,655	1,105,162
2006	150,337	1,132,909
2007	154,556	1,164,702
Thereafter	557,060	4,197,890
	¥1,348,282	$10,160,377

11. Employee benefits:

DoCoMo participates in a contributory defined benefit welfare pension plan sponsored by the NTT group. The number of DoCoMo's employees covered by the contributory defined benefit welfare pension plan represented approximately 7.7% of the total people covered by such plan as of March 31, 2002. The amount of expense allocated in DoCoMo's consolidated statements of operations and comprehensive income (loss) related to the contributory plan for the years ended March 31, 2001 and 2002 was ¥5,118 million and ¥9,969 million ($75,124 thousand), respectively. The liability for employees' benefits covered by such contributory plan was ¥5,324 million and ¥11,452 million ($86,300 thousand) as of March 31, 2001 and 2002, respectively. Such amounts were allocated by NTT and are based on actuarial calculations related to DoCoMo's covered employees.

DoCoMo also sponsors a non-contributory defined benefit pension plan covering substantially all employees. The following tables present reconciliations of the changes in the non-contributory pension plan's projected benefit obligations and fair value of plan assets at March 31, 2001 and 2002:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Change in benefit obligations:			
Projected benefit obligation, beginning of year	¥ 122,480	**¥ 148,695**	**$1,120,535**
Service cost	7,498	**8,567**	**64,559**
Interest cost	3,897	**4,380**	**33,007**
Benefit payments	(6,283)	**(6,283)**	**(47,347)**
Plan amendment	(410)	**334**	**2,517**
Transfer of liability from NTT non-contributory funded pension plan	12,514	**6,813**	**51,341**
Actuarial loss (gain)	8,409	**(2,250)**	**(16,956)**
Other	590	**750**	**5,652**
Projected benefit obligation, end of year	¥ 148,695	**¥ 161,006**	**$1,213,308**
Change in fair value of plan assets:			
Fair value of plan assets, beginning of year	¥ 31,334	**¥ 37,932**	**$ 285,848**
Actual return on plan assets	(1,839)	**(1,650)**	**(12,434)**
Employer contributions	5,222	**6,384**	**48,108**
Benefits payments	(403)	**(529)**	**(3,987)**
Transfer of plan assets from NTT non-contributory funded pension plan	3,568	**2,245**	**16,918**
Other	50	**—**	**—**
Fair value of plan assets, end of year	¥ 37,932	**¥ 44,382**	**$ 334,453**
At March 31:			
Funded status	¥(110,763)	**¥(116,624)**	**$ (878,855)**
Unrecognized net losses	51,267	**49,455**	**372,683**
Unrecognized transition obligation	3,409	**3,115**	**23,474**
Unrecognized prior service cost	(15,990)	**(14,420)**	**(108,666)**
Net amount recognized	¥ (72,077)	**¥ (78,474)**	**$ (591,364)**

The following table provides the amounts recognized in DoCoMo's consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
At March 31:			
Liability for employees' retirement benefits	¥(81,471)	**¥ (94,276)**	**$(710,444)**
Intangible assets	10	**732**	**5,516**
Accumulated other comprehensive income	9,384	**15,070**	**113,564**
Net amount recognized	¥(72,077)	**¥ (78,474)**	**$(591,364)**
Liability for employees' retirement benefits covered by the NTT Group contributory defined benefit welfare pension plan	¥ (5,324)	**¥ (11,452)**	**$ (86,300)**
Total liability for employees' retirement benefits	¥(86,795)	**¥(105,728)**	**$(796,744)**

The charges to income for the non-contributory pension plan for the years ended March 31, 2000, 2001 and 2002, included the following components:

	Millions of yen			Thousands of U.S. dollars
	2000	2001	**2002**	**2002**
Service cost	¥ 6,936	¥ 7,498	**¥ 8,567**	**$ 64,559**
Interest cost on projected benefit obligation	4,050	3,897	**4,380**	**33,007**
Expected return on plan assets	(958)	(1,016)	**(1,201)**	**(9,050)**
Amortization of prior service cost	18	(1,203)	**(1,235)**	**(9,307)**
Amortization of actuarial loss	1,149	1,959	**2,413**	**18,184**
Amortization of transition obligation	619	720	**633**	**4,770**
Other	—	45	**—**	**—**
Net pension cost	¥11,814	¥11,900	**¥13,557**	**$102,163**
Assumptions in determination of net pension cost:				
Discount rate	3.0%	3.0%	**2.5%**	
Long-term rate of salary increases	3.0	3.0	**3.0**	
Long-term rate of return on funded assets	3.0	3.0	**2.5**	

Prior service cost and unrecognized net losses are being amortized over the expected average remaining service life of employees, while the unrecognized transition obligation is being amortized over 15 years on a straight-line basis.

From time to time, employees of NTT transfer to DoCoMo. Upon such transfer, NTT transfers the related vested pension obligation for each employee, along with a like amount of plan assets and cash. Therefore, the difference between the pension obligation and related plan assets transferred from NTT to DoCoMo, included in the above reconciliation, represents cash paid by NTT to DoCoMo, which has not been invested in plan assets.

Certain of DoCoMo's employees participate in an employee stock purchase plan, pursuant to which a plan administrator makes open market purchases of DoCoMo shares for the accounts of participating employees on a monthly basis. Such purchases are made out of amounts deducted from each participating employee's salary, with a small contribution from DoCoMo. The expense recorded by DoCoMo for contributions made toward employee stocks purchases was not material to its results of operations for the years ended March 31, 2000, 2001 and 2002, respectively.

12. Income taxes:

DoCoMo is subject to a number of different taxes, based on income, with an aggregate normal statutory tax rate of approximately 42 percent for the years ended March 31, 2000, 2001 and 2002, respectively. The effective tax rate for the years ended March 31, 2000, 2001 and 2002 was approximately 43 percent, 42 percent and 42 percent respectively. The difference between the effective tax rate and the normal statutory tax rate for the year ended March 31, 2000 related to non-deductible expenses.

Deferred income taxes 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 at March 31, 2001 and 2002 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Deferred tax assets:			
Impairment write-down of investments in affiliates	¥ —	**¥453,235**	**$3,415,486**
Write-down of investment in AT&T Wireless warrants	—	**11,982**	**90,294**
Depreciation	25,767	**25,102**	**189,164**
Accrued enterprise tax	18,756	**26,903**	**202,735**
Liability for employee benefits	23,041	**31,591**	**238,063**
Allowance for loyalty programs	10,472	**32,468**	**244,672**
Compensated absences	4,915	**6,017**	**45,343**
Net losses of affiliates	—	**17,043**	**128,433**
Accrued bonus	2,221	**4,779**	**36,013**
Revaluation of investments	4,096	**4,242**	**31,967**
Other	4,685	**9,053**	**68,222**
Total gross deferred tax assets	93,953	**622,415**	**4,690,392**
Deferred tax liabilities:			
Marketable securities	2,450	**772**	**5,818**
Capitalized interest	3,966	**4,243**	**31,974**
Foreign currency translation adjustments	18,553	**93,601**	**705,358**
Other	306	**1,605**	**12,095**
Total gross deferred tax liabilities	25,275	**100,221**	**755,245**
Net deferred tax assets	¥68,678	**¥522,194**	**$3,935,147**

Other taxes—

The consumption tax rate for all taxable goods and services, with minor exceptions, is 5 percent. Consumption tax payable or receivable is determined based on consumption taxes levied on operating revenues offset by consumption taxes directly incurred by the Company when purchasing goods and services.

13. Shareholders' equity:

Under the Commercial Code of Japan (the "Code"), at least 50% of the issue price of new shares that are without a stated value is required to be designated as stated capital. The portion which is not designated as stated capital is determined by resolution of the Board of Directors and credited to additional paid-in capital.

The Code also provides that (i) all appropriations of retained earnings, including dividends, require approval at an ordinary 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, subject to some restrictions in the amount, and (iii) an amount equal to at least 10 percent of cash dividends and other appropriations paid in cash be appropriated from retained earnings to a legal reserve until the reserve equals 25 percent of stated capital computed in accordance with the Code. The amounts of statutory retained earnings of DoCoMo available for the payments of dividends to shareholders as of March 31, 2002 was ¥158,414 million ($1,193,775 thousand).

On February 23, 2001, DoCoMo sold 2,300,000 new shares, at ¥413,200 per share, in a global and domestic public offerings resulting in net cash proceeds of approximately ¥930 billion.

On January 25, 2002, the DoCoMo Board of Directors approved an increase in the number of authorized shares to 191,500,000 and declared a five-for-one common stock split. The record date for the split was on March 31, 2002, with distribution of the split shares on May 15, 2002. All historical share and per share data included in these financial statements have been adjusted to reflect this stock split.

Previously the Company had to have pre-approval of the shareholders in order to change the number of authorized shares of capital. However, the Code was revised in October 2001 to permit a change in the number of authorized shares of capital by resolution of the Board of Directors.

Cash dividends of ¥10,036 million ($75,629 thousand), ¥200 per share was approved at the shareholders' meeting held on June 20, 2002. The dividends, which were declared by the Board of Directors on May 8, 2002, were paid on June 20, 2002 to shareholders of record as of March 31, 2002.

14. Business segments:

From a resource allocation perspective, DoCoMo views itself as having four primary business segments. The mobile phone business segment includes cellular service, FOMA service, packet communications service, satellite mobile communications service, in-flight telephone service and the equipment sales related to these services. The PHS business segment includes PHS service and the related equipment sales for such service. The Quickcast business segment includes paging service and related equipment sales for such service. The miscellaneous business segment includes international dialing service and other miscellaneous services, which in the aggregate are not significant. The "Corporate" column in the tables below is not an operating segment but is included to reflect the recorded amounts of common assets which cannot be allocated to any business segment.

DoCoMo identified its reportable segments based on the nature of services included, as well as the characteristics of the telecommunications networks used to provide those services. DoCoMo's chief operating decision maker monitors and evaluates the performance of its segments based on the information that follows as derived from the Company's management reports. Such management reports are prepared from the Company's books and records and do not represent information in accordance with U.S. GAAP.

Assets by segment are not included in the management reports, however, they are included herein only for the purpose of disclosure. Depreciation and amortization is shown separately, as well as included as part of operating expenses. Corporate assets include primarily cash, deposits, securities, loans and investments in affiliates. With respect to other common assets such as buildings for telecommunications purposes and common facilities, the amounts of such assets and related depreciation and amortization are allocated to each segment on a systematic and rational basis.

	Millions of yen						
Year ended March 31, 2000	Mobile phone business	PHS business	Quickcast business	Miscellaneous business	Sub-total	Corporate	Total
Operating revenues	¥3,571,613	¥102,945	¥ 36,627	¥ 7,509	¥3,718,694	¥ —	¥3,718,694
Operating expenses	2,875,863	202,632	85,807	8,632	3,172,934	—	3,172,934
Operating income (loss)	¥ 695,750	¥ (99,687)	¥(49,180)	¥ (1,123)	¥ 545,760	¥ —	¥ 545,760
Assets	¥2,747,685	¥165,310	¥ 35,113	¥17,060	¥2,965,168	¥647,956	¥3,613,124
Depreciation and amortization	¥ 489,709	¥ 39,462	¥ 29,201	¥ 235	¥ 558,607	¥ —	¥ 558,607

	Millions of yen						
Year ended March 31, 2001	Mobile phone business	PHS business	Quickcast business	Miscellaneous business	Sub-total	Corporate	Total
Operating revenues	¥4,529,944	¥113,076	¥ 18,563	¥24,421	¥4,686,004	¥ —	¥4,686,004
Operating expenses	3,640,785	204,776	39,741	23,540	3,908,842	—	3,908,842
Operating income (loss)	¥ 889,159	¥ (91,700)	¥(21,178)	¥ 881	¥ 777,162	¥ —	¥ 777,162
Assets	¥3,608,792	¥166,152	¥ 21,566	¥ 23	¥3,796,533	¥2,114,707	¥5,911,240
Depreciation and amortization	¥ 531,138	¥ 42,817	¥ 7,571	¥ 641	¥ 582,167	¥ —	¥ 582,167

	Millions of yen						
Year ended March 31, 2002	Mobile phone business	PHS business	Quickcast business	Miscellaneous business	Sub-total	Corporate	Total
Operating revenues	**¥5,022,109**	**¥114,512**	**¥10,977**	**¥23,949**	**¥5,171,547**	**¥ —**	**¥5,171,547**
Operating expenses	**3,954,523**	**173,223**	**17,370**	**23,578**	**4,168,694**	**—**	**4,168,694**
Operating income (loss)	**¥1,067,586**	**¥ (58,711)**	**¥ (6,393)**	**¥ 371**	**¥1,002,853**	**¥ —**	**¥1,002,853**
Assets	**¥4,422,508**	**¥134,310**	**¥15,771**	**¥ 3,656**	**¥4,576,245**	**¥1,336,337**	**¥5,912,582**
Depreciation and amortization	**¥ 585,619**	**¥ 35,118**	**¥ 6,839**	**¥ 1,144**	**¥ 628,720**	**¥ —**	**¥ 628,720**

	Millions of yen						
Year ended March 31, 2002	Mobile phone business	PHS business	Quickcast business	Miscellaneous business	Sub-total	Corporate	Total
Operating revenues	**$37,845,584**	**$ 862,939**	**$ 82,721**	**$180,475**	**$38,971,719**	**$ —**	**$38,971,719**
Operating expenses	**29,800,475**	**1,305,373**	**130,897**	**177,679**	**31,414,424**	**—**	**31,414,424**
Operating income (loss)	**$ 8,045,109**	**$ (442,434)**	**$ (48,176)**	**$ 2,796**	**$ 7,557,295**	**$ —**	**$ 7,557,295**
Assets	**$33,327,114**	**$1,012,132**	**$118,847**	**$ 27,551**	**$34,485,644**	**$10,070,362**	**$44,556,006**
Depreciation and amortization	**$ 4,413,105**	**$ 264,642**	**$ 51,537**	**$ 8,621**	**$ 4,737,905**	**$ —**	**$ 4,737,905**

The variation in assets of the miscellaneous business segment from March 31, 2000 to 2001 is caused by a change in the classification of assets related to DoCoMo's 3G cellular network. For management reporting purposes such assets were classified as part of the miscellaneous business segment as of March 31, 2000, while as of March 31, 2001, such assets are classified in the mobile phone business segment.

The tables that follow present reconciliations of segment operating revenues, operating expenses, operating income, assets and depreciation and amortization from the management reports information shown above, to U.S. GAAP amounts on a consolidated basis.

An explanation of the significant reconciling items is as follows:

Revenue recognition—

Activation fees are recorded as revenue when billed in the management reports, while related direct costs are expensed as incurred. Under U.S. GAAP such amounts should be deferred and recognized over the period of the customer relationship (See Note 2).

Classification of impairment charge—

DoCoMo classified the impairment charge related to its Quickcast (paging) business as part of "other (income) expense" for management reporting purposes. Under U.S. GAAP such impairment is reflected as an operating expense.

Classification of loss on inventory writedown—

DoCoMo classified the cost of inventory writedowns as part of "other (income) expense" for management reporting purposes. Under U.S. GAAP, such expenses are recorded as operating expenses.

Compensated absences—

The Company does not specifically account for compensated absences nor does it recognize a related liability in its management reports until such amounts are paid. Under U.S. GAAP, an employer shall accrue a liability for employees' compensation for future absences if certain conditions are met.

Employee retirement benefits—

Represents the effect of differences in accounting for costs of employee retirement benefits between U.S. GAAP and management reporting due to actuarial calculations and timing recognition of components thereof including primarily transition adjustment, prior service costs and actuarial gains and losses.

Lease transactions—

The Company accounts for certain finance leases as operating leases in its management reports. Under U.S. GAAP, such leases are accounted for as capital leases under certain conditions.

Capitalization of intangible assets—

Amounts paid to acquire indefeasible rights to use certain telecommunications facilities are expensed by the Company as incurred in its management reports. Under U.S. GAAP, amounts paid for such rights to use are to be capitalized in certain circumstances.

Capitalized interest—

DoCoMo does not capitalize interest costs on borrowings for the construction of facilities in its management reports. Under U.S. GAAP, actual interest costs incurred to bring qualified assets to their intended use that theoretically could have been avoided if the expenditures for the assets had not been made, must be capitalized.

Investments in affiliates—

Represents differences in the Company's management reports for amortization periods and carrying values of equity method goodwill and other miscellaneous accounting items for equity method affiliates.

Valuation of marketable securities—

Prior to April 1, 2000, marketable securities were presented at the lower of cost or market in the management reports. Subsequent to that date, the accounting for investments in marketable securities uses a fair value methodology similar to U.S. GAAP.

Translation of investments in foreign affiliates—

Foreign investments are translated at year end exchange rates for management reporting purposes, except for embedded goodwill which is translated at historical rates. Under U.S. GAAP, investments that are carried at cost are translated at historical rates and investments in equity affiliates are translated at the exchange rate as of the date of the most recent available financial statements of the investee. Translation adjustments for management reporting purposes are reversed for impairment write-downs or sales of the investments. Under U.S. GAAP reversals of translation adjustments are only reflected for sale or substantial liquidation of the investment.

Impairment write-down of investments in affiliates—

As noted above, translation adjustments are not reversed for impairment write-downs of investments in affiliates under U.S. GAAP.

Adjustments to reconcile segment operating revenues to U.S. GAAP operating revenues	Millions of yen			Thousands of U.S. dollars
	2000	2001	**2002**	**2002**
Segment operating revenues	¥3,718,694	¥4,686,004	**¥5,171,547**	**$38,971,719**
1) Revenue recognition	—	(16,638)	**(4,409)**	**(33,226)**
Consolidated operating revenue under U.S. GAAP	¥3,718,694	¥4,669,366	**¥5,167,138**	**$38,938,493**

Adjustments to reconcile segment operating expenses to U.S. GAAP operating expenses	Millions of yen			Thousands of U.S. dollars
	2000	2001	**2002**	**2002**
Segment operating expenses	¥3,172,934	¥3,908,842	**¥4,168,694**	**$31,414,424**
1) Revenue recognition	—	(16,638)	**(4,409)**	**(33,226)**
2) Classification of impairment charge	25,457	—	**—**	**—**
3) Classification of loss on inventory writedown	18,162	16,787	**9,527**	**71,794**
4) Compensated absences	1,956	2,161	**2,694**	**20,301**
5) Employee retirement benefits	(2,885)	(23,100)	**(14,184)**	**(106,888)**
6) Lease transactions	(5,038)	(3,841)	**(2,194)**	**(16,533)**
7) Amortization of intangible assets	1,368	1,367	**1,368**	**10,309**
8) Depreciation for capitalized interest costs	1,909	2,303	**2,406**	**18,131**
9) Other	(4,356)	2,865	**2,349**	**17,702**
Consolidated operating expenses under U.S. GAAP	¥3,209,507	¥3,890,746	**¥4,166,251**	**$31,396,014**

Adjustments to reconcile segment operating income to U.S. GAAP operating income	Millions of yen			Thousands of U.S. dollars
	2000	2001	**2002**	**2002**
Segment operating income	¥545,760	¥777,162	**¥1,002,853**	**$7,557,295**
1) Classification of impairment charge	(25,457)	—	**—**	**—**
2) Classification of loss on inventory writedown	(18,162)	(16,787)	**(9,527)**	**(71,794)**
3) Compensated absences	(1,956)	(2,161)	**(2,694)**	**(20,301)**
4) Employee retirement benefits	2,885	23,100	**14,184**	**106,888**
5) Lease transactions	5,038	3,841	**2,194**	**16,533**
6) Amortization of intangible assets	(1,368)	(1,367)	**(1,368)**	**(10,309)**
7) Depreciation for capitalized interest costs	(1,909)	(2,303)	**(2,406)**	**(18,131)**
8) Other	4,356	(2,865)	**(2,349)**	**(17,702)**
Consolidated operating income under U.S. GAAP	¥509,187	¥778,620	**$1,000,887**	**$7,542,479**

Adjustments to reconcile segment assets to U.S. GAAP assets	Millions of yen			Thousands of U.S. dollars
	2000	2001	**2002**	**2002**
Segment assets	¥3,613,124	¥5,911,240	**¥5,912,582**	**$44,556,006**
1) Deferred costs related to activation fees	—	108,926	**113,334**	**854,062**
2) Lease transactions	21,577	17,797	**13,201**	**99,480**
3) Capitalization of intangible assets	22,926	21,560	**20,192**	**152,163**
4) Capitalized interest	8,493	9,453	**10,102**	**76,127**
5) Investments in affiliates	—	14,079	**75,999**	**572,713**
6) Valuation of marketable securities	26,038	—	**—**	**—**
7) Translation of investments in foreign affiliates	—	(44,282)	**222,497**	**1,676,692**
8) Impairment write-down of investments in affiliates	—	—	**(264,983)**	**(1,996,858)**
9) Other	5,668	1,453	**1,776**	**13,383**
10) Deferred taxes related to reconciling items	(30,788)	(23,721)	**(37,475)**	**(282,404)**
Consolidated assets under U.S. GAAP	¥3,667,038	¥6,016,505	**¥6,067,225**	**$45,721,364**

Adjustments to reconcile segment depreciation and amortization to U.S. GAAP depreciation and amortization	Millions of yen			Thousands of U.S. dollars
	2000	2001	**2002**	**2002**
Segment depreciation and amortization	¥558,607	¥582,167	**¥628,720**	**$4,737,905**
1) Classification of impairment charge	25,457	—	**—**	**—**
2) Lease transactions	9,901	7,590	**6,224**	**46,903**
3) Amortization of intangible assets	1,368	1,367	**1,368**	**10,309**
4) Depreciation for capitalized interest costs	1,909	2,303	**2,406**	**18,131**
5) Other	2,244	2,171	**1,787**	**13,466**
Consolidated depreciation and amortization under U.S. GAAP	¥599,486	¥595,598	**¥640,505**	**$4,826,714**

15. Commitments and contingencies:

Leases—

DoCoMo leases certain facilities and equipment in the normal course of business. Assets covered under capital leases at March 31, 2001 and 2002 are as follows:

Class of property	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Tools, furniture and fixtures	¥ 52,302	**¥ 34,051**	**$ 256,602**
Computer software	2,706	**1,865**	**14,054**
	55,008	**35,916**	**270,656**
Accumulated depreciation	(35,614)	**(22,154)**	**(166,948)**
	¥ 19,394	**¥ 13,762**	**$ 103,708**

Tools, furniture and fixtures are classified as part of property, plant and equipment while computer software is classified as part of intangibles and other assets.

Future minimum lease payments by year under capital leases together with the present value of the net minimum lease payments as of March 31, 2002 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2003	¥ 6,126	$ 46,164
2004	3,890	29,314
2005	2,115	15,938
2006	1,014	7,642
2007	312	2,351
Thereafter	153	1,153
Total minimum lease payments	13,610	102,562
Less—Amount representing interest	(157)	(1,183)
Present value of net minimum lease payments	13,453	101,379
Less—Amounts representing estimated executory costs	(1,029)	(7,754)
Net minimum lease payments	12,424	93,625
Less—Current obligation	(5,684)	(42,834)
Long-term capital lease obligations	¥ 6,740	$ 50,791

The above obligations are classified as part of other current and long-term liabilities, as appropriate. The minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year at March 31, 2002 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2003	¥41	$309
2004	22	165
2005	7	53
2006	7	53
2007	4	30
Total minimum future rentals	¥81	$610

The following schedule shows total rental expense for all operating leases for the years indicated except those with terms of one month or less that were not renewed:

	Millions of yen			Thousands of U.S. dollars
	2000	2001	2002	2002
Minimum rentals	¥60,685	¥63,192	¥59,958	$451,831

Litigation—

At March 31, 2002, DoCoMo had no litigation or claims outstanding, pending or threatened against it, which in the opinion of management would have a material adverse effect on its consolidated financial position or results of operations.

Purchase commitments—

DoCoMo has entered into various contracts for the purchase of property, plant and equipment and inventories (primarily handsets). Commitments outstanding at March 31, 2002 amounted to ¥101,456 million ($764,552 thousand) (of which ¥3,468 million ($26,134 thousand) are with related parties) for property, plant and equipment and ¥90,773 million ($684,047 thousand) (of which none are with related parties) for inventories.

Contingencies—

In connection with its investment in HTCL, DoCoMo has agreed to provide a back-up guarantee in support of HTCL and Hutchison Telecommunications Limited, each of which has agreed to indemnify a certain financial institution in the event that this financial institution is called upon to perform under a guarantee that it has provided in support of HTCL with respect to certain contracts and obligations owed to governmental authorities by HTCL. DoCoMo has agreed to contribute up to HK$25,370 thousand (¥444 million, $3,346 thousand), which represents its proportionate share of the obligations of HTCL based on its percentage shareholding of HTCL.

16. Other (income) expense:

	Millions of yen			Thousands of U.S. dollars
	2000	2001	**2002**	**2002**
Realized holding gains (net of losses) on marketable securities and other investments	¥ (10)	¥(1,008)	**¥ (1,369)**	**$ (10,317)**
Foreign exchange gains	(127)	(2,123)	**(829)**	**(6,247)**
Rental revenue received	(1,499)	(1,434)	**(1,885)**	**(14,205)**
Write-down of warrants related to AT&T Wireless	—	—	**28,534**	**215,026**
Other—net	2,272	5,603	**2,970**	**22,382**
	¥ 636	¥ 1,038	**¥27,421**	**$206,639**

17. Accumulated other comprehensive income:

The table that follows presents the change in accumulated other comprehensive income (loss):

	Millions of yen				
	Unrealized gain (loss) on available-for-sale securities	Net revaluation of financial instruments	Foreign currency translation adjustment	Minimum pension liability adjustment	Accumulated other comprehensive income
Balance at March 31, 1999	¥ 1,124	¥—	¥ —	¥(1,888)	¥ (764)
2000 change	13,883	—	(378)	(1,323)	12,182
Balance at March 31, 2000	¥ 15,007	¥—	¥ (378)	¥(3,211)	¥ 11,418
2001 change	(11,672)	—	25,999	(2,636)	11,691
Balance at March 31, 2001	3,335	—	25,621	(5,847)	23,109
2002 change	(2,136)	(90)	105,147	(3,398)	99,523
Balance at March 31, 2002	**¥ 1,199**	**¥ (90)**	**¥130,768**	**¥(9,245)**	**¥122,632**

	Thousands of U.S. dollars				
	Unrealized gain (loss) on available-for-sale securities	Net revaluation of financial instruments	Foreign currency translation adjustment	Minimum pension liability adjustment	Accumulated other comprehensive income
Balance at March 31, 2001	$ 25,131	$ —	$193,075	$(44,061)	$174,145
2002 change	(16,096)	(678)	792,366	(25,607)	749,985
Balance at March 31, 2002	**$ 9,035**	**$(678)**	**$985,441**	**$(69,668)**	**$924,130**

18. Fair value of financial instruments:

All cash and temporary cash investments, current receivables, current payables, and certain other short-term financial instruments are short-term in nature, and therefore their carrying amount approximates fair value.

Long-term debt, including current portion—

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

The carrying amounts and the estimated fair values of long-term debt, including current portion at March 31, 2001 and 2002 are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2001		**2002**		**2002**	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Long-term debt, including current portion	¥1,128,968	¥1,164,491	**¥1,348,282**	**¥1,389,530**	**$10,160,377**	**$10,471,213**

Risk management—

DoCoMo's earnings and cash flows may be negatively impacted by fluctuating interest and foreign exchange rates. DoCoMo enters into interest rate swap and foreign currency forward contracts to manage these risks. These derivative financial instruments are executed with creditworthy financial institutions, and DoCoMo management believes there is little risk of default by these counterparties.

Interest rate swap agreements—

Although most of DoCoMo's debt carries a fixed rate of interest, a small portion carries floating rates. DoCoMo enters into interest rate swap agreements to manage interest rate risk on these floating rate liabilities. These interest rate swap agreements exchange floating rate interest payments for fixed rate interest payments.

The table below shows the notional principal amounts of those derivative financial instruments at March 31, 2001 and 2002:

		Weighted average rate		Millions of yen March 31, 2001	
	Term	Receive floating	Pay fixed	Notional amounts	Fair value
Interest rate swap agreements	1996–2005	0.6%	2.7%	¥11,700	¥ (461)

		Weighted average rate		Millions of yen **March 31, 2002**	
	Term	Receive floating	Pay fixed	Notional amounts	Fair value
Interest rate swap agreements	1995–2005	**0.3%**	**2.7%**	**¥ 7,500**	**¥ (271)**

		Weighted average rate		Thousands of U.S. dollars **March 31, 2002**	
	Term	Receive floating	Pay fixed	Notional amounts	Fair value
Interest rate swap agreements	1995–2005	**0.3%**	**2.7%**	**$56,518**	**$(2,042)**

The interest rate swap agreements have remaining terms to maturity between 5 months and 4 years.

The fair value of interest rate swaps was obtained from counterparty financial institutions and represents the amounts that DoCoMo could have settled with the counter parties to terminate the swaps outstanding at March 31, 2001 and 2002.

Foreign exchange forward contracts—

DoCoMo has used foreign exchange forward contracts for the purpose of mitigating the risk of fluctuations in foreign exchange rates. DoCoMo had no foreign exchange forward contracts outstanding at March 31, 2001 or 2002.

Concentrations of risk—

As of March 31, 2002, DoCoMo did not have any significant concentration of business transacted with an individual counterparty or groups of counterparties that could, if suddenly eliminated, severely impact its operations.

19. Subsequent events:

Share exchanges

The Company entered into memoranda of understanding (MOU), dated May 8, 2002, with its eight regional subsidiaries (NTT DoCoMo Hokkaido, Inc., NTT DoCoMo Tohoku, Inc., NTT DoCoMo Tokai, Inc., NTT DoCoMo Hokuriku, Inc., NTT DoCoMo Kansai, Inc., NTT DoCoMo Chugoku, Inc., NTT DoCoMo Shikoku, Inc. and NTT DoCoMo Kyushu, Inc. (collectively, the "Regional Subsidiaries")) which provide that the Regional Subsidiaries shall become wholly-owned subsidiaries of the Company by way of share exchange. The purpose of the share exchange is to prepare for the possible adoption of consolidated tax reporting, upon enactment of the

Consolidated Tax System in Japan, which is expected in the current fiscal year ending March 31, 2003 and to increase the DoCoMo group's overall value by unifying its business and financing strategies.

The expected date of the share exchange is November 1, 2002 and it will be carried out based on share exchange ratios determined using the valuation of both the Company's and Regional Subsidiaries' common shares obtained from qualified independent third parties.

The Company intends to utilize treasury shares (approximately 860,000 shares) for the share exchanges.

Treasury Shares

On June 20, 2002, the shareholders approved a stock repurchase plan under which the Company may repurchase up to 1,000,000 shares at an aggregate amount not to exceed ¥500 billion.

NTT DoCoMo, INC. AND SUBSIDIARIES

FINANCIAL STATEMENT SCHEDULE FOR THE YEARS ENDED March 31, 2000, 2001 and 2002

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

	Millions of yen			
	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
2000				
Allowance for doubtful accounts	¥23,981	¥13,830	¥14,958	¥22,853
2001				
Allowance for doubtful accounts	¥22,853	¥15,196	¥14,146	¥23,903
2002				
Allowance for doubtful accounts	**¥23,903**	**¥14,188**	**¥16,062**	**¥22,029**

	Thousands of U.S. dollars			
	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
2002				
Allowance for doubtful accounts	**$180,128**	**$106,918**	**$121,040**	**$166,006**