

11. Retirement and Severance Benefits

The Company and certain subsidiaries have funded retirement pension plans covering substantially all of their employees. Benefits under these pension plans are based on length of service and certain other factors and plan assets are comprised primarily of listed stock, bonds and other interest-bearing

securities.

Certain other subsidiaries have unfunded retirement and severance plans providing lump-sum payment benefits to their employees.

Changes in the benefit obligations and the fair value of the plan assets for the years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. dollars
	2003	2002	2003
Change in benefit obligations:			
Projected benefit obligations at beginning of year	¥327,480	272,335	\$2,724,459
Service cost	10,967	10,868	91,240
Interest cost	7,830	8,996	65,141
Plan participants' contributions	1,644	1,457	13,677
Actuarial loss	(2,414)	46,423	(20,083)
Benefits paid	(8,792)	(10,615)	(73,145)
Foreign currency translation adjustments	140	333	1,165
Other	(609)	(2,317)	(5,066)
Projected benefit obligation at end of year	336,246	327,480	2,797,388
Change in plan assets:			
Fair value of plan assets at beginning of year	313,237	217,996	2,605,965
Actual return on plan assets	(85,677)	(24,857)	(712,787)
Employer contributions	88,195	130,168	733,736
Plan participants' contributions	1,644	1,457	13,677
Benefits paid	(8,792)	(10,615)	(73,145)
Foreign currency translation adjustments	(68)	285	(566)
Other	(437)	(1,197)	(3,635)
Fair value of plan assets at end of year	308,102	313,237	2,563,245
Projected benefit obligations in excess of plan assets	28,144	14,243	234,143
Unrecognized actuarial loss	(262,264)	(184,774)	(2,181,897)
Unrecognized prior service cost arising from changes in pension plans	27,416	30,157	228,087
Net amount recognized	(206,704)	(140,374)	(1,719,667)
Adjustments to recognize minimum pension liability:			
Accumulated other comprehensive loss, gross of tax	3,355	1,619	27,912
Net amount recognized in the consolidated balance sheets	(203,349)	(138,755)	(1,691,755)
Prepaid pension cost	(225,732)	(157,121)	(1,877,970)
Accrued retirement and severance benefits recognized in the consolidated balance sheets	22,383	18,366	186,215
Actuarial present value of accumulated benefit obligations at end of year	¥325,198	320,901	\$2,705,474
Actuarial assumptions:			
Discount rate	2.40%	2.40%	
Expected long-term rate of return on plan assets	3.50%	3.50%	

Employer contributions for the years ended March 31, 2003 and 2002 included contribution of equity securities to an employee pension trust. The fair value of those securities at the time of

contribution was ¥54,761 million (\$455,582 thousand) and ¥85,016 million for the years ended March 31, 2003 and 2002, respectively.

The net cost of retirement and severance benefits for the years ended March 31, 2003, 2002 and 2001 consisted of the following:

	Millions of Yen			Thousands of U.S. dollars
	2003	2002	2001	2003
Service cost-benefits earned during the year	¥10,967	10,868	9,281	\$ 91,240
Interest cost on projected benefit obligation	7,830	8,996	8,502	65,141
Expected return on plan assets	(7,006)	(6,576)	(6,601)	(58,286)
Net amortization	10,929	6,104	1,196	90,923
Net periodic pension cost	¥22,720	19,392	12,378	\$189,018