

### New Accounting Standards

In June 2001, the FASB issued Statement of Financial Accounting Standards No.143, "Accounting for Asset Retirement Obligations" (SFAS 143), which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS 143 applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) normal use of the asset. SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The Company and its subsidiaries will adopt the provision of SFAS 143 on April 1, 2003. Currently, the effect on consolidated financial statements by adopting SFAS 143 has not been reasonably estimated.

In April 2002, the FASB issued Statement of Financial Accounting Standards No.145, "Rescission of FASB Statements No.4, 44, and 64, Amendment of FASB Statement No.13 and Technical Corrections" (SFAS 145). SFAS 145 amends or rescinds a part of the existing Statements of Financial Accounting Standards, and also amends other existing authoritative pronouncements to make various technical corrections. The Company and its subsidiaries will adopt the provision of SFAS 145 on April 1, 2003. Currently, the effect on consolidated financial statements by adopting SFAS 145 has not been reasonably estimated.

In January 2003, the Emerging Issues Task Force reached a final consensus on Issue 03-2, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee

Pension Fund Liabilities" (EITF 03-2). EITF 03-2 addresses accounting for a transfer to the Japanese government of a substitutional portion of an Employees' Pension Fund plan (EPF) which is a defined benefit pension plan established under the Welfare Pension Insurance Law. EITF 03-2 requires employers to account for the entire separation process of a substitutional portion from an entire plan (including a corporate portion) upon completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets as the culmination of a series of steps in a single settlement transaction. Under this approach, the difference between the fair value of the obligation and the assets required to be transferred to the government should be accounted for and separately disclosed as a subsidy. In March 2003, the applications which were submitted by the Company, were approved by the government for an exemption from the obligation to pay benefits for future employee service related to the substitutional portion. The Company plans to submit another application for separation of the remaining substitutional portion (that is, the benefit obligation related to past services) during fiscal year 2003. After this application is approved by the government, the remaining benefit obligation of the substitutional portion (that amount earned by past services) as well as the related government-specified portion of the plan assets of the EPF will be transferred to the government. The Company anticipates that this transfer will have a material impact on the consolidated financial statements, however, the specific amounts can not be confirmed at the moment, because the impact will vary depending on the application date and other premises.

### 3. Marketable Securities and Investments

Marketable securities and investments consist of trading, available-for-sale and held-to-maturity securities. The cost, gross unrealized holding gains, gross unrealized holding losses, and fair value for such securities by major security type as of March 31, 2003 and 2002 were as follows:

	Millions of Yen			
	2003			
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Current:				
Trading:				
Equity securities .....	¥ 29,268	1,559	76	30,751
Debt securities .....	3,663	—	—	3,663
	¥ 32,931	1,559	76	34,414
Available-for-sale:				
Equity securities .....	¥ —	—	—	—
Debt securities .....	7,044	1	580	6,465
	¥ 7,044	1	580	6,465
Held-to-maturity:				
Debt securities .....	¥ —	—	—	—
Non-current:				
Available-for-sale:				
Equity securities .....	¥146,774	18,086	15,801	149,059
Debt securities .....	11,849	54	24	11,879
	¥158,623	18,140	15,825	160,938
Held-to-maturity:				
Debt securities .....	¥ 849	—	—	849