

The net periodic pension cost for retirement and severance benefits for the years ended March 31, 2005, 2004 and 2003 consisted of the following:

	Millions of Yen			Millions of U.S. dollars
	2005	2004	2003	2005
Service cost	¥ 6,965	¥ 9,511	¥ 10,967	\$ 65
Interest cost on projected benefit obligation	5,934	7,596	7,830	55
Expected return on plan assets	(7,011)	(7,178)	(7,006)	(65)
Amortization of unrecognized prior service cost.....	(4,897)	(3,230)	(2,741)	(46)
Amortization of unrecognized actuarial loss.....	7,219	22,622	13,670	67
Settlement and curtailment loss.....	1,138	—	—	11
Settlement loss of unrecognized actuarial loss from the transfer of the substitutional portion of the Employees' Pension Fund	—	24,018	—	—
De-recognition of the previously accrued salary progression	—	(1,251)	—	—
Net periodic pension cost	¥ 9,348	¥ 52,088	¥ 22,720	\$ 87

Total expenses related to pension plans for the years ended March 31, 2005, 2004 and 2003 consisted of the following:

	Millions of Yen			Millions of U.S. dollars
	2005	2004	2003	2005
Net periodic pension cost for defined benefit pension plans	¥ 9,348	¥ 52,088	¥ 22,720	\$ 87
The amount of cost recognized for defined contribution pension plans	1,053	373	—	10
Subsidy from government on the transfer of the substitutional portion of the Employees' Pension Fund	—	(19,606)	—	—
Total expenses for pension plans	¥10,401	¥ 32,855	¥ 22,720	\$ 97

Plan assets of the Company and certain subsidiaries by asset category as of March 31, 2005 and 2004 and target allocation percentages were as follows:

	2005	2004	Target Allocation
Asset category:			
Equity securities	56.9%	59.5%	59.7%
Debt securities	18.3	18.0	12.0
Other	24.8	22.5	28.3
Total	100.0%	100.0%	100.0%

Other mainly included cash and life insurance company general accounts.

In setting its portfolio investment policy for plan assets, the Company, on a long-term basis, focuses on securing investment returns that are sufficient to provide for the future benefit payments for employees in the context of a tolerable level of risk control. In order to achieve the objectives of the investment policy, the Company attempts to maintain an asset allocation that is consistent with the investment policy for the future periods while considering the standard deviation and correlation coefficient of invested assets as well as the estimated returns on invested assets. The Company also attempts to appropriately establish a target allocation, which would be revised as needed, on a mid- and long-term basis by considering the funded status of its pension plans. The Company, based on its target allocation, evaluates the trustees' investment methods for each major category of plan assets, to select the most suitable trustees and directs its investment guideline to the trustees. In selecting the trustees, the Company considers the investment philosophy and policy of the trustees, their investment methodology, their internal control and compliance policy for investing, their experience and past investment performance. Generally, the Company evaluates the trustees every three years from both a qualitative and quantitative perspective and changes the trustees as needed. The Company is currently evaluating its target allocation

by referencing to the Company's pension plans which were revised during the year ended March 31, 2004.

In addition, the Company determines its expected long-term rate of return considering the above investment policy, the expectations of future returns and historical returns on plan assets.

Cash flow of the Company and certain subsidiaries:

The Company and certain subsidiaries expect to contribute about ¥15,983 million (\$149 million) to defined benefit pension plans in the year ending March 31, 2006.

The following benefit payments, which reflect expected future service are expected to be paid:

Years ending March 31	Millions of Yen	Millions of U.S. dollars
2006	¥ 10,231	\$ 95
2007	11,092	103
2008	12,506	116
2009	13,189	123
2010	13,774	128
2011 - 2015	71,675	667