

The assumptions used in accounting for the above plans were as follows:

		2004	2003
		Mar. 31, 2005	Mar. 31, 2004
		For the years ended	
Discount rates	Domestic companies	2.3% - 2.5%	2.3% - 2.5%
	Foreign companies	2.5% - 9.5%	5.0% - 7.0%
Expected return on assets	Domestic companies	Mainly 3.0%	Mainly 3.0%
	Foreign companies	2.2% - 9.5%	7.0% - 9.0%

10. SHAREHOLDERS' EQUITY

In accordance with the Commercial Code of Japan (the "Code"), the Company has provided a legal reserve, which was included in retained earnings. The Code provides that an amount equal to at least 10% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of such reserve and the additional paid-in capital account equals 25% of the common stock account. The legal reserve amounted to ¥53,838 million (\$503,159 thousand) as of both March 31, 2005 and 2004.

The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Code also provides that if the total amount of additional paid-in capital and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2005, 2004 and 2003 amounted to ¥398,148 million (\$3,721,009 thousand), ¥354,321 million and ¥300,330 million, respectively.

12. OTHER INCOME (EXPENSES)

The components of "Other, net" in "Other income (expenses)" for each of the three years in the period ended March 31, 2005 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2004 Mar. 31, 2005	2003 Mar. 31, 2004	2002 Mar. 31, 2003	2004 Mar. 31, 2005
Dividend income	¥ 1,340	¥ 1,270	¥ 954	\$ 12,523
Net gain on sales of property, plant and equipment	24,038	4,163	58,796	224,654
Loss on disposal of fixed assets	(20,115)	(18,449)	(15,587)	(187,991)
Net gain (loss) on sales of investment securities	7,232	(7,113)	4,324	67,589
Foreign exchange gain	801	16,444	18,318	7,486
Amortization of net retirement benefit obligation at transition	(11,795)	(13,936)	(23,923)	(110,234)
Gain (loss) on return of the substitutional portion of welfare pension fund plans (Note 9)	1,107	5,594	(30,945)	10,346
Loss on restructuring of European operations	—	(26,164)	—	—
Loss on restructuring of consolidated subsidiaries' operations	(8,752)	—	—	(81,794)
Settlement loss on withdrawal from multi-employer retirement benefit plan	(6,337)	—	—	(59,224)
Other	(80,514)	(44,821)	(48,444)	(752,467)
	¥(92,995)	¥(83,012)	¥(36,507)	\$ (869,112)