1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from accounts and records maintained by TOYODA GOSEI Co., Ltd. (the "Company") and its consolidated subsidiaries in accordance with the accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Relevant notes have been added and certain reclassification of the accounts in the basic financial statements published in Japan have been made to present them in a form more familiar to readers outside Japan. These reclassifications do not affect the values of total assets, shareholders' equity, net sales, or net income.

The financial statements presented here are expressed in yen. Solely for the convenience of the readers, they have been translated into U.S.dollars at the rate of ¥120.2 = US$1,the approximate exchange rate on the Tokyo foreign exchange market on March 31, 2003. These translations should not be construed as representations that the yen amounts have been or could be converted into U.S. dollars at the rate used here or at any other rate.

2. Summary of Significant Accounting Policies

(1) Consolidation

The consolidated financial statements include the accounts of the Company and its 28 significant subsidiaries (24 for 2002). Subsidiaries not included in the consolidated accounts are excluded from these accounts because they are all small in terms of total assets, net sales, net income and retained earnings, etc. All significant intercompany transactions and accounts have been eliminated.

If the cost of an investment in a consolidated subsidiary or in an affiliate accounted for by the equity method differs from the underlying net equity, that amount is deferred and amortized on a straight-line basis over five years.

Investment in one affiliate is accounted for by the equity method of accounting. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost, because they are small in terms of net income and retained earnings, etc.

Consolidated subsidiaries as of March 31, 2003:
Consolidated subsidiaries (28 companies)
Domestic consolidated subsidiaries (10 companies):

TG Logistics Co., Ltd.
Toyoda Gosei Kyusyu Co., Ltd.
Hoshin Gosei Co., Ltd.
Ichiei Kogyo Co., Ltd.
Hinode Gomu Kogyo Co., Ltd.
Meiho Service Co., Ltd.
TG Maintenance Co., Ltd.
Togo Jushi Co., Ltd.
TG Opseed Co., Ltd.
Kaiyo Gomu Co., Ltd.

Overseas consolidated subsidiaries (18 companies):

TG North America Corporation
TG Missouri Corporation
TG Kentucky LLC.
TG Automotive Sealing Kentucky LLC
TG Fluid Systems U.S.A. Corporation
TG California Automotive Sealing Inc.
TG Personnel Services North America, Inc.
TOYODA GOSEI HOLDINGS INC.
WATERVILLE TG INC.
TG Minto Corporation Inc.
Toyoda Gosei UK Ltd.
Toyoda Gosei Fluid Systems UK Ltd.
Fong Yue Co., Ltd.
Toyoda Gosei (Thailand) Co., Ltd.
Toyoda Gosei Rubber (Thailand) Co., Ltd.
Bridgestone TG Australia Pty. Ltd.
TG KIRLOSKAR Automotive Private Limited
Tianjin Toyoda Gosei Co., Ltd.

Affiliate accounted for by the equity method (1 company)

Daicel Safety Systems America, LLC

(2) Inventories

Inventories are stated principally at cost, as determined by the annual average method. Inventories in some consolidated subsidiaries in nations other than Japan are stated at the lower of cost or market.

(3) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment is computed principally by the declining balance method for the Company and domestic subsidiaries and by the straight-line method for foreign subsidiaries.

(4) Foreign currency translation

Accounts of overseas consolidated subsidiaries have been translated into yen as follows:

- Assets and liabilities have been translated at the prevailing year-end rate.
- Shareholders' equity has been translated at the rate prevailing when equity is acquired or when a change in equity occurred.
- Revenue and expense have been translated at the prevailing year-end rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity.

(5) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

(6) Allowance for doubtful accounts

Allowance for doubtful accounts is established in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(7) Employees' retirement benefit liabilities
Effective as of the year ended March 31, 2001, the Company and its consolidated subsidiaries adopted a new accounting standard for retirement benefits for employees. The Company and its subsidiaries accrue an amount which is considered to be incurred in the period based on the estimated benefit obligations and estimated pension assets at the end of the year.

The Company and some of its domestic subsidiaries obtained exemptions from the Ministry of Health, Labor and Welfare on August 13, 2002, from the future benefit obligations of the substitutional portion of the Employees' Pension Fund. Pursuant to transitional measures of Paragraph 47-2 of "Practical Guidelines on Accounting Standards for Retirement Benefits (JICPA's Accounting System Committee Report No. 13)," the Company and some of its domestic subsidiaries recognized a gain on the relinquishment of the substitutional portion of the retirement benefit obligations of the welfare pension funds on the date when the exemption was obtained. The amount of the relinquished fair value of pension assets for the year ended March 31, 2003, is ¥21,209 million ($176,448).

(8) Investments and marketable securities
Effective as of the year ended March 31, 2001, the Company and its consolidated subsidiaries adopted a new accounting standard for financial instruments. Under this standard, debt securities for which the Company and its consolidated subsidiaries have both positive intent and the ability to hold to maturity are classified as held-to-maturity securities and are stated at amortized cost. Marketable and non-marketable securities, other than those classified as trading or held-to-maturity securities, are classified as available-for-sale securities and are stated at moving average cost.

Effective as of the year ended March 31, 2002, marketable securities classified as available-for-sale securities are carried at fair value, and net unrealized gain or loss is reported in a separate component of shareholders' equity, net of applicable income taxes. Gains and losses on the disposition of investment securities are computed based on the moving average method.

(9) Income taxes
Effective as of the year ended March 31, 2000, the Company has adopted tax effect accounting. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The assets and liability approach is used to recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will be realized.

(10) Net income and cash dividends per share
Net income and cash dividends per share of common stock are computed based on the average number of shares outstanding during the year. Cash dividends per share are the amounts applicable to the respective periods. Diluted net income per share of common stock reflects the potential dilution as a result of issuance of shares upon conversion of the Company's convertible bonds and exercise of stock options.

Effective April 1, 2002, the Company and its consolidated subsidiaries adopted a new accounting standard for the computation of earnings per share. The principal change to the former standard is that amounts not attributable to common shareholders are deducted from net income to compute basic net income per share and diluted net income per share. The Company's net income per share and diluted net income per share would have been ¥31.66 ($0.26) and ¥30.32 ($0.25), respectively, for the year ended March 31, 2002, if the Company and its consolidated subsidiaries had adopted the new standard.

(11) Leases
Finance lease transactions other than those where ownership is considered to be transferred to the lessee are accounted for as operating leases.

(12) Appropriation of retained earnings
In the accompanying consolidated statements of shareholders' equity, the approved amount during the relevant fiscal year is reflected for the appropriation of retained earnings of consolidated subsidiaries. In Japan, the payment of bonuses to directors and corporate auditors is made out of retained earnings through an appropriation, instead of being charged to income for the year.

3. Inventories
Inventories as of March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Finished goods	**¥ 6,274**	¥ 6,939	**$ 52,194**
Raw materials	**3,474**	2,608	**28,905**
Work in process	**7,486**	7,887	**62,276**
Supplies	**4,350**	1,885	**36,190**
Total	**¥21,584**	¥19,319	**$179,565**

4. Long-Term Debt

(1) Long-term debt as of March 31, 2003 and 2002, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
The Company:			
0.75% convertible bonds due 2004	**¥ 5,458**	¥ 5,823	**$ 45,408**
1.10% bonds due 2007	**10,000**	10,000	**83,195**
0.55% bonds due 2008	**10,000**	–	**83,195**
Less: current portion of convertible bonds	**(5,458)**	(–)	**(45,408)**
Consolidated subsidiaries:			
Loans from banks and others	**4,568**	4,468	**38,003**
Less: current portion of long-term debt	**(542)**	(113)	**(4,512)**
Total	**¥24,026**	¥20,178	**$199,881**

(2) The aggregate annual maturities of long-term debt at March 31, 2003, are as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending March 31		
2004	¥ 542	$ 4,512
2005	1,703	14,168
2006	997	8,295
2007	959	7,980
2008	334	2,776
2009 and thereafter	33	272
Total	¥4,568	$38,003

5. Shareholders' Equity

Under the Japanese Commercial Code (the "Code"), at least 50% of the issue price of new shares is required to be designated as common stock. The portion which is to be designated as stated common stock is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as common stock are to be credited to capital surplus.

Effective from October 1, 2001, the Code provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be set aside as legal retained earnings until the total amount of capital surplus and legal retained earnings equals 25% of common stock.

The legal reserve may be used to reduce a deficit or may be transferred to common stock by proper actions of the Board of Directors and/or shareholders of the Company. On the condition that the total amount of capital surplus and legal retained earnings remains in excess of 25% of common stock, the excess portion is available for distributions and certain other purposes by the resolution of shareholders at the Ordinary General Meeting of Shareholders. Legal retained earnings is included in retained earnings in the consolidated financial statements.

Dividends are approved by the shareholders at the Ordinary General Meeting of Shareholders held subsequent to the fiscal year to which the dividend is applicable. In addition, a semiannual interim dividend may be paid upon resolution by the Board of Directors, subject to limitations imposed by the Code. Effective from October 1, 2001, the Code allows companies to repurchase treasury stock by resolution of the shareholders and dispose of such treasury stock by resolution by the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of common stock, capital surplus or retained earnings to be reduced in the case where such reduction was resolved at the Ordinary General Meeting of Shareholders.

6. Retirement Benefits

(1) Outline of retirement benefits plan

The Company and its domestic consolidated subsidiaries have welfare annuity fund pension plans, tax-qualified pension plans and lump-sum severance payment plans as a part of their defined benefit scheme.

The Company and some of its domestic subsidiaries obtained exemptions from the Ministry of Health, Labor and Welfare on August 13, 2002, from the future benefit obligations of the substitutional portion of the Employees' Pension Fund.

(2) Benefit obligations as of March 31, 2003 and 2002, are as follows:

	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars 2003
(a) Benefit obligations	¥(50,841)	¥(82,812)	$(422,968)
(b) Fair value of projected pension assets	29,946	55,844	249,138
(c) Subtotal (a) + (b)	(20,895)	(26,968)	(173,830)
(d) Unrecognized actuarial difference	11,750	8,805	97,751
(e) Amount shown on balance sheet (c) + (d)	¥ (9,145)	¥(18,163)	$ (76,079)

* The consolidated subsidiaries have adopted the simplified method in calculating the projected benefit obligations.

(3) Retirement benefits cost for the years ended March 31, 2003 and 2002, are as follows:

	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars 2003
(a) Service cost	¥ 2,416	¥2,881	$ 20,097
(b) Interest cost	1,582	2,103	13,163
(c) Expected return on plan assets	(12)	(28)	(103)
(d) Recognized actuarial loss	680	659	5,659
(e) Gain on return of substitutional portion of Employees' Pension Fund	(10,004)	–	(83,231)
(f) Retirement benefit cost (a) + (b) + (c) + (d) + (e)	¥ (5,338)	¥5,615	$(44,415)

1. Retirement expenses of subsidiaries, which adopted the simplified method, are included in (a) Service cost.
2. The above table does not include the amounts related to the contribution of employees to the Employees' Pension Fund.

(4) The assumptions used for calculation of retirement benefits for the years ended March 31, 2003 and 2002, are as follows:

	2003	2002
Period allocation method for estimated retirement benefits	Straight-line method	Straight-line method
Discount rate	2.5%	2.7%
Expected return on plan assets	0.05%	0.05%
Period of amortizing actuarial difference	10 years	10 years
Period of amortizing transitional obligation	Straight-line method over the average remaining service period of employees starting from the following year	Straight-line method over the average remaining service period of employees starting from the following year

7. Income Taxes:

(1) The significant components of deferred tax assets and liabilities as of March 31, 2003 and 2002, are as follows:

	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars 2003
Deferred tax assets:			
Employees' retirement benefit liabilities	¥2,433	¥ 5,674	$20,241
Depreciation and amortization	1,603	1,620	13,337
Accrued expense for employees' bonuses	2,002	1,396	16,657
Net operating loss carry-forwards for tax purposes	976	751	8,123
Accrued enterprise taxes	531	227	4,422
Others	1,642	1,377	13,652
Subtotal	9,187	11,045	76,432
Less valuation allowance	(1,038)	(1,090)	(8,632)
Total deferred tax assets	8,149	9,955	67,800
Deferred tax liabilities:			
Net unrealized gain on available-for-sale securities	¥1,194	¥ 2,220	$ 9,933
Depreciation and amortization	1,457	1,048	12,121
Others	337	139	2,808
Total deferred tax liabilities	2,988	3,407	24,862
Net deferred tax assets	¥5,161	¥ 6,548	$42,938

(2) Reconciliation items of difference between the Japanese statutory tax rate and the effective income tax rate on pretax income for the years ended March 31, 2003 and 2002, are as follows:

	2003	2002
Japanese statutory tax rate	**41.62%**	41.62%
Permanently nondeductible expense	**0.49**	1.57
Tax exempt income	**(0.11)**	(0.49)
Reclassification of deferred tax assets by the change of tax rate	**0.41**	–
Others	**(1.07)**	6.58
Effective income tax rate	**41.34%**	49.28%

8. Pledged Assets

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Pledged assets	**¥1,476**	¥ 860	**$12,279**
Secured loans			
Short-term bank loans	**385**	615	**3,202**
Long-term debt	**307**	420	**2,555**
Total	**¥ 692**	¥1,035	**$ 5,757**

9. Contingent Liabilities

As of March 31, 2003, the Company was responsible as guarantor for loans to other companies as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Daicel Safety Systems America, LLC	**¥409**	¥227	**$3,400**
Metzeler Automotive India Private Limited	**62**	72	**519**
Total	**¥471**	¥299	**$3,919**

10. Marketable Securities

(1) Gross unrealized gains and losses for marketable securities held to maturity and available for sale as of March 31, 2003, are as follows:

				Millions of yen
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale securities with fair value:				
Stocks	¥4,685	¥3,335	¥(352)	¥7,668
Bonds	500	27	–	527
Held-to-maturity securities with fair value:				
Bonds	844	45	(2)	887
Total	¥6,029	¥3,407	¥(354)	¥9,082

				Thousands of U.S. dollars
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale securities with fair value:				
Stocks	$38,977	$27,740	$(2,929)	$63,788
Bonds	4,157	228	–	4,384
Held-to-maturity securities with fair value:				
Bonds	7,021	376	(14)	7,383
Total	$50,155	$28,344	$(2,943)	$75,555

(2) The redemption schedule of marketable securities held to maturities as of March 31, 2003, is as follows:

	Millions of yen			Thousands of U.S. dollars		
	Within 1 year	More than 1 year, within 5 years	More than 5 years	Within 1 year	More than 1 year, within 5 years	More than 5 years
Bonds						
Government bonds	¥ 10	¥130	¥110	$ 79	$1,080	$ 913
Corporate bonds	10	500	527	83	4,160	4,384
Others	110	45	40	915	374	333
Total	¥130	¥675	¥677	$1,077	$5,614	$5,630

11. Derivatives

Foreign consolidated subsidiaries have foreign exchange forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

The basic policies for derivatives are approved by the Board of Directors and executed and controlled by the Financial Department. The consolidated subsidiaries do not hold or have not issued any derivatives for the purpose of speculation. There is no balance of contract amount as of March 31, 2003.

12. Lease Transactions

Finance leases which do not transfer ownership of leased properties to lessees are treated as operating leases.

(1) A summary of property held under finance leases, including acquisition cost and accumulated depreciation as of March 31, 2003 and 2002, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Buildings:			
Acquisition cost equivalents	**¥ 614**	¥ 499	**$ 5,105**
Accumulated depreciation equivalents	**233**	123	**1,939**
Building year-end balance equivalents	**381**	376	**3,166**
Machinery and vehicles:			
Acquisition cost equivalents	**7,842**	6,423	**65,239**
Accumulated depreciation equivalents	**4,858**	3,720	**40,413**
Machinery and vehicle year-end balance equivalents	**2,984**	2,703	**24,826**
Tools and furnishings:			
Acquisition cost equivalents	**2,691**	3,071	**22,385**
Accumulated depreciation equivalents	**1,610**	1,562	**13,396**
Tool and furnishing year-end balance equivalents	**1,081**	1,509	**8,989**
Total leased properties, net	**¥4,446**	¥4,588	**$36,981**

Acquisition cost equivalents include the imputed interest expense portion because the percentage which is computed by dividing future minimum lease payments by total balance of property, plant and equipment, etc., at year ends is not material.

(2) The future minimum lease payments as of March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Due within 1 year	**¥1,607**	¥1,500	**$13,365**
Due after 1 year	**2,839**	3,088	**23,616**
Total	**¥4,446**	¥4,588	**$36,981**

Future minimum lease payments under finance leases include the imputed interest expense portion because the percentage which is computed by dividing future minimum lease payments by total balance of property, plant and equipment, etc., at year-ends is not material.

(3) Total lease payments for the years ended March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Total lease payments	**¥1,768**	¥2,046	**$14,705**

Depreciation expenses, which are not reflected in the accompanying consolidated statements of income, are computed mainly by the straight-line method, which assumes zero residual value and leasing terms equal to the useful lives of the items leased, and are equivalent to the total lease payments given above for the years ended March 31, 2003 and 2002.

13. Segment Information

(1) Business segments

The Company's primary business activities are (1) automotive parts (2) nonautomotive parts.

A summary of net sales, operating income (loss), assets, depreciation and capital expenditure by segment of business activities for the years ended March 31, 2003 and 2002, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Net sales:			
Automotive parts	**¥306,640**	¥280,550	**$2,551,081**
Nonautomotive parts	**38,206**	22,563	**317,855**
Elimination of intersegment transactions	**(4)**	(20)	**(34)**
Consolidated	**¥344,842**	¥303,093	**$2,868,902**
Operating income (loss):			
Automotive parts	**¥ 12,350**	¥ 9,375	**$ 102,740**
Nonautomotive parts	**8,440**	1,253	**70,219**
Elimination of intersegment transactions		–	
Consolidated	**¥ 20,790**	¥ 10,628	**$ 172,959**
Assets:			
Automotive parts	**¥270,292**	¥244,641	**$2,248,686**
Nonautomotive parts	**28,578**	21,367	**237,757**
Corporate or elimination	**(15,969)**	(12,570)	**(132,858)**
Consolidated	**¥282,901**	¥253,438	**$2,353,585**
Depreciation and amortization:			
Automotive parts	**¥ 20,938**	¥ 18,916	**$ 174,190**
Nonautomotive parts	**2,457**	2,907	**20,445**
Consolidated	**¥ 23,395**	¥ 21,823	**$ 194,635**
Capital expenditures:			
Automotive parts	**¥ 31,947**	¥ 30,311	**$ 265,783**
Nonautomotive parts	**3,098**	3,190	**25,776**
Consolidated	**¥ 35,045**	¥ 33,501	**$ 291,559**

Corporate assets under the corporate or elimination column primarily consist of cash and time deposits and marketable securities.

(2) Geographical segments

Information by geographic area for the years ended March 31, 2003 and 2002, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Net sales:			
Japan	**¥266,091**	¥229,017	**$2,213,738**
North America	**70,260**	67,986	**584,529**
Others	**22,640**	15,440	**188,352**
Elimination of intersegment transactions	**(14,149)**	(9,350)	**(117,717)**
Consolidated	**¥344,842**	¥303,093	**$2,868,902**
Operating income (loss):			
Japan	**¥ 16,720**	¥ 8,790	**$ 139,100**
North America	**4,745**	3,046	**39,474**
Others	**(378)**	(1,005)	**(3,147)**
Elimination of intersegment transactions	**(297)**	(203)	**(2,468)**
Consolidated	**¥ 20,790**	¥ 10,628	**$ 172,959**
Assets:			
Japan	**¥218,160**	¥200,257	**$1,814,973**
North America	**54,783**	48,020	**455,767**
Others	**25,927**	17,731	**215,703**
Corporate or elimination	**(15,969)**	(12,570)	**(132,858)**
Consolidated	**¥282,901**	¥253,438	**$2,353,585**

Corporate assets under corporate or elimination primarily consist of cash and time deposits and marketable securities.

(3) Overseas sales

Information by overseas sales for the years ended March 31, 2003 and 2002, are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2003		2002		**2003**	
Japan	**¥245,199**	**71.1%**	¥216,321	71.4%	**$2,039,928**	**71.1%**
North America	**69,318**	**20.1%**	66,756	22.0%	**576,691**	**20.1%**
Others	**30,325**	**8.8%**	20,016	6.6%	**252,283**	**8.8%**
Net Sales	**¥344,842**	**100.0%**	¥303,093	100.0%	**$2,868,902**	**100.0%**

14. Related Party Transactions

During the years ended March 31, 2003 and 2002, the Company and its subsidiaries had operational transactions with Toyota Motor Corporation ("TMC"), a 41.7% shareholder of the Company. A summary of the significant transactions with TMC for the years ended, or as at March 31, 2003 and 2002, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
For the year:			
Sales of finished goods	**¥122,471**	¥115,224	**$1,018,898**
Purchase of raw material	**15,481**	12,670	**128,798**
At year-end:			
Accounts receivable	**¥ 15,628**	¥ 14,251	**$ 130,023**
Accounts payable	**1,484**	1,249	**12,352**

15. Subsequent Event

On June 26, 2003, the shareholders of the Company authorized the payment of year-end cash dividends to shareholders of record as of March 31, 2003, of ¥6.5 ($0.054) per share, or a total of ¥805 million ($6,695 thousand), and bonuses to directors and corporate auditors of ¥185 million ($1,536 thousand).

Cash dividends for the year thus totaled ¥13 ($0.108) per share, including a semiannual dividend of ¥6.5 ($0.054).

The introduction for the first time of an incentive plan involving the granting of stock options was approved at the Ordinary General Meeting of Shareholders in June 2001. Consequently, options on a total of 250,000 shares, the maximum allowable, were granted at a predetermined exercise price to all directors and certain employees.

The purpose of this plan is to further sharpen the motivation of senior management in enhancing shareholder value. The grant price is the higher of the closing price on the Tokyo Stock Exchange on the date of grant and 1.05 times the average closing price in the full calendar month prior to the month of the grant date.

Recipients may not exercise the option within the first two years. Subsequent to that initial period, the option must be exercised or waived within the next four years. To finance this plan, the Company purchased 201,000 shares of common stock (¥342 million) as treasury stock in fiscal 2001.

In June 2002, the Ordinary General Meeting of Shareholders approved a warrant, which earmarks a maximum of 300,000 shares of common stock to be further distributed among directors and certain employees.

In fiscal 2002, the Company purchased 146,900 shares of common stock (¥232 million) as treasury stock.

In June 2003, the Ordinary General Meeting of Shareholders approved a warrant, which earmarks a maximum of 450,000 shares of common stock to be further distributed among directors and certain employees.