Financial Review

1. SALES AND EARNINGS

During the year under review, the Japanese economy showed some indications of recovery, such as brisk exports in the first half of the year. Consumption and capital expenditures, however, remained sluggish. In the second half of the year, there were growing concerns regarding the future of the Japanese economy due to worsening deflation, sharp falls in stock prices, and increased international uncertainties. As a result, the Japanese economy became stagnant.

Under such conditions, net sales were ¥926.1 billion ($7,718 million), a decrease of 4.1% from the prior year. Domestic sales were ¥684.2 billion ($5,702 million), down 9.2%, largely due to the divestiture of the prefabricated housing business, of which sales during the prior year were ¥41.1 billion, and reduced sales for public works projects. Overseas sales were ¥241.9 billion ($2,016 million), up 13.8%, largely due to the favorable sales by the tractor business in North America. The percentage of overseas sales to total net sales was 26.1%, 4.1 percentage points higher than the prior year.

Sales in Internal Combustion Engine and Machinery were ¥444.2 billion ($3,701 million), an increase of ¥29.0 billion from the prior year. Sales in Pipes, Valves, and Industrial Castings were ¥177.2 billion ($1,477 million), a decrease of ¥7.3 billion from the prior year. Sales in Environmental Engineering were ¥136.4 billion ($1,137 million), a decrease of ¥11.6 billion. Sales in Building Materials and Housing were ¥64.3 billion ($536 million), a decrease of ¥46.5 billion. Other sales were ¥104.0 billion ($867 million), a decrease of ¥3.3 billion.

Operating income decreased 14.0% from the prior year, to ¥29.6 billion ($247 million), and as a percentage of net sales, decreased to 3.2%, down 0.4 percentage point from the prior year. Operating income in each industry segment (before elimination of the inter-segment profits and corporate expenses) was: Internal Combustion Engine and Machinery, ¥56.7 billion ($472 million), an 18.7% rise; Pipes, Valves, and Industrial Castings, ¥1.9 billion ($16 million), an 82.8% fall; Environmental Engineering, ¥9.0 billion ($75 million), a 14.3% rise; Building Materials and Housing, ¥0.03 billion ($0.3 million), which regained profitability after the restructuring of the prefabricated housing business; and Other, an operating loss of ¥17.1 billion ($143 million), which included an impairment loss of ¥16.8 billion related to a golf course owned and operated by a subsidiary.

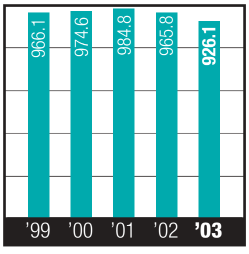
The cost of sales decreased 4.7% compared with the prior year, to ¥695.6 billion ($5,796 million). The cost of sales as a percentage of net sales decreased 0.5 percentage point, to 75.1%. Selling, general, and administrative (SG&A) expenses declined 3.9% compared to the prior year, to ¥181.4 billion ($1,511 million). As in the prior year, this decline was attributed to the reduction in corporate office costs.

Loss from disposal and impairment of businesses and fixed assets was ¥19.6 billion ($163 million), an increase of ¥6.8 billion. This loss was primarily the result of the aforementioned impairment loss related to a golf course owned by a subsidiary.

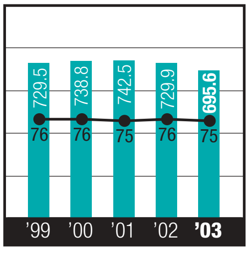
R&D expenses were ¥26.4 billion ($220 million). As a percentage of net sales, R&D expenses decreased by 0.2 percentage point, to 2.9%. R&D expenses were primarily related to the development of new models of tractors and compact-sized generators as well as to improvements in roofing materials and roofing-system fixed photovoltaic shingles incorporating amorphous solar batteries.

Other expenses, net, were ¥23.5 billion ($195 million), an increase of ¥17.7 billion compared with the prior year. While interest expenses have been decreasing over the past four consecutive years due to the reduction of interest-bearing debt, valuation losses on short-term and other investments

Net Sales
(Billions of Yen)



Cost of Sales
(Billions of Yen)



● Cost of sales to net sales (%)

jumped from ¥9.2 billion to ¥24.8 billion ($207 million). Due to the factors above, income before income taxes, minority interests in earnings of subsidiaries, and equity in net income (loss) of affiliated companies decreased ¥22.5 billion, to ¥6.2 billion ($51 million).

Income taxes decreased ¥5.0 billion compared with the prior year, to ¥12.3 billion ($102 million). However, the effective tax rate increased 139.3 percentage points, to 199.7%. Income tax—current was ¥21.5 billion ($179 million), a decrease of ¥1.4 billion, and income tax—deferred increased by ¥3.7 billion, to ¥9.2 billion ($77 million). The primary reasons for the increase in the effective tax rate were the non-deductibility of the impairment loss on the golf course and the change in the valuation allowance for deferred tax assets.

Minority interests in earnings of subsidiaries increased ¥0.4 billion, to ¥2.1 billion ($17 million). Equity in net income of affiliated companies was ¥0.2 billion ($2 million), compared with a loss of ¥0.2 billion in the previous year. Net loss totaled ¥8.0 billion ($67 million), compared with income of ¥9.5 billion in the previous fiscal year.

From December 2001, the Company implemented a program to purchase treasury stock. In June 2002, the Company resolved at the ordinary general meeting of shareholders that 50.0 million shares, or ¥20.0 billion of shares, would be purchased during fiscal 2003. As the result, the Company purchased 43.9 million shares, or ¥14.6 billion of shares. The cumulative number of shares of treasury stock was 64.4 million as of March 31, 2003, and these shares were excluded on a weighted average basis from the calculation of net income (loss) per 5 common shares. In June 2003, the Company also resolved at the ordinary general meeting of shareholders that 50.0 million shares, or ¥20.0 billion of shares, would be purchased during fiscal 2004.

The Company's basic policy for the allocation of profit is to "maintain or raise dividends." To this end, the Company determines the most appropriate use of retained earnings by considering current business operations as well as the future business environment. A year-end cash dividend per American Depositary Share of KUBOTA CORPORATION at the rate of ¥15 was approved at the ordinary general meeting of shareholders, held on June 26, 2003. The Company also paid a ¥15 per 5 common shares interim dividend to each shareholder. Accordingly, the annual cash dividends per 5 common shares were ¥30 ($0.25).

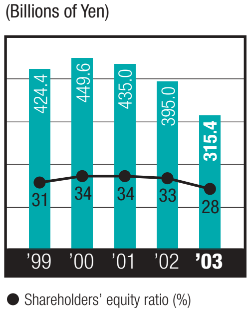
2. LIQUIDITY AND CAPITAL RESOURCES

Basic policy

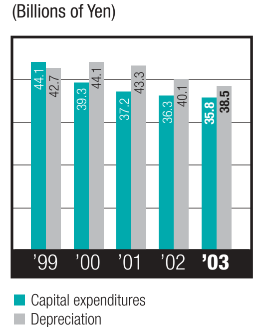
The Company's financial policy is to maintain the strength of its balance sheet by assuring adequate financing and liquidity for its operations. Through cash and cash equivalents or other current assets, free cash flow, and borrowing from the capital markets, the Company is in a position to finance the expansion of its business, R&D, and capital expenditures for current and future business projects.

Current financial strategies are the "Reduction of interest-bearing debt" and the "Maintenance of the balance sheet." As for the reduction of interest-bearing debt, the Company set a target to reduce its debt to ¥315.0 billion at the end of March 2003. At the end of March 2003, the amount of interest-bearing debt decreased to ¥327.4 billion ($2,728 million), which was over the target due to the use of funds to expand business in North America and the allocation of funds for the repayment of corporate bonds due during the year ending March 2004. The Company intends to further reduce the interest-bearing debt to ¥300.0 billion by March 2004. As for the maintenance of the balance sheet, funding requirements for information technology, business acquisitions, and other investments will be provided by net cash from operating activities.

Total Shareholders' Equity
(Billions of Yen)



Capital Expenditures & Depreciation
(Billions of Yen)



In order to enhance financing efficiency, the Company has established commitment lines of credit totaling ¥30.0 billion ($250 million) with specific banks for maintaining liquidity, while reducing surplus cash as much as possible. Furthermore, the Company implemented Group financing to improve the efficiency of domestic subsidiaries.

The Company also maintains a commercial paper program allowing for the issuance of commercial paper up to a maximum of ¥100.0 billion ($833 million). Its financial subsidiaries raise money mainly through net cash provided by operating activities and borrowings from financial institutions. Currently, the Company has adequate financing resources. The currency in which the Company has its debt is mainly Japanese yen. There is no restriction regarding the manner in which the funds may be spent. There is some seasonality in the financing demand. From April to June, the Company usually has surplus funds due to the timing of collections of notes and accounts receivables from local governments.

Assets

Total assets at fiscal year-end amounted to ¥1,139.0 billion ($9,492 million), ¥61.1 billion less than at the prior fiscal year-end. This was mainly due to a decline in the valuation of investment securities and a reduction of current assets.

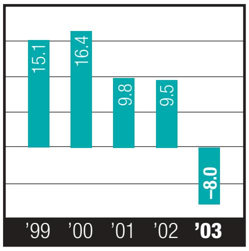
Cash and cash equivalents increased ¥6.4 billion, to ¥67.4 billion ($561 million). Notes and accounts receivable decreased ¥40.2 billion, to ¥420.4 billion ($3,503 million). These fluctuations are due to the timing of a holiday for Japanese financial institutions, which occurred on March 31, 2002. Inventories decreased ¥4.1 billion, to ¥151.2 billion ($1,260 million), due to the implementation of the Company's "Maintenance of the balance sheet" policy. The inventory turnover was 6.0 times, 0.2 point higher than the prior year. Total current assets were ¥692.4 billion ($5,770 million), a decrease of ¥31.4 billion. Investments decreased ¥49.5 billion, to ¥92.1 billion ($767 million). This decline included a ¥19.0 billion decrease in gross unrealized holding gains and valuation losses on short-term and other investments of ¥24.8 billion. Property, plant and equipment decreased ¥23.7 billion, to ¥252.6 billion ($2,105 million). Capital expenditures were ¥35.8 billion ($299 million), a decrease of ¥0.5 billion. The Company managed the amount of capital expenditures so that they would not exceed the amount of cash flows generated by operating activities. The amount of depreciation expense incurred by operating activities was ¥38.5 billion ($321 million). Other assets were ¥102.0 billion ($850 million), an increase of ¥43.5 billion. This was because noncurrent deferred tax assets increased by ¥37.1 billion due primarily to the sharp decrease in unrealized gains on investment securities and the increase in minimum pension liability adjustment.

Liabilities

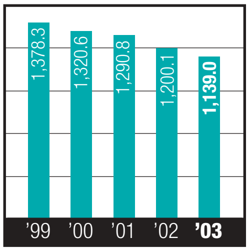
Total liabilities amounted to ¥810.3 billion ($6,753 million), an increase of ¥17.7 billion from the prior year. Short-term borrowings decreased ¥27.4 billion, to ¥95.6 billion ($796 million), but the current portion of long-term debt increased ¥33.8 billion, to ¥75.8 billion ($632 million). Trade notes and accounts payable were ¥205.8 billion ($1,715 million), a decrease of ¥19.8 billion. Reflecting these changes, total current liabilities decreased ¥22.6 billion, to ¥479.4 billion ($3,995 million).

Long-term liabilities increased ¥40.4 billion, to ¥331.0 billion ($2,758 million). Long-term debt decreased ¥11.9 billion, to ¥156.0 billion ($1,300 million), thanks to the repayment of corporate bonds in the prior year. However, accrued retirement and pension costs increased ¥53.6 billion, to ¥159.8 billion ($1,332 million). This increase resulted from the decrease of plan assets attributed to falling stock prices and from the increase in pension liabilities due to the reduction of the discount rate.

Net Income (Loss)
(Billions of Yen)



Total Assets
(Billions of Yen)



The Company's bonds are rated "A+" by Rating & Investment Information, Inc., as of March 31, 2003. The Company's credit rating is stable.

Working capital at the fiscal year-end decreased ¥8.8 billion, to ¥213.0 billion ($1,775 million). The ratio of current assets to current liabilities remained at the same level of 144%.

Total shareholders' equity decreased ¥79.5 billion, to ¥315.4 billion ($2,629 million). The ratio of shareholders' equity to total assets decreased 5.2 percentage points, to 27.7%. This decrease resulted from the increase of ¥48.2 billion in accumulated other comprehensive loss, from the decrease of ¥16.3 billion in retained earnings, and from the increase of ¥15.0 billion in treasury stock, at cost. The increase of ¥48.2 billion in accumulated other comprehensive loss was mainly due to the minimum pension liability adjustment of ¥30.4 billion (net-of-tax amount) and the unrealized losses on securities of ¥11.6 billion (net-of-tax amount).

In order to enhance capital efficiency and create more value for shareholders, the Company commenced a program for the purchase of treasury stock in December 2001. The cumulative amount of purchases at March 31, 2003, ¥21.9 billion, was deducted from shareholders' equity, and the number of shares of treasury stock as of March 31, 2003, was 64.4 million, 4.8% of total shares outstanding. For these purchases, the Company used net cash provided by operating activities. As for next fiscal year, the Company plans to continue the purchase of treasury stock, up to the maximum additional 50.0 million shares, or ¥20.0 billion.

The debt-to-equity ratio was 103.8%, up 19.5 percentage points compared with 84.3% in the prior year. Interest-bearing debt was reduced based on financial policy, but such reduction was offset by the decrease in shareholders' equity due to above-mentioned factors.

*Debt-to-equity ratio = interest-bearing debt / shareholders' equity

3. CASH FLOWS

Net cash provided by operating activities was ¥64.3 billion ($535 million). The Company recorded a net loss of ¥8.0 billion ($67 million), but this loss includes ¥24.8 billion of valuation losses on short-term and other investments and ¥17.4 billion of an impairment loss on fixed assets. The decrease in notes and accounts receivable exceeded the decrease in notes and accounts payable by ¥11.3 billion, which partially offset the decrease in net cash provided by operating activities.

Net cash used in investing activities amounted to ¥27.6 billion ($230 million). This amount includes purchases of fixed assets of ¥33.8 billion. The Company contained capital expenditures in recent years, but due to the completion of its "Hanshin Office" in October 2002, the amount of purchases of fixed assets was larger than that of the prior year.

Net cash used in financing activities amounted to ¥30.0 billion ($250 million). The Company used cash for the repayments of long-term debt of ¥45.4 billion and reduction in short-term borrowings of ¥26.5 billion. The Company restrained the issuance of long-term debt to ¥65.6 billion and continued to reduce total interest-bearing debt. Additionally, the Company paid cash dividends of ¥8.3 billion and spent ¥15.0 billion on the purchase of treasury stock.

As a result, including the negative effect of exchange rates, cash and cash equivalents at the end of March 2003 were ¥67.4 billion ($561 million), an increase of ¥6.4 billion as compared with the prior year.

4. CRITICAL ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of the consolidated financial statements requires management to make estimates and assumptions on the selection and application of significant accounting policies. The Company reviews these estimates and assumptions periodically. Actual results may differ from estimated results.

The following critical accounting policies that affect financial condition and operations require management to make significant estimates and assumptions.

1. Inventory valuation

Completed real estate projects are stated at the lower of acquisition cost or fair value, less estimated costs to sell. The fair values of those assets are estimated based on the appraised values in the market. Land to be developed and projects under development are carried at cost unless those assets are impaired. If carrying amounts of those assets exceed the undiscounted future cash flows expected to be realized from them, those assets are considered impaired and an impairment loss is measured based on the amount by which the carrying value exceeds the fair value of those assets. If the market conditions and demand in the housing business are less favorable than management's projection, additional write-downs may be required.

2. Collectibility of receivables

The Company estimates the credibility of the notes and account receivable, with the estimate based on various judgments, including customers' financial conditions, historical experience, and the current economic circumstances. If customers' financial conditions or current economic circumstances become worse, additional allowances may be required in the future.

3. Deferred tax assets

The Company records deferred tax assets with a valuation allowance to adjust their carrying amounts when it is more likely than not that the deferred tax assets will not be realized. The valuation of deferred tax assets principally depends on the estimation of future taxable income and tax planning strategies. If future taxable income is lower than expected due to a change in economic circumstances and poor operating results, significant adjustments to deferred tax assets may be required.

4. Impairment of long-lived assets

When events and circumstances indicate that the carrying amount of long-lived assets to be held and used may not be recoverable and the carrying amounts of those assets exceed the undiscounted future cash flows, an impairment loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived assets. Fair value is determined primarily using anticipated cash flows discounted at a rate commensurate with the risk involved. If estimates of future cash flows fall below management's projection due to the unexpected change in economic circumstances, additional impairment may be required.

5. Retirement and pension plans

Benefit obligations and plan assets are dependent on assumptions used by actuaries in calculating such amounts. These assumptions include the discount rate, retirement rate, rate of compensation increase, mortality rate, expected return on plan assets, and other factors. These assumptions are based upon current statistical data and are reviewed every fiscal year. Differences in actual experience or changes in assumptions may affect the benefit obligations and future pension costs.

5. BUSINESS RISKS

The variety and breadth of the Company's products and customers significantly mitigate the risk that a severe impact will occur in the near term as a result of changes in the Company's customer base, competition, sources of supply, or composition of its markets. Additionally, such diversification enables the Company to significantly minimize the risk of loss associated with an environmental disaster or political crisis in one of the countries in which the Company manufactures or sells its products. The Company has also established a quality control program designed to ensure the safety of the Company's products. The Company believes that this quality control program reduces the risk of product liability claims, from which historically the Company has not experienced any significant losses. As a result, it is unlikely that any one event would have a severe impact on the Company's consolidated financial position, results of operations, or cash flows.

6. DERIVATIVES

To offset currency and interest rate fluctuation risks, the Company uses various types of derivatives, including foreign exchange forward contracts, currency swaps, and interest rate swaps. As a basic policy, Kubota conducts its derivatives transactions within the range of its outstanding credits and obligations, and the Company does not engage in speculative derivatives transactions. Because the counterparties for derivatives transactions are financial institutions with high creditworthiness, the Company does not anticipate any credit losses on such transactions. For more specific details, please refer to Note 12 to the consolidated financial statements.

7. COUNTERMEASURES FOR THE REMOVAL OF GOVERNMENT DEPOSIT GUARANTEES

Effective from April 2002 in Japan, limits were placed on government guarantees of certain short-term deposits held by financial institutions. As a countermeasure, the Company maintains its deposits with a diverse group of financial institutions with high credit ratings. In addition, the Company centralized its risk management with financial institutions mainly through concentrating cash within the parent company.

8. OUTLOOK FOR THE NEXT FISCAL YEAR

The Company expects that the economic conditions in Japan will remain weak because of higher unemployment and a poor economic outlook, which are negatively affecting personal consumption and capital expenditures. Public investment in Japan also is expected to be reduced, and the U.S. economy, which impacts the world economy, is experiencing uncertainty.

Under such conditions, the Company will make every effort to overcome the difficult business environment, and it continues to work hard towards the vigorous and steady implementation of the Medium-Term Management Strategy, thus accelerating the process and attaining further improvement.

Looking ahead, the Company forecasts consolidated net sales for the year ending March 31, 2004, at ¥910.0 billion, down ¥16.1 billion compared with the prior year.

The Company expects a significant increase in pension expense, due to the deterioration in the return on investments in the pension assets and the large increase in pension liabilities due to the reduction of the discount rate. The Company forecasts the amount of pension expense for the year ending March 31, 2004, will increase approximately ¥46.0 billion. Negatively affected by this increase, operating income is expected to be ¥7.0 billion, down ¥22.6 billion. The Company expects income before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies will be ¥10.0 billion, up ¥3.8 billion. Finally, net income is expected to be ¥5.0 billion, up ¥13.0 billion as compared with the fiscal year under review. (These forecasts anticipate an exchange rate of ¥116=US$1.)

Notes

1. Pension expense

The Company recognizes immediately actuarial gains and losses in excess of 20% of the larger of benefit obligations or plan assets and amortizes actuarial gains and losses between 10% and 20% over the average participants' remaining service period (about 15 years).

The Company recognized the expense of ¥5.6 billion for the actuarial gains and losses for the year ended March 31, 2003. The Company forecasts the expense for actuarial gains and losses of approximately ¥52.0 billion for the year ending March 31, 2004.

Kubota Corporation was given an approval for its application for an exemption from the obligation to pay benefits for future employee service related to the substitutional portion of its employee benefit pension plan on January 30, 2003. The Company will recognize the gains related to the transfer when it completes the transfer to the government of the substitutional portion of the benefit obligation and related plan assets based upon US GAAP. The forecast of the above number does not include these gains, because there is no specific schedule for the transfer.

2. Segment reporting

In order to clarify the relationship between management structure and industry segments, the Company increased the industry segments from three to five. The five new industry segments are as follows: "Internal Combustion Engine and Machinery," "Pipes, Valves, and Industrial Castings," "Environmental Engineering," "Building Materials and Housing," and "Other."

SEGMENT INFORMATION

The following segment information for the years ended March 31, 2003 and 2002, which is required under the regulations of the Securities and Exchange Law of Japan, is not consistent with accounting principles generally accepted in the United States of America. The Company has changed the industry segments, effective from the year ended March 31, 2003. The industry segment information for the year ended March 31, 2002 has been restated to conform with the change in the industry segments of 2003.

Industry Segments

	Millions of Yen							
Year Ended March 31, 2003	Internal Combustion Engine & Machinery	Pipes, Valves, & Industrial Castings	Environmental Engineering	Building Materials & Housing	Other	Total	Corporate & Eliminations	Consolidated
Net sales:								
Unaffiliated customers	**¥444,169**	**¥177,217**	**¥136,381**	**¥64,350**	**¥104,028**	**¥ 926,145**	**¥ —**	**¥ 926,145**
Intersegment	**480**	**7,678**	**1,053**	**20**	**19,983**	**29,214**	**(29,214)**	**—**
Total	**444,649**	**184,895**	**137,434**	**64,370**	**124,011**	**955,359**	**(29,214)**	**926,145**
Cost of sales and operating expenses	**387,953**	**182,963**	**128,423**	**64,338**	**141,153**	**904,830**	**(8,298)**	**896,532**
Operating income (loss)	**¥ 56,696**	**¥ 1,932**	**¥ 9,011**	**¥ 32**	**¥ (17,142)**	**¥ 50,529**	**¥ (20,916)**	**¥ 29,613**
Identifiable assets at March 31, 2003	**¥487,841**	**¥222,708**	**¥116,136**	**¥77,515**	**¥106,027**	**¥1,010,227**	**¥128,784**	**¥1,139,011**
Depreciation	**13,717**	**8,032**	**748**	**2,820**	**10,571**	**35,888**	**2,606**	**38,494**
Capital expenditures	**14,159**	**5,354**	**782**	**1,117**	**8,582**	**29,994**	**5,851**	**35,845**

	Millions of Yen							
Year Ended March 31, 2002	Internal Combustion Engine & Machinery	Pipes, Valves, & Industrial Castings	Environmental Engineering	Building Materials & Housing	Other	Total	Corporate & Eliminations	Consolidated
Net sales:								
Unaffiliated customers	¥415,122	¥184,540	¥147,988	¥110,859	¥107,282	¥ 965,791	¥ —	¥ 965,791
Intersegment	402	7,003	818	7	28,227	36,457	(36,457)	—
Total	415,524	191,543	148,806	110,866	135,509	1,002,248	(36,457)	965,791
Cost of sales and operating expenses	367,754	180,308	140,925	123,867	134,722	947,576	(16,209)	931,367
Operating income (loss)	¥ 47,770	¥ 11,235	¥ 7,881	¥ (13,001)	¥ 787	¥ 54,672	¥ (20,248)	¥ 34,424
Identifiable assets at March 31, 2002	¥478,390	¥231,832	¥122,879	¥ 76,979	¥129,614	¥1,039,694	¥160,423	¥1,200,117
Depreciation	14,125	9,002	720	2,968	10,767	37,582	2,492	40,074
Capital expenditures	14,107	7,181	534	2,892	8,786	33,500	2,842	36,342

	Thousands of U.S. Dollars							
Year Ended March 31, 2003	Internal Combustion Engine & Machinery	Pipes, Valves, & Industrial Castings	Environmental Engineering	Building Materials & Housing	Other	Total	Corporate & Eliminations	Consolidated
Net sales:								
Unaffiliated customers	**$3,701,408**	**$1,476,809**	**$1,136,508**	**$536,250**	**$ 866,900**	**$7,717,875**	**$ —**	**$7,717,875**
Intersegment	**4,000**	**63,983**	**8,775**	**167**	**166,525**	**243,450**	**(243,450)**	**—**
Total	**3,705,408**	**1,540,792**	**1,145,283**	**536,417**	**1,033,425**	**7,961,325**	**(243,450)**	**7,717,875**
Cost of sales and operating expenses	**3,232,941**	**1,524,692**	**1,070,192**	**536,150**	**1,176,275**	**7,540,250**	**(69,150)**	**7,471,100**
Operating income (loss)	**$ 472,467**	**$ 16,100**	**$ 75,091**	**$ 267**	**$ (142,850)**	**$ 421,075**	**$ (174,300)**	**$ 246,775**
Identifiable assets at March 31, 2003	**$4,065,342**	**$1,855,900**	**$ 967,800**	**$645,958**	**$ 883,558**	**$8,418,558**	**$1,073,200**	**$9,491,758**
Depreciation	**114,308**	**66,933**	**6,233**	**23,500**	**88,092**	**299,066**	**21,717**	**320,783**
Capital expenditures	**117,991**	**44,617**	**6,517**	**9,308**	**71,517**	**249,950**	**48,758**	**298,708**

Geographic Segments

Year Ended March 31, 2003	Japan	North America	Other Areas	Total	Corporate & Eliminations	Consolidated
	Millions of Yen					
Net sales:						
Unaffiliated customers	**¥712,964**	**¥158,051**	**¥55,130**	**¥ 926,145**	**¥ —**	**¥ 926,145**
Intersegment	**124,213**	**2,439**	**1,268**	**127,920**	**(127,920)**	**—**
Total	**837,177**	**160,490**	**56,398**	**1,054,065**	**(127,920)**	**926,145**
Cost of sales and operating expenses	**807,122**	**144,348**	**52,720**	**1,004,190**	**(107,658)**	**896,532**
Operating income	**¥ 30,055**	**¥ 16,142**	**¥ 3,678**	**¥ 49,875**	**¥ (20,262)**	**¥ 29,613**
Identifiable assets at March 31, 2003	**¥840,053**	**¥161,664**	**¥42,623**	**¥1,044,340**	**¥ 94,671**	**¥1,139,011**

Year Ended March 31, 2002	Japan	North America	Other Areas	Total	Corporate & Eliminations	Consolidated
	Millions of Yen					
Net sales:						
Unaffiliated customers	¥773,114	¥143,959	¥48,718	¥ 965,791	¥ —	¥ 965,791
Intersegment	103,428	2,907	656	106,991	(106,991)	—
Total	876,542	146,866	49,374	1,072,782	(106,991)	965,791
Cost of sales and operating expenses	841,152	129,213	46,596	1,016,961	(85,594)	931,367
Operating income	¥ 35,390	¥ 17,653	¥ 2,778	¥ 55,821	¥ (21,397)	¥ 34,424
Identifiable assets at March 31, 2002	¥847,749	¥144,964	¥37,858	¥1,030,571	¥ 169,546	¥1,200,117

Year Ended March 31, 2003	Japan	North America	Other Areas	Total	Corporate & Eliminations	Consolidated
	Thousands of U.S. Dollars					
Net sales:						
Unaffiliated customers	**$5,941,367**	**$1,317,092**	**$459,416**	**$7,717,875**	**$ —**	**$7,717,875**
Intersegment	**1,035,108**	**20,325**	**10,567**	**1,066,000**	**(1,066,000)**	**—**
Total	**6,976,475**	**1,337,417**	**469,983**	**8,783,875**	**(1,066,000)**	**7,717,875**
Cost of sales and operating expenses	**6,726,017**	**1,202,900**	**439,333**	**8,368,250**	**(897,150)**	**7,471,100**
Operating income	**$ 250,458**	**$ 134,517**	**$ 30,650**	**$ 415,625**	**$ (168,850)**	**$ 246,775**
Identifiable assets at March 31, 2003	**$7,000,441**	**$1,347,200**	**$355,192**	**$8,702,833**	**$ 788,925**	**$9,491,758**

Sales by Region

Years Ended March 31, 2003 and 2002	Millions of Yen				Thousands of U.S. Dollars
	2003		2002		**2003**
Japan	**¥684,254**	**73.9%**	¥753,175	78.0%	**$5,702,117**
Overseas:					
North America	**158,386**	**17.1**	144,207	14.9	**1,319,883**
Other Areas	**83,505**	**9.0**	68,409	7.1	**695,875**
Subtotal	**241,891**	**26.1**	212,616	22.0	**2,015,758**
Total	**¥926,145**	**100.0%**	¥965,791	100.0%	**$7,717,875**

Sales by region represent sales to unaffiliated customers based on the customers' locations.