

Company News

June 23, 1999

Retirement Reserve Deficit Announced

According to the results of estimates as of March 31, 1998, based on new retirement benefit accounting standards to be introduced in the year 2000, the company's reserve for retirement benefits is estimated to have a deficit of approximately ¥12.2 billion.

The company's retirement benefit system concurrently incorporates a welfare pension fund system, taxation system qualified retirement annuity system, and retirement lump sum payment system. According to estimates based on the new accounting standards (discount rate: 3.0%), the required size of the retirement reserve is approximately ¥35.6 billion. When pension assets of approximately ¥17.6 billion and retirement salary reserve funds of approximately ¥5.8 billion are deducted from this figure, the deficit becomes approximately ¥12.2 billion.

Studies will be conducted in order to find ways to resolve this deficit as soon as possible while examining other relevant factors, including upcoming changes to the country's pension system in which corporate welfare pensions become responsible for amounts previously paid by the national welfare pension.