

TODCO  
Form SC 13G  
April 27, 2007

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 13G**

Under the Securities Exchange Act of 1934

TODCO  
(Name of Issuer)

Common Stock, \$0.01 par value  
(Title of Class of Securities)

88889T107  
(CUSIP Number)

April 17, 2007  
(Date of Event Which Requires Filing of this Statement)

Check the following box to designate the rule pursuant to which the Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. 88889T107

1. **Names of Reporting Persons.**  
**I.R.S. Identification Nos. of above persons (entities only)**  
 D. E. Shaw & Co., L.P.  
 13-3695715

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**  
 (a)   
 (b)

3. **SEC Use Only**

4. **Citizenship or Place of Organization**  
 Delaware

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

5. **Sole Voting Power**

-0-

6. **Shared Voting Power**

2,743,472

7. **Sole Dispositive Power**

-0-

8. **Shared Dispositive Power**

2,904,972

9. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 2,904,972

10. **Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)**

11. **Percent of Class Represented by Amount in Row (9)**  
 5.0%

12. **Type of Reporting Person (See Instructions)**  
 IA, PN

CUSIP No. 88889T107

1. **Names of Reporting Persons**  
**I.R.S. Identification Nos. of above persons (entities only)**  
 David E. Shaw

2. **Check the Appropriate Box if a Member of a Group (See Instructions)**  
 (a)    
 (b)

3. **SEC Use Only**

4. **Citizenship or Place of Organization**  
 United States

**Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With**

5. **Sole Voting Power**

-0-

6. **Shared Voting Power**  
 2,743,472

7. **Sole Dispositive Power**  
 -0-

8. **Shared Dispositive Power**  
 2,904,972

9. **Aggregate Amount Beneficially Owned by Each Reporting Person**  
 2,904,972

10. **Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)**

11. **Percent of Class Represented by Amount in Row (9)**  
 5.0%

12. **Type of Reporting Person (See Instructions)**  
 IN

**Item 1.**

**(a) Name of Issuer**

TODCO

**(b) Address of Issuer's Principal Executive Offices**

2000 W. Sam Houston Parkway South  
Suite 800  
Houston, TX 77042-3615

**Item 2.**

**(a) Name of Person Filing**

D. E. Shaw & Co., L.P.  
David E. Shaw

**(b) Address of Principal Business Office or, if none, Residence**

The business address for each reporting person is:  
120 W. 45<sup>th</sup> Street, Tower 45, 39<sup>th</sup> Floor  
New York, NY 10036

**(c) Citizenship**

D. E. Shaw & Co., L.P. is a limited partnership organized under the laws of the state of Delaware.  
David E. Shaw is a citizen of the United States of America.

**(d) Title of Class of Securities**

Common Stock, \$0.01 par value

**(e) CUSIP Number**

88889T107

**Item 3. If this statement is filed pursuant to Rule 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a:**

Not applicable

**Item 4. Ownership**

As of April 20, 2007:

**(a) Amount beneficially owned:**

D. E. Shaw & Co., L.P.:

2,904,972 shares

This is composed of (i) 1,541,292 shares in the name of D. E. Shaw Oculus Portfolios, L.L.C., (ii) 929,200 shares in the name of D. E. Shaw Valence Portfolios, L.L.C., (iii) 60,300 shares in the name of D. E. Shaw Valence, L.L.C., and (iv) 374,180 shares under the management of D. E. Shaw Investment Management, L.L.C.

David E. Shaw:

2,904,972 shares

This is composed of (i) 1,541,292 shares in the name of D. E. Shaw Oculus Portfolios, L.L.C., (ii) 929,200 shares in the name of D. E. Shaw Valence Portfolios, L.L.C., (iii) 60,300 shares in the name of D. E. Shaw Valence, L.L.C., and (iv) 374,180 shares under the management of D. E. Shaw Investment Management, L.L.C.

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(b) Percent of class:

D. E. Shaw & Co., L.P.:	5.0%
David E. Shaw:	5.0%

(c) Number of shares to which the person has:

(i)	Sole power to vote or to direct the vote:	
	D. E. Shaw & Co., L.P.:	-0- shares
	David E. Shaw:	-0- shares
(ii)	Shared power to vote or to direct the vote:	
	D. E. Shaw & Co., L.P.:	2,743,472 shares
	David E. Shaw:	2,743,472 shares
(iii)	Sole power to dispose or to direct the disposition of:	
	D. E. Shaw & Co., L.P.:	-0- shares
	David E. Shaw:	-0- shares
(iv)	Shared power to dispose or to direct the disposition of:	
	D. E. Shaw & Co., L.P.:	2,904,972 shares
	David E. Shaw:	2,904,972 shares

David E. Shaw does not own any shares directly. By virtue of David E. Shaw's position as President and sole shareholder of D. E. Shaw & Co., Inc., which is the general partner of D. E. Shaw & Co., L.P., which in turn is the investment adviser of D. E. Shaw Oculus Portfolios, L.L.C., the managing member and investment adviser of D. E. Shaw Valence Portfolios, L.L.C., and the managing member of D. E. Shaw Valence, L.L.C. and D. E. Shaw Investment Management, L.L.C., and by virtue of David E. Shaw's position as President and sole shareholder of D. E. Shaw & Co. II, Inc., which is the managing member of D. E. Shaw & Co., L.L.C., which in turn is the managing member of D. E. Shaw Oculus Portfolios, L.L.C., David E. Shaw may be deemed to have the shared power to vote or direct the vote of 2,743,472 shares, and the shared power to dispose or direct the disposition of 2,904,972 shares, the 2,904,972 shares as described above constituting 5.0% of the outstanding shares and, therefore, David E. Shaw may be deemed to be the beneficial owner of such shares. David E. Shaw disclaims beneficial ownership of such 2,904,972 shares.

**Item 5. Ownership of Five Percent or Less of a Class**

Not Applicable

**Item 6. Ownership of More than Five Percent on Behalf of Another Person.**

Not Applicable

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.**

Not Applicable

**Item 8. Identification and Classification of Members of the Group**

Not Applicable

**Item 9. Notice of Dissolution of Group**

Not Applicable

**Item 10.**

**Certification**

By signing below, each of D. E. Shaw & Co., L.P. and David E. Shaw certify that, to the best of such reporting person's knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having such purposes or effect.

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**SIGNATURE**

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct. A Power of Attorney, dated February 24, 2004, granted by David E. Shaw in favor of Eric Wepsic, is attached hereto.

Dated: April 27, 2007

D. E. Shaw & Co., L.P.

By: /s/ Eric Wepsic

Eric Wepsic  
Managing Director

David E. Shaw

By: /s/ Eric Wepsic

Eric Wepsic  
Attorney-in-Fact for David E. Shaw

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**Current Liabilities:**

Short-term loans  
¥612,645 ¥567,413 ¥45,232  
Current maturities of long-term debt  
495,299 454,787 40,512  
Trade payables  
  
Notes and acceptances  
124,276 179,129 (54,853)  
Accounts  
1,417,472 1,407,512 9,960  
Associated companies  
77,033 68,926 8,107  
Accrued expenses:  
  
Income taxes  
23,076 18,588 4,488



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Interest	23,633	27,004	(3,371)
Other	39,681	41,735	(2,054)
Advances from customers	73,155	79,387	(6,232)
Other current liabilities	139,060	142,195	(3,135)
Total current liabilities	3,025,330	2,986,676	38,654
<b>Long-term Debt, less Current Maturities</b>	2,500,470	2,619,867	(119,397)
<b>Accrued Pension Costs and Liability for Severance Indemnities</b>	53,148	41,561	11,587
<b>Deferred Tax Liabilities</b> Non-current	31,459	47,093	(15,634)
<b>Minority Interests</b>	67,966	58,199	9,767
<b>Shareholders Equity:</b>			
Common stock	192,487	192,487	
Capital surplus	287,756	287,756	
Retained earnings:			
Appropriated for legal reserve	36,382	35,873	509
Unappropriated	494,038	476,074	17,964
Accumulated other comprehensive income (loss):			
Unrealized holding gains and losses on available-for-sale securities	3,405	44,246	(40,841)
Foreign currency translation adjustments	(141,053)	(118,669)	(22,384)
Minimum pension liability adjustment	(6,731)	(373)	(6,358)
Net unrealized gains and losses on derivatives	(2,759)	(2,122)	(637)
Total accumulated other comprehensive loss	(147,138)	(76,918)	(70,220)
Treasury stock, at cost	(1,378)	(302)	(1,076)
Total shareholders equity	862,147	914,970	(52,823)

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**Total**  
¥6,540,520 ¥6,668,366 ¥(127,846)

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**Table of Contents****Statements of Consolidated Shareholders' Equity**

(Millions of Yen)

	Year ended March 31, 2003	Year ended March 31, 2002
<b>Common Stock:</b>		
Balance at beginning of year	¥ 192,487	¥ 192,487
Balance at end of year	¥ 192,487	¥ 192,487
<b>Capital Surplus:</b>		
Balance at beginning of year	¥ 287,756	¥ 287,756
Balance at end of year	¥ 287,756	¥ 287,756
<b>Retained Earnings:</b>		
Appropriated for Legal Reserve:		
Balance at beginning of year	¥ 35,873	¥ 34,341
Transfer from unappropriated retained earnings	509	1,532
Balance at end of year	¥ 36,382	¥ 35,873
Unappropriated:		
Balance at beginning of year	¥ 476,074	¥ 437,548
Net income	31,138	55,371
Cash dividends paid (annual rate per share: 2003 ¥8.0; 2002 ¥8.0)	(12,665)	(12,669)
Transfer to retained earnings appropriated for legal reserve	(509)	(1,532)
Effect of change in fiscal year-end of certain subsidiaries		(2,644)
Balance at end of year	¥ 494,038	¥ 476,074
<b>Accumulated Other Comprehensive Income (Loss) (After Income Tax Effect):</b>		
Balance at beginning of year	¥ (76,918)	¥ (117,705)
Unrealized holding gains and losses on available-for-sale securities	(40,841)	(51,384)
Foreign currency translation adjustments	(22,384)	69,057
Minimum pension liability adjustment	(6,358)	24,514
Net unrealized gains and losses on derivatives	(637)	(2,950)
Effect of change in fiscal year-end of certain subsidiaries		1,550
Balance at end of year	¥ (147,138)	¥ (76,918)
<b>Treasury stock, at cost</b>		
Balance at beginning of year	¥ (302)	¥
Purchase of treasury stock	(1,076)	(302)
Balance at end of year	¥ (1,378)	¥ (302)

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Note: Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

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(Millions of Yen)

	Year ended March 31, 2003	Year ended March 31, 2002
<b>Summary of Changes in Equity from Nonowner Sources (Comprehensive Income (Loss)):</b>		
Net income	¥ 31,138	¥ 55,371
Other comprehensive income (loss) (after income tax effect):		
Unrealized holding gains and losses on available-for-sale securities	(40,841)	(51,384)
Foreign currency translation adjustments	(22,384)	69,057
Minimum pension liability adjustment	(6,358)	24,514
Net unrealized gains and losses on derivatives	(637)	(2,950)
Changes in equity from nonowner sources	¥ (39,082)	¥ 94,608

Note: Changes in equity from nonowner sources ( comprehensive income (loss) ) for the fiscal year ended March 31, 2002, including the effect of a change in fiscal year-end of certain subsidiaries, was ¥93,514 million. The difference between the amount and comprehensive income stated in the above table consisted of a charge to retained earnings of ¥2,644 million and a credit to accumulated other comprehensive income of ¥1,550 million to record the effect of a change in fiscal year-end of certain subsidiaries.

**Table of Contents****Statements of Consolidated Cash Flows**

(Millions of Yen)

	<b>Year ended March 31, 2003</b>	<b>Year ended March 31, 2002</b>
<b>Operating Activities:</b>		
Net income	¥ 31,138	¥ 55,371
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operations net (after income tax effect)	2,476	3,520
Depreciation and amortization	58,547	56,974
Provision for doubtful receivables	14,293	21,191
Equity in earnings of associated companies, less dividends received	(368)	(14,193)
Deferred income taxes	(1,373)	(1,010)
Gain on sales of securities net	(11,026)	(31,308)
Gain on securities contributed to an employee retirement benefit trust	(15,831)	(29,242)
Loss on the write-down of securities	37,921	43,605
Loss on disposal or sale of property and equipment net	1,765	2,577
Impairment loss of long-lived assets	24,558	24,732
(Increase) decrease in trade receivables	(42,115)	148,412
(Increase) decrease in inventories	(27,512)	32,586
Decrease in trade payables	(12,703)	(166,813)
Net change in accrued pension costs and liability for severance indemnities	(9,660)	(1,725)
Other net	2,038	(10,965)
	<u>52,148</u>	<u>133,712</u>
<b>Investing Activities:</b>		
Net decrease (increase) in time deposits	40,220	(17,102)
Investments in and advances to associated companies	(63,769)	(38,008)
Collection of advances to associated companies	10,111	25,377
Acquisition of other investments	(298,515)	(164,684)
Proceeds from sale of other investments	331,463	103,260
Increase in long-term loan receivables	(56,169)	(40,424)
Collection of long-term loan receivables	84,445	61,472
Additions to property leased to others and property and equipment	(123,216)	(89,060)
Proceeds from sale of property leased to others and property and equipment	62,186	50,957
	<u>(13,244)</u>	<u>(108,212)</u>
<b>Financing Activities:</b>		
Net increase(decrease) in short-term borrowings	54,972	(89,672)
Proceeds from long-term debt	587,753	404,629
Repayment of long-term debt	(611,150)	(428,227)
Acquisition of treasury stock	(1,086)	(137)
Payment of cash dividends	(12,665)	(12,669)
	<u>17,824</u>	<u>(126,076)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(4,499)	9,433
Effect of Change in Fiscal Year-End of Certain Subsidiaries		(6,201)

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Net Increase (Decrease) in Cash and Cash Equivalents	52,229	(97,344)
Cash and Cash Equivalents at Beginning of Year	607,987	705,331
	<u>          </u>	<u>          </u>
Cash and Cash Equivalents at End of Year	¥ 660,216	¥ 607,987
	<u>          </u>	<u>          </u>

Effective April 1, 2002, the companies adopted SFAS No.144. The above-mentioned figures for the fiscal year ended March 31, 2002 have been reclassified to conform to the current year presentation.

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Supplemental Information:

(Millions of Yen)

	<u>Year ended March 31, 2003</u>	<u>Year ended March 31, 2002</u>
<b>Cash paid during the year for:</b>		
Interest	¥55,211	¥79,614
Income taxes	31,002	59,017
<b>Non-cash investing and financing activities:</b>		
Exchange of shares in connection with a business combination of investees (EITF 91-5):		
Fair market value of shares received	7,110	35,874
Cost of shares surrendered	2,635	18,649
Acquisition of investment by business split-off:		
Transferred assets		43,450
Transferred liabilities		39,365
Acquired investments		4,085
Contribution of securities to an employee retirement benefit trust	¥27,343	¥45,770



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**Basis of Financial Statements and Summary of  
Significant Accounting Policies**

**I. Basis of Financial Statements**

The accompanying consolidated financial statements of Mitsui & Co., Ltd. (the Company ) and its subsidiaries (collectively, the companies ) have been prepared in accordance with accounting principles generally accepted in the United States of America ( U.S.GAAP ). The presentation of certain prior year information has been reclassified to conform to the current year presentation.

**II. Summary of Significant Accounting Policies**

(1) Inventories

Inventories, consisting mainly of commodities and materials for resale, are stated at the lower of cost, principally on the specific-identification basis, or market.

(2) Marketable securities and investments

The companies classify debt and marketable equity securities, at acquisition, into one of three categories: held-to-maturity, available-for-sale or trading under provisions of Statement of Financial Accounting Standards ( SFAS ) No. 115.

Trading securities are carried at fair value and unrealized holding gains and losses are included in net income.

Debt securities are classified as held-to-maturity and measured at amortized cost in the Consolidated Balance Sheets only if the companies have the positive intent and ability to hold those securities to maturity. Premium and discount amortized in the period are included in interest income.

Debt and marketable equity securities other than those classified as trading or held-to-maturity securities are classified as available-for-sale securities and carried at fair value with such unrealized holding gains and losses reported as Unrealized holding gains and losses on available-for-sale securities in the Shareholders Equity after income tax effects.

(3) Depreciation

Depreciation of property and equipment (including property leased to others) is computed principally under the declining-balance method for assets located in Japan and under the straight-line method for assets located outside Japan, using rates based upon the estimated useful lives of the related property.

(4) Pension and severance indemnities plans

The companies have pension plans and/or severance indemnities plans covering substantially all employees other than directors. The costs of the pension plans and severance indemnities plans are accrued based on amounts determined using actuarial methods.

(5) Derivative instruments and hedging activities

All derivative instruments are recognized and measured at fair value as either assets or liabilities and changes in the fair value are currently recognized in earnings or reported as Net unrealized gains and losses on delivatives in the Shareholders Equity after income tax effects, depending on the intended use of the derivative instruments and its resulting hedge designation.

(6) Business combinations and intangible assets

On April 1, 2002, the companies fully adopted SFAS No. 141, Business Combinations and SFAS No.142, Goodwill and Other Intangibles Assets. All business combinations are accounted for using the purchase method, and goodwill acquired upon business combinations and indefinite-lived intangible assets are not amortized but instead tested for impairment annually or more frequently if impairment indicators arise. The cumulative effect of a change in accounting principle on the write-off of any unamortized deferred credit related to an excess of fair value of acquired net assets over cost arising from business combinations for which the acquisition date was before July, 1, 2001 and investments accounted for by the equity method acquired before July 1, 2001 was immaterial. The companies completed the transitional impairment test



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for goodwill and indefinite-lived intangible assets at April 1, 2002 and determined that the fair value of these assets was in excess of the carrying amount.

(7) Discontinued operations

On April 1, 2002, the companies adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. The companies report the results of the discontinued operations (including gain or loss related to subsidiaries that either have been disposed of or are classified as held for sale), less applicable income taxes (benefit), as a separate line item in the Statements of Consolidated Income under Loss from Discontinued Operations Net (After Income Tax Effect). The amounts in the Statements of Consolidated Income and the Statements of Consolidated Cash Flows in the previous year have been reclassified to conform to the current period presentation.

**Table of Contents****Net Income per Share**

The following is a reconciliation of basic net income per share to diluted net income per share for the years ended March 31, 2003 and 2002:

Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)

	<u>Net income</u> (numerator)	<u>Shares</u> (denominator)	<u>Per share</u> <u>amount</u>
	Millions of Yen	In Thousands	Yen
<b>Basic Net Income per Share:</b>			
Net income available to common shareholders	31,138	1,582,278	19.68
<b>Effect of Dilutive Securities:</b>			
1.5% convertible bonds redeemed on March 31, 2003	189	19,266	
1.05% convertible bonds due 2009	581	105,319	
	<u>          </u>	<u>          </u>	
<b>Diluted Net Income per Share:</b>			
Net income available to common shareholders after effect of dilutive securities	31,908	1,706,863	18.69
	<u>          </u>	<u>          </u>	

Year ended March 31, 2002 (from April 1, 2001 to March 31, 2002)

	<u>Net income</u> (numerator)	<u>Shares</u> (denominator)	<u>Per share</u> <u>amount</u>
	Millions of Yen	In Thousands	Yen
<b>Basic Net Income per Share:</b>			
Net income available to common shareholders	55,371	1,583,427	34.97
<b>Effect of Dilutive Securities:</b>			
1.5% convertible bonds due 2003	150	19,266	
1.05% convertible bonds due 2009	581	105,319	
	<u>          </u>	<u>          </u>	
<b>Diluted Net Income per Share:</b>			
Net income available to common shareholders after effect of dilutive securities	56,102	1,708,012	32.85
	<u>          </u>	<u>          </u>	

**Table of Contents****Operating Segment Information**

Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)  
(Millions of Yen)

	<b>Metal Products &amp; Minerals</b>	<b>Machinery, Electronics &amp; Information</b>	<b>Chemical</b>	<b>Energy</b>	<b>Consumer Products &amp; Services</b>	<b>Domestic Branches and Offices</b>
Total Trading Transactions:						
External customers	1,612,401	2,294,414	1,099,142	2,837,166	2,077,329	1,547,002
Intersegment	265,050	162,294	322,658	68,397	127,811	237,165
<b>Total</b>	<b>1,877,451</b>	<b>2,456,708</b>	<b>1,421,800</b>	<b>2,905,563</b>	<b>2,205,140</b>	<b>1,784,167</b>
Revenue						
Gross Trading Profit	70,674	117,987	60,871	53,027	105,947	41,405
Operating Income (Loss)	25,722	10,607	16,248	25,541	19,897	6,760
Net Income (Loss)	14,944	(4,916)	(5,850)	22,605	3,983	6,994
Total Assets at March 31, 2003	887,517	1,250,695	484,628	572,660	803,842	488,026

	<b>Americas</b>	<b>Europe</b>	<b>Other Overseas Areas</b>	<b>Corporate and Eliminations</b>	<b>Consolidated Total</b>
Total Trading Transactions:					
External customers	786,707	355,061	577,425	50,036	13,236,683
Intersegment	485,566	224,247	729,116	(2,622,304)	
<b>Total</b>	<b>1,272,273</b>	<b>579,308</b>	<b>1,306,541</b>	<b>(2,572,268)</b>	<b>13,236,683</b>
Revenue					
Gross Trading Profit	44,584	22,470	23,503	29,334	569,802
Operating Income (Loss)	9,485	4,163	(1,931)	(18,786)	97,706
Net Income (Loss)	3,291	2,845	6,193	(18,951)	31,138
Total Assets at March 31, 2003	412,659	218,304	208,318	1,213,871	6,540,520

Year ended March 31, 2002 (from April 1, 2001 to March 31, 2002)  
(Millions of Yen)

	<b>Metal Products &amp; Minerals</b>	<b>Machinery, Electronics &amp; Information</b>	<b>Chemical</b>	<b>Energy</b>	<b>Consumer Products &amp; Services</b>	<b>Domestic Branches and Offices</b>
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Total Trading Transactions:						
External customers	1,501,933	2,335,049	1,019,745	2,367,078	2,034,648	1,633,061
Intersegment	282,948	170,725	292,098	87,215	139,398	272,492
Total	1,784,881	2,505,774	1,311,843	2,454,293	2,174,046	1,905,553
Revenue	67,397	112,425	53,476	48,061	108,610	47,553
Gross Trading Profit						
Operating Income (Loss)	19,847	10,027	8,185	16,661	5,082	8,873
Net Income (Loss)	9,449	13,377	(4,893)	22,152	2,756	6,773
Total Assets at March 31, 2002	935,835	1,419,375	511,248	459,226	863,005	538,853

	Americas	Europe	Other Overseas Areas	Corporate and Eliminations	Consolidated Total
Total Trading Transactions:					
External customers	691,271	414,857	590,622	46,422	12,634,686
Intersegment	492,620	179,837	798,560	(2,715,893)	
Total	1,183,891	594,694	1,389,182	(2,669,471)	12,634,686
Revenue	45,096	20,623	21,929	21,379	546,549
Gross Trading Profit					
Operating Income (Loss)	11,750	4,484	(4,700)	(864)	79,345
Net Income (Loss)	6,461	3,911	5,271	(9,886)	55,371
Total Assets at March 31, 2002	400,387	232,656	241,271	1,066,510	6,668,366

Notes: 1. From the fiscal year beginning April 1, 2002, Electronics & Information is combined with Machinery, and Transportation Logistics, which was included in Consumer Products & Services before, is included in Corporate and Eliminations.

The operating segment information for the fiscal year ended March 31, 2002 has been restated to conform to the presentation for the fiscal year ended March 31, 2003.

Electronics & Information included in Machinery, Electronics & Information for the fiscal year ended March 31, 2003 is as follows:

Total Trading Transactions	437,884
Revenue-Gross Trading Profit	46,552
Operating Income	3,506
Net Loss	(3,130)
Total Assets	230,164

2. Effective April 1, 2002, the companies adopted SFAS No.144. The figures of Consolidated Total for the fiscal year ended March 31, 2002 have been reclassified to conform to the current year presentation. The reclassifications to Loss from Discontinued Operations Net (After Income Tax Effect) are included in Corporate and Eliminations.

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3. Net loss of Corporate and Eliminations for the fiscal year ended March 31, 2003 includes, a) a charge of ¥7,485 million for an early retirement support program, b) ¥5,814 million in losses on the write-down of marketable securities, c) ¥3,142 million in losses on sale of marketable securities (all amounts are after income tax effects). Net loss of Corporate and Eliminations for the fiscal year ended March 31, 2002 includes, a) ¥16,200 million in losses on the write-down of marketable securities, b) ¥10,084 million in impairment losses of long-lived assets, c) a gain of ¥9,375 million from a nonmonetary exchange of shares in connection with a business combination of certain financial institutions, and d) a gain of ¥8,895 million from contribution of securities to an employee retirement benefit trust (all amounts are after income tax effects).
4. Total assets of Corporate and Eliminations at March 31, 2003 and 2002 include corporate assets, consisting primarily of cash and cash equivalents and time deposits maintained for corporate finance activities and similar assets of certain subsidiaries operating with corporate departments.
5. Transfers between operating segments are made at cost plus a markup.
6. Operating Income (Loss) reflects the companies a) Revenue Gross Trading Profit, b) Selling, general and administrative expenses, and c) Provision for doubtful receivables.

**Table of Contents****Marketable Securities****Debt and Equity Securities**

At March 31, 2003 and 2002, the aggregate cost, fair value and unrealized holding gains net on available-for-sale securities and the amortized cost, fair value and unrealized holding gains net on held-to-maturity debt securities were as follows:

March 31, 2003:

(Millions of Yen)

	<u>Aggregate Cost</u>	<u>Fair Value</u>	<u>Unrealized Holding Gains net</u>
Available-for-sale:			
Marketable equity securities	140,475	156,146	15,671
Foreign debentures, commercial paper and other debt securities	130,091	130,175	84

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Holding Gains net</u>
Held-to-maturity debt securities, consisting principally of foreign debentures	16,793	16,804	11

March 31, 2002:

(Millions of Yen)

	<u>Aggregate Cost</u>	<u>Fair Value</u>	<u>Unrealized Holding Gains net</u>
Available-for-sale:			
Marketable equity securities	177,835	266,079	88,244
Foreign debentures, commercial paper and other debt securities	155,639	156,339	700

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Holding Gains net</u>
Held-to-maturity debt securities, consisting principally of foreign debentures	23,356	23,381	25





**Table of Contents****Retirement Benefits****1. Summary of Pension and Other Severance Indemnities Plan**

The Company had a non-contributory defined benefit pension plan (the Tax Qualified Pension Plan, TQPP) and participates in a contributory defined benefit Japanese government welfare pension program for its employees (the Employees Pension Fund, EPF) covering substantially all of its employees other than directors. Effective April 1, 1997, the Company merged TQPP into EPF. TQPP remained only for the retired employees with vested benefits as of March 31, 1997.

EPF is composed of a substitutional portion of Japanese Pension Insurance and a corporate portion of a contributory defined benefit plan. For the former, the benefits are based on a standard remuneration schedule under the Welfare Pension Insurance Law and the length of participation, and, for the latter, the benefits are based on the length of service.

EPF was approved by the government for an exemption from the obligation to pay benefits for future employee service related to the substitutional portion on October 01, 2002. In January 2003, the Emerging Issues Task Force reached a final consensus on Issue 03-2 (EITF 03-2), Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities. EITF 03-2 addresses accounting for a transfer to the Japanese government of a substitutional portion of EPF. EITF 03-2 requires employers to account for the entire separation process of a substitutional portion from a plan upon completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets as the culmination of a series of steps in a single settlement transaction. Under this approach, the difference between the fair value of the obligation and the assets required to be transferred to the government should be accounted for and separately disclosed as a subsidy. The related gain or loss on the transfer of the substitutional portion is expected to be recorded during the year ending March 31, 2004 based on completion of the entire process.

The Company has unfunded severance indemnities plans accounted for in accordance with SFAS No. 87, Employers Accounting for Pensions.

Certain subsidiaries participate in other pension plans and/or have unfunded severance indemnities plans. Benefits under the plans are based on the level of compensation at retirement or earlier termination of employment and the length of services.

**2. Retirement Benefit Costs and Retirement Benefit Obligation Recognized in the Consolidated Balance Sheets****(1) Pension and severance indemnities costs**

Pension and severance indemnities costs under defined benefit plans of the companies for the year ended March 31, 2003 and 2002 were as follows:

(Millions of Yen)

	<b>Year ended March 31, 2003</b> <b>(April 1, 2002 - March 31, 2003)</b>	<b>Year ended March 31, 2002</b> <b>(April 1, 2001 - March 31, 2002)</b>
	21,639	24,172

**(2) Pension and severance indemnities obligation recognized in the Consolidated Balance Sheets**

Pension and severance indemnities obligation of the companies recognized in the Consolidated Balance Sheets at March 31, 2003 and 2002 were as follows:

(Millions of Yen)

	<b>March 31, 2003</b>	<b>March 31, 2002</b>
Intangible assets	180	128
Other assets (prepaid pension costs)	119,727	80,410
Accrued pension costs and liability for severance indemnities	(53,148)	(41,561)
	13,663	3,079

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Accumulated other comprehensive loss (before  
income tax effect)

(3) Actuarial Assumptions

	<u>March 31, 2003</u>	<u>March 31, 2002</u>
Discount rate	Primarily 2.25%	Primarily 3.00%
Expected long-term rate of return on plan assets	Primarily 3.50%	Primarily 3.50%