

## (18) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instrument for which it is practical to estimate its value:

### (a) Cash and cash equivalents, Trade receivables, Bank loans, Trade payables, Accrued expenses and Other current liabilities

The carrying amount approximates fair value because of the short term nature of these instruments.

### (b) Short-term investments and Investments in securities and other

The fair values of most short-term investments and investments in securities and other are estimated based on quoted market prices for these instruments. For other investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs.

### (c) Long-term trade receivables

The fair value of the Company's long-term trade receivables are calculated by discounting future cash flows using estimated market discount rates.

### (d) Long-term debt

The fair value of the Company's long-term debt is calculated by discounting future cash flows associated with each instrument using the Company's current borrowing rate for similar debt of comparable maturity, or based on the quoted market prices for the same or similar issues. The Company excludes the financial instruments relating to lease activities because its carrying amount approximates fair value.

### (e) Derivative financial instruments

The fair values of derivative financial instruments, consisting principally of foreign exchange contracts, foreign currency swaps and interest rate swaps are estimated by obtaining quotes from brokers. (See note 15 about estimated fair value.)

The estimated fair values of the Company's financial instruments at March 31, 2010 and 2009 are summarized as follows:

	2010		Yen (millions)		U.S. dollars (thousands)	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
<b>Nonderivatives:</b>						
Assets:						
Marketable securities	<b>¥204,768</b>	<b>¥204,768</b>	¥185,397	¥185,397	<b>\$2,201,806</b>	<b>\$2,201,806</b>
Long-term trade receivables	<b>1,560</b>	<b>1,689</b>	9,502	9,690	<b>16,774</b>	<b>18,161</b>
Liabilities:						
Long-term debt, including current portion	<b>437,804</b>	<b>440,507</b>	437,174	432,601	<b>4,707,570</b>	<b>4,736,634</b>

### Limitations

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates are subjective in nature

and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

## (19) FAIR VALUE MEASUREMENTS

The Company defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". On that basis, the Company has categorized the inputs for fair value measurement by the valuation technique into a three-level hierarchy, and placed the order of priority.

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability.

**Level 3:** Unobservable inputs for the asset or liability.