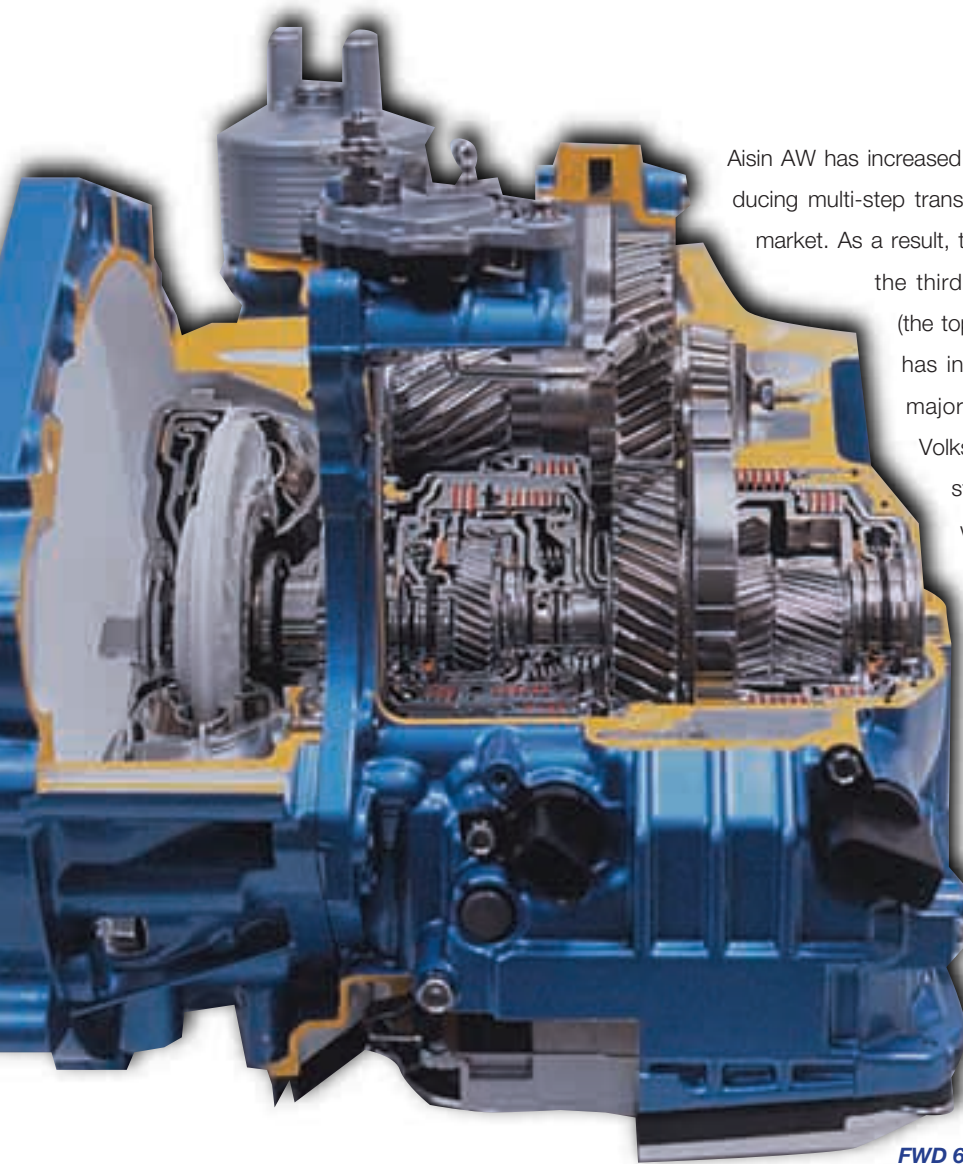
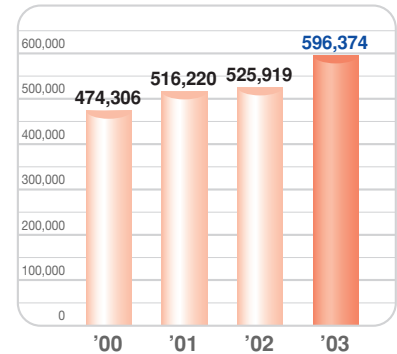


Automotive Parts and Systems Business

*Drivetrain Related Products

The drivetrain related business is the mainstay of AISIN, and it is where we will focus our energies. Sales for fiscal year 2003 rose 13.4 percent compared with fiscal year 2002 to ¥596.4 billion (US\$4,962 million), which accounts for 42.3 percent of total sales. This is mainly due to robust sales of automatic transmission (AT) by Aisin AW.

Net Sales of Drivetrain Related Products
[Millions of Yen]



Aisin AW has increased sales to 3.75 million units in fiscal year 2003, introducing multi-step transmissions such as 5-speed and 6-speed AT on the market. As a result, the company's market share was about 15 percent, the third in the world including automobile manufacturers (the top among automotive parts manufacturers). Aisin AW has increased its customers to 32 companies, including major automobile manufacturers such as Toyota, GM, Volkswagen and Renault. Aisin AW will build up its supply structure overseas to ensure its position as a world-wide supplier, aiming at 4.5 million units of sales for fiscal year 2006.

AISIN added new drivetrain system such as 5-speed and 6-speed AT, 6-speed manual transmission (MT), continuously variable transmission (CVT) and automated manual transmission to its lineups for improving environmental



FWD 6-speed Automatic Transmission

performance. Furthermore, to respond to next-generation drivetrain system including a hybrid and fuel cell vehicle as a leading transmission manufacturer, we are aggressively strengthening technological development.

In fiscal year 2003, we have launched four models of AT. We became the first in the world to sell an FWD 6-speed AT, which is compact in size and improves drivability such as start and acceleration, and to realize higher fuel-efficiency and performance. We started supply of FWD 6-speed AT for Audi "TT coupe" and Volkswagen "New Beetle Cabriolet," RWD 6-speed AT for Volkswagen "Touareg" and Porsche "Cayenne," as well as RWD 5-speed AT for Toyota "Land Cruiser Prado" and "Hilux." We also began to supply CVT for Toyota "Vitz," which realize both higher fuel-efficiency and accelerating performance at the optimum transmission gear ratio using AT control technologies we have nurtured.

Aisin Seiki and Aisin AI have developed an automated manual transmission, which was added with the automatic shift function to MT, realizing both MT's excellence of higher fuel-efficiency and AT's ease of driving. The supply of the automated manual transmission has started to Toyota "Yaris," a compact car for Europe. Aisin AI started supplying FWD 6-speed MT for Toyota "Volz," "Will" and others, expanding supplied models to seven, and recently started supplying

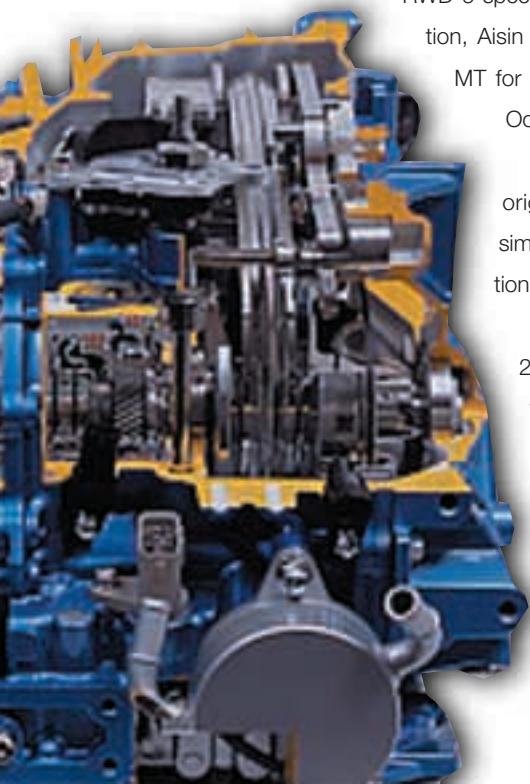
RWD 6-speed MT for Mazda "RX-8." In addition, Aisin AI plans to provide RWD 5-speed MT for GM "Colorado" and "Canyon" starting October 2003.

Aisin AW plans to supply Ford with an original hybrid drive system "dual system", which simultaneously controls two motors for power generation and drivetrain.

Further, CVTEC Co., Ltd., which was jointly founded in July 2002 by Aisin AW and the Bosch Group to produce metal belts for CVT, started production in March 2003.

***Continuously Variable
Transmission (CVT)***

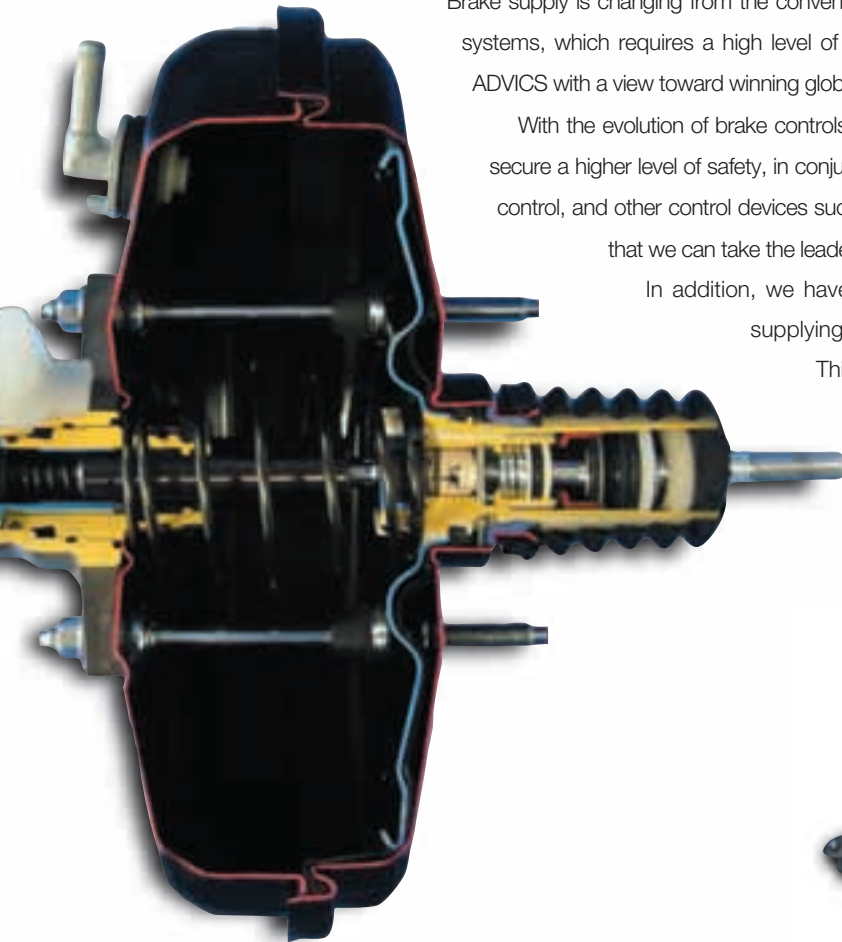
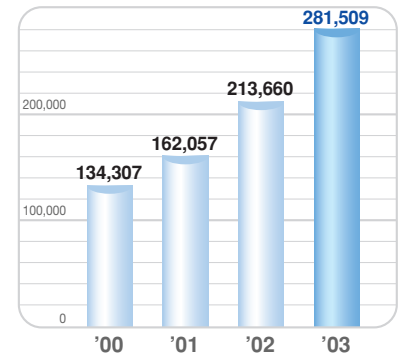
Automated Manual Transmission



*Brake & Chassis Related Products

Sales for brake & chassis related products during fiscal year 2003 jumped 31.8 percent compared with fiscal year 2002 to ¥281.5 billion (US\$2,342 million), which constitutes 20.0 percent of total sales. This increase is mainly because sales of ADVICS for the entire year was reflected in consolidated results for fiscal year 2003. ADVICS is a joint venture and started its operation in October 2001.

Net Sales of Brake & Chassis Products
[Millions of Yen]



Brake Assist Booster

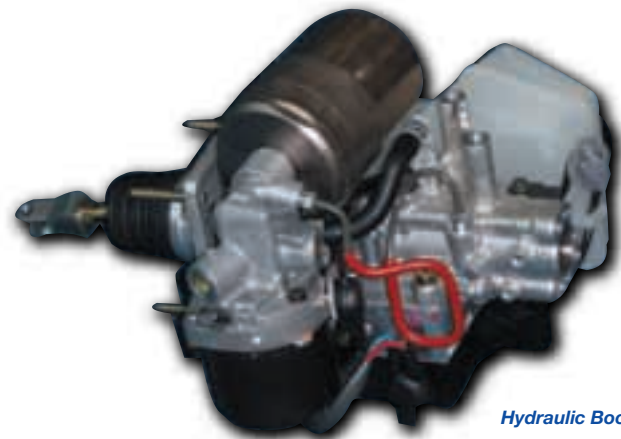
Brake supply is changing from the conventional business based on components solely, to component-integrated systems, which requires a high level of technology from suppliers. Given this situation, we have established ADVICS with a view toward winning global competition as a brake system supplier.

With the evolution of brake controls such as ABS or brake assist system, brake products are expected to secure a higher level of safety, in conjunction with vehicle controllers such as traction control or vehicle stability control, and other control devices such as steering control. AISIN will enhance technological development so that we can take the leadership in such technologies to acquire global standards.

In addition, we have developed a hill start and descending assist control and started supplying for Toyota "Land Cruiser Prado" and "Hilux" in fiscal year 2003.

This system integrates the hill descending control and hill start assist control into a hydraulic booster.

With reference to the brake assist system that facilitates hard stops for emergency braking, the number of vehicles mounted with this system has been increasing since the development of a mechanical type of simplified system has achieved low cost.

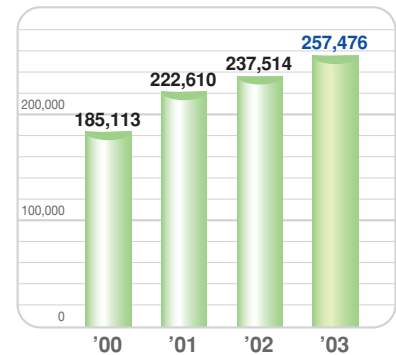


Hydraulic Booster

*Body Related Products

Sales for body related products during fiscal year 2003 rose 8.4 percent compared with fiscal year 2002 to ¥257.5 billion (US\$2,142 million), which constitutes 18.3 percent of total sales. This is mainly due to the expansion of overseas operations and introduction of new products.

Net Sales of Body Related Products
[Millions of Yen]



Aisin Seiki is currently involved in the production of body related products in 11 countries, and plans to expand further the production scale. Considering the importance of having supply base near-by automobile manufacturers' plants for logistics reasons, in addition to assuring product function, for body related products, Aisin Seiki will promote the construction of a global network for production and supply to expand its business operations.

In terms of comfort, convenience and safety, we have developed user-friendly body related products ahead of competitors. The power back door system earned a solid reputation among minivan drivers, and much more vehicles including Toyota "Alphard," "Sienna" and "Harrier" (Lexus "RX 330") have increasingly installed the product. The power backdoor system as well as the power sliding door will be standardized as a door module to be sold for a greater number of automobile manufacturers. We also started supplying multi-panel sunroof, which opens and closes in two steps and realizes an expansive opening, for the Toyota "Harrier" (Lexus "RX 330").

In terms of safety, we have commercialized an occupant classification sensor that adheres to safety regulations in North America, and started supplying for Lexus "RX 330" and "Camry." This system detects weights of car occupants with a special sensor incorporated in a car seat to control the size of air bag bulge.

In addition, Aisin Chemical has commercialized a polyvinyl chloride-free underbody coating to protect the backside floor of the vehicle. This underbody coating is an environment friendly product free of polyvinyl chloride resin. It is predominantly composed of acrylic sol and is recyclable to energy by burning. Also, we have succeeded in weight reduction per car unit by realizing compatibility of thin-film chipping and sound insulation using heavy foaming.

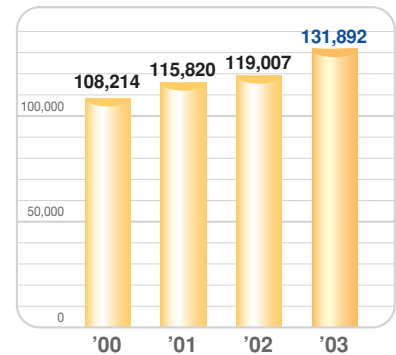
Multi-panel Sunroof



*Engine Related Products

Sales for engine related products during fiscal year 2003 rose 10.8 percent compared with fiscal year 2002 to ¥131.9 billion (US\$1,097 million), which constitutes 9.4 percent of total sales. This is mainly due to sales expansion of variable valve timing (VVT).

Net Sales of Engine Related Products
[Millions of Yen]



Variable Valve Timing (VVT)

VVT controls the timing by opening and closing the engine valve to optimize engine combustion efficiency. Currently, AISIN has the top class share of VVT in the world. Under the fierce competition between many competitors entering this area, AISIN has expanded its customer base, which includes Daihatsu, Renault, Volvo and BMW. Furthermore, we started supply for Ford Australia in September 2002 and for GM in April 2003.

With the introduction or enhancement of emission controls and regulations for fuel consumption, VVT is expected to rapidly expand its market as a key device to comply with such regulations. We will promote cost reduction, marketability enhancement and establishment of supply bases in North America and Europe, for increasing the current yearly sales of 1.2 million units of VVT to 3.6 million units in fiscal year 2006.

Aisin Takaoka has worked on developing an exhaust system module, an assembly of a stainless exhaust manifold and catalyst as a key product to meet emission control regulations, and started supplying for Nissan "Infinity" in January 2003, and for Subaru "Legacy" in May 2003. This new technology, part of a newly opened exhaust system supply for Mazda, is regarded highly.

In addition, we started supplying the exhaust manifold, which is made out of vanadium cast iron featuring lightweight and high heat resistance, to cope with high exhaust temperature from vehicle equipped with turbo engine, for Suzuki "Every" in

November 2002. Developing the new compositional cast iron has successfully prolonged the heat resistance fatigue life by 30 percent. Because of its lightness and the high performance of cast iron materials, this manifold is expected to continue expanding sales in the future.



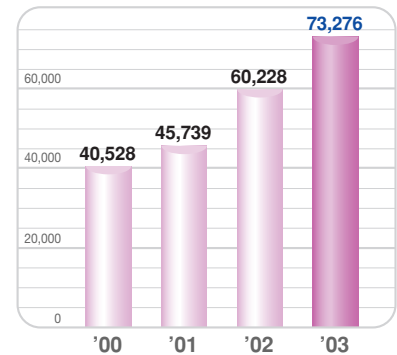
Integrated Exhaust Manifold with Catalyst



*Information Related Products

Sales for information related products during fiscal year 2003 jumped 21.7 percent compared with fiscal year 2002 to ¥73.3 billion (US\$610 million), which constitutes 5.2 percent of total sales. This is mainly due to sales expansion of car navigation system by Aisin AW.

Net Sales of Information Related Products
[Millions of Yen]



Parking Assist System

The sales volume of the car navigation system has been steadily increasing since starting sales in fiscal year 1993 and reached 590,000 units in fiscal year 2003. In Japan, 40% of newly registered cars are equipped with a navigation system, and the figure is predicted to increase in the future. Also in Europe and North America, the car navigation market is expected to grow although it has not yet become as widespread as in Japan.

Aisin AW will make efforts to promote car navigation systems in Japan and abroad by heightening its functionality, enhancing peripheral systems and introducing popular models, with an eye toward sales of one million units in fiscal year 2006.

Moreover, Aisin Seiki has released new products using image processing and information technologies one after another, such as the parking assist system, the lane departure warning system and the front and side monitor.

The parking assist system displays images of the back of a car and a guideline on the navigation display to help the driver back the car into a parking place. In the midst of increasing installation rate of parking assist system as one of the Intelligent Transport System (ITS) technologies, we started supplying the system also for DaimlerChrysler "Maybach," and now 23 car models have adopted this system. The lane departure warning system sounds an alarm when the vehicle drifts out of a lane due to driver's fatigue or the like. The front and side monitor is to monitor the driver's blind spots using a CCD camera and shows the image on the navigation display. It assists the driver to assure car or pedestrian safety as well as helps to bypass narrow streets or pull over the car to the road shoulder. In February 2003, supply to Toyota "Harrier" started.

These peripheral monitoring systems will expand its market in conjunction with car navigation system. We will develop new functions and systems providing users with safety and comfort to create new demand.

Lane Departure Warning System



Life & Energy and Other Business

*Life & Energy Related Products and Others

Sales for energy/environment & life related business during fiscal year 2003 rose 2.9 percent compared with fiscal year 2002 to ¥67.5 billion (US\$561 million), which constitutes 4.8 percent of total sales. This is mainly due to sales expansion of gas engine driven heat-pump air conditioners (GHP).

We have been dealing with GHP, gas engine cogeneration system and others as the energy/environment products, and bed, furniture and fabric, shower-toilet seat, home-use sewing machine and welfare related products and others as the life & amenity related products.

We started overseas sales of GHP in fiscal year 2003. Especially in Korea, we have promoted sales in targeting schools and the private sector, which resulted in over 1,500 units of accumulated sales earning us the top share. We expect to expand continuously in the Korean market.

A gas engine cogeneration system is to provide electricity and hot water. We have developed this system based on GHP technology, and have strived to expand sales mainly to professional use such as food service chains.

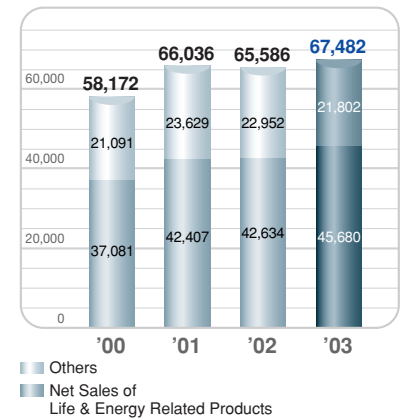
In addition, we have been developing a residential fuel cell cogeneration system in anticipation of future market trends for the next-generation gas engine driven cogeneration systems, as environmentally friendly energy products.

Gas Engine Driven Heat-pump Air Conditioner (GHP)



Net Sales of Life & Energy Related Products and Others

[Millions of Yen]



Residential Fuel Cell Cogeneration System