Financial Information as of March 31, 2001

(The contents are English translation of part of "Yukashoken-Houkokusho" for the year ended March 31, 2001)

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Part I　Information on the Company

1.　Overview of the Company

1. Key financial data and trends

Fiscal year		98th	99th	100th	101st	102nd
Year ended		Mar. 31, 1997	Mar. 31, 1998	Mar. 31, 1999	Mar. 31, 2000	Mar. 31, 2001
(1) Consolidated financial data						
Net sales	Millions of yen	6,658,875	6,564,637	6,580,001	5,977,075	6,089,620
Ordinary income (loss)	〃	140,699	4,695	24,463	△1,642	282,309
Net income (loss)	〃	77,743	△14,007	△27,714	△684,363	331,075
Net assets	〃	1,356,090	1,282,485	1,254,595	929,356	957,939
Total assets	〃	7,473,778	7,883,786	6,917,561	6,541,184	6,451,243
Net assets per share	Yen	539.63	510.33	499.24	236.71	241.07
Basic net income (loss) per share	〃	30.94	△5.57	△11.03	△179.98	83.53
Diluted net income per share	〃	30.91	—	—	—	79.45
Net assets as a percentage of total assets	%	18.1	16.3	18.2	14.2	14.8
Return on equity	〃	5.73	—	—	—	35.08
Price earnings ratio	Times	24.08	—	—	—	9.46
Cash flows provided by operating activities	Millions of yen	—	—	—	292,091	73,251
Cash flows used in investing activities	〃	—	—	—	△180,412	△15,585
Cash flows used in financing activities	〃	—	—	—	△318,083	△263,094
Cash and cash equivalents at end of year	〃	—	—	—	490,708	288,536
Employees ( ) represents the number of part-time employees as of the fiscal year end not included in the above numbers	Number	— (—)	— (—)	— (—)	136,397 (5,129)	124,467 (9,366)
(2) Non-consolidated financial data						
Net sales	Millions of yen	3,690,441	3,546,126	3,319,659	2,997,020	2,980,130
Ordinary income (loss)	〃	81,033	57,707	14,646	△35,850	135,693
Net income (loss)	〃	51,333	16,548	△34,809	△790,064	187,485
Common stock	〃	203,742	203,755	203,755	496,605	496,606
Number of shares in issue	Thousands	2,513,004	2,513,044	2,513,044	3,977,294	3,977,295
Net assets	Millions of yen	1,538,453	1,529,898	1,477,498	1,263,075	1,450,159
Total assets	〃	3,230,355	3,661,093	3,595,272	3,563,853	3,576,466
Net assets per share	Yen	612.20	608.78	587.93	317.57	364.61
Cash dividends per share (Interim cash dividends included herein)	〃 (〃)	7 (0)	10 (3)	0 (0)	0 (0)	7 (0)
Basic net income (loss) per share	〃	20.43	6.59	△13.85	△204.93	47.14
Diluted net income per share	〃	20.42	—	—	—	44.85
Net assets as a percentage of total assets	%	47.6	41.8	41.1	35.4	40.5
Return on equity	〃	3.37	1.08	—	—	13.82
Price earnings ratio	Times	36.47	77.39	—	—	16.76
Cash dividends as a percentage of net income	%	34.3	151.9	—	—	14.8
Employees ( ) represents the number of part-time employees as of the fiscal year end not included in the above numbers	Number	41,266 (—)	39,969 (—)	39,467 (—)	32,707 (176)	30,747 (138)

Notes:
1. Net sales are presented exclusive of consumption tax.
2. Diluted consolidated net income per share for the 99th, 100th and 101st fiscal years has not been presented because a consolidated net loss was recorded for those years.
3. Diluted non-consolidated net income per share for the 99th fiscal year has not been presented because the effect of warrants and convertible bonds on net income per share was anti-dilutive. Diluted non-consolidated net income per share for the 100th and 101st fiscal years has not been presented because a non-consolidated net loss was recorded for those years.
4. The number of employees for the 101st fiscal year and thereafter represents full-time employees.

2. Information on Subsidiaries and Affiliates

(1) Consolidated Subsidiaries

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML					
				Percentage	(indirect holding)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
		Millions of yen		%	%	Person	Person	Person			
#☆※ Nissan Shatai Co., Ltd.	Hiratsuka-shi, Kanagawa	7,904	Manufacturing and selling automobiles and parts	43.82	(1.25)	8	—	—	None	Manufacturing certain products on behalf of NML	None
#※ Aichi Machine Industry Co., Ltd.	Atsuta-ku, Nagoya-shi	8,518	Manufacturing and selling automobiles and parts	41.51	(0.07)	6	—	—	None	Manufacturing certain products on behalf of NML and selling certain automotive parts to NML	None
JATCO TransTechnology Ltd.	Fuji-shi, Shizuoka	29,935	Manufacturing and selling automotive parts	99.71	—	7	—	—	None	Selling certain automotive parts to NML	Leasing of certain buildings used in the normal course of business
# Tennex Corporation	Toshima-ku, Tokyo	2,270	Manufacturing and selling automotive parts	56.69	—	5	—	—	None	Selling certain automotive parts to NML	None
Nissan Kohki Co., Ltd.	Samukawa-machi, Koza-gun, Kanagawa	2,020	Manufacturing and selling automotive parts	91.82	(1.82)	8	—	—	None	Selling certain automotive parts to NML	Leasing of certain manufacturing facilities
※ Nissan House Co., Ltd.	Chuo-ku, Tokyo	4,500	Selling and leasing real estate	100.00	(82.22)	4	1	—	None	Selling and leasing real estates	Leasing of certain land and buildings used for employees
Nissan Transport Co., Ltd.	Tsurumi-ku, Yokohama-shi	1,500	Domestic transportation of automobiles	100.00	—	7	—	—	None	Transportation of products to sales companies	Leasing of certain land and buildings used in the normal course of business
Nissan Motor Car Carrier Co., Ltd.	Chuo-ku, Tokyo	640	International transportation of automobiles	60.00	—	4	—	—	None	Marine transport-ation of automobiles exported	Leasing of certain land and buildings used in the normal course of business
Nissan Altia Co., Ltd.	Shinagawa-ku, Tokyo	1,500	Selling goods and equipment for automobiles	91.95	(4.97)	9	—	—	None	Purchasing goods and equipment for automobiles	None
Nissan Trading Co., Ltd.	Nishi-ku, Yokohama-shi	320	Importing and exporting automobiles, parts and others	100.00	—	8	—	—	None	Importing automotive parts on behalf of NML	None

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(indirect holding)	Transferred	Concurrent	Dispatched			
		Millions of yen		%	%	Person	Person	Person			
Nissan Financial Services Co., Ltd.	Mihama-ku, Chiba-shi	3,887	Arranging installment sales and automobile leases	100.00	—	8	1	—	None	Automobile leases	Leasing of certain facilities used in the normal course of business
Autech Japan, Inc.	Chigasaki-shi, Kanagawa	480	Developing manufacturing and selling limited edition automobiles	100.00	—	10	—	—	None	Purchasing limited edition automobiles from NML	Leasing of certain land and buildings used in the normal course of business
※ Nissan Real Estate Development Corporation	Chuo-ku, Tokyo	1,000	Selling and leasing real estate	67.00	(18.00)	7	—	—	None	Selling and leasing real estate	Leasing of certain land and buildings for employees
Nissan Finance Co., Ltd.	Chuo-ku, Tokyo	2,491	Finance	100.00	—	2	3	1	¥602,058 million as a source of loans made to group companies	Making loans to domestic subsidiaries	None
Aichi Nissan Motor Co., Ltd.	Atsuta-ku, Nagoya-shi	4,000	Selling automobiles and parts	100.00	—	2	1	1	None	Purchasing products manufactured by NML	Leasing of certain land and buildings used in the normal course of business
Tokyo Nissan Motor Sales Co., Ltd.	Ota-ku, Tokyo	2,500	Selling automobiles and parts	100.00	—	3	2	1	None	Purchasing products manufactured by NML	Leasing of certain facilities for employees
Nissan Prince Tokyo Motor Sales Co., Ltd.	Shinagawa-ku, Tokyo	3,500	Selling automobiles and parts	100.00	—	3	1	—	None	Purchasing products manufactured by NML	Leasing of certain land and buildings used in the normal course of business
Nissan Satio Tokyo Co., Ltd.	Nakano-ku, Tokyo	5,000	Selling automobiles and parts	100.00	—	1	2	1	None	Purchasing products manufactured by NML	Leasing of certain facilities for employees
Nissan Parts Tokyo-Kanagawa Sales Co., Ltd.	Isogo-ku, Yokohama-shi	500	Selling parts for automobile repairs	84.87	(39.72)	15	2	—	None	Purchasing parts for repairs from NML	None
Nissan Keihin Service Center Co., Ltd.	Ayase-shi, Kanagawa	215	Inspecting and servicing new automobiles	100.00	—	3	3	—	None	Purchasing products manufactured by NML	Leasing of certain land and buildings used in the normal course of business
Nissan Used Car Center Co., Ltd.	Zama-shi, Kanagawa	480	Selling used cars and parts	100.00	—	2	1	—	None	Purchasing products manufactured by NML	None
Other domestic consolidated subsidiaries—208 companies											
Total domestic consolidated subsidiaries—229 companies											

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(indirect holding)	Transferred	Concurrent	Dispatched			
				%	%	Person	Person	Person			
☆ ◎Nissan Europe N.V.	Amsterdam, The Netherlands	Millions of Euro 773	Managing, manufacturing and sales in Europe	100.00	—	—	4	4	None	Purchasing products manufactured by NML	None
Nissan International Finance (Netherlands) B.V.	Amsterdam, The Netherlands	Millions of Euro 3	Financing for group companies	100.00	(100.00)	—	3	—	A source of loans for working capital to group companies ¥17,000 million	Extending loans to NML's European subsidiaries	None
Nissan France S.A.	Trappes, Cedex, France	Millions of Euro 4	Selling automobiles and parts	94.77	(94.77)	—	1	1	None	Purchasing products manufactured by NML	None
Nissan Motor Deutschland GmbH	Neuss, Germany	Millions of DM 55	Selling automobiles and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Motor (GB) Ltd.	Rickmansworth, Hertfordshire, United Kingdom	Millions of £ stg. 136	Selling automobiles and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
☆ Nissan Holding (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of Euro 870	Holding company for English subsidiaries	100.00	(100.00)	—	—	1	None	None	None
Nissan Italia S.p.A.	Rome, Italy	Millions of Lit. 11,478	Selling automobiles and parts	100.00	(100.00)	—	1	1	None	Purchasing products manufactured by NML	None
☆ Nissan Motor Manufacturing (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of £ stg. 250	Manufacturing and selling automobiles and parts	100.00	(100.00)	—	2	2	None	Purchasing products manufactured by NML	None
Nissan International Finance (Europe) PLC	London, United Kingdom	Millions of £ stg. 5	Financing for group companies	100.00	(100.00)	—	3	—	None	Conducting foreign exchange transactions on behalf of NML and Nissan Europe N.V.	None
Nissan Technical Center Europe Ltd.	Granfield, United Kingdom	Millions of £ stg. 15	Designing and developing automobiles	100.00	(100.00)	—	1	1	None	Designing and developing automobiles on behalf of NML	None
Nissan Forklift Europe B.V.	Amsterdam, The Netherlands	Millions of Euro 6	Selling forklifts and parts	100.00	(33.33)	—	2	2	None	Purchasing products manufactured by NML	None

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML					
						Concurrenct positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(indirect holding)	Transferred	Concurrent	Dispatched			
				%	%	Person	Person	Person			
☆ Nissan Motor Iberica, S.A.	Barcelona, Spain	Millions of Euro 725	Manufacturing and selling automobiles and parts	99.74	(93.18)	—	2	1	None	Purchasing products manufactured by NML	None
Nissan Motor Espana, S.A.	Barcelona, Spain	Millions of Euro 12	Selling automobiles and parts	100.00	(100.00)	—	—	1	None	Purchasing products manufactured by NML	None
Nissan Forklift Espana, S.A.	Noain, Spain	Millions of Ptas 1,500	Manufacturing and selling forklifts and parts	100.00	(100.00)	—	2	1	None	Purchasing products manufactured by NML	None
☆ ◎Nissan North America, Inc.	Gardena, California, USA	Millions of US$ 1,791	Managing subsidiaries in North America and manufacturing and selling automobiles and parts	100.00	—	—	2	—	None	Purchasing products manufactured by NML	None
☆ Nissan Motor Acceptance Corporation	Torrance, California, USA	Millions of US$ 499	Financing sales of automobiles	100.00	(100.00)	—	3	—	None	Financing sales of products manufactured by NML	None
Nissan Motor Corporation in Hawaii, Ltd.	Honolulu, Hawaii, USA	Millions of US$ 6	Purchasing products manufactured by NML	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Capital of America, Inc.	Torrance, California, USA	Millions of US$ 1	Financing for group companies	100.00	(100.00)	—	1	1	None	Extending loans to NML's subsidiaries in the United States	None
Nissan CR Corporation	Farmington Hills, Michigan, USA	Millions of US$ 28	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Selling products manufactured by NML to Nissan North America, Inc.	None
Nissan Canada, Inc.	Mississauga, Ontario, Canada	Millions of C$ 68	Selling automobiles and parts	100.00	(61.66)	—	—	2	A source of loans for working capital to group companies ¥18,400 million	Purchasing products manufactured by NML	None
☆ Nissan Mexicana, S.A. de C.V.	Mexico D.F., Mexico	Millions of Peso 17,056	Manufacturing and selling automobiles and parts	99.88	—	—	1	3	None	Purchasing products manufactured by NML	None

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(indirect holding)	Transferred	Concurrent	Dispatched			
				%	%	Person	Person	Person			
Nissan Technical Center North America, Inc.	Farmington Hills, Michigan, USA	Millions of US$ 16	Designing and developing automobiles	100.00	(100.00)	—	2	1	None	Designing and developing automobiles on behalf of NML	None
Nissan Motor Insurance Corporation	Honolulu, Hawaii, USA	Millions of US$ 10	Casualty insurance	100.00	(100.00)	—	1	1	None	None	None
Nissan Forklift Co., North America	Marengo, Illinois, USA	Millions of US$ 34	Manufacturing and selling forklifts and selling parts for forklifts	100.00	(88.00)	—	2	2	None	Purchasing products manufactured by NML	None
Nissan Motor Co. (Australia) Pty. Ltd.	Dandenong, Victoria, Australia	Millionss of A$ 290	Selling automobiles and parts	100.00	—	—	1	1	None	Purchasing products manufactured by NML	None
Automakers (Pty) Ltd.	Rosslyn, South Africa	Millions of Rand 20	Managing subsidiaries in Africa and manufacturing and selling automobiles	98.78	—	—	2	1	None	Purchasing products manufactured by NML	None
Nissan New Zealand Ltd.	Auckland, New Zealand	Millions of NZ$ 51	Managing subsidiaries in New Zealand and selling automobiles	100.00	—	—	1	1	None	Purchasing products manufactured by NML	None
Nissan Middle East F.Z.E.	Dubai, UAE	Millions of Dh. 2	Selling automobiles	100.00	—	—	1	2	None	Purchasing products manufactured by NML	None
Nissan Motor (China) Ltd.	Hong Kong, China	Millions of HK$ 16	Selling automobiles	100.00	—	—	2	—	None	Purchasing products manufactured by NML	None
Other foreign consolidated subsidiaries – 55 companies											
Total foreign consolidated subsidiaries – 84 companies											
Total consolidated subsidiaries – 313 companies											

(2) Affiliates accounted for by the equity method

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(indirect holding)	Transferred	Concurrent	Dispatched			
		Millions of yen		%	%	Person	Person	Person			
# Unisia JECS Corporation	Atsugi-shi, Kanagawa	12,900	Manufacturing and selling parts for automobiles	25.76	(0.16)	6	—	—	None	Selling certain parts for automobiles to NML	None
# Calsonic Kansei Corporation	Nakano-ku, Tokyo	12,048	Manufacturing and selling parts for automobiles	34.57	(2.32)	12	—	—	None	Selling certain parts for automobiles to NML	None
# Unipres Corporation	Fuji-shi, Shizuoka	4,285	Manufacturing and selling parts for automobiles	30.75	—	5	—	—	None	Selling certain parts for automobiles to NML	None
# Nissan Diesel Motor Co., Ltd.	Ageo-shi, Saitama	13,603	Manufacturing and selling automobiles and parts for automobiles	23.33	(0.73)	3	2	—	None	Manufacturing certain products on behalf of NML and selling certain parts for automobiles to NML	None
# Kinugawa Rubber Industrial Co., Ltd.	Inage-ku, Chiba-shi	5,654	Manufacturing and selling parts for automobiles	20.76	(0.27)	9	—	—	None	Selling certain parts for automobiles to NML	None
# Hashimoto Forming Industry Co., Ltd.	Totsuka-ku, Yokohama-shi	2,211	Manufacturing and selling parts for automobiles	28.39	(3.19)	6	—	—	None	Selling certain parts for automobiles to NML	None
# Fuji Univance Corporation	Kosai-shi, Shizuoka	2,060	Manufacturing and selling parts for automobiles	31.51	—	2	—	—	None	Selling certain parts for automobiles to NML	None
# Ohi Seisakusho Co., Ltd.	Isogo-ku, Yokohama-shi	2,766	Manufacturing and selling parts for automobiles	29.07	—	5	—	—	None	Selling certain parts for automobiles to NML	None
Yulon Motor Co., Ltd.	Miao Li County, Taiwan	Millions of NT$ 16,449	Manufacturing and selling automobiles	25.01	—	—	1	3	None	Purchasing parts for automobiles to be assembled in foreign countries	None
Other affiliates accounted for by the equity method – 28 companies											
Total affiliates accounted for by the equity method – 37 companies											

(3) Other affiliates

Name of company	Address	Capital	Description of principal business	Percentage of voting right held		Relationship with NML			
				Percentage	(indirect holding)	Directors	Loans	Business transactions	Leasing of fixed assets
Renault	Billancourt, France	Millions of FFr. 5,995	Manufacturing and selling automobiles and parts	% 36.82	% —	Number of directors dispatched to NML 3	None	None	None

(Note) 1. Companies marked ☆ are specified subsidiaries.
2. Companies marked # have filed their securities registration statements or file securities reports.
3. Net sales (excluding intercompany sales within the Group) of each company marked ◎ exceeds 10% of the consolidated net sales for the year ended March 31, 2001. However, the key financial data for such companies has been omitted because their net sales constituted more than 90% of those for corresponding geographical segments.
4. Although the percentage of voting rights held by NML is equal to or less than 50%, the companies marked ※ have been consolidated because they are substantially controlled by NML.

3. Employees

(1) Consolidated companies (As of March 31, 2001)

Name of segments	Number of employees	
		Persons
Japan	88,363	(5,781)
North America	10,097	(256)
Mexico	9,406	(797)
Europe	12,898	(2,180)
Other foreign countries	3,703	(352)
Total	124,467	(9,366)

Note： The above numbers represent full-time employees. The numbers in parentheses represent part-time employees as of March 31, 2001 not included in the number of full-time employees.

(2) The Company (As of March 31, 2001)

Number of employees (persons)	Average age (years)	Average years of service (years)	Average annual salary (yen)
30,747 (138)	40.0	19.5	6,156,000

Notes:
1. The above numbers represent full-time employees. The numbers in parentheses represent part-time employees as of March 31, 2001 not included in the number of full time-employees.
2. Average annual salary represents salary for non-managers; bonuses and overtime salary are included in this amount.
3. In connection with the sale of the aerospace business, 776 employees were transferred to the purchaser.

2　　Business Overview

1.　Overview of business results

(1)　Operating results

The number of cars sold worldwide by the group companies on a retail basis increased by 4.0% from 2,530 thousand units in fiscal year 1999 to 2,632 thousand units in fiscal year 2000 primarily because sales increased in every major market other than Japan.

Automobiles sold in Japan, North America (the United States and Canada), Europe and other foreign countries totaled 733 thousand units (a decrease of 3.6% from the previous fiscal year), 793 thousand units (an increase of 5.3% from the previous fiscal year), 573 thousand units (an increase of 3.5% from the previous fiscal year) and 622 thousand units (an increase of 14.8% from the previous fiscal year), respectively.

Net sales for this fiscal year totaled ¥689.6 billion and increased by ¥112.5 billion (1.9%) over net sales for the prior fiscal year. This growth in net sales can be attributed to the increase in the number of cars sold as well as to a favorable product mix and attractive sales prices; these positive results, however, were partially offset by the negative impact of unfavorable changes in foreign exchange rates.

Operating income for this fiscal year rose to ¥290.3 billion, an increase of ¥207.7 billion (251.6%) over the corresponding amount recorded in the prior fiscal year. The increase in operating income resulted mainly from a reduction in purchasing costs and in selling, general and administrative expenses which, however, were partially offset by the exchange loss incurred as a result of the appreciation of the Japanese yen against other currencies.

Ordinary income improved by ¥283.9 billion from the ¥1.6 billion (loss) of the last fiscal year to ¥282.3 billion (income) this fiscal year. This is attributable principally to gain on sales of securities and a reduction in financial costs. Net special gain amounted to ¥7.4 billion and income before income taxes and minority interests reached ¥289.7 billion this fiscal year, an improvement of ¥1,002.4 billion over the previous year. No additional restructuring costs were recorded for this fiscal year.

Current income taxes, deferred income taxes and minority interests amounted to ¥68.1 billion (expenses), ¥130.6 billion (benefits) and ¥21.1 billion (expenses), respectively, for this fiscal year. As a result, net income improved significantly by ¥1,015.4 billion over that of the prior fiscal year and rose to ¥331.1 billion, the highest amount ever recorded by the Group.

Operating results by geographical segment are summarized as follows:

a. Japan

・Net sales (including inter-area sales and transfers) amounted to ¥3,917.8 billion which represents a decrease of ¥37.7 billion, or 1.0%, from the corresponding amount for the prior fiscal year.

・Operating income rose to ¥174.3 billion, an increase of ¥154.9 billion, or 797.2%, over the previous fiscal year. The increase in operating income is mainly attributable to a reduction in purchasing costs and selling, general and administrative expenses although a decrease in the number of cars sold and an unfavorable product mix had a negative impact on operating income.

b. North America

・Net sales (including inter-area sales and transfers) amounted to ¥2,482.1 billion and posted an increase of ¥241.8 billion, or 10.8%, over those for the last fiscal year.

・Operating income amounted to ¥150.5 billion which represents an increase of ¥63.1 billion, or 72.3%, over the corresponding amount for the prior fiscal year primarily because of an increase in the number of cars sold combined with a reduction in selling expenses.

c. Europe

・Net sales (including inter-area sales and transfers) totaled ¥840.4 billion, which represents a decrease of ¥49.8 billion, or 5.6%, from net sales recorded in the prior fiscal year.

・Operating loss was ¥27.3 billion, an improvement of ¥10.8 billion over the previous year's results mainly reflecting an increase in the number of cars sold and a reduction in selling expenses.

d. Other foreign countries

・Net sales (including inter-area sales and transfers) of ¥2,62.6 billion were posted for an increase of ¥4.3 billion, or 1.7% higher than those of the last fiscal year.

・Operating income rose to ¥4.0 billion, which represents an increase of ¥7.1 billion over operating income recorded for the prior year and primarily reflects the increase in the number of cars sold.

（The Alliance with Renault）

In March 1999, Nissan and Renault announced the foundation of their Alliance. The synergies created by this agreement will allow both companies to position themselves among the more competitive carmakers.

The Alliance is key to the future growth and profitability of both Nissan and Renault. The goal is to create the premier bi-national automotive group in the world.

The first objective of the Alliance with Renault was to restore the profitability and competitiveness of Nissan and we are off to a strong start. The Alliance is already being put in place in several areas such as purchasing, manufacturing, distribution, marketing, sales and engineering. In the long term, the related synergies will contribute to take Nissan beyond the revival phase.

We have already announced joint development on two platforms. The B-platform will be used for more than 1.7 million units; the new C-platform more than two million. We expect these two platforms to be used for more than 50% of the joint production of both companies.

On December 6, the first Renault Megane Scenic was produced in Cuernavaca, Mexico, making the first wave of cross-produced vehicles. In December of the this year we will start production of the Renault Clio in Aguascalientes, Mexico; in January of the next year we will begin production of the Nissan Frontier in Renault's Curitiba, Brazil plant. Beginning in 2002, we will build the Renault X83 in Barcelona.

On March 12, we announced the creation of a joint purchasing company. The company is composed of 50 purchasing staff from Nissan and 50 from Renault, and will reduce costs an additional 1% in two years on top of the Nissan Revival Plan (NRP) target by taking advantage of the combined volumes.

We are working to integrate operations wherever possible. In Europe, we have moved with Renault in creating single legal distribution entities in Switzerland and the Netherlands, and developing common hubs. Worldwide, in Australia, Morocco, South America and Japan we are combining operations to increase efficiency, while keeping each brand fully separate.

This is a win-win Alliance, driven by this striving for performance and based on the respect of the identities of both companies.

（Current Status of Nissan Revival Plan）

On October 18, 1999, we announced the Nissan Revival Plan (NRP), which was including three commitments from the company's executive committee as the NRP is moving faster, deeper and higher than most had anticipated.

For fiscal year 2000, Nissan recorded a consolidated net profit of ¥331.1 billion--not only achieving NRP's first commitment of returning to profitability, but the best result in the company's records as far as we can trace them.

Net consolidated automotive debt has declined steadily throughout the year. For the first time in 15 years, Nissan's net automotive debt at the close of the year is below ¥1 trillion at ¥952.7 billion.

When we announced the NRP, we did not compute any growth. However, during the past year our sales have increased 4.0%, from 2.530 million to 2.632 million units, with growth in every major region except Japan. This growth has been driven by the performance of our new products, the introduction of our new brand identity, and the development of associated businesses.

① New Products

In Japan, our sales declined 3.6 % to 733,000. We launched the first four of the new vehicles under the NRP as we begin our effort to stabilize market share and prepare our distribution network for the 11 additional new products coming in the next two years:

- The Bluebird Sylphy, the cleanest gasoline burning car in Japan -- even cleaner than the hybrid vehicles.
- The all-new X-Trail has become the best-selling small RV in its class, creating a new excitement for Nissan products-especially with numerous new young buyers.
- The all-new Cima has ignited the passion first seen in the original Cima as the premium luxury performance car in Japan.
- The all-new Primera represents a breakthrough in design and function with an all new look, better use of space and numerous features. The Primera features a high-tech man-machine interface using the latest cockpit technology for easier and safer driving with access to important information.

All four new vehicles have been well received in the market, adding to the performance of the company and enhancing Nissan's brand image.

In North America, Nissan popularity was driven by continued strong sales of the Xterra, Maxima and Frontier. The successful launch of the new Sentra has dramatically increased sales in the US and Canada. Nissan sales increased 5.3 % to 793,000 vehicles. In the US, sales for 2000 were up 4.3 % to 744,000 -- this despite a 1.5 % overall decline in the market -- leading to the market share of 4.3%. Canadian sales increased 24.1 % to 49,000.

In Europe, we rolled out the all-new Nissan Almera and the Almera Tino during fiscal year 2000. The two new products have had a strong start, and the Tino has added a new segment to our lineup. Nissan's sales increased 3.5 % to 533,000 units.

The launch of mid-size cars such as the Sunny, Almera and Sentra, as well as the introduction of the new pickup truck boosted Nissan sales in the general overseas markets. Sales growth in these markets was also strong, up 14.1% to 573,000 units as we gained in important markets like Mexico where sales increased 28.3% to 173,000 units as well as in Thailand and Singapore.

② Nissan Brand

Brand Identity is about profit and growth. The brand is the identity of the company itself. In some markets in the past, we have had to sell at a lower price than our competitors due to the lack of brand power.

This year we identified and quantified our brand and began comprehensive internal training so that our employees can absorb and share the new brand identity. Brand identity will not be announced by itself, but will be communicated actively through our product and business operations. In January we unveiled our new car badge as well as our product driven brand strategy with the launch of the Cima followed by the Primera. As part of the launch, we introduced new advertising campaigns and visual identity.

In Detroit we began to unveil the next generation of Nissan cars for North America including the new Z-car, the Alpha truck and the Infiniti FX45. We followed up in Geneva with the Chappo concept.

The response we have received from our customers, the media and the public in general tells us that we are starting to make an impact. We will continue to unveil more and more of our brand in the coming year through our products and our business activities.

③ Production

To meet the demand for Nissan products, our global production increased by 8.8%, from 2.40 to 2.61 million units. As we continue our efforts to produce cars in the markets where we sell them, domestic production fell by a slight 1.7 % to 1.31 million units, while overseas production rose 22.1% to 1.3 million.

Production in the US increased by 1.4% to 353,000 units. In Europe, we produced 486,000 vehicles, an increase of 24.0%, as we introduced production for both the Almera and Tino.

Production in our other manufacturing facilities, including Mexico, South Africa, Thailand, etc. increased 41.9% to 461 thousand units. Production at our Mexican facilities alone jumped by 54.6% to meet demand both Mexico and the US for the new Sentra.

④ Investments for the future

Laying the foundation for lasting profitable growth, Nissan has made a number of significant investments around the world.

We announced investments in North American production, including the start of construction at our newest vehicle assembly plant in Canton, Mississippi in the US. We are also increasing output at the Smryna, Tennessee plant, and tripling the capacity at the Decherd, Tennessee engine plant. We have also decided on significant investments in the Mercosur and in our Sunderland plant in the U.K. where we will be building the new Micra on the common alliance B platform. In Thailand, we have decided to purchase a majority stake in our affiliate in March 2001. We believe Thailand is a key market for our growth in the ASEAN area and a competitive export platform.

In Japan, Nissan has reached an agreement with Suzuki allowing us to profitably enter the mini-vehicle market. This key segment accounts for more than 30 % of the total auto market; we intend to broaden our customer base by offering a distinctive, quality product, planned to go on sale early next fiscal year.

We are also investing in advanced technology for the future. In the area of environment, our objective is to provide affordable technology that can be mass-produced profitably to make a maximum impact on the environment. We are conducting a significant Electric Powertrain program for the development of simple and affordable Hybrid Electrical Vehicles, aiming at 50% improvement in fuel economy. For the longer term, we have announced a major common development in fuel cells with Renault.

For the area of driving pleasure and safety, we have launched an IT platform and cockpit program to provide features including navigation systems, telematics, or voice interface. In addition, we aim at offering continuous update possibilities during the life of the car, including hardware and software.

⑤ Reallocation of resources

One of the key principles of the NRP is to shift resources freed up by cost reduction and sale of non-core assets for investments in our core business. Cost reductions for the first year have surpassed all commitments. Purchasing cost reductions for the fiscal year were 11 %, more than achieving not only our 8% commitment but our 10-% target as well.

In manufacturing, the closure of three assembly plants in Japan proceeded smoothly and without disruption, even as we launched four new models domestically. Our domestic capacity utilization rate increased from 51.1% with a total of seven factories to 74.1% based on our current fiscal year production plan with our four reconfigured plants.

In sales and marketing, we are on the fast track to rationalizing our domestic dealer network. In Japan, we have already closed the 300 outlets we had planned to close in three years. Of the 18 dealerships we planed to sell to the private sector, we have already achieved 10.

The sale of non-core assets reached ¥341.0 billion in proceeds for the year as we sold marketable securities, real estate, non-core operations and affiliated companies.

We continue to see a reduction in our headcount as a result of our actions. Total headcount at the end of fiscal 2000 came to 133,800, a decline of 14,200 people. This includes 9,100 new employees hired by Nissan to support our growth and development.

⑥ Returns and rewards

The swift, strong start of the NRP will allow Nissan to pay a divided to shareholders. A dividend of 7 yen per share was approved at this year's general shareholder meeting.

This comes in addition to the rise in Nissan share value during the fiscal year. On April 1 of last year, our stock traded at ¥409; on April 2, 2001, the stock closed at ¥831, a 103% improvement, which created a value of ¥1.6 trillion for the shareholders. And on April 10, 2001, an award from international investment bank Morgan Stanley Dean Witter cited Nissan as the best performing OEM global auto stock of 2000.

(2) Cash Flows

Cash and cash equivalents amounted to ¥288.5 billion at the end of this fiscal year and decreased by ¥202.2 billion (41.2%) from the corresponding balance at the end of the prior fiscal year. This was explained by the fact that the cash and cash equivalents used in repayments of borrowings for automobile business and an increase in sales financing receivables exceeded those from income before income taxes and minority interests of ¥289.7 billion, proceeds from sales of tangible fixed assets and investment securities, and increase in borrowings of sales financing subsidiaries.

(Cash flows from operating activities)

Cash and cash equivalents provided by operating activities, which amounted to ¥73.3 billion for this fiscal year, decreased by ¥218.8 billion (74.9%) from the last fiscal year. This resulted primarily from the increase in sales financing receivables at the sales financing subsidiaries and increase in accounts receivable despite of the fact that NML enjoyed a high level of income before income taxes and minority interests of ¥289.7 billion.

(Cash flows from investing activities)

Cash and cash equivalents used in investing activities, which amounted to ¥15.6 billion for the current fiscal year, decreased by ¥164.8 billion (91.4%) from the last fiscal year. This can be explained by the fact that the cash requirements for the increase in leased assets were covered by the increase in proceeds from sales of tangible fixed assets and investment securities resulting from the review of non-core assets, which was conducted as part of the Nissan Revival Plan.

(Cash flows from financing activities)

Cash and cash equivalents used in financing activities, which amounted to ¥263.1 billion for this fiscal year, decreased by ¥55.0 billion (17.3%) from the last fiscal year. This is attributable to the repayment of borrowings related to the automobile business, which in turn was partially offset by the increase in borrowings by the sales financing subsidiaries.

2. Production, orders received and sales

(1) Actual production

Location of manufacturers		Number of vehicles produced		Change (%)
		Last fiscal year	This fiscal year	
Vehicles	Japan	1,336,918 Units	1,313,527 Units	△1.7
	The United States	348,214	352,927	1.4
	Mexico	185,791	312,691	68.3
	United Kingdom	271,175	327,792	20.9
	Spain	99,475	136,807	37.5
	South Africa	25,283	31,986	26.5
Total		2,266,856	2,475,730	9.2

Note: The numbers for this fiscal year represent vehicles produced for the year ended March 31, 2001 with respect to Japan and the United States and those with respect to the other four countries are for the year ended December 31, 2000.

(2) Orders received

The information regarding orders received has been omitted as order production of the group is immaterial.

(3) Actual sales

Sales to:		Number of vehicles sold (consolidated basis) Last fiscal year	This fiscal year	Change (%)
Vehicles	Japan	758,603 Units	725,842 Units	△4.3
	North America	874,160	985,168	12.7
	Europe	500,836	513,048	2.4
	Other foreign countries	281,834	340,102	20.7
	Total	2,415,433	2,564,160	6.2

(Note) The numbers represent vehicles sold for the year ended March 31, 2001 with respect to Japan and North America (excluding Mexico), and those with respect to Mexico, Europe and other foreign countries are for the year ended December 31, 2000.

3. Issues and outlook for the fiscal year ahead

In Japan we do not forecast any significant changes in overall economic conditions in FY2001. In this context, we expect total industry sales to recover just slightly.

In the U.S. we foresee the continuation of the slowdown which appeared in the second half of FY2000. In this tough environment, we see opportunities for Nissan in terms of profit improvement as we introduce new models like the new Altima.

The European environment remains uncertain following a strong FY2000 as shown by the slowdown of the German market in the first quarter. For the General Overseas Markets we forecast the continuation of a positive growth trend in FY2001 following good results in FY2000.

Nissan is fully committed to achieve the "Nissan Revival Plan" which aims at lasting profitable growth and to continue to strengthen its alliance with Renault.

The three commitments of NRP are

1) Return to a net consolidated profit in FY2000
2) Achieve an operating profit at least 4.5 percent in FY2002
3) Reduce net consolidated automotive debt to no more than ¥700 billion by the end of fiscal year 2002

All measures in the plan are now being implemented and the first commitment was over-achieved. This momentum will continue in coming years for accomplishment of all commitments in NRP.

4. Important business contracts

Counterparty	Country	Description of agreement	Date on which agreement entered into
Ford Motor Company	USA	Cooperation in the development and manufacturing of multi-purpose vehicles	August 6, 1990
Renault	France	Overall alliance in the automobile business including a capital injection	March 27, 1999

5. Research and development activities

(1) Basic policies in research and development activities

The Nissan Group has been conducting research and development activities to strengthen and to make maximum use of our research and development capabilities.

The Nissan Revival Plan includes the following four specific activities:

① Nissan Technical Center manages worldwide research and development activities, centralizing our organization at the global level.
② The Nissan Group endeavors to reduce purchase costs in cooperation with parts manufacturers.
③ The Nissan Group concentrates its resources on the development of core technology and on the improvement of productivity of its development activities.
④ The Nissan Group improves the efficiency of its development activities and then establishes a first-rate development organization through joint development and joint projects involving advanced technologies and by sharing engines and platforms with Renault.

(2) Scale of research and development organization and results of activities

Research and development costs of the Nissan Group amounted to ¥231.7 billion for this fiscal year.

The Nissan Group's domestic research and development organization includes Nissan Technical Center (Atsugi-shi, Kanagawa) which takes a leading part in planning, designing and developing new products, Nissan Research Center (Yokosuka-shi, Kanagawa) which conducts fundamental and application research activities and several proving grounds in Hokkaido, Tochigi and Kanagawa.

The major subsidiaries and affiliates also conduct research and development activities. Nissan Shatai Co., Ltd. and Nissan Diesel Motor Co., Ltd. are in charge of the development of certain models of passenger cars and commercial vehicles and Nissan Diesel Motor Co., Ltd., Aichi Machine Industry Co., Ltd., Nissan Kohki Co., Ltd. and JATCO TransTechnology Ltd. are in charge of the development of certain engines and transmissions.

The research and development activities conducted in Japan during this fiscal year resulted in the launch of a new sedan, "Bluebird Sylphy" and a new sports utility vehicle, the "X-Trail", as well as a full model changes in the "Cima" and the "Primera" and minor changes in the "Skyline", the "Cube", the "Elgrand" and the "Cefiro".

With respect to parts, Group companies have attempted to share parts and to reduce the number of parts used in order to eventually reduce manufacturing costs and have developed many new products and systems.

On the other hand, the Nissan Group has Nissan Technical Center North America, Inc. which plans and designs vehicles, Nissan Design America, Inc., which designs vehicles. They are jointly developing the "Altima" (the "Bluebird" in Japan), the "Sentra" (the "Sunny" in Japan), the "Frontier" (the "Datsun" in Japan) and the "Xterra".

In Europe, Nissan Technical Center Europe Ltd., which has its operations in the United Kingdom, Belgium and Spain, is developing the "Primera" made in Europe, the "Micra" (the "March" in Japan) and the "Terrano II" (the "Mistral" in Japan), a small four-wheel-drive vehicle made in Europe.

Nissan Design Europe Ltd. in Germany was established as a base for planning and designing vehicles to strengthen our capability in designing.

In addition, Nissan and Renault, the partner in our business Alliance since fiscal year 1999, are proceeding jointly to unify the platforms and powertrains and to develop advanced technologies and research technologies so that both companies can dramatically improve their research and development capabilities.

The Nissan Group has continued to make a comprehensive effort to protect the global environment by developing technologies to reduce carbon dioxide, to clean the exhausted fumes emitted by vehicles and to recycle resources. As a result, the Nissan Group has recently received "Climate Protection Award" from the United States Environmental Protection Agency for two years in a row.

"Sentra CA", for which the zero emission vehicle credit is applicable as the "most cleanest car fueled by gasoline" in the State of California, was awarded "The 2000 Governor's Environmental and Economic Leadership Award from the California Environmental Protection Agency". This prize had never before been awarded to an automaker. In Japan, vehicles fueled by Concentrated Natural Gas are being certified for the first time as "Ultra low emission vehicles" under the Low Emission Vehicle Certification System established by the Ministry of Land, Infrastructure and Transport. In Japan, the Nissan Group is actively developing clean gas technology, for example; the "Bluebird Sylphy" which has the same engine as the "Sentra CA" in terms of its capacity.

In addition, the Nissan Group has been aiming to develop both environmentally friendly vehicles and vehicles which drivers can enjoy driving in conducting their research and development activities. For example, we developed "QR engines" which are fuel-efficient in comfortable cars with satisfactory performance for practical use, and "VK engines" which harmonize the joy of driving high performance cars coupled with environmentally friendly technology.

Nissan has been making efforts to develop safer bodies and to enhance and popularize safety equipments based on Nissan's own model for safety called "Triple Safety". Our efforts have been recognized and highly evaluated; for example, the "Almera" "Tino" was ranked as a four-star vehicle in the small MPV class as a result of its performance in collision tests sponsored by the European New Car Assessment Program (Euro NCAP). We have also developed the "Lane-Keeping Assistance System," based on advanced ITS technology, which reduces drivers load on freeways. This system is loaded on the "Cima."

The Nissan Group has always been actively involved in activities to study and develop advanced fundamental technologies and these efforts have resulted in major accomplishments during the current year.

3. Property, plant and equipment

1. Overview of capital expenditures

The Nissan Group (the Company and its consolidated subsidiaries) invested in tangible fixed assets amounting to ¥205.6 billion in the aggregate during the this fiscal year, particularly in order to accelerate the development of new products and new technology and to rationalize and improve productivity and quality.

2. Major property, plant and equipment

The Group's major property, plant and equipment are as follows:

(1) The Company

The Company sold its aerospace business in July 2000, as decided during the prior fiscal year, to I.H.I. Aerospace (a subsidiary of Ishikawajima Harima Heavy Industry). Accompanying this transfer, the Company sold the related land, buildings and production facilities for ¥28,755 million.

Production of vehicles in the Murayama Plant was discontinued on March 30, 2001. The related plant and production facilities were disposed of without being demolished.

(As of March 31, 2001)

Locations	Address	Description	Net book value						Number of employees
			Land		Buildings & structures	Machinery & vehicles	Other	Total	
			Area	Amount					
			㎡	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Person
Yokohama Plant (except for Kurihama)	Kanagawa -ku and Tsurumi-ku Yokohama-shi	Vehicle production plant	618,188	409	13,083	31,899	10,771	56,162	3,442 (15)
Oppama Plant (including Research Center)	Yokosuka-shi	Vehicle production plant	1,856,053	29,280	19,069	23,045	4,392	75,786	4,558 (5)
Tochigi Plant	Kaminokawa-cho, Tochigi	Vehicle production plant	2,928,514	4,130	19,680	33,716	10,818	68,344	5,756 (47)
Kyushu Plant	Kanda-machi Fukuoka	Vehicle production plant	2,378,580	31,097	34,192	28,577	3,772	97,638	4,825 (4)
Iwaki Plant	Iwaki-shi Fukushima	Vehicle production plant	203,870	3,799	9,303	11,728	1,405	26,235	562 (1)
Head Office and other	Atsugi-shi and Isehara-shi	R&D facilities	1,151,935	17,694	31,102	7,033	5,212	61,041	5,675 (16)
	Chuo -ku Tokyo	Head office	0	0	3,355	338	2,598	6,291	1,886 (29)

Notes: 1. The above table has been prepared based on the location of the assets.
2. Each plant includes adjoining welfare facilities, product storages and laboratories as well full-time employees.

(2) Domestic subsidiaries

(As of March 31, 2001)

Company	Location	Address	Description	Net book value						Number of employees
				Land		Buildings & structures	Machinery & vehicles	Other	Total	
				Area	Amount					
				㎡	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Person
JATCO Trans Technology Ltd.	Fuji office and other	Fuji-shi Shizuoka, etc.	Facilities for production of automobile parts	905,944	40,990	20,675	16,891	4,957	83,513	5,781 (102)
Nissan Shatai Co., Ltd.	Shonan plant and other	Hiratsuka-shi Kanagawa	Vehicle production plants	993,823	13,379	20,751	22,993	9,984	67,107	4,384 (579)
Aichi Machine Industry Co., Ltd.	Atsuta plant and other	Nagoya-shi Aichi	Vehicle production plants	524,097	9,110	8,608	19,873	4,061	41,652	2,686 (4)
194 cars and parts sales companies such as Nissan Prince Tokyo Motor Sales Co., Ltd.	—	—	Facilities for sale and maintenance of cars and parts	3,721,058	331,697	158,732	25,645	6,388	522,462	34,992 (2,035)

(3) Foreign subsidiaries

Company	Location	Address	Description	Net book value						Number of employees
				Land		Buildings & structures	Machinery & vehicles	Other	Total	
				Area	Amount					
				m²	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Persons
Nissan North America, Inc.	Production plant for vehicles and parts and other facilities	Gardena, California, Smyrna, Tennessee, Decherd, Tennessee, USA	Production facilities of vehicles and parts	8,150,066	5,565	31,174	40,931	72,962	150,632	7,906 (119)
Nissan Mexicana, S.A. de C.V.	Production plant for vehicles and parts and other facilities	Morelos, Mexico, Aguascalientes, Mexico	Production facilities of vehicles and parts	3,150,992	5,660	39,027	72,873	31,517	149,077	9,406 (797)
Nissan Motor Iberica S.A.	Production plant for vehicles and parts	Barcelona, Madrid and other, Spain	Production facilities of vehicles and parts	1,005,129	2,847	9,203	25,339	34,342	71,731	5,362 (1,562)
Nissan Motor Manufacturing (UK) Ltd.	Production plant for vehicles and parts	Sunderland, Tyne & Wear, United Kingdom	Production facilities of vehicles and parts	2,975,798	3,426	20,052	26,988	44,308	94,774	4,365 (514)

(Notes) 1. "Other" in net book value includes tools, furniture and fixtures and construction in progress.
2. Number of employees shows the number of full-time employees. The number of part-time employees as of March 31, 2001 is stated in brackets.
3. Nissan North America merged with Nissan Motor Manufacturing America on April 1, 2000.
4. In addition to property, plant and equipment, other major leased assets are presented as follows.

Major leased assets

Company	Location (summary)	Address	Name of lessors	Description	Area (m²)	Lease fees (Thousands of yen/ month)
Nissan Motor Co., Ltd.	New building for Head office	Chuo-ku, Tokyo	Mori Trust	Building	23,614	81,054
Nissan Motor Co., Ltd.	Main building for Head office	Chuo-ku, Tokyo	Kobikikan	Land	5,157	20,587
Nissan Trading Co., Ltd.	Head office	Yokohama-shi, Kanagawa	Bilnet	Building	2,575	15,779
Nissan Motor Iberica S.A.	Part of the plant site	Barcelona, Spain	Zona Franca Association of Industrial Area	Land	517,687	9,485

(Notes) 1. Other assets under lease contracts than those presented above are described in Chapter 5, "Consolidated financial statements".
2. Consumption tax has been excluded from the monthly lease fees.
3. Employees working in or with the leased assets included in Section "2. Major property, plant and equipment."

3. Plans for new additions or disposal

(1) New additions and renovations

The Group plans to invest ¥315 billion in plant and equipment during the fiscal year ending March 31, 2002, which will be financed by its own funds.

Important investments in property, plant and equipment decided during this fiscal year are summarized as follows:

Company Location	Address	Description	Planned investment amount	Schedule		Increase in capacity after completion of construction
				Start	Completion	
Nissan North America, Inc. Decherd plant, etc.	Decherd, Tennessee and others USA	Production facilities for engines & transaccels, and vehicles	US$1,000 million	October 2000	Spring 2004	Engines 564,000 units/year
Nissan North America, Inc. Vehicle assembly plant (not officially named)	Canton, Mississippi, USA	Vehicle production plant	US$930 million	April 2001	Winter 2003	Vehicles 250,000 units/year

(2) Sales and disposal

As described in Section 2. "Major and important property, plant and equipment" (1) "the Company", the transfer of the aerospace business and related facilities was completed as planned in the previous fiscal year. Plans for the disposal of other assets are summarized as follows:

Company Location	Address	Description	Net book value (Millions of yen)	Schedule	Decrease in production capacity after disposal (per month)
Nissan Shatai Co,. Ltd., Kyoto Plant	Uji-shi Kyoto	Production facilities for vehicles	6,543	From 2001	10,000 Units
Aichi Machine Industry Co., Ltd., Minato Plant	Nagoya-shi Aichi	Production facilities for vehicles	2,302	From 2001	7,800 Units

(Note) Net book value is an estimated amount as of the date of disposal of the related assets.

4 Corporate Information

1. Information on the Company's shares

(1) Number of shares

Types of stock	Authorized number of shares	Remarks
Common stock	6,000,000,000	

Issued shares	Description	Type of stock	Number of issued shares: As of March 31, 2001	Number of issued shares: As of June 22, 2001 (filing date of the securities report)	Stock exchanges on which the Company is listed.	Remarks
	Signed and par-value share (par value: 50 yen)	Common stock	3,977,295,210	3,977,295,210	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo and Frankfort	(Note) 1 (Note) 2

Notes: 1. With voting rights.
2. The number of issued shares as of the filing date of the securities report does not include those issued upon conversion of convertible bonds and exercise of warrants during the period from June 1, 2001 through the filing date of the report.

(2) Changes in number of shares issued and amount of paid-in capital

Periods	Number of issued shares		Common stock		Additional paid-in capital		Remarks
	Movement	Balance	Movement	Balance	Movement	Balance	
	(Thousands)	(Thousands)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	
From April 1, 1996 to March 31, 1997	176	2,513,004	63,469	203,742,382	63,469	397,398,725	(Note) 1
From April 1, 1997 to March 31, 1998	40	2,513,044	13,359	203,755,742	13,359	397,412,084	(Note) 2
From April 1, 1999 to March 31, 2000	1,464,250	3,977,294	292,850,000	496,605,742	292,850,000	690,262,084	(Note) 3
From April 1, 2000 to March 31, 2001	1	3,977,295	499	496,606,242	499	690,262,584	(Note) 4

(Notes) 1. Increase due to conversion of convertible bonds.
2. Increase due to conversion of convertible bonds.
3. Capital increase due to private placement to Renault on May 29, 1999. (Number of shares issued: 1,464,250 thousand, Issue price: 400 yen per share, amount allocated to common stock: 292,850,000 thousand yen)
4. Increase due to conversion of convertible bonds.
5. The outstanding balance of convertible bonds, the conversion price and the amount allocated to common stock are as follows:

Name (Issue date)	As of March 31, 2001			As of May 31, 2001		
	Balance outstanding	Conversion price	Amount allocated to common stock	Outstanding balance	Conversion price	Amount allocated to common stock
The 5th unsecured convertible bonds (December 8, 1987)	Thousands of yen 2,566,000	Yen 685.30	※	Thousands of yen 2,566,000	Yen 685.30	※

※ The amount allocated to common stock is calculated as follows:
The price of the new shares issued upon the conversion of convertible bonds × 0.5. (If there are any fractions under 1 yen, rounded up.) The amount calculated should not be less than the par value of the Company's common shares.

6. The outstanding balance of warrants, exercise prices and amount allocated to common stock were as follows:

Names (Issuance dates)	As of March 31, 2001			As of May 31, 2001		
	Outstanding balance	Exercise prices	Amount allocated to common stock	Outstanding balance	Exercise prices	Amount allocated to common stock
Bonds with warrants in Euro-yen due 2004 (May 28, 1999)	(Thousands of yen) 215,900,000	(Yen) 400	※	(Thousands of yen) 215,900,000	(Yen) 400	※
1st unsecured bonds with warrants (June 25, 1999)	5,800,000	554	※	5,800,000	554	※
Bonds with warrants in Euro-yen due 2006 (March 27, 2000)	15,000,000	429	※	15,000,000	429	※
Bonds with warrants in Euro-yen due 2000 (March 8, 2001)	45,000,000	764	※	45,000,000	764	※

※ The amount allocated to common stock was calculated as follows:
Price of new shares issued upon exercise of warrants x 0.5. (If there are any fractions under 1 yen, they are rounded up.)
The amount calculated should not be less than the par value of the Company's common shares.

(3) Details of shareholding

(As of March 31, 2001)

Classification	Status of shares (1 unit = 1,000 shares)							Shares under 1 unit
	National and local government	Financial institutions	Securities companies	Other corporations	Foreign shareholders (individuals)	Individuals and other	Total	
Number of shareholders	Person 1	203	47	1,292	763 (45)	93,444	95,750	
Number of shares held	Units 5	1,017,927	6,010	250,198	2,434,112 (142)	257,771	3,966,023	Shares 11,272,210
Ratio	% 0.00	25.67	0.15	6.31	61.37 (0.00)	6.50	100	

(Notes) 1. Treasury stock of 47,057 are included in "Individuals and other" at 47 units, and in "Shares under 1 unit" at 57 shares. The number of 47,057 is based on the shareholders' register, and the effective number as of March 31, 2001 was 11,057 shares.
2. Included in "Other corporations" and "Shares under 1 unit" are 202 units and 9,864 shares held under the name of the custodians.

(4) Principal shareholders

(As of March 31, 2001)

Name	Address	Number of shares held	Ratio
Renault (Standing agent: Bank of Tokyo-Mitsubishi)	13/15 Quai Alfonse Le Gorot, 92513 Boulogne Billancourt Cedex, France (2-7-1 Marunouchi Chiyoda-ku, Tokyo)	Thousand 1,464,250	36.82
The State Street Bank & Trust Company (Standing agent: Fuji Bank)	225Franklin Street Boston, U.S.A. (6-7 Kabuto-cho Nihonbashi Chuo-ku, Tokyo)	100,477	2.53
The Dai-ichi Mutual Life Insurance Company	1-13-1 Yurakucho Chiyoda-ku, Tokyo	95,963	2.41
Japan Trustee Services Bank Ltd. (Trust account)	1-8-11 Harumi Chuo-ku, Tokyo	80,836	2.03
Nippon Life Insurance Company	1-2-2 Yurakucho Chiyoda-ku, Tokyo	80,505	2.02
Bankers Trust Company, Client Lending Account (Standing agent: Sumitomo Bank)	34 Exchange Place Jersey City, New jersey 07302, U.S.A. (1-3-2 Marunouchi Chiyoda-ku, Tokyo)	72,155	1.81
The Chase Manhattan Bank N.A. London S.L. Omnibus Account (Standing agent: Fuji Bank)	Woolgate House, Coleman Street, London, UK (6-7 Kabuto-cho Nihonbashi Chuo-ku, Tokyo)	67,201	1.69
The Mitsubishi Trust and Banking Corporation (Trust account)	2-11-1Nagatacho Chiyoda-ku, Tokyo	57,318	1.44
The Chase Manhattan Bank N.A. London (Standing agent: Fuji Bank)	Woolgate House, Coleman Street, London, UK (6-7 Kabuto-cho Nihonbashi Chuo-ku, Tokyo)	52,223	1.31
The Industrial Bank of Japan, Limited	1-3-3 Marunouchi Chiyoda-ku, Tokyo	52,132	1.31
Total		2,123,062	53.38

(5) Voting rights

(As of March 31, 2001)

Issued shares	Number of shares without voting rights	Number of shares with voting rights		Shares under 1 unit	Remarks
		Treasury stock, etc.	Others		
	Shares —	Shares 14,992,000	Shares 3,951,031,000	Shares 11,272,210	

(Notes) 1. Included in “Treasury stocks etc.” are 202 thousand shares held under the name of the custodians.
2. Shares under 1 unit include 57 share of treasury stock, 7,002 crossholding shares and 9,864 shares held under the names of the custodians.

Crossholding shares under 1 unit

Holders	Number of shares	Name of holders	Number of shares
	Shares		Shares
Calsonic Kansei Corporation	922	Unisia Jecs Corp.	477
Kai Nissan Motor Co., Ltd.	830	Toyama Nissan Motor Co., Ltd.	422
Niles Parts Co., Ltd.	772	Utsunomiya Nissan Motor Co., Ltd.	400
Unipress Corporation	681	Kagawa Nissan Motor Co., Ltd.	296
Ohi Seisakusho Co., Ltd.	669	Yokoki Manufacturing Co., Ltd.	200
Fuji Univance Corp.	617	Aichi Machine Industry Co., Ltd.	116
Kochi Nissan Prince Motor Sales Co., Ltd.	600	Total	7,002

Treasury stock, etc.

Shareholders		Number of shares held			% of interest	Remarks
Name	Address	Under own name	Under the name of others	Total		
		Shares	Shares	Shares	%	
Nissan Motor Co., Ltd.	2 Takaracho Kanagawa-ku Yokohama-shi Kanagawa	11,000	0	11,000	0.00	1. The number of shares included in “Under the name of the other” represents shares held by the Company’s crossholding share association (address: Ginza, Tokyo). (Friction under 1,000 have been omitted.)
Unisia Jecs Corp.	1370 Onmyo Atsugi-shi Kanagawa	4,335,000	0	4,335,000	0.11	
Aichi Machine Industry Co., Ltd.	2-12 kawanami-cho Atsuta-ku Nagoya-shi Aichi	3,576,000	0	3,576,000	0.09	
Unipress Corp.	19-1 Gomishima Fuji-shi Shizuoka	2,404,000	0	2,404,000	0.06	
Ohi Seisakusho Co., Ltd.	1-14-7 Maruyama Isogo-ku Yokohama-shi Kanagawa	1,558,000	0	1,558,000	0.04	
Fuji Univance Corp.	2418 Washizu Kosai-shi Shizuoka	1,509,000	0	1,509,000	0.04	
Calsonic Kansei Corporation	5-24-15 Minamidai Nakano-ku Tokyo	1,049,000	0	1,049,000	0.03	
Kagawa Nissan Motor Co., Ltd.	1-1-8 Hanazonocho takamatsu-shi Kagawa	45,000	70,000	115,000	0.00	
Utsunomiya Nissan Motor Co., Ltd.	575 Nishiharacho Utsunomiya-shi Tochigi	103,000	0	103,000	0.00	2. Included in the number of shares based on the shareholders’ register are 36,000 shares which the Company does not effectively own. These shares are included in “Others” in the number of shares with voting rights described above.
Kochi Nissan Prince Motor Sales Co., Ltd.	2-21 Asahicho Kochi-shi Kochi	28,000	42,000	70,000	0.00	
Yokoki	555 Imaicho Hodogawa-ku Yokohama-shi Kanagawa	0	63,000	63,000	0.00	
Kai Nissan Motor Co., Ltd.	706 Kamiimaicho Kofu-shi Yamanashi	37,000	21,000	58,000	0.00	
Nissan Prince Kagawa Sales Co., Ltd.	1289 Inagicho Zentsuji-shi Kagawa	0	53,000	53,000	0.00	
Kyushu Kyuko Ferry Co., Ltd.	4-12-15 Ginza Chuo-ku Tokyo	0	41,000	41,000	0.00	
Toyama Nissan Motor Co., Ltd.	105 Tanakacho Toyama-shi Toyama	23,000	0	23,000	0.00	
Niles Parts Co., Ltd.	5-28-6 Omorinishi Ota-ku Tokyo	21,000	0	21,000	0.00	
Nissan Parts Yamanashi Sales Co., Ltd.	1816 Tomitakeshinden Ryuocho Kyomagun Yamanashi	0	1,000	1,000	0.00	
Total		14,699,000	293,000	14,992,000		

(6) Transfer of shares committed to be held for a certain period

Renault, who acquired shares of the Company's common stock issued in a private placement on May 29, 1999, has agreed in writing not to transfer any of these shares for 2 years. No transfer of Renault's shares has been made from April 1, 2000 through the date of the filing of this securities report.

(7) Stock option plan

The Company does not have any such plan.

２． Acquisition of treasury stock

[Acquisition of treasury stock to be transferred to the directors and/or employees, or to be retired using profit, the legal reserve or the reserve for revaluation.]

(1) Acquisition based on a resolution approved at last shareholders' meeting.

None.

(2) Resolution regarding the acquisition of treasury stock at this shareholders' meeting.

None.

３． Dividend policy

The Company adopted a global restructuring plan called the "Nissan Revival Plan" and has been implementing it as planned in order to generate steady profits and growth. The Company has been trying to reduce costs and interest-bearing debts as well as to increase profitability and strengthen its financial position on a consolidated basis so that the Company will, once again, be able to distribute earnings as dividends.

The Company succeeded in improving its results of the current fiscal year by realizing ¥127,762 million of operating income, ¥135,693 million of ordinary income, and ¥187,485 million of net income this fiscal year as a result of the unexpectedly rapid advancement of the Nissan Revival Plan. The 102nd shareholders' meeting approved the distribution of dividends of ¥7 yen per share, which had been suspended since the fiscal year ended March 31, 1999.

The Company plans to continue to make a concerted effort to accomplish the targets stated in the Nissan Revival Plan and plans to declare the same dividends in the next fiscal year as in the current year.

４． Changes in market price of the Company's shares

		The 98th fiscal year	The 99th fiscal year	The 100th fiscal year	The 101st fiscal year	The 102nd fiscal year
Highest and lowest prices during the last 5 years	Year end	March 1997	March 1998	March 1999	March 2000	March 2001
	Highest	1,020 yen	889	520	770	890
	Lowest	609 yen	480	290	351	404

	Month	October 2000	November	December	January 2001	February	March
Highest and lowest prices during the last 6 months	Highest	762 yen	764	725	717	761	890
	Lowest	583 yen	645	596	612	681	729

Note: These prices are those quoted on the First Section of the Tokyo Stock Exchange

５． Member of Board of Directors and Corporate Auditors

Function	Names (Date of birth)	Business Career	Number of shares owned by thousand
Chairman (Representative director)	Yoshikazu Hanawa (March 16, 1934)	1957 April Joined the Company 1981 January Vice-responsible for the set-up of a plant in USA 1985 June Director of the Company 1988 January Managing director of the Company 1991 June Vice-President of the Company 1996 June President of the Company 1999 May President and CEO of the Company 1999 June Chairman - President and CEO of the Company 2000 June Chairman and CEO of the Company 2001 June Chairman of the Company	８６
President (Representative director)	Carlos Ghosn (March 9, 1954)	1978 September Joined Michelin 1985 July President of Michelin Brazil 1989 April President of Michelin North America 1996 October Joined Renualt 1996 December Senior Vice-President of Renault 1999 June COO of the Company 2000 June President and COO of the Company 2001 June President and CEO of the Company	１９
Director	Hisayoshi Kojima (January 19, 1941)	1964 April Joined the Company 1989 June General Manager of the Technical Division No.2 1993 June Director of the Company 1997 June Managing director of the Company 1999 May Vice-President of the Company	５２
Director	Itaru Koeda (August 25, 1941)	1965 April Joined the Company 1990 July Vice-President of Nissan Motor Manufacturing (UK) 1993 June Director of the Company 1998 May Managing director of the Company 1999 May Vice-President of the Company	４６
Director	Nobuo Okubo (February 25, 1942)	1964 April Joined the Company 1991 June General Manager of the Design Division 1992 June Director of the Company 1997 June Managing director of the Company 1999 May Vice-President of the Company	５６
Director	Norio Matsumura (January 5, 1944)	1966 April Joined the Company 1989 January General Manager of Foreign Services Division 1996 June Director of the Company 1999 May Vice-President of the Company	４１
Director	Patrick Pelata (August 24, 1955)	1984 July Joined Renualt 1996 July Senior Manager of Chassis Development Division 1999 January Senior Vice-President in charge of Technical Development Division 1999 June Vice-President of the Company	０

Function	Names (Date of birth)	Business Career	Number of shares owned by thousand
Director	Thierry Moulonguet (February 27, 1951)	1976 January Entered the French Ministry of Finance 1991 February Jointed Renault 1994 December Senior manager in charge of IR 1996 January Senior manager of Finance Division 1999 June Senior managing director of the Company 2000 April Vice President and CFO	0
Corporate auditor (Standing)	Hiroshi Moriyama (July 30, 1940)	1963 April Joined the Company 1987 January General Manager of Nissan Motor Manufacturing (UK) 1990 June Director of the Company 1994 June Managing director of the Company 1998 May Vice-President and Director of the Company 1999 May Vice-President of the Company 2001 April Assistant to President 2001 June Corporate auditor of the Company	８２
Corporate auditor (Standing)	Haruhiko Takenaka (December 1, 1939)	1962 April Joined the Industrial Bank of Japan 1990 June Director of the Bank 1993 June Managing director of the Bank 1998 June Vice-president of IBJ Whitehall Bank 2000 June Corporate auditor of the Company	1
Corporate auditor (Standing)	Keiji Imamura (September 20, 1943)	1967 April Joined the Asahi Bank 1996 June Corporate auditor of the Bank 2000 June President of Asahi Bank Jimu Services 2001 June Corporate auditor of the Company	0
Corporate auditor	Hideo Nakamura (March 1, 1940)	1963 April Joined the Fuji Bank 1991 June Director of the Bank 1993 June Permanent corporate auditor of the Bank 1998 July Managing director of Association of Fuji Bank Health Insurance (still in office) 2000 June Corporate auditor of the Company	1
Total	―		３８４

（Notes） １． Haruhiko Takenaka, Keiji Imamura and Hideo Nakamura are corporate auditors assigned from outside the Company pursuant to Clause 1, Article 18 of the "Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations."

２． The Company set up an executive committee system in order to activate the Board of Directors by segregating the functions of decision making and control, from that of execution, as well as to appoint persons of ability based only on their ability.

The executive committee is composed of 29 individuals including the directors listed above (Carlos Ghosn, Hisayoshi Kojima, Itaru Koeda, Nobuo Okubo, Norio Matsumura, Patrick Pelata and Thierry Moulonguet are also directors). The other 22 members of the executive committee are as follows: Kanemitsu Anraku (Vice-Chairman), Iwao Nakamura、Hajime Kawasaki, Shigeru Takagi, Masahiko Aoki, Tadao Takahashi, Ryozo Kodama, Eiichi Abe, Kuniaki Sasaki, Takashi Kitajima, Shuji Yamagata, Eiji Imai, Yukio Kitahora, Keisuke Takebe, Shiro Tomii, Toshiyuki Shiga, Bernard Ray, Jean-Jacques Legoff, Shiro Nakamura, Kuniyuki Watanabe, Kazuhiko Toida, Katsumi Nakamura (managing members).

5 Financial Information

1. Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements (“Regulations for Consolidated Financial Statements”) (Ministry of Finance Ordinance No. 28, 1976).

The consolidated financial statements for the prior fiscal year (from April 1, 1999 to March 31, 2000) are prepared in accordance with the “Regulations for Consolidated Financial Statements” before the revision, and the consolidated financial statements for the current fiscal year (from April 1, 2000 to March 31, 2001) are prepared in accordance with the “Regulations for Consolidated Financial Statements” after the revision.

2. Audit reports

Pursuant to Article 193-2 of “The Securities and Exchange Law,” the consolidated financial statements for the prior fiscal year (from April 1, 1999 to March 31, 2000) and for the current fiscal year (from April 1, 2000 to March 31, 2001) have been audited by Century Ota Showa & Co. and their audit reports are presented at the beginning of the consolidated financial statements.

Auditors' Report

June 20, 2000

Nissan Motor Co., Ltd.
Director and President Carlos Ghosn

Century Ota Showa & Co.

Representative and Engagement Partner	Kikuo Kimura
Representative and Engagement Partner	Kazuo Suzuki
Representative and Engagement Partner	Yasunobu Furukawa
Engagement Partner	Kenji Ota

Pursuant to Article 193-2 of "Securities and Exchange Law," we have examined the consolidated balance sheet, the consolidated statement of operations and retained earnings, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in "Financial Information" for the fiscal term from April 1, 1999 to March 31, 2000.

Our examination was made in accordance with generally accepted auditing standards and all relevant auditing procedures were carried out as are normally required.

As a result of our examination, it is our opinion that the accounting policies and accounting treatments that the Company adopted for the preparation of the consolidated financial statements referred to above are in accordance with generally accepted accounting principles, and, except for the matters described below, the accounting policies applied are consistent with those applied in the prior year, and that the presentation of the consolidated financial statements is in conformity with "Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28).

(1) As described in "Changes in accounting policies," the Company and its domestic consolidated subsidiaries changed their method of accounting for warranty costs from providing an accrual to cover the cost of services for the following fiscal year in order to fulfill their liability under the terms of their warranty contracts and based on historical experience, to providing an accrual to cover the costs of all services anticipated to be incurred during the entire warranty period (ranging from 3 to 5 years). This change, with which we concur, was made in order to achieve a better matching of revenue and expenses and to establish a solid financial position, considering the increasing differences between the requirements of the Corporation Tax Law and the existing conditions as well as from a more long-term and international point of view. The effect of this change in method of accounting was to increase operating income by ¥14,446 million and decrease ordinary loss by the same amount, and to increase loss before income taxes and minority interests and net loss by ¥34,047 million for the year ended March 31, 2000. The effect of this change on the segment information is described below.

(2) As described in “Changes in accounting policies,” the Company and certain consolidated subsidiaries changed their method of accounting for prior service cost for the tax-qualified pension plans (TQP) and the government-sponsored welfare pension fund plans (WPF) from expensing such cost upon payment, to recognizing this as expense when actuarially determined or when payments become liable. This change, with which we concur, was made in order to establish a solid financial position, considering the fact that the materiality of the unfunded prior service cost of the TQP increased due to the low rate of return on the pension assets and as the funding of the WFP did not reach the minimum level of funding required at March 31, 1999. In addition, certain consolidated subsidiaries changed their method of accounting for retirement allowances to provide an accrual at 100% of the amount which would be required to be paid if all employees voluntarily terminated their employment at the balance sheet date instead of providing an accrual at 40% of such amount. This change, with which we concur, was made in order to conform their accounting policies to that of the parent company. The effect of these changes in method of accounting for the year ended March 31, 2000 was to increase operating income by ¥14,230 million, to decrease ordinary loss by the same amount, to increase loss before income taxes and minority interests by ¥261,646 million, to decrease income tax expense by ¥14,057 million and to increase minority interests by ¥13,930 million and net loss by ¥233,659 million. The effect of this change on segment information is described below.

(3) As described in Note 4, “Changes in accounting policies” of 2. “Geographical segment information” and in Note 4, “Changes in overseas segments” of 3. “Overseas Sales,” the Company refined its geographical segments based on their geographical proximity and their mutual operational relationship instead of segmenting based solely on their geographical proximity, and integrated “Mexico” into “North America” in its geographical segment information and also integrated “Mexico” into “North America” and “Central and South America other than Mexico” into “Other foreign countries” in its overseas sales information. This change, with which we concur, was made in order to achieve consistency between the Company’s geographical segmentation and its business strategy, thus making the segment information more useful since the Company reorganized its North American operations in order to operate this region, including Mexico, as one market. The effect of these changes in the composition of the segments has been duly disclosed in Note 4, “Changes in accounting policies” of 2. “Geographical segment information” and in Note 4, “Changes in overseas segments” of 3. “Overseas sales.”

Accordingly, it is our opinion that the aforementioned consolidated financial statements of the Company and its consolidated subsidiaries present fairly their consolidated financial position as of March 31, 2000, and the consolidated results of their operations and their consolidated cash flows for the year then ended.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

(Note) As described in “Significant accounting policies” and in the notes under “Supplemental information,” the Company and its consolidated subsidiaries have prepared its consolidated financial statements for the year ended March 31, 2000 applying the revised accounting standard for consolidation and the accounting standards for research and development costs and income taxes.

Auditors' Report

June 21, 2001

Nissan Motor Co., Ltd.
Director and President Carlos Ghosn

Century Ota Showa & Co.

Representative and Engagement Partner	Kikuo Kimura
Representative and Engagement Partner	Kazuo Suzuki
Representative and Engagement Partner	Yasunobu Furukawa
Engagement Partner	Kenji Ota

Pursuant to Article 193-2 of "Securities and Exchange Law," we have examined the consolidated balance sheet, the consolidated statement of operations and retained earnings, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in "Financial Information" for the fiscal term from April 1, 2000 to March 31, 2001.

Our examination was made in accordance with generally accepted auditing standards and all relevant auditing procedures were carried out as are normally required.

As a result of our examination, it is our opinion that the accounting policies and accounting treatments that the Company adopted for the preparation of the consolidated financial statements referred to above are in accordance with generally accepted accounting principles, and, except for the matter described below, the accounting policies applied are consistent with those applied in the prior year, and that the presentation of the consolidated financial statements is in conformity with "Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28).

As described in "Changes in accounting policies," the Company changed its method of depreciation of property, plant and equipment to the straight-line method from the declining-balance method at the rates prescribed in the Corporation Tax Law except for buildings (excluding building improvements) acquired after April 1, 1998 on which depreciation was calculated by the straight-line method. In addition, the Company changed the useful lives and the residual value of property, plant and equipment to estimated useful lives and an estimated economic residual value (¥1 per item) determined by the Company. These changes, with which we concur, was made in order to achieve a better matching of revenue and expenses and recoup a portion of the investments in property, plant and equipment equally over the period by calculating depreciation on a straight-line basis considering recent changes in the business environment in which production levels are expected to stabilize due to the consolidation of production facilities, the reduction in the number of platforms and the sharing of platforms, and to achieve consistency with international accounting practice. The effect of these changes in method of accounting for the year ended March 31, 2001 was to decrease depreciation expense by ¥29,804 million and to increase operating income by ¥28,672 million and ordinary income and income before income taxes and minority interests by ¥29,052 million. The effect of these changes in accounting on the segment information has been duly disclosed in Note 3, "Changes in accounting policies" of 2. "Geographical segment information."

Accordingly, it is our opinion that the aforementioned consolidated financial statements of the Company and its consolidated subsidiaries present fairly their consolidated financial position as of March 31, 2001, and the consolidated results of their operations and their consolidated cash flows for the year then ended.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

(Note) As described in “Significant accounting policies” and in the notes under for “Supplemental information,” the Company and its consolidated subsidiaries have prepared its consolidated financial statements for the year ended March 31, 2001 applying the accounting standards for employees’ retirement benefits and financial instruments and the revised accounting standard for foreign currency translation.

Consolidated Financial Statements

(1) Consolidated Financial Statements

① Consolidated Balance Sheets

(Millions of yen)

Accounts \ Fiscal year		Prior Fiscal Year (As of March 31, 2000)			Current Fiscal Year (As of March 31, 2001)		
		Amounts		Ratio	Amounts		Ratio
Assets				%			%
Ⅰ Current assets							
1. Cash on hand and in banks	※3		483,473			288,970	
2. Trade notes and accounts receivable	※3		492,380			570,896	
3. Sales finance receivables	※4		695,531			1,185,568	
4. Securities	※3		260,252			3,958	
5. Finished goods			388,444			416,222	
6. Other inventories			158,907			142,866	
7. Deferred tax assets			106,286			140,386	
8. Other current assets			263,477			322,972	
9. Allowance for doubtful receivables	※3		△ 24,187			△ 31,895	
Total current assets			2,824,563	43.2		3,039,943	47.1
Ⅱ Fixed assets							
1. Property, plant and equipment	※1 ※3						
(1) Buildings and structures			642,795			589,452	
(2) Machinery, equipment and vehicles	※2		1,049,282			1,114,900	
(3) Land			866,318			798,767	
(4) Construction in progress			76,023			69,976	
(5) Other			213,586			208,625	
Total property, plant and equipment			2,848,004	43.5		2,781,720	43.1
2. Intangible fixed assets			45,104	0.7		36,358	0.6
3. Investments and other assets							
(1) Investment securities	※3 ※5		218,814			312,896	
(2) Long-term loans receivable			42,340			43,182	
(3) Deferred tax assets			27,792			132,154	
(4) Other assets			190,343			120,212	
(5) Allowance for doubtful receivables			△ 21,302			△ 18,444	
Total investments and other assets			457,987	7.0		590,000	9.1
Total fixed assets			3,351,095	51.2		3,408,078	52.8
Ⅲ Deferred charges							
Discounts on bonds			-			3,222	
Total deferred charges			-	-		3,222	0.1
Ⅳ Translation adjustments			365,526	5.6		-	-
Total assets			6,541,184	100.0		6,451,243	100.0

(Millions of yen)

Accounts / Fiscal year	Prior fiscal year (As of March 31, 2000) Amounts	Ratio	Current fiscal year (As of March 31, 2001) Amounts	Ratio
Liabilities		%		%
Ⅰ Current liabilities				
1. Trade notes and accounts payable ※4	610,444		600,936	
2. Short-term borrowings and import bills payable ※3	843,827		703,599	
3. Current portion of long-term borrowings ※3	275,470		475,935	
4. Current portion of bonds	197,263		249,982	
5. Accrued expenses	338,731		347,725	
6. Deferred tax liabilities	-		387	
7. Other current liabilities	715,211		732,242	
Total current liabilities	2,980,946	45.6	3,110,806	48.2
Ⅱ Long-term liabilities				
1. Bonds and debentures	909,939		699,436	
2. Long-term borrowings ※3	745,671		703,111	
3. Long-term accrued pension cost	222,981		-	
4. Deferred tax liabilities	166,345		169,768	
5. Accrual for warranty costs	152,342		154,557	
6. Accrual for losses on business restructuring	164,590		74,531	
7. Accrued retirement allowances	127,325		-	
8. Accrued retirement benefits	-		400,713	
9. Other long-term liabilities	81,699		101,205	
Total long-term liabilities	2,570,892	39.3	2,303,321	35.7
Total liabilities	5,551,838	84.9	5,414,127	83.9
Minority interests				
Minority interests	59,990	0.9	79,177	1.3
Shareholders' equity				
Ⅰ Common stock	496,605	7.6	496,606	7.7
Ⅱ Additional paid-in capital	690,262	10.5	690,262	10.7
Ⅲ Consolidated retained earnings ※6	-	-	87,626	1.3
Ⅳ Consolidated deficit ※7	237,301	△3.6	-	-
Ⅴ Unrealized holding gain on securities	-	-	1,438	0.0
Ⅵ Translation adjustments	-	-	△ 316,481	△4.9
Ⅶ Treasury stock	△ 4	△0.0	△ 9	△0.0
Ⅷ Stock of parent company held by subsidiaries	△ 20,206	△0.3	△ 1,503	△0.0
Total shareholders' equity	929,356	14.2	957,939	14.8
Total liabilities, minority interests and shareholders' equity	6,541,184	100.0	6,451,243	100.0

② Consolidated Statements of Operations and Retained Earnings (Million of yen)

Accounts / Fiscal year	Prior fiscal year (From April 1, 1999 To March 31, 2000) Amounts		Ratio	Current fiscal year (From April 1, 2000 To March 31, 2001) Amounts		Ratio
			%			%
Ⅰ Net sales		5,977,075	100.0		6,089,620	100.0
Ⅱ Cost of sales ※1		4,570,243	76.5		4,634,039	76.1
Gross profit before adjustment of income from installment sales		1,406,832	23.5		1,455,581	23.9
Ⅲ Adjustment of income from installment sales						
1. Income from installment sales - deferred	△ 612			△ 486		
2. Income from installment sales - realized	2,622	2,010	0.1	745	259	0.0
Gross profit		1,408,842	23.6		1,455,840	23.9
Ⅳ Selling, general and administrative expenses ※1						
1. Freight and transportation	112,168			88,771		
2. Advertising expenses	165,228			160,196		
3. Service costs	6,929			9,168		
4. Provision for accrual for warranty costs	30,828			27,121		
5. Other selling expenses	348,001			281,341		
6. Salaries and wages	436,324			388,379		
7. Provision for accrued retirement allowances	15,145			-		
8. Retirement benefit expenses	-			30,028		
9. Supplies	9,476			9,445		
10. Depreciation	60,289			51,951		
11. Provision for doubtful receivables	6,505			6,740		
12. Amortization of excess of cost over net assets acquired	4,112			1,114		
13. Other	131,272	1,326,277	22.2	111,272	1,165,526	19.1
Operating income		82,565	1.4		290,314	4.8
Ⅴ Non-operating income						
1. Interest income	9,712			7,692		
2. Dividend income	3,703			3,447		
3. Gain on sales of securities	14,338			38,599		
4. Equity in earnings of affiliates	-			9,239		
5. Revaluation gain arising from general price-level accounting	18,044			1,119		
6. Miscellaneous income	16,110	61,907	1.0	28,568	88,664	1.4
Ⅵ Non-operating expenses						
1. Interest expense	73,979			42,241		
2. Exchange loss	8,611			2,797		
3. Equity in losses of affiliates	19,033			-		
4. Amortization of net retirement benefit obligation at transition	-			24,729		
5. Miscellaneous expenses	44,491	146,114	2.4	26,902	96,669	1.6
Ordinary income		-	-		282,309	4.6
Ordinary loss		1,642	0.0		-	-

(Millions of yen)

Accounts \ Fiscal year	Prior fiscal year (From April 1, 1999 To March 31, 2000)			Current fiscal year (From April 1, 2000 To March 31, 2001)		
	Amounts		Ratio	Amounts		Ratio
			%			%
Ⅶ Special gains						
1. Gain on sales of property, plant and equipment ※2	321			55,497		
2. Gain on sales of investments in unconsolidated subsidiaries and affiliates	27,715			-		
3. Gain on sales of investment securities	-			26,444		
4. Prior period adjustments	2,480			3,173		
5. Other	8,106	38,622	0.6	3,050	88,164	1.5
Ⅷ Special losses						
1. Loss on disposal of property, plant and equipment	26,256			16,730		
2. Prior period adjustments	169			772		
3. Write-down of investments and receivables	51,668			16,378		
4. Amortization of prior service cost	275,876			-		
5. Accrual for warranty costs	48,493			-		
6. Provision for accrual for losses on business restructuring ※3	232,692			-		
7. Other	114,480	749,634	12.5	46,895	80,775	1.3
Income before income taxes and minority interests		-	-		289,698	4.8
Loss before income taxes and minority interests		712,654	△11.9		-	-
Corporate, inhabitants' and enterprise taxes	40,503			68,105		
Income taxes deferred	△ 30,589	9,914	△0.1	△ 130,637	△ 62,532	1.0
Income applicable to minority interests		-	-		21,155	△0.4
Loss applicable to minority interests		38,205	0.6		-	-
Net income		-	-		331,075	5.4
Net loss		684,363	△11.4		-	-
Ⅸ Consolidated retained earnings						
1. Consolidated retained earnings at beginning of year						
Balance of consolidated retained earnings at beginning of the year	653,433					
Cumulative effect of adoption of the tax-effect accounting	△ 98,568	554,865			-	
2. Consolidated deficit at beginning of year		-			237,301	
3. Increase in consolidated retained earnings ※4		-			4,477	
4. Decrease in consolidated retained earnings						
Bonuses to directors and corporate auditors	141			131		
(Bonuses to corporate auditors included)	(43)			(20)		
Other ※5	107,662	107,803		10,494	10,625	
Consolidated retained earnings at end of year		-			87,626	
Consolidated deficit at end of the year		237,301			-	

③ Consolidated Statements of Cash Flows (Millions of yen)

Accounts \ Fiscal year	Prior fiscal year (From April 1, 1999 To March 31, 2000) Amounts	Current fiscal year (From April 1, 2000 To March 31, 2001) Amounts
Ⅰ Cash flows from operating activities		
Income before income taxes and minority interests	-	289,698
Loss before income taxes and minority interests	712,654	-
Depreciation and amortization (excluding leased vehicles)	258,591	227,046
Depreciation and amortization on leased vehicles	175,962	133,145
Increase in allowance for doubtful receivables	26,561	17,320
Unrealized loss on investments	29,827	14,152
Unrealized loss on leased vehicles in the United States (to be realized in future periods)	26,706	7,619
Interest and dividend income	△ 13,415	△ 11,139
Interest expense	119,176	108,188
Loss (gain) on sales of property, plant and equipment	831	△ 55,497
Loss on disposal of property, plant and equipment	29,682	16,730
Gain on sales of securities and investment securities	△ 42,053	△ 65,043
Decrease (increase) in trade notes and accounts receivable	41,536	△ 100,533
Increase in sales finance receivables	-	△ 389,555
Decrease in inventories	43,146	16,633
(Decrease) increase in trade notes and account payable	△ 40,814	24,476
Amortization of prior service cost of pension plans	222,981	-
Amortization of net retirement benefit obligation at transition	-	24,729
Retirement benefit expenses	-	62,075
Retirement benefit payments made against related accrual	-	△ 67,351
Losses on business restructuring	164,590	-
Payments of business restructuring cost made against related accrual	-	△ 28,035
Other	100,751	△ 6,837
Subtotal	431,404	217,821
Interest and dividends received	11,569	8,024
Interest paid	△ 121,607	△ 109,206
Income taxes paid	△ 29,275	△ 43,388
Net cash provided by operating activities	292,091	73,251
Ⅱ Cash flows from investing activities		
Net decrease in short-term investments	57,540	3,690
Purchase of property, plant and equipment	△ 238,347	△ 197,216
Proceeds from sales of property, plant and equipment	85,859	98,692
Increase in leased assets	△ 153,793	△ 170,146
Decrease in long-term loans receivable	5,269	9,831
Increase in long-term loans receivable	△ 7,439	△ 2,280
Purchase of investment securities	△ 25,682	△ 9,294
Proceeds from sales of investment securities	57,825	177,731
Proceeds from sales of subsidiaries' stock resulting in changes in the scope of consolidation	40,779	10,331
Additional acquisition of shares of consolidated subsidiaries	△ 10,237	△ 2,568
Proceeds from sales of business	-	40,379
Other	7,814	25,265
Net cash used in investing activities	△ 180,412	△ 15,585
Ⅲ Cash flows from financing activities		
Net decrease in short-term borrowings	△ 831,150	△ 16,403
Increase in long-term borrowings	213,909	248,298
Increase in bonds	295,313	50,000
Repayment or redemption of long-term debt	△ 563,055	△ 555,045
Proceeds from issuance of new shares of common stock	585,700	-
Proceeds from sales of treasury stock	-	25,975
Repayment of lease obligations	△ 18,460	△ 15,919
Cash dividends paid	△ 340	-
Net cash used in financing activities	△ 318,083	△ 263,094
Ⅳ Effects of exchange rate changes on cash and cash equivalents	△ 30,567	7,155
Ⅴ Decrease in cash and cash equivalents	△ 236,971	△ 198,273
Ⅵ Cash and cash equivalents at beginning of the year	695,265	490,708
Ⅶ Increase due to inclusion in consolidation	33,668	564
Ⅷ Decrease due to exclusion from consolidation	△ 1,254	△ 4,463
Ⅸ Cash and cash equivalents at end of the year	490,708	288,536

Significant accounting policies

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
1. Scope of consolidation (1) Number of consolidated companies 342 • Domestic companies 244 Sales companies for vehicles and parts: Aichi Nissan Motor, Yokohama Nissan Motor, Nissan Satio Tokyo, Nissan Prince Tokyo Motor Sales, Nissan Parts Tokyo Sales and 199 other sales companies Manufacturing companies for vehicles and parts: Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO TransTechnology Ltd., and 3 others Logistics and services companies: Nissan Trading Co., Ltd., Nissan Car Lease Co., Ltd., Nissan Altia Co., Ltd., Vantec Co., Ltd., and other 30 companies • Foreign companies 98 Nissan North America, Inc., Nissan Europe N.V., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 94 other companies Four newly established subsidiaries including Nissan Holdings (UK) Ltd. are consolidated. In accordance with the revised accounting standard for consolidation, the companies for which the equity method was applied in the prior year such as Nissan Shatai Co., Ltd., Automakers (Pty) Ltd. and 43 other companies controlled effectively by the Company are now consolidated. 108 companies not consolidated in the prior year such as Guam Nissan Motor are consolidated as well. 9 companies such as Fukuoka Nissan Motor Co., Ltd. merged with other subsidiaries, 4 foreign sales finance companies such as Nissan Sales Finance Deutschland GmbH and 3 other companies such as Sendai Nissan Motor Co., Ltd. were sold and became nonrelated parties, and consequently, have been excluded from consolidation. (2) Unconsolidated subsidiaries 277 • Domestic companies 226 Rhythm Kyushu Co., Ltd., Nissan Tokyo Forklift Sales Co., Ltd., and others • Foreign companies 51 Nissan Trading L.A.S.A. and others These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.	1. Scope of consolidation (1) Number of consolidated companies 313 • Domestic companies 229 Sales companies for vehicles and parts: Aichi Nissan Motor, Yokohama Nissan Motor, Nissan Satio Tokyo, Nissan Prince Tokyo Motor Sales, Nissan Parts Tokyo Kanagawa Sales and 196 other sales companies Manufacturing companies for vehicles and parts: Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO TransTechnology Ltd., and 3 others Logistics and services companies: Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Nissan Altia Co., Ltd., and other 19 companies • Foreign companies 84 Nissan North America, Inc., Nissan Europe N.V., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and other 80 companies 3 newly established subsidiaries, including Nissan Business Center Gifu Co., Ltd., have been consolidated. 7 companies for which the equity method was applied in the prior year such as Nissan Tokyo Forklift Sales Co., Ltd. and 2 other companies for which the cost method was applied are consolidated because their importance has increased. 9 companies such as Nissan Car Lease Co., Ltd. merged with other subsidiaries, 17 companies such as Nissan Communication System Co., Ltd. were liquidated. 15 companies such as Vantec Co., Ltd. and Nissan Motor Switzerland were sold and became nonrelated parties, and consequently, have been excluded from consolidation. (2) Unconsolidated subsidiaries 225 • Domestic companies 181 Nissan Marine Co., Ltd., Rhythm Kyushu Co., Ltd., and others • Foreign companies 44 Nissan Trading L.A.S.A. and others These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.
2. Equity method (1) Companies accounted for by the equity method 73 • Unconsolidated subsidiaries 28 (14 domestic and 14 foreign companies) Nissan Forklift Tokyo Sales Co., Ltd., Nissan Trading L.A.S.A. and others In accordance with the revised standard for consolidation, effective this fiscal year, Distribution & Auto Service Co., Ltd. and 1 other company have been accounted for by the equity method, and Nissan Parts Kumamoto Co., Ltd. formerly accounted for by the equity method is now fully consolidated. Nissan Trading L.A.S.A. and 4 other companies are accounted for by the equity method from this year. Nissan Guam and 26 companies formerly accounted for by the equity method are now fully consolidated. Faina Research Co., Ltd. was merged with another subsidiary. Nissan Insurance GmbH is excluded from consolidation as Nissan Sales Finance Deutschland GmbH became a nonrelated party. • Affiliates 45 (37 domestic and 8 foreign companies) Nissan Diesel Motor Co., Ltd., Kiryu Machine Co., Ltd. and others Osaka Nissan Jidousha Co., Ltd. and 13 other companies formerly stated at cost are now being accounted for by the equity method. The equity method is applied to Nissan Satio Yamanashi over which the Company has significant influence.	2. Equity method (1) Companies accounted for by the equity method 54 • Unconsolidated subsidiaries 17 (6 domestic and 11 foreign companies) Nissan Marine Co., Ltd., Nissan Trading L.A.S.A. and others In accordance with the revised standard for consolidation, Nissan Parts Yamanashi Sales Co., Ltd., Nissan Forklift Tokyo Sales Co., Ltd. and 6 other companies formerly accounted for by the equity method have become unconsolidated subsidiaries. Nissan Forklift Kyoji Sales Co., Ltd. merged, and Aqualandia Co., Lt. and 1 other company were liquidated. Nissan Auto Handles and 1 other company are excluded from consolidation as Nissan Motor Switzerland became a nonrelated party. • Affiliates 37 (29 domestic and 8 foreign companies) Nissan Diesel Motor Co., Ltd., Kiryu Machine Co., Ltd. and others Nissan Parts Gunma Sales Co., Ltd., established in the prior year as an affiliated company, has been accounted for by the equity method. Ismac Nissan Manufacturing is also accounted for by the equity method as its importance has become greater.

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
Nissan Shatai Co., Ltd., Automakers (Pty) Ltd. and 4 other companies formerly accounted for by the equity method are fully consolidated effective this year as the Company effectively controls them. Distribution & Auto Services is accounted for by the equity method as the Company has significant influence on it. Tu-ka Cellular Tokyo and 11 other companies which were sold, and Industria de Asiento Superior, S.A. de C.V. of which the Company's interests decreased following its capital increase have been excluded from the scope of consolidation. (2) Companies not accounted for by the equity method 302 • Unconsolidated subsidiaries Rhythm Kyushu Co., Ltd. and others 249 • Affiliates Alfa Co., Ltd. and others 53 These companies are not accounted for by the equity method as their impact is not significant on the consolidated net income or loss and consolidated retained earnings. (3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.	Cansei, which was merged, and Ikeda Bussan and 7 other companies which were sold have been excluded from the scope of consolidation. These companies were accounted for by the equity method until the prior fiscal year. (2) Companies not accounted for by the equity method 251 • Unconsolidated subsidiaries Rhythm Kyushu Co., Ltd. and others 208 • Affiliates Nihon Kikaki Seisakusho Co., Ltd. and others 43 These companies are not accounted for by the equity method as their impact is not significant on the consolidated net income or loss and consolidated retained earnings. (3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.
3. Accounting period of consolidated sbsidiaries (1) The following consolidated companies close their books of account at: December 31: Nissan Mexicana, S.A. de C.A. Nissan Europe N.V. and its 22 subsidiaries Nissan Holding (UK) Ltd. and its 4 subsidiaries Nissan Forklift Europe B.V. Nissan Forklift Espagna S.A. Nissan Forklift Co., North America Nissan Trading Europe Nissan Trading America Automakers (Pty) Ltd. and its 28 subsidiaries January 31: Yokohama Marinos Co., Ltd. (2) The necessary adjustments are made to the financial statements of these companies to reflect any significant transactions. (3) Nissan Finance Co., Ltd. changed its closing date from February 28 to March 31 and the accounting period is 13 months this year.	3. Accounting period of consolidated sbsidiaries (1) The following consolidated companies close their books of account at: December 31: Nissan Mexicana, S.A. de C.A. Nissan Europe N.V. and its 20 subsidiaries Nissan Holding (UK) Ltd. and its 4 subsidiaries Nissan Forklift Europe B.V. Nissan Forklift Espagna S.A. Nissan Forklift Co., North America Nissan Trading Europe Nissan Trading America and its 2 subsidiaries Automakers (Pty) Ltd. and its 14 subsidiaries January 31: Yokohama Marinos Co., Ltd. (2) The necessary adjustments are made to the financial statements of these companies to reflect any significant transactions.
4. Significant accounting policies (1) Valuation methods for assets ① Securities Marketable securities are stated principally at the lower of cost or market, cost being determined by the moving average method. Securities other than marketable securities are stated at cost determined by the moving average method. ② Finished goods Finished goods are stated principally at the lower of cost or market, cost being determined by the average method. ③ Other inventories Work in process and purchased parts included in raw materials are principally stated at the lower of cost or market, cost being determined by the average method. Raw materials except for purchased parts and supplies are principally stated at lower of cost or market, cost being determined by the last-in, first-out method.	4. Significant accounting policies (1) Valuation methods for assets ① Securities Held-to-maturity securities ....Held-to maturity securities are stated at amortized cost Other securities Marketable securities ....Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Costs of securities sold is calculated by the moving average method. Non-marketable securities.....Non-marketable securities classified as other securities are carried at cost determined by the moving average method. ② Derivatives Derivatives are carried at fair value except for forward foreign exchange contracts entered in order to hedge receivables and payables denominated in foreign currencies. ③ Finished goods Same as prior year ④ Other inventories Same as prior year

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
(2) Depreciation of property, plant and equipment Depreciation of property, plant and equipment is calculated principally by the declining-balance method as prescribed by the Corporation Tax Law except for buildings (excluding building improvements) acquired after April 1, 1998 on which depreciation is calculated by the straight-line method.	(2) Depreciation of property, plant and equipment Depreciation of property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company.
	(3) Allowance for doubtful accounts Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty.
(3) Accrual for warranty costs Accrual for warranty is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.	(4) Accrual for warranty costs Same as prior year.
(4) Accrual for losses on business restructuring Accrual for losses on business restructuring is provided to cover the costs reasonably estimated to be incurred for business restructuring based on the Nissan Revival Plan.	(5) Accrual for losses on business restructuring Same as prior year.
(5) Accrued retirement allowances Accrued retirement allowances is provided to cover the retirement benefits to be paid based on the retirement plans as follows: A portion of the retirement benefits are substituted by the pension plans. Provision .... Provision is made for the difference between the amount required to be paid if all eligible employees voluntarily terminated their employment at the prior year end and that at current year end (except for the part substituted by the pension plans). Reversal........... Reversal is made at year represents the amount provided at prior year end for the employees who retired current year (except for the part covered by the pension plans). Balance............ The balance represents the amount required to be paid if all eligible employees voluntarily terminated their employment at each year end (except for the portion covered by the pension plans).	
	(6) Accrued retirement benefits Accrued retirement benefits are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year. The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.
	(7) Foreign currency translation Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statement of operations. The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Translation adjustments are presented as a separate component of shareholders' equity.
(6) Leases Noncancelable lease transactions are primarily accounted for as operating leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.	(8) Leases Same as prior year.

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
(7) Accounting for consumption tax Transactions subject to consumption tax, are recorded at amounts exclusive of consumption tax. (8) Accounting policies adopted by foreign consolidated subsidiaries The financial statements of the Company's subsidiary in Mexico have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in Mexico in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in retained earnings.	(9) Hedge accounting ①Hedge accounting Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred. When forward foreign exchange contracts and other derivatives transactions are entered into in order to hedge receivables and payables denominated in foreign currencies, such receivables and payables are recorded at the contract rates. ②Hedging instruments and hedged items ・ Hedging instruments···Derivative transactions ・ Hedged items···Hedged items are subject to the risk of loss as a result of market fluctuation and such changes are not reflected in their valuation ③Hedging policy It is the Company's policy that all transactions denominated in foreign currencies are to be hedged. ④Assessment of hedge effectiveness Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the hedged items. ⑤Risk management policy with respect to hedge accounting The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management." (10) Accounting for consumption tax Same as prior fiscal year. (11) Accounting policies adopted by foreign consolidated subsidiaries Same as prior fiscal year.
5. Valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value.	5. Valuation of assets and liabilities of consolidated subsidiaries Same as prior fiscal year.
6. Amortization of differences between cost and underlying net equity at fair value Differences, not significant in amount, between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies accounted for by the equity method have been charged or credited to income in the year of acquisition.	6. Amortization of differences between cost and underlying net equity at fair value Same as prior fiscal year.
7. Appropriation of retained earnings The appropriation of retained earnings is reflected in each fiscal year when such appropriation is made by resolution of the shareholders.	7. Appropriation of retained earnings Same as prior fiscal year.
8. Cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.	8. Cash and cash equivalents in the consolidated statements of cash flows Same as prior fiscal year.

Changes in accounting policies

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
(Accounting for accrued warranty costs) Until the year ended March 31, 1999, the Company and its domestic consolidated subsidiaries provided an accrual for warranty costs to cover the cost of services for the following fiscal year in order to fulfill their liability under the terms of their warranty contracts and based on their historical experience. This method of provision was in accordance with the Corporation Tax Law. Effective April 1, 1999, the Company and its domestic consolidated subsidiaries changed their method of accounting for warranty costs to provide an accrual to cover the cost of all services anticipated to be incurred during the entire warranty period (ranging from 3 to 5 years) in order to achieve a better matching of revenue and expenses and to establish a solid financial position, considering the increasing differences between the requirements of the Corporation Tax Law and existing conditions, as well as from a more long-term and international point of view. The cumulative effect of this change amounted to ¥48,493 million as of April 1, 1999 and was recorded as a special loss for the year ended March 31, 2000. The effect of this change in method of accounting was to increase operating income by ¥14,446 million and decrease ordinary loss by the same amount, and to increase loss before income taxes and minority interests and net loss by ¥34,047 million for the year ended March 31, 2000. Until the year ended March 31, 1999, accrued warranty costs were presented as a current liability; however, accrued warranty costs as of March 31, 2000 have been presented as a noncurrent liability. (Accounting for prior service cost for the tax-qualified pension plans pension and the welfare pension fund plans) Effective April 1, 1999, the Company and certain consolidated subsidiaries changed their method of accounting for prior service cost for the tax-qualified pension plans (TQP) and the government-sponsored welfare pension fund plans (WPF) from expensing such cost upon payment, to recognizing this as expense when actuarially determined or when payments become liable. This change was made in order to establish a solid financial position, considering the fact that the materiality of the unfunded prior service cost of the TQP increased due to the low rate of return on the pension assets and as the funding of the WPF did not reach the minimum level of funding required at March 31, 1999. In addition, certain consolidated subsidiaries changed their method of accounting for retirement allowances to provide an accrual at 100% of the amount which would be required to be paid if all employees voluntarily terminated their employment at the balance sheet date instead of providing an accrual at 40% of such amount in order to conform their accounting policies to that of the parent company. The cumulative effect of these changes amounted to ¥275,876 million at April 1, 1999 and was recorded as a special loss for the year ended March 31, 2000. The effect of these changes in method of accounting for the year ended March 31, 2000 was to increase operating income by ¥14,230 million, decrease ordinary loss by the same amount, to increase loss before income taxes and minority interests by ¥261,646 million, to decrease income tax expense by ¥14,057 million and to increase minority interests by ¥13,930 million and net loss by ¥233,659 million. (Effect of the above changes on segment information) In connection with the above changes, operating expenses for “Japan” in the geographical segment information decreased by ¥14,446 million and operating income increased by the same amount as a result of the change in the method of accounting for warranty costs. Operating expenses for “Japan” in the geographical segment information decreased by ¥14,230 million and operating income increased by the same amount as a result of the change in the method of accounting for prior service cost.	(Method of depreciation of property, plant and equipment) Until the year ended March 31, 2000, depreciation of property, plant and equipment was calculated by the declining-balance method at the rates prescribed in the Corporation Tax Law except for buildings (excluding building improvements) acquired after April 1, 1998 on which depreciation was calculated by the straight-line method. Effective April 1, 2000, the Company changed its method of depreciation of property, plant and equipment to the straight-line method. This change was made in order to achieve a better matching of revenue and expenses and recoup a portion of the investments in property, plant and equipment equally over the period by calculating depreciation on a straight-line basis considering recent changes in the business environment in which production levels are expected to stabilize due to the consolidation of production facilities, the reduction in the number of platforms and the sharing of platforms, and to achieve consistency with international accounting practices in this area. The Company also changed the useful lives and the residual value of property, plant and equipment to estimated useful lives and an estimated economic residual value (¥1 per item) determined by the Company. The effect of these accounting changes was to decrease depreciation expense by ¥29,804 million and to increase operating income by ¥28,672 million and ordinary income and income before income taxes and minority interests by ¥29,052 million for the year ended March 31, 2001. The effect of these changes on segment information is explained in the notes to the segment information.

(Supplemental information)

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
(Consolidated balance sheet) (1) Software Software, which had been included in "Other assets" in "Investments and other assets" until the year ended March 31, 1999, was accounted for by the same method as in the prior year in accordance with the transitional provision in "Practical Guidance for Accounting for Research and Development Costs, and Software Costs (Accounting Committee Report No. 12)" issued by the Accounting Committee of the Japanese Institute of Certified Public Accountants on March 31, 1999. However, "Software" which had previously been included in "Other assets" in "Investments and other assets" was reclassified to "Intangible assets" as of this year end. The amortization of software is calculated by the straight-line method over an estimated useful life of 5 years. The effect of this change was to increase intangible assets by ¥8,163 million and to decrease investments and other assets by the same amount as of March 31, 2000. (2) Tax-effect accounting Due to changes in the "Regulations for Consolidated Financial Statements," the Company and its consolidated subsidiaries fully adopted tax-effect accounting effective April 1, 1999. The effect of this change in method of accounting was to increase deferred tax assets and liabilities by ¥14,736 million and ¥63,343 million, respectively, and to increase consolidated deficit by ¥64,330 million as of March 31, 2000 and to decrease net loss by ¥34,238 million for the year ended March 31, 2000.	(Consolidated balance sheet) (1) Accounting for employees' retirement benefits Effective April 1, 2000, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for employees' retirement benefits ("Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits" issued by the Business Accounting Deliberation Council on June 16, 1998). The effect of the adoption of this standard for retirement benefits was to increase retirement benefit expenses (operating expenses) by ¥10,423 million and to decrease ordinary income by ¥35,042 million for the year ended March 31, 2001 as a result of amortization of the net retirement benefit obligation at transition of ¥24,729 million (a non-operating expense), which is being amortized over 15 years by the straight-line method. Accrued retirement allowances and long-term accrued pension cost related to prior service cost of the pension plan have been included in accrued retirement benefits as of March 31, 2001. (2) Accounting for financial instruments Effective April 1, 2000, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for financial instruments ("Opinion Concerning the Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999) and changed their methods of accounting for securities, derivative financial instruments and discounts on bonds. The aggregate effect of these changes was to increase ordinary income by ¥19,889 million for the year ended March 31, 2001. Securities classified as other securities were reclassified to investment securities as of April 1, 2000. As a result, securities in current assets decreased by ¥232,250 million and investment securities in noncurrent assets increased by the same amount as of April 1, 2000. (3) Accounting for foreign currency translation Effective April 1, 2000, the Company and its domestic consolidated subsidiaries adopted a revised accounting standard for foreign currency translation ("Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation" issued by the Business Accounting Deliberation Council on October 22, 1999). The effect of the adoption on the consolidated operating results was immaterial for the year ended March 31, 2001. Due to a revision to the "Regulations for Consolidated Financial Statements," the Company has presented translation adjustments, which had previously been reported as a component of assets or liabilities, as a component of shareholders' equity in its consolidated financial statements for the year ended March 31, 2001.

(Changes in presentations)

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
	(Consolidated balance sheet) Effective the year ended March 31, 2001, the Company has combined "gain on sales of investments in unconsolidated subsidiaries and affiliates" with "gain on sales of investment securities" and has presented them together as "gain on sales of investment securities." "Gain on sales of investment securities" for the year ended March 31, 2001 includes gain on sales of investments in unconsolidated subsidiaries and affiliates in the aggregate of ¥20,727 million. (Consolidated statement of cash flows) Effective the year ended March 31, 2001, the Company has disclosed "increase in sales finance receivables" (a decrease of ¥8,400 million in the prior fiscal year) separately because of its materiality. This item had previously been disclosed as "Other" in "Cash flows from operating activities."

Notes to consolidated financial statements

(For consolidated balance sheets)

(Millions of yen)

Prior fiscal year (As of March 31, 2000)	Current fiscal year (As of March 31, 2001)
1. ※1 Accumulated depreciation of property, plant and equipment ¥3,370,433	1. ※1 Accumulated depreciation of property, plant and equipment ¥3,309,486
2. ※2 Machinery, equipment and vehicles included certain items in the amount of ¥600,287 million leased to others under lease agreements.	2. ※2 Machinery, equipment and vehicles included certain items in the amount of ¥701,982 million leased to others under lease agreements.
3. ※3 These assets included the following assets pledged as collateral:	3. ※3 These assets included the following assets pledged as collateral:

Prior fiscal year (As of March 31, 2000)

(1) Assets pledged as collateral:

Cash in banks	¥ 53
Notes and accounts receivable	3,397
Sales finance receivables	319,954
Other current assets	5,228
Property, plant and equipment	384,702
Investment securities	3,457
Total	¥716,791

(2) Liabilities secured by the above collateral:

Short-term borrowings	¥342,777
Long-term borrowings (including the current portion)	376,613
Total	¥719,390

In addition to the above, trade loans receivable and receivables relating to leased assets totaling ¥29,174 million, which were not reflected in the accompanying consolidated balance sheet, were pledged as collateral for long-term borrowings of ¥25,282 million. Investment securities totaling ¥8,153 million were pledged as collateral for long-term borrowings of affiliates of ¥16,339 million, which were not reflected in the accompanying consolidated balance sheet.

Current fiscal year (As of March 31, 2001)

(1) Assets pledged as collateral:

Cash in banks	¥ 33
Note and accounts receivable	6,819
Sales financing receivables	669,630
Other current assets	3,345
Property, plant and equipment	386,306
Investment securities	3,091
Total	¥1,069,224

(2) Liabilities secured by the above collateral:

Short-term borrowings	¥351,359
Long-term borrowings (including the current portion)	641,157
Total	¥992,516

In addition to the above, investment securities totaling ¥8,526 million were pledged as collateral for long-term borrowings of affiliates of ¥16,515 million, which were not reflected in the accompanying consolidated balance sheet.

Prior fiscal year (As of March 31, 2000)	Current fiscal year (As of March 31, 2001)
4. Notes receivable discounted with banks outstanding as of March 31, 2000 ¥672	4. Notes receivable discounted with banks outstanding as of March 31, 2001 ¥663

5. Guarantees and others

Prior fiscal year (As of March 31, 2000)

(1) Guarantees

Guarantees	Balance of liabilities guaranteed	Description of liabilities guaranteed
Employees	¥205,018	Guarantees for employees' housing loans and others
Oosaki Shintoshin-Biru Co., Ltd. and 587 other companies	44,760	Guarantees for loans
Total	¥249,778	

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees	Descriptions of liabilities guaranteed
MONC LIBERIA, INC and 4 other companies	¥2,498	Commitments to provide guarantees for loans

(3) Letters of awareness

The Company provided letters of awareness to financial institutions regarding the indebtedness of the following companies:

Company covered	Liabilities covered
Nissan Diesel Motor Co., Ltd.	¥12,500
2 other companies	2,263
Total	¥14,763

(4) Letters of awareness regarding sales of trade receivables

Total trade receivables sold ¥66,348

(5) Outstanding balance of installment receivables sold with recourse ¥205

Current fiscal year (As of March 31, 2001)

(1) Guarantees

Guarantees	Balance of liabilities guaranteed	Description of liabilities guaranteed
Employees	¥195,731	Guarantees for employees' housing loans and others
Oosaki Shintoshin-Biru Co., Ltd. and 727 other companies	47,302	Guarantees for loans
Total	¥243,033	

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees	Descriptions of liabilities guarantees
MONC LIBERIA, INC and 4 other companies	¥3,908	Commitments to provide guarantees for loans

(3) Letters of awareness

The Company provided letters of awareness to financial institutions regarding the indebtedness of the following company:

Company covered	Liabilities covered
JATCO EUROPE GMBH	¥22

(4) Letters of awareness regarding sales of trade receivables

Total trade receivables sold ¥90,085

(5) Outstanding balance of installment receivables sold with recourse ¥230

(Millions of yen)

Prior fiscal year (As of March 31, 2000)	Current fiscal year (As of March 31, 2001)
	6. ※4 Balance of notes maturing on a holiday Notes maturing on the consolidated balance sheet date have been eliminated from the consolidated balance sheet as of the date on which the notes were actually settled. As March 31, 2001 was a holiday, the following notes maturing on March 31, 2001 have been included in the consolidated balance sheet: Notes receivable ¥3,733 Notes payable ¥5,084
6. Qualified pension plan (1) The Company instituted a qualified pension plan to replace 90% of the benefits under the retirement benefits plan for employees who have reached age 45 or more at retirement. (2) Funding period for prior service cost 14 years (3) The excess accrued retirement allowances are being reversed over a period which is shorter than the funding period of prior service cost and included in manufacturing costs and selling, general and administrative expenses. (4) Total plan assets as of the most recent date ¥264,166	
7. ※5 Investments in unconsolidated subsidiaries and affiliates Investments in stock of unconsolidated subsidiaries and affiliates ¥188,388	7. ※5 Investments in unconsolidated subsidiaries and affiliates Investments in stock of unconsolidated subsidiaries and affiliates ¥133,048 Investments in bonds issued by affiliates ¥5,000
8. ※7 Consolidated - deficit Revaluation adjustments resulting from general price-level accounting ¥2,294	8. ※6 Consolidated retained earnings Revaluation adjustments resulting from general price-level accounting ¥2,052

(For consolidated statements of income and retained earnings)

(Millions of yen)

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
1. ※1 Total research and development costs Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥238,622	1. ※1 Total research and development costs Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥231,672
	2. ※2 Gain on sales of property, plant and equipment primarily consisted of gain of ¥49,693 million on sales of land and buildings.
2. ※3 Losses on business restructuring primarily consisted of estimated losses on plant closures of ¥69,411 million (including loss on disposal of fixed assets) resulting from the consolidation of production facilities, additional retirement benefits of ¥60,061 million in connection with the expansion of early retirement plans at the domestic subsidiaries, estimated loss on restructuring of dealer network of ¥27,113 million and loss on European business restructuring of ¥28,351 million.	
	3. ※4 Increases in consolidated retained earnings included the following: (1) Revaluation reserve resulting from general price-level accounting recognized by a Mexican consolidated subsidiary 4,346 (2) Increase due to reduction in number of companies accounted for by the equity method 131 Total 4,477
3. ※5 Other decreases in consolidated retained earnings (1) Revaluation reserve resulting from general price-level accounting recognized by a Mexican consolidated subsidiary 13,432 (2) Decrease due to changes in number of consolidated subsidiaries 82,903 (3) Decrease due to changes in number of companies accounted for by the equity method 8,416 (4) Other 2,911 Total 107,662	4. ※5 Other decreases in consolidated retained earnings (1) Decrease due to reduction in number of consolidated subsidiaries 208 (2) Decrease due to reduction in number of companies accounted for by the equity method and others 10,286 Total 10,494

(For consolidated statements of cash flows)

(Millions of yen)

Prior fiscal year (From April 1, 1999 To March 31, 2000)

1. Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows:

As of March 31, 2000:

Cash on hand and in banks	¥483,473
Time deposits with maturities of more than three months	△19,806
Cash and cash equivalents included in securities (*)	27,041
Cash and cash equivalents	¥490,708

* These include commercial paper, securities sold with repurchase agreements, government and corporate bonds investment trusts and others.

2. Summary of assets and liabilities of companies excluded from consolidation following the sale of their stock

The following is a summary of the transferred assets and liabilities, the relevant selling prices and the net cash inflows from sales of stock of Sendai Nissan Motor Co., Ltd., Ehime Nissan Motor Co., Ltd., and 5 European sales finance companies (in Germany, the United Kingdom, Spain, Italy, and the Netherlands):

Current assets	¥278,797
Fixed assets	49,181
Gain on sales of subsidiaries' stock	9,459
Current liabilities	△ 195,676
Long-term liabilities	△ 99,799
Proceeds from sales of stock	41,962
Cash and cash equivalents held by subsidiaries	△ 1,183
Net proceeds	¥40,779

3. Description of significant non-cash transactions

Assets and liabilities recorded under finance leases for the year ended March 31, 2000 amounted to ¥4,613 million.

Current fiscal year (From April 1, 2000 To March 31, 2001)

1. Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows:

As of March 31, 2001:

Cash on hand and in banks	¥288,970
Time deposits with maturities of more than three months	△ 1,853
Cash and cash equivalents included in marketable securities (*)	1,419
Cash and cash equivalents	¥288,536

* These include government and corporate bonds investment trust and others.

2. Summary of assets and liabilities of companies excluded from consolidation following the sale of their stock

The following is a summary of the transferred assets and liabilities, the relevant selling prices and the net cash inflows from sales of stock of Satio Yamagata Co., Ltd., and 13 other companies:

Current assets	¥41,441
Fixed assets	40,385
Gain on sales of subsidiaries' stock	4,254
Current liabilities	△ 46,563
Long-term liabilities	△ 12,596
Minority interests in consolidated subsidiaries	△ 3,360
Proceeds from sales of stock	23,561
Cash and cash equivalents held by subsidiaries	△ 13,230
Net proceeds	¥10,331

3. Summary of assets and liabilities excluded following the sales of certain businesses:

The following is a summary of the transferred assets and liabilities, the relevant selling prices and the net cash inflows from sales of certain businesses:

Current assets	¥26,325
Fixed assets	33,700
Gain on sales of tangible fixed assets	6,856
Current liabilities	△ 12,346
Long-term liabilities	△ 3,625
Accrual for losses on business restructuring	△ 10,522
Proceeds from sales of businesses	40,388
Cash and cash equivalents	△9
Net proceeds	¥40,379

(For lease transactions)

(Millions of yen)

Prior fiscal year (From April 1, 1999 To March 31, 2000)

(Lessees' accounting)

1. Finance lease transactions except for those lease agreements which stipulate the transfer of ownership of the leased assets to the lessee

(1)The pro forma amounts of the acquisition costs, accumulated depreciation and net book value of the leased assets were as follows:

	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 75,338	¥ 39,200	¥ 36,138
Others	175,213	82,722	92,491
Total	¥250,551	¥121,922	¥128,629

(2)Future minimum lease payments subsequent to March 31, 2000 are summarized as follows:

Due in one year or less	¥ 49,431
Due after one year	81,709
Total	¥131,140

(3)Lease payments, depreciation of leased assets and the interest portion included in the lease payments are shown below:

Lease payments	¥57,882
Depreciation	53,532
Interest	3,756

(4)Method of calculation of depreciation

Depreciation of leased assets is calculated by the straight-line method over the respective lease terms with the residual value of zero.

(5)Method of calculation of interest portion

The interest portion included in the lease payments is calculated as the difference between the aggregate lease payments during the lease term and the relevant pro forma acquisition costs. Interest expense is allocated to each period by the interest method over each respective lease term.

2. Operating lease transactions

Future minimum lease payments subsequent to March 31, 2000 are summarized as follows:

Due in one year or less	¥ 4,538
Due after one year	19,174
Total	¥23,712

Current fiscal year (From April 1, 2000 To March 31, 2001)

(Lessees' accounting)

1. Finance lease transactions except for those lease agreements which stipulate the transfer of ownership of the leased assets to the lessee

(1)The pro forma amounts of the acquisition costs, accumulated depreciation and net book value of the leased assets were as follows:

	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 49,533	¥15,191	¥ 34,342
Others	150,443	79,713	70,730
Total	¥199,976	¥94,904	¥105,072

(2)Future minimum lease payments subsequent to March 31, 2001 are summarized as follows:

Due in one year or less	¥ 40,835
Due after one year	65,283
Total	¥106,118

(3)Lease payments, depreciation of leased assets and the interest portion included in the lease payments are shown below:

Lease payments	¥52,053
Depreciation	49,136
Interest	3,160

(4)Method of calculation of depreciation

Same as prior fiscal year

(5)Method of calculation of interest portion

Same as prior fiscal year

2. Operating lease transactions

Future minimum lease payments subsequent to March 31, 2001 are summarized as follows:

Due in one year or less	¥ 5,451
Due after one year	18,168
Total	¥23,619

(For lease transactions)　　　　(Millions of yen)

Prior fiscal year (From April 1, 1999 To March 31, 2000)

(Lessors' accounting)

1. Finance lease transactions except for those lease agreements which stipulate the transfer of ownership of the leased assets to the lessee

(1) The acquisition costs, accumulated depreciation and net book value of the leased assets were as follows:

	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥101,063	¥48,822	¥52,241
Others	4,617	2,687	1,930
Total	¥105,680	¥51,509	¥54,171

(2) Future minimum lease income subsequent to March 31, 2000 are summarized as follows:

Due in one year or less	¥21,805
Due after one year	35,599
Total	¥57,404

(3) Lease income, depreciation of the assets leased and the interest portion included in lease income are shown below:

Lease income	¥38,332
Depreciation	22,397
Interest	1,962

(4) Method of calculation of interest

The interest portion included in lease income is calculated as the difference between the aggregate lease income during the lease term plus the estimated residual value of the leased assets and the acquisition costs of respective leased assets. Interest income is allocated to each period by the interest method over each respective lease term.

2. Operating lease transactions

Future minimum lease income subsequent to March 31, 2000 is summarized as follows:

Due in one year or less	¥119,748
Due after one year	104,124
Total	¥223,872

Current fiscal year (From April 1, 2000 To March 31, 2001)

(Lessors' accounting)

1. Finance lease transactions except for those lease agreements which stipulate the transfer of ownership of the leased assets to the lessee

(1) The acquisition costs, accumulated depreciation and net book value of the leased assets were as follows:

	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥103,398	¥49,204	¥54,194
Others	5,073	2,958	2,115
Total	¥108,471	¥52,162	¥56,309

(2) Future minimum lease income subsequent to March 31, 2001 are summarized as follows:

Due in one year or less	¥22,138
Due after one year	38,777
Total	¥60,915

(3) Lease income, depreciation of the assets leased and the interest portion included in lease income are shown below:

Lease income	¥37,591
Depreciation	23,751
Interest	2,125

(4) Method of calculation of interest

Same as prior fiscal year

2. Operating lease transactions

Future minimum lease income subsequent to March 31, 2001 is summarized as follows:

Due in one year or less	¥117,014
Due after one year	102,931
Total	¥219,945

（For Securities） （Millions of yen）

I. Prior fiscal year (As of March 31, 2000)

Fair Value Information on Securities

Description	Carrying value	Estimated fair value	Net unrealized gain (loss)
(1) Current:			
Stocks	¥207,077	¥283,925	¥ 76,848
Bonds	761	860	99
Others	920	943	23
Subtotal	¥208,758	¥285,728	¥ 76,970
(2) Noncurrent:			
Stocks	¥141,041	¥ 92,366	¥△ 48,675
Bonds	631	636	5
Others	132	132	0
Subtotal	¥141,804	¥ 93,134	¥△ 48,670
Total	¥350,562	¥378,862	¥ 28,300

Notes:

1. Method of calculation of estimated fair value

(1) Listed securities

Fair value for the listed securities is primarily determined based on the closing prices on the Tokyo Stock Exchange or on prices announced by the Japan Securities Dealers Association.

(2) Securities traded on the over-the-counter market

Fair value for securities traded on the over-the-counter market is determined based on the quoted prices issued by the Japan Securities Dealers Association.

(3) Securities whose standard yield or other relevant information used to calculate fair value is available (excluding those included in (1) or (2) above)

Fair value for securities, whose standard yield and other relevant information used to calculate fair value is available, is determined based on the standard yield announced by the Japan Securities Dealers Association as adjusted based on their maturity and certain other relevant factors.

(4) Unlisted beneficiary certificates for investment trusts

Unlisted beneficiary certificates for investment trusts are based in base prices.

2. Carrying value of securities whose fair value is not disclosed

(1) Current:

Unlisted domestic debt securities maturing within one year	¥ 524
Unlisted foreign debt securities maturing within one year	23,625
Commercial paper	2,519
Securities whose value is independent of market fluctuation	21,230
Money Management Funds and others	3,596

(2) Noncurrent:

Unlisted domestic stocks (excluding those traded on the over-the-counter market)	¥32,925
Unlisted foreign stocks	28,989
Unlisted domestic debt securities	15,000
Others	96

(Millions of yen)

Ⅱ. Current fiscal year

Securities

1. Marketable held-to-maturity debt securities （As of March 31, 2001）

	Carrying value	Estimated fair value	Unrealized gain (loss)
(Securities whose fair value exceeds their carrying value)			
Government bonds	¥ 62	¥ 64	¥2
Corporate bonds	361	366	5
Others	97	97	0
Subtotal	¥ 520	¥ 527	¥7
(Securities whose carrying value exceeds their fair value)			
Corporate bonds	¥1,803	¥1,761	¥△ 42
Subtotal	¥1,803	¥1,761	¥△ 42
Total	¥2,323	¥2,288	¥△ 35

2. Marketable other securities （As of March 31, 2001）

	Acquisition cost	Carrying value	Unrealized gain (loss)
(Securities whose carrying value exceeds their acquisition cost)			
Stocks	¥17,536	¥33,438	¥15,902
Bonds			
Government Bonds	24	25	1
Corporate bonds	8	10	2
Subtotal	¥17,568	¥33,473	¥15,905
(Securities whose acquisition cost exceeds their carrying value)			
Stocks	¥91,441	¥78,446	¥△ 12,995
Bonds			
Corporate bonds	3,046	2,977	△ 69
Subtotal	¥94,487	¥81,423	¥△ 13,064
Total	¥112,055	¥114,896	¥ 2,841

3. Other securities sold during the current fiscal year （From April 1, 2000 to March 31, 2001）

Sales proceeds	Total gain
¥145,621	¥43,888

4. Carrying value of major securities whose fair value is not available is as follows: （As of March 31, 2001）

(1) Held-to-maturity debt securities

Unlisted domestic debt securities ¥5,000

(2) Other securities

Unlisted domestic stocks (excluding those traded on the over-the-counter market)	¥9,427
Unlisted foreign stocks	3,897
Unlisted foreign debt securities	44,315

5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities (As of March 31, 2001)

	Due within one year	Due after one year but within five years	Due after five years but within ten years
Bonds:			
Government bonds	¥ 90	¥ 87	¥ 0
Corporate bonds	700	7,771	1,010
Others	97	65	0
Total	¥887	¥7,923	¥1,010

（For derivative transactions）

1. Derivative transactions

1) Prior fiscal year (From April 1, 1999 to March 31, 2000)

(1) Policies

The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, and adverse fluctuations in interest rates on interest-bearing debt, but does not enter into such transactions for speculative or trading purposes.

(2) Types and purpose of transactions:

① Forward foreign exchange contracts

Forward foreign exchange contracts are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables arising from importing and exporting products and others.

② Foreign currency options

As with forward foreign exchange contracts, foreign currency options are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables.

③ Interest rate swaps

Interest rate swaps are utilized primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.

④ Currency swaps

Currency swaps are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates and interest rates on foreign currency denominated receivables and payables.

⑤ Interest rate options

Interest rate options are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.

(3) Description of risks relating to derivative transactions

① Market risk

Although derivative transactions are used for the purpose of hedging risks on assets and liabilities recorded in the consolidated balance sheet, there remain the risk of foreign currency exchange fluctuations on currency transactions and the risk of interest rate fluctuations on interest rate transactions.

② Credit risk

The Company is exposed to credit risk in the event of nonperformance by the counterparties to its derivative financial instruments; however, any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings.

(4) Risk management for derivative transactions

The Company manages derivative transactions based on its internal policies and procedures. These policies and procedures include basic transaction policies, management policies, items to be monitored, transaction processes, guidelines for selecting counterparties and a reporting system with regard to its derivative transactions.

General transaction guidelines on derivative transactions are decided at monthly meetings led by a director in charge and attended by staff, and derivative transactions are executed based on such guidelines and policies and procedures. Derivative transactions are executed by a special section in the Finance Department. Entering the contracts and conducting the balance confirmation procedures are handled by a special section in the Accounting and Risk Management Department.

Derivative transactions are reported to the director in charge on a daily basis and to the Board of Directors on a semiannual basis.

(5) Supplemental explanation on quantitative information

① The fair value and unrealized gain or loss on derivative transactions are estimates which are considered appropriate based on the market at the balance sheet date and, thus, fair value is not necessarily indicative of the actual amounts which may be realized or settled in the future.

② The notional amounts of the swaps are not a direct measure of the Company’s risk exposure in connection with its swap transactions.

2) Current fiscal year (From April 1, 2000 to March 31, 2001)

(1) Policies

The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, and adverse fluctuations in interest rates on interest-bearing debt, but does not enter into such transactions for speculative or trading purposes.

(2) Types and purpose of transactions:

① Forward foreign exchange contracts

Forward foreign exchange contracts are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables arising from importing and exporting products and others.

② Foreign currency options

As with forward foreign exchange contracts, foreign currency options are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables.

③ Interest rate swaps

Interest rate swaps are utilized primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.

④ Currency swaps

Currency swaps are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates and interest rates on foreign currency denominated receivables and payables.

⑤ Interest rate options

Interest rate options are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.

⑥ Share price options

Share price options are used primarily to hedge against the adverse impact of fluctuations in share prices.

(3) Description of risks relating to derivative transactions

① Market risk

Although derivative transactions are used for the purpose of hedging risks on assets and liabilities recorded in the consolidated balance sheet, there remain the risk of foreign currency exchange fluctuations on currency transactions and the risk of interest rate fluctuations on interest rate transactions.

② Credit risk

The Company is exposed to credit risk in the event of nonperformance by the counterparties to its derivative financial instruments; however, any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings.

(4) Risk management for derivative transactions

The Company manages derivative transactions based on its internal policies and procedures. These policies and procedures include basic transaction policies, management policies, items to be monitored, transaction processes, guidelines for selecting counterparties and a reporting system with regard to its derivative transactions.

General transaction guidelines on derivative transactions are decided at monthly meetings led by a director in charge and attended by staff, and derivative transactions are executed based on such guidelines and policies and procedures. Derivative transactions are executed by a special section in the Finance Department. Entering the contracts and conducting the balance confirmation procedures are handled by a special section in the Accounting and Risk Management Department.

Derivative transactions are reported to the director in charge on a daily basis and to the Board of Directors on a semiannual basis.

(5) Supplemental explanation on quantitative information

① The fair value and unrealized gain or loss on derivative transactions are estimates which are considered appropriate based on the market at the balance sheet date and, thus, fair value is not necessarily indicative of the actual amounts which may be realized or settled in the future.

② The notional amounts of the swaps are not a direct measure of the Company's risk exposure in connection with its swap transactions.

(Millions of yen)

2. Fair value of derivative transactions

1) Prior fiscal year (From April 1, 1999 to March 31, 2000)

Notional amounts, fair value and unrealized gain or loss

(1) Currency-related transactions

Division	Type	Prior fiscal year (As of March 31, 2000) Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange contracts:				
	Sell:				
	Euro	¥59,442	—	¥54,622	¥ 4,820
	£ Stg.	12,079	—	12,331	△ 252
	US$	10,399	—	10,349	50
	Others	1,903	—	1,902	1
	Buy:				
	US$	71,795	—	73,109	1,314
	Options:				
	Calls, sold:				
	US$	¥13,056	—		
	(Premium)	(△ 87)	(—)	¥△ 43	¥44
	Euro	8,600	—		
	(Premium)	(△ 60)	(—)	△ 27	33
	Puts, purchased:				
	US$	12,550	—		
	(Premium)	(87)	(—)	102	15
	Euro	8,000	—		
	(Premium)	(60)	(—)	88	28
	Currency swaps:				
	US$	¥340,610	¥192,416	¥36,975	¥36,975
	Others	21,010	14,153	2,927	2,927
Total		—	—	—	¥45,955

Notes:

1. Calculation of fair value
   (1) Fair value of forward foreign exchange contracts is based on the forward rates.
   (2) Fair value of options and swaps is based on the prices obtained from the financial institutions.
2. The notional amounts of forward foreign exchange contracts presented above exclude those entered into hedge receivables and payables denominated in foreign currencies which have been translated and are reflected at their corresponding contracted rates in the accompanying consolidated balance sheets.
3. In accordance with the revised accounting standard for foreign currency translation, the notional amounts of currency swaps presented above exclude those entered into hedge receivables and payables denominated in foreign currencies which have been translated and are reflected at their corresponding contracted rates in the accompanying consolidated balance sheets.

(2) Interest-related transactions

Division	Type	Prior fiscal year (As of March 31, 2000) Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Swaps:				
	Receive floating/pay fixed	¥444,109	¥351,382	¥△ 4,435	¥△ 4,435
	Receive fixed/pay floating	244,328	197,671	8,882	8,882
	Receive floating/pay fixed	20,670	18,719	1	1
	Receive fixed/pay fixed	8,000	8,000	△ 13	△ 13
	Options:				
	Caps sold	¥49,938	¥46,938		
	(Premium)	(△ 1)	(—)	¥△ 351	¥△ 350
	Floors sold	3,000	—		
	(Premium)	(△ 8)	(—)	△ 15	△ 7
	Caps purchased	125,982	122,982		
	(Premium)	(829)	(828)	1,090	261
	Collars	1,000	—		
	(Premium)	(—)	(—)	5	5
Total		—	—	—	¥4,344

Note:

Calculation of fair value
Fair value of swaps and options is based on the prices obtained from the financial institutions.

(Millions of yen)

2) Current fiscal year (From April 1, 2000 to March 31, 2001)

Notional amounts, fair value and unrealized gain or loss

(1) Currency-related transactions

division	Type	Current fiscal year (As of March 31, 2001)			
		Notional amounts		Fair value	Unrealized gain (loss)
			Portion due after one year included herein		
Market transactions	Options: Call options, sold Yen (Premium)	¥367 (△ 12)	— (—)	¥△ 38	¥△ 26
Non-market transactions	Forward foreign exchange contracts: Sell: £ Stg. US$ Others Buy: £ Stg. US$	¥16,044 9,418 1,576 31,639 23,640 11,801	— — — — — —	¥15,813 10,036 1,557 30,669 23,602 11,279	¥231 △ 618 19 △ 970 △ 38 △ 522
	Swaps: US$ Euro Others	¥236,755 99,877 19,128	¥146,602 834 7,385	¥△ 15,857 813 1,667	¥△ 15,857 813 1,667
Total		—	—	—	¥△ 15,301

Notes:

1. Calculation of fair value
   (1) Fair value of forward foreign exchange contracts is based on the forward rates.
   (2) Fair value of options and swaps is based on the prices obtained from the financial institutions.
2. The notional amounts of forward foreign exchange contracts presented above exclude those entered into hedge receivables and payables denominated in foreign currencies which have been translated and are reflected at their corresponding contracted rates in the accompanying consolidated balance sheets.
3. In accordance with the revised accounting standard for foreign currency translation, the notional amounts of currency swaps presented above exclude those entered into hedge receivables and payables denominated in foreign currencies which have been translated and are reflected at their corresponding contracted rates in the accompanying consolidated balance sheets.
4. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(2) Interest-related transactions

Division	Type	Current fiscal year (As of March 31, 2001)			
		Notional amounts		Fair value	Unrealized gain (loss)
			Portion due after one year included herein		
Non-market transactions	Swaps: Receive floating/pay fixed Receive fixed/pay floating Receive floating/pay floating	¥256,495 200,769 6,727	¥198,819 147,161 2,500	¥△ 4,424 9,502 0	¥△ 4,424 9,502 0
	Options: Caps sold (Premium) Caps purchased (Premium)	¥224,969 (—) 224,969 (123)	¥224,969 (—) 224,969 (123)	¥△ 538 538	¥△ 538 415
Total		—	—	—	¥4,955

Notes:

1. Calculation of fair value
   Fair value of swaps and options is based on the prices obtained from the financial institutions.
2. In accordance with "Practical Guidelines for Accounting for Financial Instruments (Interim Report) (Accounting Committee Report No. 14)" issued by the Accounting Committee of the Japanese Institute of Certified Public Accountants on January 31, 2000, certain swaps which qualify for special treatment have been excluded from the notional amounts presented above.
3. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(Millions of yen)

(3) Stock-related transactions

Division	Type	Current fiscal year (As of March 31, 2001) Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Options:				
	Call options sold	¥42,510	—	¥△ 1,799	¥△ 1,799
	Put options purchased	25,100	—	1,356	1,356
Total		—	—	—	¥△ 443

Note:

Calculation of fair value
Fair value of the options is based on the prices obtained from the financial institutions.

(Retirement benefits)

(Millions of yen)

１． Description of retirement benefit plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified plans and lump-sum payment plans. In addition, certain employees may be entitled to additional special retirement benefits based on the conditions under which termination occurs.

Certain foreign subsidiaries have defined benefit plans. (The foreign subsidiaries' retirement benefit plans are primarily defined contribution plans.)

２． The following table sets forth the funded status of the defined benefit plans of the Company and the consolidated subsidiaries:

	（As of March 31, 2001）
a. Retirement benefit obligation	¥△ 1,462,142
b. Plan assets at fair value	717,359
c. Unfunded retirement benefit obligation (a+b)	△ 744,783
d. Unrecognized net retirement benefit obligation at transition	350,121
e. Unrecognized actuarial gain or loss	66,431
f. Unrecognized prior service cost （a reduction of liability） （Note ２）	△ 72,381
g. Net retirement benefit obligation recognized in the consolidated balance sheet （c+d+e+f）	△ 400,612
h. Prepaid pension cost	101
i. Accrued retirement benefit （g－h）	¥△ 400,713

Notes: 1 The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

2 In the year ended March 31, 2001, the Company and certain consolidated subsidiaries made amendments to their welfare pension fund plans with respect to the age of eligibility for annuity payments for the government-sponsored portion of the benefits in accordance with the amendment in March 2000 to the Welfare Pension Insurance Law of Japan, and also made amendments to their lump-sum payment plans and tax-qualified pension plans. As a result, prior service cost (a reduction of liability) was incurred.

3 Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.

4 In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized to provide for retirement benefits which are anticipated to be paid in the future and have been included in "Accrual for losses on business restructuring" and "Other current liabilities" in the accompanying consolidated balance sheet.

３． The components of retirement benefit expenses were as follows: （From April 1, 2000 to March 31, 2001）

a.	Service cost （Note ２）	¥57,881
b.	Interest cost	45,390
c.	Expected return on plan assets	△ 31,092
d.	Amortization of net retirement benefit obligation at transition	25,232
e.	Amortization of actuarial gain	△ 239
f.	Amortization of prior service cost （Note ３）	△ 10,848
g.	Other	480
h.	Retirement benefit expenses （a+b+c+d+e+f+g）	¥86,804

(Notes) 1 In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥636 million were paid and accounted for as a special loss for the year ended March 31, 2001.

2 Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.

3 Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 to the table setting forth the fund status.

4 Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in "a. Service cost."

5 The pension assets in the multi-employer welfare pension fund plans allocated to the Company and the domestic consolidated subsidiaries based on their share of the contributions amounted to ¥71,064 million.

４． Assumptions used in accounting for the retirement benefit obligation

a. Attribution of retirement benefit obligation	The straight-line method over the estimated years of service of the eligible employees
b. Discount dates	Domestic companies 3.0%　　Foreign companies 4.9% ～ 7.5%
c. Expected rte of return on plan assets	Domestic companies Mainly 4.0%　　Foreign companies 7.5% ～ 9.0%
d. Amortization period of prior service cost	Prior service cost is being amortized as incurred by the straight-line method over periods (principally 9 years through 15 years) which are shorter than the average remaining years of service of the eligible employees.
e. Amortization period of actuarial gain or loss	Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 9 years through 18 years) which are shorter than the average remaining years of service of the eligible employees. Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.
f. Amortization period of net retirement benefit obligation at transition	Mainly 15 years

(Tax-effect accounting) (Millions of yen)

1. Significant components of deferred tax assets and liabilities

	Prior fiscal year (As of March 31, 2000)	Current fiscal year (As of March 31, 2001)
Deferred tax assets:		
Net operating loss carryforwards	¥331,862	¥229,993
Accrued retirement benefits	―	140,747
Accrued retirement allowances and long-term accrued pension cost	129,491	―
Accrual for losses on business restructuring	75,398	35,541
Other	301,433	230,721
Total gross deferred tax assets	838,184	637,002
Valuation allowance	△ 522,834	△ 280,347
Total deferred tax assets	315,350	356,655
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law, etc.	△ 208,849	△ 50,875
Difference between cost of investments and their underlying net equity at fair value	△ 85,785	△ 82,269
Unrealized holding gain on securities	―	△ 4,455
Other	△ 53,237	△ 116,671
Total deferred tax liabilities	△ 347,871	△ 254,270
Net deferred tax assets	―	¥102,385
Net deferred tax liabilities	¥△ 32,521	―

Note: Net deferred tax liabilities as of March 31, 2000 and net deferred tax assets as of March 31, 2001 are reflected in the following accounts in the consolidated balance sheets:

	Prior fiscal year (As of March 31, 2000)	Current fiscal year (As of March 31, 2001)
Current assets ―deferred tax assets	¥106,286	¥140,386
Fixed assets―deferred tax assets	27,792	132,154
Current liabilities―deferred tax liabilities	―	387
Current liabilities―other current liabilities	254	―
Long-term liabilities―deferred tax liabilities	166,345	169,768

2. The reconciliation between the effective tax rates reflected in the consolidated financial statements and the statutory tax rate is summarized as follows: (%)

	Prior fiscal year (As of March 31, 2000)	Current fiscal year (As of March 31, 2001)
Statutory tax rate of the Company	41.9	41.9
(Reconciliation)		
・ Different tax rates applied to foreign subsidiaries	△0.5	△2.9
・ Decrease in valuation allowance resulting in the recognition of net deferred tax assets	―	△60.9
・ Increase in valuation allowance resulting in the reduction of net deferred tax assets	△40.5	―
・ Other	△2.3	0.3
Effective tax rates after adoption of tax-effect accounting	△1.4	△21.6

(Segment information) (Millions of yen)

1. Business segment information

Prior fiscal year (From April 1, 1999 to March 31, 2000)

The disclosure of business segment information has been omitted due to the following reasons:

① Net sales in the automobile segment constituted more than 90% of the aggregate net sales of all business segments.

② Operating income (loss) in the automobile segment constituted more than 90% of the aggregate operating income (loss) of all business segments.

③ Total assets in the automobile segment constituted more than 90% of the aggregate total assets of all segments.

Current fiscal year (From April 1, 2000 to March 31, 2001)

The disclosure of business segment information has been omitted due to the following reasons:

④ Net sales in the automobile segment constituted more than 90% of the aggregate net sales of all business segments.

⑤ Operating income (loss) in the automobile segment constituted more than 90% of the aggregate operating income (loss) of all business segments.

⑥ Total assets in the automobile segment constituted more than 90% of the aggregate total assets of all segments.

2. Geographical segment information

Prior fiscal year (From April 1, 1999 to March 31, 2000)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations or corporate	Consolidated
Ⅰ Sales and operating income (loss) Sales 1. Sales to third parties	¥2,626,866	¥2,217,775	¥876,931	¥255,503	¥5,977,075	—	¥5,977,075
2. Inter-area sales and transfers	1,328,623	22,499	13,216	2,766	1,367,104	¥△1,367,104	0
Total	3,955,489	2,240,274	890,147	258,269	7,344,179	△1,367,104	5,977,075
Operating expenses	3,936,059	2,152,934	928,259	261,355	7,278,607	△1,384,097	5,894,510
Operating income (loss)	¥19,430	¥87,340	¥△38,112	¥△3,086	¥65,572	¥16,993	¥82,565
Ⅱ Total assets	¥5,288,346	¥1,674,905	¥405,638	¥70,420	¥7,439,309	¥△898,125	¥6,541,184

Notes:

1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
2. Major countries and areas which belong to segments other than Japan are as follows:
   (1) North America··· The United States, Canada, Mexico
   (2) Europe··· The Netherlands, Spain, The United Kingdom and other European countries
   (3) Other··· Asia, Oceania, and the Middle and Near East
3. Total assets in the "Eliminations or corporate" column include corporate assets of ¥365,526 million which represent translation adjustments.
4. Changes in accounting policies

(1) Change in geographical segmentation

Until the year ended March 31, 1999, the Company grouped each county and area into geographical segments based solely on their geographical proximity. During the year ended March 31, 2000, the Company reorganized its North American operations in order to operate this entire region, including Mexico, as one market. In connection with this change, the Company redefined its geographical segments to integrate "Mexico" into "North America" as they are geographically close and are mutually related in terms of their operations in order to achieve consistency between the Company's geographical segmentation and its business strategy, thus making the segment information more useful.

Because of this change in geographical segmentation, total sales, operating income and total assets for "North America" increased by ¥176,433 million, ¥9,764 million and ¥250,020 million, respectively, and those for "Eliminations or corporate" decreased by ¥100,078 million, ¥537 million and ¥6,717 million, respectively, for the year ended March 31, 2000 as compared with the corresponding amounts for the previous year.

(2) Change in accounting for accrued warranty costs

(3) Change in accounting for prior service cost for the tax-qualified pension plans and the government-sponsored welfare pension fund plans

Please refer to the notes in "Changes in accounting policies" regarding the effect of accounting changes of (2) and (3) above on segment information.

Current fiscal year (From April 1, 2000 to March 31, 2001)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations or corporate	Consolidated
Ⅰ Sales and operating income (loss) Sales 1. Sales to third parties	¥2,536,750	¥2,469,918	¥822,756	¥260,196	¥6,089,620	—	¥6,089,620
2. Inter-area sales and transfers	1,381,037	12,134	17,606	2,410	1,413,187	¥△1,413,187	0
Total	3,917,787	2,482,052	840,362	262,606	7,502,807	△1,413,187	6,089,620
Operating expenses	3,743,458	2,331,590	867,648	258,617	7,201,313	△1,402,007	5,799,306
Operating income (loss)	¥174,329	¥150,462	¥△27,286	¥3,989	¥301,494	¥△11,180	¥290,314
Ⅱ Total assets	¥4,984,516	¥2,416,774	¥425,172	¥76,373	¥7,902,835	¥△1,451,592	¥6,451,243

(Millions of yen)

(Notes) 1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
2. Major countries and areas which belong to segments other than Japan are as follows:
(1) North America··· The United States, Canada, Mexico
(2) Europe··· The Netherlands, Spain, The United Kingdom and other European countries
(3) Other··· Asia, Oceania, the Middle and Near East, Central and South America excluding Mexico and South Africa
("Central and South America" and "South Africa" have been separately disclosed effective the current fiscal year because they have become material.)
3. Change in accounting policies
As explained in the note to "Changes in accounting policies," effective April 1, 2000, the Company has changed its method of depreciation of property, plant and equipment to the straight-line method. Until the year ended March 31, 2000, depreciation of property, plant and equipment was calculated by the declining-balance method at the rates prescribed in the Corporation Tax Law except for buildings (excluding building improvements) acquired after April 1, 1998 on which depreciation is calculated by the straight-line method. The Company also changed the useful lives and the residual value of property, plant and equipment to the estimated useful lives and an estimated economic residual value (¥1 per item) determined by the Company.
Because of this change in method of depreciation of property, plant and equipment, operating income for "Japan" increased by ¥28,672 million for the year ended March 31, 2001 over the corresponding amount for the previous year.

3. Overseas sales
Prior fiscal year (From April 1, 1999 to March 31, 2000)

		North America	Europe	Other foreign countries	Total
Ⅰ	Overseas sales	¥2,179,489	¥885,956	¥478,812	¥3,544,257
Ⅱ	Consolidated net sales				¥5,977,075
Ⅲ	Overseas sales as a percentage of consolidated net sales	% 36.5	% 14.8	% 8.0	% 59.3

(Notes) 1. Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries.
2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
3. Major countries and areas which belong to segments other than Japan are as follows:
(1) North America··· The United States, Canada, Mexico
(2) Europe··· The Netherlands, Spain, The United Kingdom and other European countries
(3) Other··· Asia, Oceania, the Middle and Near East and Central and South America excluding Mexico
4. Changes in overseas segments
Until the year ended March 31, 1999, the Company grouped each county and area into geographical segments based solely on their geographical proximity. During the year ended March 31, 2000, the Company reorganized its North American operations to operate this entire region, including Mexico, as one market. In connection with this change, the Company redefined its overseas segments to integrate "Mexico" into "North America" and "Central & South America other than Mexico" into "Other foreign countries" as they are geographically close and are mutually related in terms of their operations in order to achieve consistency between the Company's geographical segmentation and its business strategy and thus making the segment information more useful.
Because of this change for the year ended March 31, 2000, overseas sales and overseas sales as a percentage of consolidated net sales for "North America" increased by ¥167,289 million and 2.8%, respectively, and those for "Other foreign countries" increased by ¥56,208 million and 0.9%, respectively, over the corresponding results of the previous year.

Current fiscal year (From April 1, 2000 to March 31, 2001)

		North America	Europe	Other foreign countries	Total
Ⅰ	Overseas sales	¥2,429,722	¥794,251	¥554,221	¥3,778,194
Ⅱ	Consolidated net sales				¥6,089,620
Ⅲ	Overseas sales as a percentage of consolidated net sales	% 39.9	% 13.0	% 9.1	% 62.0

(Note) 1. Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries.
2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
3. Major countries and areas which belong to segments other than Japan are as follows:
(1) North America··· The United States, Canada, Mexico
(2) Europe··· The Netherlands, Spain, The United Kingdom and other European countries
(3) Other··· Asia, Oceania, the Middle and Near East, Central and South America excluding Mexico and South Africa
("South Africa" has been separately disclosed effective the current fiscal year because it has become material.)

(Transactions with related parties)

Prior fiscal year (From April 1, 1999 To March 31, 2000)	Current fiscal year (From April 1, 2000 To March 31, 2001)
There are no significant transactions to be disclosed.	Same as prior year

(Amounts per share)

Prior fiscal year (From April 1, 1999 To March 31, 2000)			Current fiscal year (From April 1, 2000 To March 31, 2001)		
Net assets per share	236.71	Yen	Net assets per share	241.07	Yen
Basic net loss per share	179.98	Yen	Basic net income per share	83.53	Yen
No diluted net income was presented because of net loss for the year was recorded.			Diluted net income per share	79.45	Yen

(Significant subsequent events)

Prior fiscal year (From April 1, 1999 To March 31, 2000)

On April 14, 2000, the Company entered into an agreement with Ishikawajima-Harima Heavy Industries Co., Ltd. ("IHI") concerning the sale of the Company's Aerospace Division (the "Division") based on the approval by the Company's Board of Directors at a meeting held on April 10, 2000. This agreement was entered into so that the transferee can strengthen its competitiveness worldwide. The aerospace business requires market players to have more resources for technological development and this was made possible by combining the technological development resources of the Company and IHI.

〔Details of the business transfer agreement〕

1. Transferee I.H.I Aerospace Co., Ltd.
(A subsidiary of IHI)
2. Transfer date July 1, 2000
3. Assets to be transferred
All assets, liabilities and contracts held by the Division at June 30, 2000
4. Transfer price ¥30.6 billion
The Company is entitled to receive an additional ¥3.0 billion if I.H.I. Aerospace Co., Ltd. records operating income of at least 2% of net sales for the fiscal year ending March 31, 2001.

Current fiscal year (From April 1, 2000 To March 31, 2001)

On June 15, 2001, the Company issued 37th unsecured bonds. The terms and conditions of the bonds are summarized as follows:

37th unsecured bonds:

1. Principal ¥70,000 million
2. Issue price at par
3. Interest rate 0.95% per annum
4. Maturity June 15, 2005
5. Use of proceeds For the redemption of bonds and other

④ Consolidated supplemental schedules

ａ. Schedule of bonds payable

(Millions of yen)

Company	Description	Date of Issuance	Balance at end of prior year	Balance at end of current year	Interest rate (%)	Collateral	Maturity	Note
＊1	7.125% Euro-yen bonds due 2000	September 13, 1991	¥30,000	¥0	7.125	None	December 13, 2000	
＊1	16th unsecured bonds	September 13, 1995	20,000	0	2.55	〃	September 13, 2000	
＊1	17th unsecured bonds	September 13, 1995	20,000	(20,000) 20,000	2.80	〃	September 13, 2001	Note 2
＊1	18th unsecured bonds	September 13, 1995	20,000	20,000	3.00	〃	September 13, 2002	
＊1	19th unsecured bonds	February 23, 1996	30,000	30,000	3.35	〃	February 23, 2006	
＊1	20th unsecured bonds	May 10, 1996	20,000	(20,000) 20,000	2.75	〃	May 10, 2001	Note 2
＊1	21st unsecured bonds	August 1, 1996	20,000	(20,000) 20,000	2.80	〃	August 1, 2001	Note 2
＊1	22nd unsecured bonds	August 1, 1996	20,000	20,000	3.55	〃	August 1, 2006	
＊1	23rd unsecured bonds	August 1, 1996	30,000	30,000	3.30	〃	August 1, 2003	
＊1	24th unsecured bonds	February 20, 1997	15,000	15,000	2.875	〃	February 20, 2007	
＊1	25th unsecured bonds	February 20, 1997	15,000	(15,000) 15,000	1.875	〃	February 20, 2002	Note 2
＊1	26th unsecured bonds	July 30, 1997	20,000	20,000	2.50	〃	July 30, 2004	
＊1	27th unsecured bonds	July 30, 1997	20,000	20,000	2.10	〃	July 30, 2002	
＊1	28th unsecured bonds	October 29, 1997	30,000	30,000	2.40	〃	October 29, 2007	
＊1	29th unsecured bonds	October 29, 1997	15,000	15,000	2.025	〃	October 29, 2004	
＊1	30th unsecured bonds	January 23, 1998	25,000	0	1.70	〃	January 23, 2001	
＊1	31st unsecured bonds	January 23, 1998	20,000	20,000	2.15	〃	January 23, 2003	
＊1	32nd unsecured bonds	March 18, 1998	20,000	20,000	2.175	〃	March 18, 2003	
＊1	33rd unsecured bonds	March 18, 1998	20,000	20,000	2.575	〃	March 18, 2005	
＊1	34th unsecured bonds	August 20, 1998	100,000	(100,000) 100,000	2.23	〃	August 20, 2001	Note 2
＊1	35th unsecured bonds	February 25, 2000	50,000	50,000	2.00	〃	February 25, 2004	
＊1	36th unsecured bonds	August 25, 2000	-	50,000	1.80	〃	August 25, 2004	
＊1	5th unsecured convertible bonds	December 8, 1987	2,567	2,566	1.60	〃	March 31, 2003	Note 3
＊1	Euro-yen bonds with warrants due 2004	May 28, 1999	215,900	215,900	Euro-yen TIBOR +0.28%	〃	May 28, 2004	Note 4
＊1	1st unsecured bonds with warrants	June 25, 1999	5,800	5,800	Yen TIBOR +0.75%	〃	June 24, 2005	Note 4

(Millions of yen)

Company	Description	Date of issue	Balance at end of prior year	Balance at end of current year	Interest rate (%)	Collateral	Maturity	Remarks
＊1	Euro-yen bonds with warrants due 2006	March 27, 2000	15,000	15,000	1.50	None	March 27, 2006	Note 4
＊1	Euro-yen bonds with warrants due 2007	March 8, 2001	-	45,000	0.75	〃	March 8, 2007	Note 4
＊2	Bonds issued by subsidiaries	1998	23,000	21,900	2.0～2.9	〃	2002-2004	
＊3	Bonds issued by subsidiaries	1990-1992	13,761 [$ 129,638 thousand]	0 [$ 0 thousand]	4.2～6.0	〃	March 26, 2001	
＊3	Mid-term notes issued by subsidiaries	1991-1999	47,758 [EURO 464,078 thousand]	(5,182) (EURO 48,633 thousand) 21,575 [EURO 202,488 thousand]	6.4～8.6	〃	2001-2009	Note 2
＊3	Mid-term notes issued by subsidiaries	1991-1999	243,117 [$2,290,315 thousand]	(69,800) ($ 563,354 thousand) 152,777 [$1,233,065 thousand]	6.0～9.6	〃	2001-2008	Note 2
Subtotal		-	¥1,126,903	¥(249,982) ¥1,015,518	-		-	Note 2
Elimination of intercompany transactions		-	△ 19,701	△ 66,100	-		-	
Total		-	¥1,107,202	¥(249,982) ¥949,418	-		-	Note 2

(Note) 1. ＊1 The Company ＊2 Domestic subsidiaries ＊3 Foreign subsidiaries

2. The amounts in parentheses presented under "Balance ay end of current year" represent the amounts scheduled to be redeemed within one year.

3. The following table shows the details of convertible bonds.

Description	Conversion period	Conversion price	Stock issued	Transferred to stated capital
5th unsecured convertible bonds	From January 4, 1988 To March 28, 2003	※ 685.30 Yen	Common stock	342.65 Yen per share

※ The conversion price has been adjusted due to the issuance of new shares to a third party effective May 29, 1999.

4. The following table shows the details of bonds with warrants.

Description	Exercise period	Issuance price	The total amount of stock issuance	Stock issued	Ration of grant
Euro-yen bonds with warrants due 2004	From May 31, 1999 To May 21, 2004	400 Yen	215,900 Million yen	Common stock	100 %
1st unsecured bonds with warrants	From July 1, 2002 To June 20, 2005	554	5,800	Common stock	100
Euro-yen bonds with warrants due 2006	From March 27, 2003 To March 20, 2006	429	15,000	Common stock	100
Euro-yen bonds with warrants due 2007	From March 8, 2003 To March 1, 2007	764	45,000	Common stock	100

No stock has been issued for the exercise of warrants.

5. The redemption schedule of bonds for 5 years subsequent to March 31, 2001 is summarized as follows:

(Millions of yen)

Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
249,982	110,838	87,266	340,912	66,017

b. Schedule of borrowings

(Millions of yen)

Item	Balance at end of prior year	Balance at end of current year	Average interest rate (%)	Maturity	Note
Short-term borrowings	614,141	463,284	4.8	-	
Current portion of long-term borrowings	275,470	475,935	4.8	-	
Long-term borrowings (excluding current portion)	745,671	703,111	4.2	2002- 2008	
Other interest-bearing debt					
Commercial paper	220,000	229,447	0.6	-	
Import bills payable	9,686	10,868	0.8		
Total	1,864,968	1,882,645	-	-	-

Note:
1. The average interest rate represents the weighted-average rate applicable to the year-end balance.
2. The following table shows the aggregate annual maturities of long-term borrowings and other interest-bearing debt for 5 years subsequent to March 31, 2001 (excluding the current portion).

(Millions of yen)

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term borrowings	255,233	290,954	106,153	32,319

(2) Other

Not applicable

6 Information on Transfer and Repurchase of the Company's Stock

<table>
<tr><td>Year end</td><td colspan="2">March 31</td><td>General shareholders' meeting</td><td>June</td></tr>
<tr><td>Close period for record of shareholders</td><td colspan="2">-</td><td>Cut-off date for dividend</td><td>March 31</td></tr>
<tr><td rowspan="2">Available types of share certificates</td><td colspan="2" rowspan="2">Certificates for 1 share、10 shares、50 shares、100 shares、500 shares、1,000 shares、5,000 shares、10,000 shares、100,000 shares and certificates representing number of shares less than 100 are issuable. However, certificates for shares totaling less than one unit are not issued except under certain limited situations such as a replacement of lost shares.</td><td>Cut-off date for interim dividend</td><td>September 30</td></tr>
<tr><td>Number of shares per unit of the Company's stock</td><td>1,000 shares</td></tr>
<tr><td rowspan="4">Transfer of shares</td><td>Address where transfers are processed</td><td colspan="3">3-33-1, Shiba, Minato-ku, Tokyo
The head office of The Chuo Mitsui Trust and Banking Co., Ltd.</td></tr>
<tr><td>Name of transfer agent</td><td colspan="3">3-33-1, Shiba, Minato-ku, Tokyo
The head office of The Chuo Mitsui Trust and Banking Co., Ltd.</td></tr>
<tr><td>Offices available for transfer</td><td colspan="3">Each branch of The Chuo Mitsui Trust and Banking Co., Ltd.
The head office, branches and branch offices of Japan Securities Agent Co., Ltd.</td></tr>
<tr><td>Transfer charge</td><td>Free</td><td>Charge to issue new certificate</td><td>Equivalent of stamp duty applicable and related consumption tax</td></tr>
<tr><td rowspan="4">Repurchase of shares less than one unit</td><td>Address where repurchases are processed</td><td colspan="3">3-33-1, Shiba, Minato-ku, Tokyo
The head office of The Chuo Mitsui Trust and Banking Co., Ltd.</td></tr>
<tr><td>Name of transfer agent</td><td colspan="3">3-33-1, Shiba, Minato-ku, Tokyo
The head office of The Chuo Mitsui Trust and Banking Co., Ltd.</td></tr>
<tr><td>Offices available for repurchase</td><td colspan="3">Each branch of The Chuo Mitsui Trust and Banking Co., Ltd.
The head office, branches and branch offices of Japan Securities Agent Co., Ltd.</td></tr>
<tr><td>Charges for repurchase</td><td colspan="3">Handling charges as set by the securities companies designated by the Company for the repurchase plus the related consumption tax</td></tr>
<tr><td>Name of the newspaper in which the Company publishes its public announcements</td><td colspan="4">The Nihon Keizai Shimbun issued in Tokyo</td></tr>
<tr><td>Special benefits to shareholders</td><td colspan="4">None</td></tr>
</table>

Part II Information on Guarantors for the Company

Not applicable