

Financial Report for the Fiscal Year 2000, Ended March 31, 2000 (Consolidated)

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section, Code 8056

--Head Office: 1-1, Toyosu 1-chome, Koto-ku, Tokyo 135-8560

--Date of the Meeting of the Board of Directors to Settle Consolidated Accounts: May 23, 2000

1. Business Results for the Fiscal Year 2000 (From April 1, 1999 to March 31, 2000)

(1) Results of Operations

(Figures are rounded down to the nearest million yen)

	Net Sales	Change	Operating Income	Change	Recurring Profit	Change
	million yen	%	million yen	%	million yen	%
Fiscal Year 2000	311,318	0.2	18,642	24.2	19,373	52.2
Fiscal Year 1999	310,699	1.3	15,011	66.1	12,725	111.2

	Net Income	Change	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income/Shareholders' Equity	Ratio of Recurring Profit/Total Assets	Ratio of Recurring Profit/Net Sales
	million yen	%	yen	yen	%	%	%
Fiscal Year 2000	3,605	25.3	32.88	-	4.1	7.7	6.2
Fiscal Year 1999	2,876	24.1	26.23	-	3.6	4.9	4.1

Notes) 1. Equity in net income of subsidiaries and affiliates

Fiscal year 2000: - million yen Fiscal year 1999: 414 million yen

2. Unrealized gain on securities

10,420 million yen

Unrealized loss on derivative transactions

-56 million yen

3. Change in accounting policies: None

4. Percentages above mean increase/decrease over preceding fiscal year.

(2) Financial Standing

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	million yen	million yen	%	yen
Fiscal Year 2000	246,217	88,501	35.9	807.03
Fiscal Year 1999	254,490	85,789	33.7	782.30

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Year
	million yen	million yen	million yen	million yen
Fiscal Year 2000	16,468	-18,979	-6,402	36,233
Fiscal Year 1999	-	-	-	-

(4) Matters concerning the scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 14

Number of non-consolidated subsidiaries accounted for under the equity method: 0

Number of affiliates accounted for under the equity method: 0

(5) Changes in the scope of consolidation and application of the equity method

Consolidation: Increase 12 companies Decrease 0

Equity method: Increase 0 Decrease 13 companies

2. Earning Forecast for the Fiscal Year 2001 (from April 1, 2000 to March 31, 2001)

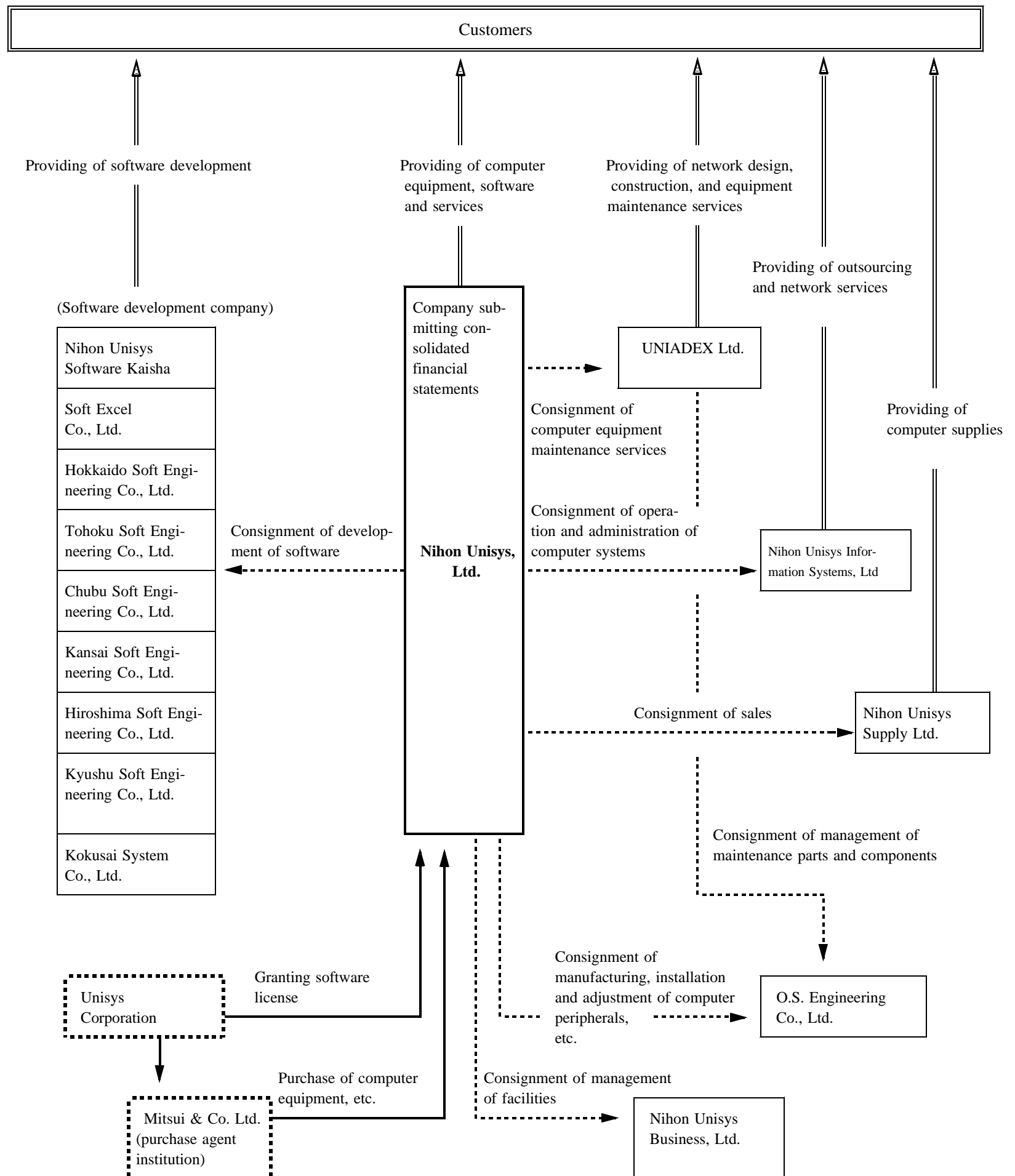
	Net Sales	Recurring Profit	Net Income
	million yen	million yen	million yen
Interim	140,000	2,800	1,300
Full-year	325,000	10,000	5,000

Reference) Expected net income per share (full-year basis): 45.59 yen

***This financial report is solely a translation of Japanese "Kessan Tanshin," including attachments, for the convenience of readers who prefer English translation.**

1. State of the Corporate Group

The following is a chart in which the state of the corporate group is shown by business activity:



Note: Consolidated subsidiaries Other affiliates

2. Management Policies

Nihon Unisys Group is aiming to be Solution Creators to help customers resolve issues they face providing various products and services leveraging latest IT. We are dedicated to be a group of companies desired and attractive for customers, for shareholders and for the society.

Along with rapid proliferation of Internet, more focus has been placed on how to improve business methodologies and how to sharpen competitive edge making use of IT. Under such circumstances, Nihon Unisys has hoisted, as its management vision, "Be Solution Creators that support the progress of Internet society," in the 5th Mid-Term Management Plan, which has commenced this year. On April 1, 2000 we realigned our organization focusing on e-business shifting management resources into this area.

Also, we have launched ASP/CSP (Application Service Provider/Commerce Service Provider) businesses while enriching service menu and solutions through partnering and alliances in order to better serve customers.

To reinforce our business base to prop up our strategy, we have formed a dedicated BPR (Business Process Reengineering) Facilitating Team and efforts are being made to reinforce our business infrastructure by changing mind-set, reforming management structure and innovating information systems.

To maximize the total power of Nihon Unisys Group, we have established a strategic formation clarifying functions and roles of each member company. We are striving to improve management efficiency and enhance our earning power targeting to achieve 10% in consolidated ROE of fiscal year 2003, ending March 31, 2003.

With regard to the market environments, more competitive and difficult situations are expected to arise due to price erosion of hardware products, entry of new players, diversified ways of alliance and so on. Suspecting the environments to come as such, we are making every endeavor to reinforce our service business base and to enhance sales and marketing capability as well as trying to realize speedy supply of solutions needed by customers.

Our policy for gained profit is to ensure stable return for shareholders while allocating necessary internal reserve to strengthen our financial structure as well as making strategic investments to develop products and services echoing to the market needs.

Incidentally, Nihon Unisys is an affiliate of Mitsui & Co., Ltd. and Unisys Corporation. We are marketing and selling computers and relevant equipment of Unisys Corporation in Japan, procuring them through Mitsui & Co., Ltd., a purchase agent.

In order to appropriately respond to the changing market conditions, Nihon Unisys has established a close and collaborative relationship with Mitsui & Co., Ltd. and Unisys Corporation in areas of development and sales of computers, relevant products and services.

3. Business Result

1. Overview of fiscal year 2000

Despite of economy stimulus packages of the government, the recovery of demands in private sectors was weak and the Japanese economy was yet to reach the voluntary recovery level. In particular, the IT industry was affected with Year 2000 (Y2K) issue and other factors. Fairly tight conditions continued.

Even in such environments, Nihon Unisys Group strove to provide optimum total solutions and services to customers under the vision of Solution Creators. As well as reinforcing software and service businesses, we facilitated sales of various latest technology-imbedded hardware products like new architecture-based *HMP IX* and *NX series*.

ES7000 which we started marketing has mainframe-class transaction capability, reliability and scalability. It is an open enterprise server that best fits the rapidly growing e-business.

Also, we have leveraged collaboration with other companies. For example, in the area of next generation data center system, under the alliance with Microsoft Co., Ltd., we started advocating New Platform Windows Data Center, combining *ES series* and Windows 2000.

To grow and expand the Nihon Unisys Group business overall in the consolidated management era, we transferred hardware maintenance service business to UNIADDEX, one of Nihon Unisys' subsidiaries on October 1, 1999.

With regard to the Y2K issue, which we positioned as our overriding issue and aggressively tackled with it so as to ensure stability of systems of our users and smooth supply of products and services. There was no impact on our business in this regard.

Although the number of consolidated subsidiaries increased as a result of change of consolidation scope, due to sluggish investment in IT affected by stagnant economic environment, the Y2K issue and the financial restructuring, our consolidated net sales remained at the level of ¥311,318 million (up 0.2% from a year ago).

As a result of improvement in profitability of system service business, operating income increased to ¥18,642 million (up 24.2%). Furthermore, the recovery of the stock market and improvement of our financial balance, recurring profit increased to ¥19,373 million (up 52.2%). As for net income, ¥3,605 million (up 25.3%) was generated being helped with the gains by selling land and others despite of the entry of allowance for PSC (Prior Service Costs) and the special package cost of NCSP (New Career Support Program).

The breakdown of net sales is as follows. Sales of hardware decreased to ¥109,573 million (down 6.3%) while sales of software increased to ¥59,717 million (up 13.1%). Sales of services and others increased to ¥142,027 million (up 0.8%).

In other words, sales of hardware accounted for 35.2% (37.7% a year ago) while those of software and services are 19.2% (17.0%) and 45.6% (45.3%) respectively.

With regard to dividend, despite of continued tight conditions, considering stable return of profit to shareholders, we plan to pay ¥7.5 per share (¥3.75 for the first and second half of year each).

As for internal reserve, we intend to appropriate it to our R&D activities preparing for tougher competition to come in future.

2. Outlook of fiscal year 2001

Although a little silver lining is seen in the Japanese economy, a full-scale recovery of economy is not likely to come soon. In the IT industry, along with rapid changes of the market environment, sales competition will get tougher and tougher. However, we project 4.4% growth in full-year net sales for the term ending March 31, 2001 considering growth of service business.

As for profitability area, we intend to make further improvements although we project costs for PBO (Projected Benefit Obligation) and BPR.

Incidentally, the new pension accounting was introduced in April, 2000 and the projected amount as unrecognized liability is ¥41,100 million (applying 3.0% discount rate). We plan to amortize the amount over the next ten years.

The current projection for fiscal year 2001 is as follows:

(Consolidated basis)

	Net sales	Recurring profit	Net income
Full-year	325,000 million yen	10,000 million yen	5,000 million yen
Interim	140,000 million yen	2,800 million yen	1,300 million yen

(Non-consolidated basis)

	Net sales	Recurring profit	Net income
Full-year	305,000 million yen	7,500 million yen	3,900 million yen
Interim	130,000 million yen	2,400 million yen	1,100 million yen

*Windows is a registered trademark of the U.S. Microsoft Corporation in the United States and other countries.

4. Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

	Fiscal 2000	Fiscal 1999	Difference	
			Amount	Change
	million yen	million yen	million yen	%
Net sales	311,318	310,699	619	0.2
Cost of sales	212,141	219,785	-7,643	-3.5
Gross profit	99,177	90,913	8,263	9.1
Selling, general and administrative expenses	80,535	75,901	4,633	6.1
Operating income	18,642	15,011	3,630	24.2
Non-operating income				
Interest income and dividend income	420	633	-212	-33.6
Gain on sales of marketable securities	394	-	394	-
Exchange gain	404	-	404	-
Equity in net income of subsidiaries and affiliates	-	414	-414	-
Other-net	1,427	883	544	61.6
Non-operating expenses				
Interest expense and interest on bonds	1,333	2,094	-760	-36.3
Other-net	582	2,122	-1,539	-72.5
Recurring profit	19,373	12,725	6,647	52.2
Extraordinary gains				
Gain on sale of fixed assets	1,308	-	1,308	-
Penalty from cancellation of computer rental contract	-	2,123	-2,123	-
Gain on sales of investment securities	-	7	-7	-
Extraordinary losses				
Provision for prior service costs relating to the previous years	6,955	6,820	135	2.0
Special retirement expense	5,671	-	5,671	-
Other-net	559	52	507	-
Income before adjustment for income taxes	7,494	7,983	-489	-6.1
Income, residential and business taxes	3,808	12,427	-8,618	-69.3
Adjustment to income, residential and business taxes	-53	-7,320	7,266	-
Profit attributable to minority interests	134	0	134	-
Net income	3,605	2,876	728	25.3

CONSOLIDATED BALANCE SHEETS

	Fiscal 2000	Fiscal 1999	Difference
	million yen	million yen	million yen
(ASSETS)			
Current assets			
Cash and time deposits	30,932	23,064	7,868
Notes receivable and accounts receivable-trade	94,265	83,347	10,917
Marketable securities	9,017	8,753	264
Inventories	12,109	14,079	-1,969
Deferred income taxes	3,681	3,034	647
Short-term loans receivable	5,018	21,549	-16,531
Other current assets	6,410	5,163	1,246
Allowance for doubtful accounts	-368	-476	108
Total current assets	161,067	158,514	2,552
Fixed assets			
Tangible fixed assets			
Buildings and structures	7,747	8,248	-501
Machinery, equipment and vehicles	34,026	38,385	-4,358
Land	1,785	2,083	-298
Other tangible fixed assets	3,897	2,952	944
Total tangible fixed assets	47,457	51,670	-4,213
Intangible fixed assets			
Software	6,051	-	6,051
Other intangible fixed assets	360	354	5
Total intangible fixed assets	6,411	354	6,057
Investments and other assets			
Investment securities	1,500	5,931	-4,431
Deferred income taxes	11,784	11,693	91
Deposits for landlord	15,806	15,758	47
Software development costs	-	7,611	-7,611
Other investments	3,076	3,759	-682
Allowance for doubtful accounts	-887	-803	-83
Total investments and other assets	31,280	43,950	-12,669
Total fixed assets	85,149	95,976	-10,826
Total assets	246,217	254,490	-8,273

	Fiscal 2000	Fiscal 1999	Difference
(LIABILITIES)			
Current liabilities			
Notes payable and accounts payable-trade	45,658	43,845	1,812
Current portion of long-term accounts payable	5,195	8,196	-3,001
Short-term loans	12,401	17,758	-5,357
Current portion of long-term loans	6,613	1,027	5,586
Accrued income taxes	2,621	10,417	-7,795
Accrued expenses	14,527	13,082	1,445
Allowances	1,917	599	1,318
Other current liabilities	15,644	12,547	3,096
Total current liabilities	104,580	107,474	-2,894
Long-term liabilities			
Bonds	10,000	10,000	-
Long-term accounts payable	4,442	5,865	-1,423
Long-term loans	23,210	28,723	-5,512
Allowance for prior service costs	12,316	13,983	-1,667
Other allowances	1,202	1,177	24
Other long-term liabilities	784	1,066	-281
Total long-term liabilities	51,956	60,817	-8,861
Total liabilities	156,536	168,291	-11,755
Minority interest	1,179	409	770
(SHAREHOLDERS' EQUITY)			
Common stock	5,483	5,483	-
Additional paid-in capital	15,281	15,281	-
Retained earnings	67,737	65,025	2,712
Treasury stock	-1	-0	0
Total shareholders' equity	88,501	85,789	2,711
Total liabilities and shareholders' equity	246,217	254,490	-8,273

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Fiscal 2000	Fiscal 1999
	million yen	million yen
Balance of retained earnings at the beginning	65,025	63,034
Balance of other surplus at the beginning	-	53,718
Legal reserve at the beginning	-	1,431
Adjustment to tax effect relating to the previous year	-	7,884
Decrease in retained earnings	893	884
Cash dividends	822	822
Bonus to directors and corporate auditors	71	62
Net income	3,605	2,876
Balance of retained earnings at the end of year	67,737	65,025

CONSOLIDATED STATEMENT OF CASH FLOWS

		Fiscal 2000
		million yen
I	Cash flows from operating activities	
	Income before adjustment for income taxes	7,494
	Depreciation and amortization	22,129
	Special retirement expense	5,671
	Gain on sales of fixed assets	-1,308
	Decrease in allowances	-875
	Interest income and dividend income	-420
	Interest expense	1,333
	Increase in accounts receivable-trade	-10,117
	Decrease in inventories	2,049
	Increase in accounts payable-trade	6,151
	Other-net	3,449
	Subtotal	35,557
	Interest and dividend received	396
	Interest paid	-1,345
	Special retirement expense paid	-5,671
	Income taxes paid	-12,468
	Net cash provided by operating activities	16,468
II	Cash flows from investing activities	
	Payments for purchases of marketable securities	-529
	Proceeds from sales of marketable securities	1,317
	Payments for purchases of tangible fixed assets	-16,208
	Proceeds from sales of tangible fixed assets	1,861
	Payments for purchases of intangible fixed assets	-5,834
	Payments for purchases of investment securities	-909
	Decrease in loans receivable	1,000
	Other-net	323
	Net cash used in investing activities	-18,979
III	Cash flows from financing activities	
	Decrease in short-term loans	-5,425
	Proceeds from long-term loans	950
	Repayments of long-term loans	-1,097
	Payments for repurchase of treasury stocks	-165
	Proceeds from sales of treasury stocks	164
	Cash dividends paid	-822
	Cash dividends paid to minority interests	-6
	Net cash used in financing activities	-6,402
IV	Increase in cash and cash equivalents	-8,913
V	Cash and cash equivalents, beginning of year	42,613
VI	Increase in cash and cash equivalents due to expansion in scope of consolidated subsidiaries	2,534
VII	Cash and cash equivalents, end of year	36,233

Basic Matters for Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 14

Nihon Unisys Supply Ltd.

UNIADEX Ltd.

Nihon Unisys Software Kaisha, etc.

With the expansion of the scope of companies subject to consolidation following the revision of the system, under the control standards, fourteen companies shall be consolidated (on a line-by-line basis) by adding six affiliates to eight subsidiaries to which the conventional equity method has been applied.

(2) Number of non-consolidated subsidiaries: 2

2. Application of the equity method

NUL Systems Service Corporation (a non-consolidated subsidiary), one other non-consolidated subsidiary, Toyota Soft Engineering Co., Ltd. (an affiliate), and six other affiliates, nine in total, are excluded from the equity method because none have a significant impact on the consolidated net income and losses and the retained earnings, and there is no significance as a whole, either.

3. The fiscal year of consolidated subsidiaries

Of consolidated subsidiaries, Kokusai System Co., Ltd. is a company whose book closing date (December 31) differs from the consolidated closing date.

Consolidated financial statements are prepared using the financial statements as of this day, and the necessary adjustments for consolidation are made with respect to significant transactions occurring over the period from the settlement day to the consolidated settlement day.

4. Standards for accounting procedures

(1) Valuation standard and method of significant assets

a. Securities

- Listed securities:

Valued at the lower of cost or market value, by the moving-average method (the reversal method)

- Other securities:

At cost using the moving-average method

b. Inventories

- Machinery merchandise:

At cost by the specific identification method

- Parts for maintenance services and other merchandise or supplies:

At cost by the moving-average method

(2) Depreciation/amortization method for significant fixed assets

Buildings and structures:

Depreciation of buildings and structures is computed by the declining-balance method over the period as prescribed by the tax regulations.

However, depreciation of buildings (excluding attached facilities) acquired after April 1, 1998 is computed by the straight-line method over the period as prescribed by the tax regulations.

Rental computers (indicated in "machinery, equipment and vehicles"):

Depreciation of rental computers is computed over six years with no residual value, corresponding to the terms and conditions of the rental.

Company-used machinery (indicated in "machinery, equipment and vehicles"):

Depreciation of company-used machinery is computed by the declining-balance method with no residual value at the end of the depreciation period as prescribed by the tax regulations.

Software:

By comparing the amortization amount based on estimated margin with the amount equally allocated during the estimated possible sales period, the larger amount shall be posted.

In this connection, the estimated possible sales period is in principle considered three years.

<Additional information>

"Software development costs" so far included in investments and other assets are included in

"Software" of intangible fixed assets from this fiscal year. In this item, portion corresponding to

research and development costs of software production costs is included, for which conventional accounting method continues to be adopted with the application of interim measures under the "Practical Guidance for Accounting for Research and Development Costs, etc." (Report No. 12 of Accounting Committee of Japanese Institute of Certified Public Accountants dated March 31, 1999)

(3) Appropriation method for significant allowances

Allowance for doubtful accounts:

To provide reserves to offset losses from doubtful accounts, including accounts receivable-trade, individual claims are examined for collectibility and an estimated unrecoverable amount is appropriated in addition to the transfer limit using a performance-based transfer ratio in accordance with the Corporation Tax Law.

Allowance for prior service costs (PSC):

To provide reserves for payment of a special premium (amortized PSC expense premium) to the Employees' Welfare Annuity Pension Fund, the PSC balance of the said Fund at term-end is appropriated.

(4) Method of treating significant leases

For finance leases apart from those where it is acknowledged that the ownership of the lease is to be transferred to the borrower, the accounting procedure used is based on a method involving normal rental transactions.

5. Evaluation of assets and liabilities of consolidated subsidiaries

For evaluation of assets and liabilities of consolidated subsidiaries, the market value method is always used.

6. Depreciation in consolidation adjustment accounts

Depreciation in consolidation adjustment accounts is made by the straight line method for the estimated period when the number of years from the accrual fiscal year can be estimated based on material judgement or for five years when such number of years cannot be estimated.

7. Procedures relating to the appropriation of retained earnings

The consolidated statements of retained earnings have been prepared based on the appropriation of retained earnings determined in the fiscal year as appropriation of retained earnings of consolidated companies.

8. Scope of funds in the consolidated statement of cash flows

The scope of funds (cash and cash equivalents) in the consolidated statement of cash flows covers cash on hand, deposits that can be withdrawn whenever necessary, and short-term investment instruments which mature within three months from the acquisition date and can also be easily liquidated, with a little risk in terms of fluctuation of the value.

Notes on Consolidated Balance Sheets

	<u>Fiscal 2000</u>	<u>Fiscal 1999</u>
1. Accumulated depreciation of tangible fixed assets	134,204 million yen	141,582 million yen
2. Liabilities for guarantee	8,242 million yen	9,152 million yen
3. Treasury stock	462 shares	459 shares

Tax Effect Accounting-Related Items

	<u>Fiscal 2000</u>	<u>Fiscal 1999</u>
	(million yen)	(million yen)
1. Breakdown by main causes of deferred income taxes assets and deferred income taxes liabilities		
(1) Current assets		
Deferred income taxes assets		
Excess amount of allowance for bonus	1,942	926
Allowance for free services	580	122
Inventory valuation amount	464	711
Accrued business tax/accrued business office tax	375	1,063
Others	<u>318</u>	<u>209</u>
Total deferred income taxes assets	<u>3,681</u>	<u>3,034</u>
(2) Fixed assets		
Deferred income taxes assets		
Depreciation in excess	2,326	2,717
Amortization in excess of deferred assets	6,386	4,497
Allowance for prior service costs	5,047	5,877
Others	<u>1,386</u>	<u>1,087</u>
Subtotal deferred income taxes assets	15,147	14,179
Valuation reserve	<u>-84</u>	<u>-</u>
Total deferred income taxes assets	15,063	14,179
Deferred income taxes liabilities		
Reserve for program	-2,839	-2,267
Others	<u>-438</u>	<u>-218</u>
Total deferred income taxes liabilities	<u>-3,278</u>	<u>-2,485</u>
Net amount of deferred income taxes assets (liabilities)	<u>11,784</u>	<u>11,693</u>
2. Reasons for differences between legally effective tax rate and overall burden ratio of income taxes after adopting tax effect accounting		
	<u>Fiscal 2000</u>	<u>Fiscal 1999</u>
	%	%
Legally effective tax rate (adjustment)	42.1	47.7
Items which do not involve temporary difference, such as entertainment expenses	6.2	6.7
Equity in net income of subsidiaries and affiliates	-	-4.2
Amount of per-capita residential tax	1.5	1.6
Difference between legally effective tax rate for the current term (47.7%) and tax rate of deferred income taxes assets at the end of period (42.1%)	-	12.2
Others	<u>0.3</u>	<u>-</u>
Overall burden ration of income taxes after adopting tax effect accounting	<u>50.1</u>	<u>64.0</u>

5. Segment Information

(1) Business segment information

Since the group's operations involve a single business classification under which the group provides computers, software, associated products and related services, there is no statement of business segment information.

(2) Geographic segment information

Since there are no consolidated subsidiaries overseas, there is no statement of geographic segment information.

(3) Overseas sales

Since the share of the overseas sales in the consolidated net sales is negligible, the statement of overseas sales is omitted.

6. State of Production, Orders and Sales

(1) State of production

	Fiscal 2000
	million yen
System services	69,348
Software	12,340
Total	81,688

(2) State of orders

	Fiscal 2000	
	Orders	Backlog
	million yen	million yen
Hardware	107,041	37,268
Software	58,530	34,252
Services and others	129,637	59,037
Total	295,209	130,558

(2) State of sales

	Fiscal 2000	Fiscal 1999
	million yen	million yen
Hardware	109,573	116,999
Software	59,717	52,791
Services and others	142,027	140,908
Total	311,318	310,699

7. Market Value of Securities, etc.

	Fiscal 2000 (as of March 31, 2000)		
	Book value	Market value	Unrealized gains or losses
(1) Current assets	million yen	million yen	million yen
Stocks	8,538	18,959	10,420
Bonds	38	38	0
Others	441	440	0
Subtotal	9,017	19,438	10,420
(2) Fixed assets			
Stocks	2	2	0
Subtotal	2	2	0
Total	9,020	19,441	10,420

- Notes)
1. Method of computing market value, etc.
 - 1) Listed securities --- Primarily by closing price on the Tokyo Stock Exchange
 - 2) Over-the-counter securities --- Trading price announced by the Japan Securities Dealers Association
 - 3) Beneficiary securities of non-listed securities investment trusts --- By base price
 2. Book value for securities excluded from the above schedule is as follows:

Fixed assets	Unlisted stocks excluding OTC securities	1,497 million yen
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<Reference> Market Value of Securities, etc. (Non-consolidated, Fiscal Year 1999)

	Fiscal 1999 (as of March 31, 1999)		
	Book value	Market value	Unrealized gains or losses
(1) Current assets	million yen	million yen	million yen
Stocks	8,421	12,331	3,910
Bonds	19	17	-1
Others	10	10	0
Subtotal	8,450	12,360	3,909
(2) Fixed assets			
Stocks	155	200	45
	(155)	(200)	(45)
Subtotal	155	200	45
	(155)	(200)	(45)
Total	8,606	12,560	3,954
	(155)	(200)	(45)

- Notes)
- Method of computing market value, etc.
 - Listed securities --- Primarily by closing price on the Tokyo Stock Exchange
 - Over-the-counter securities --- Trading price announced by the Japan Securities Dealers Association
 - Beneficiary securities of non-listed securities investment trusts --- By base price
 - Treasury stocks are included and indicated in stocks.
 - Book value for securities excluded from the above schedule is as follows:

		<u>Fiscal 1999</u>
Current assets	Discount bank debenture	19 million yen
	Coupon bank debenture	20 million yen
Fixed assets	Unlisted stocks excluding OTC securities	2,467 million yen
		(1,820 million yen)

- Figures in brackets are amounts involving affiliates.

8. Contract Amounts of Derivatives, Market Value and Unrealized Gains and Losses

(1) Currency related data

	Type	Fiscal 2000 (as of March 31, 2000)			
		Contract amounts		Market value	Unrealized gains or losses
		million yen	Of which, over one year million yen		
Outside market trading	Forward exchange contract On buyer's side (US\$)	1,332	-	1,354	21
Total				1,354	21

Notes) 1. Method of computing market value

Forward exchange contract

Computed using a forward rate.

2. When the yen amount of monetary claims and debts in foreign currencies is fixed at the time of settlement because of the presence of forward exchange contracts, amounts indicated in yen in the balance sheets are excluded from the scope of disclosure.

(2) Interest related data

	Type	Fiscal 2000 (as of March 31, 2000)			
		Contract amounts		Market value	Unrealized gains or losses
		million yen	Of which, over one year million yen		
Outside market trading	Interest rate swap Fixed rate payment/ Floating rate receipt	6,000	6,000	-77	-77
Total		6,000	6,000	-77	-77

Notes) 1. Method of computing market value

Using market value presented by leading financial institutions

2. The above contract amounts (notional principal amounts) for derivatives do not measure the Company's exposure to credit or market risk associated with the amount itself.

**<Reference> Contract Amounts of Derivatives, Market Value and Unrealized Gains
and Losses (Non-consolidated, Fiscal Year 1999)**

(1) Currency related data

	Type	Fiscal 1999 (as of March 31, 1999)			
		Contract amounts		Market value	Unrealized gains or losses
			Of which, over one year		
Outside market trading	Forward exchange contract On buyer's side (US\$)	million yen 4,245	million yen -	million yen 4,529	million yen 284
	Total			4,529	284

Notes) 1. Method of computing market value

Forward exchange contract

Computed using a forward rate.

2. When the yen amount of monetary claims and debts in foreign currencies is fixed at the time of settlement because of the presence of forward exchange contracts, amounts indicated in yen in the balance sheets are excluded from the scope of disclosure.

(2) Interest related data

	Type	Fiscal 1999 (as of March 31, 1999)			
		Contract amounts		Market value	Unrealized gains or losses
			Of which, over one year		
Outside market trading	Interest rate swap Fixed rate payment/ Floating rate receipt	million yen 10,000	million yen 10,000	million yen -274	million yen -274
	Total	10,000	10,000	-274	-274

Notes) 1. Method of computing market value

Using market value presented by leading financial institutions

2. The above contract amounts (notional principal amounts) for derivatives do not measure the Company's exposure to credit or market risk associated with the amount itself.

9. Transactions with the Parties Concerned

Fiscal 2000 (From April 1, 1999 to March 31, 2000)

Parent companies and primary corporate shareholders

Attribute		Other affiliates	
Company name		Mitsui & Co., Ltd.	Unisys Corporation
Address		Chiyoda-ku, Tokyo	Pennsylvania, U.S.A.
Paid-in capital		192,487 million yen	3 million US\$
Contents of business		Trading	Manufacturing/sales
Ratio of voting rights, etc. granted		Direct: 28.36%, Indirect: 0.01%	Direct: 28.36%
Details of relation	Directors also serving for another company	Serving for more than one company: 3, Move: 5	Serving for more than one company: 3, Transfer: 3
	Business relationship	Agent to purchase Unisys computer equipment	Manufacturer and vendor of computers, etc.
Contents of transactions		Business transaction	Business transaction
		(1) Purchase of computer equipment for sale and rental, etc.	(2) Fees for providing of technology information and technology support, payment of fees for use of trademarks, and fees for use of software
Transaction amount		32,504 million yen	22,458 million yen
Account		Accounts payable, etc.	Advance payments Accounts payable, etc.
Balance at the term-end		20,211 million yen	2,620 million yen 2,991 million yen

Note) The above transaction amount does not include consumption taxes, etc., and the balance at the term-end includes consumption taxes, etc.

Transaction conditions and policy on determining transaction conditions, etc.

(1) When purchasing computer equipment for sale and rental, terms and conditions are determined on a negotiation basis after presenting the Company's requested price to manufacturers such as Unisys Corporation.

As the Company purchases computer equipment through Mitsui & Co., Ltd., a purchase agent, the transaction amount is a total of the amount of purchase from manufacturers such as Unisys Corporation and expenses required for the purchase through the agent.

(2) For fees for providing of technology information and technology support, payment of fees for use of trademarks, and fees for use of software, individual conditions are determined.

Financial Report for the Fiscal Year 2000, Ended March 31, 2000 (Non-consolidated)

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section, Code 8056

--Head Office: 1-1, Toyosu 1-chome, Koto-ku, Tokyo 135-8560

--Date of the Meeting of the Board of Directors to Settle Accounts: May 23, 2000

--Date of the Ordinary General Meeting of Shareholders: June 27, 2000

--The Company has a policy of paying interim dividends.

1. Business Results for the Fiscal Year 2000 (From April 1, 1999 to March 31, 2000)

(1) Results of Operations

(Figures are rounded down to the nearest million yen)

	Net Sales	Change	Operating Income	Change	Recurring Profit	Change
	million yen	%	million yen	%	million yen	%
Fiscal Year 2000	292,506	-1.4	14,814	11.5	15,932	46.8
Fiscal Year 1999	296,530	1.1	13,283	66.6	10,852	106.5

	Net Income	Change	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income/Shareholders' Equity	Ratio of Recurring Profit/Total Assets	Ratio of Recurring Profit/Net Sales
	million yen	%	yen	yen	%	%	%
Fiscal Year 2000	2,021	36.1	18.43	-	2.5	6.8	5.4
Fiscal Year 1999	1,485	-21.5	13.55	-	2.0	4.4	3.7

Notes) 1. Average number of shares outstanding of fiscal year

Fiscal year 2000: 109,663,524 shares

Fiscal year 1999: 109,663,524 shares

2. Change in accounting policies: None

3. Percentages above mean increase/decrease over preceding fiscal year.

(2) Dividends

	Annual Dividends per Share			Total Dividends Paid	Dividends Payout Ratio	Ratio of Dividends/Shareholders' Equity
	Interim	End of Period				
	yen	yen	yen	million yen	%	%
Fiscal Year 2000	7.50	3.75	3.75	822	40.7	1.0
Fiscal Year 1999	7.50	3.75	3.75	822	55.4	1.0

(3) Financial Standing

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	million yen	million yen	%	yen
Fiscal Year 2000	226,866	80,332	35.4	732.54
Fiscal Year 1999	240,445	79,193	32.9	722.15

Note) Number of shares outstanding at the end of the fiscal year

March 31, 2000: 109,663,524 shares

March 31, 1999: 109,663,524 shares

2. Earning Forecast for the Fiscal Year 2001 (from April 1, 2000 to March 31, 2001)

	Net Sales	Recurring Profit	Net Income	Annual Dividends per Share		
				Interim	End of Period	
	million yen	million yen	million yen	yen	yen	yen
Interim	130,000	2,400	1,100	3.75	-	-
Full-year	305,000	7,500	3,900	-	3.75	7.50

Reference) Expected net income per share (full-year basis): 35.56 yen

***This financial report is solely a translation of Japanese "Kessan Tanshin," including attachments, for the convenience of readers who prefer English translation.**

11. Non-consolidated Financial Statements

NON-CONSOLIDATED STATEMENTS OF INCOME

	Fiscal 2000	Fiscal 1999	Difference	
			Amount	Change
	million yen	million yen	million yen	%
(Ordinary profit and loss)				
Operating income and expenses				
Net sales	292,506	296,530	-4,024	-1.4
Cost of sales	206,163	212,021	-5,858	-2.8
Gross Profit	86,343	84,508	1,834	2.2
Selling, general and administrative expenses	71,528	71,225	302	0.4
Operating income	14,814	13,283	1,531	11.5
Non-operating income and expenses				
Non-operating income				
Interest income and dividend income	503	671	-168	
Gain on sales of marketable securities	392	-	392	
Exchange gain	404	-	404	
Other-net	1,685	1,059	625	
Non-operating expenses				
Interest expense and interest on bonds	1,331	2,055	-723	
Other-net	535	2,107	-1,572	
Recurring profit	15,932	10,852	5,080	46.8
(Extraordinary gain and loss)				
Extraordinary gains				
Gain on sales of fixed assets	1,308	-	1,308	
Penalty from cancellation of computer rental contract	-	2,123	-2,123	
Gain on sales of investment securities	-	7	-7	
Extraordinary losses				
Provision for prior service costs relating to the previous years	6,708	6,708	-	
Special retirement expense	5,671	-	5,671	
Other-net	495	355	140	
Income before income taxes	4,365	5,918	-1,553	-26.2
Income, residential and business taxes	1,851	12,050	-10,199	
Adjustment to income, residential and business taxes	492	-7,617	8,109	
Net income	2,021	1,485	535	36.1
Retained earnings at the beginning of year	40,580	31,186	9,394	
Interim dividends	411	411	0	
Adjustment to tax effect relating to the previous years	-	6,545	-6,545	
Reversal of reserve relating to adopting tax effect accounting	-	2,314	-2,314	
Unappropriated retained earnings	42,190	41,120	1,069	

NON-CONSOLIDATED BALANCE SHEETS

	Fiscal 2000	Fiscal 1999	Difference
	million yen	million yen	million yen
(ASSETS)			
Current assets			
Cash and time deposits	23,599	21,382	2,216
Notes receivable	478	706	-228
Accounts receivable-trade	89,260	79,093	10,166
Marketable securities	8,542	8,490	52
Treasury stock	1	0	0
Merchandises	9,983	9,796	186
Work in process	862	3,139	-2,277
Supplies	48	80	-31
Advance payments	2,755	2,602	152
Prepaid expenses	1,608	1,770	-162
Deferred income taxes	2,788	2,833	-45
Short-term loans receivable	6,477	21,549	-15,071
Other current assets	1,207	729	478
Allowance for doubtful accounts	-345	-455	109
Total current assets	147,269	151,721	-4,451
Fixed assets			
Tangible fixed assets			
Buildings and structures	5,228	5,651	-423
Machinery and equipment	31,717	37,454	-5,736
Vehicles	0	0	-
Furniture, fixtures and tools	3,234	2,876	357
Land	1,941	2,239	-298
Total tangible fixed assets	42,122	48,223	-6,100
Intangible fixed assets			
Software	5,816	-	5,816
Other intangible fixed assets	278	340	-62
Total intangible fixed assets	6,094	340	5,753
Investments and other assets			
Investment securities	1,268	646	621
Investments in subsidiaries and affiliates	1,870	1,976	-105
Investments in capital	389	452	-63
Long-term loans receivable	31	47	-15
Claim in bankruptcy and reorganization	933	901	31
Deferred income taxes	10,880	11,328	-447
Deposits for landlord	15,463	15,731	-268
Software development costs	-	7,596	-7,596
Other investments	1,393	2,284	-891
Allowance for doubtful accounts	-849	-803	-45
Total investments and other assets	31,380	40,161	-8,780
Total fixed assets	79,597	88,724	-9,127
Total assets	226,866	240,445	-13,579

	Fiscal 2000	Fiscal 1999	Difference
	million yen	million yen	million yen
(LIABILITIES)			
Current liabilities			
Notes payable	2,568	3,805	-1,236
Accounts payable-trade	43,895	37,281	6,614
Current portion of long-term accounts payable	5,195	8,196	-3,001
Short-term loans	10,540	15,840	-5,300
Current portion of long-term loans	6,547	1,027	5,520
Other accounts payable	2,411	722	1,689
Accrued income taxes	1,259	10,041	-8,781
Accrued consumption taxes	3,557	3,654	-97
Accrued expenses	10,043	11,930	-1,887
Advance received	6,444	6,470	-25
Deposits received	810	856	-45
Advance received profits	116	129	-13
Allowance for free services	1,380	292	1,088
Allowance for office transfer costs	256	-	256
Current portion of allowance for the New Career Support Program	281	307	-26
Other current liabilities	286	292	-6
Total current liabilities	95,595	100,848	-5,252
Long-term liabilities			
Bonds	10,000	10,000	-
Long-term accounts payable	4,442	5,865	-1,423
Long-term loans	23,126	28,723	-5,597
Long-term deposits received	1,066	1,066	-
Allowance for prior service costs	11,457	13,606	-2,149
Allowance for directors' and corporate auditors' retirement benefits	357	501	-143
Allowance for the New Career Support Program	488	640	-152
Total long-term liabilities	50,937	60,404	-9,466
Total liabilities	146,533	161,252	-14,718
(SHAREHOLDERS' EQUITY)			
Common stock	5,483	5,483	-
Additional paid-in capital	15,281	15,281	-
Legal reserve	1,370	1,370	-
Retained earnings			
Voluntary reserve			
Reserve for obsolete equipment	8,350	8,350	-
General reserve	4,400	4,400	-
Reserve for program	3,120	3,051	69
Reserve for reduction of assets' cost	135	135	-
Unappropriated retained earnings	42,190	41,120	1,069
Total retained earnings	58,196	57,057	1,138
Total shareholders' equity	80,332	79,193	1,138
Total liabilities and shareholders' equity	226,866	240,445	-13,579

PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS
(NON-CONSOLIDATED)

	Fiscal 2000	Fiscal 1999	Difference
	million yen	million yen	million yen
Unappropriated retained earnings	42,190	41,120	1,069
Reversal of reserve for program	573	610	-36
Total	42,764	41,731	1,032
The above shall be appropriated as follows:			
Cash dividends	411	411	0
(Dividends per share)	(3.75 yen)	(3.75 yen)	(-)
Bonus to directors	60	55	5
Bonus to corporate auditors	-	5	-5
Reserve for program	1,360	680	680
Reserve for special depreciation	266	-	266
Total	2,098	1,151	946
Retained earnings carried forward	40,666	40,580	85

Note) The Company paid interim dividends as follows:

<u>Date of payments</u>	<u>December 10, 1999</u>	<u>December 11, 1998</u>
Total amounts	411 million yen	411 million yen
(Dividends per share)	(3.75 yen)	(3.75 yen)

Notes

1. Significant Accounting Policies

The significant accounting principles and procedures forming the basis for preparing the balance sheets and statements of income are as follows:

- (1) Basis for valuation of assets
 1. Securities
 - a. Listed securities:
Valued at the lower of cost or market value, by the moving-average method (the reversal method)
 - b. Other securities:
At cost using the moving-average method
 2. Inventories
 - a. Machinery merchandise:
At cost by the specific identification method
 - b. Parts for maintenance services and other merchandise or supplies:
At cost by the moving-average method

- (2) Depreciation/amortization method for fixed assets

Rental computers (indicated in "machinery and equipment"):
Depreciation of rental computers is computed over six years with no residual value, corresponding to the terms and conditions of the rental.

Company-used machinery (indicated in "machinery and equipment"):
Depreciation of company-used machinery is computed by the declining-balance method with no residual value at the end of the depreciation period as prescribed by the tax regulations.

Software:
By comparing the amortization amount based on estimated margin with the amount equally allocated during the estimated possible sales period, the larger amount shall be posted. In this connection, the estimated possible sales period is in principle considered three years.

<Additional information>
"Software development costs" so far included in investments and other assets are included in "Software" of intangible fixed assets from this fiscal year. In this item, portion corresponding to research and development costs of software production costs is included, for which conventional accounting method continues to be adopted with the application of interim measures under the "Practical Guidance for Accounting for Research and Development Costs, etc." (Report No. 12 of Accounting Committee of Japanese Institute of Certified Public Accountants dated March 31, 1999)

- (3) Appropriation method for allowances

Allowance for doubtful accounts:
To provide reserves to offset losses from doubtful accounts, including accounts receivable-trade, individual claims are examined for collectibility and an estimated unrecoverable amount is appropriated in addition to the transfer limit using a performance-based transfer ratio in accordance with the Corporation Tax Law.

Allowance for free services:
To prepare for payment of expenses for provision of free services under the free maintenance service contract as well as the system service contract, the estimated accrual amount is appropriated based on the past accrual ratio.

<Additional information>
As the scope of free service, including modification and repair, was made clear with the revision of the "system service contract" in the current term, a method for registering allowance for expenses for this free service at the time of posting of sales has been adopted. As a result, relative to figures calculated under the same standard as before, operating income, recurring profit and income before income taxes for the current term are lower by 456 million yen, respectively.
Such allowance is indicated as "allowance for free services" which includes "allowance for maintenance services" so far adopted in the free maintenance contract.

Allowance for prior service costs (PSC):

To provide reserves for payment of a special premium (amortized PSC expense premium) to the Employees' Welfare Annuity Pension Fund, the PSC balance of the said Fund at term-end is appropriated.

Allowance for the New Career Support Program:

The full amount is booked for the estimated term-end allowance for retiring employees who apply for the New Career Support Program.

(4) Method of treating leases

For finance leases apart from those where it is acknowledged that the ownership of the lease is to be transferred to the borrower, the accounting procedure used is based on a method involving normal rental transactions.

(5) Consumption taxes

The tax exclusion method has been adopted for accounting for consumption taxes.

2. Notes on Statements of Income

	<u>Fiscal 2000</u>	<u>Fiscal 1999</u>
Depreciation and amortization of fixed assets		
Tangible fixed assets	16,079 million yen	17,806 million yen
Intangible fixed assets	4,985	7
<u>Investments and other assets</u>	<u>-</u>	<u>5,149</u>
Total	21,065	22,963

3. Notes on Balance Sheets

	<u>Fiscal 2000</u>	<u>Fiscal 1999</u>
(1) Accumulated depreciation of tangible fixed assets	127,136 million yen	137,147 million yen
(2) Liabilities for guarantee	8,242 million yen	9,152 million yen
(3) Treasury stock	462 shares	459 shares

12. Management Changes (preliminary)

(1) Candidates for directors:

<u>New title</u>	<u>Name</u>	<u>Current title</u>
Managing Director (Part-time)	Yoshiyuki Izawa	President of Mitsui & Co. Deutschland GmbH
Managing Director (Part-time)	Janet B. Wallace	Senior Vice President of Unisys Corporation

(2) Retiring director:

<u>Current title</u>	<u>Name</u>
Managing Director (Part-time)	Kazuo Sato

* These changes have already been announced on May 1, 2000.