Holdings	Sajima Yasuda	Ukuma Yasuda	Arata Yasuda	Sengoro Yasuda	Yoriko Yasuda	Sanyo Yasuda	Koichiro Yasuda	Hikotaro Yasuda	Ryokichi Yasuda	Zenbachiro Yasuda
Mitsui Honsha	400	—	300	—	—	—	—	—	—	—
Mitsui Kozan	200	—	150	—	—	—	—	—	—	—
Hakodate Dock	4,540	—	—	—	—	—	—	—	—	—
Kayokan	242	—	—	—	—	—	—	—	—	—
Tokyo Tatemono	2,400	—	—	—	—	—	—	—	—	—
Toa Kosan	1,500	—	—	—	—	—	—	—	—	—
Okura Shippan	100	—	—	—	—	—	—	—	—	—
Teikoku Hotel	666	—	—	—	—	—	—	—	—	—
Nawa Senrin	2	—	—	—	—	—	—	—	—	—
Nedagoya Mines	3	—	—	—	—	—	—	—	—	—
Shinkozumi Gaschi Mines	5	—	—	—	—	—	—	—	—	—
Nippon Bakyusha	50	—	—	—	—	—	—	—	—	—
Tokyo Mines	1	—	—	—	—	—	—	—	—	—
Nippon Kogyo Club subscription	¥1,000	—	—	—	—	—	—	—	—	—
Mibinkeshi Club	¥10,000	—	—	—	—	—	—	—	—	—
Other Companies	—	—	—	800	500	190	—	200	1	—
Bank Deposits (000yen)	865	99	271	424	192	23	59	44	65	21

Liabilities

Amount	¥ 66,000	66,000	66,000	47,000	47,000	29,000	38,000	38,000	28,000	60,000
Lender	Yasuda Kogyo	Yasuda Kogyo	Yasuda Kogyo	Yasuda Kogyo	Yasuda Kogyo	Yasuda Kogyoshik	Yasuda Kogyo	Yasuda Kogyo	Yasuda Kogyo	Yasuda Kogyo & Shintaku

Amount	8,000
Lender	Nagaoka Kogyo

APPENDIX G

REPORT ON ASANO

APPENDIX 2

REPORT ON ASANO

Origins of Asano Enterprises.

Soichiro Asano founded the present Asano house. Early in his career, he met and established a working contact with Zenjiro Yasuda, founder of the Yasuda Hozensha, and with the elder Shibusawa. The first supplied credit, and the second presumably afforded the essential government contacts and subsidies. From the first, the Asano combine went in for a combination of trading and heavy goods manufacture. Ultimately, its interests included ship-building, coal mining, cement, steel, and the import-export business. There was a considerable degree of vertical integration in the Asano interests and, except for the portland cement field, little domination of any particular area of the economy. The Asano combine produced its own coal for the manufacture of steel which went into fabricated steel products and into its ships; and it maintained its own harbor works and constructed its own bottoms to carry its export-import business.

The one element which the Asano enterprises lacked for self-sufficiency was an internal source of credit. For this, they relied principally upon the Yasuda zaibatsu which traditionally had specialized in the credit field. [1] There is every reason to

1. The Asano Sunsan, however, borrowed largely from the Yokohama Specie bank, a special government bank; see below.

believe that this relationship between the Yasudas and the Asanos was conducted at arms's length. If the Yasudas granted credit to the Asanos in more liberal quantities than to independents, it was very likely because of Soichiro Asano's capacity as an entrepreneur.

As a result of Asano's reliance upon Yasuda for credit, the Asano enterprises and the Asano Honsha (and its predecessor organizations which are mentioned below) have always been in heavy debt to the Yasudas, as they are at the present time. Moreover, as a common stockholder of the debt-burdened Asano enterprises, the top Asano holding company has had a spotty career. The original top company was the Asano Hozensha, which expanded from an initial capital of three million yen to ten million yen in 1918 and in 1922 was transferred into a new company, Asano Dozoku, with 35-million-yen capital.

There after Asano's fortunes took a bad turn. His shipbuilding facilities and shipping lines had greatly over-expanded during World War I and, in the course of expansion, had assumed considerable debt to Yasuda. When Soichiro Asano died the Asano Dozoku was barely above water. By 1938, the balance sheet of Asano Dozoku showed an accumulated deficit of more than its capital.. over 35 million yen..and the company found itself unable to meet interest payments on its indebtedness of over 72 million yen. Accordingly, in the next year the Dozoku went into liquidation.

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Wartime profits and increases in market prices of the Dozoku's assets temprorarily revived the Asano family's fortunes. A new Asano Honsha was set up in 1944 with 15-million-yen capital, for the purpose of assuming the assets and liabilities of the liquidating Asano Dozoku. The actualtransfer was made in early 1945. The principal stockholder, by far, is the eldest of the four Asano brothers, Soichiro, who holds about 15% of the shares. The remainder of the shares are distributed among at least 38 other holders. Many of these bear the name of Asano, but other family names appear, such as Bagusi, Hosumi, Suzuki and Shiraishi; in every case, these other names represent related shoots of the Asano family.

At the close of the war, the Honsha was in a precarious position from the perennial cause..its debts to Yasuda. Over 90 percent of its security holdings were pledged with the Yasuda Bank against the indebtedness it had assumed, and the value of these securities at that time was barely enough to cover the indebtedness. Default on such borrowings, which may well occur, would place the Yasuda Bank in control of all of the Asano interests except the Asano Bussan and its subsidiaries.

If this ultimate absorption by Yasuda should occur, it would be the final step in a trend which has existed for many years. When Asano enterprises have defaulted on their obligations in the past, Yasuda has not hesitated to foreclose and take over. Some of Yasuda's more recent acquisitions of Asano enterprises include

Toyo Risen and Oki Denki. A much earlier Yasuda acquisition was the Nippon Chuya Bank, a bank which originally represented Asano's one effort at creating its own banking system and freeing itself of the need to borrow from Yasuda.

Structure of the Asano Enterprises

The structure of the Asano combine is reasonably straightforward.[2] The Asano Honsha holds substantial plurality interests in each of the key companies of the combine, namely: Kokura Seiko, engaged in steel production and fabrication; Toa Kowan Kogyo, in ship repair and harbor maintenance; Asano Bussan, in the shipping, export and import trade; Nippon Steel Tube, in steel production and fabrication; and Asano Cement, in the production of portland and other cements. The Honsha also holds plurality or majority interests in a number of smaller entities whose activities, by and large, are reasonably well related to one or another of the other Asano enterprises. These lesser subs diaries are mainly engaged in shipping, rail transport, mining, land reclamation and explosives manufacture.

Some of the Honsha's stockholders also hold substantial interests directly in the principal Asano subsidiaries. Thus, the four Asano brothers, together with some of their relatives, hold 13% of Asano Bussan, and 9% of Hinode Risen. They have substan-

2 For a list of the Honsha's subsidiaries and sub-subsidiaries, see Exhibit 1.

tial investments also measured in yen, in a number of the other Asano enterprises, but none which exceeds more than a few per cent of total outstanding shares in any company.

The four Asano brothers have a multiplicity of offices in the Asano enterprises. Except for Yoshio, who is the youngest, each brother holds positions in at least thirty such enterprises. While each of the four is in at least one company in each of the major Asano systems, a certain pattern of specialization is discernible; Soichiro appears to specialize in the activities of the Bussan and its subsidiaries; Ryozo and Hachiro in cement companies; Ryozo again in the Nippon Steel Tube combine; and Yoshio in the harbor and transportation field. The other family names related to the Asanos-- Nagusi, Suzuki, and so on-- appear frequently among the offices and directors of the principal Asano subsidiaries. A complete account of the offices and stockholdings of these relatives is not available.

Some description of each of the principal shoots to the Asano system and comment on their development will be helpful in an understanding of the present situation.

Nippon Steel Tube is by far the largest Asano subsidiary in terms of assets; 5/ at the end of 1944, the company's total assets were 357 million yen. This subsidiary in turn had at least 20

5/ The Asano interests, while the largest single stockholders, own only 14% of the company's stock and would deny that the company is an Asano enterprise. However, the president of the company is Ryozo Asano and the vice-president, T. Komatsu, who is also a sort of major domo of the Asano Honsha, was employed by other Asano interests for 30 years before joining Nippon Steel Tube.

companies plainly under its control through ownership of a plurality or majority of stock. The subsidiaries appear to be relatively small, highly specialized, and closely integrated with their parent. Together, the system accounted for about one-sixth of Japan's ordinary rolled steel products during the war. As might be expected, the war tremendously expanded the size of the parent, increasing its assets from116 million yen in 1936 to 875 million yen in 1944. Net profits were correspondingly higher, rising from approximately nine million yen annually in the 1935-37 period to 36 million yen annually during recent years.[4]

The expansion in the company's assets was accompanied by a tremendous expansion in liabilities..largely bank debt..which rose from less than 10 million yen before 1940 to 237 million yen at the end of 1944. Other liabilities not included in this total were 118 million yen in advances..presumably from the Army and Navy.. and 42 million yen of unpaid accounts.

The Nippon Steel Tube combine lost about 30 percent of its properties as a result of war damage. It had little overseas property. It has not yet had any of its important plants designated for reparations but in view of the drastic cut-back in steel capacity, which is part of the reparations program, it expects to suffer heavily. Indeed, at this point it seems plain that Nippon Steel Tube will soon be unable, if it is not so already, to ser-

4 In view of the obscure nature of some aspects of Japanese accounting, these figures are to be taken with a considerable measure of caution.

vise its debt. This means that Yasuda Bank may soon own the remaining properties of Nippon Steel Tube.

Second in size among the Asano concerns is Asano Portland Cement. Its assets at the end of 1944 totalled 242 million yen. As with Nippon Steel Tube, its 20-odd subsidiaries are controlled through stockholdings and are apparently closely integrated with their parent. This company expanded comparatively little between 1940 and 1944, its total assets rising from 171 to 242 million yen. The rise is explained largely by expansion in its fixed assets, and was financed by a corresponding increase in bank debts.

It is of interest that although the cement output of this enterprise actually decreased during the war, nevertheless its relative position in the national cement industry improved; its asbestos cement output rose from 36 to 63 per of the nation's total and its portland cement output rose from 28 to 34 per cent. It is probably relevant to observe here that Soichiro Asano is chairman, and Kachiro Asano is a member of the board, of the Cement Control Association.

War damage to Asano's cement interests has been extremely slight. Moreover, in view of the character of the enterprise, reparations may not affect it materially. 5/ While the combine had certain properties in Manchuria, Korea and China, those investments were comparatively insignificant. Finally, the war profits

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5/ The company's own appraisal of the reparations situation is that the "probability of confiscation" is "much"; but the basis of that opinion is not evident.

tax and capital levy will affect the company scarcely at all. The only major hurdle for the combine is its bank debt -- to Yasuda -- of well over fifty million yen. But, on the basis of past earnings, it may reasonably be expected to handle this burden as well.

The third major spur of the Asano Combine is Asano Bussan, with capital of 98 million yen at the close of 1944. The Bussan itself was engaged in the export and import trade; it owns its own fleet of ships and formerly purchased and sold goods in foreign trade. Some of its 20-odd subsidiaries are engaged in enterprises closely related to ship building and ship repair; others manufacture or distribute consumer goods; still others engage in such heterogeneous activities as road paving, water works construction, well drilling, and so on.

The recent growth of the Bussan is typical of similar companies in the other Zaibatsu combines. The Bussan, unlike the other Asano interests, did its borrowing from the Yokohama Specie Bank. 6/ By reason of its size and influence, the Bussan had much easier access to credit than many of its independent suppliers. Accordingly, its borrowings from the Yokohama Specie Bank were used in part to advance funds to these suppliers. In that connection, it demanded as collateral a controlling block of the independents stock.

Defaults on loans such as these gave the Asano Bussan control of Okano Valve in 1936, Asano (formerly Toyo) Kenzai in 1937, Asano (formerly Hirata) Chemical Research, and Asano (formerly Kondo) Engineering in 1939, Nippon Tomato and Edowaga Kikai in

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6/ The separation of the Bussan in this fashion from other Asano interests was based on the elder Soichiro Asano's fear that the pooling of business was too risky and if thrown into a common credit pool with the other Asano interests might pull them all down.

1942, Ono Tekkosho and Nippon Seikei in 1943, and others.

Data on purchasing contracts and similar arrangements between the Bussan and its subsidiaries are available only as they existed at the end of the war. The relationships at that time probably are not characteristic of their typical ties. Many of the subsidiaries were selling their products directly to war industry. Only a few marketed their products largely through the Bussan. These latter had a working arrangement, not reduced to writing, to use the Bussan for that purpose. In peacetime one may assume that a larger number of subsidiaries were subject to such an arrangement.

Between 1940 and 1944, total assets of the Bussan doubled, and at the end of the period were just short of 100 million yen. This growth however, is partly fictitious; it is explained in good part by increasing credit extensions to customers, on the one hand and increasing borrowings from banks and other creditors, on the other. The Bussan's profits have fallen off, rather than otherwise, in recent years.

The principal war loss of Asano Bussan has been in ships. But these were written off as they were lost, and at the war's end three tankers were still afloat. Loss of the Bussan's overseas assets, tied up in many branches and subsidiaries scattered throughout the world, is likely to prove its most serious problem these may well run to thirty per cent of its total assets. If it meets this problem successfully, the position of the company will rest on the solvency of its debtor customers. This cannot easily be appraised.

The Asano Dissolution Plan

The first step in the proposed Asano plan is to dissolve the Honsha by turning over to the Yasuda Bank, in satisfaction of its borrowings, all the stock pledged against the bank loan. This is to be accepted in full payment of such indebtedness. Even at August 1945 prices, the loan was barely covered by the collateral; today it probably would not serve as adequate cover.

This is especially relevant because the Honsha has other assets, notably a 73,000-share block of the Bussan stock. These shares are pledged against indebtedness with the Yokohama Specie Bank, but the Asanos appear to believe that they can obtain their release. Once released, the Asanos propose to dispose of these shares and other smaller blocks to employees at a "fair and just price".

The plan says nothing of the Asanos' personal stockholdings. These bulk large in Asano Bussan, and no plan would be complete which did not provide for their disposal.

The plan provides also for certain resignations by the four Asano brothers from the Asano enterprises. The resignations purport to leave Soichiro Asano only in the cement company and companies "related thereto"; Ryozo in Nippon Steel Tube and companies "related thereto"; Koshiro in Kokura Seiko and Kanto Denki and Companies "related thereto"; and Yoshio in Toa Kowan Kogyo and companies "related thereto". The "companies related" clause is given a broad interpretation. In some cases, it leaves each of the brothers holding positions in several key companies and, in a few cases, leaves two or more of them in the same company.

~~TOP SECRET~~

The plan makes no provision for the two dozen or more other stockholders of the Konsha whose names appear so repetitiously in many Asano enterprises.

~~TOP SECRET~~

EXHIBIT I

ENTERPRISES OF THE ASANO HONSHA
(Control Relationship Indicated by Indentation)

	Enterprise	Asano Stockholdings as Percent of Total	Total Assets (000 Yen)
*	Kokura Seiko (Asano Jukogyo)	28	22,754
	Kokura Chikko	100	9,121
	Kokura Tetsudo		
	Amagasaki Seikosho		
	Suehiro Shokai		
	Kokura Kaiun	28	
*	Toa Kowan Kogyo	30	34,570
	Amagasaki Chikko	58	17,634
	Shinsjawa Mutual Truck	16	
	Honzanto Trunk	26	
	Wakayama Kosk	37	
	Chofu Dock	35	14,002
	Tokkin Concrete	51	4,942
	Kanto Kenchiku Kogyo	26	
	Kawasaki Jidosha Unya	67	
	Dai-Tokyowan Tochi	50	
	Kawasaki Chuoyuso Co.	100	
	Tsurumi Rinki Tetsudo	41	
	Tsurumi Rinko Bus	81	
	Keihin Jidosha Kosyo	20	
*	Asano Bussan	50	97,916
	Asano Kogyo	77	8,589
	Asano Kensetsu Kogyo	50	9,351
	Manshu Asano Suido	100	
	Nippon Saikokyo	30	
	Asano Jushi Kogyo	72	3,152
	Asano Bussan Kikai Seishusho	100	4,020
	Ono Tekkosho	64	5,855
	Nippon Kodo K.K.	50	11,780
	Manshu Kodo	100	
	Okano Valve Seizo	56	14,424
	Sendagi Kikai Seisakusho	30	3,569
	Showa Tekko K.K.	36	6,571
	Showagumi Kosakusho	20	
	Nippon Seikei Gohan	90	
	Kokoku Agaku Kogyo	21	
	Asano Kakusai Kogyo	20	
	Osaka Takac Tekkosho	40	
	Asano Kenzai Kogyo	63	
	Asano Kikai Yushutsu	29	
	Asano Kizai Kogyo	30	
	Asano Kigyo	100	
	Edogawa Kikai Seisakusho	42	
	Nippon Tomato	30	
	Takao Kogyo	25	

Enterprise	Asano Stockholdings as Per Cent of Total	Total Assets (000 Yen)
Junan Kogyo	42	9,138
Hinode Kisen	89	15,933
Asano Unyo Tanko	89	
Kanto Unyo	85	
Asano Sekitan Sentetsu	86	
Asano Hoken Dairibu	70	
Asano Bldg.	100	
* Nippon Steel Tube	14	857,541
Seito Iron Mfg.		
Minami Nansiu Motor		
Aikoku Marine Transport	100	
Okutama Industrial Co.	61	
Keihin Machine Constr.	62	
Syoei Machine Constr.	100	
Minute Emery Machine	100	
Tokko Security Co.	99	
Toa Steel Tube	80	
Nakajima Steel Tube	53	
Hachiman Steel Tube	56	
Nippon Steel Tube Mining	100	
Nippon Casting	65	
Nippon Dolomite	88	
Yoshizawa Lime Industrial	97	
Jyoto Steel Mfg.	60	
Akita Steel Mfg.	47	
Nippon Blast Furnace	40	
Nippon Fire-proof Material	58	
Nippon Steel Tube Coupling	100	
* Asano Portland Cement	24	241,656
Manchu Asano Cement	56	
Manchu Asbestos Mining	42	
Manchu Asano Asbestos	40	
Chosen Asano	100	
Taiwan Cement	100	
N. China Cement	38	
Tientsin Bag	54	
Asano Stock Holding	100	
Okutama Limestone	39	
Aizu Gypsum	71	
Gara Limestone	50	
Sangi Rwy.	50	
Nippon Puma Pipe	93	
Nippon Slag Cement	60	
Nambu Rwy. Co.	52	
Fushingi Wood Industry	94	
Asano Asbestos Sales Co.	51	
Asahi Concrete Industry	90	
Chugoku Gypsum Mining	76	
Oriental Paper Bag	35	
Oriental Paper Bag Renewing	100	
Toza Electric Chemical	30	

Enterprise	Asano Stockholdings as Per Cent of Total	Total Assets (000 Yen)
Kanto Denki Kogyo	17	
Chosen Asano Carlit	100	
Kanto Seiko	21	
Toa Cobalt	46	
Iwaki Shoken	95	
Dai Nippon Kogyo	10	
Hokkaido Jukogyo	30	
Rumoe Tetsado	28	
Formosa Land	40	
Chiyoda Sekiyu	40	
Johan Tanko (Iwaki Tanko)		

* Represents companies on the "Schedule of Restricted Concerns".

APPENDIX H

REPORT ON OKURA

TOP SECRET

APPENDIX H

REPORT ON OKURA

The Okura combine is included in the second rate Zai atsu. Its original firm Okura-gumi Shokai was foundid in 1873 by Baron Kihachiro Okura, with a capital of 150,000 yen. The next year it opened a branch office in London, the first instance of foreign trade being carried on by the Japanese abroad. In 1893 the Okura-gumi or Okura Partnership was established as a result of the amalgamation of the original firm with another. Okura-gumi continued to be the holding company of various enterprises until 1945, when it was dissolved. At the time of its dissolution it was composed of members of the Okura family and it had a capital of 250 million yen.

At the present time the principal holding company is the Okura Mining Company, Ltd. (Okura Kogyo K. K.). It was organized in 1917, and has its head office in the Ginza, Tokyo. Various other companies were organized or acquired from time to time, so that at present Okura Mining has 25 subsidiaries, or companies in which it has a substantial interest. The subsidiaries in turn control some 40 companies. The various subsidiary concerns engage in a great number of activities. These include:

1. Agricultural development
2. Engineering and construction
3. Export-import
4. Fire and Marine Insurance
5. Hotels

6. Manufacturing of the following:
   a. agricultural implements
   b. aircraft
   c. asbestos
   d. automobile
   e. cement
   f. chemical apparatus
   g. concrete mixers
   h. fire engines
   i. guns
   j. insulators
   k. leather and leather products
   l. machine tools
   m. magnesium
   n. oil cake
   o. pulp and paper
   p. radios
   q. rolling stock
   r. rubber products
   s. shoes
   t. silk yarn
   u. special steel
   v. steel plate
   w. tempering machines
   x. tires
7. Mining of
   a. coal
   b. copper
   c. gold
   d. graphite
   e. magnesite
   f. tungsten
8. Real estate
9. Timber
10. Transportation (motor)

The chief stockholders of Okura Mining are:

Name	Shares	Percent	Face Value in Yen
Baron Kishichiro Okura	894,000	88.12	44,700,000.
Kumeza Okura	20,000	1.97	1,000,000.
Yoshio Okura	20,000	1.97	1,000,000.
Choiyuro Kadono	20,000	1.97	1,000,000.
Okura & Company (Industries)	12,600	1.24	630,000.
Masaki Kadono	10,000	0.98	500,000.
Shigenoshi Negata	10,000	0.98	500,000.
Koji Okura	6,000	0.59	300,000.
Sub total	992,600	97.82	49,630,000.
Others	21,820	2.18	1,094,500.
Total	1,014,420	100.00	50,724,500.

A provisional balance sheet of Okura Mining as of 30 September 1945 indicates assets and liabilities of 186,903,861 yen. A balance sheet of its largest subsidiary Okura and Company (Industries) as of 31 March 1945 shows assets and liabilities of 1,165,674,036 yen.

Okura is in complete control of the Akakura and Kawana Hotels. It is the largest stockholder (21.1%) of Imperial Hotel and Company, Ltd. which owns the Imperial Hotel in Tokyo and controls hotels in several other cities. The Imperial Household owns 18.4% of its stock. Baron H. Okura owns 1.6% and has been its president for many years. Other Zaibatsu members are among the stockholders with 1% or more. The control of these important hotels by the Zaibatsu suggests that some use might be made of them in the future which would contribute to the attainment of a democratic Japan, rather than one which merely further enriches a few wealthy stockholders.

Baron Kishichiro Okura head of the family, was President of the Japan-Italy Society during the war. It is not known to what extent he may have been influential in the Rome-Berlin-Tokyo Axis. In many respects the Okura interests were identified with the furtherance of Japan's aggressions abroad. Chokyue Kadono, who was vice President of Okura-gumi and vice President of the Japan Manchukuo Business Association made deals with Mexican interests to obtain American airplanes and aircraft materials.

APPENDIX I

REPORT ON FUJI

APPENDIX I

REPORT ON THE FUJI INDUSTRIAL COMPANY

The Japanese Munitions Ministry was abolished in August 1945. and on August 27. 1945 the Nakajima Aircraft Company. Ltd. was renamed the Fuji Industrial Company. Ltd. The Occasion was the return of control of the company from the Munitions Ministry to its private owners. The Company had been designated "Munitions Arsenal No. 1" on April 1. 1945 and control of its operations transferred to the Munitions Ministry. As there is no other reason given for the company's change of name. evidently it was felt that a new name might help to wash away past sins, and cause them to be forgotten.

The Fuji Industrial Company is an operating company as well as a holding company. It is 100% owned and controlled exclusively by the various branches of the Nakajima family. The interests of the families are as follows:

Head of Family	No. of shares
Chikubei Nakajima	515,320
Kiyoichi Nakajima	178,072
Monkichi Nakajima	137,600
Kimibei Nakajima	135,600
Chukei Nakajima	32,400
Others	868
Total	1,000,000

For some years until August 27. 1945. the President had been Kiyoichi Nakajima. At that time. however. Kiyoichi resigned and was succeeded by the ex vice-president. Kimibei Nakajima. The latter is still president.

However, by far the most influential member in the Nakajima family is Chikubei Nakajima, the head of the family, oldest of the brothers and the founder of the company. The list of his official positions in political life since 1930 is as follows:

February 1930 - elected Member House of Representatives
June 1937 - inaugurated as Minister of Railways
April 1939 - elected as president Seiyukai party
October 1940 - appointed Cabinet Advisor
November 1940 - appointed permanent adviser to Imperial Rule Assistance Association
February 1942 - appointed to Committee of Council for Constitution of Greater East Asia
March 1943 - appointed adviser to Imperial Rule Assistance Political Association
April 1945 - inaugurated as Minister of Munitions
April 1945 - inaugurated as Minister of Commerce and Industry.

Chikubei Nakajima is now being held by SCAP as a war criminal.

The history of the Nakajima Company is the story of the development of modern aircraft in Japan, with the help of liberal government subsidies in the form of outright grants, tax rebates, etc. The company in its present form was founded only in 1931 (it had been a private enterprise up to that time) and until 1937 there were only two small plants in operation (Ogikubo and Ota). From 1937 on the company began rapidly to expand as follows:

1939 - two plants built (Musashino, Tanashi)

1939 - one plant built (Machashi)

1940 - two plants built (Koizumi, Tama)

1942 - one plant built (Hamada)

1943 - one plant built (Omiya)

1944 - four plants built (Utsunomiya, Mitaka, Nishumia, Hamamatsu)

1945 - one plant built (Kurozumajuri)

Each of the above expansions included many branch factoriesof the head plant. In addition to these expansions, there were, of course, the company's increasing list of investments. The growth of the latter is best illustrated as follows:

	1938	1945
Securities	¥5,144,000	¥218,199,000
Advances	379,000	73,185,000
	¥5,523,000	¥291,284,000

The company's growth can also be summarized by stating that the number of its admitted subsidiaries grew from 0 in 1931 to 68 in 1945.

It is interesting to note that the company's Articles of Incorporation authorize it to undertake the following enterprises:

1. "Spinning Industry
2. "Manufacturing and selling of fishing nets and farming implements
3. "Manufacturing and selling of metal wheels
4. "All accessory business of above enterprises"

Although it is a long jump from the above to the manufacture of aircraft, Nakajima had no trouble in bridging the gap.

Although large, the company is in bad shape financially. With total reported assets of ¥3,493,028,000 it has long and short term debts of ¥3,377,854,000. All of its borrowings have been from the Industrial Bank of Japan. It has filed with the government claims for war damages totaling ¥293,862,142.

The companies in which Nakajima owns more than 10% stock interest are widely diversified and scattered across almost the entire range of industrial activity.[1] However, it is true that a large percentage of them contribute directly or indirectly to the manufacture of aircraft. Many of the aircraft plants suffered serious air raid damage or were completely destroyed. The company has submitted a plan for operation of 28 plants not destroyed to make a wide range of peace time products from bicycles to machine tools. The preliminary report of the Reparations Commission indicates that there is little likelihood that these plans will be carried out; for of the 28 plants 20 have been designated to be taken over as reparations and more are expected to be so designated.

Nakajima has submitted a tentative and partial "plan" for dissolution.

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1 See Exhibit I for list and brief description of business.

TOP SECRET

EXHIBIT I

Subsidiaries of Fuji Industrial Co. (Nakajima Aircraft Co. Ltd.)
Capitalised at ¥1,000,000 or over

	Name	CAPITALISATION (¥1,000)	Business
1.	Chitose Mining Co. Ltd.	10,000	Mining (gold, iron, manganese)
2.	Tanaka Aircraft Co., Ltd.	3,000	Aircraft Engine parts
3.	Haruna Industrial Co., Ltd.	4,950	Aircraft parts
4.	Kowa Boseki Co., Ltd.	10,000	Fibre Goods
5.	Nakashichi Momen Co., Ltd.	500	
6.	Sato Tekkusho & Co., Ltd.	2,600	Aircraft Parts
7.	Kumagaya Aircraft Co., Ltd.	5,000	" "
8.	Tatebayashi Industrial Co., Ltd.	1,000	" "
9.	Miteka Aircraft Co., Ltd.	24,000	" "
10.	Nakanishi Aircraft Co. Ltd.	5,000	" "
11.	Kodaira Industrial Co., Ltd.	3,000	" "
12.	Tokyo Kikai Seisakujo Co., Ltd.	14,000	Machine Tools
13.	Tanaka Spoke Co., Ltd.	3,000	Fuses
14.	Ebihara Shatai Co., Ltd.	5,400	Autos, R.R. cars, Agricultural Implements
15.	Tsuchi Industrial Co., Ltd.	1,000	Bicycle Parts
16.	Fukuzawa Aerial Industry Co. Ltd.	1,500	Aircraft Parts
17.	Nakajima Gas Co., Ltd.	1,500	Coal Gas, Coal Tar
18.	Toa Gas Co., Ltd.	1,500	Coal Gas, cokes
19.	Niben Bamalite Co., Ltd.	2,400	Paint, Varnishes
20.	Tokyo Drop Forgings Co., Ltd.	15,000	Steel Forged parts
21.	Kobayashi Machine Works & Co.	1,000	Aircraft Tools
22.	Taiyo Aircraft Co. Ltd.	1,000	Aircraft Accessories
23.	Showa Seisakujo Co., Ltd.	1,000	" "

~~TOP SECRET~~

	NAME	CAPITALIZATION ¥1000	BUSINESS
24.	Yamanaka Aircraft Co., Ltd.	2,500	Aircraft Accessories
25.	Taisei Co., Ltd.	2,250	Pneumatic Tools
26.	Nippon Metal Precision Co., Ltd.	2,750	Screws and Bearings
27.	Chichibu Aircraft Co., Ltd.	1,600	Aircraft Parts
28.	Yamayata Sangyo Co., Ltd.	3,000	" "
29.	Ryomo Sangyo Co., Ltd.	1,200	" "
30.	Nanao Sangyo Co., Ltd.	5,000	" "
31.	Kashiwazaki Industrial Co., Ltd.	3,000	Machine Tools
32.	Maruda Manufacturing Co., Ltd.	2,000	Aircraft Tools
33.	Marukuni Iron Works Co, Ltd.	3,000	Machine Tools
34.	Daido Paper Manufacturing Co., Ltd.	1,280	Paper
35.	Nippon Aircraft Co., Ltd.	4,000	Small Tools
36.	Takeda Industrial Co., Ltd.	12,000	Aircraft Parts
37.	Osaka Forging Co., Ltd.	2,000	Forgings
38.	Tokyo Nakajima Electric Co. Ltd.	6,000	Electric Parts
39.	Sanshoku Co., Ltd.	1,600	Aircraft Parts
40.	Hirata Fishing Net Co., Ltd.	1,000	Hemp & Silk Nets & Twine
41.	Obu Aircraft Co., Ltd.	5,000	Tools
42.	Mitsu Haru Aircraft Co., Ltd.	1,000	Airplane Parts
43.	Daiwa Industrial Co., Ltd.	3,000	" "
44.	Kanazawa Industrial Co., Ltd.	2,000	" "
45.	Daishoji Industrial Co., Ltd.	3,000	" "
46.	Fuji Suisan Co., Ltd.	5,000	Chronometer Oils
47.	Maruda Seiki Co., Ltd.	1,250	?

NAME	CAPITALISATION ¥1000	BUSINESS
48. Daido Metal Co., Ltd.	1,050	Metal Annealing
49. Ozawa Aircraft Co., Ltd.	1,900	Aircraft Parts
50. Mizuho Industrial Co., Ltd.	10,000	" "
51. Toa Aircraft Co., Ltd.	1,300	" "

APPENDIX J

REPORT ON FURUKAWA

APPENDIX 4

REPORT ON FURUKAWA

The present Holding Company of the Furukawa Zaibatsu is "The Furukawa Mining Co., Ltd.". This company was formed in 1940 by a merger of two former companies. The concern has one million shares of stock, all paid up, and is capitalized at ¥50,000,000. Its total assets were reported as ¥349,857,000 in 1945. There were 1255 stock holders as of 1945. Of these the largest by far was Jujun Furukawa, who holds 586,000 shares, or over 58%. The remaining 414,000 shares are held as follows:

Furukawa Subsidiaries	19,000
Various Insurance Companies	207,000
Various Securities "	27,220
War Finance Bank	17,800
Various Commercial Banks	5,130
Various Individuals	7,350
3 Mitsubishi Companies	5,000
Miscellaneous holders of less than 1000 shares	126,000
	414,000

In the above list of shareholders, all the major zaibatsu families are represented either by controlled insurance companies, securities companies, commercial banks, or combinations of all three.

The Furukawa Mining Co. is both a holding company and an operating company. It operates the following properties directly: 8 copper mines, 5 coal mines, 2 ore smelters, and 4 hydroelectric power plants.[1]

As a holding company, the Furukawa Mining Company has ten direct subsidiaries,[2] many of which in turn have subsidiaries. Although the

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1 See Exhibit I for names of mines, etc.

2 See Exhibit II for names and details of businesses.

Furukawa interests control and have the major stock interests in their subsidiaries (and their sub-subsidiaries) the other zaibatsu families are all represented. For instance, in the Furukawa Electric Co. the easily identifiable zaibatsu interests are as follows: Mitsubishi interests, 247,720 shares (12 1/2%); Sumitomo interests, 28,400 shares; Yasuda interests, 1800 shares; Mitsui interests, 12,600 shares. The businesses in which the 10 main subsidiaries of Furukawa Mining Co. have engaged cover the electrical, chemical, and mining fields.

The capitalization of the ten major subsidiaries of Furukawa Mining Company plus the capitalization of the companies (46) in which they owned over a 10% stock interest in 1945 totals approximately ¥800,000,000. The aggregate assets of these companies as reported by them for 1944 are at least ¥3,218,200,000.

The Furukawa Zaibatsu had its beginnings in the early 1900's, when the original company was formed to exploit the Ashio Copper Mines. Until 1941, when the present Furukawa Mining Company was incorporated, the business affairs of the Furukawa family were handled thru various companies, formed and dissolved or merged with great facility. Throughout the history of the various companies, control of the enterprises seems to have been thoroughly in the hands of the head of the family, Baron Jujun Furukawa. In 1945 the bank value of the shares in Furukawa Mining Co. and its subsidiaries admittedly held by the Baron was in excess of 34 million yen. On Oct. 3, 1945, the Baron resigned directorships in the four main Furukawa Companies and the Teikoku Life Insurance Company (in which he, personally, owns over 37% of the Stock). While the Baron does not seem to have held

governmental positions, two other officials of the Furukawa Companies are known to have done so. In March 1945, Kanjiro Ohnda was a councillor of the Finance Ministry and was also the assistant Managing Director of the Furukawa Mining Company Ltd. Shigayoshi Oshima was on the Special Staff of the Army and Navy while also the Managing Director of the Tee Chemical Company.

A comparison of the extent to which the Furukawa companies have dominated the copper mining, coal mining or electricity field is indicated by the following:

April 1, 1942 to March 31, 1943

	Output of Furukawa	% to National Total Output
Copper (crude)	8,346 k.t.	12%
Gold	99,557 gr.	.2%
Silver	10,043 kg.	3.6%
Coal	1,710,299 k.t.	2.5%

War damage to the various Furukawa Companies was slight, so far as it has been recorded, but in most instances the files on damage are incomplete. The foreign holdings of the companies are not extensive, and the effect of reparations is not yet determined.

On November 6, 1945, the Furukawas submitted a "plan" for dissolution. This plan is outlined and discussed in Exhibit 3.

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EXHIBIT 1

List of Mines etc. operated directly by Furukawa Mining Company Ltd.

1. Copper Mines

Ashio

Negamatsu

Yamagata

Kuno

Timeri

Ani

Daira (also lead and zinc)

Imai (also gold and silver)

2. Coal Mines

Omuta

Mineji

Shimoyamada

Shakaree

Yoshima

3. Smelters

Ashio

Oguma

Osaka

4. Power Plants

Hosoo

Umenichi

Uwanashiro

Gobo

TOP SECRET

EXHIBIT 2

The Furukawa Mining Company's subsidiaries and their main business operations are as follows:

1. The Furukawa Electric Industry Company Ltd. (Furukawa Denki Kogyo K.K.)

The Company holds stock in a total of 72 other companies, in 36 of which its stock interest exceeds 10% of the total. The Company operates directly the following properties:

a. Nikko Works (Electrolytic copper, copper aluminum wire, sheets, strips, bars, pipes, castings etc.)

b. Yokohama Works (Electric wires and cable)

c. Moji Works (Electric wires and cable)

d. Madegaya Works (Batteries and rectifyers)

e. Osaka Works (Copper, aluminum pipe, sheets, bars & Castings)

f. Toda Works (recovered aluminum ingots)

g. Oyama Works (aluminum & alloy forgings)

h. Hiratsuka Works (aluminum alloy sheets)

Six of the companies in which the company has over 10% stock interest are located overseas (Manchuria, China , Korea, Formosa).

2. The Toa Chemical Company. (Toa Kagaku K.K.)

The company holds stock in 15 other companies, in 4 of which it holds over 10% of the total, and operates directly the following properties:

a. Osaka Factory (sulphuric acid-fertilizers)

b. Special Factory (paint)

c. Tokyo Factory (paint)

The company has one subsidiary in China.

3. Asahi Electric Chemical Company. (Asahi Denka Kogyo K.K.)

The company owns stock in thirty six other companies, in six of which it holds over 10% of the total. This company operates directly one plant (Ogo factory) in Tokyo, which produces oil, soap, glycerine, caustic soda, hydrochloric acid etc.

The company has one subsidiary in Korea.

4. Yamaichi Mining Company. (Yamaichi Tanko K.K.)

It has no stock in other companies. It operates a coal mine.

5. Kayanuma Mining Company. (Kayanuma Tanko K.K.)

It holds no stock in other companies. It operates a coal mine.

6. Taisho Mining Company. (Taisho Kogyo K.K.)

It owns stock in ten other companies, and operates a coal mine.

7. Sansan Mining Company. (Sansan Kogyo K.K.)

It holds no stock in other companies. It operates an alum mine.

8. Kanto Electric Development Company. (Kanto Denryo Ku K.K.)

It holds no stock in other companies. It supplies electric power.

9. Yamani Electric Mfg. Company. (Yamani Denki K.K.)

It holds no stock in other companies; it repairs electric machines & tools.

10. Nabeyama R.R. Company. (Nabeyama Kido K.K.)

~~TOP SECRET~~

EXHIBIT 3

Under their proposed dissolution plan Furukawa Mining Company would:

a. Sell outright all stock holdings in the following companies:

(1) Toa Kogoku

(2) Yamani Denki

(3) Kayanima Tanka

(4) Choyoda Denzen (Kogyo) to be sold to Denki

b. Amalgamate the following companies into Furukawa Mining

(1) Taisho Kogyo

(2) Nabeyama Kido

(3) Yomaidu Tanko

(4) Kanto Denryoku Kogyo

c. Disband the operations and dissolve

(1) Sennen Kogyo

d. Retain a minority stock interest in

(1) Furukawa Denki Kogyo (8.4%)

(2) Asahi Denka Kogyo (9.2%)

e. Continue all direct operations of Furukawa Mining Company.

f. Have Furukawa Mining Company's officers and directors resign all other positions.

g. Allow Baron Jujun Furukawa to retain 9.9% stock interest in the Furukawa Mining Company but without holding office, and to retain all his other stock holdings.

APPENDIX K

REPORT ON KAWASAKI

APPENDIX K

REPORT ON KAWASAKI HEAVY INDUSTRIES, LTD. 1/

President-Nassasuke Itami

The company was founded in 1894 by Masazo Kawasaki, grandfather of the present managing director (Yoshikuma Kawasaki). In 1895 the company was reorganized as a joint stock company. The expansion of the company's capitalization was as follows:

Date	No. of Shares	Value ¥	No. of Shareholders
1894	40,000	2,000,000	?
1902	80,000	4,000,000	?
1906	200,000	10,000,000	?
1916	400,000	20,000,000	?
1918	900,000	45,000,000	?
1933	1,600,000	80,000,000	22,132
1940	4,000,000	200,000,000	21,988
1943	12,000,000	600,000,000	50,038
1945	12,000,000 (4,000,000) (Unpaid)	600,000,000 (200,000,000) (Unpaid)	50,816

The company paid ¥3,680,000 in dividends in 1935-6 and ¥28,000,000 in 1944-45. In the latter year it had outstanding debentures of ¥46,750,000 and loans of ¥1,415,338 and total assets of ¥1,558,172,415.

1/ The work of the mission disclosed that there is another Zaibatsu bearing the name of Kawasaki which is active in banking and finance. The two Kawasaki Zaibatsu have no known connections with one another. It has been recommended that the second Kawasaki Zaibatsu be investigated.

The company is an operating company as well as a holding company, its principal business being shipbuilding and related activities. Its headquarters and main plants are located in Kobe. From time to time the company has established branch offices for the production of materials contributing to its shipbuilding activities. As these branch offices grew larger, it was the practice eventually to incorporate them as separate and wholly owned subsidiaries. The company's operations were extended to the manufacture of railroad locomotives, automobiles, and aircraft. Investments were also made in companies in other non-related fields. Of all of these investments, there are only eighteen in which the company's holding constitutes more than 10% of the total capital of any given concern.

The company's activity may be summarized as follows:

I Activities carried on directly by Kawasaki Heavy Industries, Ltd.

¥1000

	Title	Location	Product	No. of Employees	Book Value	War Damage
a)	Main Office	Kobe	Management	500	12,311	30%
b)	Shipbldg Factory	Kobe	Ships	18,000	35,784	30%
c)	Sanshu Plant	Osaka Pref.	Submarines		9,642	30%
d)	Fukiai Plant	Kobe	Iron-Steel Products		21,923	10%
e)	Hyogo Plant	Kobe	Iron-Steel Products		6,199	10%
f)	Nishinomiya	Pl. Nishinomiya	"	10,000	17,747	20%
g)	Kuji Plant	Iwate Pref.	"		8,706	0
h)	Ibo Plant	Hyogo Pref.	"		1,954	very little
i)	Chita Plant	Aichi Pref.	"		140	
				38,500		
			Sub-Total		114,406	

Outside Japan

¥1000

Title	Location	Product	No. of Employees	Book Value	War Damage
j) Dairen Plant	Dairen	Generators		462	
k) Djakarte Plant	Batavia, Java	"		3,098	
			Sub-Total	3,560	
			Grand Total	117,966	

II Companies which are wholly owned subsidiaries:

Title	Date	Location	Product	¥1000 Total Assets	% Owner Ship	War Damage
a) Kawasaki Aircraft Industry Co. Ltd.	'37	Akashi Hyogo Pref.	Aircraft	1,268,383	100%	75%
b) Kawasaki Rolling Stock Mfg. Co.	'28	Kobe	Locomotives. Autos, freight cars.	69,262	100%	a)45% b)95%
c) Kawasaki S.S. Co.	"	Kobe	Operating S.S. Co.	130,184	100%	none (bldg occupied by U.S.)
d) Kawasaki Munitions Works Co.	'38	Nakakawachigon Osaka Pref. Muano-gun	Munitions	12,040	100%	none
e) Kawasaki Elec. Mfg. Co. Works	'37	Hyogo Pref.	Elec. Motors	4,301	100%	90-100%
f) Fujidira Works Ltd.	'39	Osaka Pref.	Motors	2,953	100%	0
g) Hokuka Cobalt Mining Co.	'43	Kaisan Korea	Cobalt	15,992	100%	0
h) Kawasaki Yokkaichi Works	'38	Mie Pref.	Iron Castings	417	100%	0
i) Kawasaki Furnace Mat'l	'38	Kobe (office)	Firebricks	2,875	100%	0

Title	Date	Location	Product	¥1000 Total Assets	% Owner Ship	War Damage
j) Sone Ceramics Co.			Firebricks		100%	0
k) Shinto Trans. Co.	'43	Kobe	Truck Line	491	52%	100%
l) Elec. Smelting Co.	'36	Osaka	Steel Prod.	16,091	72%	100%
m) Shinko Bldg. Co.	'36	Kobe	Off. S. S. Co.	2,537	40%	0
n) Danyo Kogyo Co. Ltd.		Kobe	Machine Tools	3,700	72%	90%
o) New Tokyo Hotel Co.			Employees Hotel		26%	100%
			Total	1,531,106		

Of the above companies those listed from (f) thru (l) accepted orders from Kawasaki Heavy Industries, Ltd.

III Companies in which Kawasaki Heavy Industries Ltd. has invested funds and in which its stock ownerships are 10% of Capital or more.

Company	Product	Bought	Cost ¥1000	% of Total
a) Soinoike Tool Mfg. Co.	Hand Tools	1929	1,165	14.56
b) Japan Carbon Co.	Carbon Electrodes	1943	2,750	16.67
c) Iwate Iron Works	Iron Prod. & Machinery	1943	100	16.67
d) Diesel Auto Industry Co.		1944	7,837	9.68
		TOTAL	11,852	

IV Companies in which parent company has invested funds and in which stock ownership is less than 10% of total --

No. of Companies	Cost of Stock (¥ 1000)
17	19,624

Stock of Kawasaki Heavy Industries, Ltd. is widely held. There are a total of over 50,000 stockholders. Of these only four own as much as 5% of the total. These are as follows:

			%
a)	Wartime Financial Corp.	730,160	Shares 6.1
b)	Sumitomo (7 different Cos.)	703,368	" 5.9
c)	Yamashita S.S. Co.	660,000	" 5.5
d)	Osaka S.S. Co.	655,100	" 5.4
	TOTAL		22.9%

There are only five (5) individuals who own as many as 12,000 shares of stock (1/10 of 1%) and only 355 who own as many as 1000 shares. The individual with the largest block of stock is Jinkichi Terada, who owns 86,000 shares. He is not related to the Kawasakis, either by blood, adoption, or marriage. The largest holdings of any individual named Kawasaki is 6,520 shares, owned by Yoshikuma Kawasaki, who is the managing director. The total Kawasaki Holdings are only 8,790 shares.

The Kawasaki family lost most of its holdings in 1927 when the company was reorganized after bankruptcy.

The operations conducted by Kawasaki Heavy Industries, Ltd., are as nearly similar to those of an integrated U.S. corporation as can be found among Zaibatsu companies. There is a wide ownership of stock and very little control of any industrial or commercial activity not directly related to the shipbuilding operation. There is no record of amalgamations or mergers of competing concerns in the growth of the company. The majority of the enterprises under its direction or control have been formed and util-

ized for the production of ships and aircraft, the company's primary business, or for directly related activities. There is not the wide diversity of industrial activity that appears in other Zaibatsu concerns.

The company is not a mere holding company but a producing concern as well.

Its shares are scattered among an unusually large group of small investors. A very small number is held by the Kawasaki families.

On November 19, 1945, Kawasaki Heavy Industries outlined a proposed plan for the post-war operation of the company and its subsidiaries. This seems not to have been a formal proposal, but merely a statement of intent. Major provisions were as follows:

1. Primary Operations conducted directly by Kawasaki Heavy Industries, Ltd. to continue: i.e. Operation of:
   a. Shipbuilding plant - Kobe
   b. Six (6) iron and steel product plants
2. Abandonment of following operations and dissolution of the companies:
   a. Senshu Plant - Submarines - destroyed by bombing
   b. Dairen Plant - Located at Dairen
   c. Djakarta Plant - Located in Java
   d. Kawasaki Aircraft Industry, Ltd. - to be taken over by S.C.A.P.
   e. Kawasaki Munitions Mfg. Co. - to be taken over by S.C.A.P.
   f. Kawasaki Electric Mfg. Works, Ltd. - destroyed by fire
   g. Nohoku Cobalt Mining Co. Ltd. - Located in Korea
   h. Electric Smelting Co. Ltd. - destroyed by fire
   i. New Tokyo Hotel Co. Ltd. - destroyed by fire

3. Wholly owned subsidiaries to continue operation and to be merged into Kawasaki Heavy Industries, Ltd. and operated as branch factories as follows:

a. Kawasaki Rolling Stock Mfg. Co. Ltd.

b. Kawasaki Steamship Co. Ltd.

c. Fujidura Works, Ltd. - electric machinery for ships

d. Kawasaki Tokkaido Works, Ltd. - castings for ships

e. Kawasaki Furnace Material Co. - fire bricks for iron & steel plants

f. Sone Ceramics Co. Ltd. - fire bricks for iron & steel plants

4. Sale of following subsidiaries and investments:

a. Shinto Transportation Co. - subsidiary

b. Shinko Bldg. Co. - subsidiary

c. Seinoike Tool Mfg. Co. - 15.50% stock interest

d. Japan Carbon Co. - 16.67% stock interest

e. Iwate Iron Works, Ltd. - 16.67% stock interest

f. Diesel Auto Industry Co. - 9.66% stock interest

g. All other investments -

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A P P E N D I X L

R E P O R T O N N I P P O N N I T R O G E N O U S

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APPENDIX A

Report on Nippon Nitrogenous Fertilizer Mfg. Co. (Nippon Chisso Hiryo)

Nippon Chisso Hiryo is an industrial combine engaged primarily in the chemical industry. It originated in 1908 as an electric power company, which in 1907 was amalgamated with the Japan Carbide Company. Its first chemical venture was the manufacture of nitrogenous fertilizer under German patents. In 1922 it began to produce ammonia by the Cassel Process. In 1925, it undertook ammonia sulphite synthesis, and in 1932 began to synthesize nitric acid. By 1941 it was producing ammonia, ammonium sulphate, carbide, ammonium chloride, concentrated nitric acid, soda ash, celluloid acetate, acetone, synthetic oil, carborundum, aluminum, organic glass, vinyl acetate resin, vinyl chloride resin and ammo-phos. It was also mining iron ore and generating large quantities of hydro-electric power.

The company's growth has consisted chiefly in starting new plants and new subsidiary companies, not in acquiring control of going concerns. Only eight instances have been reported in which Chisso or its subsidiaries absorbed independent concerns or acquired operating properties from them.

Nippon Chisso's growth has been based primarily upon the exploitation of Korea rather than the expansion of Japanese war industry. Starting with a paid-up capital of ¥1,000,000 in 1907, it approximately doubled its capital about every four years. In 1926 its paid-up capital was ¥45,000,000 and in 1930 ¥90,000,000. By 1936 it had reached ¥200,000,000. It was ¥300,000,000 in 1940, ¥350,000,000 in 1941, and the same in 1945. Thus the war actually reduced the rate of capital expansion.

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The properties which Nippon Chisso holds under its own name include the Minamata factory and hydro-electric plant and Minamata steam generating plant in Japan, together with dormitories and residences in Tokyo and Osaka. Apparently two other factories, Nara and Mie, are in process of construction in Japan, and there is likewise a Shiki pottery plant within the country. Abroad, the company owns at least four factories, a hydro-electric plant, two steam generating plants, and four coal mines, as well as various establishments under construction in southern territory taken by the Japanese during the war.

According to the balance sheet of March 31, 1945, Nippon Chisso had at that time fixed assets of about ¥310,000,000, inventories of ¥110,000,000, and total assets of ¥1,356,000,000. Its debentures amounted to ¥351,000,000, and its gross sales for the preceding months had been ¥216,000,000. The company had nearly 34,000 people in its employ.

Nippon Chisso controls directly eleven subsidiaries in Japan and nineteen outside Japan and indirectly six more in Japan and five more outside. In addition, it holds investments in 35 companies, many of which are located outside the country.[1]

A list of subsidiaries and companies in which investments are held appears in Exhibit I. The chart prepared by the combine to show its structure appears as Exhibit III.

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1 For purpose of this summary, control has been interpreted to mean ownership of 25% or more of the stock of the company. If the companies in which Nippon Chisso holds less than the majority of stock were eliminated from the list, the figures would be: direct subsidiaries in Japan, nine companies; direct subsidiaries, outside Japan, 12 companies. No figures are available as to the nature of control over indirect subsidiaries. In addition to the companies listed, there is one, Nippon Carbon Black Tozei, in which Nippon Chisso holds 51% of the stock, whose location is unknown.

~~TOP SECRET~~

Nippon Chisso's investment in Japanese direct subsidiaries is about ¥104,000,000, and in direct subsidiaries outside Japan about ¥290,000,000. No information is available as to the size of investments in indirect subsidiaries. The entire security holdings of Nippon Chisso appear on the balance sheet of March 31, 1945, as ¥507,000,000. However, at one point in the file the company's security holdings are said to be ¥727,000,000.

Nippon Chisso's control over its subsidiaries does not depend exclusively upon stock ownership. Its staff performs central office functions for eight subsidiaries without any written agreement establishing this relationship. Its employees and those of certain subsidiaries are interchanged upon request, and employment standards have been made uniform to facilitate these exchanges. In the case of seven companies this exchange is provided for by written agreement, and in the case of six others it is maintained by custom. The parent company acts as exclusive sales agent for the products of six subsidiaries, with four of which the arrangement is based upon custom rather than written agreement. In all of these cases the parent company determines prices and conditions of sale and collects 6% sales commission. Similarly the parent company buys supplies for seven of its subsidiaries and receives a commission of 1-7/10%. All of these arrangements are based upon informal understandings.

The control of Nippon Chisso does not lie in any concentrated group of stockholders. Its 9,000,000 shares are held by 20,688 stockholders. The largest of these, its wholly owned subsidiary Nitchitsu Shoken, owns 6-5/10% of the total, and no other holder as much as 2-1/2%. The largest holders are

Nippon Chisso's investment in Japanese direct subsidiaries is about ¥104,000,000, and in direct subsidiaries outside Japan about ¥390,000,000. No information is available as to the size of investments in indirect subsidiaries. The entire security holdings of Nippon Chisso appear on the balance sheet of March 31, 1945, as ¥507,000,000. However, at one point in the file the company's security holdings are said to be ¥727,000,000.

Nippon Chisso's control over its subsidiaries does not depend exclusively upon stock ownership. Its staff performs central office functions for eight subsidiaries without any written agreement establishing this relationship. Its employees and those of certain subsidiaries are interchanged upon request, and employment standards have been made uniform to facilitate these exchanges. In the case of seven companies this exchange is provided for by written agreement, and in the case of six others it is maintained by custom. The parent company acts as exclusive sales agent for the products of six subsidiaries, with four of which the arrangement is based upon custom rather than written agreement. In all of these cases the parent company determines prices and conditions of sale and collects 5% sales commission. Similarly the parent company buys supplies for seven of its subsidiaries and receives a commission of 1-7/10%. All of these arrangements are based upon informal understandings.

The control of Nippon Chisso does not lie in any concentrated group of stockholders. Its 9,000,000 shares are held by 30,688 stockholders. The largest of these, its wholly owned subsidiary Nitchitsu Shoken, owns 6-6/10% of the total, and no other holder as much as 2-1/2%. The largest holders are

banks, trust companies, and life insurance companies, most of which are subsidiaries of some other Zaibatsu combine. To determine the aggregate control exercised by each combine, it would be necessary to add the holdings of its various subsidiaries and of the various individuals who adhere to it. Since, however, the foremost ten stockholders have less than 21% of the total stock issue, it appears improbable that the company is controlled by any one combine, particularly since the 50 largest holders include companies which are members of the Mitsubishi, Sumitomo, Nomura, Noguchi, Mitsui, and Yasuda combines.

A list of the leading stockholders and of their holdings appears in Exhibit 2. The prevalence of small stockholders is indicated by the following table:

More than 10,000 shares	89 holders
From 1,000 to 9,999 shares	650 holders
From 100 to 999 shares	9,719 holders
Less than 100 shares	20,230 holders

The bonded indebtedness of Nippon Chisso was also held by many financial institutions in relatively small amounts until 1942. By the end of 1944 Nippon Nogyo held 11½ million yen, Chosen Bank, 106 million, Wartime Finance Bank, 45 million, and all others 120 million.

Nippon Chisso has submitted a voluntary dissolution plan. According to this proposal, claims based upon overseas properties, which it estimates more than 80% of the total investment by itself and its subsidiaries, are to be retained by Nippon Chisso. However, the part of the combine which is in

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The bonded indebtedness of Nippon Chisso was also held by many financial institutions in relatively small amounts until 1942. By the end of 1944 Nippon Nogyo held 114 million yen, Chosen Bank, 106 million, Wartime Finance Bank, 45 million, and all others 120 million.

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Japan is to be broken up. The Japanese plants of Nippon Chisso are to be turned over to a new company, and the stock of this concern is to be offered to the public, with a priority for Nippon Chisso shareholders. Interlocking directorates with and between subsidiaries are to be terminated. Shares held by Nippon Chisso and its subsidiaries are to be offered to the public, with priority for Chisso shareholders; and if disposition of the shares proves to be impossible the companies in question are to be dissolved. Nitchitsu Securities Company is to be dissolved. A new concern is to be formed to acquire the Japanese property of Nitchitsu Keggo Kaihatsu, which has its head office abroad; and the stock of the new company is tobe sold like that of the Chisso subsidiaries. The effect of the plan upon each of the subsidiary companies is set forth in Exhibit I. It should be noted, however, that some companies which are stated to be subsidiaries upon lists describing the combine are not shown as subsidiaries on charts submitted by the company which purport to show the effect of the dissolution. Question marks have been placed opposite the names of these companies on the list in Exhibit I. It should be noted also that only one of the so-called indirect subsidiaries is named on these charts. Question marks have been placed opposite the names of the others. Furthermore, the charts show as a subsidiary one company- Japan Fire Proof Material Mfg. Company- which is elsewhere listed merely as a concern in which Chisso has an investment without any control. This fact has been indicated in the list.

On the basis of the program set forth, the Japanese holdings would be divided among eight independent companies, of which the largest would have a size of about ¥30,000,000.

EXHIBIT I

INVESTMENTS OF NIPPON CHISSO

NAME Subsidiaries in Korea	Paid Up Capital in ¥1000	% of Control	Proposed Disposition
Nitchitsu Kainan Kogyo (Nitchitsu Mining Corp. of Kainan)	25,000	100	Property overseas No action
Nitchitsu Nenryo Kogyo (Nitchitsu Synthetic Oils Corp.)[2]	30,000	100	Property overseas. No action
Nitchitsu Shoken (Nitchitsu Securities Corp.)	5,000	100	To be dissolved
Nitchitsu Bungyo (Nitchitsu Trading Co.)[2]	1,587	100	To become independent
Nitchitsu Kagaku Kogyo (Nitchitsu Chemical Industry)	45,320	86	" " "
Nitchitsu Iwo Kogyo (Nitchitsu Sulphur Mining Co.)	3,875	15	" " "
Nitchitsu Unyu (Nitchitsu Transportation Co.)[4]	1,000	100	" " "
Nitchitsu Hoseki (Nitchitsu Synthetic Jewels Mfg. Co.)	500	91	" " "
(Listed once as investment without control) Nihon Taika Zairyo (Japan Fire Proof Material Mfg. Co.)[3]	4,500	33	?
Hinomaru Shokai (Hinomaru Firm Inc.) (listed once as investment without control)[3]	150	50	?
Riken Nonnzai Kogyosho (Riken Thermo-preserving Material Mfg. Plant)[3,4]		72	?

Indirect Subsidiaries in Japan

Toyo Suigin Kogyo (Oriental Mercury Mining Co.)[4]	To become independent
Omine Tanzankō (Omine Anthracite Mine)[4]	?
Nitchitsu Tampan (Nitchitsu Veneer Mfg. Co.)	?

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2 Has property outside Japan
3 Appears on second list of subsidiaries but not on first
4 According to Becker, Chisso has more than 50% of the stock

INVESTMENTS OF NIPPON CHISSO

NAME	Paid up Capital in ¥1000	% of Control	Proposed Disposition
Indirect Subsidiaries in Japan			
Asahi Senko (Asahi Dye-Works)			?
Bobeoka Tochi Jutaku (Bobeoka Land & Building Co.)			?
Asahi Shokken (Asahi Silk Weaving Co.)			?
Subsidiaries Outside Japan			
Nitchitsu Kogyo Kaihatsu (Nitchitsu Mine Development Co.)	14,250	100	Company overseas, no action except establishment of independent company to take over property in Japan
Chosen Chisso Kayaku (Chosen Chisso Explosives Mfg. Co.)	20,000	100	Company overseas, no action
Nitchitsu Magnesium	4,200	100	Ditto
Taiwan Chisso Kogyo (Nitrogene Industry Co. of Formosa)	1,000	100	"
Nitchitsu Gomu Kogyo (Nitchitsu Synthetic Rubber Mfg. Co.)	750	100	"
Chosen Building	500	100	"
Kitsurin Jinzo Sekiyu (Kitsurin Synthetic Oil Co.)	150,000	30	"
Chochitsu Suisan Kogyo (Chochitsu Aquatic Corp.)	1,000	100	"
Shinko Tetsudo (Shinko Railways Corp.)	1,520	68	"
Nitchitsu Shiono Seiyaku (Nitchitsu-Shiono Corp. for Medical Manufacture)	2,000	50	"
Chosen Aluminum Kogyo (Korean Aluminum Articles Mfg. Co.)	7,500	33	"

INVESTMENTS OF NIPPON CHISSO

NAME Subsidiaries Outside Japan	Paid Up Capital in ¥1000	% of Control	Proposed Disposition
Chosen Jinzo Sekiyu (Korean Synthetic Oil Co.) 5	90,000	50	Company overseas, no action
Kahoku Chisso Hiryo (No. China Nitrogen Fertilizer)5	55,000	49	"
Chosen Gaishi (Korea Porcelain Mfg. Co.)5	5,000	--	"
Chosen Denryo (Elect. Power Corp. of Korea)5	341,730	63	"
Chosen Nenari Kogyo (Korea Zinc Products Mfg. Co.)5	420	28	"
Konan Gyunyu (Konan Dairy)5	300	25	"
Seiko Zosentekko (Seiko Shipbuilding Co.)5	500	33	"
Kanko Sodo Mokuzai (Kanko Assorted Timberers Corp.)5	3,000	68	"
Indirect Subsidiaries Outside Japan			
Kogen Nickel Kogyo (Kogen Nickel Mining Corp.)			?
Toyo Kayaku (Oriental Industrial Dynamite Sales Co.)	100		Company overseas no action
Joban Tanko (Joban Coal Mine)			?
Kitsurin Tetsudo (Kitsurin Railways Corp.)			?
Kaizan Gentetsu (Kaizan Spongy-Iron Mfg. Co.)			?
Location Unknown			
Nippon Carbon Black Torei	500	31	?

5 Parent Company disclaims control

INVESTMENTS OF NIPPON CHISSO

NAME Investment Without Control - Outside Japan	Paid Up Capital in ¥1000	% of Control	Proposed Disposition
Chosen Sekiyu (Korean Oil Refining Co.)	35,000,000	12	
Nippon Taika Nairyo (Japan Fire Proof Material Mfg. Co.)			Property overseas, no action
Hokusen Godo Denki (North Korea Associated Electric Co.)	11,500	12	
Chosen Kayaku Kyokai (Chosen Coop. Sales Co. for Ind. Dynamite)			
Chosen Iseihin Kogyo (Chosen Durrush Finishing Co.)	180	11	
Chosen Ringyo Kaichatsu	10,000	5	
Fusan Minko Tetsudo	8,100	0.3	
Nippon Gas	1,500	3	
Mainichi Shinpersha	1,500	2	
Hokusen Mainichi Shinbunsha	335	6	
Nippon Kaseoden (6,000 book value)	1,466,000	.0005	
Teikoku Kenryo Kogyo	150,000	1	
Teikoku Kogyo Kaihatsu (90,000 book value)	65,000	0.1	
Nippon Sekitan (55,000 book value)	50,000	0.1	
Manshu Engyo (46,000 book value)	28,750	0.1	
Teikoku Keikinzoku Tosei	12,500	3	

INVESTMENTS OF NIPPON CHISSO

NAME Investment without Control - Outside Japan (cont.)	Paid Up Capital in ¥1000	% of Control	Proposed Disposition
Nippon Ware - Rohin Kaikyu	2,300	0.6	
Chosen Hokusai	10,000	3	
Chosen Sekitan	2,500	4	
Kosaihin Kaikyu Tosei	5,000	0.4	
Nippon Ryushosam Tosei	5,000	7	
Chosen Kaoki	4,000	4	
Chosen Hinko	4,000	6	
Nippon Kagaku Kogyo Yakuhin Tosei	2,100	0.5	
Soda Kogyo Yakuhin Tosei	2,000	3	
Yuki Gosei Tosei	1,500	2	
Nippon Aminosan Tosei	1,500	5	
Nippon Hiryo	13,250	1	
Dai-Nippon Tonso Kogyo	7,500	0.1	
Gosei Jushi Tosei	500	9	
Carbide Tosei	250	10	
Nippon Gikaku Tosei	47.5	4	
Chosen Seaihin Kogyo	180	11	
Nippon Magnesia	1,000	5	
Senji Kinyu Shoushi Shoken - 350,000 book value Kaoki Hiden - 15,000 book value			
National Bonds	241		

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EXHIBIT II

Stockholders 30,000 shares or more		Percent
Nitchiten Securities Co.	586,000	6.5
Fukoku (Mil. Serv.) Insurance Co.	213,000	2.3
Nomura Trust Co.	210,000	2.3
Fed. of Korean Banking Guilds	195,000	2.2
Mr. Hiroshi Noguchi	181,000	2.
Noguchi Research Inst.	139,000	1.5
Kortive Financing Bank	128,000	1.4
Nippon Life	114,000	1.2
Chiyoda Life	110,000	1.2
Nippon Investment Trust	101,000	1.2
Korean Academic Encouragement Fund	99,000	1.1
Yasuda Savings Bank	96,000	1.1
Mr. Sisaburo Hirami	88,000	0.9
Toshio Tatsuma	79,000	
Daido Life	64,000	
Sanwa Trust Co.	61,000	
Saitama Bank	57,000	
Mitsubishi Trust Co.	54,000	
Tokyo Marine & Fire Ins.	52,500	
Seiji Ichikawa	50,000	
Yasuda Bank	50,000	
100th Life and Mil. Serv. Ins. Co.	48,000	
Shidzuoka Bank	43,000	
Kasuburo Hagai	43,000	
Meiroku Life	42,000	
Yonan Savings	42,000	

Nisshin Fire & Marine Ins.	¥2,000
Tokyo Branch, Sumitomo Trust	40,000
Osaka Savings	40,000
Fourth Bank	39,000
Korean Trust	38,000
Mitsui Trust	38,000
Yasuda Trust	37,000
First Trust	35,000
Yasuda Life	34,000
Sumitomo Trust	33,000
Mitaka Kaneda	32,000
Hiroshi Ishikawa	31,000
Nomura Life	31,000

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Nisshin Fire & Marine Ins.	¥2,000
Tokyo Branch, Sumitomo Trust	¥0,000
Osaka Savings	¥0,000
Fourth Bank	39,000
Korean Trust	38,000
Mitsui Trust	38,000
Yasuda Trust	37,000
First Trust	35,000
Yasuda Life	34,000
Sumitomo Trust	33,000
Mitaro Kaneda	32,000
Hiroshi Ishikawa	31,000
Nomura Life	31,000

APPENDIX M

REPORT ON NISSAN

TOP SECRET

APPENDIX M

REPORT ON NISSAN

Three of the Zaibatsu companies which were included in the restricted list may properly be considered as being parts of a single combine. Hitachi, Limited is a holding company with twenty three (23) subsidiaries which account for a substantial percentage of the total production of steel, locomotives and various kinds of machinery and equipment. The largest stockholder of Hitachi Ltd. is Manchuria Investment Securities Company which owns 2,595,930 shares, or approximately 18.5%. The remainder of Hitachi stock is held by the Wartime Finance Bank, less than 6%, two (2) trust companies and six (6) life insurance companies, no one of which owns more than 3.2% and by some 60,000 small stockholders.

The entire voting stock of Manchuria Investment Securities Company is owned by Gisei-kai, one of the two top holding organisaitons of the Nissan combine.

Nissan is built around one man, Yoshisuke Aikawa, one of the two industrialists under arrest as war criminals. He is the brother-in-law of Fusanosuke Kuhara, an industrialist of unsavory reputation, formerly president of Kuhara Mining Company. This Company, capitalized at 75 million yen, was in financial difficulties in 1928. In March 1928 Aikawa took over its management. He divided it into two companies, Nippon Mining and Nippon Industry (Nissan K.K. from Nippon Sangyo K.K.). The Mining Company was to continue the operations of Kuhara Mining and Nissan to be a holding

company taking over the shares of Nippon Mining and Kuhara Mining. Until 1932 nothing of consequence came of the reorganization. From that year until 1937 Nissan prospered. In the latter year its authorized capital was 225 million yen. It had eighteen (18) subsidiaries with which 130 other concerns were affiliated, making a total of 148 companies. The parent company with all its subsidiaries and affiliates had a total capital of 859 million yen held by 106,000 shareholders. Nissan itself had 55,000 shareholders.

In October and November 1937 Aikawa worked out a deal with the military group which was in control in Manchukuo. He incorporated in Manchukuo the Manchurian Industrial Development Company ("Mangyo" for "Manshu Jukogyo Kaibatsu K.K.") into which Nissan was changed. Aikawa became president of Manchurian Industrial Development Company and remained such until December 1942. The Manchurian Government invested 200 million yen to match the capital of Nissan which went into Manchurian Industrial Development Company, the total capital of which was 450 million yen, 397 millions of which were paid up. Half of Manchurian Industrial Development Company's capital being in the form of securities of Japanese concerns, it was requested by the governments at its formation to dispose of these and invest in Manchurian enterprises.

The only source of capital in such large amount was that to be found in life insurance companies. Japanese life insurance companies could not under the regulations hold more than one-tenth of the Company's stock nor have more than one-third of their operating assets in shares. The Manchukuo Government was willing to guarantee

a 5% dividend and in June 1941 a new corporation, Manchuria Investment Securities Corporation (Manshu Toshi Shoken K.K.) was organized with an authorized capital of 400 million yen, the approximate value of the Japanese shares held by Mangyo. The Japanese Government's special permission having been obtained, 20 Japanese life insurance companies subscribed for 395 million yen of 5% non-voting stock in Manchurian Investment Securities Corporation. The remaining 5 million yen of Manchuria Investment Securities Corporation stock, bwing the entire voting stock, is held by Gisei-kai. Gisei-kai is a juridical person of which Y. Aikawa is president. Its securities holdings, as of September 15, 1945 are as follows:

	YEN	
Gov't Bonds	340,575	
Debentures	558,250	
Manchurian Industrial Development Company	1,360,000	Non-voting
Nissan Heavy Industry (Automobile) Co.	7,425,000	7.5% of total
Manchuria Investment Securities Corporation	5,000,000	100% of voting
Shirokiya Dept Store	789,000	7.5% of total
	15,472,825	

Y. Aikawa is also president of Nissan-kai which owns two-thirds of the stock of K.K. Nissan, the other one-third being held by Manchurian Industrial Securities Corporation.

Y. Aikawa is Chairman of K.K. Nissan and his lieutenant, Nikitaro Mihe, is President of it, as well as of Manchurian Industrial Securities Corporation.

In addition to holding two-thirds of the stock of K.K. Nissan of the value of 5,994,000 yen, Nissan-kai holds some 5 1/3 million yen of stock in 7 other companies affiliated with Nissan.

~~TOP SECRET~~

Companies in which K.K. Nissan owns more than 10% of the stocks

Name of Company	Capital (¥1,000) Authorized	Paid UP	Percent Held by K.K. Nissan
Kanto Industrial Co.	7,500	185.5	100.0
Nissan Fire & Marine Insurance Co.	16,000	4,000	47.0
Nissan Life Insurance Co.	2,000	650	31.0
Japan Real Estate Co.	3,000	3,000	30.0

On October 16, 1944, K.K. Nissan entered into a contract of sale with the Naval Mutual Aid Association (Kaigun Kyosai Kumiai). By its terms Nissan sold an office building just south of the Radio Tokyo building for approximately 20 million yen. Nissan was given the right to repurchase the building for the same price if it ceased to be used by the Navy within 10 years. With the current inflation and scarcity of buildings Nissan desires to avail itself of the privilege to repurchase.

Balance sheet of K.K. Nissan as of October 31, 1945:

ASSETS	YEN	LIABILITIES	YEN
Land	1,334,114	Capital stock paid up	10,000,000
Buildings	95,471	Legal Reserve	26,500
Furniture & Fixtures	24,384	Reserve for taxes	31,28 7
Securities	7,294,267	Money deposited by others	332,224
Loans	1,600,000	Long term Debts	5,826,500
Accounts Receivable	1,062,857	Accounts Payable	177,5ED
Temporary Payments	642,577	Temporary Receipts	652,194
Deposits and Cash	4,818,738	Surplus Brought Forward	78,247
Loss	252,003		
TOTAL	17,124,411	TOTAL	17,124,411

Nissan reports that under the Enterprise Adjustment Law (Kigyo Seibi Shikin Sochi Ho) of June 26, 1943 and Taxation Law (Rinji Sozei Sochi Ho) revised July 15,1943 it was allowed to deposit the amount it received for its office building, 19,729,475.68 yen in various

~~TOP SECRET~~

banks and carry it on its books as 4,381,632.99 yen or 22.141% of its actual value. Hence K.K. Nissan's assets should really be recognized as 32,733,253 yen.

Manchuria Investment Securities Company

The origin and control of Manchuria Investment Securities Company have been traced above. The following is a list of the companies with capital of 10,000,000 yen or more in which it held more than 10% of the stock as of 31 May 1945:

Name of Company	Capital	No. Shares Held by M.I.S.C.	%	Other Nissan Investments
Hitachi, Ltd.	700,000,000	2,649,980	18.9	
Japan Mining Co.	471,825,000	3,574,776	37.8	
Nissan Heavy Industries	120,000,000	2,220,000	92.5	(Oisei-kai 13.75 (Nissan-" 3.75
Japan Fisheries	94,262,000	449,246	23.8	
Japan Shipbuilding	30,000,000	360,000	60.0	(Nissan Heavy (Indust. 10.0
Korea Fat & Oil	20,740,000	384,065	94.9	
Nissan Forestry & Watch Mfg. Co.	20,600,000	131,286	31.8	
Nissan Glider Mfg. Co.	10,000,000	13,000	92.2	
Japan Securities Investment	10,000,000	184,400	49.7	(Nissan-kai 16.0 (K.K. Nissan 8.0
Santoku Industries	10,000,000	22,000	11.0	
K.K. Nissan	10,000,000	66,200	33.4	Nissan-kai 6[illegible].6
Tatara Engineering Works	10,000,000	40,000	20.0	

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MANCHURIA INVESTMENT SECURITIES CO., LTD.

(Manshu Toshi Shoken Kabushiki Kaisha)

BALANCE SHEET, as of MAY 31, 1945.

ASSETS

National Bonds	¥	1,533,120.00
Securities		60,292,160.50
Loans--		74,866,880.34
Land, Buildings, Fixtures & Furnitures		889,818.34
Accrued Interest		1,104,464.31
Deferred Charges		75,200.00
Accounts Receivable		12,129,082.86
Advance Payment		3,612,268.71
Cash		24,763,870.32
	¥	729,265,865.38

LIABILITIES

Authorised Capital, (¥400,000,000)		
Capital subscribed,-		
Common Stock.....5,000shares		
(¥1,000 per share, fully paid in)	¥	5,000,000.00
Preferred Stock.....375,000 shares		
(¥1,000 per share, fully paid in)		375,000,000.00
Reserves		19,973,090.00
Money Borrowed		299,550,938.00
Accounts Deposited by others		91,968.85
Accounts payable		5,751,511.33
Accounts Received in Advance		11,429,096.98
Employees Retiring Allowance Fund		210,562.76
Surplus Brought forward from previous term		1,754,085.95
Net Profits for this term		10,514,596.51
		729,265,865.38

~~TOP SECRET~~

HITACHI, LTD.

(Hitachi Seisakusho)

History. The firm of Hitachi, Ltd., was established in 1908 as a repair shop of Kuhara Kogyo Kabushiki Kaisha. After gradual expansion, it became a separate firm in 1920 with a capital of ¥10,000,000. During the thirties, the capitalization was rapidly increased - ¥20,000,000 in 1933, ¥40,000,000 in 1935, ¥80,000,000 in 1937, ¥200,000,000 in 1939, and ¥358,000,000 in 1940. Throughout this period the company expanded primarily by erecting and enlarging plants. It reports amalgamations in 1937 with Kokusen Kogyo Kabushiki Kaisha (apparently a ¥20,000,000 concern) and in 1939 with Tokyo Gasudenki Kogyo Kabushiki Kaisha (apparently a ¥4,500,000 concern). No other mergers are mentioned prior to 1943. In that year, the firm of Riken Shinkuk Kogyo Kabushiki Kaisha was absorbed, and in the following year the two firms of Nisho-denssen Shinko Kabushiki Kaisha and Tobata-Imono Kabushiki Kaisha. After these last mergers, the company reported a capitalization of ¥700,000,000 authorized, ¥437,500,000 paid up.

Information as to production and sales is available from 1935. It shows a volume of business increasing at an accelerating rate with the approach of the war and expanding manyfold during the last three or four years. The following table compares total output in 1935 with that in 1944.

VALUE OF PRODUCT (1,000 Yen)

Product	1935	1944
Electric Machines	33,166	198,439
Ind. Machines	10,107	160,269
Locomotive & Rolling Stock	6,253	30,241
Elect. Insulated Wire	8,728	47,298

Product	1935	1944
Iron Castings & Steel Prod. (1)	- -	211,473
Communication Apparatus (2)	- -	51,340
Munitions[3]	- -	158,346
TOTAL	58,524	869,106

(1) First production was 28,729 in 1937
(2) " " " 1,457 in 1937
(3) " appreciable production " 2,437 in 1938

War expansion is also evident in the Company's financial statements. Selected balance sheet items increased as shown in the table below.

GROWTH OF CERTAIN ASSETS AND EQUITIES 1935-45
(1,000 Yen)

ASSETS Item	Second Half 1935	Feb. 28,1945
Fixed Assets	27,396	344,280
Securities Held	15,288	225,617
Inventories	22,536	698,858
Accruals and Receivables	7,767	248,244
.....	.....	....
TOTAL ASSETS	98,303	1,895,438
LIABILITIES		
Debt & Debentures	8,878	302,444
Capital	45,000	700,000
Reserves	6,855	164,800
Surplus	1,688	6,812
Current Profit	3,814	58,344

In appraising both of the foregoing tables, the mergers of 1943 and 1944 should be borne in mind. Information is not available about previous production and previous balance sheets of the merged companies, and for this reason the figures given presumably overstate

the expansion which took place. The maximum size of this discrepancy may be inferred from the fact that the grand total of value of production in the last half of 1942 was ¥235,000,000 as compared with ¥340,000,000 in the last half of 1943 and ¥445,000,000 in the last of 1944.

Today Hitachi, Ltd., has a paid up capital of ¥437,500,000 and employs at least 114,000 persons. It operates thirty two works, two research laboratories and two mines. In addition, it holds investments in twenty three companies, all of which are wholly owned subsidiaries.

The company's business consists in the manufacture of electric and industrial machinery and apparatus, electric ware and cable, communication apparatus, railway locomotives and rolling stock, and special steels. No information is available as to the activity of subsidiaries, other than that which is carried in the names of the companies themselves.

The company estimates its place in total Japanese production as follows:

Commodity	Percent of Total Japanese Production
Electric Machinery & Apparatus	17%
Industrial Machinery & Apparatus	6.6
Electric Wire & Cable	12
Communication Apparatus	2.3
Locomotives & Rolling Stock	12
Special Steel & Ingots	5.3

This summary is substantially more conservative than estimates submitted by the Oriental Economist. These estimates, broken down into narrower categories are as follows:

Commodity	Percent
Electrical Machinery	30
Industrial Machinery	10
Electric Wire and Cable	10
Telephone Sets	15
Wireless Sets	6
Radio Tubes	7
Bulbs	10
Steam Locomotives	20
Electric Locomotives	20
Railway Carriages	2
Railway Wagons	7
Special Steels	5

There is also incidental mention of manufacture of measuring instruments, chemical products, automobiles, ceramics and munitions, operation of mines, and investment in shipbuilding and aviation. It is not clear to what extent these additional categories represent the activities of subsidiary companies. In the case of munitions, it is clear that production was carried on by subsidiaries.

A list of the Hitachi plants with their addresses is set forth in Exhibit I. With the exception of two works, which are respectively in Korea and Formosa, all of these establishments are located in Japan proper.

A list of Hitachi subsidiaries is set forth in Exhibit II. Thirteen of these companies are wholly owned by Hitachi, Ltd. In seven others the top company owns 50 to 99% of the shares. There are three electric machinery manufacturing companies in which the ownership of Hitachi, Ltd., is reported as 21, 20 and 19% respectively.

The aggregate of paid up capital reported for these subsidiary companies is ¥210,262,000. The investment was carried on Hitachi books in February 1945 at ¥225,617,000.

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Most of the subsidiary companies are domiciled in Japan proper. However, few are reported as domiciled in Manchuria and Korea and presumably these may be regarded as permanently separated from the parent. They are concerns engaged in making electrical machinery, transformers, malleable castings, and iron and metal fittings, and in producing borax. The aggregate interest of Hitachi, Ltd., in these foreign concerns, inclusive of capital investment and loans extended, appears to be about ¥23,000,000.

The holders of more than 100,000 shares are as follows:

Manchuria Investment Securities Co.	¥ 2,595,980.
War Time Finance Bank	817,204.
Teikoku Mutual Life Insurance Co. (Mukokuchohei)	440,000
Nippon Investment & Trust Co.	322,050
Chiyoda Mutual Life Insurance Co.	315,000
Teikoku Life Insurance Co.	268,593
Nomura Trust Co.	147,000
Nippon Life Insurance Co.	130,000
Yasuda Life Insurance Co.	107,112

Holders of less than 100,000 shares are divided as follows:

Over 50,000	9
30,000 - 49,999	10
10,000 - 29,999	32
5,000 - 9,999	46
2,000 - 4,999	243
1,000 - 1,999	568

An inspection of the shareholders list reveals at once the predominance of insurance companies and banks among important holders. The largest individual holder is Ganzi Suzuki with 53,600 shares. Only two other individual holders have more than 30,000 shares.

A second feature of the stock holdings is the fact that blocks of stock are held by various companies belonging to Zaibatsu combines notably, Nomura, Yasuda, Nissan, Sumitomo, Mitsui and Mitsubishi. The aggregate holding by each of the combines is made up of a series

of holdings by various ones of its subsidiary companies. In the case of Nomura, for example, the Nomura Trust Company holds 147,000 shares, the Nomura Bank 90,820, the Nomura Policy Company 84,915, and the Nomura Life Insurance Company more than 20,000. To determine the degree of control exercised by any of the combines, it would be necessary to analyze the corporate holdings in order to add those of corporations which do not make their affiliation apparent in their corporate name; and also to analyze the holdings of individuals in order to determine which of them fall within the orbit of the family which controls the corporate combine.

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EXHIBIT I

Names and Locations of Works and Laboratories of Hitachi, Ltd.

Hitachi Works (Takahagi Works) (Omuta Works)	Omikawa, Hitachi, Ibaraki-ken. Takahagi-Machi, Ibaraki-ken Hayashinoiye, Omuta, Ishikigun, Fukushima-ken.
Taga Works Tochigi Works	Taga-machi, Ibaraki-ken Mizuho-machi, Shimotsuga-gun, Tochigi-ken.
Kito Works Kameido Works Kameari Works Shimizu Works	Katsuta-machi, Ibaraki-ken Kameido-cho, Joto-ku, Tokyo. Oyata-cho, Adachi-ku, Tokyo. Muramatsu, Fonagoe, Miyuka, Shimizu, Shizuoka-ken
Kashiwa Works Kasado Works	Kashiwa-machi, Chiba-ken Miyanosubama, Higashi-Toyoi Kudamatsu, Yamaguchi-ken.
Tobata Works Wakamatsu Works (Kanda Works)	Meiji-machi, Tobata, Fukuoka-ken Ebisu-dori, Wakamatsu, Fukuoka-ken Minamihara, Kanda-machi, Miyako-gun, Fukuoka-ken
(Miyazaki Works)	Hosono, Kobayashi-cho, Nishi- Morogata-gun, Miyazaki-ken.
Kitsugawa Works (Kawana Works)	Fuku-machi, Taisho-ku, Osaka. Daifukuhigashi, Kawana, Miya-ken
Sukagawa Works	Nohujima-cho, Fukagawa,-ku, Tokyo
Totsuka Works	Totsuka-machi, Totsuka-ku, Yokohama, Kanagawa-ken.
Yasugi Works (Ube Works)	Yasugi-machi, Shimane-ken Okinoyama, Kogushi-Ube, Yamaguchi-ken.
Kitsugi Works	Satokata, Hikimura, Ohara-gun, Shimane-ken
(Torigami Works)	Orotorigamimura, Hinna-gun, Shimane-ken.
Amagasaki Works	Takara-machi, Amagasaki, Hyogo-ken.
Nohara Works (Otaki Works)	Togo-mura, Chosei-gun, Chiba-ken. Otakimachi, Chiba-ken

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Names and Locations of Works and Laboratories of Hitachi, Ltd., Cont'd.

Setsu Works	Tsukudajima, Nishi-Yodogawa-ku, Osaka
(Kuise Works)	Hitotuchiaden, Kuise, Amagasaki, Hyogo-ken
Kawasaki Works	Nukojima, Kashimada, Kawasaki, Kanagawa-ken.
Jinsen Works	Kakuyoku-cho, Jinsen-fu, Keiki-do, Chosen.
Taiheku Works	Chotosei, Taiheku, Taiwan.
Hitachi Research Laboratory	Sukagawa, Hitachi, Ibaraki-ken
Central Research Laboratory	Hanazawa, Koigakubo, Kokubunji-machi, Kitatama-gun, Tokyo.
Kumura-mines	Kumura, Hikawa-gun, Shimane-ken.
Kagoshima-mines	Hishida-kaigan, Osaki-machi, Soo-gun, Kagoshima-ken

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EXHIBIT II

Hitachi Subsidiaries

Company Name	Paid In Capital (¥1,000)	% Owned by Hitachi, Ltd.
Hitachi Shipbuilding Co.	91,350	100
Hitachi Machine Tool Co.	30,000	100
Hitachi Munitions Co.	18,750	100
Hitachi Arms Manufacturing Co.	5,000	100
Hitachi Construction Co.	1,000	100
Hitachi Real Estate Co.	250	100
Shibuya Rentogen Mfg. Co.	500	100
Hitachi Gas Company	1,250	62
Tokyo Special Steel Co.	900	52
Hitachi Electric Tramway Co.	2,212	94
Hitachi Water Works Co.	1,000	100
Hitto Electric Mfg. Co.	750	99
Japan Art. Graphite Co.	1,000	100
Inoue Electric Machine Mfg. Co.	1,100	21*
Mitsusho Electric Machine Mfg. Co.	700	20*
Tokyo Electric Machine Mfg. Co.	1,000	19*
Hitachi Aircraft Co.	30,000	100
Tokyo Machine & Tool Industry Co.	10,000	81
Japan Malleable Iron Co.	1,000	72
Manchurian Hitachi Eng. Works	5,750	100
Manchurian Transformer & Manchurian Wire Fitting Co.	2,000	100
Chosen Special Chemical Co.	500	50
	250	100
	210,262	

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Hitachi Subsidiaries, Cont'd.

* At an earlier date, perhaps as late as November 1945, the interest of Hitachi, Ltd. in these companies was apparently greater - 47% in Inoue, 30% in Mitsubsi, and 49% in Tokyo Electric. These larger figures appear in typescript, stricken out and replaced by ink entries of the smaller figures, with the marginal notation: "Changes made Nov. 17, 1945."

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EXHIBIT 111

OFFICERS - HITACHI, LTD.

President	-	Kanichi Odaira
Vice President		Kanaburo Yokoo
Managing Director		Kunio Kobe Teiichi Horishima Ryoji Ikeda Shioki Yokota Hisao Yamakawa Yoko Watanabe
Director		Saburo Kokaba Kaneichi Akita Michi Horioka Seiji Hida Chikara Kurata Yamajiro Takeuchi Sadahiko Onishi Giichiro Yunoa Hisako Hishi Saria Hiruta
Auditor		Kosuke Saito Hitomo Ishii Shin Ikuki

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EXHIBIT XI

CONSOLIDED BALANCE SHEET

Hitachi, Ltd., Hitachi Munitions Co., and Hitachi Arms Mfg. Co.
Feb. 28, 1945.

Hitachi, Ltd.

ASSETS		LIABILITIES	
Capital Unpaid	362,500,000.00	Capital	700,000,000.00
Fixed Assets	325,538,607.56	Legal Reserve	26,062,000.00
Securities	202,648,869.29	Special Reserve	127,640,000.00
Materials	342,454,633.48	Workers Retiring Allowance Reserve	9,093,282.60
Partly Manufactured Goods	271,020,087.48	Reserve for Tax	18,504,200.00
Manufactured Articles	204,651,812.11	Debentures	192,200,000.00
Accrued Assets	256,843,982.56	Debt	110,244,165.02
Bills Receivable	90,000.00	Money Deposited	81,259,552.25
Temporary Payment	69,276,703.12	Money Unpaid in Advance	37,369,491.45
Deposit Against Workers Retiring Allowance Fund	9,093,282.60	Temporary Receipts	552,799,153.10
Deposit Against Reserve for Tax	3,488,500.00	Carried Forward Profit	7,062,662.85
Deposit and Cash	58,742,635.16	Current-term Profit	62,293,075.04
Total	1,944,527,523.55	Total	1,944,527,523.55

Note: Combined with Balance Sheets of Hitachi, Ltd. (Feb. 28, 1945), Hitachi Seiki, Ltd. (Mar. 31, 1945), and Hitachi Kohoi, Ltd. (Mar. 31, 1945).

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APPENDIX N

REPORT ON NIPPON SODA

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APPENDIX B

REPORT ON THE NIPPON SODA COMPANY

This company, incorporated in 1920, with a capital of 750,000 yen, has a present authorized capital of 134 million yen, 127 million of which is paid up. At one time it had over 32 active subsidiaries with an authorized capital of 201,450,000 yen. It now controls only six small companies in Japan and two in Formosa. The combined capital of the six Japanese companies is about six million yen. As of 1945, the company had total assets of 672,744,000 yen. It had long term obligations of 385,756,000 yen, of which 372,002,300 was owned by the Industrial Bank of Japan, and short term obligations of 129,605,000 yen, and its total security holdings classified as long term investments, were listed at 22,247,000 yen. These included the shares of the 6 companies regarded as controlled by the Nippon Soda Co. and included loans to subsidiaries of 11,012,069 yen.

The company has 45,443 stockholders. The largest stockholder is the Furukawa Electric Company, which has 2.79% of the total shares.

The company is both an operating company and a holding company.

Its position in the chemical industry is relatively unimportant, its principal product being caustic soda, of which it produced approximately 17.6% of the total national production in 1944.

It has already removed the interlocking control features of the subsidiaries by having all interlocking directors resign. It has submitted a plan to sever all other control connections with its subsidiaries to dissolve two of the eight, and to sell its holdings of stock in subsidiary companies.

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