

## LETTER FROM THE PRESIDENT AND CEO



Fiscal year 2003 was a good year for Nissan.

In the second year of our NISSAN 180 business plan, our company delivered consistent, solid results. The pages that follow give the details, but three key numbers summarize our progress.

The first number: 3.057 million global sales. Nissan's sales increased 10.4 percent despite continued sluggishness in the world's major economies and despite our refusal to be in the forefront of the aggressive incentive campaigns that permeate our global industry. The volume growth we planned for and deserved was realized.

The second number: 11.1 percent operating profit margin. With operating profits of ¥825 billion—the highest

level of operating profit in our company history—Nissan maintained the top operating margin among global auto makers.

The third number, and perhaps the most important: 21.3 percent return on invested capital. This level of return underscores our ongoing, disciplined approach to managing our business: On every investment we make, we expect significant returns.

These three numbers—3.057 million, 11.1 percent, 21.3 percent—present a snapshot of fiscal year 2003. At the midpoint year of NISSAN 180, profitability is up, debt management has been replaced by cash management, and growth is occurring. We have already met two of the three commitments of NISSAN 180, achieving an eight percent operating profit margin and zero debt. The remaining task of selling an additional one million units will require our total focus, but we are confident we will do it.

The facts show that 2003 was a year of real value creation. Behind the numbers were the day-to-day actions and contributions of all the talented Nissan men and women around the globe. Their efforts took shape in many noteworthy accomplishments.

For one, ten all-new models were launched in markets around the world. We entered some new segments, such as mini-commercial vehicles in Japan, and created a stir in others, with our entry into full-size segments in the United States. Innovative designs continued to reflect the spirit of Nissan, from the thoroughly modern Cube Cubic to the bold Titan truck. We offered our customers competitive products and services to meet their needs and delight their senses, and sales volumes were up in every region as a result.

In 2003, we celebrated the startup of the Canton Plant in the United States. With unanimous, cross-functional teamwork, our employees and supplier partners rose to meet the extreme challenge of starting production at a new plant and launching five new models in eight months' time. The fighting spirit shown by our

Canton work force was an inspiration to our entire global team.

The past year also marked the startup of Dongfeng Motor Company, Ltd. With our 50-percent ownership of one of China's largest auto manufacturers, Nissan is now well positioned to compete effectively in the world's fastest-growing automotive market. We foresee great opportunities to grow our business in China in both the passenger car and truck markets.

All the achievements of 2003 were significant, but not for the past year alone. The investments we have been making in our operations, in our brand, in our products and in our people are positioning Nissan for even greater performance in years to come.

### **Looking ahead**

Beginning in April 2005, our midterm future will be charted by the commitments outlined in NISSAN Value-Up, our next three-year business plan. If the Nissan Revival Plan represented survival and NISSAN 180 started growth, then NISSAN Value-Up expresses our aim for indisputable performance leadership in the global automotive industry.

With three critical commitments relating to growth, sustained profitability and return on investment, NISSAN Value-Up will be the framework for the growth initiatives we will pursue in every major region of the world.

Convinced that we have ample opportunity for continued growth, we are realistically ambitious. Our vision is clear and our strategy is sound, but we know our success is far from guaranteed. We have to earn our results one day at a time, one customer at a time. Even though we are making progress in many areas, we are constantly learning, adapting and making improvements to assure that Nissan will deliver its very best.

The credibility of the Nissan brand is growing. Financial performance trends are positive. Our technical capabilities are expanding. We continue to benefit from synergies in alliance with Renault. As this year's sustainability report will show, we are delivering measurable value for all our stakeholders.

In an intensely competitive industry and amid challenging market and economic conditions, Nissan is steadily moving forward in the right direction. And we believe we have many more good years ahead of us.



Carlos Ghosn  
President and Chief Executive Officer