

FISCAL YEAR 2004 FINANCIAL REVIEW

NISSAN REPORTED A RECORD YEAR IN TERMS OF REVENUES, OPERATING INCOME, NET INCOME, SALES AND PRODUCTION VOLUME IN FISCAL 2004. NISSAN ACHIEVED TWO OF ITS THREE COMMITMENTS FOR NISSAN 180: AN 8 PERCENT OPERATING PROFIT MARGIN AND ZERO NET AUTOMOTIVE DEBT. THE REMAINING COMMITMENT IS THE ACHIEVEMENT OF ONE MILLION ADDITIONAL UNIT SALES. AT MID-YEAR 2005, GLOBAL SALES AT 1,809,000 UNITS WERE SLIGHTLY AHEAD OF THE COMMITMENT TO REACH 3,597,000 UNITS BY THE END OF SEPTEMBER 2005.

Net Sales

Consolidated net sales came to ¥8,576.3 billion, up 15.4 percent from last year. A higher volume and mix had a positive impact of ¥707.0 billion. Movements in foreign exchange rates produced a negative impact of ¥173.0 billion. Changes in the scope of consolidation, including Dongfeng Motor and Yulon Nissan Motor, raised revenues by ¥432.0 billion.

Operating Income

Consolidated operating profit improved by 4.4 percent from last year to a record ¥861.2 billion. This resulted in an operating profit margin of 10.0 percent. Operating profit was affected by the following factors:

- The effect of foreign exchange rates produced a ¥78 billion negative impact for the full year. The depreciation of the U.S. dollar against the yen resulted in a negative impact of ¥74 billion, with an additional ¥13 billion from other currencies. The appreciation of the euro resulted in a positive impact of ¥9 billion.
- The change in the scope of consolidation produced a positive impact of ¥31 billion. This was primarily from the consolidation of Dongfeng Motor and Yulon Nissan Motor.
- The impact of the higher volume and mix contributed ¥284 billion. This was mainly driven by an increase in U.S. sales volume.
- Selling expenses increased by ¥114 billion, also mainly due to the increase of sales in the U.S.
- The improvement in purchasing costs amounted to ¥131 billion.

- Product enrichment and the cost of regulations had a negative impact of ¥92 billion.
- An additional ¥44 billion was allocated to R&D to reinforce product and technology development.
- Cost reductions from manufacturing efficiencies were offset by costs associated with expanding the Canton plant's capacity, which resulted in a ¥15 billion increase in manufacturing and logistics expenses.
- Warranty costs increased by ¥41 billion, partly due to greater volume.
- General, administrative and other expenses increased by ¥25.7 billion.

By region, operating profits in Japan came to ¥341.1 billion, a decrease of 3.2 percent compared to last year. This was mainly due to unfavorable exchange rate fluctuations and an increase in R&D expenses, which reached a record level.

Due to higher volumes, profitability in the U.S. and Canada increased 7.9 percent from last year and totaled ¥379.7 billion.

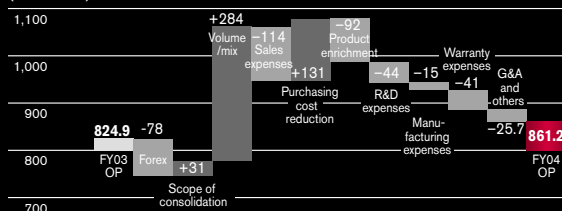
Operating profit in Europe was ¥56 billion, an increase of 13.8 percent compared to last year, owing to a better mix and higher contributions from Russia.

In General Overseas Markets, including Mexico, operating profits came to ¥84.8 billion, an increase of 28.5 percent compared to last year. This was primarily due to the consolidation of Dongfeng Motor and Yulon Nissan Motor.

Inter-regional eliminations were negative ¥0.4 billion.

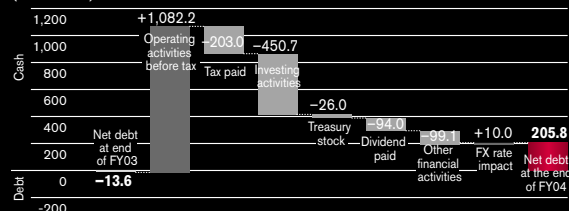
Impact on Operating Profit

(Billion Yen)



Net Cash Flow (automotive)

(Billion Yen)



Net Income

Net non-operating expenses totaled ¥5.5 billion, ¥9.7 billion lower than last year. This was primarily due to a ¥5.3 billion decrease in financial costs and a ¥5.3 billion increase in equity in earnings of unconsolidated subsidiaries and affiliates, thanks mainly to Renault. Net extraordinary losses totaled ¥62.5 billion, ¥10.7 billion lower than last year, mainly due to the sale of the site of the former Murayama plant. Net income before taxes came to ¥793.2 billion. Income taxes totaled ¥258.0 billion, with an effective consolidated tax rate of 33 percent. Minority interests amounted to ¥22.9 billion, mainly from Yulon Nissan Motor. As a result, net income reached ¥512.3 billion, an increase of ¥8.6 billion.

FINANCIAL POSITION

Balance Sheet

In 2004, total consolidated assets increased by 25.3 percent to ¥9,848.5 billion.

Current assets increased by 36.4 percent, or ¥1,372.4 billion, to ¥5,139.4 billion. This increase included changes in the scope of consolidation by ¥271.1 billion and an increase in sales finance receivables by ¥840.6 billion thanks to increased sales in the U.S. Fixed assets increased by 15.1 percent, or ¥616.7 billion, to ¥4,708.0 billion. Property, plant and equipment valuation increased by ¥593.6 billion, mainly due to capital expenditures of ¥477.5 billion and an increase in leased vehicles.

Current liabilities increased by 28.1 percent, or ¥872.2 billion, to ¥3,974.7 billion. This increase included changes in the scope of consolidation of ¥144.4 billion and an increase in short-term borrowings for sales financing of ¥558.5 billion.

In 2004, total shareholder equity increased from ¥2,024.0 billion to ¥2,465.8 billion. This gain was primarily due to net income of ¥512.3 billion, offset by dividends paid totaling ¥101.2 billion. Consolidated shareholder equity represented 29 percent of total revenues and 25 percent of total assets.

Cash Flow

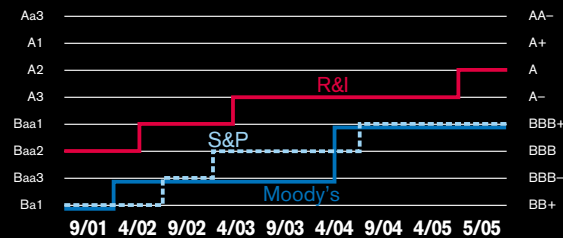
Cash from operating activities was ¥369.4 billion, below the previous year's level of ¥797.4 billion. This drop was primarily caused by a ¥331.2 billion increase in finance receivables in the U.S. and Japan. There were also increases in inventory and income tax paid.

Cash used for investing activities increased by ¥108.9 billion to ¥865.0 billion. This increase was mainly due to an increase of leased vehicles in the U.S.

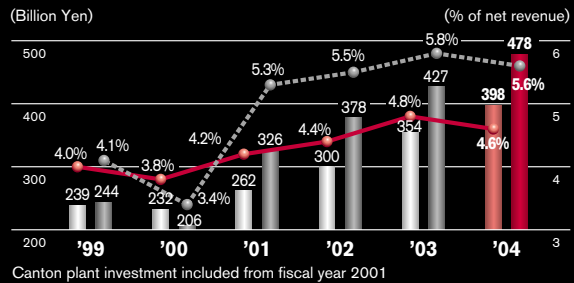
Cash from financing activities totaled ¥521.0 billion, including an increase in short-term borrowing of ¥666.2 billion, offset by ¥94 billion for the payment of dividends and ¥26 billion for the acquisition of treasury stock.

In total, cash and cash equivalents increased by ¥95.6 billion to ¥289.8 billion from fiscal 2004.

Corporate Rating



Investment in Our Future



Automotive Debt:

Despite higher levels incurred for capital expenditures and R&D, cash generated from operating activities in the automotive division eliminated net automotive debt. Nissan held a ¥205.8 billion yen net cash position at the close of fiscal 2004 in this division.

Rating

Regarding Nissan's long-term credit rating, R&I upgraded Nissan from A- to A on May 11, 2005. S&P upgraded their rating from BBB to BBB+ on July 20, 2004, and Moody's upgraded from Baa3 to Baa1 on January 29, 2004.

Investment Policy

Capital expenditures increased by ¥50.2 billion to ¥477.5 billion, representing 5.6 percent of net revenue. This increase included the Canton plant expansion. R&D expenditures increased by ¥43.8 billion to ¥398.1 billion. This increase went to fund new technologies and product development. Our R&D resources are focused on projects that add value to our customers and that will deliver an expected return, in both the short and long term.

Dividend

At the annual general meeting of shareholders on June 21, 2005, the company proposed increasing its dividend to ¥24 per share in 2004, up from ¥19 in 2003. In the first year of the NISSAN Value-up dividend policy, the Company plans to increase the per-share dividend to ¥29 in 2005. By the end of NISSAN Value-up in March 2008, Nissan plans to pay an annual dividend of no less than ¥40 per share.

Return on Invested Capital (ROIC)

Nissan's investments are made within the strict guidelines of its automotive operating ROIC. Based on these guidelines, Nissan reached 20.1 percent of ROIC on a consistent basis as of fiscal 2003.

Dividend Policy

(Dividend per share, in yen)

