Annual Report

Year Ended March 31, 2004

2003

Nissan: Enriching people's lives

CONTENTS

On the cover: The full-size TITAN KING CAB

Vision

Nissan: Enriching people's lives

Mission

Nissan provides unique and innovative automotive products and services that deliver superior measurable values to all stakeholders* in alliance with Renault.

*Our stakeholders include customers, shareholders, employees, dealers, suppliers, as well as the communities where we work and operate.

The second year of NISSAN 180 continued the ongoing string of successes already seen in 2002: operating profit rose by 11.9 percent over the previous year, to a record ¥825 billion. This is approximately ten times the operating profit reported just four years ago. Net automotive debt is well below forecast at ¥13.6 billion, while the target of 20 percent return on invested capital has been surpassed, reaching a record 21.3 percent.

As it moves into the final year of the three-year NISSAN 180 business plan, Nissan is firmly moving forward to sustained, profitable growth. Ahead lies new challenges, and the continued growth of the coming business plan NISSAN Value-Up, which will continue to build on Nissan's increased strength around the globe.

All the while remembering the Nissan corporate vision of "Enriching people's lives."

This Annual Report contains forward-looking statements on Nissan's future plans and targets, and related operating investment, product planning and production targets. Please note that there can be no assurance that these targets and plans will actually be achieved. Achieving them will depend on many factors, including not only Nissan's activities and development, but on the dynamics of the automobile industry worldwide and the global economy.

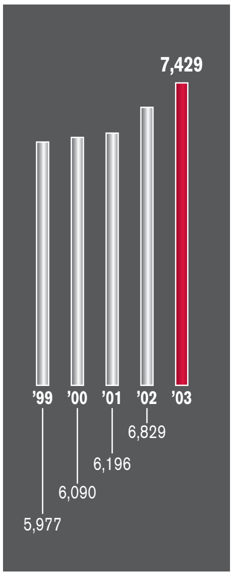
FINANCIAL HIGHLIGHTS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Fiscal years 2003, 2002, 2001, 2000 and 1999

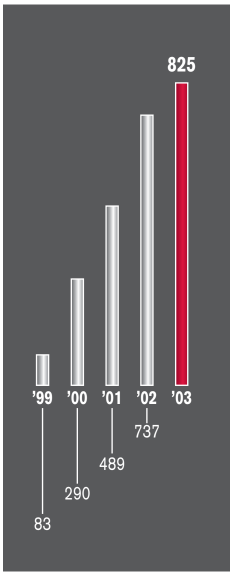
	Millions of yen (except per share amounts and number of employees)					Millions of U.S. dollars(Note 1)
For the years ended	**2003** **Mar. 31, 2004**	2002 *Mar. 31, 2003*	2001 *Mar. 31, 2002*	2000 *Mar. 31, 2001*	1999 *Mar. 31, 2000*	**2003** **Mar. 31, 2004**
Net sales	**¥7,429,219**	¥6,828,588	¥6,196,241	¥6,089,620	¥5,977,075	**$70,087**
Operating income	**824,855**	737,230	489,215	290,314	82,565	**7,782**
Net income (loss)	**503,667**	495,165	372,262	331,075	(684,363)	**4,752**
Net income (loss) per share(Note 2)	**122.02**	117.75	92.61	83.53	(179.98)	**1.15**
Cash dividends paid(Note 3)	**74,594**	50,800	27,841	0	0	**704**
Shareholders' equity(Note 4)	**¥2,023,994**	¥1,808,304	¥1,620,822	¥ 957,939	¥ 563,830	**$19,094**
Total assets(Note 4)	**7,859,856**	7,349,183	7,215,005	6,451,243	6,175,658	**74,150**
Net consolidated automotive debt(Note 5)	**13,603**	107,952	431,714	952,657	1,348,696	**128**
Number of employees	**123,748**	127,625	125,099	133,833	141,526	

Notes: 1. Unless indicated otherwise, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at ¥106=$1, the approximate exchange rate on March 31, 2004.
2. Net income (loss) per share amounts are based on the weighted average number of shares of common stock outstanding during each year. Figures for net income (loss) per share are in exact yen and U.S. dollars.
Number of shares outstanding as of March 31, 2004: 4,520,715,112.
3. Cash dividends during the full year by subsidiary companies to non-Nissan minority shareholders are not included.
4. Shareholders' equity and total assets for fiscal year 1999 was restated in accordance with the changes in the regulations relating to the presentation of currency translation adjustments effective fiscal year 2000.
5. Net consolidated automotive debt was ¥8,602 million cash positive in fiscal year 2002, and ¥215,861 million cash positive in fiscal year 2003, using the same accounting principles as fiscal year 2001.

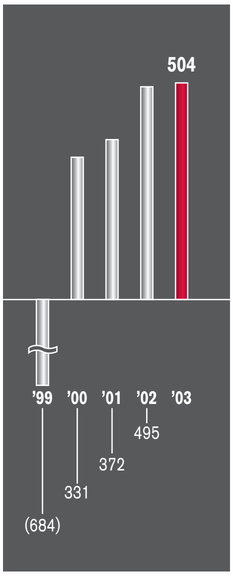
Net Sales
(Billion Yen)



Operating Income
(Billion Yen)



Net Income (Loss)
(Billion Yen)



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

The Realization of Sustainable, Profitable Growth

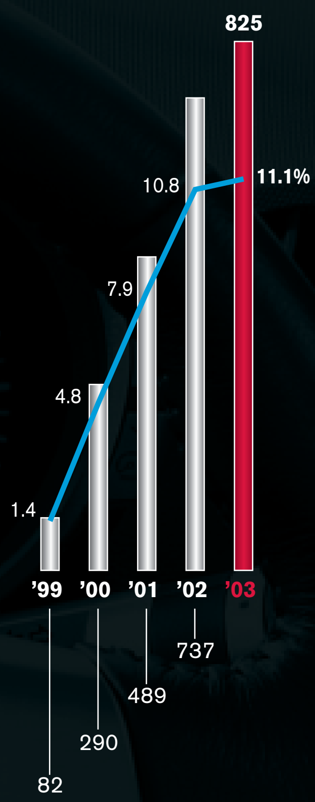
With the second year of the three-year NISSAN 180 business plan completed, the results are unequivocal: Nissan is moving aggressively toward sustainable, profitable growth. In fiscal year 2003, the company has reported record earnings, and an operating profit margin that continues to lead the global automotive industry. NISSAN 180 has moved ahead of schedule to reinforce Nissan's position among the top automakers of the world:

- Consolidated net revenues rose by 8.8 percent from 2002, to a total of **¥7.43 trillion**. This was despite a negative impact from movement in foreign exchange rates of ¥111.6 billion, and came largely from a higher sales volume and mix.
- With a consolidated operating profit of **¥825 billion**—an improvement of 11.9 percent, and a new record—Nissan can boast an operating profit margin of 11.1 percent, the top level of all global automakers. This figure is almost ten times the ¥83 billion profit figure of fiscal year 2000, when the Nissan Revival Plan began building the new road to profitability—a process continued by NISSAN 180, and soon to be taken on by the new business plan, NISSAN Value-Up.
- Global sales of Nissan vehicles totaled **3.057 million units**, exceeding the forecast of 3.040 million. Not only is this a 10.4 percent increase over fiscal year 2002, or 287,000 more vehicles, but this is the first time in 13 years that Nissan has sold more than three million units annually.

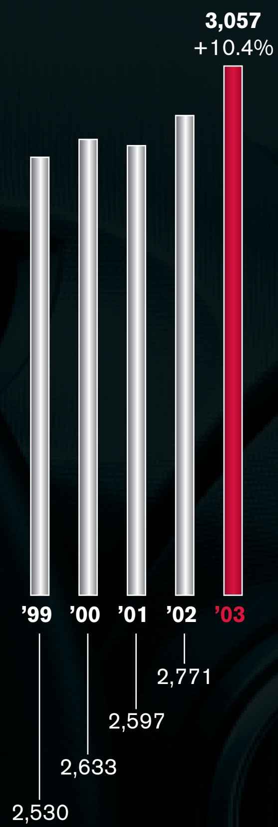
Nissan is the most profitable global automotive company.

Consolidated Net Revenue
(Billion Yen)

Consolidated Operating Profit/Margin
(Billion Yen/%)



Global Retail Sales
(Units: 1000s)



Looking to the Future

As NISSAN 180 comes to a close in the coming year, the pace of change will only continue to accelerate. There are great risks and great opportunities in the coming year; the risks include foreign exchange rate fluctuations, rising commodity prices and interest rates; the opportunities—the strengths arising from NISSAN 180's implementation.

The predictions for the coming year:

- Net revenue of **¥8.176 trillion**, up 10.1 percent
- Operating profit of **¥860 billion**, up 4.3 percent
- Ordinary profit of **¥846 billion**
- Net income of **¥510 billion**
- Capital expenditures will be **¥480 billion**
- ROIC will remain **above 20 percent**

Growing Globally

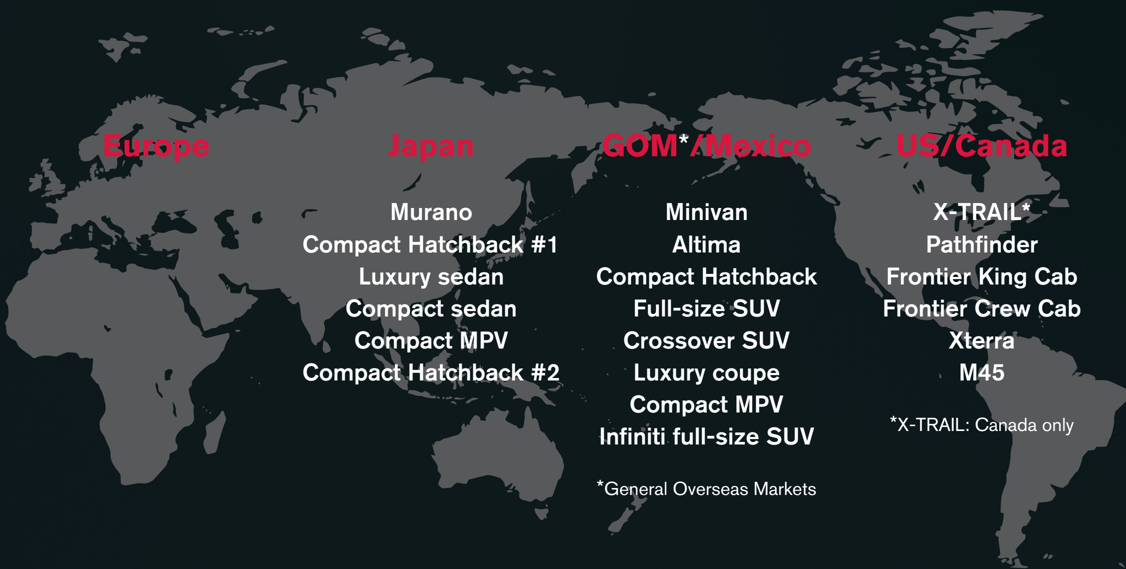
In fiscal year 2003, Nissan sales grew in every one of its main markets: Japan, North America, Europe; and in General Overseas Markets, its other main sales areas around the globe. In all, Nissan sold 3,057,000 vehicles, a 10.4 percent increase over the previous year, and ahead of forecast. This figure, in fact, represents the first time in 13 years that Nissan has sold more than three million vehicles—and more growth is coming.

For fiscal year 2004, Nissan is predicting growth in worldwide sales of 10.5 percent over 2003, to 3.38 million units. To achieve this, the company has set a number of challenging sales objectives:

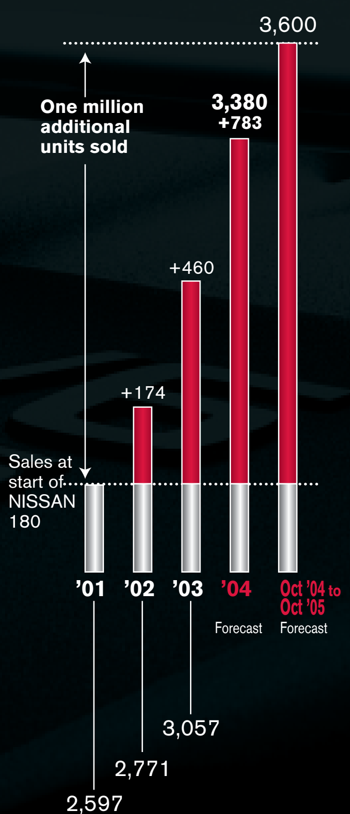
Japan: Sales of **870,000 units**, or growth of four percent.
US: Break the **one-million-unit** barrier in fiscal 2004, a growth of 16.8 percent and the first time ever to reach this figure.
General Overseas Markets: Sales of **972,000 units**, representing an increase of 18.2 percent over the previous year.

For more information on Nissan's world markets, please see page 30

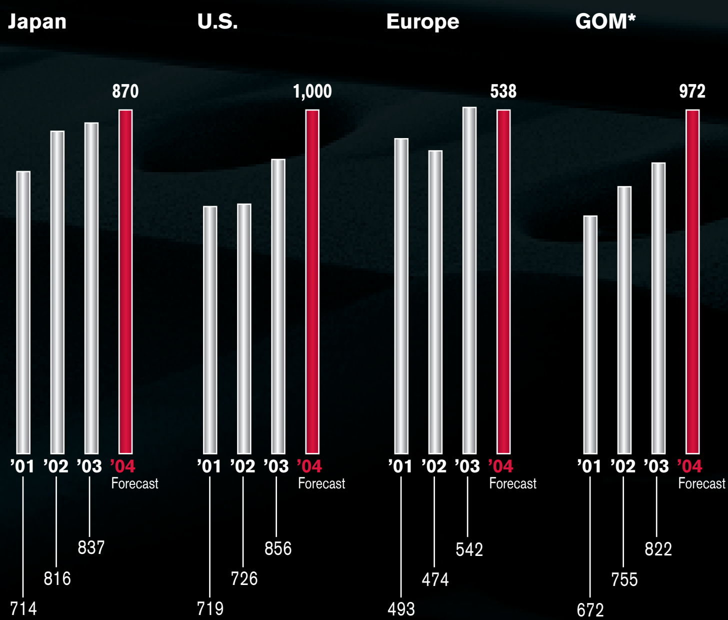
New Models for Fiscal Year 2004



NISSAN 180 Sales
Progress Toward NISSAN 180
Target: One Million Additional Units Sold
(Units: 1000s)



Retail Sales by Region
(Units: 1000s)



*Including Mexico and Canada

An Ambitious Plan: NISSAN Value-Up

NISSAN Value-Up

Even before its completion, NISSAN 180 has surpassed many of its initial goals. It has brought Nissan into a new stage of profitable growth. Perhaps more importantly, the successes it has created has instilled a renewed sense of pride in Nissan employees, and increased confidence for the future.

Today, Nissan looks to the future with an even more ambitious plan: NISSAN Value-Up. This three-year plan, like the Nissan Revival Plan and NISSAN 180 before it, carries a clear message of its intentions, backed by strong commitments to achieving them. NISSAN Value-Up will be implemented in April 2005, with three commitments:

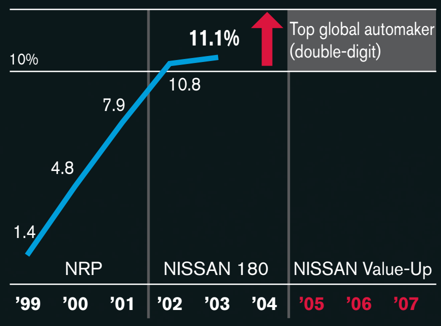
- To reach annual global sales of **4.2 million units** by the end of fiscal year 2007;
- To maintain the top-level operating profit margin in the automotive industry—requiring the achieving of double-digit figures;
- To maintain a return on invested capital (ROIC) of **20 percent or higher**.

The commitment for growth represents an increase of 820,000 units over fiscal year 2004, and growth rates slightly higher than that of NISSAN 180. This additional sales will come from around the globe; General Overseas Markets, led by China, are expected to grow by 350,000 units, the US and Canada 250,000, Japan 150,000 and Europe 70,000 additional vehicles. This would mean that, at the end of NISSAN Value-Up, the US, with 1.2 million annual units, Japan with greater than one million and China, with over 500,000 units, will be Nissan's three main country markets.

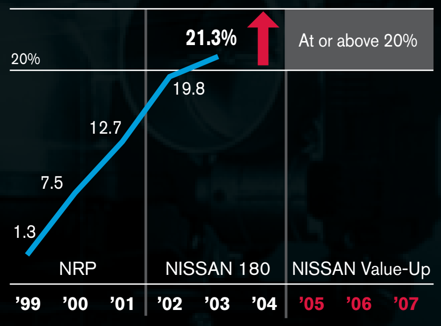
New product releases in NISSAN Value-Up will be at the same brisk pace as during NISSAN 180. A total of **28 new models** will be released during the three years of the plan. Along with renewal of many current models, seven innovative new models will also be released, while other models will expand their geographical reach into new markets.

NISSAN Value-Up Sales Volume
(Units: 1000s)

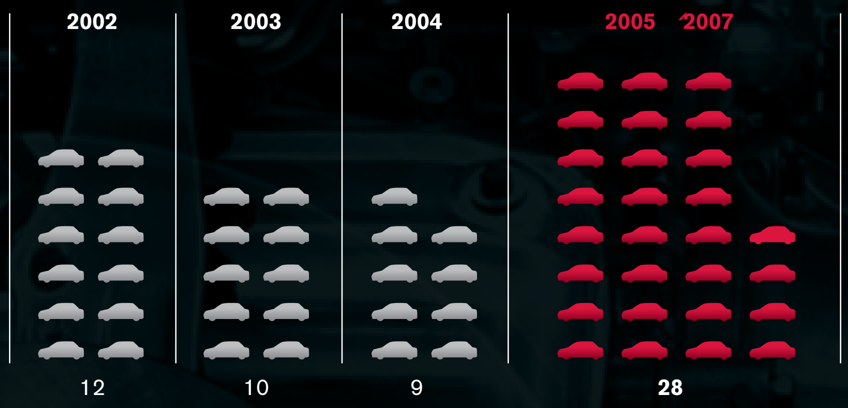
Consolidated Operating Profit Margin



Return on Invested Capital



Model Launch Schedule, Fiscal Years 2002–2007



NISSAN MANAGEMENT WAY

A Focus on Performance

FOR NISSAN TO REACH ITS GOAL OF SUSTAINABLE, PROFITABLE GROWTH, EMPLOYEES MUST HAVE AN ULTIMATE OBJECTIVE OF CREATING VALUE. TO ACCOMPLISH THIS, A PLAN TO ENSURE THE QUALITY OF MANAGEMENT WAS ESSENTIAL: THE NISSAN MANAGEMENT WAY. AN EFFICIENT PLAN THAT POINTS THE RIGHT DIRECTION; EFFECTIVE EXECUTION THAT ACHIEVES THE OBJECTIVES WITHOUT FAIL.

Cross Functionality

The Nissan Management Way is a program to increase management quality and increase the speed of decision making—and therefore to speed response to the customer. It is driven by a focus on individual commitment, where the individual and the organization are more tightly joined and competencies are enhanced.

The primary concept behind it is cross-functionality, bringing together employees across corporate and physical borders so that creative thinking—and even healthy conflict—can be brought to bear on the challenges for Nissan as it continues to grow and change. The things that customers demand from Nissan—quality products, service and support—are not separately created, but are the result of cross-functional activities.

Town hall meeting with President Ghosn at Nissan's Tokyo head office

Cross-Functional Teams

Cross-Functional Teams (CFTs), first established at Nissan in 1999, are the clearest realization of the cross-functional concept. Many different professionals within the company, representing various business sections and geographical regions, are brought together to solve problems by focusing on specific issues, introduce new ways of thinking—and to rethink current business processes. Each CFT was under the leadership of two Executive Committee members, each headed by a "pilot," and each given a specific topic to handle.

Now expanded to include 14 CFTs, this concept continues to provide fresh thinking and vision for the company. Issues of time, cost, quality and profit also all move across functions. The CFTs continue to address strategic and structural issues, and to propose breakthrough ideas to enhance the company's operations and profitability. And it is a positive process: the CFTs are entrusted to do their work with a sense of passion and enthusiasm.

Two new CFTs were formed in 2003. The first focuses on finding solutions to ensure a genderless company, one that will be increasingly attractive in the recruiting of top women employees, and provide an outstanding purchasing experience for women customers.

The second is dedicated to discovering processes for time reduction, aiming at

increased customer value and higher company performance.

V-up Program

The V-up Program is a tool designed specifically to help management find the solutions to reach NISSAN 180 goals. It is cross-functional across departments, and is designed so that quantifiable results can be obtained.

To date, a total of 2,950 V-up projects have been initiated; these have created total savings for the company of ¥33 billion.

Two-Way Communications

One of the key factors in the Nissan Management Way has been two-way communications between management and employees—increasing transparency, building trust and accelerating the sharing of best practices.

Delegating Authority

Nissan is known for its innovation, and its ability to do things in an original way. At the same time, decisions must also be made based on a constant standard to assure consistency while improving efficiency and speed.

To create this clear standard for decision making, Nissan has created the Delegations of Authority standard. It is a management tool that helps to identify the players involved in a decision by clarifying responsibilities, while also assisting in identifying the policies, procedures and rules that may be linked to the decision. This eliminates the time wasted by redefining players whenever a decision must be made. Delegation of Authority is now in use in Japan and North America, and will be implemented throughout Nissan in Europe and other markets—making it a global, yet customized marketing tool.

Basic Corporate Governance Policy and Status of Implementation

Basic Policy regarding Corporate Governance

Corporate governance is an important responsibility of management, and its most important role is to clarify the responsibilities of Nissan's management team. At Nissan, clear management objectives and policies are published for the benefit of shareholders and investors, and achievements and results are announced early and with as much transparency as possible. The enhancement of corporate governance by full and fair disclosure is the responsibility of management.

The Company's organization and systems for internal control

Nissan operates under the dual governance of a Board of Directors and a Board of Corporate Auditors, both based on the provisions of the Commercial Code of Japan. The Board of Directors is responsible for resolutions governing important business decisions, while the Board of Corporate Auditors supervises and controls the execution of Nissan's most important business functions.

To strengthen the audit function, the shareholders will be asked on June 23, 2004 to approve a resolution increasing the number of corporate auditors from four to five, three of whom will function concurrently as external corporate auditors. Furthermore, a Japan Internal Audit Office has been established at Nissan to conduct internal audits of operations on a regular basis, with the Chief Internal Audit Officer being responsible for conducting global audits.

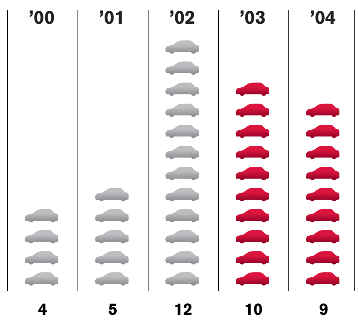
Thus, a three-way audit control system has been adopted through a combination of the Board of Corporate Auditors, Nissan's internal audit functions, and the audits conducted by the independent auditors.

Nissan has ratified its "Nissan Global Code of Conduct" and has established a "Global Compliance Committee" to reinforce the implementation of compliance with laws and ethic standards and to prevent any illegal or unethical conduct within the global Nissan Group.

A Big Lineup

NISSAN CONTINUED TO WIN NEW CUSTOMERS THROUGH ITS NEW PRODUCTS. FOLLOWING ON THE UNPRECEDENTED LAUNCH OF 12 PRODUCTS IN FISCAL YEAR 2002, NISSAN HAD A BIG YEAR IN FISCAL YEAR 2003 WITH TEN NEW PRODUCT LAUNCHES, INCLUDING THE COMPANY'S ENTRY INTO THE FULL-SIZE TRUCK AND SUV MARKETS.

Model Launch Schedule
Fiscal years 2000–2004



Building on the biggest-ever launch of new products from Nissan in fiscal year 2002, the Nissan lineup launched during fiscal year 2003 is perhaps the most complete and exciting ever offered. "Big" literally is the word for this lineup; it includes the all-new Titan pickup and the Armada SUV, Nissan's first appearance in the full-size truck and SUV markets. It's not simply big vehicles however; the lineup includes an exciting mix of sedans, crossovers, minivans, light commercial vehicles, SUVs and trucks.

These exciting new products are intended to do one thing: help build Nissan sales globally. An automaker can only grow by selling more cars, and the first of NISSAN 180's goals is to sell an additional one million new vehicles annually in September 2005 as compared to the beginning of the program. The ongoing release of new, attractive and innovative products, along with efforts to enhance sales, will not only attract new customers to Nissan but help to ensure that their next purchase will also be a Nissan.

Canton-Born: New Releases from Nissan's New Facility

The opening of the Canton Plant in Mississippi during fiscal year 2003 marked an important milestone in Nissan's investments in the North American market. The Titan full-size pickup truck, available in

TITAN KING CAB

King Cab and Crew Cab models, was very successfully released into the market in 2003, and was largely conceived, developed, styled and engineered in North America and produce at the Canton Plant. It is a full-size vehicle; available in two- and four-wheel drive models, the Nissan Titan features a newly-designed Nissan Endurance 5.6-liter DOHC V8 engine developing over 300 horsepower. Nissan also successfully launched the new full-size Armada SUV, featuring the same brawny powerplant as the Titan pickup, and the Quest minivan, a unique vehicle that redefines the minivan category with style, innovation and driving performance.

ARMADA

Increased Light Commercial Vehicle Strength

Nissan continued to expand its commercial vehicle lineup through the year, launching the mini-commercial-class Clipper truck and Clipper van in the Japanese market, and the Kubistar light commercial van in Europe. The two Clipper vehicles expand Nissan's light commercial vehicle lineup in Japan's important mini segment. Both provide surprisingly large cargo carrying capacity

QUEST

TITAN CREW CAB

KUBISTAR

CLIPPER TRUCK

350Z ROADSTER/FAIRLADY Z ROADSTER

in compact dimensions, and have been certified as excellent low-emission vehicles (E-LEVs) by Japan's Ministry of Land, Infrastructure and Transport.

The Kubistar is the third double-badged light commercial vehicle made possible by the Alliance with Renault. It is designed to be small enough for maneuverability on Europe's city streets and deliver top fuel economy while providing a full-volume, convenient cargo space and heavy-load-carrying capability.

The Z Rolls On

Since its launch in 2002, the 350Z has regained the Z's traditional leading role in the sports car market. In fact, it is the best-selling sports car in the US, representing fully one-quarter of the entire market. For fiscal year 2003, the 350Z received its European market launch, while Nissan added the 350Z Coupe and the highly-anticipated 350Z Roadster (Fairlady Z Roadster in Japan), which adds open-top fun to the Z's high performance and driving excitement, in the US and Japan markets.

Coming in 2004

New Nissan models will continue to emerge in 2004, as Nissan moves ever closer to reaching the total of 28 new models to be introduced over the three years of NISSAN 180.

The changes for Japan begin with the domestic launch of the award-winning Murano crossover SUV. The Tiida, with the characteristics of a luxury sedan with the price and size of a compact, will first be launched in Japan and then in other overseas markets. Four other new models will bring the total to six launches for Japan.

TIIDA

FRONTIER

PATHFINDER

TEANA

In the US, the all-new Pathfinder will be launched in fiscal year 2004. The vehicle will have a larger interior and standard three-row seating. Another much anticipated launch will be the all-new Frontier, a truck that builds on Nissan's expertise in the compact truck segment—a segment Nissan practically invented—in a bigger, stronger package. The second-generation Xterra reinforces the strengths that made it the leader of the SUV market when it was introduced in 1999. The new Xterra will be based on the rugged F-Alpha platform used in the Titan and Armada, with a new 4.0-liter V6 VQ engine. And the new Infiniti M45 will redefine both this popular, muscular luxury sedan, and the entire Infiniti line. It combines the best of power, refinement, technology and style in a dynamic package.

The highlight of other markets worldwide will be the launch of the luxurious Teana sedan in the Chinese market. To be produced in China by Dongfeng Motor Co., Ltd., the Teana will mark not only a new step for the Nissan joint venture in the country, but for China's auto market as well.

XTERRA

Building the Brand with World-Leading Design

DESIGN IS KEY TO TODAY'S EXPANSION OF THE NISSAN BRAND. IT DEFINES THE FIRST AND LASTING IMPRESSION CUSTOMERS HAVE ABOUT THE NISSAN PRODUCT, AND PLAYS AN IMPORTANT ROLE IN EXPRESSING THE NISSAN BRAND IDENTITY. THE AIM IS TO CREATE DESIGN THAT REVERBERATES IN THE HEART, APPEALS TO THE MIND'S EYE AND DELIVERS CONCEPT AND MESSAGE.

Design is the interface between customers and the brand. Nissan believes that it has the speed and power to communicate across borders through form and shape.

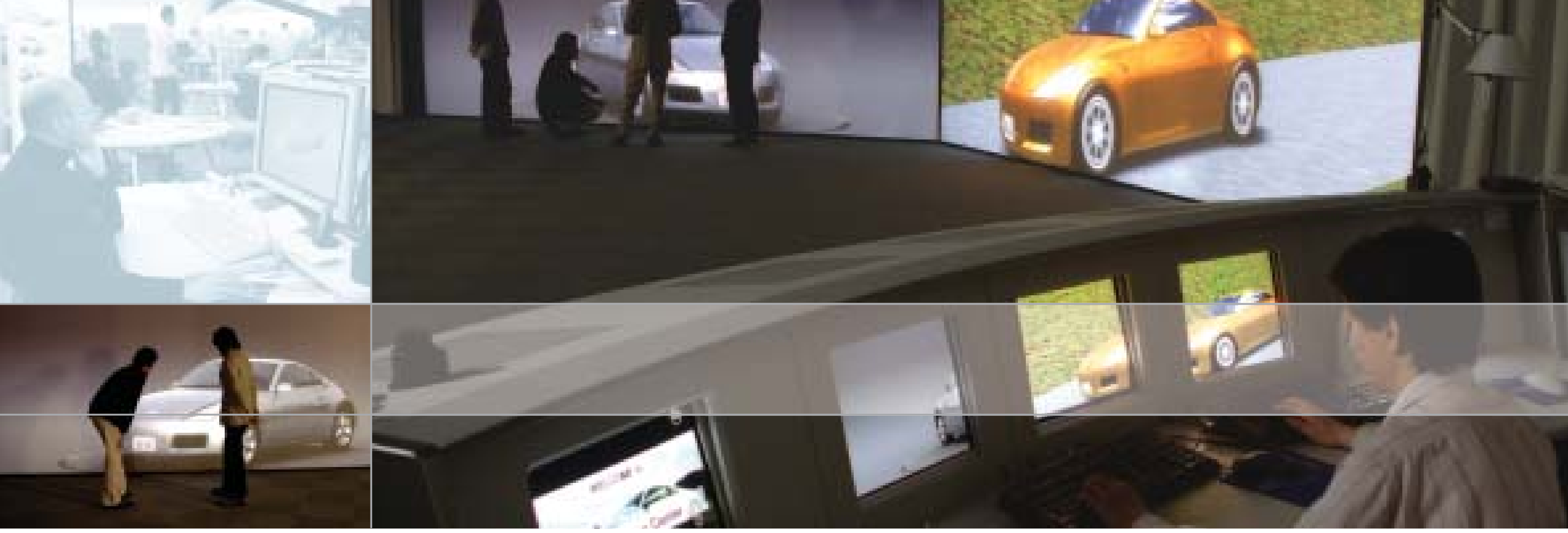
Nissan designers realize that a car is much more than metal, rubber and fabrics. It's more than mere transportation. The automobile represents freedom, self-expression—even desire. Understanding this fundamental concept allows designers to blend passion and practicality, creating cars that meet customers' unanswered needs. In doing so, they work closely with Nissan's product and planners to foster innovative concepts and designs with impact. They can dare to be bold in their designs, but it is a boldness tempered by thoughtfulness.

The commitment is straightforward: Nissan design will be a creative force that stirs creativity, nurtured innovation and challenges the conventional to create attractive, distinctive products.

Concept cars: where Nissan designs step out, show their creativity and point the way to Nissan's future look:

Qashqai

The Qashqai is a compact crossover with an advanced electronic 4WD system—an Urban Nomad. It is the first complete design project from the new Nissan Design Europe center in London, which opened on January 1, 2003. Large wheels and exaggerated wheel arches give the vehicle a purposeful stance, echoing the strength of a large 4x4, but with delicate design touches that endow it with a softer, less aggressive look.



Fuga

A sporty exterior suggests the Fuga's superb dynamic performance, while the interior offers roominess unimaginable in the conventional concept of a sedan. In addition to a tall overall height that provides ample headroom, Fuga also successfully expands the legroom for rear-seat occupants.

Actic

The Actic is what Nissan calls a "content rich" design: a sleek, aerodynamic Small Crossover concept vehicle. It provides both functionality and personality, with a modular six-passenger interior with flexible seating, an IT system with unique overhead display screens, long wheelbase matched with a wide body and unique roof design.

Jikoo

The Jikoo transcends time and space—building on the lines of the 1935 Datsun Roadster, it is a fusion of advanced technology and the craftsmanship of Edo, the old name for Tokyo. Even the navigation system fuses locations in modern Tokyo with a map of Edo and historical notes.

Effis

The Effis is designed to be the ideal commuter vehicle of the future; a fuel cell vehicle packed with radical, ingenious solutions. Minimal on the outside, it provides a flexible 3.5-seat interior.

Awards

Nissan design continued to be acknowledged globally in an impressive list of awards:

March/Micra:
- Red Dot Design Award, Design Center of North Rhine Westphalia, Germany
- Auto Color Awards 2004, Japan Fashion Color Association

Teana
- Good Design Award 2003, Product Design Division, Japan Industrial Design Promotion Organization
- Best Value Award, 2003-2004 Japan Car of the Year Awards
- Auto Color Awards 2004, Auto Color Designers' Award, Interior Color Division, Japan Fashion Color Association

Fairlady Z
- Auto Color Awards 2004, Auto Color Designers' Award, Technical Division, Japan Fashion Color Association

Cube
- Good Design Award 2003, Product Design Division, Japan Industrial Design Promotion Organization

Skyline Coupe
- Good Design Award 2003, Product Design Division, Japan Industrial Design Promotion Organization

Qashqai
- Best Concept/Prototype Award, British Motor Show

Other

Nissan Retail Environment Design Initiative
Good Design Award 2003
Construction/Environmental Design Division

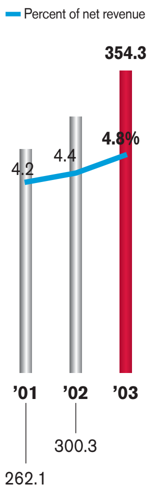
Nissan Visual Identity System
Japan Typography Almanac 2003 Grand Prix, Japan Typography Association

Nissan Sign Design System
SDA Outstanding Performance Award, Japan Sign Design Association

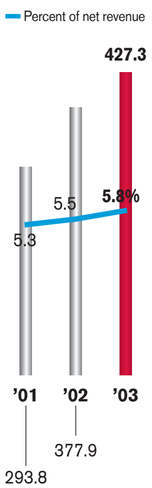
R&D Investment in the Future

NISSAN CONTINUES ITS INVESTMENT IN THE FUTURE BY ALLOCATING SIGNIFICANT NEW RESOURCES TO RESEARCH AND DEVELOPMENT. NEW TECHNOLOGIES ARE THE BASIS FOR TOMORROW'S SUCCESS; NISSAN SEES THE CONTINUED STRENGTHENING OF ITS R&D EFFORTS AS A NECESSARY PART OF CREATING LONG-TERM, PROFITABLE GROWTH.

Research and Development
(Billion Yen)



Capital Expenditure
(Billion Yen)



In fiscal year 2003, the second year of NISSAN 180, the company continued not only to streamline, but more importantly to make the investments need to ensure the company's future profitable growth. Always a leader in technological development, Nissan continued to increase R&D expenditures ahead of the growth of revenue. From ¥300.3 billion in fiscal year 2002, Nissan increased its R&D expenditures in fiscal year 2003 to ¥354.3 billion.

An interesting new R&D development is in an area of keen interest for Nissan today: China. Dongfeng Motor Co., Ltd., the joint venture of Nissan and Dongfeng Motor Corporation, is investing RMB330 million (US$40 million, or ¥4.6 billion) in a new passenger vehicle R&D center in Guangzhou City. The center, which is expected to begin operations at the end of 2005, will focus on the localization of Dongfeng's models for China, and on making use of Nissan's global R&D technologies. The aim is to reduce Dongfeng's costs while maintaining Nissan's global quality levels. In Taiwan, Nissan is also increasing its work with Yulon Nissan and its R&D center in Taiwan. And in Japan, operations began in 2003 at the new Nissan Advanced Technology Center.

A Focus on Practical, Pragmatic Technology

Nissan can boast the development of some of the most advanced technology in the automotive world. But its core concept is that the application of that technology

Intelligent Key

must be real-world, useful, pragmatic and easy for the customer to use.

The cutting-edge human-machine interfaces showcased on Nissan's Fuga concept car, first unveiled at the Tokyo Motor Show 2003, illustrate Nissan's ongoing development of interfaces that are safer, easier to see and simpler to use.

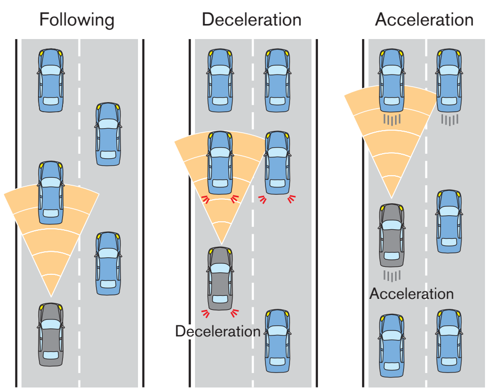
The side blind monitor, featured on the Presage in Japan and soon on additional upcoming models, helps reduce the blind spot on the front left side of the vehicle through the use of a monitor. This aids the driver when maneuvering in tight or congested areas.

The Intelligent Key allows doors and tailgate to be opened and closed without the key ever being removed from a pocket or handbag, through a sensor on the vehicle that can tell when the Intelligent Key is brought close to it. The engine can be turned on or off by a switch, without using the key. The Intelligent Key is now available on approximately one-third of all Nissan models, with an increasing number to be equipped in the future.

Another system designed to reduce driver workload in low-speed driving situations is the new Adaptive Cruise Control (ACC) system with low-speed following capability. Planned to be introduced in Japan in 2004, this new system can automatically keep a fixed distance from the car in front of the vehicle, even at speeds below 40 kph. This new low-speed feature helps to reduce driver fatigue and stress in a wide range of situations, from low to high speed.

Enhanced side vision with the side blind monitor

Adaptive Cruise Control (ACC) system




3.5-liter VQ V6 engine

High Technology Under the Hood

Not all practical technological developments are directly touched by human hands, of course. For example, Nissan has long been known as a leader in engine technology, a status confirmed in 2003 when the 3.5-liter VQ V6 engine was named to the annual Ward's Ten Best Engines list for the tenth straight year—the only engine that has been on the list every year the award has been presented. The VQ powers a number of new Nissan and Infiniti vehicles in the United States, including the Altima and Maxima sedans, 350Z sports car, Murano crossover SUV, Quest minivan, Pathfinder SUV, and the Infiniti I35 sedan, Infiniti G35 Sedan and Coupe and the Infiniti FX35 crossover SUV.


Super Motor


Compact Lithium-Ion Battery


EFFIS

Nissan is also developing the powerplants of the future today—and not all are internal combustion engines. The Super Motor, introduced in the Effis concept car, is an electric motor with two rotors that rotate both within and around the motor's magnet. In traditional motors, the power is derived from a rotor revolving around a fixed magnet. This twin-rotor design allows for a far smaller motor, as well as for each shaft to be controlled separately, so that the left and right wheels can be driven independently. Energy for the motor comes from Nissan's advanced Compact Lithium-Ion Battery, a remarkably small and light battery unit. After years of research, Nissan succeeded in obtaining exceptionally high output in a laminated lithium-ion cell that reduces weight and volume by half compared to a conventional cylindrical battery. It is used in the X-TRAIL FCV fuel cell vehicle.

Nissan's use of common platform technologies also is being increasingly applied across a number of vehicles. For example, the new full-size Titan pickup, full-size Armada SUV and Infiniti QX56 SUV all share the same F-Alpha platform, along with a common powerplant.

Telematics/IT

Nissan led the market when it created the CARWINGS system, Japan's first total telematics service. CARWINGS integrates human-assisted and automatic services, mobile phone and personal computer technologies; the driver can access real-time traffic and weather information, receive email, make hands-free telephone calls, inform others of the car's current location, and ask operators for navigation, search and request roadside assistance. First available on the March, CARWINGS can now be ordered on 12 different Nissan models in the Japanese market.

Displays from the CARWINGS system

ENVIRONMENT

Ongoing Environmental Protection

IN THE NISSAN GREEN PROGRAM 2005 ENVIRONMENTAL ACTION PLAN, NISSAN DEMONSTRATES SIGNIFICANT, MEASURABLE IMPROVEMENTS IN ENVIRONMENTAL IMPACT. MORE THAN 90 PERCENT OF NISSAN GASOLINE PASSENGER CARS SOLD IN THE JAPANESE MARKET ARE NOW CERTIFIED AS U-LEVS, WHILE THE BLUEBIRD SYLPHY IS THE FIRST-EVER SUPER ULTRA-LOW EMISSION VEHICLE (SU-LEV). NISSAN ALSO BEGAN SALES OF THE X-TRAIL FCV FUEL CELL VEHICLE IN DECEMBER, 2003.

NISSAN GREEN PROGRAM 2005

In January 2001, Nissan launched the Nissan Green Program 2005, an environmental action plan outlining concrete targets to be achieved by fiscal year 2005. On the product side, these include cleaner exhaust emissions, increased fuel economy, the realization of fuel cell technology and increasing the level of recyclablity for new Nissan vehicles. In production are goals to eliminate direct landfill disposal of waste and reduce incinerated waste. And in sales and service, all Nissan dealers in Japan are striving for Nissan Green Shop certification. In short, all activities throughout the company are increasingly focused on environment protection.

Expanding the Low-Emission Lineup

The Nissan Green Program 2005 goal of 80 percent or more of all domestic vehicles sold to be U-LEV (ultra-low emission vehicles) was reached in January, 2003—two months ahead of schedule, and far ahead of all other Japanese manufacturers. At the end of fiscal year 2003, fully 90 percent of gasoline-fueled vehicles sold in Japan were U-LEV vehicles—cars with exhaust emissions 75 percent or more below Japan's 2000 exhaust emission regulations.

Nissan pushed the exhaust emission envelop even further when, in December 2003, the Bluebird Sylphy became the first car ever to be certified as a SU-LEV—a super ultra-low emission vehicle, with exhaust levels some 50 percent lower than U-LEV standards. Likewise in the US, the Nissan Sentra CA is certified as the cleanest gasoline-fueled car in the world. Application of Nissan technology that is even more efficient, affordable and widely available in improving air quality.

Realizing FCV Technology

Nissan is actively working to realize the full-scale production and daily use of fuel cell vehicles. Fuel cell technology offers outstanding efficiency and zero emissions—an ideal future power source. To realize their daily use, however, creating a new fuel supply system, collecting of market data and promotional activities will be required. In March 2004, Cosmo Oil Co., Ltd. leased the first Nissan X-TRAIL FCV and started a joint study with Nissan on a hydrogen supply system. This movement was followed by the Yokohama City and Kanagawa Prefectural governments, in the first-ever leasing of FCVs to promote the use of

BLUEBIRD SYLPHY SU-LEV

low emission vehicles in the Tokyo Metropolitan area.

Nissan began its initial FCV research activities in 1996, and has conducted actual road tests since 1999. The X-TRAIL FCV 2003 model is a high-efficiency, hybrid fuel cell vehicle equipped with a newly developed fuel cell stack and, for the first time, Nissan's compact, high-power and high-performance lithium-ion battery. The X-TRAIL FCV's air conditioning system uses carbon dioxide as its refrigerant, a solution providing lower global warming impact than the currently used CFCs.

Hybrid Developments

Featuring a unique combination of a Nissan four-cylinder gasoline engine and new hybrid system components supplied by Toyota Motor Corporation, the Altima Hybrid is a new-generation hybrid vehicle that achieves the acceleration performance of V6 engines with higher fuel efficiency than compact cars. Nissan will further refine the vehicle based on this prototype, and start production of the 2007-year model of the Altima Hybrid in 2006.

Powertrain Contributions

Continuously variable transmissions (CVTs) provide not only seamless, shock-free acceleration, but enhance fuel economy and provide outstanding, environmentally-friendly performance. Nissan was the first in the world to develop a CVT for a 3.5-liter engine platform—the XTRONIC CVT—featured on the Teana and Presage in Japan, and the Murano in the US.

Advancing Recycling

Nissan achieved a more than 90-percent recyclability rate for all of its vehicles sold since 1999, and is now working toward 95-percent recyclability for all vehicles by 2005, a level already met by the March, Cube and Cube Cubic.

Nissan partially modified a waste incinerator at the Oppama Plant in Kanagawa Prefecture, and has begun energy recovery using automobile shredder residue (ASR). This is the first time that any carmaker has used its own existing incineration facilities to process ASR. The thermal energy generated during incineration is converted into steam that can be put to effective use in humidification for the pre-painting processes at the Oppama Plant.

ALTIMA HYBRID and X-TRAIL FCV

Cosmo Oil leases the Nissan X-TRAIL FCV

XTRONIC CVT

ASR energy recovery project

A Commitment to Greater Safety

CAREFULLY ANALYZING REAL TRAFFIC ACCIDENTS IS THE FIRST STEP TOWARD DEVELOPING SAFETY TECHNOLOGY. THE QUEST IS TO DEVELOP SAFER VEHICLES THROUGH A COMPREHENSIVE ANALYSIS OF ACTUAL ACCIDENT DATA INVOLVING NISSAN VEHICLES; THE GOAL IS TO REALIZE A MAJOR REDUCTION OF FATALITIES AND SEVERE INJURIES.

Adaptive Front-lighting System (AFS)

The Passion for Safety

Nissan's policy toward safety is a quest for Real World Safety. Nissan has long worked to create safer vehicles, analyzing actual accident data involving Nissan vehicles in Japan. This data is the basis for Nissan's development strategies for safety technologies in the Japanese market, with the goal to cut the number of serious and fatal injuries in Nissan vehicles to half the level of 1995.

Nissan is expanding adoption of the Active Head Restraint System, which is effective in rear collisions, and the SRS Curtain Airbag System, an effective countermeasure in side collisions. The Active Head Restraint System moves the headrest forward, reducing rearward rotation and motion of the head and neck. Test results show a 45-percent reduction of the twisting force on the neck and a 60-percent reduction of rotation of the head to the rear, helping to significantly reduce impact on the neck. This system will be installed in many Nissan passenger cars and RVs in fiscal 2004. The SRS Curtain Airbag System is designed to help protect passengers in both front and rear seats from impact to the head in a side collision, utilizing airbags that deploy from the roof rails. Most Nissan passenger cars and RVs will be equipped with this innovative device by fiscal 2005.

Realizing New Technologies

Nissan's safety research and development activities, based on Real World Safety data, have resulted in the introduction of advanced safety technologies including Intelligent Brake Assist, the Brake Operated Pre-crash Seatbelt System and the Adaptive Front-lighting System (AFS), all of which are installed on the Cima.

Intelligent Brake Assist was developed to help reduce occupant injuries in rear-end collisions, which account for roughly 30 percent of all accidents in countries such as Japan and the US. Intelligent Brake Assist uses a laser radar sensor to measure the distance to the vehicle in front of the car as well as the relative speed between the vehicles. When the sensor determines that a collision may be unavoidable, it sounds a warning and automatically applies the brakes.

The Brake-Operated Pre-crash Seatbelt System, estimated to be effective in as many as 25 percent of all fatalities and serious injuries, was created using Nissan-patented technology. If the sensor

monitoring the driver's brake operations detects emergency braking, or the Intelligent Brake Assist activates to apply emergency braking, an electric motor retracts the front seatbelts to help restrain the occupants. In cases where a collision cannot be avoided, this early restraint helps maximize the effectiveness of other safety devices, and helps reduce injuries.

The Adaptive Front-lighting System (AFS) helps to increase visibility at night. Sensing the car's speed and direction of steering, additional lighting is applied to a forward curve or an intersection so that objects or pedestrians are illuminated for better visibility for the driver.

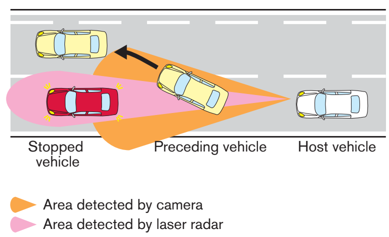
Nissan is the first automobile manufacturer to introduce a Lane Departure Warning System in the US. It will be adopted on the 2005 Infiniti FX Crossover SUV. In the US, 55 percent of all fatal accidents are caused by lane departure resulting from driver distraction, inattention or drowsiness. This system uses a camera, speed sensor, indicator and warning buzzer. When the system detects the unintended departure of the vehicle from the lane, it provides an audible and visual warning to the driver.

Advanced Technologies

Nissan continues to develop smarter, highly effective safety systems that will make tomorrow's cars even safer. One new system under development is the Braking Control System for Collision Avoidance Assistance. When the driver makes an emergency steering operation to avoid an obstacle in front of the car, the system assists the driver in evasive steering maneuvering by actively controlling the braking power on each wheel according to the traveling condition of the vehicle and information obtained by the radar and other sensors. When the system senses an impending collision with a vehicle or obstacle in the road, the speed is automatically reduced to prevent a collision or lessen the collision impact.

Active Head Restraint System

Braking Control System for Collision Avoidance Assistance



Nissan Hello Safety Campaign

The Nissan Hello Safety Campaign in Japan, first held in 1972, brings Nissan dealerships in cooperation with local communities in an effort to eliminate traffic accidents. This nationwide event is held three times every year.

Oppama Plant employees at a local preschool traffic safety event, part of the Nissan Hello Safety Campaign

The Productivity Leader—Positively

NISSAN CONTINUED TO LEAD THE INDUSTRY IN PRODUCTIVITY IN FISCAL YEAR 2003. ITS PLANTS ARE CONSISTENTLY THE MOST PRODUCTIVE IN JAPAN, THE US, AND EUROPE. WITH NISSAN PRODUCTION WAY, THE COMPANY HAS ESTABLISHED A SYSTEM TO ENSURE THAT IT HOLDS THAT RANKING, AS WELL AS TO CONTINUE TO STRENGTHEN ALL AREAS INVOLVED IN MANUFACTURING.

The Nissan Smyrna Plant set a new benchmark for productivity in fiscal year 2003, according to Harbour Report North America. The Report noted that the plant, located in Tennessee state and which produces the Altima, reached the figure of 15.74 labor hours per vehicle—the highest ever in the history of the Report. In a remarkable seventh year running, Nissan's Sunderland, UK plant was ranked number one in Europe, according to the World Markets Research Centre. And Nissan remains the productivity leader at home in Japan.

Productivity alone is not the goal, of course. Through Nissan Production Way (NPW) , the company continues to work towards true Douki-Seisan—a build-to-order system schedule that is synchronized with the customer's needs, to provide a higher level of service, more individualized choice, and swifter product production and delivery. The NPW sets out two "never ending" goals: to continuously work for the synchronization of Nissan's manufacturing with customer needs, and an ongoing quest to identify problems in the manufacturing process and to put solutions in place.

Altima production at the Smyrna, Tennessee plant

Strengthening Global Production

The opening of the 3.5-million-square-foot, US$1.43-billion Canton, Mississippi plant marks a new phase for production at Nissan, adding significantly to attaining the NISSAN 180 commitment of one million new units annually. The plant not only opened on schedule but was able to realize the launch of five new vehicles from the plant within just eight months—a feat unmatched by any other automaker.

The plant illustrates the Nissan Integrated Manufacturing System (NIMS). This incorporates:

- Global standard flexible line, featuring multi-model random sequence production.
- Introduction of an additional model in just 1.5 months;
- Integrated production with suppliers.
- Increased adoption of modular assembly, including the cockpit, front end, door and headlining
- Ergonomic production line, which lightens the workload for operators

Completion of the first Titan at the Canton, Mississippi plant

Production at the Oppama Plant, Japan

In Spain, Nissan invested €400 million into its Nissan Motor Ibérica SA plants for the production of a 4x4 SUV and Pickup, as well as a new 2.5-liter common rail diesel engine. This investment is part of Nissan's strategy to develop its Zona Franca plant in Barcelona as a 4x4 and light commercial vehicle hub.

Dongfeng Motor Co., Ltd., founded in 2003 by Nissan and Dongfeng Motor Corporation of China, successfully became the first joint Sino-foreign full-line vehicle manufacturer. The new Sunny sedan, released in July 2003, was the first Nissan-branded model produced by the company; this will be followed by six new models by 2006. One of the plants supporting this is the Guangzhou Huadu Plant, which has an annual production capacity of 150,000 units. The goal is to establish Dongfeng as a globally competitive automobile manufacturer.

Production at the Guangzhou Huadu Plant

Passenger vehicle production at the Dongfeng Motor Co., Ltd. Guangzhou Huadu Plant

World-Class Cost Performance

NISSAN HAS DRAMATICALLY REDUCED ITS PURCHASING COSTS—ITS LARGEST COST AREA—THROUGHOUT NISSAN 180. LEVERAGING THE STRENGTHS OF THE NISSAN 3-3-3 PROGRAM AND THE RENAULT-NISSAN PURCHASING ORGANIZATION (RNPO), COSTS HAVE BEEN REDUCED AHEAD OF SCHEDULE, AND CONTINUE TO BE CUT.

Nissan 3-3-3 activity meeting

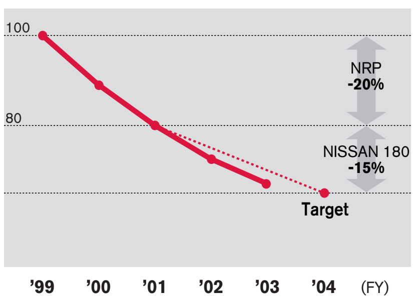
The second year of NISSAN 180 saw the continuation of a trend necessary for Nissan's profitability—the ongoing cuts in purchasing costs.

Purchasing represents the highest source of costs for any automaker, so Nissan saw that improvements would be a key part of returning the company to sustainable, profitable growth. NISSAN 180 has a commitment of a 15-percent reduction in costs, building on the 20 percent reduction already achieved during the Nissan Revival Plan. In 2003, cost cuts continued, moving on schedule toward the NISSAN 180 commitment.

The first tool to realize this cost reduction is the Nissan 3-3-3 program. Three sets of "3s": a teamwork of supplies, purchasing and engineering; the three regions of Japan/Asia, the Americas, Europe/Middle East/Africa; and a three-year period. By focusing on these important groupings, Nissan has been able not only to cut costs, but to increase efficiency and realize higher cost performance while actually improving quality. In all, Nissan 3-3-3 has been a win-win situation for both Nissan and its suppliers, both of whom benefit from expanded business volumes.

Reduced Purchasing Costs

Purchasing cost reduction (percent)



Joint Purchasing Moves Ahead

When two major global automobile manufacturers joined in the Renault-Nissan Alliance, they brought together a remarkable level of purchasing power. To leverage this strength, the Renault-Nissan Purchasing Organization (RNPO), a joint purchasing company, was established in 2001. Since its founding, the RNPO has continued to build the highest purchasing competitiveness in quality, cost and delivery, while managing supplier relations on a global basis.

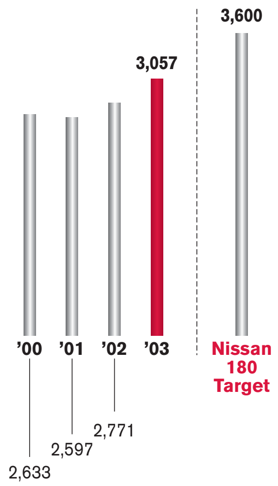
In fiscal year 2003, the share of purchasing for both companies handled by RNPO was boosted dramatically, rising from 43 percent of total global purchasing to fully 70 percent. This represents an increase in total value from US$21.5 billion in 2002 to some $33 billion in 2003.

Closer Ties to the Customer

EVEN THE BEST PRODUCT CAN'T SELL ITSELF; SALES IS THE PLACE WHERE THE ONE-TO-ONE CONNECTION IS MADE WITH THE CUSTOMER. NISSAN'S NEW RANGE OF EXCITING, ATTRACTIVE PRODUCT CAN DRAW THE CUSTOMER TO THE SHOWROOM, BUT IT IS PROFESSIONAL, COURTEOUS SERVICE THAT ENSURES THAT CUSTOMERS FIND BUYING AND DRIVING A NISSAN CAR A REWARDING EXPERIENCE—AND ONE THEY WILL REPEAT.

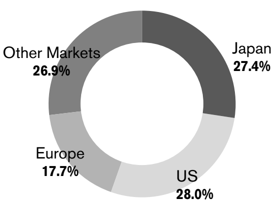
Global Sales Volume

Fiscal years 2000–2003
(Units: 1000s)



Contribution of Key Regions to Net Sales

Fiscal year 2003



Nissan's new models have been the engine that powers the company's growth. It is sales and service, however, that ties the customer more closely to the Nissan brand. Helping to enhance the positive response and service is the Nissan Sales and Service Way (NSSW), a global initiative to firmly establish the unique Nissan method of customer care and relations as one superior to other automakers.

This means a bond with the customer beyond stereotyped customer care; it means knowing intimately the varying lifestyles involving automobiles and needs that the customer may not even have noticed, and then to provide personalized care and service that matches the individual customer—and to do so in a swift and responsive way.

The ultimate goal is to place Nissan product in the top three in the industry in the Sales Satisfaction Index/Customer Service Index by 2010. To support this, the new Global NSSW Division was created in April 2003. This division is wholly dedicated to NSSW, and has global responsibility for planning, implementation and training. Another development is the renovation of 10,000 worldwide Nissan dealerships for a common Nissan visual identity.

Deeper Local Roots

In order to ensure profitable growth in its global markets, Nissan made a number of steps that will strengthen its position in a number of markets. In Japan, the company opened Carest Makuhari in Chiba Prefecture, and announced the upcoming construction of Carest Murayama, Tokyo, scheduled to open in summer 2005. Carest reflects Japan's increasing desire for comprehensive super-stores, and

Carest Makuhari, one of Nissan's new total automotive retail stores

provides for every area of automotive need under one roof, from new car sales through service and parts and accessories sales.

In Taiwan, Yulon Nissan Motor, a joint venture of Nissan and Yulon Motor Company, will support Nissan's presence both in Taiwan and China at every stage from engineering to sales and marketing. Nissan also announced plans to increase its investment in Siam Nissan Automobile Co., Ltd. and Siam Motors & Nissan Co., Ltd., both of Thailand, from 25 percent to 75 percent. This also will enhance not only manufacturing and sales in Thailand, but serve as a base for expansion into the ASEAN region. Nissan has expanded its business activities in Egypt, purchasing the assets of the existing manufacturing operation. During 2004 and 2005, Nissan will invest US$60 million in modernizing and expanding the current facilities, preparing Egypt as an automotive production base for the Middle East and North African regions. Nissan Korea Ltd., established in February 2004, marks the first time that the Infiniti brand will be marketed in a dedicated sales network outside of North America. It will begin sales of five Infiniti models from mid-2005. In August 2003, Nissan established Nissan Motors Rus, a new Russian sales company in the country's growing auto market; operations began in January 2004.

Japan dealership

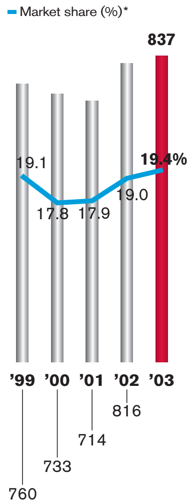
CUBE CUBIC

MURANO

ALTIMA

Japan Unit Sales /Market Share

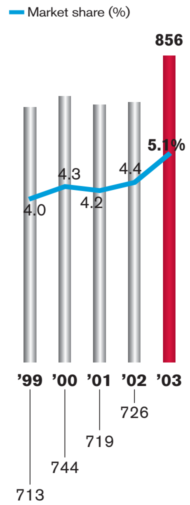
(Units: 1000s, including minicar sales)



*Market share does not include minicar sales

US Unit Sales /Market Share

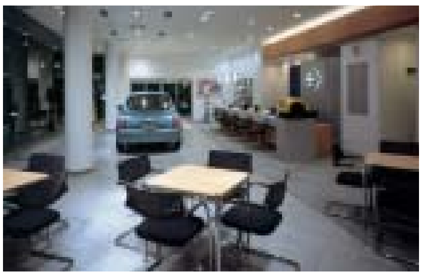
(Units: 1000s, retail sales basis)



Japan

Nissan continued to grow at home, fighting a flat market with popular models to realize growth of 2.6 percent to 837,000 units. This also increased market share by 0.3 percent to 14.2 percent, including minicars.

This growth was led by the Cube and Cube Cubic, the March and the X-TRAIL. Both the Cube and March were ranked in the top-ten best-selling cars every month throughout the year. The Moco minicar, Nissan's entry model in this important market segment (vehicles with engine displacements below 660cc) and the new Clipper mini commercial vehicle were also strong sellers.



Japan dealership

US

The US automobile market also was relatively flat in fiscal year 2003—growing by just one percent—but Nissan showed very strong growth, with sales jumping 17.9 percent to 856,000 units. This brings Nissan's US market share to 5.1 percent, up from 4.4 percent in fiscal year 2002. This increased most rapidly in the fourth quarter of fiscal year 2003, with market share reaching 6.1 percent compared to the same period in fiscal year 2002.

The Nissan Division grew by 16.1 percent, helped by a richer product mix. High-margin trucks led the way, with the

US dealership

Murano and products from the new Canton Plant driving growth of 34.1 percent. The popularity of the Altima and Maxima helped to boost car sales by 6.5 percent.

The Infiniti Division had its best year ever in fiscal year 2003; sales grew by 29.4 percent, to 124,000 units. The luxury brand's G35 sedan and coupe and the FX35/45 all experienced strong growth during the year, while the QX56, Infiniti's first full-size SUV, was successfully launched in February 2004.

Europe

Nissan is seeing growing strength in a market that has been a challenging one for the company. Sales grew an impressive 14.4 percent in 2003, rising to a total 542,000 units. Sales of the Micra were especially important; with 175,000 new Micras sold in its first year on the market, the car is bringing many important new customers to the Nissan brand.

UK dealership

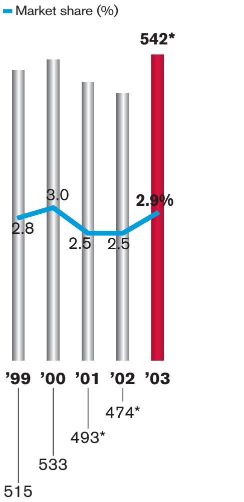
MICRA

TEANA

SUNNY

Europe Unit Sales /Market Share

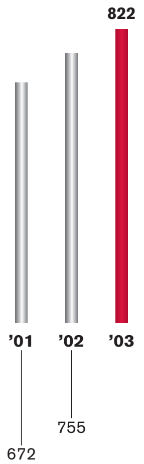
(Units: 1000s, retail sales basis)



*Sales figures for Turkey and Israel are included from FY2001

GOM Unit Sales*

(Units: 1000s, retail sales basis)



*Including Canada

Sales of 4x4s are an increasingly important part of Nissan's activities in Europe, with the X-TRAIL and Pickup both providing strong contributions to growth in the region.

Asia/Oceania

In Australia, the introduction of the new Maxima, as well as SUV and commercial vehicle sales, helped to boost Nissan sales by 23.1 percent in fiscal year 2003, to 62,031 units. The X-TRAIL was also a strong contributor in Australia—as it was throughout the region. The X-TRAIL was number one in Taiwan's SUV market, Malaysia's 2003 SUV of the Year, and Indonesia's 2003 Best Choice SUV.

In Taiwan, Nissan sales rose by 6.5 percent to 65,820 units. In Thailand, the Frontier won the top spot in the J.D. Power Asia Pacific 2003 Thailand Automotive Performance, Execution and Layout (APEAL) Study. In the Philippines, Nissan sales rose by 12.9 percent, to 8,606 vehicles. The X-TRAIL's popularity contributed greatly to the 16.1 percent increase in Malaysia, to 17,700 units. Nissan sales also jumped 89 percent in Indonesia to 6,720 units.

China

Nissan continues to grow rapidly in the competitive Chinese market, with the new locally-built Sunny and Bluebird helping to increase sales in the country by 30 percent, to 101,000 units. In the coming year, the Teana luxury sedan will also be produced at Dongfeng Motor Co., Ltd., marking a new stage both for Nissan and China's sedan car market. The investment in Dongfeng holds great promise for future growth in China's rapidly expanding passenger car and truck markets.

Gulf States

In a relatively flat market, Nissan still saw a 1.4 percent growth during the fiscal year. The Sunny, which underwent a minor change for the year, saw the biggest growth with a 15.2 percent increase across the region over the previous year.

South Africa

Strong growth was seen in South Africa, as Nissan sales increased by 10.4 percent to 33,035 units. The X-TRAIL again led the growth, rising by 51 percent to 2,162 units sold. Sales of the Hardbody (Frontier), Bakkie (Pickup) and light commercial vehicles also saw a rise of 13 percent.

Mexico

Nissan set a new record in the Mexican market, with total sales rising to 214,000 units. The Tsuru, with sales of 63,000 vehicles, remained the best-selling model in the country.

Mexico dealership

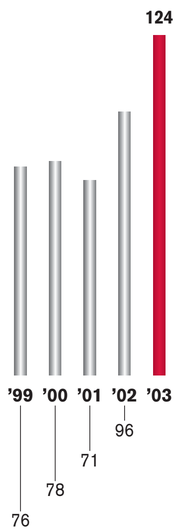
Latin America and the Caribbean

Sales throughout the region showed a robust 14.9 percent growth during 2003, rising to 52,700 vehicles. This also represented a growth in market share to 2.5 percent. Following on local production of the Frontier in Brazil in fiscal year 2002, production began during fiscal year 2003 on the Xterra. The Brazilian-built Xterra was also awarded the Best 4x4 Award in Argentina during the year.

INFINITI

Infiniti dealership

Infiniti Division Unit Sales
(Units: 1000s, retail sales basis)



Infiniti Goes Global

In November 1989, a new luxury automobile brand was born—Infiniti. After years of study and planning, Nissan successfully launched the brand in the US market, providing technology-driven performance luxury vehicles backed by award-winning customer satisfaction.

Over the years the Infiniti lineup has continued to expand as the brand has grown in popularity. At first there were just 51 dealerships across the US; today there are more than 160 showcasing eight industry-leading luxury models. In fact, in the last two years Infiniti sales have nearly doubled—making it the fastest-growing luxury brand in North America—rising an impressive 29.4 percent in fiscal 2003 to over 124,000 vehicles sold and bringing total Infiniti sales to some 800,000 units since the brand was launched.

Along with a vast range of awards won—including, in 2003, the G35 sedan and coupe being named as 2003 *Motor Trend Car* of the Year, and finalist for 2003 North American Car of the Year—Infiniti has built a reputation for quality and customer satisfaction. In 2003, the company was the highest-ranked brand in J.D. Power and Associates 2003 Customer Service Index, the third time Infiniti has topped the well-known independent study. Infiniti has shown that it is a brand that can compete head-to-head with other global luxury brands.

With models such as the recently introduced AWD version of the G35 sedan and QX56 full-size luxury SUV continuing to build on the legacy of Infiniti, Nissan decided to make Infiniti a global tier-one luxury brand. Nissan Korea will begin the process, with five Infiniti models to be introduced in the country in mid-calendar year 2005. Following Korea, the Infiniti brand will expand to include Japan, China, Russia and Western Europe.

INFINITI FX45

Integrated, Comprehensive Services

AN IMPORTANT BACKING FOR NISSAN'S CORE BUSINESS COMES FROM ITS SALES FINANCING ACTIVITIES—SUPPORTING AUTOMOTIVE SALES, ENSURING ONGOING PROFITABILITY AND GROWTH AND A HEALTHY FINANCIAL CONDITION, ALWAYS WITH A STRICT RISK MANAGEMENT POLICY.

NFS Customer Service Center, Japan

Nissan sales financing companies around the globe continued their support of sales activities, increasing profits, supporting growth and maximizing benefits for consumers and dealers alike. Assets grew by 12.0 percent to ¥3,479 billion.

Operating profit in fiscal year 2003 was ¥65 billion, equal to a 17.7 percent operating margin, with a global ROA before tax exceeding 1.7 percent.

Japan: Further Integration into Marketing and Sales Activities

Nissan Financial Services (NFS) provides comprehensive financial products and services: auto loans, car leasing, credit cards, car rental and insurance. NFS again boosted its credit penetration on new car sales to 26.2 percent, up from 22.4 percent the previous year.

Through its Makuhari Customer Center, NFS is able to provide far stronger services, combining call center, business support and countless other back-office functions in one location. NFS's comprehensive services include the new Nissan-brand automobile insurance. NFS also has responded to emerging needs by strengthening and expanding its car leasing and comprehensive fleet management services.

North American Expansion

Nissan Motor Acceptance Corporation (NMAC) continued to support the sales of Nissan and Infiniti products in the US market in 2003, resulting in the highest number of contracts booked in the company's history, as well as record profits. New car penetration was a strong 51 percent.

NMAC's new operation center in Dallas became fully operational early in 2003. This state-of-the art facility services loans and leases using the most advanced operational and communications technology available today.

To further enhance dealer service, NMAC began accepting fully electronic credit applications via the Internet—the first captive lender in the US to do so—which significantly reduces the time required for credit approval.

NRF Mexico, S.A. de C.V. (NRFM), which began operations in September 2003, is the first alliance finance company where Nissan took the initiative to support both Nissan and Renault products in the growing Mexican marketplace.

Investment in the Future

NISSAN IS WORKING TO BE A TRUE MEMBER OF THE GLOBAL COMMUNITY, STRIVING TO CREATE VALUE FOR SOCIETY AS IT BECOMES A TRUSTED AND NEEDED COMPANY. THE COMPANY HAS FOR MANY YEARS ENGAGED IN ACTIVE PHILANTHROPIC ACTIVITIES, ESPECIALLY RELATED TO EDUCATION AND THE ENVIRONMENT.

Nissan Children's Storybook and Picture Book Grand Prix

Nissan is committed to the active creation of a richer society for all people. In its mission of Investment in the Future, it is taking a proactive stance in helping to discover the people who will shoulder the future of society and provide them with opportunities to examine, experience and evaluate tomorrow's society. Nissan makes a wide range of investments in society, through partnership with a number of non-profit organizations and especially in areas related to fostering the creativity of children and young people, and of enhancing environmental awareness.

The Nissan Children's Storybook and Picture Book Grand Prix, celebrating its 20th year in 2003, is a contest for amateur authors and illustrators of children's books. The company is also the main sponsor of the Hans Christian Andersen Awards, an international program for the creators of children's books.

Nissan is marking the seventh year of its sponsorship of the Nissan-NPO Learning Scholarship Program in 2004. This program selects university students who want firsthand experience at an NPO. And the Nissan Science Foundation, established in 1974, provides research grants for cutting-edge research in the fields of environmental and natural science.

International Efforts

Since incorporating in the US over 40 years ago, Nissan North America and its US affiliates have demonstrated a strong commitment to Enriching People's Lives

Winners of the Nissan-NPO Learning Scholarship Program

through its philanthropic investments in nonprofit organizations. Through Nissan Neighbors, the company donates over US$3 million a year in charitable contributions, in-kind donations and various sponsorships to support programs that promote education, the environment, humanitarian aid, safety and diversity. The Nissan Foundation also supports the company's goal of Investment in the Future by providing grants supporting its mission to foster an appreciation and understanding of diverse cultural heritages, and to enhance career opportunities for young adults in the automotive industry. Established in 1992, the Nissan Foundation's endowment has increased to $6 million and will grow to $10 million by 2008.

Nissan Foundation 2003 grant recipients

In France, Nissan is working closely with UNICEF, the United Nations Children's Fund. UNICEF reaches some 40 percent of the world's children with life-saving vaccines, saving countless of them from diseases such as tuberculosis, diphtheria and polio. To support this work, Nissan began a program in fiscal 2003 in which it donates €30 for every Nissan 4x4 sold. This resulted in the raising of €385,000 during the year. In addition, Nissan provided UNICEF in Mauritania with a Nissan Patrol GR specially prepared with full refrigeration facilities to transport vaccines to remote areas.

Supporting Employees in Community Involvement

To provide support for employee involvement in volunteer activities, Nissan created the Nissan Financial Support Program for Volunteer Activities. Also, by providing information and holding events to experience volunteer activities, Nissan supports and encourages employees to participate voluntarily in community activities and to make charitable contributions.

Mauritanian children and a Nissan Patrol GR specially built to carry vaccines safely to remote areas; (bottom) Nissan presents a check for €385,000 to UNICEF.

Reinforcing the Ambitions

FOR THE FIFTH ANNIVERSARY OF THE RENAULT-NISSAN ALLIANCE, THE TWO COMPANIES HAVE RELEASED THE ALLIANCE VISION - DESTINATION. THE GOALS OF THE ALLIANCE AND THE GOALS OF NISSAN ARE NOT INDEPENDENT—BOTH ARE MOVING FIRMLY IN THE SAME DIRECTION. RENAULT IS IN THE SAME WAY. THE SAME TRANSLATION OF A HIGH LEVEL OF PERFORMANCE EXISTS FOR EACH PARTNER. THE OBJECTIVE OF BOTH NISSAN AND RENAULT IS TO GIVE THEIR BEST IN ORDER TO MAKE THE DESTINATION OF THE ALLIANCE SUCCESSFUL. THE ALLIANCE IS A TOOL THAT ENABLES GREATER PERFORMANCE.

Renault-Nissan Alliance Vision - Destination

The Renault-Nissan Alliance is a unique group of two global companies linked by cross-shareholding.

- They are united for performance through a coherent strategy, common goals and principles, results-driven synergies and shared best practices.
- They respect and reinforce their respective identities and brands.

I. The Principles of the Alliance

The Alliance is based on trust and mutual respect. Its organization is transparent.
It ensures:

- Clear decision making for speed, accountability and a high level of performance
- Maximum efficiency by combining the strengths of both companies and developing synergies through common organizations, cross-company teams, shared platforms and components.
- The Alliance attracts and retains the best talent, provides good working conditions and challenging opportunities: it grows people who have a global, entrepreneurial mindset.

Nissan March and Renault Modus: sharing the common B platform

The Alliance generates attractive returns for the shareholders of each company, and implements the best established standards of corporate governance.

The Alliance contributes to global sustainable development.

II. Objectives

The Alliance develops and implements a strategy of profitable growth, and sets itself the following three objectives:

1. To be recognized by customers as one of the best three automotive groups in the quality and value of its product and services in each region and market segment.
2. To be among the best three automotive groups in key technologies, each partner being a leader in specific domains of excellence.
3. To consistently generate a total operating profit among the top three automotive groups in the world, by maintaining a high operating profit margin and pursuing growth.

RENAULT NISSAN

2003

- **January:** The Alliance Vehicle Evaluation System (AVES) is applied in all Renault and Nissan plants.
- **January:** The Renault 1.5 dCi engine (K9K) is used on the Nissan Micra.
- **January:** Sales of Renault vehicles through local Nissan sales network in Kuwait begin.
- **January:** Sales of Nissan vehicles through local Renault sales network in Romania begin.
- **February:** Sales of Renault vehicles through local Nissan sales network in Bahrain begin.
- **March:** Production of the Nissan Xterra, the third model produced at the Curitiba LCV plant, begins.
- **May:** Establishment of a common working group to improve supply parts management for logistics.
- **May:** Sales of Renault vehicles through local Nissan sales network in Qatar begin.
- **May:** Distribution of Nissan vehicles by Renault importer ARTES in Tunisia begins.
- **May:** Establishment of the fourth Single Legal Entity (SLE) in Austria.
- **June:** Renault and Nissan announce the creation of a common regional parts warehouse in Hungary, to cover the activities of both groups in Central Europe from the end of 2004.
- **July:** The Renault 200Nm manual transmission (JR) is used on the Nissan Micra.
- **October:** The Renault Kangoo is adapted and sold by Nissan under the Kubistar name.
- **December:** The Alliance Worldwide Backbone (AWB) broadband network, the new high-level network infrastructure of the Alliance, is operational.

2004

- **January:** The Renault Nissan Purchasing Organization (RNPO) enlarges the scope of its operations from 43 percent to 70 percent of Alliance turnover, or an increase from US$21.5 billion to $33 billion. Geographical responsibilities are also expanded.
- **January:** A new financing program in Mexico begins.
- **January:** New SLEs in Slovenia and Croatia begin operations.
- **March 29:** Announcement of the Alliance Vision – Destination on the occasion of the fifth anniversary of the Alliance.
- **May:** Unveiling of the new Modus, the first Renault model to use the common B platform, to be marketed largely in Europe from September 2004.

Putting Technology on the Line

MOTORSPORT IS AN EXCITING SHOWCASE FOR THE NISSAN BRAND—AND NISSAN SHOWS ITS CHALLENGING SPIRIT THROUGH INVOLVEMENT AT ALL LEVELS, FROM INTERNATIONAL RALLY RAID TO GRASSROOTS MOTORSPORT ACTIVITIES WHERE CUSTOMERS AND FANS CAN ENJOY THE EXCITEMENT OF AUTOMOBILE RACING.

Dakar Rally

Motorsport provides a level of excitement beyond the thrills of speed and driving finesse. Racing is a world where advanced automobile technology is put to the test, a very public venue where an automaker can express its passion and its skills. Nissan has long been a tough—and winning—competitor in a wide range of motorsports, both on-road and off.

All-Japan GT Championship

Much of Nissan's racing efforts involve vehicles which are in fact based on its production models. The All-Japan Grand Touring Car Championship (JGTC), Japan's most popular racing series, is an excellent indication of this. Nissan's team of highly modified Z33 Fairlady Zs take on other makers in a racing series involving very tight technical specifications, which ensures exciting, highly competitive races.

Nissan Rally Raid Team

Nissan first participated in the grueling Dakar Rally, a 19-day, 5,000-kilometer a race from France to Senegal across some of Africa's toughest terrain, in 1981. For the 2004 Rally, Nissan participated with Nissan Pickup trucks and Nissan Patrols. Building on its first-ever appearance in the Dakar Rally 2003, the team once again had a strong showing, with the Patrol the winner of the Production division, and four stage wins and seventh place overall for the Pickup.

Nissan March Cup

Racing is not just for professional drivers, thanks to Nissan and the popular March. The Nissan March Cup one-make race may be an entry-level race that anyone can enter, but the cars are true racing vehicles. Based on a production March, they feature such race-standard equipment as performance suspension, racing exhaust and clutch systems, data-logging device, bucket seat, roll cage and tow hook.

Series Racing

In another level of one-make racing, Nissan sponsors the World Series by Nissan, a race series in Europe and China featuring cars with chassis dimensions identical to that used by F1 racers, powered by a 450-horsepower V6 Nissan VQ engine. A V8 Infiniti Q45 engine is the powerplant for cars competing in the Infiniti Pro Series of Indy car races in the US.

Nissan JGTC racers

Drawing on Core Skills

NISSAN'S AUTOMOTIVE EXPERTISE HAS GIVEN THE COMPANY A WEALTH OF SKILLS WHICH CAN BE APPLIED IN RELATED FIELDS. WHILE THE COMPANY HAS PURSUED A CAREFUL STRATEGY OF FOCUSING ON ITS CORE BUSINESS OF MAKING CARS, IT CONTINUES TO BE A LEADER IN FORKLIFT TRUCKS AND MARINE ENGINES AND BOATS. IN BOTH, NISSAN HAS CLAIMED A STRONG MARKET POSITION THOUGH EXCELLENT ENGINEERING AND PRODUCTION SKILLS.

Nissan forklift skills, in the LX Series (AGRES in Japan)

LX Series Compact Pneumatic Tire model (AGRES Compact in Japan)

Throughout the Nissan Revival Plan and NISSAN 180, Nissan has remained true to its commitment to focus on core activities, and a streamlining of its organization. However, in two areas—industrial machinery and marine products—Nissan draws on its engine building, engineering, production, design and other key skills to create products that enhance the company's activities.

Nissan Forklift

Since 1957, Nissan has produced a range of powerful, innovate forklifts for markets around the world. It's a natural step for a company like Nissan, which can apply its world-leading engine and vehicle design abilities to the production of industrial vehicles. Today Nissan's forklift factories in Japan, the US and Spain produce some 27,000 units annually for sales in some 85 countries around the globe.

In 2003, Nissan responded to market demand with the creation of the LX Series (AGRES in Japan), featuring low exhaust emissions and fuel consumption and a number of advanced features for extremely comfortable operations. The gasoline and LPG models feature Electronic Concentrated Control System (ECCS) engines, which surpass US EPA regulations and greatly reduce emissions.

In 2004, the LX Series will be further expanded with the release of compact pneumatic tire and cushion tire models, developed with the same concept as the rest of the LX Series to meet a variety of customer needs.

With a wide forklift lineup, including 1.0- to 7.0-ton gasoline, LPG, and diesel engine models, 1.0- to 3.0-ton electric three- and four-wheel models, reach type forklifts and towing tractors, Nissan will continue to build its already strong reputation for high performance and outstanding quality.

Nissan Marine

Nissan Marine also makes use of the company's industry-leading engine-building expertise to develop and market pleasure boats, outboard engine motors and other marine equipment. Boats and marine engines by Nissan have built an excellent reputation in the market for high performance, durability and safety.

Nissan supports this marine business with a wide range of activities, including the sales and service of marine accessories and equipment, as well as marina operations. Responding to environmental issues, the company is expanding its activities in the recycling and renovation of used boats.

Sun Cruise-22

EXECUTIVES

BOARD OF DIRECTORS AND AUDITORS

Representative Board Members
Carlos Ghosn
President
Co-Chairman, Board of Directors

Itaru Koeda
Co-Chairman, Board of Directors

Board Members
Norio Matsumura
Nobuo Okubo
Patrick Pélata
Tadao Takahashi
Shemaya Lévy

Auditors
Shinji Ichishima
Keishi Imamura
Hiroyasu Kan
Hiroshi Moriyama
Haruo Murakami

EXECUTIVE COMMITTEE MEMBERS

Carlos Ghosn
Itaru Koeda
Norio Matsumura
Nobuo Okubo
Patrick Pélata
Tadao Takahashi
Alain-Pierre Raynaud
Hiroto Saikawa
Toshiyuki Shiga

(As of June 23, 2004)


Carlos Ghosn


Itaru Koeda


Norio Matsumura


Nobuo Okubo


Patrick Pélata


Tadao Takahashi


Alain-Pierre Raynaud


Hiroto Saikawa


Toshiyuki Shiga

CORPORATE OFFICERS

President
Chief Executive Officer
Carlos Ghosn

Executive Vice Presidents

Itaru Koeda
Administration for Affiliated Companies
External & Government Affairs

Norio Matsumura
Japan Operations
Global Marketing & Sales
Global Aftersales Business

Nobuo Okubo
Research
Technology & Engineering Development
Cost Engineering

Patrick Pélata
European Operations
Planning & Design
LCV Business Unit

Tadao Takahashi
Manufacturing
SCM (Supply Chain Management)
Industrial Machinery
Marine

Vice Chairman
Takeshi Isayama

Senior Vice Presidents
Eiji Imai
Hidetoshi Imazu
Shigeo Ishida
Kimiyasu Nakamura
Shiro Nakamura
Alain-Pierre Raynaud
Bernard Rey
Hiroto Saikawa
Sadao Sekiyama
Toshiyuki Shiga
Kazuhiko Toida
Kuniyuki Watanabe
Steven Wilhite
Shuji Yamagata
Mitsuhiko Yamashita

(As of July 1, 2004)

CORPORATE DATA

(As of March 31, 2004)

Company Name

Nissan Motor Co., Ltd.

Registered Head Office

2 Takara-cho, Kanagawa-ku Yokohama-shi, Kanagawa 220-8623, Japan

Corporate Headquarters

17-1, Ginza 6-chome Chuo-ku,
Tokyo 104-8023, Japan
Phone: +81(0)3-3543-5523

Date of Establishment

December 26, 1933

Paid-in Capital

¥605,813 million

Common Stock

Issued and outstanding:
4,520,715,112 shares

Number of Shareholders

142,108

Principal Shareholders

	% of total*1
Renault	44.3
Japan Trustee Services Bank Ltd. (Trust)	5.5
The Master Trust Bank of Japan, Ltd. (Trust)	4.4
The Dai-ichi Mutual Life Insurance Company	1.9
Nippon Life Insurance Company	1.8
The State Street Bank and Trust Company	1.7
Sompo Japan Insurance Inc.	1.4
The Chase Manhattan Bank N.A. London	1.2
Morgan Grenfel and Co. Limited 600	1.2
Moxley & Co.	1.0

*1 Ratio of holding stock to total issued and outstanding stock.
* Nissan Motor Co., Ltd. has held the treasury stock of 122,116 thousand shares (2.7%)

Securities Traded

- Tokyo Stock Exchange (7201 T)
- NASDAQ: (One American Depositary Receipt represents two shares underlying stock) (NSANY)

Transfer Agent and Registrar for Common Stock

The Chuo Mitsui Trust & Banking Co., Ltd.
33-1, Shiba 3-chome
Minato-ku, Tokyo 105-8574
Japan

Depository and Transfer Agent for American Depositary Receipts

JPMorgan Chase Bank
270 Park Avenue, New York,
NY 10017-2070, USA

Auditor

Shin Nihon & Co.

CONSOLIDATED FIVE-YEAR SUMMARY

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Fiscal years 2003, 2002, 2001, 2000 and 1999

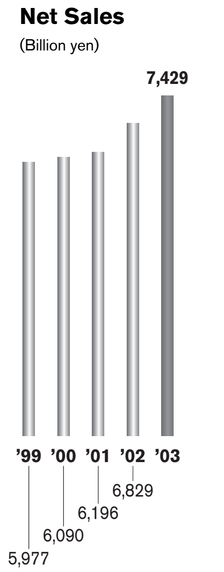
	Millions of yen (except per share amounts and number of employees)					Millions of U.S. dollars(Note 1) (except per share amounts)
For the years ended	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	2001 *Mar. 31, 2002*	2000 *Mar. 31, 2001*	1999 *Mar. 31, 2000*	**2003** *Mar. 31, 2004*
Net sales	**¥7,429,219**	¥6,828,588	¥6,196,241	¥6,089,620	¥5,977,075	**$70,087**
Operating income	**824,855**	737,230	489,215	290,314	82,565	**7,782**
Net income (loss)	**503,667**	495,165	372,262	331,075	(684,363)	**4,752**
Net income (loss) per share(Note 2)	**122.02**	117.75	92.61	83.53	(179.98)	**1.15**
Cash dividends paid(Note 3)	**74,594**	50,800	27,841	0	0	**704**
Shareholders' equity(Note 4)	**¥2,023,994**	¥1,808,304	¥1,620,822	¥ 957,939	¥ 563,830	**$19,094**
Total assets(Note 4)	**7,859,856**	7,349,183	7,215,005	6,451,243	6,175,658	**74,150**
Long-term debt	**1,694,793**	1,603,246	1,604,955	1,402,547	1,655,610	**15,989**
Depreciation and amortization	**461,037**	371,125	374,827	360,191	434,553	**4,349**
Number of employees	**123,748**	127,625	125,099	133,833	141,526	

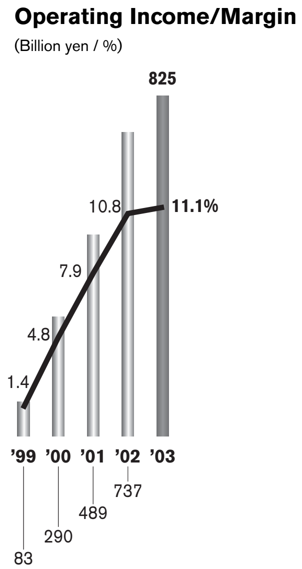
Notes: 1. Unless indicated otherwise, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at ¥106=$1, the approximate exchange rate on March 31, 2004.
2. Net income (loss) per share amounts are based on the weighted average number of shares of common stock outstanding during each year. Figures for net income (loss) per share are in exact yen and U.S. dollars.
Number of shares outstanding as of March 31, 2004: 4,520,715,112.
3. Cash dividends during the full year by subsidiary companies to non-Nissan minority shareholders are not included.
4. Shareholders' equity and Total assets for fiscal years 1999 was restated in accordance with the changes in the regulations relating to the presentation of translation adjustments effective fiscal year 2000.

Sales and Production (units) *For the years ended*	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	2001 *Mar. 31, 2002*	2000 *Mar. 31, 2001*	1999 *Mar. 31, 2000*
Global vehicle production(Note 1)	**2,883,409**	2,586,602	2,428,279	2,475,730	2,266,856
Japan	**1,475,063**	1,444,314	1,272,851	1,313,527	1,336,918
United States	**619,665**	392,458	363,366	352,927	348,214
Mexico	**308,322**	340,658	328,946	312,691	185,791
Spain	**116,589**	84,919	137,502	136,807	99,475
United Kingdom	**331,924**	297,719	296,788	327,792	271,175
Others	**31,846**	26,534	28,826	31,986	25,283
Global unit sales (wholesale)	**2,946,782**	2,635,686	2,460,484	2,564,160	2,415,433
Japan	**799,206**	792,767	702,657	725,842	758,603
North America(Notes 2 and 3)	**1,204,882**	1,040,684	968,030	985,168	874,160
Europe(Note 3)	**548,693**	458,222	453,697	513,048	500,836
Others(Note 2)	**394,001**	344,013	336,100	340,102	281,834

Notes: 1. Unit sales in Mexico for 2002, 2001, 2000 and 1999 are included in "North America" according to new geographical segmentation applied at April 1999. Those for years before 1999 have still been included in "Others."
2. Sales and Production for Europe and Mexico for each year are on a January to December basis. (In the annual reports for the fiscal years before2002, production for Europe and Mexico was on April to March basis.)

FOR FISCAL YEAR 2003, NISSAN REPORTED RECORD EARNINGS, AND AN OPERATING PROFIT MARGIN THAT CONTINUES TO LEAD THE GLOBAL AUTOMOTIVE INDUSTRY. DESPITE THE FACT THAT MANY ANTICIPATED RISKS MATERIALIZED DURING THE PAST YEAR, THE CONSISTENT EXECUTION OF NISSAN 180 ENABLED THE COMPANY TO REALIZE MANY FORESEEN OPPORTUNITIES.





FISCAL YEAR 2003 BUSINESS PERFORMANCE

Global sales came to 3,057,000 units, which exceeded the forecast of 3,040,000 units. This represents an increase of 10.4% over fiscal year 2002 and the first time in 13 years that Nissan sold more than 3 million vehicles. Ten all-new models launched in fiscal year 2003, together with 12 new models in 2002, contributed to the growth.

Two major business developments were achieved in fiscal year 2003. In the United States, Nissan did something no other automaker has ever tried before. A brand-new plant in a new state, with new employees, with five all-new products launched on time within eight months—the Canton, Mississippi Plant now stands as a benchmark for auto manufacturing startup achievement. In China, Dongfeng Motor Co., Ltd., started operations. This significant investment in China's third-largest car and truck manufacturer will grow Nissan's business in both the rapidly expanding passenger car and truck markets.

NET SALES

Consolidated net revenues came to ¥7.429 trillion, up 8.8% from the prior year, mainly due to higher volume and mix. Movements in foreign exchange rates produced a negative impact of ¥111.6 billion. Previously announced changes in lease accounting reduced revenues by ¥18 billion, while changes in the scope of consolidation reduced revenues by ¥23 billion.

OPERATING INCOME

Consolidated operating profit improved by 11.9% to a record ¥825 billion—a level 10 times greater than the operating profit reported just four years earlier. As a percentage of net revenue, operating profit margin came to 11.1%, remaining at the top level among global automakers.

The major factors for the variance between the ¥737.2 billion consolidated operating profit from fiscal year 2002 and ¥825 billion in fiscal year 2003 include the following:

- The effect of foreign exchange rates produced a ¥48 billion negative impact for the full year. The average value of the dollar dropped ¥8.8 to ¥113.2, yielding a negative impact of ¥101 billion. The euro rose ¥13 to ¥131.2, producing a positive impact of ¥29 billion. Other currencies made a positive contribution of ¥24 billion.
- The change in lease accounting added ¥20 billion while the change in the scope of consolidation produced a minor negative impact of ¥4 billion.
- For the first time, the impact of higher volumes and mix was the biggest positive factor in Nissan's profit increase,

contributing ¥185 billion.

- The increase in selling expenses by ¥72 billion.
- The improvement in purchasing costs amounted to ¥183 billion.
- Product enrichment and cost of regulations had a negative impact of ¥83 billion.
- An additional ¥54 billion was spent in R&D to further reinforce product and technology development.
- Manufacturing and logistics costs had a negative impact of ¥12 billion, including the costs associated with the startup of the Canton Plant.
- General and administrative and other expenses increased by ¥27.3 billion.

By region, operating profits in Japan came to ¥352.5 billion, compared to ¥390.6 billion in the previous year. The drop is primarily the result of higher R&D expenses, the negative impact of foreign exchange rates on export sales, and a decrease in mix in the domestic market. Profitability in the United States and Canada came to ¥351.8 billion compared to ¥242 billion in fiscal year 2002. This significant increase is due to improvements in both volume and mix. Europe's operating profit level more than doubled, to ¥49.2 billion from ¥21.9 billion. The rise is due to the increase in volume and favorable exchange rates. In General Overseas Markets, operating profits came to ¥66 billion compared to ¥77.6 billion. The decrease is due to lower profits in Mexico as a result of the decline in Sentra exports to the United States. Inter-regional eliminations came to ¥5.4 billion.

NET INCOME

Net non-operating expenses totaled ¥15.2 billion—¥12 billion less than in fiscal year 2002. As planned, the return of the substitute portion of the pension plan to the government decreased expenses by ¥10 billion. Financial costs decreased by ¥800 million to ¥15.7 billion despite the announced incorporation on the balance sheet of ¥133.7 billion in leases.

Ordinary profit came to ¥809.7 billion, up from ¥710.1 billion in fiscal year 2002. Net extraordinary losses grew by ¥57.7 billion, mainly due to the fact that last year's numbers included a one-time gain of ¥56.3 billion from the sale of the Murayama Plant.

Income before taxes came to ¥736.5 billion. Taxes came to ¥219 billion for an effective consolidated tax rate of 29.7% as the company continues to optimize its global net tax rate. Minority interests amounted to ¥13.8 billion.

Net income reached ¥503.7 billion, resulting in the best net result in the company's history.

FINANCIAL POSITION

ASSETS

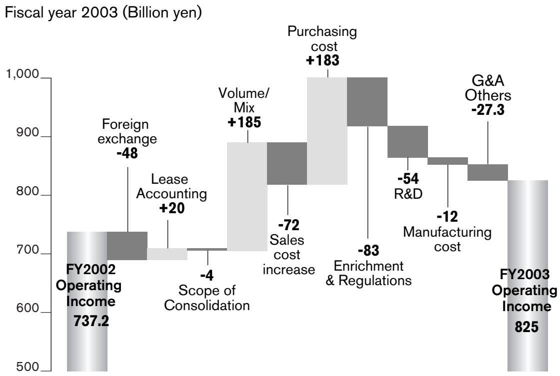
Total consolidated assets increased by 6.9% to ¥7.8599 trillion in fiscal year 2003, compared to ¥7.3492 trillion at the end of fiscal year 2002.

Current assets increased by 1.8% or ¥66.9 billion during fiscal year 2003 to ¥3.767 trillion. Sales finance receivables increased by ¥306.2 billion, while cash and account receivables decreased through more efficient working capital management.

Fixed assets increased by 12.2% to ¥4.0913 trillion from ¥3.647 trillion. Property, plant and equipment increased by ¥213.9 billion, including the investment in the new Canton, Mississippi plant.

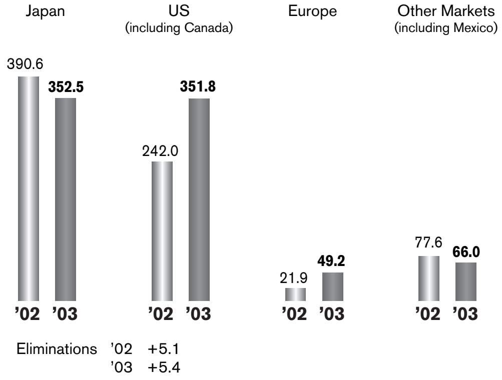
Impacts on Operating Profit

Fiscal year 2003 (Billion yen)



Operating Income by Region

Fiscal years 2002-2003 (Billion yen)



Capital expenditures increased to ¥427.3 billion, representing 5.8% of net revenue. Depreciation was ¥213.9 billion. Investment security increased by ¥933.3 billion, including the investment in Dongfeng Motor Co., Ltd.

SHAREHOLDERS' EQUITY

Total shareholder equity increased from ¥1.8083 trillion to ¥2.024 trillion in fiscal year 2002, due to higher profitability.

Consolidated shareholder equity strengthened during the fiscal year, representing 27% of total revenues and 26% of total assets.

DIVIDEND

At the shareholder meeting on June 23, 2004, the company proposed increasing its dividend to ¥19 per share in 2003, from ¥14 in 2002. Nissan's three-year dividend plan is to increase dividend per share to ¥24 in 2004. By the end of Nissan's next three-year business plan NISSAN Value-up in March 2008, Nissan plants to pay an annual dividend of no less than ¥40 per share, more than double the ¥19 per share level that was approved for fiscal year 2003.

INVESTMENT POLICY

Capital expenditures increased ¥49 billion to ¥427 billion, representing 5.8% of net revenue. This is the third year in a row with a double-digit increase in capital expenditures.

R&D expenditures increased by ¥54 billion to ¥354.3 billion. The increase went to fund new technologies and product development, including increased expenses for hybrid and fuel cell vehicles.

DEBT

The objective of eliminating net automotive debt was achieved at the end of fiscal year 2002—two years before the end of the NISSAN 180 plan—at constant accounting standards. After returning the off-balance sheet investment in the new Canton Plant and liabilities for financial leases, net automotive debt dropped from ¥268.3 billion to ¥13.6 billion.

Despite higher expenditures for capital expenditures and R&D to prepare for the future and significant financial investments in its China operations, among others, Nissan eliminated more than ¥250 billion in automotive debt.

Nissan has been upgraded by rating agencies and is now in the investment grade category.

CASH FLOW

Consolidated cash generated from operating activities accounted to ¥797.4 billion during fiscal year 2003. The higher profits from operations and improved working capital requirements contributed to the cash flow. This cash was mainly used for investments for future growth.

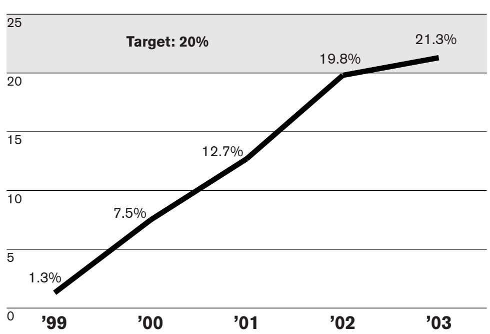
RETURN ON INVESTED CAPITAL (ROIC)

Nissan's investments are made within the strict guidelines of its automotive operating return on invested capital (ROIC). Based on its ROIC guidelines, Nissan exceeded a 20% return on invested capital, reaching a record 21.3% for fiscal year 2003.

The ratio of working capital to net revenue has improved, dropping to 3.6% from 5.8% in 2002, through tighter control of accounts payable, receivables and inventory.

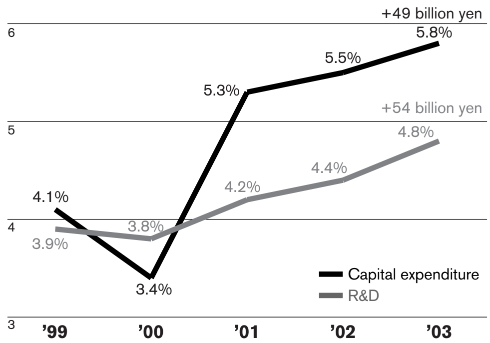
Return on Invested Capital (Auto)

Fiscal years 1999-2003 (% to net sales)



Investment in our Future

Fiscal years 1999-2003 (% of net revenue)



Canton Plant investment included from fiscal year 2001

Business and Other Risks

Due to changes in government regulations, information on risks involved in business operations has been disclosed in the Yukashoken-Houkokusho for the year ended March 31, 2004 as follows:

Economic Factors
The demand for automobiles is affected by the economic condition in each country or market in which they are offered for sale. Nissan conducts its operations all over the world and, in particular, in the major markets of North America, Europe, and Asia, to say nothing of Japan. Nissan strives to develop a comprehensive and integrated projection of the global economic outlook; however, a greater-than-anticipated downturn in any one of these markets may have a significant effect on Nissan's results of operations.

International Activities and Overseas Expansion
The Nissan Group's manufacturing and marketing activities outside Japan are conducted in the United States, in Europe, and in the developing and emerging markets of Asia. Nissan forecasts and evaluates a wide variety of risks inherent in doing business in such overseas markets, including the following factors, each of which entails a greater-than-anticipated level of risk:

- Unfavorable political or economic factors
- Legal or regulatory changes
- Potentially adverse tax consequences
- Labor disputes including strikes
- Difficulties in recruiting and retaining personnel
- Social, political or economic turmoil due to terrorism, war, or other destabilizing factors.

Research and Development
Nissan's technology must be "real world"—useful, pragmatic and easy to use. Nissan anticipates the nature and scope of the market demand, and then prioritizes and invests in new technologies. Nonetheless, any sudden and greater-than-anticipated changes in its business environment or in customer preferences may impact negatively on customer satisfaction with these new technologies.

Product Defects
Nissan places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales. Although Nissan takes out insurance policies to cover product liability, this does not necessarily mean that all potential defects and the related liabilities are fully covered. If Nissan were to implement strict product recalls for its customers, Nissan would incur significant expenses which could adversely affect its results of operations.

Fluctuation in Foreign Currency Exchange Rates
Nissan's Japanese operations export vehicles to various countries around the world. In general, the appreciation of the yen against other currencies adversely affects Nissan's financial results of operations and vice versa. Nissan produces products and procures parts and materials in its overseas markets. However, any sharp appreciation of the currency of those countries against the yen could lead to an increase in production and procurement costs, which would adversely affect Nissan's financial results of operations.

Derivatives
Nissan utilizes derivatives transactions for the purpose of hedging its exposure to fluctuation in foreign exchange rates, interest rates and commodity prices. While Nissan can hedge against these, Nissan potentially misses the gains which might result from market opportunities to profit from such fluctuation in exchange rates and interest rates.

In addition, Nissan manages its exposure to credit risk by limiting its counterparties to major international banks and well-established financial institutions which meet its credit guidelines. However, a default by any one of these counterparties could have an adverse effect on Nissan.

Lawsuits and Claims
With respect to various lawsuits and claims which Nissan encounters, the possibility exists that the position defended by Nissan will not be accepted and that the outcome may be significantly different from that anticipated. As a result, any such verdict or settlement could adversely affect Nissan's financial results.

Government Regulations
The automobile industry worldwide is influenced by a broad spectrum of regulations governing the emission levels of exhaust fumes, fuel economy guidelines, noise level limitations and safety standards, and Nissan expects these regulations to become increasingly stringent. In order to ensure compliance, it may be necessary for Nissan to make significant ongoing investments in these areas which would have an impact on Nissan's results of operations.

Intellectual Property Rights
Nissan owns a wide variety of proprietary technologies and has the expertise to differentiate Nissan's products making them unique from those of its competitors. These assets have proven their value in the growth of Nissan's business and will, no doubt, continue to be of value in the future. Nissan strives to protect its intellectual property assets; however, in certain markets, Nissan may encounter difficulty in fully protecting the proprietary rights to its own technologies. Cases may arise where Nissan finds itself unable to prohibit others from infringing on its intellectual property rights.

Natural Disasters
Nissan's corporate headquarters and many of its manufacturing facilities are located in Japan, where the statistically proven probability of earthquakes is higher than in many other countries. Nissan has developed risk management guidelines relating to earthquake damage and the CEO has organized a global task force to direct disaster prevention and recovery activities. In addition, Nissan has begun to strengthen its manufacturing facilities with anti-seismic reinforcement. However, if a severe earthquake were to hit one of Nissan's key facilities causing a halt in production, this would adversely affect the results of operations.

Sales Financing Business Risk
Sales financing is an integral part of Nissan's core business, providing strong support to its automotive sales while contributing to the profitability and to the sound and stable financial condition of the Group. However, the sales financing companies, despite Nissan's strict risk management policies, have a high exposure to interest-rate risk, residual value risk, and credit risk, any one of which may adversely affect Nissan's results of operations.

Counterparty Credit Risk
Nissan does business with a variety of counterparties and manages its counterparty credit risk by doing a comprehensive annual assessment of its counterparties' financial condition based on strictly reinforced credit guidelines. Nonetheless, any significant default by a counterparty would adversely affect Nissan's results of operations.

Employee Retirement Benefit Expenses and Obligations
Nissan is obliged to pay retirement benefits to eligible employees upon retirement, the amount of which varies according to the assumptions used in the relevant actuarial calculations. These assumptions include the discount rates applied, future levels of compensation, the projected rate of return on pension plan assets, retirement rates and mortality rates, and so forth. If Nissan's actual results differ from those assumptions or if the assumptions are changed, the resulting effects will be accumulated and recognized systematically over future periods. The cumulative effect could adversely impact the recognition of expenses and liabilities recorded in future periods.

CONSOLIDATED BALANCE SHEETS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Fiscal years 2003 and 2002

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
As of	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	**2003** *Mar. 31, 2004*
Current assets:			
Cash and cash equivalents	**¥ 194,164**	¥ 269,817	**$ 1,831,736**
Short-term investments (Note 19)	**704**	36	**6,642**
Receivables, less allowance for doubtful receivables (Notes 4 and 8)	**2,602,876**	2,328,383	**24,555,434**
Inventories (Note 5)	**542,792**	543,608	**5,120,679**
Other current assets	**426,427**	558,213	**4,022,896**
Total current assets	**3,766,963**	3,700,057	**35,537,387**
Property, plant and equipment, at cost (Notes 6, 8 and 16):	**6,431,023**	6,201,074	**60,670,028**
Less accumulated depreciation	**(3,227,771)**	(3,211,740)	**(30,450,670)**
Property, plant and equipment, net	**3,203,252**	2,989,334	**30,219,358**
Investments and other assets (Notes 8 and 19):			
Investment securities:			
Unconsolidated subsidiaries and affiliates	**339,703**	236,404	**3,204,745**
Other	**20,641**	30,642	**194,727**
Other assets	**529,297**	392,746	**4,993,368**
Total investments and other assets	**889,641**	659,792	**8,392,840**
Total assets	**¥7,859,856**	¥7,349,183	**$74,149,585**

LIABILITIES AND SHAREHOLDERS' EQUITY *As of*	*Millions of yen* 2003 *Mar. 31, 2004*	2002 *Mar. 31, 2003*	*Thousands of U.S. dollars (Note 3)* 2003 *Mar. 31, 2004*
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 8)	**¥1,411,262**	¥1,315,222	**$13,313,792**
Notes and accounts payable (Note 7)	**1,126,277**	1,047,364	**10,625,255**
Accrual for warranty costs	**45,550**	–	**429,717**
Accrued income taxes (Note 13)	**94,008**	36,907	**886,868**
Other current liabilities	**425,384**	522,325	**4,013,057**
Total current liabilities	**3,102,481**	2,921,818	**29,268,689**
Long-term liabilities:			
Long-term debt (Note 8)	**1,694,793**	1,603,246	**15,988,613**
Accrued retirement benefits (Note 9)	**442,266**	433,266	**4,172,321**
Accrual for warranty costs	**107,047**	154,582	**1,009,877**
Other long-term liabilities	**385,490**	339,516	**3,636,698**
Total long-term liabilities	**2,629,596**	2,530,610	**24,807,509**
Minority interests in consolidated subsidiaries	**103,785**	88,451	**979,104**
Shareholders' equity (Notes 10, 14 and 22):			
Common stock, without par value:			
Authorized—6,000,000,000 shares;			
Issued —4,520,715,112 shares in 2003 and 2002	**605,814**	605,814	**5,715,226**
Capital surplus	**804,470**	804,470	**7,589,340**
Retained earnings	**1,286,299**	878,655	**12,134,896**
Unrealized holding gain on securities	**4,392**	1,831	**41,434**
Translation adjustments	**(431,744)**	(320,276)	**(4,073,057)**
	2,269,231	1,970,494	**21,407,839**
Less treasury common stock, at cost; 122,116,426 shares in 2003 and 54,512,876 shares in 2002	**(245,237)**	(162,190)	**(2,313,556)**
Total shareholders' equity	**2,023,994**	1,808,304	**19,094,283**
Commitments and contingencies (Note 17)			
Total liabilities and shareholders' equity	**¥7,859,856**	¥7,349,183	**$74,149,585**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Fiscal years 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 3)
For the years ended	**2003** **Mar. 31, 2004**	2002 Mar. 31, 2003	2001 Mar. 31, 2002	**2003** **Mar. 31, 2004**
Net sales	**¥7,429,219**	¥6,828,588	¥6,196,241	**$70,086,972**
Cost of sales (Notes 6 and 11)	**5,310,172**	4,872,324	4,546,526	**50,095,962**
Gross profit	**2,119,047**	1,956,264	1,649,715	**19,991,010**
Selling, general and administrative expenses (Notes 6 and 11)	**1,294,192**	1,219,034	1,160,500	**12,209,359**
Operating income	**824,855**	737,230	489,215	**7,781,651**
Other income (expenses):				
Interest income	**10,321**	7,566	12,250	**97,368**
Interest expense	**(27,290)**	(25,060)	(34,267)	**(257,453)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**11,623**	11,395	921	**109,651**
Other, net (Note 12)	**(83,012)**	(36,507)	(103,903)	**(783,132)**
	(88,358)	(42,606)	(124,999)	**(833,566)**
Income before income taxes and minority interests	**736,497**	694,624	364,216	**6,948,085**
Income taxes (Note 13)**:**				
Current	**137,745**	113,185	87,446	**1,299,481**
Deferred	**81,295**	85,513	(102,148)	**766,934**
	219,040	198,698	(14,702)	**2,066,415**
Minority interests	**(13,790)**	(761)	(6,656)	**(130,095)**
Net income (Note 18)	**¥ 503,667**	¥ 495,165	¥ 372,262	**$ 4,751,575**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Fiscal years 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 3)
For the years ended	**2003** **Mar. 31, 2004**	2002 Mar. 31, 2003	2001 Mar. 31, 2002	**2003** **Mar. 31, 2004**
Common stock				
Balance at beginning of the year				
(2003—4,520,715,112 shares;				
2002—4,517,045,210 shares;				
2001—3,977,295,210 shares)	**¥ 605,814**	¥ 604,556	¥ 496,606	**$ 5,715,226**
Private placement (Note 10)				
(2001—539,750,000 shares)	**–**	–	107,950	**–**
Conversion of convertible bonds				
(2002—3,669,902 shares)	**–**	1,258	–	**–**
Balance at end of the year				
(2003—4,520,715,112 shares;				
2002—4,520,715,112 shares;				
2001—4,517,045,210 shares)	**¥ 605,814**	¥ 605,814	¥ 604,556	**$ 5,715,226**
Capital surplus				
Balance at beginning of the year	**¥ 804,470**	¥ 803,212	¥ 690,262	**$ 7,589,340**
Private placement (Note 10)	**–**	1,258	112,950	**–**
Balance at end of the year	**¥ 804,470**	¥ 804,470	¥ 803,212	**$ 7,589,340**
Retained earnings				
Balance at beginning of the year	**¥ 878,655**	¥ 430,751	¥ 87,626	**$ 8,289,198**
Net income	**503,667**	495,165	372,262	**4,751,575**
Cash dividends paid	**(74,594)**	(50,800)	(27,841)	**(703,717)**
Bonuses to directors and statutory auditors	**(410)**	(407)	(286)	**(3,868)**
Other (Note 14)	**(21,019)**	3,946	(1,010)	**(198,292)**
Balance at end of the year	**¥1,286,299**	¥ 878,655	¥ 430,751	**$12,134,896**
Unrealized holding gain on securities				
Balance at beginning of the year	**¥ 1,831**	¥ 4,406	¥ 1,438	**$ 17,274**
Net change during the year	**2,561**	(2,575)	2,968	**24,160**
Balance at end of the year	**¥ 4,392**	¥ 1,831	¥ 4,406	**$ 41,434**
Translation adjustments				
Balance at beginning of the year	**¥ (320,276)**	¥(221,973)	¥(316,481)	**$ (3,021,472)**
Net change during the year	**(111,468)**	(98,303)	94,508	**(1,051,585)**
Balance at end of the year	**¥ (431,744)**	¥(320,276)	¥(221,973)	**$ (4,073,057)**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Fiscal years 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 3)
For the years ended	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	2001 *Mar. 31, 2002*	**2003** *Mar. 31, 2004*
Operating activities				
Income before income taxes and minority interests	**¥ 736,497**	¥ 694,624	¥ 364,216	**$ 6,948,085**
Depreciation and amortization relating to:				
Leased assets	**134,354**	158,370	169,213	**1,267,491**
Other assets	**326,683**	212,755	205,614	**3,081,915**
Provision (reversal of provision) for allowance for doubtful receivables	**3,732**	(503)	39,273	**35,208**
Unrealized loss on securities	**323**	769	6,757	**3,047**
Unrealized loss on leased vehicles	**27,038**	6,050	6,069	**255,073**
Interest and dividend income	**(11,591)**	(8,520)	(13,837)	**(109,349)**
Interest expense	**63,423**	80,255	102,656	**598,330**
Gain on sales of property, plant and equipment	**(4,163)**	(58,796)	(28,229)	**(39,274)**
Loss on disposal of property, plant and equipment	**24,823**	15,587	11,285	**234,179**
Loss (gain) on sales of securities	**7,113**	(4,324)	26,823	**67,104**
Amortization of net retirement benefit obligation at transition	**13,936**	23,923	23,925	**131,472**
Provision for accrued retirement benefits	**67,262**	100,629	60,870	**634,547**
Retirement benefits paid	**(80,650)**	(86,917)	(81,326)	**(760,849)**
Business restructuring costs paid	**–**	(4,644)	(9,213)	**–**
Receivables	**24,539**	44,989	7,334	**231,500**
Finance receivables	**(463,110)**	(327,357)	(434,665)	**(4,368,962)**
Inventories	**(28,220)**	(28,404)	53,162	**(266,226)**
Notes and accounts payable	**68,879**	36,877	78,255	**649,802**
Other	**18,896**	(83,947)	(178,517)	**178,265**
Subtotal	**929,764**	771,416	409,665	**8,771,358**
Interest and dividends received	**10,699**	8,238	11,483	**100,934**
Interest paid	**(65,231)**	(80,902)	(104,958)	**(615,387)**
Income taxes paid	**(77,815)**	(123,374)	(93,976)	**(734,103)**
Net cash provided by operating activities	**797,417**	575,378	222,214	**7,522,802**
Investing activities				
(Increase) decrease in short-term investments	**(710)**	789	3,411	**(6,698)**
Purchases of investment securities	**(119,372)**	(32,053)	(230,397)	**(1,126,151)**
Proceeds from sales of investment securities	**40,330**	45,263	99,666	**380,472**
Long-term loans made	**(3,741)**	(11,343)	(8,730)	**(35,292)**
Collection of long-term loans receivable	**4,766**	13,097	6,978	**44,962**
Purchases of fixed assets	**(428,387)**	(377,929)	(293,800)	**(4,041,387)**
Proceeds from sales of property, plant and equipment	**53,932**	98,699	108,935	**508,792**
Purchases of leased vehicles	**(476,613)**	(483,704)	(396,213)	**(4,496,349)**
Proceeds from sales of leased vehicles	**191,105**	259,075	185,152	**1,802,877**
Proceeds from sales of subsidiaries' stock resulting in changes in the scope of consolidation (Note 15)	**192**	8,395	13,639	**1,811**
Additional acquisition of shares of consolidated subsidiaries	**(2,531)**	(692)	(2,634)	**(23,877)**
Other	**(15,097)**	(34,971)	(10,396)	**(142,424)**
Net cash used in investing activities	**(756,126)**	(515,374)	(524,389)	**(7,133,264)**
Financing activities				
(Decrease) increase in short-term borrowings	**(137,575)**	(54,310)	308,869	**(1,297,877)**
Increase in long-term borrowings	**847,393**	534,053	631,451	**7,994,274**
Increase in bonds and debentures	**150,000**	85,000	246,822	**1,415,094**
Repayment or redemption of long-term debt	**(720,694)**	(524,115)	(1,092,066)	**(6,799,000)**
Proceeds from issuance of new shares of common stock	**–**	–	220,899	**–**
Purchases of treasury stock	**(101,957)**	(58,383)	–	**(961,858)**
Proceeds from sales of treasury stock	**9,744**	5,670	2,324	**91,925**
Repayment of lease obligations	**(84,742)**	(9,879)	(9,543)	**(799,453)**
Cash dividends paid	**(74,594)**	(50,800)	(27,841)	**(703,717)**
Other	**(1,315)**	–	–	**(12,407)**
Net cash (used in) provided by financing activities	**(113,740)**	(72,764)	280,915	**(1,073,019)**
Effect of exchange rate changes on cash and cash equivalents	**(2,604)**	654	10,371	**(24,566)**
Decrease in cash and cash equivalents	**(75,053)**	(12,106)	(10,889)	**(708,047)**
Cash and cash equivalents at beginning of the year	**269,817**	279,653	288,536	**2,545,443**
Increase due to inclusion in consolidation	**310**	2,297	2,006	**2,925**
Decrease due to exclusion from consolidation	**(910)**	(27)	–	**(8,585)**
Cash and cash equivalents at end of the year	**¥ 194,164**	¥ 269,817	¥ 279,653	**$ 1,831,736**

See notes to consolidated financial statements.

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Fiscal year 2003 (Year ended March 31, 2004)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Nissan Motor Co., Ltd. (the "Company") and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The financial statements of the Company's subsidiaries in certain foreign countries including Mexico have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in those countries in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in retained earnings.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

Differences between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies which are accounted for by the equity method have been amortized by the straight-line method over periods not exceeding 20 years.

(c) Foreign currency translation

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of shareholders' equity which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Translation adjustments are presented as a component of shareholders' equity and minority interests in its consolidated financial statements.

(d) Cash equivalents

All highly liquid investments with maturity of three months or less when purchased are considered cash equivalents.

(e) Inventories

Inventories are stated principally at the lower of cost or market, cost being determined principally by the first-in, first-out method. See Note 2 (a).

(f) Short-term investments and investment securities

Securities other than equity securities issued by subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(g) Property, plant and equipment and depreciation

Depreciation of property, plant and equipment of the Company and its consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income.

(h) Leases

Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and relating payments are charged to income as incurred. See Note 2(c).

(i) Retirement benefits

Accrued retirement benefits for employees have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet dates, as adjusted for unrecognized net retirement benefit obligation at transition, unrecognized actuarial gain or loss, and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. The net retirement benefit obligation at transition is being amortized principally over a period of 15 years by the straight-line method.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 8 years through 18 years) which are shorter than the average remaining years of service of the employees. Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.

Prior service cost is being amortized as incurred by the straight-line method over periods (principally 9 years through 15 years) which are shorter than the average remaining years of service of the employees.

See Note 9 for the method of accounting for the separation of the substitutional portion of the benefit obligation from the corporate portion of the benefit obligation under Welfare Pension Fund Plan.

See Note 2(b) for adoption of a new accounting standard by a consolidated subsidiary in the United Kingdom.

(j) Income taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between financial reporting and the tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(k) Research and development costs
Research and development costs are charged to income when incurred.

(l) Revenue recognition
Revenue is generally recognized on sales of products at the time of shipment.

(m) Derivative financial instruments
The Company and certain consolidated subsidiaries have entered into various derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates, interest rates, and stock and commodity prices. Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

(n) Appropriation of retained earnings
Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial year. The accounts for that year do not, therefore, reflect such appropriations. See Note 22.

(o) New Accounting Standards
A new Japanese accounting standard "Impairment of Fixed Assets" was issued in August 2002 that is effective for fiscal years beginning on or after April 1, 2005. Early adoption is allowed from fiscal years beginning on or after April 1, 2004 and an application from fiscal years ending March 31, 2004 to March 30, 2005 is also permitted. The new standard requires that tangible and intangible fixed assets be carried at cost less depreciation, and be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Companies would be required to recognize an impairment loss in their income statement if certain indicators of asset impairment exist and the book value of an asset exceeds the undiscounted sum of future cash flows of the asset. The Company is currently assessing the impact of this new accounting standard on its financial position and operating results.

2. ACCOUNTING CHANGES

(a) Until the year ended March 31, 2003, finished goods, work in process and purchased parts included in raw materials were stated at the lower of average cost or market, and raw materials except for purchased parts and supplies were stated at the lower of cost or market, cost being determined by the last-in, first-out method. Effective April 1, 2003, the Company and certain consolidated subsidiaries began to value all inventories at the lower of cost or market, cost being determined by the first-in, first-out method. This change was made in order to establish a sound financial position by reflecting the changes in the purchase prices in the valuation of inventories considering the fact that there has been progress in achieving a reduction in purchasing costs and that this trend is anticipated to continue. This change is also intended to achieve a better matching of revenue and expenses and more appropriate cost management by applying an inventory valuation method which reflects the actual inventory movements. The effect of this change was immaterial for the year ended March 31, 2004.

(b) Effective April 1, 2003, Nissan Motor Manufacturing (UK) Ltd., a consolidated subsidiary, implemented early adoption a new accounting standard for retirement benefits in the United Kingdom. The effect of this change was to increase retirement benefit expenses by ¥2,178 million ($20,547 thousand), and to decrease operating income and income before income taxes and minority interests by ¥1,686 million ($15,906 thousand) and ¥2,178 million ($20,547 thousand), respectively, for the year ended March 31, 2004 as compared with the corresponding amounts which would have been recorded if the previous method had been followed. Retained earnings also decreased by ¥18,132 million ($171,056 thousand) since the net retirement benefit obligation at transition and actuarial loss was charged directly to retained earnings for the year ended March 31, 2004. The effect of this change on segment information is explained in Note 21.

(c) Until the year ended March 31, 2003, noncancelable lease transactions of the Company and its domestic consolidated subsidiaries were accounted for as operating leases (whether such leases were classified as operating or finance leases) except that lease agreements which stipulated the transfer of ownership of the leased assets to the lessee were accounted for as finance leases. Effective April 1, 2003, the Company and its domestic consolidated subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, from accounting for them as operating leases, to finance leases. This change was made in order to achieve a better matching of revenue and expenses by calculating manufacturing costs more accurately and to establish a better presentation of the Company's and its domestic consolidated subsidiaries' financial position by reflecting lease transactions more appropriately in its consolidated financial statements, considering the increasing materiality of these lease transactions as well as from an international point of view. The effect of this change in method of accounting was to decrease sales, cost of sales and selling, general and administrative expenses by ¥17,943 million ($169,274 thousand), ¥38,910 million ($367,075 thousand) and ¥624 million ($5,887 thousand), respectively, and to increase operating income and income before income taxes and minority interests by ¥21,591 million ($203,689 thousand) and ¥17,659 million ($166,594 thousand), respectively, for the year ended March 31, 2004 as compared with the corresponding amounts which would have been recorded if the previous method had been followed. In addition, trade and sales finance receivables, tangible fixed assets and lease obligation increased by ¥70,670 million ($666,698 thousand), ¥66,514 million ($627,491 thousand) and ¥120,061 million ($1,132,651 thousand), respectively, at March 31, 2004 over the corresponding amounts which would have been recorded if the previous method had been followed. The effect of this change on segment information is explained in Note 21.

3. U.S. DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥106 = US$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. RECEIVABLES

Receivables at March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
As of	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	**2003** *Mar. 31, 2004*
Notes and accounts receivable	**¥ 462,716**	¥ 501,127	**$ 4,365,245**
Finance receivables	**2,203,174**	1,896,953	**20,784,660**
Less allowance for doubtful receivables	**(63,014)**	(69,697)	**(594,471)**
	¥2,602,876	¥2,328,383	**$24,555,434**

Finance receivables principally represent receivables from customers on loans made by financing subsidiaries in connection with sales of automobiles.

5. INVENTORIES

Inventories at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	**2003** *Mar. 31, 2004*
Finished products	**¥386,874**	¥394,936	**$3,649,755**
Work in process and other	**155,918**	148,672	**1,470,924**
	¥542,792	¥543,608	**$5,120,679**

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at March 31, 2004 and 2003 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
As of	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	**2003** *Mar. 31, 2004*
Land	**¥ 759,640**	¥ 782,009	**$ 7,166,415**
Buildings and structures	**1,259,048**	1,251,036	**11,877,811**
Machinery and equipment	**4,158,336**	3,914,070	**39,229,585**
Construction in progress	**253,999**	253,959	**2,396,217**
	¥6,431,023	¥6,201,074	**$60,670,028**

The following table set forth the acquisition costs and related accumulated amortization of assets recorded under finance leases included in the balances above:

As of	Millions of yen 2003 Mar. 31, 2004	Thousands of U.S. dollars 2003 Mar. 31, 2004
Buildings and structures	**¥ 29,028**	**$ 273,849**
Machinery and equipment	**317,040**	**2,990,943**
	346,068	**3,264,792**
Accumulated amortization	**(190,679)**	**(1,798,858)**
	¥155,389	**$ 1,465,934**

Depreciation of property, plant and equipment for each of the three years in the period ended March 31, 2004 was as follows:

For the years ended	Millions of yen 2003 Mar. 31, 2004	 2002 Mar. 31, 2003	 2001 Mar. 31, 2002	Thousands of U.S. dollars 2003 Mar. 31, 2004
	¥449,254	¥355,372	¥362,601	**$4,238,245**

7. NOTES AND ACCOUNTS PAYABLE

Notes and accounts payable at March 31, 2004 and 2003 consisted of the following:

As of	Millions of yen 2003 Mar. 31, 2004	 2002 Mar. 31, 2003	Thousands of U.S. dollars 2003 Mar. 31, 2004
Notes and accounts payable	**¥ 768,201**	¥ 656,411	**$ 7,247,179**
Accrued expenses and other	**358,076**	390,953	**3,378,076**
	¥1,126,277	¥1,047,364	**$10,625,255**

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

At March 31, 2004 and 2003, short-term borrowings and the current portion of long-term debt consisted of the following:

As of	Millions of yen 2003 Mar. 31, 2004	 2002 Mar. 31, 2003	Thousands of U.S. dollars 2003 Mar. 31, 2004
Loans, principally from banks	**¥ 311,928**	¥ 436,897	**$ 2,942,717**
Commercial paper	**38,000**	132,034	**358,491**
Current portion of long-term debt	**1,010,870**	746,291	**9,536,509**
Current portion of lease obligation	**50,464**	–	**476,075**
	¥1,411,262	¥1,315,222	**$13,313,792**

The annual interest rates applicable to short-term borrowings outstanding at March 31, 2004 and 2003 ranged principally from 0.1% to 3.4% and from 0.1% to 7.8%, respectively.

At March 31, 2004 and 2003, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
As of	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	**2003** *Mar. 31, 2004*
Debt with collateral:			
Loans from banks and other financial institutions due through 2009 at rates ranging from 1.1% to 6.8%	**¥1,257,157**	¥1,039,807	**$11,859,972**
Debt without collateral:			
Loans from banks and other financial institutions due through 2015 at rates ranging from 0.1% to 5.4%	**441,125**	442,796	**4,161,556**
Bonds in yen due through 2010 at rates ranging from 0.6% to 3.6%	**685,340**	617,320	**6,465,472**
Medium-term notes in U.S. dollars due through 2008 at rates ranging from 1.2% to 3.1%	**51,237**	59,258	**483,368**
Euro medium-term notes in yen, U.S. dollars and Euro due through 2006 at rates ranging from 1.2% to 1.4%	**13,825**	17,556	**130,424**
Floating rate bonds with warrants in yen due 2004	**172,800**	172,800	**1,630,189**
Lease obligation	**84,179**	–	**794,141**
	2,705,663	2,349,537	**25,525,122**
Less current portion	**1,010,870**	746,291	**9,536,509**
	¥1,694,793	¥1,603,246	**$15,988,613**

See Note 10 with respect to information on the warrants issued with the floating rate bonds due 2004.

At March 31, 2004, if all warrants had been exercised at the then current exercise price, 109,749 thousand new shares would have been issuable.

The exercise price of the warrants is subject to adjustment in certain cases which include stock splits. A sufficient number of shares of common stock is reserved for the exercise of all warrants.

The maturities of long-term debt except for lease obligation are summarized as follows:

Year ending Mar. 31,	*Millions of yen*	*Thousands of U.S. dollars*
2005	¥1,010,870	$ 9,536,509
2006	472,348	4,456,113
2007	688,541	6,495,670
2008 and thereafter	449,725	4,242,689
	¥2,621,484	$24,730,981

The assets pledged as collateral for short-term borrowings of ¥295,908 million ($2,791,585 thousand) and long-term debt of ¥1,257,157 million ($11,859,972 thousand) at March 31, 2004 were as follows:

	Millions of yen	*Thousands of U.S. dollars*
Receivables	¥ 287,588	$ 2,713,094
Property, plant and equipment, at net book value	1,315,797	12,413,179
Other assets	20,660	194,906
	¥1,624,045	$15,321,179

In addition to the above, at March 31, 2004, investments in consolidated subsidiaries of ¥51,106 million ($482,132 thousand) were pledged as collateral for long-term debt of affiliates of ¥7,779 million ($73,387 thousand), which has not been reflected in the accompanying consolidated balance sheet.

9. RETIREMENT BENEFIT PLANS

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans (WPFP), tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain foreign consolidated subsidiaries have defined benefit and contribution plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2004 and 2003 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		*Thousands of U.S. dollars*
As of	**2003** **Mar. 31, 2004**	2002 Mar. 31, 2003	**2003** **Mar. 31, 2004**
Retirement benefit obligation	**¥(1,041,483)**	¥(1,135,273)	**$(9,825,311)**
Plan assets at fair value	**377,169**	359,922	**3,558,198**
Unfunded retirement benefit obligation	**(664,314)**	(775,351)	**(6,267,113)**
Unrecognized net retirement benefit obligation at transition	**131,666**	179,611	**1,242,132**
Unrecognized actuarial gain or loss	**152,867**	231,637	**1,442,141**
Unrecognized prior service cost	**(61,833)**	(69,134)	**(583,330)**
Net retirement benefit obligation	**(441,614)**	(433,237)	**(4,166,170)**
Prepaid pension cost	**652**	29	**6,151**
Accrued retirement benefits	**¥ (442,266)**	¥ (433,266)	**$(4,172,321)**

The substitutional portion of the benefits under the WPFP has been included in the amounts shown in the above table.

The Company received approval from the Minister of Health, Labor and Welfare ("MHLW") in the year ended March 31, 2003 with respect to its application for exemption from the obligation for benefits related to future employee services under the substitutional portion of the WPFP. Certain domestic consolidated subsidiaries received the same approval from MHLW during the year ended March 31, 2004. In accordance with the transitional provision stipulated in "Practical Guidelines for Accounting for Retirement Benefits," the Company and the domestic consolidated subsidiaries accounted for the separation of the substitutional portion of the benefit obligation from the corporate portion of the benefit obligation under their WPFPs as of the dates of approval for their exemption assuming that the transfer to the Japanese government of the substitutional portion of the benefit obligation and related pension plan assets had been completed as of those dates. As a result, the Company recognized a loss of ¥30,945 million for the year ended March 31, 2003 and the domestic consolidated subsidiaries recognized an aggregate gain of ¥3,669 million ($34,613 thousand) and an aggregate loss of ¥1,587 million ($14,972 thousand) for the year ended March 31, 2004. The pension assets to be transferred were calculated at ¥35,770 million ($337,453 thousand) for the domestic consolidated subsidiaries at March 31, 2004 and ¥241,203 million for the Company at March 31, 2003.

The components of retirement benefit expenses for the years ended March 31, 2004, 2003 and 2002 are outlined as follows:

	Millions of yen			*Thousands of U.S. dollars*
For the years ended	**2003** **Mar. 31, 2004**	2002 Mar. 31, 2003	2001 Mar. 31, 2002	**2003** **Mar. 31, 2004**
Service cost	**¥48,418**	¥ 51,543	¥50,147	**$456,773**
Interest cost	**33,012**	45,269	43,086	**311,434**
Expected return on plan assets	**(15,523)**	(26,708)	(27,791)	**(146,443)**
Amortization of net retirement benefit obligation at transition	**14,169**	24,280	24,369	**133,670**
Amortization of actuarial gain or loss	**18,689**	11,464	13,378	**176,311**
Amortization of prior service cost	**(7,049)**	(7,762)	(7,408)	**(66,500)**
Other	**57**	5	(190)	**538**
Sub total	**91,773**	98,091	95,591	**865,783**
(Gain) loss on return of the substitutional portion of welfare pension fund plans	**(5,594)**	30,945	–	**(52,774)**
Retirement benefit expenses	**¥86,179**	¥129,036	¥95,591	**$813,009**

The assumptions used in accounting for the above plans were as follows:

	For the years ended	**2003** **Mar. 31, 2004**	2002 Mar. 31, 2003
Discount rates	Domestic companies	**2.3% - 2.5%**	2.3% - 2.5%
	Foreign companies	**5.0% - 7.0%**	5.4% - 7.3%
Expected return on assets	Domestic companies	**Mainly 3.0%**	Mainly 4.0%
	Foreign companies	**7.0% - 9.0%**	6.5% - 9.0%

10. SHAREHOLDERS' EQUITY

In accordance with the Commercial Code of Japan (the "Code"), the Company has provided a legal reserve, which was included in retained earnings. The Code provides that an amount equal to at least 10% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of such reserve and the additional paid-in capital account equals 25% of the common stock account. The legal reserve amounted to ¥53,838 million ($507,906 thousand) as of both March 31, 2004 and 2003.

The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Code also provides that if the total amount of additional paid-in capital and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

On May 28, 1999, the Company issued to Renault floating rate bonds due 2004 with warrants which amounted to ¥215,900 million. The warrants, which may not be transferred to a third party, entitled Renault to subscribe for shares of common stock of the Company at an exercise price of ¥400 per share.

In March 2002, Renault exercised all the warrants and the Company issued 539,750 thousand new shares of common stock to Renault for ¥220,900 million. As a result, Renault's equity interest in the Company increased to 44.37% as of March 31, 2002. In March and May 2002, the Company indirectly acquired shares of common stock of Renault representing a 15.0% interest, in the aggregate, in Renault for ¥247,566 million.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2004, 2003 and 2002 amounted to ¥354,321 million ($3,342,651 thousand), ¥300,330 million and ¥262,121 million, respectively.

12. OTHER INCOME (EXPENSES)

The components of "Other, net" in "Other income (expenses)" for each of the three years in the period ended March 31, 2004 were as follows:

	Millions of yen			*Thousands of U.S. dollars*
For the years ended	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	2001 *Mar. 31, 2002*	**2003** *Mar. 31, 2004*
Dividend income	**¥ 1,270**	¥ 954	¥ 1,587	**$ 11,981**
Unrealized loss on securities	**(323)**	(769)	(6,757)	**(3,047)**
Gain on sales of property, plant and equipment	**4,163**	58,796	28,229	**39,274**
Loss on disposal of fixed assets	**(18,449)**	(15,587)	(11,285)	**(174,047)**
(Loss) gain on sales of investment securities	**(7,113)**	4,324	(26,823)	**(67,104)**
Foreign exchange gain (loss)	**16,444**	18,318	(1,895)	**155,132**
Amortization of net retirement benefit obligation at transition	**(13,936)**	(23,923)	(23,925)	**(131,472)**
Gain (loss) on return of the substitutional portion of welfare pension fund plans(Note 9)	**5,594**	(30,945)	–	**52,774**
Loss on restructuring of European operations	**(26,164)**	–	–	**(246,830)**
Other	**(44,498)**	(47,675)	(63,034)	**(419,793)**
	¥(83,012)	¥(36,507)	¥(103,903)	**$(783,132)**

13. INCOME TAXES

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in a statutory rate of approximately 42% for 2003, 2002 and 2001. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2004, 2003 and 2002 differ from the statutory tax rate for the following reasons:

For the years ended	**2003** *Mar. 31, 2004*	2002 *Mar. 31, 2003*	2001 *Mar. 31, 2002*
Statutory tax rate	**41.9%**	41.9%	41.9%
Effect of:			
Decrease in valuation allowance	**(6.1)**	(10.4)	(42.9)
Different tax rates applied to foreign subsidiaries	**(4.3)**	(3.8)	(4.3)
Tax credits	**(2.0)**	–	–
Adjustments in deferred tax assets and liabilities due to change in tax rate	**–**	0.8	–
Other	**0.2**	0.1	1.3
Effective tax rates	**29.7%**	28.6%	(4.0)%

New legislation was enacted in March 2003 which will change the aggregate statutory tax rate from 41.9% to 40.6% effective for fiscal years beginning after March 31, 2004. The effect of this tax rate change was to decrease deferred tax assets (net of deferred tax liabilities) by ¥5,467 million at March 31, 2003 and to increase income taxes – deferred by ¥5,501 million for the year ended March 31, 2003.

The significant components of deferred tax assets and liabilities at March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of	**2003** **Mar. 31, 2004**	2002 Mar. 31, 2003	**2003** **Mar. 31, 2004**
Deferred tax assets:			
Net operating loss carryforwards	**¥ 40,150**	¥ 86,643	**$ 378,773**
Accrued retirement benefits	**162,926**	159,828	**1,537,038**
Accrued warranty costs	**44,381**	47,359	**418,689**
Other	**299,344**	316,634	**2,824,000**
Gross deferred tax assets	**546,801**	610,464	**5,158,500**
Valuation allowance	**(36,689)**	(66,439)	**(346,123)**
Total deferred tax assets	**510,112**	544,025	**4,812,377**
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law, etc.	**(306,316)**	(266,326)	**(2,889,773)**
Difference between cost of investments and their underlying net equity at fair value	**(72,508)**	(68,517)	**(684,038)**
Unrealized holding gain on securities	**(2,853)**	(1,362)	**(26,915)**
Other	**(91,028)**	(102,452)	**(858,755)**
Total deferred tax liabilities	**(472,705)**	(438,657)	**(4,459,481)**
Net deferred tax assets	**¥ 37,407**	¥ 105,368	**$ 352,896**

14. RETAINED EARNINGS

Other changes in retained earnings for each of the three years in the period ended March 31, 2004 were as follows:

	Millions of yen			Thousands of U.S. dollars
For the years ended	**2003** **Mar. 31, 2004**	2002 Mar. 31, 2003	2001 Mar. 31, 2002	**2003** **Mar. 31, 2004**
Adjustments for revaluation of the accounts of the consolidated subsidiaries based on general price-level accounting (Note 1(b))	**¥ 9,460**	¥14,464	¥ 1,455	**$ 89,245**
Loss on disposal of treasury stock	**(8,171)**	(2,664)	–	**(77,085)**
Effect of adoption of a new accounting standard for retirement benefit by a consolidated subsidiary in the United Kingdom (Note 2(b))	**(18,132)**	–	–	**(171,056)**
Adjustments to retained earnings at beginning of the year for inclusion in or exclusion from consolidation or the equity method of accounting for subsidiaries and affiliates, and certain other adjustments	**(4,176)**	(7,854)	(2,465)	**(39,396)**
	¥(21,019)	¥ 3,946	¥(1,010)	**$(198,292)**

15. SUPPLEMENTARY CASH FLOW INFORMATION

The following is a summary of the transferred assets and liabilities, the relevant selling prices and the net cash inflows from sales of stock of Rhythm Corporation, and two other companies in the year ended March 31, 2003 and from sales of stock of Nissan Altia Co., Ltd. and eight other companies in the year ended March 31, 2002:

	Millions of yen	
For the years ended	2002 *Mar. 31, 2003*	2001 *Mar. 31, 2002*
Current assets	¥ 22,561	¥ 46,516
Fixed assets	7,493	51,729
(Loss) gain on sales of investment securities	(1,765)	2,048
Current liabilities	(11,991)	(53,027)
Long-term liabilities	(5,366)	(24,526)
Minority interests in consolidated subsidiaries	(1,962)	(6,612)
Proceeds from sales of stock	8,970	16,128
Cash and cash equivalents held by subsidiaries	(575)	(2,489)
Net proceeds	¥ 8,395	¥ 13,639

16. LEASE TRANSACTIONS

a) Lessees' accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2003, which would have been reflected in the consolidated balance sheet if finance lease accounting had been applied to the finance leases accounted for as operating leases:

	Millions of yen		
Fiscal year 2002 *(As of Mar. 31, 2003)*	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥ 89,470	¥35,823	¥ 53,647
Other	155,704	60,472	95,232
Total	¥245,174	¥96,295	¥148,879

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥45,638 million and ¥47,317 million for the years ended March 31, 2003 and 2002, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms and the interest portion included in lease payments amounted to ¥42,444 million and ¥3,039 million, respectively, for the year ended March 31, 2003 and ¥44,282 million and ¥3,207 million, respectively, for the year ended March 31, 2002.

Future minimum lease payments subsequent to March 31, 2004 on noncancelable operating leases are summarized as follows:

Year ending Mar. 31,	*Millions of yen*	*Thousands of U.S. dollars*
2005	¥ 5,188	$ 48,943
2006 and thereafter	17,921	169,066
Total	¥23,109	$218,009

b) Lessors' accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2003:

	Millions of yen		
Fiscal year 2002 *(As of Mar. 31, 2003)*	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥89,924	¥41,199	¥48,725
Other	7,483	3,768	3,715
Total	¥97,407	¥44,967	¥52,440

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥21,216 million and ¥21,850 million for the years ended March 31, 2003 and 2002, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases and the interest portion included in lease income amounted to ¥18,351 million and ¥2,649 million, respectively, for the year ended March 31, 2003 and ¥18,946 million and ¥3,452 million, respectively, for the year ended March 31, 2002.

Future minimum lease income subsequent to March 31, 2004 for noncancelable operating leases is summarized as follows:

Year ending Mar. 31,	*Millions of yen*	*Thousands of U.S. dollars*
2005	¥178,939	$1,688,104
2006 and thereafter	259,704	2,450,038
Total	¥438,643	$4,138,142

See Note 2(c) for the change in the method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets.

17. COMMITMENTS AND CONTINGENCIES

At March 31, 2004, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	*Thousands of U.S. dollars*
As endorser of notes receivable discounted with banks	¥ 2,782	$ 26,245
As guarantor of employees' housing loans from banks and others	249,363	2,352,481
	¥252,145	$2,378,726

In addition to the above, at March 31, 2004, the Company was committed to provide guarantees of indebtedness of unconsolidated subsidiaries and affiliates in the aggregate amount of ¥2,962 million ($27,943 thousand) at the request of the lending banks. The Company also provided letters of awareness to financial institutions to whom outstanding trade receivables of ¥42,862 million ($404,359 thousand) had been sold. The outstanding balance of installment receivables sold with recourse amounted to ¥27,714 million ($261,453 thousand) at March 31, 2004.

Certain consolidated subsidiaries have entered into overdraft and loan commitment agreements amounting to ¥84,100 million ($793,396 thousand) with their customers and others. The loans receivable outstanding and the unused balances under these credit facilities as of March 31, 2004 amounted to ¥11,043 million ($104,179 thousand) and ¥73,057 million ($689,217 thousand), respectively. Since many of these facilities expire without being utilized and the related borrowings are sometimes subject to a review of the borrowers' credibility, any unused amount will not necessarily be utilized at the full amount.

18. AMOUNTS PER SHARE

For the years ended	Yen 2003 Mar. 31, 2004	Yen 2002 Mar. 31, 2003	Yen 2001 Mar. 31, 2002	U.S. dollars 2003 Mar. 31, 2004
Net income:				
Basic	**¥122.02**	¥117.75	¥92.61	**$1.151**
Diluted	**120.74**	116.88	92.13	**1.139**
Cash dividends applicable to the year	**19.00**	14.00	8.00	**0.179**

(Cash dividends per share applicable to the year ended March 31, 2002 for those issued during such year are ¥4.00)

As of	Yen 2003 Mar. 31, 2004	Yen 2002 Mar. 31, 2003	U.S. dollars 2003 Mar. 31, 2004
Net assets	**¥493.85**	¥434.11	**$4.659**

Until the year ended March 31, 2002, basic net income per share was computed based on the net income reported in the consolidated statements of income and the weighted average number of shares of common stock outstanding during each year, and diluted net income per share was computed based on the net income reported and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds and the exercise of warrants.

In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds and the exercise of warrants for the year ended March 31, 2004 and 2003.

Amounts per share of net assets are computed based on net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

19. SECURITIES

a) Information regarding marketable securities classified as held-to-maturity debt securities and other securities as of March 31, 2004 and 2003 is as follows:

Marketable held-to-maturity debt securities

Fiscal year 2003 *(As of Mar. 31, 2004)*	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Estimated fair value	Unrealized gain (loss)	Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:						
Subtotal	¥ 0	¥ 0	¥ 0	$ 0	$ 0	$ 0
Securities whose carrying value exceeds their fair value:						
Corporate bonds	¥249	¥249	¥ 0	$2,349	$2,349	$ 0
Subtotal	¥249	¥249	¥ 0	$2,349	$2,349	$ 0
Total	¥249	¥249	¥ 0	$2,349	$2,349	$ 0

Fiscal year 2002 *(As of Mar. 31, 2003)*	Millions of yen		
	Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Government bonds	¥ 60	¥ 61	¥ 1
Corporate bonds	313	336	23
Subtotal	¥ 373	¥ 397	¥24
Securities whose carrying value exceeds their fair value:			
Other bonds	¥3,068	¥3,068	¥ 0
Subtotal	¥3,068	¥3,068	¥ 0
Total	¥3,441	¥3,465	¥24

Marketable other securities

Fiscal year 2003 *(As of Mar. 31, 2004)*	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	¥1,042	¥7,934	¥6,892	$ 9,830	$74,849	$65,019
Debt securities	19	20	1	179	189	10
Subtotal	¥1,061	¥7,954	¥6,893	$10,009	$75,038	$65,029
Securities whose acquisition cost exceeds their carrying value:						
Stock	¥2,486	¥1,939	¥ (547)	$23,453	$18,292	$ (5,161)
Subtotal	¥2,486	¥1,939	¥ (547)	$23,453	$18,292	$ (5,161)
Total	¥3,547	¥9,893	¥6,346	$33,462	$93,330	$59,868

Fiscal year 2002 *(As of Mar. 31, 2003)*	*Millions of yen*		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥ 1,243	¥ 4,492	¥ 3,249
Debt securities	19	20	1
Others	8,976	9,779	803
Subtotal	¥10,238	¥14,291	¥ 4,053
Securities whose acquisition cost exceeds their carrying value:			
Stock	¥ 3,544	¥ 2,883	¥ (661)
Debt securities	100	82	(18)
Subtotal	¥ 3,644	¥ 2,965	¥ (679)
Total	¥13,882	¥17,256	¥3,374

b) Sales of securities classified as other securities with aggregate gain and loss are summarized as follows:

For the years ended	*Millions of yen*			*Thousands of U.S. dollars*
	2003 ***Mar. 31, 2004***	2002 *Mar. 31, 2003*	2001 *Mar. 31, 2002*	**2003** ***Mar. 31, 2004***
Sales proceeds	**¥4,048**	¥12,770	¥72,388	**$38,189**
Aggregate gain	**1,500**	3,446	12,818	**14,151**
Aggregate loss	**(32)**	(3,167)	(43,720)	**(302)**

c) The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities as of March 31, 2004 is summarized as follows:

Fiscal year 2003 *(As of Mar. 31, 2004)*	*Millions of yen*				*Thousands of U.S. dollars*			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Government bonds	¥ 20	¥ 0	¥ 0	¥0	$ 189	$ 0	$ 0	$0
Corporate bonds	106	90	53	0	1,000	849	500	0
Total	¥126	¥90	¥53	¥0	$1,189	$849	$500	$0

20. DERIVATIVE TRANSACTIONS

Hedging Policies

The Company and its consolidated subsidiaries (collectively, the "Group") utilize derivative transactions for the purpose of hedging their exposure to fluctuation in foreign exchange rates, interest rates and market prices. However, based on an internal management rule on financial market risk (the "Rule") approved by the Company's Board of Directors, they do not enter into transactions involving derivatives for speculative purposes. The Rule prescribes that (i) the Group's financial market risk is to be controlled by the Company in a centralized manner, and that (ii) no individual subsidiary can initiate a hedge position without the prior approval of, and regular reporting back to the Company.

Risk to be hedged by derivative transactions

(1) Market risk
The financial market risk to which the Group is generally exposed in its operations and the relevant derivative transactions primarily used for hedging are summarized as follows:

· Foreign exchange risk associated with assets and liabilities denominated in foreign currencies; forward foreign exchange contracts, foreign currency options, and currency swaps;
· Interest rate risk associated with sourcing funds and investing: interest-rate swaps;
· Risk of fluctuation in stock prices: options on stocks;
· Risk of fluctuation in commodity prices (mainly for precious metals): commodity futures contracts

(2) Credit risk
The Group is exposed to the risk that a counterparty to its financial transactions could default and jeopardize future profits. We believe that this risk is insignificant as the Group enters into derivative transactions only with financial institutions which have a sound credit profile. The Group enters into these transactions also with Renault Finance S.A. ("RF"), a specialized financial subsidiary of the Renault Group which, we believe, is not subject to any such material risk. This is because RF enters into derivative transactions to cover such derivative transactions with us only with financial institutions of the highest caliber carefully selected by RF based on its own rating system which takes into account each counterparty's long-term credit rating and shareholders' equity.

(3) Legal risk
The Group is exposed to the risk of entering into a financial agreement which may contain inappropriate terms and conditions as well as the risk that an existing contract may be affected by revisions to the relevant laws and regulations. The Company's Legal Department and Finance Department make every effort to minimize legal risk by reviewing any new agreements of significance and by reviewing the related documents in a centralized way.

Risk Management

All strategies to manage financial market risk and risk hedge operations of the Group are carried out pursuant to the Rule which stipulates the Group's basic policies for derivative transactions, management policies, management items, procedures, criteria for the selection of counterparties, and the reporting system, and so forth. The Rule prescribes that (i) the Group's financial market risk is to be controlled by the Company in a centralized manner, and that (ii) no individual subsidiary is permitted to initiate a hedging operation without the prior approval of, and regular reporting back to the Company.

The basic hedge policy is subject to the approval of the Monthly Hedge Policy Meeting attended by the corporate officer in charge of Treasury Department. Execution and management of all deals are to be conducted pursuant to the Rule. Derivative transactions are conducted by a special section of the Treasury Department and monitoring of contracts for such transactions and confirming the balance of all open positions are the responsibility of back office and risk management section. Commodity futures contracts are to be handled also by Treasury Department under guidelines which are to be drawn up by the MRMC (Materials Risk Management Committee). The MRMC is chaired by the corporate officer in charge of the Purchasing Department and the corporate officer in charge of Treasury Department and it will meet approximately once every six months.

The status of derivative transactions is reported on a daily basis to the chief officer in charge of Treasury Department and on an annual basis to the Board of Directors. Credit risk is monitored quantitatively with reference to Renault's rating system based principally on the counterparties' long-term credit ratings and on their shareholders' equity. The Finance Department sets a maximum upper limit on positions with each of the counterparties for the Group and monitors the balances of open positions every day.

Summarized below are the notional amounts and the estimated fair value of the derivative instruments outstanding at March 31, 2004 and 2003:

1) Currency-related transactions

	Millions of yen			Thousands of U.S. dollars		
Fiscal year 2003 *(As of Mar. 31, 2004)*	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell:						
US$	¥23,293	¥22,778	¥ 515	$219,745	$214,887	$ 4,858
CAN$	7,959	7,932	27	75,085	74,830	255
ZAR	685	702	(17)	6,462	6,622	(160)
Others	–	–	–	–	–	–
Buy:						
CAN$	29,456	29,899	443	277,887	282,066	4,179
£ Stg.	–	–	–	–	–	–
US$	20,714	20,362	(352)	195,415	192,094	(3,321)
Others	–	–	–	–	–	–
Currency swaps:						
Euro	¥86,958	¥ 347	¥ 347	$820,358	$ 3,274	$ 3,274
£ Stg.	35,732	58	58	337,094	547	547
US$	21,185	298	298	199,858	2,811	2,811
CAN$	1,129	(97)	(97)	10,651	(915)	(915)
Total	–	–	¥1,222	–	–	$11,528

	Millions of yen		
Fiscal year 2002 *(As of Mar. 31, 2003)*	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
Sell:			
US$	¥103,749	¥102,000	¥ 1,749
Others	1	1	0
Buy:			
CAN$	10,542	10,663	121
£ Stg.	2,391	2,365	(26)
Others	691	600	(91)
Currency swaps:			
Euro	¥ 34,840	¥ (1,032)	¥(1,032)
£ Stg.	34,186	339	339
US$	8,645	(320)	(320)
CAN$	2,242	(59)	(59)
Total	–	–	¥ 681

Note: The notional amounts of the forward foreign exchange contracts and currency swaps presented above exclude those entered into to hedge receivables and payables denominated in foreign currencies which have been translated and are reflected at their corresponding contracted rates in the accompanying consolidated balance sheets.

2) Interest-related transactions

Fiscal year 2003 *(As of Mar. 31, 2004)*	*Millions of yen* Notional amount	Fair value	Unrealized gain (loss)	*Thousands of U.S. dollars* Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:						
Receive/floating and pay/fixed	¥187,454	¥ (851)	¥ (851)	$1,768,434	$(8,028)	$ (8,028)
Receive/fixed and pay/floating	186,223	4,398	4,398	1,756,821	41,490	41,490
Receive/floating and pay/floating	–	–	–	–	–	–
Options:						
Caps sold	¥445,376			$4,201,660		
(Premium)	(–)	(4,219)	(4,219)	(–)	(39,802)	(39,802)
Caps purchased	¥445,376			$4,201,660		
(Premium)	(–)	4,219	4,219	(–)	39,802	39,802
Total	–	–	¥ 3,547	–	–	$33,462

Fiscal year 2002 *(As of Mar. 31, 2003)*	*Millions of yen* Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:			
Receive/floating and pay/fixed	¥187,187	¥(2,095)	¥(2,095)
Receive/fixed and pay/floating	262,154	7,247	7,247
Receive/floating and pay/floating	2,500	(30)	(30)
Options:			
Caps sold	¥461,860		
(Premium)	–	(4,605)	(4,605)
Caps purchased	¥461,860		
(Premium)	–	4,605	4,605
Total	–	–	¥ 5,122

Note: The notional amounts of the interest rate swaps and options presented above exclude those for which the deferral hedge accounting has been applied.

21. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sales of products in the automobile segment and in providing various financial services to users of the Company's products in the sales financing segment. These products, which are sold in Japan and overseas, principally in North America and Europe, include passenger cars, buses and trucks as well as the related components. Financial services include primarily leases and credits principally in Japan and North America.

Business segments

The business segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2004, 2003 and 2002 is as follows:

	Fiscal year 2003 *(For the year ended Mar. 31, 2004)*				
	Automobile	Sales Financing	Total	Eliminations	Consolidated
	Millions of yen				
I. Sales and operating income					
Sales to third parties	¥7,072,982	¥ 356,237	¥7,429,219	¥ –	¥7,429,219
Inter-segment sales and transfers	22,916	9,752	32,668	(32,668)	–
Total sales	7,095,898	365,989	7,461,887	(32,668)	7,429,219
Operating expenses	6,340,631	301,179	6,641,810	(37,446)	6,604,364
Operating income	¥ 755,267	¥ 64,810	¥ 820,077	¥ 4,778	¥ 824,855
II. Assets, depreciation and capital expenditures					
Total assets	¥5,847,139	¥3,479,171	¥9,326,310	¥(1,466,454)	¥7,859,856
Depreciation	¥ 313,289	¥ 147,748	¥ 461,037	¥ –	¥ 461,037
Capital expenditures	¥ 441,384	¥ 463,616	¥ 905,000	¥ –	¥ 905,000

	Fiscal year 2003 *(For the year ended Mar. 31, 2004)*				
	Automobile	Sales Financing	Total	Eliminations	Consolidated
	Thousands of U.S. dollars				
I. Sales and operating income					
Sales to third parties	$66,726,245	$ 3,360,727	$70,086,972	$ –	$70,086,972
Inter-segment sales and transfers	216,189	92,000	308,189	(308,189)	–
Total sales	66,942,434	3,452,727	70,395,161	(308,189)	70,086,972
Operating expenses	59,817,274	2,841,311	62,658,585	(353,264)	62,305,321
Operating income	$ 7,125,160	$ 611,416	$ 7,736,576	$ 45,075	$ 7,781,651
II. Assets, depreciation and capital expenditures					
Total assets	$55,161,689	$32,822,368	$87,984,057	$(13,834,472)	$74,149,585
Depreciation	$ 2,955,557	$ 1,393,849	$ 4,349,406	$ –	$ 4,349,406
Capital expenditures	$ 4,164,000	$ 4,373,736	$ 8,537,736	$ –	$ 8,537,736

a) As described in Note 2(b), effective April 1, 2003, Nissan Motor Manufacturing (UK) Ltd., a consolidated subsidiary, implemented early adoption of a new accounting standard for retirement benefits in the United Kingdom. The effect of this change was to decrease operating income in the "Automobile" segment by ¥1,686 million ($15,906 thousand) for the year ended March 31, 2004 as compared with the corresponding amount which would have been recorded if the previous method had been followed.

b) As described in Note 2(c), effective April 1, 2003, the Company and its domestic consolidated subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, from accounting for them as operating leases, to finance leases. The effect of this change was to decrease sales and operating expenses in the "Automobile" segment by ¥237 million ($2,236 thousand) and ¥21,805 million ($205,708 thousand), respectively, to increase operating income, total assets, depreciation expense and capital expenditures in the "Automobile" segment by ¥21,568 million ($203,472 thousand), ¥136,522 million ($1,287,943 thousand), ¥46,986 million ($443,264 thousand) and ¥55,581 million ($524,349 thousand), respectively, and to decrease sales and operating expenses and capital expenditures in the "Sales Financing" segment by ¥33,351 million ($314,632 thousand), ¥33,374 million ($314,849 thousand) and ¥29,716 million ($280,340 thousand), respectively, and to increase operating income, total assets and depreciation expense in the "Sales Financing" segment by ¥23 million ($217 thousand), ¥662 million ($6,245 thousand) and ¥292 million ($2,755 thousand), respectively, and to increase sales and operating expenses in "Eliminations" by ¥15,645 million ($147,594 thousand) for the year ended March 31, 2004 as compared with the corresponding amounts which would have been recorded if the previous method had been followed.

	Fiscal year 2002 *(For the year ended Mar. 31, 2003)*				
	Automobile	Sales Financing	Total	Eliminations	Consolidated
			Millions of yen		
I. Sales and operating income					
Sales to third parties	¥6,444,460	¥ 384,128	¥6,828,588	¥ –	¥6,828,588
Inter-segment sales and transfers	42,775	11,740	54,515	(54,515)	–
Total sales	6,487,235	395,868	6,883,103	(54,515)	6,828,588
Operating expenses	5,818,023	335,986	6,154,009	(62,651)	6,091,358
Operating income	¥ 669,212	¥ 59,882	¥ 729,094	¥ 8,136	¥ 737,230
II. Assets, depreciation and capital expenditures					
Total assets	¥5,607,323	¥3,103,889	¥8,711,212	¥(1,362,029)	¥7,349,183
Depreciation	¥ 213,569	¥ 157,556	¥ 371,125	¥ –	¥ 371,125
Capital expenditures	¥ 410,003	¥ 451,630	¥ 861,633	¥ –	¥ 861,633

	Fiscal year 2001 *(For the year ended Mar. 31, 2002)*				
	Automobile	Sales Financing	Total	Eliminations	Consolidated
			Millions of yen		
I. Sales and operating income					
Sales to third parties	¥5,842,648	¥ 353,593	¥6,196,241	¥ –	¥6,196,241
Inter-segment sales and transfers	49,755	13,059	62,814	(62,814)	–
Total sales	5,892,403	366,652	6,259,055	(62,814)	6,196,241
Operating expenses	5,435,656	328,536	5,764,192	(57,166)	5,707,026
Operating income	¥ 456,747	¥ 38,116	¥ 494,863	¥ (5,648)	¥ 489,215
II. Assets, depreciation and capital expenditures					
Total assets	¥5,418,619	¥2,862,560	¥8,281,179	¥(1,066,174)	¥7,215,005
Depreciation	¥ 209,174	¥ 165,653	¥ 374,827	¥ –	¥ 374,827
Capital expenditures	¥ 346,994	¥ 343,019	¥ 690,013	¥ –	¥ 690,013

The following tables set forth the summarized financial statements by business segment for the years ended March 31, 2004, 2003 and 2002. Amounts for the sales financing segment represent the aggregate of the figures for the sales financing subsidiaries in Japan, the United States, Canada and Mexico. Amounts for the automobile segment represent the differences between the consolidated totals and those for the sales financing segment.

1) Summarized consolidated balance sheets by business segment

	Millions of yen			*Thousands of U.S. dollars*		
Fiscal year 2003 *(As of Mar. 31, 2004)*	Automobile	Sales Financing	Consolidated total	Automobile	Sales Financing	Consolidated total
Cash and cash equivalents	¥ 190,135	¥ 4,029	¥ 194,164	$ 1,793,727	$ 38,009	$ 1,831,736
Short-term investments	319	385	704	3,010	3,632	6,642
Receivables, less allowance for doubtful receivables	246,310	2,356,566	2,602,876	2,323,679	22,231,755	24,555,434
Inventories	536,172	6,620	542,792	5,058,226	62,453	5,120,679
Other current assets	284,614	141,813	426,427	2,685,037	1,337,859	4,022,896
Total current assets	1,257,550	2,509,413	3,766,963	11,863,679	23,673,708	35,537,387
Property, plant and equipment, net	2,425,940	777,312	3,203,252	22,886,226	7,333,132	30,219,358
Investment securities	356,925	3,419	360,344	3,367,217	32,255	3,399,472
Other assets	340,270	189,027	529,297	3,210,095	1,783,273	4,993,368
Total assets	¥4,380,685	¥3,479,171	¥7,859,856	$41,327,217	$32,822,368	$74,149,585
Short-term borrowings and current portion of long-term debt	¥ (565,677)	¥1,976,939	¥1,411,262	$ (5,336,576)	$18,650,368	$13,313,792
Notes and accounts payable	1,086,094	40,183	1,126,277	10,246,170	379,085	10,625,255
Accrued income taxes	88,000	6,008	94,008	830,189	56,679	886,868
Other current liabilities	428,791	42,143	470,934	4,045,198	397,576	4,442,774
Total current liabilities	1,037,208	2,065,273	3,102,481	9,784,981	19,483,708	29,268,689
Long-term debt	769,515	925,278	1,694,793	7,259,575	8,729,038	15,988,613
Other long-term liabilities	743,539	191,264	934,803	7,014,519	1,804,377	8,818,896
Total long-term liabilities	1,513,054	1,116,542	2,629,596	14,274,094	10,533,415	24,807,509
Total liabilities	2,550,262	3,181,815	5,732,077	24,059,075	30,017,123	54,076,198
Minority interests	103,785	–	103,785	979,104	–	979,104
Common stock	520,692	85,122	605,814	4,912,188	803,038	5,715,226
Capital surplus	774,403	30,067	804,470	7,305,689	283,651	7,589,340
Retained earnings	1,096,203	190,096	1,286,299	10,341,538	1,793,358	12,134,896
Unrealized holding gain on securities	4,211	181	4,392	39,726	1,708	41,434
Translation adjustments	(423,634)	(8,110)	(431,744)	(3,996,547)	(76,510)	(4,073,057)
Treasury stock	(245,237)	–	(245,237)	(2,313,556)	–	(2,313,556)
Total shareholders' equity	1,726,638	297,356	2,023,994	16,289,038	2,805,245	19,094,283
Total liabilities and shareholders' equity	¥4,380,685	¥3,479,171	¥7,859,856	$41,327,217	$32,822,368	$74,149,585

Fiscal year 2002 *(As of Mar. 31, 2003)*	*Millions of yen* Automobile	Sales Financing	Consolidated total
Cash and cash equivalents	¥ 263,146	¥ 6,671	¥ 269,817
Short-term investments	21	15	36
Receivables, less allowance for doubtful receivables	267,704	2,060,679	2,328,383
Inventories	526,062	17,546	543,608
Other current assets	397,157	161,056	558,213
Total current assets	1,454,090	2,245,967	3,700,057
Property, plant and equipment, net	2,223,124	766,210	2,989,334
Investment securities	256,515	10,531	267,046
Other assets	311,542	81,204	392,746
Total assets	¥4,245,271	¥3,103,912	¥7,349,183
Short-term borrowings and current portion of long-term debt	¥ (653,588)	¥1,968,810	¥1,315,222
Notes and accounts payable	1,015,967	31,397	1,047,364
Accrued income taxes	36,907	–	36,907
Other current liabilities	432,629	89,696	522,325
Total current liabilities	831,915	2,089,903	2,921,818
Long-term debt	1,024,686	578,560	1,603,246
Other long-term liabilities	772,081	155,283	927,364
Total long-term liabilities	1,796,767	733,843	2,530,610
Total liabilities	2,628,682	2,823,746	5,452,428
Minority interests	88,451	–	88,451
Common stock	523,707	82,107	605,814
Capital surplus	774,403	30,067	804,470
Retained earnings	730,373	148,282	878,655
Unrealized holding gain on securities	1,934	(103)	1,831
Translation adjustments	(340,089)	19,813	(320,276)
Treasury stock	(162,190)	–	(162,190)
Total shareholders' equity	1,528,138	280,166	1,808,304
Total liabilities and shareholders' equity	¥4,245,271	¥3,103,912	¥7,349,183

(Interest-bearing debt)

Fiscal year 2003 *(As of Mar. 31, 2004)*	*Millions of yen* Automobile	Sales Financing	Consolidated total	*Thousands of U.S. dollars* Automobile	Sales Financing	Consolidated total
Short-term borrowings from third parties	¥ 480,948	¥ 879,850	¥1,360,798	$ 4,537,245	$ 8,300,472	$12,837,717
Internal loans to sales financing companies	(1,096,792)	1,096,792	–	(10,347,094)	10,347,094	–
Short-term borrowings per the balance sheet	(615,844)	1,976,642	1,360,798	(5,809,849)	18,647,566	12,837,717
Bonds and debentures	508,864	33,960	542,824	4,800,604	320,377	5,120,981
Long-term borrowings from third parties	177,054	890,736	1,067,790	1,670,321	8,403,170	10,073,491
Internal loans to sales financing companies	–	–	–	–	–	–
Long-term borrowings per the balance sheet	177,054	890,736	1,067,790	1,670,321	8,403,170	10,073,491
Lease obligation	133,664	979	134,643	1,260,981	9,236	1,270,217
Total interest bearing debt	203,738	2,902,317	3,106,055	1,922,057	27,380,349	29,302,406
Cash and cash equivalents	190,135	4,029	194,164	1,793,727	38,009	1,831,736
Net interest bearing debt	13,603	2,898,288	2,911,891	128,330	27,342,340	27,470,670
Debt for Canton Plant included in the above	95,800	–	95,800	903,774	–	903,774
Lease obligation included in the above	133,664	979	134,643	1,260,981	9,236	1,270,217
Net interest bearing debt (excluding that related to Canton Plant and lease obligation)	¥ (215,861)	¥2,897,309	¥2,681,448	$(2,036,425)	$27,333,104	$25,296,679

Fiscal year 2002 *(As of Mar. 31, 2003)*	*Millions of yen* Automobile	Sales Financing	Consolidated total
Short-term borrowings from third parties	¥ 420,041	¥ 895,181	¥1,315,222
Internal loans to sales financing companies	(1,073,629)	1,073,629	–
Short-term borrowings per the balance sheet	(653,588)	1,968,810	1,315,222
Bonds and debentures	772,220	5,940	778,160
Long-term borrowings from third parties	252,772	572,314	825,086
Internal loans to sales financing companies	(306)	306	–
Long-term borrowings per the balance sheet	252,466	572,620	825,086
Total interest bearing debt	371,098	2,547,370	2,918,468
Cash and cash equivalents	263,146	6,671	269,817
Net interest bearing debt	107,952	2,540,699	2,648,651
Debt for Canton Plant included in the above	116,554	–	116,554
Net interest bearing debt (excluding that related to Canton Plant)	¥ (8,602)	¥2,540,699	¥2,532,097

2) Summarized consolidated statements of income by business segment

Fiscal year 2003 *(For the year ended Mar. 31, 2004)*	*Millions of yen*			*Thousands of U.S. dollars*		
	Automobile	Sales Financing	Consolidated total	Automobile	Sales Financing	Consolidated total
Net sales	¥7,063,230	¥365,989	¥7,429,219	$66,634,245	$3,452,727	$70,086,972
Cost of sales	5,098,056	212,116	5,310,172	48,094,868	2,001,094	50,095,962
Gross profit	1,965,174	153,873	2,119,047	18,539,377	1,451,633	19,991,010
Operating income	760,045	64,810	824,855	7,170,236	611,415	7,781,651
Operating income as a percentage of net sales	10.8%	17.7%	11.1%	10.8%	17.7%	11.1%
Net financial cost	(15,669)	(30)	(15,699)	(147,821)	(283)	(148,104)
Income before income taxes and minority interests	671,513	64,984	736,497	6,335,028	613,057	6,948,085
Net income	¥ 465,329	¥ 38,338	¥ 503,667	$ 4,389,896	$ 361,679	$ 4,751,575
Total net financial cost	¥ (15,669)	¥ (30)	¥ (15,699)	$ (147,821)	$ (283)	$ (148,104)
Interest on lease obligation	(4,603)	(20)	(4,623)	(43,424)	(189)	(43,613)
Intersegment elimination	(5,322)	–	(5,322)	(50,208)	–	(50,208)
Net financial cost for segment	(5,744)	(10)	(5,754)	(54,189)	(94)	(54,283)

Fiscal year 2002 *(For the year ended Mar. 31, 2003)*	*Millions of yen*		
	Automobile	Sales Financing	Consolidated total
Net sales	¥6,432,720	¥395,868	¥6,828,588
Cost of sales	4,617,368	254,956	4,872,324
Gross profit	1,815,352	140,912	1,956,264
Operating income	677,348	59,882	737,230
Operating income as a percentage of net sales	10.5%	15.1%	10.8%
Net financial cost	(16,543)	3	(16,540)
Income before income taxes and minority interests	634,818	59,806	694,624
Net income	¥ 458,611	¥ 36,554	¥ 495,165
Total net financial cost	¥ (16,543)	¥ 3	¥ (16,540)
Intersegment elimination	(5,677)	–	(5,677)
Net financial cost for segment	(10,866)	3	(10,863)

Fiscal year 2001 *(For the year ended Mar. 31, 2002)*	*Millions of yen*		
	Automobile	Sales Financing	Consolidated total
Net sales	¥5,829,589	¥366,652	¥6,196,241
Cost of sales	4,294,565	251,961	4,546,526
Gross profit	1,535,024	114,691	1,649,715
Operating income	451,099	38,116	489,215
Operating income as a percentage of net sales	7.7%	10.4%	7.9%
Net financial cost	(20,428)	(2)	(20,430)
Income before income taxes and minority interests	327,197	37,019	364,216
Net income	¥ 349,890	¥ 22,372	¥ 372,262
Total net financial cost	¥ (20,428)	¥ (2)	¥ (20,430)
Intersegment elimination	(5,469)	–	(5,469)
Net financial cost for segment	(14,959)	(2)	(14,961)

3) Summarized consolidated statements of cash flows by business segment

Fiscal year 2003 *(For the year ended Mar. 31, 2004)*	*Millions of yen* Automobile	Sales Financing	Consolidated total	*Thousands of U.S. dollars* Automobile	Sales Financing	Consolidated total
Operating activities						
Income before income taxes and minority interests	¥ 671,513	¥ 64,984	¥736,497	$6,335,028	$ 613,057	$ 6,948,085
Depreciation and amortization	313,146	147,891	461,037	2,954,208	1,395,198	4,349,406
Increase in finance receivables	(154)	(462,956)	(463,110)	(1,453)	(4,367,509)	(4,368,962)
Others	57,936	5,057	62,993	546,566	47,707	594,273
Net cash provided by (used in) operating activities	1,042,441	(245,024)	797,417	9,834,349	(2,311,547)	7,522,802
Investing activities						
Proceeds from sales of investment securities including shares of subsidiaries	40,488	34	40,522	381,962	321	382,283
Proceeds from sales of property, plant and equipment	53,827	105	53,932	507,802	990	508,792
Purchases of fixed assets	(422,326)	(6,061)	(428,387)	(3,984,208)	(57,179)	(4,041,387)
Purchases of leased vehicles	(19,295)	(457,318)	(476,613)	(182,028)	(4,314,321)	(4,496,349)
Proceeds from sales of leases vehicles	20,857	170,248	191,105	196,764	1,606,113	1,802,877
Others	(101,534)	(35,151)	(136,685)	(957,867)	(331,613)	(1,289,480)
Net cash used in investing activities	(427,983)	(328,143)	(756,126)	(4,037,575)	(3,095,689)	(7,133,264)
Financing activities						
(Decrease) increase in short-term borrowings	(306,969)	169,394	(137,575)	(2,895,934)	1,598,057	(1,297,877)
(Decrease) increase in long-term borrowings	(244,774)	371,473	126,699	(2,309,189)	3,504,463	1,195,274
Increase in bonds and debentures	120,000	30,000	150,000	1,132,075	283,019	1,415,094
Others	(253,031)	167	(252,864)	(2,387,084)	1,574	(2,385,510)
Net cash (used in) provided by financing activities	(684,774)	571,034	(113,740)	(6,460,132)	5,387,113	(1,073,019)
Effect of exchange rate changes on cash and cash equivalents	(2,095)	(509)	(2,604)	(19,764)	(4,802)	(24,566)
(Decrease) increase in cash and cash equivalents	(72,411)	(2,642)	(75,053)	(683,122)	(24,925)	(708,047)
Cash and cash equivalents at beginning of the year	263,146	6,671	269,817	2,482,509	62,934	2,545,443
Increase due to inclusion in consolidation	310	0	310	2,925	0	2,925
Decrease due to exclusion from consolidation	(910)	0	(910)	(8,585)	0	(8,585)
Cash and cash equivalents at end of the year	¥ 190,135	¥ 4,029	¥194,164	$1,793,727	$ 38,009	$ 1,831,736

Fiscal year 2002 *(For the year ended Mar. 31, 2003)*	*Millions of yen* Automobile	Sales Financing	Consolidated total
Operating activities			
Income before income taxes and minority interests	¥634,818	¥ 59,806	¥694,624
Depreciation and amortization	213,569	157,556	371,125
Decrease (increase) in finance receivables	64,057	(391,414)	(327,357)
Others	(115,097)	(47,917)	(163,014)
Net cash provided by (used in) operating activities	797,347	(221,969)	575,378
Investing activities			
Proceeds from sales of investment securities including shares of subsidiaries	39,816	13,842	53,658
Proceeds from sales of property, plant and equipment	94,828	3,871	98,699
Purchases of fixed assets	(376,429)	(1,500)	(377,929)
Purchases of leased vehicles	(33,522)	(450,182)	(483,704)
Proceeds from sales of leases vehicles	15,644	243,431	259,075
Others	(46,720)	(18,453)	(65,173)
Net cash used in investing activities	(306,383)	(208,991)	(515,374)
Financing activities			
(Decrease) increase in short-term borrowings	(369,506)	315,196	(54,310)
(Decrease) increase in long-term borrowings	(81,106)	91,044	9,938
Increase in bonds and debentures	85,000	–	85,000
Proceeds from sales of treasury stock	5,670	–	5,670
Others	(144,062)	25,000	(119,062)
Net cash (used in) provided by financing activities	(504,004)	431,240	(72,764)
Effect of exchange rate changes on cash and cash equivalents	1,174	(520)	654
Decrease in cash and cash equivalents	(11,866)	(240)	(12,106)
Cash and cash equivalents at beginning of the year	272,742	6,911	279,653
Increase due to inclusion in consolidation	2,297	–	2,297
Decrease due to exclusion from consolidation	(27)	–	(27)
Cash and cash equivalents at end of the year	¥263,146	¥ 6,671	¥269,817

Fiscal year 2001 *(For the year ended Mar. 31, 2002)*	Millions of yen Automobile	Sales Financing	Consolidated total
Operating activities			
Income before income taxes and minority interests	¥327,197	¥ 37,019	¥364,216
Depreciation and amortization	209,174	165,653	374,827
Decrease (increase) in finance receivables	135,274	(569,939)	(434,665)
Others	(42,492)	(39,672)	(82,164)
Net cash provided by (used in) operating activities	629,153	(406,939)	222,214
Investing activities			
Proceeds from sales of investment securities including shares of subsidiaries	106,292	7,013	113,305
Proceeds from sales of property, plant and equipment	108,874	61	108,935
Purchases of fixed assets	(293,100)	(700)	(293,800)
Purchases of leased vehicles	(53,868)	(342,345)	(396,213)
Proceeds from sales of leases vehicles	38,213	146,939	185,152
Others	(233,522)	(8,246)	(241,768)
Net cash used in investing activities	(327,111)	(197,278)	(524,389)
Financing activities			
(Decrease) increase in short-term borrowings	(331,786)	640,655	308,869
Decrease in long-term borrowings	(415,935)	(44,680)	(460,615)
Increase in bonds and debentures	236,922	9,900	246,822
Proceeds from sales of treasury stock	2,324	–	2,324
Others	183,515	–	183,515
Net cash (used in) provided by financing activities	(324,960)	605,875	280,915
Effect of exchange rate changes on cash and cash equivalents	9,937	434	10,371
(Decrease) increase in cash and cash equivalents	(12,981)	2,092	(10,889)
Cash and cash equivalents at beginning of the year	283,717	4,819	288,536
Increase due to inclusion in consolidation	2,006	–	2,006
Cash and cash equivalents at end of the year	¥272,742	¥ 6,911	¥279,653

Geographical areas

The geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2004, 2003 and 2002 is as follows:

	Fiscal year 2003 *(For the year ended Mar. 31, 2004)*						
	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
	Millions of yen						
Sales to third parties	¥2,559,806	¥3,278,966	¥1,164,032	¥426,415	¥7,429,219	¥ –	¥7,429,219
Inter-area sales and transfers	1,725,491	35,384	31,690	4,663	1,797,228	(1,797,228)	–
Total sales	4,285,297	3,314,350	1,195,722	431,078	9,226,447	(1,797,228)	7,429,219
Operating expenses	3,932,835	2,914,529	1,146,549	412,938	8,406,851	(1,802,487)	6,604,364
Operating income	¥ 352,462	¥ 399,821	¥ 49,173	¥ 18,140	¥ 819,596	¥ 5,259	¥ 824,855
Total assets	¥4,805,718	¥3,664,382	¥ 607,926	¥219,109	¥9,297,135	¥(1,437,279)	¥7,859,856
	Thousands of U.S. dollars						
Sales to third parties	$24,149,113	$30,933,642	$10,981,434	$4,022,783	$70,086,972	$ –	$70,086,972
Inter-area sales and transfers	16,278,217	333,811	298,962	43,991	16,954,981	(16,954,981)	–
Total sales	40,427,330	31,267,453	11,280,396	4,066,774	87,041,953	(16,954,981)	70,086,972
Operating expenses	37,102,217	27,495,557	10,816,500	3,895,641	79,309,915	(17,004,594)	62,305,321
Operating income	$ 3,325,113	$ 3,771,896	$ 463,896	$ 171,133	$ 7,732,038	$ 49,613	$ 7,781,651
Total assets	$45,336,962	$34,569,642	$ 5,735,151	$2,067,066	$87,708,821	$(13,559,236)	$74,149,585

a) As described in Note 2(b), effective April 1, 2003, Nissan Motor Manufacturing (UK) Ltd., a consolidated subsidiary, implemented early adoption of a new accounting standard for retirement benefits in the United Kingdom. The effect of this change was to decrease operating income in the "Europe" segment by ¥1,686 million ($15,906 thousand) for the year ended March 31, 2004 as compared with the corresponding amount which would have been recorded if the previous method had been followed.

b) As described in Note 2(c), effective April 1, 2003, the Company and its domestic consolidated subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, from accounting for them as operating leases, to finance leases. The effect of this change was to decrease sales and operating expenses in the "Japan" segment by ¥17,943 million ($169,273 thousand) and ¥39,534 million ($372,962 thousand), respectively, and to increase operating income and total assets in the "Japan" segment by ¥21,591 million ($203,689 thousand) and ¥137,184 million ($1,294,189 thousand), respectively, for the year ended March 31, 2004 as compared with the corresponding amounts which would have been recorded if the previous method had been followed.

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
	Fiscal year 2002 *(For the year ended Mar. 31, 2003)*						
	Millions of yen						
Sales to third parties	¥2,554,374	¥2,879,500	¥963,440	¥431,274	¥6,828,588	¥ –	¥6,828,588
Inter-area sales and transfers	1,766,102	32,763	26,765	4,174	1,829,804	(1,829,804)	–
Total sales	4,320,476	2,912,263	990,205	435,448	8,658,392	(1,829,804)	6,828,588
Operating expenses	3,929,920	2,607,699	968,253	418,682	7,924,554	(1,833,196)	6,091,358
Operating income	¥ 390,556	¥ 304,564	¥ 21,952	¥ 16,766	¥ 733,838	¥ 3,392	¥ 737,230
Total assets	¥4,881,842	¥3,463,261	¥502,028	¥140,849	¥8,987,980	¥(1,638,797)	¥7,349,183

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
	Fiscal year 2001 *(For the year ended Mar. 31, 2002)*						
	Millions of yen						
Sales to third parties	¥2,370,162	¥2,649,212	¥818,555	¥358,312	¥6,196,241	¥ –	¥6,196,241
Inter-area sales and transfers	1,458,965	15,475	32,912	4,709	1,512,061	(1,512,061)	–
Total sales	3,829,127	2,664,687	851,467	363,021	7,708,302	(1,512,061)	6,196,241
Operating expenses	3,539,431	2,455,062	848,239	356,794	7,199,526	(1,492,500)	5,707,026
Operating income	¥ 289,696	¥ 209,625	¥ 3,228	¥ 6,227	¥ 508,776	¥ (19,561)	¥ 489,215
Total assets	¥4,988,676	¥3,506,180	¥471,008	¥114,081	¥9,079,945	¥(1,864,940)	¥7,215,005

Overseas sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries, for the years ended March 31, 2004, 2003 and 2002 are summarized as follows:

	North America	Europe	Other foreign countries	Total
	Fiscal year 2003 *(For the year ended Mar. 31, 2004)*			
	Millions of yen			
Overseas sales	¥3,222,497	¥1,201,035	¥773,248	¥5,196,780
Consolidated net sales				7,429,219
	Thousands of U.S. dollars			
Overseas sales	$30,400,915	$11,330,519	$7,294,792	$49,026,226
Consolidated net sales				70,086,972
Overseas sales as a percentage of consolidated net sales	43.4%	16.2%	10.4%	70.0%

	Fiscal year 2002 *(For the year ended Mar. 31, 2003)*			
	North America	Europe	Other foreign countries	Total
	Millions of yen			
Overseas sales	¥2,785,334	¥974,872	¥763,368	¥4,523,574
Consolidated net sales				6,828,588
Overseas sales as a percentage of consolidated net sales	40.8%	14.3%	11.1%	66.2%

	Fiscal year 2001 *(For the year ended Mar. 31, 2002)*			
	North America	Europe	Other foreign countries	Total
	Millions of yen			
Overseas sales	¥2,588,300	¥825,696	¥670,556	¥4,084,552
Consolidated net sales				6,196,241
Overseas sales as a percentage of consolidated net sales	41.8%	13.3%	10.8%	65.9%

22. SUBSEQUENT EVENTS

a) In accordance with Articles 280-20 and 280-21 of the Commercial Code of Japan and a resolution approved at the annual general meeting of the shareholders held on June 19, 2003, the Board of Directors of the Company resolved on April 7, 2004 to grant stock subscription rights free of charge to certain employees of the Company and certain directors and employees of the Company's subsidiaries effective April 16, 2004. The holders of these rights are entitled to subscribe for shares of common stock of the Company at a fixed price of ¥1,202 per share. The aggregate number of units and shares granted for subscription are 128,500 units and 12,850,000 shares, respectively.

b) The following appropriations of retained earnings of the Company were approved at a shareholders' meeting held on June 23, 2004:

	Millions of yen	*Thousands of U.S. dollars*
Year-end cash dividends		
(¥11.00 = U.S.$0.104 per share)	¥48,384	$456,453
Bonuses to directors	390	3,679

REPORT OF INDEPENDENT AUDITORS

SHIN NIHON & CO.
ERNST & YOUNG INTERNATIONAL

■ Certified Public Accountants
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo 100-0011
C.P.O. Box 1196, Tokyo 100-8641

■ Phone: 03 3503-1100
Fax: 03 3503-1197

The Board of Directors
Nissan Motor Co., Ltd.

We have audited the accompanying consolidated balance sheets of Nissan Motor Co., Ltd. and consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2004, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries at March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2004 in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 2, the Company and certain subsidiaries changed their methods of accounting for inventories, retirement benefits and noncancelable lease transactions.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Shin Nihon & Co.

June 23, 2004

NON-CONSOLIDATED FIVE-YEAR SUMMARY

Nissan Motor Co., Ltd.
Fiscal years 2003,2002, 2001, 2000 and1999

	Millions of yen (except per share amounts and number of employees)					Millions of U.S. dollars (Note 1) (except per share amounts)
For the years ended	**2003** **Mar. 31, 2004**	2002 Mar. 31, 2003	2001 Mar. 31, 2002	2000 Mar. 31, 2001	1999 Mar. 31, 2000	**2003** **Mar. 31, 2004**
Net sales	**¥3,480,290**	¥3,419,068	¥3,019,860	¥2,980,130	¥2,997,020	**$32,833**
Operating income	**245,836**	316,059	242,279	127,762	(15,674)	**2,319**
Net income (loss)	**80,713**	72,869	183,449	187,485	(790,694)	**761**
Net income (loss) per share (Note 2)	**18.15**	16.09	45.61	47.14	(204.93)	**0.17**
Cash dividends paid (Note 3-4)	**19.00**	14.00	8.00	7.00	0.00	**0.18**
Shareholders' equity	**¥1,709,705**	¥1,798,716	¥1,829,052	¥1,450,159	¥1,263,075	**$16,129**
Total assets	**4,055,579**	3,933,993	3,915,031	3,576,466	3,563,853	**38,260**
Long-term debt	**653,392**	902,118	942,518	798,009	909,178	**6,164**
Depreciation and amortization	**19,540**	56,760	56,265	49,074	89,858	**184**
Number of employees	**31,389**	31,128	30,365	30,747	32,707	

Notes: 1. Unless indicated otherwise, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at ¥106=$1, the approximate exchange rate on March 31, 2004.
2. Net income (loss) per share amounts are based on the weighted average number of shares of common stock outstanding during each year. Figures for net income (loss) per share are in exact yen and U.S. dollars.
Number of shares outstanding as of March 31, 2004: 4,520,715,112.
3. Cash dividends paid represent the amounts proposed by the Board of Directors as applicable to the respective years, together with the interim cash dividends paid.
4. Cash dividends applicable to fiscal year 2003 is ¥19.00 per share.

SUBSIDIARIES AND AFFILIATES

Consolidated Subsidiaries

as of Mar. 31, 2004

Company	*Location*	*Principal Business*	*Capital (millions)*	*Nissan share*(%)*
Japan				
Nissan Shatai Co., Ltd.	Hiratsuka, Kanagawa	Manufacture and sales of automobiles and parts	¥7,904	42.59
Aichi Machine Industry Co., Ltd.	Nagoya, Aichi	Manufacture and sales of automotive parts	¥8,518	41.43
JATCO Ltd.	Fuji, Shizuoka	Manufacture and sales of automotive parts	¥29,935	81.76
Nissan Kohki Co., Ltd.	Samukawa, Kanagawa	Manufacture and sales of automotive parts	¥2,020	97.73
Nissan Motor Car Carrier Co., Ltd.	Tokyo	International automobile transport	¥640	60.00
Nissan Trading Co., Ltd.	Yokohama, Kanagawa	Import and export of automobiles, parts, etc.	¥320	100.00
Nissan Financial Services Co., Ltd.	Chiba, Chiba	Automobile financing and leasing	¥16,387	100.00
Autech Japan, Inc.	Chigasaki, Kanagawa	Development, manufacture and sales of limited-edition automobiles	¥480	100.00
Nissan Real Estate Development Corporation	Tokyo	Real estate sales, purchase and leasing	¥1,000	70.50
Nissan Finance Co., Ltd.	Tokyo	Finance and accounting support	¥2,491	100.00
Aichi Nissan Motor Co., Ltd.	Nagoya, Aichi	Sales of automobiles and parts	¥4,000	100.00
Tokyo Nissan Motor Sales Co., Ltd.	Tokyo	Sales of automobiles and parts	¥3,400	100.00
Nissan Prince Tokyo Motor Sales Co., Ltd.	Tokyo	Sales of automobiles and parts	¥3,246	100.00
Nissan Satio Osaka Co., Ltd.	Osaka	Sales of automobiles and parts	¥10	100.00
Nissan Chuo Parts Sales Co., Ltd.	Yokohama, Kanagawa	Sales of automobile repair parts	¥545	80.61
US				
Nissan North America, Inc.	Gardena, California	Management of North American subsidiaries, manufacture and sales of automobiles and parts	$1,791	100.00
Nissan Motor Acceptance Corporation	Torrance, California	Finance of wholesale and retail automobile sales in US	$499	100.00
Nissan Motor Corporation in Hawaii, Ltd.	Honolulu, Hawaii	Sales of automobiles and parts	$6	100.00
Nissan Capital of America, Inc.	Torrance, California	Financing for group companies	$1	100.00
Nissan CR Corporation	Farmington Hills, Michigan	Sales of automobiles and parts	$28	100.00
Nissan Technical Center North America, Inc.	Farmington Hills, Michigan	Research and development, testing	$16	100.00
Nissan Motor Insurance Corporation	Honolulu, Hawaii	Casualty insurance	$10	100.00
Nissan Forklift Co., North America	Marengo, Illinois	Manufacture and sales of forklifts and parts	$34	100.00
Canada				
Nissan Canada, Inc.	Mississauga, Ontario	Sales of automobiles and parts	CAN$68	100.00
Nissan Canada Finance Inc.	Mississauga, Ontario	Finance of wholesale and retail automobile sales in Canada	CAN$170	100.00
Mexico				
Nissan Mexicana, S.A. de C.V.	Mexico D.F.	Manufacture and sales of automobiles and parts	P17,056	100.00

*Percent of voting rights held by Nissan Motor Co., Ltd.

Europe				
Nissan Europe S.A.S.	Trappes, France	Management of European manufacturing and sales	€1,626	100.00
Nissan International Finance (Netherlands) B.V.	Amsterdam, The Netherlands	Financing for group companies	€13	100.00
Nissan France S.A.	Trappes, France	Sales of automobiles and parts	€4	94.77
Nissan Motor (GB) Ltd.	Rickmansworth, UK	Sales of automobiles and parts	£136	100.00
Nissan Holding (UK) Ltd.	Sunderland, UK	Holding company for English subsidiaries	€870	100.00
Nissan Italia S.p.A.	Rome, Italy	Sales of automobiles and parts	€5	100.00
Nissan Motor Manufacturing (UK) Ltd.	Sunderland, UK	Manufacture and sales of automobiles and parts	£250	100.00
Nissan Technical Center Europe Ltd.	Cranfield, UK	Research and development, testing	£15	100.00
Nissan Forklift Europe B.V.	Amsterdam, The Netherlands	Sales of forklifts and parts	€6	100.00
Nissan Motor Iberica, S.A.	Barcelona, Spain	Manufacture and sales of automobiles and parts	€725	99.76
Nissan Motor Espana, S.A.	Barcelona, Spain	Sales of automobiles and parts	€12	100.00
Nissan Forklift Espana, S.A.	Noain, Spain	Manufacture and sales of forklifts and parts	€9	100.00
Australia				
Nissan Motor Co. (Australia) Pty. Ltd.	Dandenong, Victoria	Sales of automobiles and parts	A$290	100.00
New Zealand				
Nissan New Zealand Ltd.	Auckland	Managing New Zealand subsidiaries; automobile sales	NZ$51	100.00
South Africa				
Nissan Motor Company South Africa (Pty) Ltd.	Rosslyn	Managing South African subsidiaries; automobile manufacturing and sales	R39	99.40
Middle East				
Nissan Middle East F.Z.E.	Dubai, UAE	Automobile sales	Dh2	100.00
Asia				
Nissan Motor (China) Ltd.	Hong Kong	Automobile sales	HK$16	100.00

Other consolidated subsidiaries	143 companies
Total consolidated subsidiaries	186 companies

Subsidiaries and affiliates accounted for by the equity method

as of Mar. 31, 2004

Company	*Location*	*Principal Business*	*Capital (millions)*	*Nissan share*(%)*
Japan				
Calsonic Kansei Corporation	Tokyo	Manufacture and sales of automotive parts	¥19,838	27.24
Nissan Diesel Motor Co., Ltd.	Ageo, Saitama	Manufacture and sales of automobiles and parts	¥65,835	24.57
Kinugawa Rubber Industrial Co., Ltd.	Chiba, Chiba	Manufacture and sales of automotive parts	¥5,654	20.25
China				
Dongfeng Motor Co., Ltd.	Hubei	Manufacture and sales of automobiles and parts	RMB7,204	50.00
Taiwan				
Yulon Nissan Motor Co., Ltd.	Miao Li County	Manufacture and sales of automobiles	NT$3,000	40.00
France				
Renault	Billancourt	Manufacture and sales of automobiles and parts	€1,086	15.00

Other subsidiaries and affiliates accounted for by the equity method	55
Total subsidiaries and affiliates accounted for by the equity method	61

*Percent of voting rights held by Nissan Motor Co., Ltd.

FOR FURTHER INFORMATION, PLEASE CONTACT

Investor Relations
Nissan Motor Co., Ltd.
Global Communications and
Investor Relations Division
17-1, Ginza 6-chome, Chuo-ku
Tokyo 104-8023, Japan
phone: +81(0)3-5565-2334
fax: +81(0)3-3546-2669

JAPAN
Nissan Motor Co., Ltd.
Corporate Media Relations
Global Communications and
Investor Relations Division
17-1, Ginza 6-chome, Chuo-ku
Tokyo 104-8023, Japan
phone: +81(0)3-5565-2141
fax: +81(0)3-3546-2669

NORTH AMERICA
Nissan North America, Inc.
Corporate Communications
18501 South Figueroa Street
Gardena, California 90248, U.S.A.
phone: +1(310)771-5946
fax: +1(310)516-7967

EUROPE
Nissan Europe S.A.S.
Communications Department
Parc de Pissaloup
13, Avenue Jean d'Alembert
B.P. 123
78194 Tráppes cedex, France
phone: +33(0)1 30 13 67 67
fax: +33(0)1 30 13 68 70

Corporate Information Website
http://www.nissan-global.com/

Investor Relations Website
http://www.nissan-global.com/EN/IR/

This annual report is printed on recycled paper.

NISSAN
MOTOR COMPANY

2004-07-12000
Printed in Japan