

Throughout the exciting changes and challenges that have come as Nissan has streamlined, refocused and rededicated itself to creating long-term, profitable growth, the company has never lost sight of the need to invest in the new technologies that underlie future success.

Investment for the Future

The Nissan Revival Plan was often misinterpreted as only as a cost-cutting and restructuring plan; in fact, it was very much about redeploying assets for future growth.

Nowhere is that clearer than in the investment in R&D. From an R&D investment of ¥231.7 billion in fiscal year 2000, Nissan has continued to increase its expenditures to ¥300 billion

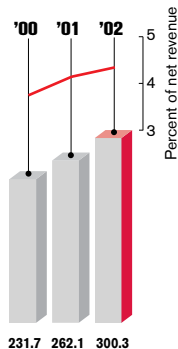
in fiscal year 2002. These exceeded Nissan's growth in revenue over the same period, as these figures as a percentage of total revenue grew from 3.8 percent to 4.4 percent. Capital expenditures grew even more dramatically, from ¥205 billion to ¥378 billion.

Part of this investment was in facilities: Nissan opened the new Nissan Design Europe center in London, the sixth Nissan design studio worldwide, while \$40 million has been applied to an expansion of the Nissan Technical Center North America, located near Detroit. In Japan, Nissan acquired the Atsugi campus of Aoyama Gakuin University, where it is constructing and will soon open the Nissan Advanced Technology Center.

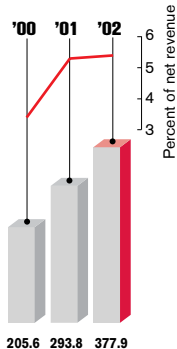
The investments are not entirely in infrastructure, however; Nissan has been steadily increasing its team of engineering experts, the people whose skills and passion have fueled the company's growth.

Nissan's increased investment in technology

Research & Development
(Billions of yen)



Capital Expenditure
(Billions of yen)



Nissan Technical Center Japan



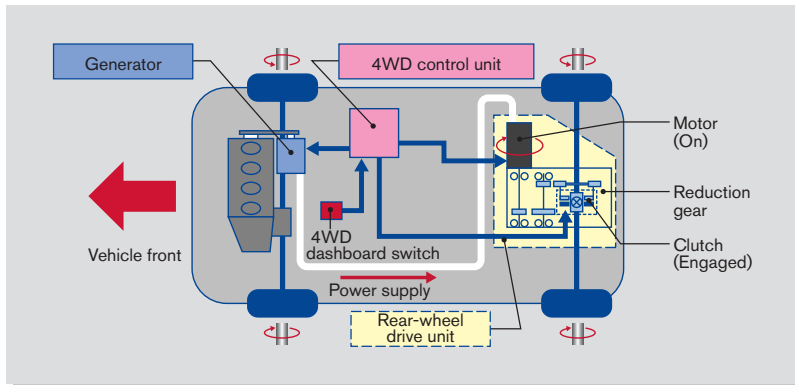
Nissan Technical Center North America



Nissan Technical Center Europe



e-4WD system



User-Friendly, Pragmatic Technology

Nissan technology must be real-world, useful, pragmatic and easy to use. A good example, the e-4WD system, emerged from Nissan's hybrid car research, and is currently applied in the March and Cube. e-4WD is a compact, lightweight four-wheel-drive system that provides the traction and stability of 4WD only when needed. Sensors perceive the amount of slip in the front wheels and apply electricity to an electric motor driving the rear wheels. This provides the fuel savings of on-demand-only 4WD and eliminates the propeller shaft and transfer case normally needed to supply power to the rear wheels.

Nissan leads the industry in the application of technologies to the full range of its vehicles. The Intelligent Key also shows the company's focus on practical technologies. The vehicle senses when the Intelligent Key is

brought close to the car; doors and tailgate can simply be opened by pressing a button on the door handle, and a turn of the ignition starts the motor—no key has to be removed from bag or pocket. Another "smart key" is the secret behind the Engine Immobilizer system. A chip inside the key sends a signal to the engine; without it, the engine can't be started. The Immobilizer will be standard on all large-size, sport and SUV vehicles by the end of fiscal year 2004.

And a simple addition to driving—especially in countries such as Japan where there are many tunnels—is Nissan Autolight, which automatically turns the headlamps on and off as the surroundings become dark.

Enhancing Driving Pleasure

Enriching people's lives: nowhere is Nissan's new motto felt more directly than in creating a more enjoyable driving and riding experience in Nissan automobiles.

It starts from the base up, in the platforms on which award-winning Nissan cars are built. The FF-L (front-engine, front-drive, large) package provides for an attractive design with spacious cabin and body size, enabling excellent handling while minimizing the space needed for engine and transmission. The FR-L (front-engine, rear-drive, large) package achieves a



MARCH



Intelligent Key





3.5-liter VQ engine



dCi diesel engine



Titan's newly designed body-on-frame platform

TITAN CREW CAB



compact body and large cabin, for sporty driving and a comfortable ride.

The FF-L platform is the foundation for the incredibly successful Altima, the 2002 North American Car of the Year—the first ever for a Japanese car. The new Murano SUV—winner of the Canadian Best Truck of the Year Award—shares the same platform, as do the strong-selling Maxima and new Teana luxury sedan.

The new 350Z perfectly showcases the FR-L platform, and the awards prove it: Japan Car of the Year Most Fun Prize winner; Best of the Year on “MotorWeek,” PBS television, US; Best New Sports Car, Kiplinger’s Personal Finance magazine; Canadian Car of the Year; and many more. The Infiniti G35, Motor Trend’s Car of the Year, and the all-new Skyline also boast outstanding driving enjoyment, thanks to the FM Package.

Nissan’s platform technology will be highlighted again in the coming year as the full-size Nissan Titan pickup truck, which applies the newly designed body-on-frame platform with fully boxed frame side rails for superior durability, moves into production in the US.

Nissan received confirmation of its powertrain prowess in 2002 as the 3.5-liter VQ engine was named as one of “Ward’s Ten Best Engines,” published by Ward’s Communications, Inc., for the ninth year in a row. No other engine has made the list every year it has been published.

As sales of diesel-engine powered vehicles continues to expand across Europe, Nissan has benefited greatly from the Alliance with Renault and its family of dCi diesel engines. These powerful, smooth-running engines are being applied to the Micra, Almera, Almera Tino and Primera in Europe.

Safety, the Environment and Advanced Technologies

Making driving more fun is just part of the technology story at Nissan. New safety technologies, such as the six-unit SRS Airbag System, are making Nissan vehicles safer than ever for driver and passengers alike. The company is also focusing on the development of the new technologies for the future, such as fuel cells, that will reduce the impact of the automobile on the environment.

The Nissan Virtual Engine allows engineers to perform complete computer simulations of combustion, from fuel injection to flame propagation, without having to use a traditional optical engine test unit. Nissan is also working on new metallic materials research that promises to reduce weight while increasing strength: laser welding, injection molding, high-speed deformation strength analysis, and the reduction of friction within and the size of engines and transmissions through material surface modification and ultra-precision micro surface machining.