

Financial Information as of **March 31, 2003**

(The contents are English translation of part of "Yukashoken - Houkokusho" for the year ended **March 31, 2003**)

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## Part I Information on the Company

# 1. Overview of the Company

## 1. Key financial data and trends

### (1) Consolidated financial data

Fiscal year		100th	101st	102nd	103rd	104th
Year ended		March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003
Net sales	Millions of yen	6,580,001	5,977,075	6,089,620	6,196,241	6,828,588
Ordinary income (loss)	Millions of yen	24,463	1,642	282,309	414,744	710,069
Net income (loss)	Millions of yen	27,714	684,363	331,075	372,262	495,165
Net assets	Millions of yen	1,254,595	929,356	957,939	1,620,822	1,808,304
Total assets	Millions of yen	6,917,561	6,541,184	6,451,243	7,215,005	7,349,183
Net assets per share	Yen	499.24	236.71	241.07	358.84	434.11
Basic net income (loss) per share	Yen	11.03	179.98	83.53	92.61	117.75
Diluted net income per share	Yen	—	—	79.45	92.13	116.88
Net assets as a percentage of total assets	%	18.2	14.2	14.8	22.5	24.6
Return on equity	%	—	—	35.08	28.87	28.88
Price earnings ratio	Times	—	—	9.46	10.13	6.71
Cash flows from operating activities	Millions of yen	—	292,091	73,251	222,214	575,378
Cash flows from investing activities	Millions of yen	—	180,412	15,585	524,389	515,374
Cash flows from financing activities	Millions of yen	—	318,083	263,094	280,915	72,764
Cash and cash equivalents at end of year	Millions of yen	—	490,708	288,536	279,653	269,817
Employees	Number	—	136,397	124,467	118,161	119,988
( ) represents the number of part-time employees as of the fiscal year end		(—)	(5,129)	(9,366)	(6,938)	(7,637)
not included in the above numbers		—	138,518	126,171	120,331	120,231
		(—)	(5,129)	(9,366)	(6,938)	(7,637)

Notes: 1. Net sales are presented exclusive of consumption tax.

- Diluted consolidated net income per share for the 100<sup>th</sup> and 101st fiscal years has not been presented because a consolidated net loss was recorded for those years.
- From the 104th fiscal year, the Company adopted “Accounting Standard for Net Income Per Share” (Accounting Standard No. 2) and “Application Guideline for Accounting Standard for Net Income Per Share” (Application Guideline for Accounting Standard No. 4) issued by the Accounting Standards Board of Japan on September 25, 2002. The impact of the adoption of the new standard and the application guideline has been disclosed in the accompanying notes to the consolidated financial statements in V, “Financial Information.”
- Staff number which are shown in lower column of employees number include staff number of unconsolidated companies accounted for by the equity method.

## (2) Non-consolidated financial data

Fiscal year		100th	101st	102nd	103rd	104th
Year ended		March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003
Net sales	Millions of yen	3,319,659	2,997,020	2,980,130	3,019,860	3,419,068
Ordinary income (loss)	Millions of yen	14,646	35,850	135,693	197,932	293,073
Net income (loss)	Millions of yen	34,809	790,064	187,485	183,449	72,869
Common stock	Millions of yen	203,755	496,605	496,606	604,556	605,813
Number of shares in issue	Thousands	2,513,044	3,977,294	3,977,295	4,517,045	4,520,715
Net assets	Millions of yen	1,477,498	1,263,075	1,450,159	1,829,052	1,798,716
Total assets	Millions of yen	3,595,272	3,563,853	3,576,466	3,915,031	3,933,993
Net assets per share	Yen	587.93	317.57	364.61	404.94	402.65
Cash dividends per share (Interim cash dividends included herein)	Yen (Yen)	0 (0)	0 (0)	7 (0)	8 {4 for new shares} (0)	14 (4)
Basic net income (loss) per share	Yen	13.85	204.93	47.14	45.61	16.09
Diluted net income per share	Yen	—	—	44.85	45.38	15.98
Net assets as a percentage of total assets	%	41.1	35.4	40.5	46.7	45.7
Return on equity	%	—	—	13.82	11.19	4.02
Price earnings ratio	Times	—	—	16.76	20.57	49.10
Cash dividends as a percentage of net income	%	—	—	14.8	18.5	86.0
Employees ( ) represents the number of part-time employees as of the fiscal year end not included in the above numbers	Number	39,467 (—)	32,707 (176)	30,747 (138)	30,365 (227)	31,128 (423)

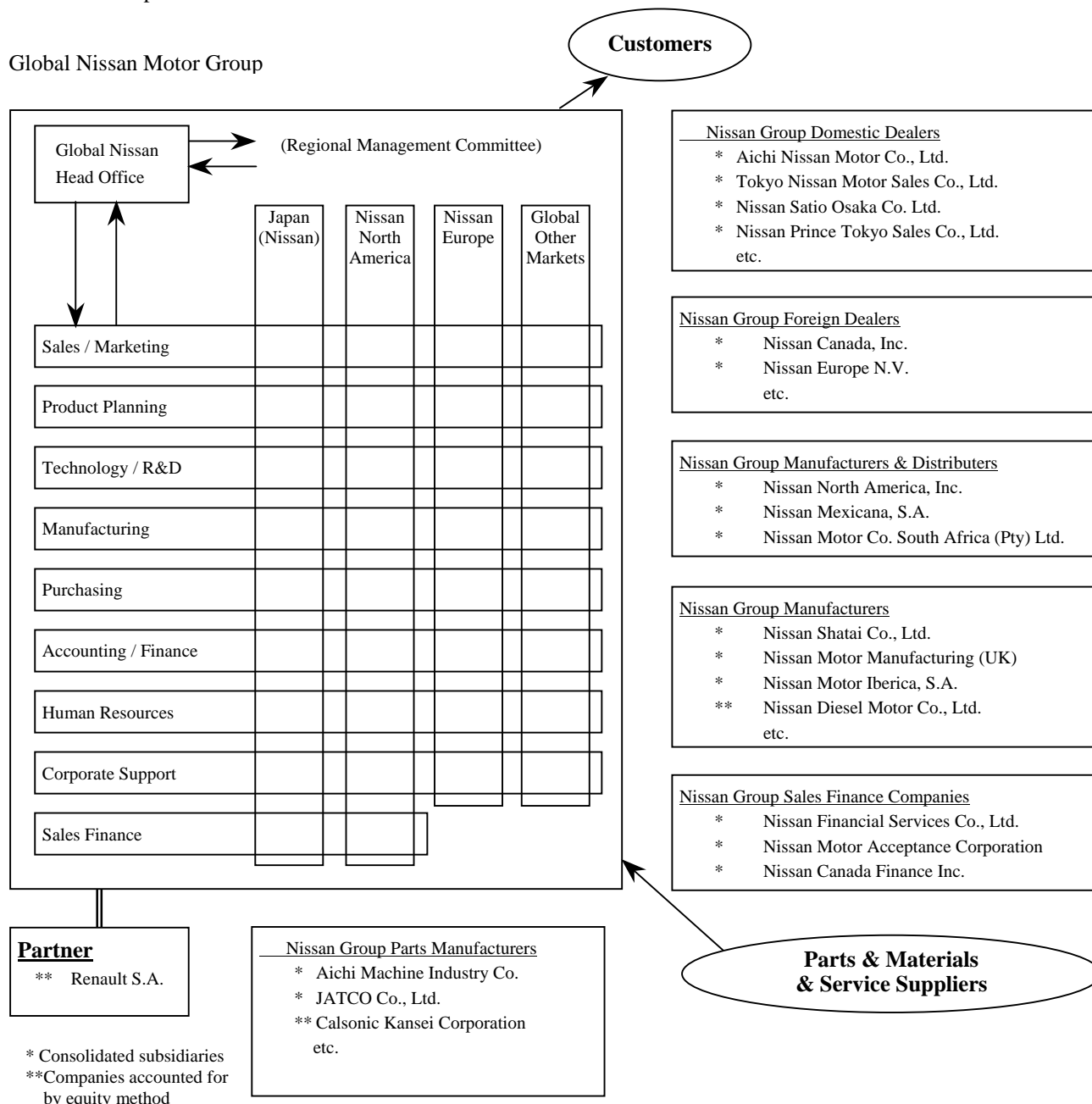
- Notes:
1. Net sales are presented exclusive of consumption tax.
  2. Diluted non-consolidated net income per share for the 100th and 101st fiscal years has not been presented because a non-consolidated net loss was recorded for those years.
  3. The number of employees for the 101st fiscal year and thereafter represents full-time employees.
  4. Effective the 103rd fiscal year, treasury stock has been presented as a component of shareholders' equity instead of as a component of assets in the non-consolidated financial statements. Non-consolidated amounts per share (excluding dividends per share) are calculated based on the number of shares issued less the number of treasury stock.
  5. From the 104th fiscal years, the Company adopted "Accounting Standard for Net Income Per Share" (Accounting Standard No. 2) and "Application Guideline for Accounting Standard for Net Income Per Share" (Application Guideline for Accounting Standard No. 4) issued by the Accounting Standards Board of Japan on September 25, 2002. The impact of the adoption of the new standard and the application guideline has been disclosed in the accompanying notes to the consolidated financial statements in V, "Financial Information."

## 2. Description of business

The Nissan Group (the “Group” or “Nissan”) consists of Nissan Motor Co., Ltd. (the “Company”), subsidiaries, affiliates, and other associated companies. Its main business includes manufacturing and sales of vehicles, forklifts, marine products and related parts. In addition, the Group provides various services related to the above businesses such as logistics and sales finance.

The Group established the Global Nissan Group (GNX) to function as its global headquarters and to monitor various operations through the Global Nissan Group which is a combination of four Regional Management Committees. GNX also handles cross-regional matters such as Research & Development, Purchasing, Manufacturing, and so forth.

The Group structure is summarized as follows:



- In addition to the above companies, \*Nissan Trading Co., Ltd., \*Nissan Real Estate Development Co., Ltd. and others are included in the Group.
- Our consolidated subsidiaries listed on domestic stock exchanges are as follows:  
Nissan Shatai Co., Ltd. – Tokyo, Aichi Machine Industry Co., Ltd. -- Tokyo, Nagoya

### 3. Information on subsidiaries and affiliates

#### (1) Consolidated subsidiaries

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML						
				Percentage	(indirect holding)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets	
						Transferred	Concurrent	Dispatched				
		Millions of yen		%	%	Person	Person	Person				
# Nissan Shatai Co., Ltd.	Hiratsuka-shi, Kanagawa	7,904	Manufacturing and selling automobiles and parts	42.59	(0.02)	7	—	—	None	Manufacturing certain products on behalf of NML	Leasing of certain land and buildings used in the normal course of business	
# Aichi Machine Industry Co., Ltd.	Atsuta-ku, Nagoya-shi	8,518	Manufacturing and selling automotive parts	41.51	(0.07)	5	—	—	None	Selling certain automotive parts to NML	None	
(Note 5) JATCO Co., Ltd.	Fuji-shi, Shizuoka	29,935	Manufacturing and selling automotive parts	81.76	—	9	2	—	None	Selling certain automotive parts to NML	Leasing of certain manufacturing facilities used in the normal course of business	
Nissan Kohki Co., Ltd.	Samukawa-machi, Koza-gun, Kanagawa	2,020	Manufacturing and selling automotive parts	91.82	(1.82)	6	—	—	None	Selling certain automotive parts to NML	None	
Nissan Motor Car Carrier Co., Ltd.	Chuo-ku, Tokyo	640	International transportation of automobiles	60.00	—	3	—	—	None	Marine transportation of automobiles exported	None	
Nissan Trading Co., Ltd.	Nishi-ku, Yokohama-shi	320	Importing and exporting automobiles, parts and others	100.00	—	7	—	—	None	Importing automotive parts on behalf of NML	None	
Nissan Financial Services Co., Ltd.	Mihama-ku, Chiba-shi	16,387	Arranging installment sales and automobile leases	100.00	—	3	2	—	80,000	Automobile leases	Leasing of certain facilities used in the normal course of business	
Autech Japan, Inc.	Chigasaki-shi, Kanagawa	480	Developing, manufacturing and selling limited edition automobiles	100.00	—	9	—	—	None	Purchasing limited edition automobiles from NML	Leasing of certain land and buildings used in the normal course of business	
Nissan Real Estate Development Corporation	Chuo-ku, Tokyo	1,000	Selling, purchasing and leasing real estate	70.50	(18.00)	5	—	—	None	Selling, purchasing and leasing real estate	Leasing of certain land and buildings to NML for its employees	
Nissan Finance Co., Ltd.	Minato-ku, Tokyo	2,491	Finance and accounting support	100.00	—	—	6	—	¥1,057,856 million as a source of loans made to group companies	Making loans to domestic subsidiaries	Leasing of certain systems used in the normal course of business	
Aichi Nissan Motor Co., Ltd.	Atsuta-ku, Nagoya-shi	4,000	Selling automobiles and parts	100.00	—	3	2	1	None	Purchasing products manufactured by NML	None	
Tokyo Nissan Motor Sales Co., Ltd.	Ota-ku, Tokyo	3,400	Selling automobiles and parts	100.00	—	4	2	1	None	Purchasing products manufactured by NML	None	
Nissan Prince Tokyo Motor Sales Co., Ltd.	Shinagawa-ku, Tokyo	3,246	Selling automobiles and parts	100.00	—	3	2	—	None	Purchasing products manufactured by NML	None	
Nissan Satio Osaka Co., Ltd.	Osaka-shi, Osaka	2,000	Selling automobiles and parts	100.00	(100.0)	1	2	—	None	Purchasing products manufactured by NML	None	
(Note 6) Nissan Parts Chuo Sales Co., Ltd.	Isogo-ku, Yokohama-shi	545	Selling parts for automobile repairs	80.61	(37.12)	8	1	1	None	Purchasing parts for repairs from NML	None	
Nissan Keihin Service Center Co., Ltd.	Ayase-shi, Kanagawa	215	Inspecting and servicing new automobiles	100.00	—	3	2	—	None	Purchasing products manufactured by NML	None	
Nissan Used Car Center Co., Ltd.	Zama-shi, Kanagawa	480	Selling used cars and parts	100.00	—	2	1	1	None	Purchasing products manufactured by NML	None	
Other domestic consolidated subsidiaries		129 companies										
Total domestic consolidated subsidiaries		146 companies										

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML					
				Percentage	(indirect holding)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
				%	%	Person	Person	Person			
Nissan Europe N.V.	Trappes, Cedex, France	Millions of Euro 1,626	Managing manufacturing and sales in Europe	100.00	—	—	3	3	None	Purchasing products manufactured by NML	None
Nissan International Finance (Netherlands) B.V.	Amsterdam, The Netherlands	Millions of Euro 13	Financing for group companies	100.00	(100.00)	—	1	2	None	Extending loans to NML's European subsidiaries	None
Nissan France S.A.	Trappes, Cedex, France	Millions of Euro 4	Selling automobiles and parts	94.77	(94.77)	—	—	2	None	Purchasing products manufactured by NML	None
Nissan Motor (GB) Ltd.	Rickmansworth, Hertfordshire, United Kingdom	Millions of £ stg. 136	Selling automobiles and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Holding (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of Euro 870	Holding company for English subsidiaries	100.00	(100.00)	—	1	—	None	None	None
Nissan Italia S.p.A.	Rome, Italy	Millions of Euro 5	Selling automobiles and parts	100.00	(100.00)	—	—	1	None	Purchasing products manufactured by NML	None
Nissan Motor Manufacturing (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of £ stg. 250	Manufacturing and selling automobiles and parts	100.00	(100.00)	—	2	1	None	Purchasing products manufactured by NML	None
Nissan Technical Center Europe Ltd.	Granfield, United Kingdom	Millions of £ stg. 15	Conducting research and development activities, and testing and assessing various automobiles in Europe	100.00	(100.00)	—	1	1	None	Designing and developing automobiles on behalf of NML	None
Nissan Forklift Europe B.V.	Amsterdam, The Netherlands	Millions of Euro 6	Selling forklifts and parts	100.00	—	—	4	—	None	Purchasing products manufactured by NML	None
Nissan Motor Iberica, S.A.	Barcelona, Spain	Millions of Euro 725	Manufacturing and selling automobiles and parts	99.74	(93.18)	—	3	—	None	Purchasing products manufactured by NML	None
Nissan Motor Espana, S.A.	Barcelona, Spain	Millions of Euro 12	Selling automobiles and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Forklift Espana, S.A.	Noain, Spain	Millions of Euro 9	Manufacturing and selling forklifts and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan North America, Inc.	Gardena, California, USA	Millions of US\$ 1,791	Managing subsidiaries in North America and manufacturing and selling automobiles and parts	100.00	—	—	2	—	None	Purchasing products manufactured by NML	None
Nissan Motor Acceptance Corporation	Torrance, California, USA	Millions of US\$ 499	Financing whole sales and retail sales of automobiles in the United States	100.00	(100.00)	—	2	—	None	Financing sales of products manufactured by NML	None
Nissan Motor Corporation in Hawaii, Ltd.	Honolulu, Hawaii, USA	Millions of US\$ 6	Selling automobiles and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Capital of America, Inc.	Torrance, California, USA	Millions of US\$ 1	Financing for group companies	100.00	(100.00)	—	1	1	Source fund for financing to group companies	Extending loans to NML's subsidiaries in the United States	None
Nissan CR Corporation	Farmington Hills, Michigan, USA	Millions of US\$ 28	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Selling products manufactured by NML to Nissan North America, Inc.	None



Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Concurrent positions/offices held by directors			Relationship with NML		
				Percentage	(indirect holding)	Transferred	Concurrent	Dispatched	Loans	Business transactions	Leasing of fixed assets
Nissan Technical Center North America, Inc.	Farmington Hills, Michigan, USA	Millions of US\$ 16	Conducting research and development activities, and testing and assessing various automobiles in the United States	100.00	(100.00)	—	2	1	None	Designing and developing automobiles on behalf of NML	None
Nissan Motor Insurance Corporation	Honolulu, Hawaii, USA	Millions of US\$ 10	Casualty insurance	100.00	(100.00)	—	—	—	None	None	None
Nissan Forklift Co., North America	Marengo, Illinois, USA	Millions of US\$ 34	Manufacturing and selling forklifts and selling parts for forklifts	100.00	(88.00)	—	4	—	None	Purchasing products manufactured by NML	None
Nissan Canada, Inc.	Mississauga, Ontario, Canada	Millions of C\$ 68	Selling automobiles and parts	100.00	(61.66)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Canada Finance Inc.	Mississauga, Ontario, Canada	Millions of C\$ 170	Financing whole sales and retail sales of automobiles in Canada.	100.00	(100.00)	—	1	—	None	Financing sales of products manufactured by NML	None
Nissan Mexicana, S.A. de C.V.	Mexico D.F., Mexico	Millions of Peso 17,056	Manufacturing and selling automobiles and parts	100.00	(0.00)	—	1	3	None	Purchasing products manufactured by NML	None
Nissan Motor Co. (Australia) Pty. Ltd.	Dandenong, Victoria, Australia	Millions of A\$ 290	Selling automobiles and parts	100.00	—	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Motor Company South Africa (Pty) Ltd.	Rosslyn, South Africa	Millions of Rand 39	Managing subsidiaries in Africa and manufacturing and selling automobiles	99.39	—	—	1	1	None	Purchasing products manufactured by NML	None
Nissan New Zealand Ltd.	Auckland, New Zealand	Millions of NZ\$ 51	Managing subsidiaries in New Zealand and selling automobiles	100.00	—	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Middle East F.Z.E.	Dubai, UAE	Millions of Dh. 2	Selling automobiles	100.00	—	—	2	2	None	Purchasing products manufactured by NML	None
Nissan Motor (China) Ltd.	Hong Kong, China	Millions of HK\$ 16	Selling automobiles	100.00	—	—	2	—	None	Purchasing products manufactured by NML	None
Other foreign consolidated subsidiaries		60 companies									
Total foreign consolidated subsidiaries		88 companies									
Total consolidated subsidiaries		234 companies									

## (2) Affiliates accounted for by the equity method

Name of company	Address	Capital	Description of principal business	Percentage of voting right held by NML		Relationship with NML					
				Percentage	(indirect holding)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
		Millions of yen		%	%	Person	Person	Person			
# Calsonic Kansei Corporation	Nakano-ku, Tokyo	12,048	Manufacturing and selling parts for automobiles	32.23	—	8	—	—	None	Selling certain parts for automobiles to NML	None
# Nissan Diesel Motor Co., Ltd.	Ageo-shi, Saitama	13,603	Manufacturing and selling automobiles and parts for automobiles	23.22	(0.65)	3	1	—	None	Manufacturing certain products on behalf of NML and selling certain parts for automobiles to NML	None
# Kinugawa Rubber Industrial Co., Ltd.	Inage-ku, Chiba-shi	5,654	Manufacturing and selling parts for automobiles	20.48	—	5	—	—	None	Selling certain parts for automobiles to NML	None
# Hashimoto Forming Industry Co., Ltd.	Totsuka-ku, Yokohama-shi	2,211	Manufacturing and selling parts for automobiles	25.20	—	2	—	—	None	Selling certain parts for automobiles to NML	None
# Ohi Seisakusho Co., Ltd.	Isogo-ku, Yokohama-shi	2,766	Manufacturing and selling parts for automobiles	29.06	—	4	—	—	None	Selling certain parts for automobiles to NML	None
Yulon Motor Co., Ltd.	Miao Li County, Taiwan	Millions of NT\$ 18,291	Manufacturing and selling automobiles	25.04	—	—	4	—	None	Purchasing parts for automobiles to be assembled in foreign countries from NML	None
(Notes 11/12) Renault	Billancourt, France	Millions of Euro 1,086	Manufacturing and selling automobiles and parts for automobiles	15.00	(15.00)	—	2	—	None	Partnership organization, Renault Nissan Co. Ltd. was established.	None
Other affiliates accounted for by the equity method		22 companies									
Total affiliates accounted for by the equity method		29 companies									

- Notes:
- Companies marked are specified subsidiaries.
  - Companies marked # have filed their securities registration statements or securities reports.
  - Net sales (excluding intercompany sales within the Group) of each company marked exceeds 10% of the consolidated net sales for the year ended March 31, 2003. However, the key financial data for such companies has been omitted because their net sales constituted more than 90% of those for corresponding geographical segments.
  - Although the percentage of voting rights held by NML is equal to or less than 50%, the companies marked have been consolidated because they are substantially controlled by NML.
  - Effective April 1, 2002, JATCO TransTechnology Ltd. changed its name to JATCO Co., Ltd.
  - Effective October 1, 2002, Nissan Parts Tokyo-Kanagawa Sales Co., Ltd. (absorbing company and consolidated subsidiary) merged with Nissan Parts Yamanashi Sales Co., Ltd. (absorbed company and affiliate accounted for by equity method) and change its equity as well as its name to Nissan Parts Chuo Sales Co., Ltd.
  - Effective August 30, 2002, a part of shares held in Unipres Corporation which mainly manufactures and sales automobile parts, was transferred to Nippon Steel Corporation and Mitsui Corporation, and percentage of voting right decreased and accordingly Unipres Corporation was excluded from affiliates.
  - Effective October 1, 2002, all shares held in Unisia JECS Corporation (now, Hitachi Unisia Automotive Co., Ltd.), which mainly manufactures and sales automobile parts, were transferred to Hitachi, Ltd., accordingly Unisia JECS Corporation was excluded from affiliates.
  - Effective January 1, 2003, a part of shares held in Fuji Univance Corporation, which mainly manufactures and sales automobile parts, was transferred to I.S. Precision Machinery Inc. and Daido Steel Co., Ltd., percentage of voting right decreased and accordingly Fuji Univance Corporation was excluded from affiliates.
  - Effective March 19, 2003, Nissan Europe Co., Ltd. (the Company's specified subsidiary), which assumed headquarter function of manufacturing and sales in Europe, was liquidated.
  - Renault, which had been classified as an affiliate but excluded from the scope of consolidation, became affiliate accounted for by the equity method following subscription by the Company to its capital stocks allocated to third persons.
  - Although voting rights of the shared in Renault directly or indirectly held by the Company are restricted in accordance with the French Commercial Code, the Company has consolidated Renault by using the equity method for the reason that the Company has an important influence on Renault through its participation in a jointly and equally owned management company (Renault-Nissan BV) and through the board members sent to this company (occupying 50% of the board), because this company has power to decide business issues of importance of Renault and Nissan based on the articles of association of each company and a mutual agreement.

4. Employees

(1) Consolidated companies

(As of March 31, 2003)

Name of segments	Number of employees (persons)	
Japan	82,137	(6,758)
North America	14,091	(153)
Mexico	8,286	(3)
Europe	12,383	(408)
Other foreign countries	3,091	(315)
Total	119,988	(7,637)

Note: The above numbers represent full-time employees. The numbers in parentheses represent part-time employees as of March 31, 2003 not included in the number of full-time employees.

(2) The Company

(As of March 31, 2003)

Number of employees (persons)	Average age (years)	Average years of service (years)	Average annual salary (yen)
31,128 (423)	40.6	19.7	6,979,384

Notes: 1. The above numbers represent full-time employees. The numbers in parentheses represent part-time employees as of March 31, 2003 not included in the number of full time-employees.

2. Average annual salary represents salary for non-managers and includes bonuses and overtime salary.

## 2. Business Overview

### 1. Overview of business results

#### (1) Operating results

Net sales for the year ended March 31, 2003 totaled ¥6,828.6 billion, which represents an increase of ¥632.3 billion (10.2%) over net sales for the prior year. Operating income also rose to ¥737.2 billion, an increase of ¥248 billion (50.7%) over the corresponding amount recorded in the prior year, the highest on record for the Nissan Group. As a result, operating income as a percentage of net sales for the current year improved to 10.8% from 7.9%.

Net non-operating expenses for the year ended March 31, 2003 amounted to ¥27.2 billion, a decrease of ¥47.3 billion from those of the prior year. This improvement is primarily attributable to foreign exchange gain and a decrease in financial costs resulting from the reduction of interest-bearing debt related to the automobile business as well as to an overall reduction in borrowing costs. As a result, ordinary income for the current year increased by ¥295.3 billion (71.2%) to ¥710.1 billion over the corresponding amount for the prior year. Net special loss for the year ended March 31, 2003 amounted to ¥15.4 billion due primarily as a result of an increase in gain on sales of investment securities and gain on property and equipment, offsetting the loss on the return of the substitutional portion of the welfare pension fund plan. Finally, income before income taxes and minority interests and net income for the year ended March 31, 2003 increased by ¥330.4 billion (90.7%) and ¥122.9 billion (33.0%) to ¥694.6 billion and ¥495.2 billion, respectively, over the corresponding amounts recorded for the prior year.

The operating results by business segment are summarized as follows:

#### a. Automobiles

The number of the Group's automobiles sold (on a retail basis) worldwide for the year ended March 31, 2003 increased by 174 thousand units (6.7%) to 2,771 thousand units from the figure recorded for the prior year. The number of cars sold in Japan increased by 14.3% to 816 thousand units. Cars sold in North America (the United States and Canada) increased by 1.1% to 726 thousand units while those sold in Europe decreased by 3.8%, to 474 thousand units; however, cars sold in other foreign countries increased by 12.3% to 755 thousand units.

Net sales in the automobile segment (including intersegment sales) for the current year increased by ¥594.8 billion (10.1%) to ¥6,487.2 billion from those of the prior year.

Operating income for the year ended March 31, 2003 increased by ¥212.5 billion (46.5%) to ¥669.2 billion over that of the prior year. This is primarily attributable to the reduction in purchase costs and manufacturing costs and to the increase in the number of cars sold, which, however, were partially offset by the increase in R&D costs and the increase in expenditures to enhance the product lines and to comply with various local regulations on a worldwide basis.

#### b. Sales finance

Net sales (including intersegment sales) for the current year increased by ¥29.2 billion (8.0%) to ¥395.9 billion over those of the prior year. Operating income of the sales finance segment for the current year increased by ¥21.8 billion (57.1%) to ¥599 billion over that of the prior year reflecting the increase in sales and the impact of lower interest rates.

The operating results by geographic segment are summarized as follows:

#### a. Japan

- Net sales (including intersegment sales) for the current year increased by ¥491.3 billion (12.8%) to ¥4,320.5 billion over those of the prior year.
- Operating income for the current year increased by ¥100.9 billion (34.8%) to ¥390.6 billion over that of the prior year primarily due to the reduction in purchase costs and the increase in the number of sales.

b. North America

- Net sales (including intersegment sales) for the current year increased by ¥247.6 billion (9.3%) to ¥2,912.3 billion over those of the prior year.
- Operating income for the current year increased by ¥94.9 billion (45.3%) to ¥304.6 billion over that of the prior year primarily due to the reduction in purchase costs, the increase in the number of sales and an improvement in the sales product mix.

c. Europe

- Net sales (including intersegment sales) for the current year increased by ¥138.7 billion (16.3%) to ¥990.2 billion over those of the prior fiscal year.
- Operating income for the current year increased by ¥18.7 (580%) billion to ¥22 billion over that of the prior year primarily due to the reduction in purchase costs and an improvement in the sales product mix as well as to favorable changes in foreign currency exchange rates.

d. Other foreign countries

- Net sales (including intersegment sales) for the current year increased by ¥72.4 billion (20.0%) to ¥435.4 billion over those of the prior year.
- Operating income for the current year increased by ¥10.5 billion (169.2%) to ¥16.8 billion over that of the prior year primarily due to the increase in the number of automobiles sold.

Update on the Nissan 180 (“Nissan one-eighty”)

This is the second year of the Nissan 180 business plan, which focuses on sustainable growth with profit. The Nissan 180 is a plan for the future developed on foundation already achieved by the Nissan Revival Plan (“NRP”).

NISSAN 180 aims to increase sales by one million units, to boost operating income to 8% of net sales and to reduce interest-bearing debt for the Group’s automobile business to zero by the end of fiscal year 2004.

As early as the first year of Nissan 180, the Group had achieved certain of these targets:

- The number of the Group’s automobiles sold worldwide increased by 174 thousand units (6.7%) to 2,771 thousand units from the corresponding figure recorded for the prior year.
- The consolidated operating income was ¥737.2 billion, which was equal to 10.8% of net sales, in the top level among worldwide competitors.
- Before entering into the Alliance with Renault at the beginning of 1999, the Group had interest-bearing debt of approximately ¥2,100 billion, (all of which it repaid before the end of the fiscal year ended March 31, 2003) and it had ¥8.6 billion of cash surplus.

The Company aimed to reduce interest-bearing debts. Now this has been done and this is no longer the aim of the Company. Hereafter, the Company will focus more on ROIC (return on invested capital). ROIC means the operating profit ratio over fixed assets, working capital and cash used in the automobile segment. The Company’s ROIC was 19.8% in the fiscal year ended March 31, 2003, which was the top of the automobile companies in the world. The Company aims to keep ROIC at over 20% in the future. The Company has set out to be in the top group of the global automobile companies in terms of both operating profit ratio and ROIC.

## Sales results

Fiscal year 2002 was the most active year in Nissan's history, with the introduction of 12 fully new models and the presentation of 21 items all over the world. Sales and market share increased in each region except Europe.

The following is the sales situation by region:

### Japan

In spite of the stagnant automobile market in Japan (increase of only 0.8%), Nissan succeeded in increasing its share by 14.3%, to 816,000 units (including light cars). Excluding light cars, Nissan increased sales by 7.7% to 768 thousand units. This sales increase was driven by six new models we introduced – the Moco, Elgrand, Fairlady Z, Cube, Skyline Coupe and the Teana. Each model has met or exceeded our sales targets.

Our strategy with regard to the entry-level segment has proved successful. The March made the most significant contribution to the increase in sales, with sales of 158,000 units – the highest annual volume of any Nissan model sold in Japan for the past 12 years. The March has always been among the monthly top 10 best-selling cars since its launch in March 2002. The New Cube has sold well and was classified in the same top 10 ranking as the March during the second half of the year. For the full year, Nissan's market share increased by 1.1% to 19.0% over that of the prior year. This is the first time in 31 years that we have increased our annual market share by more than 1%. The quality of our sales improved. That is, the increase in sales is more attributable to the attractiveness of the products than to any additional sales incentives paid.

### North America

Our sales increased by 1.1% to 726,000 units in spite of the decrease of 1.9% in the local demand. In this region, we sell our products through two channels, Nissan and Infiniti. The Infiniti channel realized the highest sales volume per year since its establishment in 1989. With record sales of 95,000 units, an increase of 35% over the prior year, Infiniti was the fastest-growing luxury brand in the United States. The models FX45, M45 and, especially, the G35 Sedan and the G35 Coupe, which came up after being awarded by *Motor Trend* as Car of the Year, contributed a lot to this success. The Infiniti channel was one of the sales channels of the luxury segment in the United States that offered the lowest consideration to customers.

The Nissan channel decreased in sales by 2.7% to 631,000 units. The Altima and 350Z continued to sell very well. Sales of the Altima increased by 30% from the prior year to 204,000 units. The 350Z has become the best-selling sports car in the United States with sales of 23 thousand units during the 8 months after its introduction on the market. As the Murano and Maxima were launched during the last quarter of the fiscal year, they began to make significant contributions subsequent to the balance sheet date. Stalled results were felt in the entry-level sedan and truck segments, where our Sentra, Frontier and Xterra compete. Those segments bore the brunt of record levels of sales incentives, and we continued to resist them. In consequence, our volumes were lower than those forecasted; however, our strategy continues to be based more on optimizing profitability than on maximizing our volume of sales.

### Europe

Sales decreased by 3.8% to 474,000 units, while the European market overall decreased by 2%. For the first three months of 2003, total Micra sales in Europe were up 42% compared to the same period in 2002. To meet the growing demand, we have decided to raise the production capacity of the Micra at our Sunderland Plant by 25% to 200,000 units.

### Other regions

Turning to general overseas markets, including Mexico and Canada, our sales increased by 12.3% to 755,000 units.

The number of sales in Mexico increased by 11.1% over those of the prior fiscal year and by 12.4% in Canada. The 350Z was awarded as "Car of the Year" and the Murano was awarded as "Truck of the Year" in Canada, and thanks to them, the Company has strengthened its brand image. The number of sales in the Infiniti Channel increased by 95%, recording the highest growth ratio among Canadian high-class car brands.

The number of car sales in China increased by 82.1% over those of the prior fiscal year. In Brazil, the Frontier was the first Nissan brand car produced at the Curitiba plant of Renault. The Frontier released in April, 2002 has sold well and was awarded "Pickup of the Year" in Brazil.

## (2) Cash flows

Cash and cash equivalents amounted to ¥269.8 billion at the end of this fiscal year for a decrease of ¥9.8 billion (3.5%) from the corresponding balance at the end of the prior fiscal year. This can be explained by the fact that cash and cash equivalents provided by income before income taxes and minority interests of ¥694.6 billion and the decrease in cash and cash equivalents used in investing activities, exceeded cash and cash equivalents used in the repayment of borrowings.

### (Cash flows from operating activities)

Cash and cash equivalents provided by operating activities, which amounted to ¥575.4 billion for the current fiscal year, increased by ¥353.2 billion (158.9%) from the ¥222.2 billion recorded in the prior fiscal year. This resulted primarily from the increase in income before income taxes and minority interests as well as the increase in sales financing receivables at the Group's sales financing subsidiaries.

### (Cash flows from investing activities)

Cash and cash equivalents used in investing activities, which amounted to ¥515.4 billion for the current fiscal year, decreased by ¥9 billion (1.7%) from ¥524.4 billion in the prior fiscal year. This is primarily attributable to a decrease in purchases of investment securities, although purchasing of fixed assets increased.

### (Cash flows from financing activities)

Cash and cash equivalents provided by financing activities, which amounted to ¥72.8 billion for the current fiscal year, decreased by ¥353.7 billion from the corresponding balance of the prior year, reflecting repayment of borrowings and proceeds from the issuance of corporate bonds, as well as a decrease in borrowings by the sales financing subsidiaries.

## 2. Production, orders received and sales

### (1) Actual production

Location of manufacturers	Number of vehicles produced (units)		Change (units)	Change (%)
	Prior fiscal year	Current fiscal year		
Japan	1,272,851	1,444,314	171,463	13.5
The United States	363,366	392,458	29,092	8.0
Mexico	328,946	340,658	11,712	3.6
The United Kingdom	296,788	297,719	931	0.3
Spain	137,502	84,919	52,583	38.2
South Africa	28,826	25,629	3,197	11.1
Indonesia	—	905	905	—
Total	2,428,279	2,586,602	158,323	6.5

Notes: 1. The numbers for the current fiscal year represent vehicles produced during the year ended March 31, 2003 with respect to Japan and the United States. Those produced in the five other countries represent the production figures for the year ended December 31, 2002.

2. The above numbers do not include forklift production data.

### (2) Orders received

Information on orders received has been omitted as the products which are manufactured after the related orders are received are immaterial to the Group.

(3) Actual sales

Sales to	Number of vehicles sold (on a consolidated basis)		Change (units)	Change (%)
	Prior fiscal year	Current fiscal year		
Japan	702,657	792,767	90,110	12.8
North America	968,030	1,040,684	72,654	7.5
Europe	453,697	458,222	4,525	1.0
Other overseas countries	336,100	344,013	7,913	2.4
Total	2,460,484	2,635,686	175,202	7.1

Notes: 1. The numbers for the current fiscal year represent vehicles sold during the year ended March 31, 2003 in Japan and North America (excluding Mexico). Those sold in Mexico, Europe and the other overseas countries represent the sales figures for the year ended December 31, 2002.

2. The above numbers do not include forklift sales data.

3. Issues and outlook for the fiscal year ahead

The Group plans to launch 10 new vehicles around the world during the next fiscal year and present 23 new products in total.

In the 105th fiscal year, the second year of "Nissan 180," the Company projects an important increase in sales by entering into new market segments.

In Japan, the economic environment continues to be severe and the demand for automobiles is anticipated to remain at the same level as that of the prior year. Under these circumstances, the Group plans to launch 6 new models including 2 types of light commercial vehicles targeting new customers, and will make an effort to increase sales and to shake up its lineup of mini-vans starting with the Presage.

In the United States, the Group will enter into mass production in its full size segment with the start of production at its Canton plant in Mississippi, and will re-enter the mini-van segment by injecting a new model called the Quest. By introducing 6 new models in the market, both the Nissan and Infinity channels expect to increase the number of sales.

In Europe, the economic environment remains uncertain; however, the Group continues to focus on profitability as its first priority. The new Micra is expected to contribute to an important improvement in Europe.

In other overseas countries, the Group expects to increase the number of car sales even further. The Group will expand its operations in the Chinese market and pursue development and improvement of profitability through a new joint venture company to be established with our partner DongFeng Motor Corporation.

We will move forward, continuing growth with profit, by implementing the Nissan 180 Plan.

4. Important business contracts

Counterparty	Country	Agreement	Date on which agreement entered into
Renault	France	Overall alliance in the automobile business including capital injections	March 27, 1999

(Note): Effective June 28, 2002, the corporate agreement with Ford Motor Company (America) concerning the development and manufacturing of multipurpose automobiles was cancelled.



## 5. Research and development activities

### (1) Basic policies for research and development activities

The Nissan Group has been conducting research and development activities to create competitive products and technologies by making the maximum use of its research and development capabilities and by developing strategies to strengthen these in the future.

Our research and development activities are based on the following objectives:

- To concentrate on producing “innovative vehicles” in response to market demand;
- To allocate sufficient resources to research and development projects to improve our technology and to remain competitive in the automotive market; and
- To become the most cost-efficient company in our sector while maintaining the highest level of quality.

### (2) Description of research and development costs and activities

Research and development costs of the Nissan Group amounted to ¥300.3 billion for this fiscal year.

The Nissan Group’s domestic research and development organization and the results of our activities are summarized as follows:

The Nissan Group’s domestic research and development organization includes the Nissan Technical Center (Atsugi-shi, Kanagawa) which takes a leading role in planning, designing and developing new products, the Nissan Research Center (Yokosuka-shi, Kanagawa) which conducts fundamental and application research activities, and several proving grounds in Hokkaido, Tochigi and Kanagawa Prefectures. Additionally, the Company purchased a vacant lot on Aoyama Gakuin University’s Atsugi Campus near the Technical Center in Atsugi-shi in March 2003, and plans to build the Nissan Advanced Technology Center (NATC) which will be the central core of development.

Major subsidiaries and affiliates also conduct research and development activities. Nissan Shatai Co., Ltd. and Nissan Diesel Motor Co., Ltd. are in charge of the development of certain models of passenger cars and commercial vehicles and Nissan Diesel Motor Co., Ltd., Aichi Machine Industry Co., Ltd., Nissan Kohki Co., Ltd. and JATCO Co., Ltd. (whose name was changed to JATCO Co., Ltd. from JATCO TransTechnology Ltd. effective April 1, 2002) are in charge of the development of certain engines and transmission trains.

The research and development activities conducted in Japan during this fiscal year resulted in the introduction of the Moco and the Teana, and in full model changes to the Elgrand, the Fairlady Z, the Cube, and the Skyline coupe, and minor changes to the Sunny, the Atlas 20, the AD Van, the Expert, the Safari, and the Bluebird Sylphy. The Fairlady Z has earned a high evaluation in Japan and North America since its release, and was awarded the “Japan Car of the Year,” the “Best Car of the Year” and the “Best Design of the Year” by the Automobile Journalist Society in Canada and many other awards. The “Machine System Category” of 2003 Nikkei BP Technique award was given to the “e-4Wd System” which was loaded on the March and the Cube.

Group companies have attempted to share parts and to reduce the number of parts used in order to reduce manufacturing costs. In addition, they have developed many new products and systems.

The Nissan Group operates the Nissan Technical Center North America, Inc. which plans and designs vehicles, and Nissan Design America, Inc., which designs vehicles. They are jointly developing the Altima, the Sentra, the Frontier (called the Datsun in Japan), the Xterra and the Maxima.

In Europe, the Nissan Technical Center Europe Ltd., which has its operations in the United Kingdom, Belgium and Spain, is developing the Primera made in Europe, the Micra (called the March in Japan) and the Terrano II, a small four-wheel-drive vehicle made in Europe. Nissan Design Europe Ltd. in London was established for the purpose of planning and designing vehicles to strengthen the Group’s capability in designing. This new company was established by a merger in January 2003 of the design offices located in Munchen, Germany and in Cranfield in the United Kingdom.

In addition, Nissan and Renault, partners in the business Alliance since 1999, are proceeding jointly to unify their platforms and powertrains and to develop advanced technologies and research technologies so that both companies can dramatically improve their research and development capabilities.

The Nissan Group has continued to make a comprehensive effort to protect the global environment by developing technologies to reduce carbon dioxide, to clean the exhaust fumes emitted by vehicles and to recycle resources. In terms of cleaning exhaust fumes, the Group has been aggressively integrating realistic and effective environmental protection technologies into its new products. As a result, by March 2003 18 types of Nissan vehicles had qualified as "ultra low emission vehicles (U-LEV)," a status which is awarded only to the cleanest automobiles under the Low Emission Vehicle Certification System established by the Ministry of Land, Infrastructure and Transport.

A medium-term environmental action plan, the "Nissan Green Program 2005" set forth the goal that 80% of the cars sold in Japan would be qualified as U-LEV models by the end of March 2003. The Company realized this goal two months earlier than scheduled. As of March 31, 2003, more than 85% of the Nissan models sold are qualified as U-LEVs. Regarding technology to improve fuel efficiency, the Group has been aggressively integrating realistic and effective environmental protection technologies into its new products. These efforts crystallized in the development of a brand-new, four-wheel-drive system called "e-4WD" using a exclusive generator and motors to power the rear wheels. This new system has already been implemented into the March and the Cube. The Company succeeded in loading the belt-type CVT "XTRONIC CVT" on its 3.5L FF automobile, the Teana, for the first time in the world. The CVT "XTRONIC CVT" combines smooth acceleration and high fuel-efficiency. The Company developed diesel turbo engine, the "ZD30DDTi," in conformity with the "Auto NOx · PM Law" which went into force effective October 2002 and has loaded it on the Caravan.

With respect to "clean energy vehicles," cumulative domestic sales of the AD Van CNGV reached 1,000 units in July 2002. The AD Van CNGV is ranked number one in terms of its market share in the category of small sized vans fueled by concentrated natural gas.

X-TRAIL FCV, a high-pressure hydrogen-powered fuel cell vehicle (FCV), has been approved by the Minister of Land, Infrastructure and Transport. Public road testing has already started. Toyota Motor Corporation and the Company have concluded a basic agreement on the long-term, continuous transaction of hybrid systems including technical cooperation. The two companies expect that this collaboration will contribute to decreasing the cost of hybrid-vehicle components even further, which should lead to boosting the sales of hybrid vehicles around the world.

The Company has increased the recyclability of the Cube to 95% with the adoption of materials and structures which are easy for recycle. The Company introduced its own environmental management system, reinforcing the environmental preservation activities of its dealers and the "Nissan Green Shop" certification system was completed for all dealers. As a result of these efforts, the "2002 Westec Grand Prix" was given to the Company.

Under our basic policy of pursuing "Real World Safety," Nissan has announced an expansion of its scope for the implementation of safety technologies such as its active headrest system, which aims to reduce neck injuries such as whiplash, and so on in rear-end crashes, and the SRS curtain airbag system, which aims to reduce head and neck injuries from side crashes. These technologies have been developed based on our analysis of actual accidents and Nissan has taken the initiative in increasing the number of models which now incorporate a variety of safety technologies. The Company has opened its basic patents for the system "Pre-crash Seat Belt." This system sniffs possibility of a crash, holds the passenger in place quickly by tightening the seat belt, and if an accident happens it reduces the damage with other protections systems.

The Skyline was awarded 6 stars, which is the highest rating, both for its driver's seat and passenger seats, and the Stagea was also awarded 6 stars for its driver's seat in a comprehensive assessment of safety capacity in crashes as a result of an automobile assessment conducted by the Ministry of Land, Infrastructure and Transport.

With respect to the information technology area, a comprehensive system of telematics services called "Car Wings" has been pioneered. This system enables the user to capture various types of information by connecting to cell phones in the vehicle. The user can send e-mails and use "hand-free" phones and navigation systems. Car Wings is currently loaded on 6 models. We have enhanced the various functions of Car Wings such as its integration with navigation systems and have added certain new features so that the user can enjoy a wide variety of telematic services more easily and safely.

Our initiatives for research and development have been highly recognized and these efforts resulted in our being the recipient of awards from the Society of Automotive Engineers of Japan in the following categories: “Development of the International Harmonized Side Impact Dummy (World SID),” “Analysis of efficiency of half-toroidal CVT” and “Development of the Lane Keep Support System.” The VQ Engine which is loaded on the Skyline and the Fairlady Z has been highly praised for its sophistication and its performance. The VQ engine was named for the ninth-straight year by the editors of Ward’s as one of the “10 Best Engines.”

The Nissan Group will always be actively involved in research and development activities designed to launch new competitive products on the market and to pioneer fundamental advanced technologies for the future.

### 3. Property, Plant and Equipment

#### 1. Overview of capital expenditures

The Nissan Group (the Company and its consolidated subsidiaries) invested ¥377.9 billion (including ¥74 billion for the 1st phase of the construction of the Canton plant) in tangible fixed assets during this fiscal year, in particular to accelerate the development of new products and new technologies and to rationalize and improve productivity and quality.

Based on the agreement entered into by the Company in the prior year with “Shinnyoen,” a religious sect, the land of the former Murayama plant (Tachikawa-shi and Musashimurayama-shi, Tokyo) was transferred in early September 6, 2002.

The Group sold approximately 1.06 million square meters of land out of all the land of the former Murayama plant (approximately 1.4 million square meters) for ¥73.9 billion and recorded a gain of ¥56.4 billion.

#### 2. Major property, plant and equipment

The Group’s major property, plant and equipment is as follows:

Notes: 1. “Other” in net book value consists of tools, furniture and fixtures and construction in progress.

2. Number of employees indicates the number of full-time employees. The number of part-time employees as of March 31, 2003 is stated in brackets.

##### (1) The Company

(As of March 31, 2003)

Location	Address	Description	Net book value						Number of employees
			Land		Buildings & structures	Machinery & vehicles	Other	Total	
			Area	Amount					
			m <sup>2</sup>	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Person
Yokohama Plant	Kanagawa-ku and Tsurumi-ku Yokohama-shi	Vehicle production facilities	618,188	409	14,160	35,364	5,757	55,691	3,757 (30)
Oppama Plant (including Research Center)	Yokosuka-shi	Vehicle production facilities	1,852,370	29,203	19,439	32,728	8,066	89,437	4,682 (32)
Tochigi Plant	Kaminokawa-cho, Tochigi	Vehicle production facilities	2,928,426	4,130	20,459	36,952	5,525	67,068	6,063 (36)
Kyushu Plant	Kanda-machi Fukuoka	Vehicle production facilities	2,357,128	29,888	31,913	31,452	5,021	98,276	4,685 (15)
Iwaki Plant	Iwaki-shi Fukushima	Vehicle production facilities	207,493	3,862	8,729	10,378	1,408	24,377	622 (0)
Head Office and other	Atsugi-shi and Isehara-shi	R&D facilities	1,358,071	24,170	29,106	16,486	19,491	89,254	6,600 (25)
	Chuo -ku Tokyo	Head office and other	0	0	4,891	427	6,841	12,160	2,076 (57)

Notes: 1. The above table has been prepared based on the location of the assets.

2. The figures for each plant include those for adjoining welfare facilities, product storage and laboratories and the related full-time employees.

3. Land and buildings & structures of the head office and other locations (Atsugi City, Isehara City) increased due to the purchase of a site on the campus of Aoyama Gakuin University.

## (2) Domestic subsidiaries

(As of March 31, 2003)

Company	Location	Address	Description	Net book value						Number of employees
				Land		Buildings & structures	Machinery & vehicles	Other	Total	
				Area	Amount					
JATCO Co., Ltd.	Fuji office and other	Fuji-shi Shizuoka, etc.	Facilities for production of automobile parts	m <sup>2</sup>	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Person
				909,021	40,952	20,178	12,323	7,559	81,012	5,916 (75)
Nissan Shatai Co., Ltd.	Shonan plant and other	Hiratsuka-shi Kanagawa, etc.	Vehicle production facilities	940,513	14,648	18,911	18,548	11,099	63,206	4,268 (385)
Aichi Machine Industry Co., Ltd.	Atsuta plant and other	Nagoya-shi Aichi	Facilities for production of automobile parts	525,846	9,097	8,660	28,757	3,297	49,811	2,323 (5)
116 cars and parts sales companies such as Nissan Prince Tokyo Motor Sales Co., Ltd.	—	—	Facilities for sale and maintenance of cars and parts	3,614,529	320,338	140,708	39,909	3,529	504,484	30,867 (2,299)

## (3) Foreign subsidiaries

(As of March 31, 2003)

Company	Location	Address	Description	Net book value						Number of employees
				Land		Buildings & structures	Machinery & vehicles	Other	Total	
				Area	Amount					
				m <sup>2</sup>	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Persons
Nissan North America, Inc.	Production plant for vehicles and parts and other facilities	Gardena, California, Smyrna, Tennessee, Decherd, Tennessee, USA	Production facilities of vehicles and parts	8,124,409	4,760	23,212	61,915	239,890	329,777	10,594 (14)
Nissan Mexicana, S.A. de C.V.	Production plant for vehicles and parts and other facilities	Morelos, Mexico, Aguascalientes, Mexico	Production facilities of vehicles and parts	3,104,607	6,184	37,393	43,357	26,079	113,013	8,286 (3)
Nissan Motor Iberica S.A.	Production plant for vehicles and parts and other facilities	Barcelona, Madrid and other, Spain	Production facilities of vehicles and parts	1,005,129	3,101	11,123	31,689	37,169	83,082	5,267 (14)
Nissan Motor Manufacturing (UK) Ltd.	Production plant for vehicles and parts and other facilities	Sunderland, Tyne & Wear, United Kingdom	Production facilities of vehicles and parts	2,975,798	3,819	21,925	26,891	71,125	123,760	4,485 (328)

In addition to the above, other major leased assets are presented as follows:

## Major leased assets

Company	Location (summary)	Address	Name of lessors	Description	Area (m <sup>2</sup> )	Lease fees (Thousands of yen/month)
Nissan Motor Co., Ltd.	New building for Head office	Chuo-ku, Tokyo	Mori Trust Co., Ltd.	Building	23,614	80,037
Nissan Motor Co., Ltd.	Main building for Head office	Chuo-ku, Tokyo	Kobikikan Co., Ltd.	Land	5,157	17,472
Nissan Trading Co., Ltd.	Head office	Yokohama-shi, Kanagawa	Bilnet Co., Ltd.	Building	2,575	10,150
Nissan Used Car Center Co., Ltd.	Head office	Zama-shi, Kanagawa	Bilnet Co., Ltd.	Building	3,767	8,417
Nissan Used Car Center Co., Ltd.	Head office	Zama-shi, Kanagawa	Bilnet Co., Ltd.	Land	49,946	14,024
Nissan Motor Iberica S.A.	Part of the plant site	Barcelona, Spain	Zona Franca Association of Industrial Area	Land	517,687	11,263

- Notes: 1. Other assets held under lease agreements other than those presented above are outlined in Section 5, "Consolidated financial statements."  
2. Consumption tax has been excluded from the monthly lease fees.  
3. Employees working in or with the leased assets are included in Section 2, "Major property, plant and equipment."

## Information by business segment

Name of business segment	Net book value						Number of employees
	Land		Buildings & structures	Machinery & vehicles	Other	Total	
	Area	Amount					
	m <sup>2</sup>	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Person
Sales finance	61,431	1,352	1,055	762,344	1,459	766,210	1,938 (1,208)

Notes: 1. There are no major idle assets.  
2. Number of employees represents the number of full-time employees. The number of part-time employees as of March 31, 2003 is stated in brackets.

### 3. Plans for new additions or disposal

#### (1) New additions and renovations

During the fiscal year ending March 31, 2004, the Group plans to invest ¥420 billion in fixed assets which will be financed by its own funds.

In this fiscal year, the Group began to reinforce facilities at the Nissan North America Inc. Canton Plant in Mississippi as described in the 102nd Annual Report.

Name of the Company and division	Place	Description of facility	Planned investment	Schedule of start and completion		Additional ability after completion
			Amount	Start	Completion	
Nissan North America Inc. Canton plant	Canton city, Mississippi State, USA	Reinforcing automobile manufacturing equipment	\$500 Million	October, 2002	Spring, 2004	150,000 cars per year

As a result, total planned investment amounted to \$1,430 million, and after completion, additional ability will be 400,000 cars in total a year.

#### (2) Sales and disposal

As described in Section 1, "Overview of capital expenditures," disposal plans for automobile manufacturing facilities at the Murayama plant, which used to be a vehicle manufacturing plant, were completed this fiscal year. There have been no changes to the plan for sales and disposal.

## 4. Corporate Information

### 1. Information on the Company's shares

#### (1) Number of shares and other

Number of shares

Types of stock	Authorized number of shares
Common stock	6,000,000,000

Number of shares issued

Type of stock	Number of issued shares		Stock exchanges on which the Company is listed.	Description of shares
	As of March 31, 2003	As of June 20, 2003 (filing date of the securities report)		
Common stock	4,520,715,112	4,520,715,112	First section, Tokyo	—

Note: The number of shares in issue as of the filing date of the securities report does not include those issued upon conversion of convertible bonds and exercise of warrants during the period from June 1, 2003 through the filing date of the report.

#### (2) Status of convertible bonds and stock purchase warrants

The Group issued bonds with stock purchase warrants for the purchase of shares of common stock based on Article 341-8 of the former Commercial Code of Japan. The balance of bonds with stock purchase warrants, the exercise price and the amount per share to be transferred to the common stock account are summarized as follows:

First unsecured bonds with stock purchase warrants (issued on June 25, 1999)

	As of the fiscal year end (March 31, 2003)	As of the end of the month before the securities report is filed (May 31, 2003)
Balance of stock purchase warrants (Millions of yen)	130	118
Exercise price (Yen)	554	554
Amount per share to be credited to the common stock account (Yen)	277	277

Bonds in Euro-yen with stock purchase warrants due 2006 (issued on March 27, 2000)

	As of the fiscal year end (March 31, 2003)	As of the end of the month before the securities report is filed (May 31, 2003)
Balance of stock purchase warrants (Millions of yen)	15,000	14,794
Exercise price (Yen)	429	429
Amount per share to be credited to the common stock account (Yen)	214.50	214.50

Bonds in Euro-yen with stock purchase warrants due 2007 (issued on March 8, 2001)

	As of the fiscal year end (March 31, 2003)	As of the end of the month before the securities report is filed (May 31, 2003)
Balance of stock purchase warrants (Millions of yen)	45,000	44,901
Exercise price (Yen)	764	764
Amount per share to be credited to the common stock account (Yen)	382	382

Bonds in Euro-yen with stock purchase warrants due 2008 (issued on March 14, 2002)

	As of the fiscal year end (March 31, 2003)	As of the end of the month before the securities report is filed (May 31, 2003)
Balance of stock purchase warrants (Millions of yen)	52,800	52,800
Exercise price (Yen)	880	880
Amount per share to be credited to the common stock account (Yen)	440	440

The Company has initiated a stock option plan (the "Plan") in accordance with Articles 280-20 and 280-21 of the Commercial Code of Japan.

	March 31, 2002	May 31, 2003
Number of warrants		124,300
Type of shares issued upon exercise of stock purchase warrants		Common stock
Number of shares		12,430,000 shares
Amount to be paid upon exercise of stock purchase warrants (Yen)		¥93,200 (¥932 per share)
Exercise period		From May 8, 2005 to May 8, 2010
Upon exercise of the stock purchase warrants, exercise price and amount per share to be credited to the common stock account (Yen)		Exercise price: ¥932 Amount per share to be credited to the common stock account: ¥466
Conditions for exercise of stock purchase warrants		*
Transfer of stock purchase warrants		Any and all transfers of stock purchase warrants must be approved by the Board of Directors of the Company.

- \*: Directors or employees who were granted stock purchase warrants (the "Holders") must continue their services with the Company or its subsidiaries and affiliates until the stock purchase warrants become exercisable.  
The Company's operating results must meet certain predefined targets.  
The Holders achieve their own predetermined targets.

The details of the above and other conditions are set forth in the "Stock Purchase Warrants Grant Agreements" entered into between the Company and the Holders in accordance with resolutions adopted at the 103rd annual general meeting of the shareholders and at the Board of Directors meeting held on June 20, 2002.



(3) Changes in number of shares issued and amount of paid-in capital

Periods	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Million of yen)	Balance of common stock (Million of yen)	Changes in additional paid-in capital (Million of yen)	Balance of additional paid-in capital (Million of yen)
From April 1, 1999 to March 31, 2000 (Note 1)	1,464,250	3,977,294	292,850	496,605	292,850	690,262
From April 1, 2000 to March 31, 2001 (Note 2)	1	3,977,295	–	496,606	–	690,262
From April 1, 2001 to March 31, 2002 (Note 3)	539,750	4,517,045	107,950	604,556	112,950	803,212
From April 1, 2002 to March 31, 2003 (Note 2)	3,670	4,520,715	1,257	605,813	1,257	804,470

- Notes: 1. Capital increase due to private placement to Renault on May 29, 1999. (Number of shares issued: 1,464,250 thousand; Issue price: ¥400 per share, amount credited to common stock account: ¥292,850,000 thousand)  
2. Increase due to conversion of convertible bonds.  
3. Capital increase due to exercise of stock purchase warrants by Renault on March 1, 2002. (Number of shares issued: 539,750 thousand; Issue price: ¥400 per share, amount credited to common stock account: ¥107,950,000 thousand)

(4) Details of shareholding

(As of March 31, 2003)

Classification	Status of shares (1 unit = 100 shares)								Shares under 1 unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders	Foreign shareholders (individuals only)	Individuals and other	Total	
Number of shareholders (person)	1	192	72	1,225	805	56	107,987	110,282	—
Number of shares held (unit)	50	10,906,204	510,811	1,349,676	29,448,813	14,021	2,981,674	45,197,228	992,312
Ratio (%)	0.00	24.13	1.13	2.99	65.15	0.03	6.60	100.00	—

- Notes: 1. Treasury stock of 54,514,876 shares are included in “Individuals and other” at 545,148 units, and in “Shares under 1 unit” at 76 shares. The number 54,514,876 is based on the shareholders’ register, and the effective number as of March 31, 2003 was 54,512,876 shares.  
2. Included in “Other corporations” are 110 units held under the name of the custodians.  
3. Pursuant to a resolution approved by the Board of Directors on May 20, 2002, the number of shares representing one unit was reduced from 1,000 shares to 100 shares effective August 1, 2002.

(5) Principal shareholders

(As of March 31, 2003)

Name	Address	Number of shares held	Ratio
Renault (Standing agent: Bank of Tokyo-Mitsubishi)	13/15 Quai Le Gorot, 92100 Boulogne Billancourt, France (2-7-1 Marunouchi Chiyoda-ku, Tokyo)	2,004,000	44.33
The Master Trust Bank of Japan Ltd. (Trust account)	2-11-3 Hamamatsucho Minato-ku, Tokyo	185,546	4.10
Japan Trustee Services Bank Ltd. (Trust account)	1-8-11 Harumi Chuo-ku, Tokyo	146,687	3.24
The State Street Bank & Trust Company (Standing agent: Mizuho Corporate Bank)	P.O. Box 351, Boston, Massachusetts, USA (6-7 Kabuto-cho Nihonbashi Chuo-ku, Tokyo)	130,047	2.88
The Dai-ichi Mutual Life Insurance Company (Standing agent: Trust & Custody Service Bank, Ltd.)	1-13-1 Yurakucho Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Harumi Island Triton Square Office Tower Z)	86,958	1.92
Nippon Life Insurance Company	1-2-2 Yurakucho Chiyoda-ku, Tokyo	78,475	1.74
Sompo Japan Insurance Inc.	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	63,528	1.41
The Chase Manhattan Bank N.A. London (Standing agent: Mizuho Corporate Bank)	EC2P 2HD Woolgate House, Coleman Street, London, UK (6-7 Kabuto-cho Nihonbashi Chuo-ku, Tokyo)	62,707	1.39
Moxley & Co. (Standing agent: Mizuho Corporate Bank)	23, Wall Street, New York, New York, 10015 U.S.A. (6-7 Nihonbashi-Kabutocho Chuo-ku, Tokyo)	61,886	1.37
UFJ Trust Bank Ltd. (Trust account A)	1-4-3 Marunouchi Chiyoda-ku, Tokyo	60,757	1.34
Total		2,880,594	63.72

## (6) Status of voting rights

## Shares issued

(As of March 31, 2003)

Classification	Number of shares	Number of voting rights	Description
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 54,512,800	—	—
	(Crossholding stock) Common stock 2,547,000	—	—
Shares with full voting rights (Others)	Common stock 4,462,663,000	44,626,630	—
Shares under one unit	Common stock 992,312	—	—
Total shares issued	4,520,715,112	—	—
Total voting rights	—	44,626,630	—

Notes: 1. Included in “Shares with full voting rights (Others)” are 11 thousand (voting rights 110) shares held under the name of the custodians and 2 thousand shares held under the name of Nissan but effectively held by others.

2. Shares under one unit include 76 shares of treasury stock and 220 crossholding shares.

## Crossholding shares under one unit

Shareholders	Number of shares	Shareholders	Number of shares
	Shares		Shares
Toyama Nissan Motor Co., Ltd.	99		
Ohi Seisakusho Co., Ltd.	69		
Kai Nissan Motor Co., Ltd.	30		
Calsonic Kansei Corporation	22		
		Total	220

## Treasury stock, etc.

Shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the name of others	Total	% of interest
		Shares	Shares	Shares	%
Nissan Motor Co., Ltd.	2 Takaracho Kanagawa-ku Yokohama-shi Kanagawa	54,514,800	0	54,514,800	1.21
Ohi Seisakusho Co., Ltd.	1-14-17 Maruyama Isogo-ku Yokohama-shi Kanagawa	1,158,600	0	1,158,600	0.03
Calsonic Kansei Corporation	5-24-15 Minamidai Nakano-ku Tokyo	1,049,900	0	1,049,900	0.02
Utsunomiya Nissan Motor Co., Ltd.	575 Nishihara-cho Utsunomiya-shi Tochigi	103,400	0	103,400	0.00
Yokoki Manufacturing Co., Ltd.	555 Imai-cho Hodogaya-ku Yokohama-shi Kanagawa	200	76,800	77,000	0.00
Kochi Nissan Prince Motor Sales Co., Ltd.	2-21 Asahi-cho Kochi-shi Kochi	28,600	47,200	75,800	0.00
Kai Nissan Motor Co., Ltd.	706 Kamiimai-cho Kofu-shi Yamanashi	37,800	23,000	60,800	0.00
Toyama Nissan Motor Co., Ltd.	105 Tanaka-cho Toyama-shi Toyama	10,100	0	10,100	0.00
Nissan Prince Kagawa Sales Co., Ltd.	1037 Ikuno-cho Zentsuji-shi Kagawa	0	5,300	5,300	0.00
Kagawa Nissan Motor Co., Ltd.	1-1-8 Hanazono-cho Takamatsu-shi, Kagawa	0	4,800	4,800	0.00
Nissan Parts Chuo Sales Co., Ltd.	1-1 Sakashita-cho Isogo-ku Yokohama-shi, Kanagawa	0	1,100	1,100	0.00
Total		56,903,400	158,400	57,061,800	

Notes: 1. The shares included in “Number of shares held under the name of others” represents those held by Nissan’s crossholding share association (address: 6-17-1 Ginza, Chuo-ku, Tokyo). (Fractions under 100 have been omitted.)

2. Included in the number of shares based on the shareholders’ register are 2,000 shares (voting rights 20) which the Company does not effectively own. These shares are included in “Shares with full voting rights (Others)” in the above table of “Shares issued.”

(7) Stock option plan

The Company has initiated a stock option plan (the “Plan”) under which stock purchase warrants are granted to directors and employees of the Company and its subsidiaries and affiliates in accordance with Articles 280-20 and 280-21 of the Commercial Code of Japan. The Plan was approved at the 103rd annual general meeting of the shareholders held on June 20, 2002 and the 104th annual general meeting of the shareholders held on June 19, 2003.

The details of the Plan are summarized as follows:

Date approved	June 20, 2002
Individuals covered by the Plan	Directors and employees of the Company and its subsidiaries and affiliates 654
Number of warrants	124,300
Type of shares issued upon exercise of stock purchase warrants	Common stock
Number of shares	12,430,000 shares
Amount to be paid upon exercise of stock purchase warrants	¥93,200 (¥932 per share)
Exercise period	From May 8, 2005 to May 8, 2010
Conditions for exercise of stock purchase warrants	<p>① Directors or employees who were granted stock purchase warrants (the “Holders”) continue their services with the Company or its subsidiaries and affiliates until the stock purchase warrants become exercisable.</p> <p>② The Company’s operating results meet certain predefined targets.</p> <p>③ The Holders achieve their own predetermined targets.</p> <p>The details of the above and other conditions are set forth in the “Stock Purchase Warrants Grant Agreements” entered into between the Company and the Holders in accordance with the resolutions adopted at the 103rd annual general meeting of the shareholders and at the Board of Directors meeting held on June 20, 2002.</p>
Transfer of stock purchase warrants	Any and all transfers of stock purchase warrants must be approved by the Board of Directors of the Company.

Note: If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price or, in certain other predefined cases, in accordance with a resolution of the Board of Directors of the Company, the exercise price may be adjusted by applying the following formula:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{exercise price}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{number of shares to be issued}}$$

Date approved	June 19, 2003
Individuals covered by the Plan	Employees of the Company and directors and employees of its subsidiaries and affiliates
Type of shares issued upon exercise of stock purchase warrants	Common stock
Number of shares	Up to the limit of 16,000, 000 shares
Amount to be paid upon exercise of stock purchase warrants	Refer to the note below
Exercise period	Approval of Board of Directors within 10 years after the date on which the stock purchase warrants were granted
Conditions for exercise of stock purchase warrants	<p>① Partial exercise of stock purchase warrants is not allowed.</p> <p>② The directors’ committee sets forth other conditions for exercise.</p>
Transfer of stock purchase warrants	Any and all transfers of stock purchase warrants must be approved by the Board of Directors of the Company.

Note: The amount to be paid by the Holders upon exercise of the stock purchase warrants is calculated by multiplying the exercise price by the number of shares to be issued or transferred to the Holders. The exercise price shall be set at an amount calculated by multiplying the average closing price of the Company's shares of common stock in the course of ordinary transactions on the Tokyo Stock Exchange during a predefined period before the grant date by a factor (no less than 1.025) determined in accordance with a resolution of the Board of Directors of the Company. If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price or, in certain other predefined cases, in accordance with a resolution of the Board of Directors of the Company, the exercise price may be adjusted by applying the following formula:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{exercise price}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{number of shares to be issued}}$$

2. Acquisition of treasury stock

- (1) Acquisition of treasury stock in accordance with a resolution approved at a shareholders' meeting, acquisition from subsidiaries or acquisition for the purpose of retirement offsetting the reserve for revaluation.

Acquisition based on a resolution approved at a prior shareholders' meeting.

(A) 【Type of shares】 Common stock

The current status of treasury stock purchases based on a resolution approved at the annual general meeting of the shareholders.

(As of June 19, 2003)

Classification	Number of shares (Thousands)	Total amounts (Millions of yen)
Resolution regarding acquisition of treasury stock (June 20, 2002)	75,000	100,000
Treasury stocks acquired during the period covered by a resolution approved at the prior shareholders' meeting.	75,000	67,978
The remaining number and amount of authorized treasury stock	0	
Ratio of the remaining treasury stock	0	

- Notes: 1. The number of shares approved represents 1.7% of all issued shares.  
2. The purpose is to avoid eventual dilution following the exercise of warrants.  
3. Acquisition costs have been excluded from the total amount.

(B) The current status of treasury stock purchases from subsidiaries  
Not applicable

(C) The current status of treasury stock purchases for the purpose of retirement offsetting the reserve for revaluation.  
Not applicable

(D) The current status of the disposition of purchased treasury stock

(As of June 19, 2003)

Description	The number of shares for sale, retirement or transfer (Thousands)	Total amounts (Millions of yen)
Purchased treasury stocks which were sold or transferred in accordance with the same method applied for the issuance of new stocks.	10,864	9,307

(E) The current status of holding treasury stock

(As of June 19, 2003)

Description	The number of share (Thousands)
Holding treasury stock	64,136

Resolution regarding the acquisition of treasury stock at the current year's annual general meeting of the shareholders.

(As of June 19, 2003)			
Classification	Types of shares	Number of shares (Thousands)	Total amounts (Millions of yen)
Resolution regarding acquisition of treasury stock	Common stock	75,000	100,000

Note: The above number approved at the shareholders' meeting represents 1.7% of all issued shares as of the date of the shareholders' meeting.

### 3. Dividend policy

The Company has launched a new three-year business plan called "Nissan 180" for generating steady profits and growth, and the Company realized two of the three commitments (over 8% of operating profit ratio for consolidated sales and a clean-up of interest-bearing debt in the automobile business) of this plan during the first year of its operation.

With respect to this fiscal year, the Board of Directors on November 19, 2002 approved a distribution of dividends of ¥4 per share and the shareholders approved this resolution at their 104th annual general meeting to distribute cash dividends of ¥10 per share totaling ¥14 per share, an increase of ¥6 per share from ¥8 per share in the prior year.

For the coming fiscal years, Nissan will concentrate its efforts on maintaining steady and profitable growth by realizing the remaining commitment (an increase of 1 million in the number of cars sold throughout the world) of the Nissan 180 Plan, and expects to establish a stable policy for the payment of dividends with which its shareholders can be satisfied from a medium-term point of view. The Company plans to distribute dividends of ¥19 per share in the 105th fiscal year and of ¥24 per share in the 106th fiscal year.

### 4. Changes in market price of the Company's shares

#### (1) Highest and lowest prices during the past 5 years

	The 100th fiscal year	The 101st fiscal year	The 102nd fiscal year	The 103rd fiscal year	The 104th fiscal year
Year end	March 1999	March 2000	March 2001	March 2002	March 2003
Highest	520	770	890	973	1,041
Lowest	290	351	404	405	763

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

#### (2) Highest and lowest prices during the past 6 months

Month	October 2002	November	December	January 2003	February	March
Highest	1,001	994	988	975	955	904
Lowest	770	895	906	895	867	772

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

## 5. Members of the Board of Directors and Corporate Auditors

Function	Names (Date of birth)	Business Career		Number of shares owned by (Thousand)
President Co-Chairman (Representative Director)	Carlos Ghosn (March 9, 1954)	1978 September 1985 July 1989 April 1996 October 1996 December 1999 June 2000 June 2001 June 2003 June	Joined Michelin President of Michelin Brazil President of Michelin North America Joined Renault Senior Vice President of Renault COO of the Company President and COO of the Company President and CEO of the Company Co-Chairman, President and CEO of the Company	959
Director Co-Chairman	Itaru Koeda (August 25, 1941)	1965 April 1990 July 1993 June 1998 May 1999 May 2003 June	Joined the Company Vice President of Nissan Motor Manufacturing (UK) Director of the Company Managing Director of the Company Vice President of the Company Co-Chairman and Vice President of the Company	47
Director	Nobuo Okubo (February 25, 1942)	1964 April 1991 June 1992 June 1997 June 1999 May	Joined the Company General Manager of the Design Division Director of the Company Managing Director of the Company Vice President of the Company	81
Director	Norio Matsumura (January 5, 1944)	1966 April 1989 January 1996 June 1999 May	Joined the Company General Manager of Foreign Services Division Director of the Company Vice President of the Company	40
Director	Patrick Pelata (August 24, 1955)	1984 July 1996 July 1999 January 1999 June	Joined Renault Senior Manager of Chassis Development Division Senior Vice President in charge of Technical Development Division Vice President of the Company	18
Director	Tadao Takahashi (January 10, 1945)	1968 April 1996 May 1998 June 1999 May 1999 June 2002 April 2002 June	Joined the Company General manager of the First Technical Division Director of the Company Managing Director of the Company, member of the executive committee Managing Director of the Company, member of the executive committee Vice President of the Company, member of the executive committee Vice President and Director of the Company	26
Director	Shemaya Levy (November 11, 1947)	1972 January 1994 March 1998 October 2002 March 2002 June	Joined Renault Chairman and CEO of Renault VI Senior Vice President of Renault, Chairman of Compagnie Financière Renault Senior Vice President of Renault s.a.s., Chairman of Compagnie Financière Renault Director of the Company	0
Corporate auditor (Standing)	Hiroshi Moriyama (July 30, 1940)	1963 April 1987 January 1990 June 1994 June 1998 May 1999 May 2001 April 2001 June	Joined the Company General Manager of Nissan Motor Manufacturing (UK) Director of the Company Managing Director of the Company Vice President and Director of the Company Vice President of the Company Assistant to President Corporate Auditor of the Company	85

Function	Names (Date of birth)	Business Career		Number of shares owned by (Thousand)
Corporate auditor (Standing)	Haruhiko Takenaka (December 1, 1939)	1962 April 1990 June 1993 June 1998 June 2000 June	Joined the Industrial Bank of Japan Director of the Bank Managing Director of the Bank Vice President of IBJ Whitehall Bank Corporate Auditor of the Company	4
Corporate auditor (Standing)	Keiji Imamura (September 20, 1943)	1967 April 1996 June 2000 June 2001 June	Joined the Asahi Bank Corporate Auditor of the Bank President of Asahi Bank Jimu Services Corporate Auditor of the Company	3
Corporate auditor (Non-Standing)	Hideo Nakamura (March 1, 1940)	1963 April 1991 June 1993 June 1998 July 2000 June	Joined the Fuji Bank Director of the Bank Permanent Corporate Auditor of the Bank Managing Director of Association of Fuji Bank Health Insurance (still in office) Corporate Auditor of the Company	4
Total				1,271

- Notes:
1. Shemaya Levy fulfills the criteria to be an external Director of the Company pursuant to Clause 2-7-2, Article 188 of the Commercial Code.
  2. Haruhiko Takenaka, Keiji Imamura and Hideo Nakamura are Corporate Auditors assigned from outside the Company pursuant to Clause 1, Article 18 of the "Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations."
  3. The Company set up an executive committee system in order to revitalize the Board of Directors by segregating the functions of decision making and control from that of execution, as well as to appoint persons of ability based solely on their ability.

The executive committee is composed of 25 individuals including the directors listed above (Carlos Ghosn, Itaru Koeda, Nobuo Okubo, Norio Matsumura, Patrick Pelata and Tadao Takahashi are also Directors). The other 19 members of the executive committee are as follows: Takeshi Isayama (Vice-Chairman), Eiichi Abe, Shuji Yamagata, Eiji Imai, Yukio Kitahora, Toshiyuki Shiga, Shiro Tomii, Bernard Ray, Jean-Jacques Legoff, Shiro Nakamura, Kuniyuki Watanabe, Kazuhiko Toida, Katsumi Nakamura, Hiroyasu Kan, Shigeo Ishida, Hidetoshi Imazu, Alain-Pierre Raynaud, Sadao Sekiyama, and Hiroto Nishikawa (Managing Directors).

## **5. Financial Information**

### **1. Basis of preparation of the consolidated financial statements**

The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements (“Regulations for Consolidated Financial Statements”) (Ministry of Finance Ordinance No. 28, 1976).

The consolidated financial statements for the twelve months ended March 31, 2002 were prepared in accordance with “Regulations for Consolidated Financial Statements” before amendment, and those for the twelve months ended March 31, 2003 were prepared in accordance with “Regulations for Consolidated Financial Statements” after amendment.

### **2. Audit reports**

Pursuant to Article 193-2 of “The Securities and Exchange Law,” the consolidated financial statements for the prior fiscal year (from April 1, 2001 to March 31, 2002) and those for the current fiscal year (from April 1, 2002 to March 31, 2003) were audited by Shin Nihon & Co.



## Report of Independent Auditors

June 19, 2003

The Board of Directors  
Nissan Motor Co., Ltd.

Shin Nihon & Co.

Representative and Engagement Partner	Kazuo Suzuki
Representative and Engagement Partner	Kenji Ota
Engagement Partner	Youji Murohashi

Pursuant to Article 193-2 of “Securities and Exchange Law,” we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of retained earnings, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in “Financial Information” for the fiscal term from April 1, 2002 to March 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices 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 audit provides 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, 2003, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

## Auditors' Report

June 20, 2002

Nissan Motor Co., Ltd.  
Director and President Carlos Ghosn

Shin Nihon & Co.

Representative and Engagement Partner	Kazuo Suzuki
Representative and Engagement Partner	Yasunobu Furukawa
Representative and Engagement Partner	Kenji Ota

Pursuant to Article 193-2 of "Securities and Exchange Law," we have examined the consolidated balance sheet, the consolidated statement of income, the consolidated statement of retained earnings, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in "Financial Information" for the fiscal term from April 1, 2001 to March 31, 2002.

Our examination was made in accordance with generally accepted auditing standards and all relevant auditing procedures were carried out as are normally required.

As a result of our examination, it is our opinion that the accounting policies and accounting treatments that the Company adopted for the preparation of the consolidated financial statements referred to above are in accordance with generally accepted accounting principles, and the accounting policies applied are consistent with those applied in the prior year, and that the presentation of the consolidated financial statements is in conformity with "Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28).

Accordingly, it is our opinion that the aforementioned consolidated financial statements of the Company and its consolidated subsidiaries present fairly their consolidated financial position as of March 31, 2002, and the consolidated results of their operations and their consolidated cash flows for the year then ended.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

# 1. Consolidated financial statements

## (1) Consolidated financial statements

### Consolidated balance sheets

Accounts	Notes	Prior Fiscal Year (As of March 31, 2002)		Current Fiscal Year (As of March 31, 2003)		
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)	
<b>Assets</b>						
<b>I. Current assets</b>						
1. Cash on hand and in banks	3		280,289		268,433	
2. Trade notes and accounts receivable	3					
	4		532,936		501,127	
3. Sales finance receivables	3		1,716,024		1,896,953	
4. Securities			30		1,420	
5. Finished goods			381,671		394,936	
6. Other inventories			152,380		148,672	
7. Deferred tax assets			180,432		176,571	
8. Other current assets			342,599		381,642	
9. Allowance for doubtful receivables			69,106		69,697	
Total current assets			3,517,255	48.7	3,700,057	50.3
<b>II. Fixed assets</b>						
1. Property, plant and equipment	1					
	3					
(1) Buildings and structures		554,007		522,835		
(2) Machinery, equipment and vehicles	2	1,183,892		1,195,085		
(3) Land		768,800		782,009		
(4) Construction in progress		156,652		253,959		
(5) Other		215,807	2,879,158	235,446	2,989,334	40.7
2. Intangible fixed assets			38,934	0.5	42,000	0.5
3. Investments and other assets						
(1) Investment securities	5	399,113		267,046		
(2) Long-term loans receivable		15,591		14,099		
(3) Deferred tax assets		231,697		191,262		
(4) Other assets		132,952		145,467		
(5) Allowance for doubtful receivables		2,375	776,978	2,219	615,655	8.4
Total fixed assets			3,695,070	51.2	3,646,989	49.6
<b>III. Deferred charges</b>						
Discounts on bonds			2,680		2,137	
Total deferred charges			2,680	0.1	2,137	0.1
Total assets			7,215,005	100.0	7,349,183	100.0

Accounts	Notes	Prior Fiscal Year (As of March 31, 2002)		Current Fiscal Year (As of March 31, 2003)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
<b>Liabilities</b>					
I. Current liabilities					
1. Trade notes and accounts payable	4	611,311		656,411	
2. Short-term borrowings and import bills payable	3	675,300		568,931	
3. Current portion of long-term borrowings	3	637,812		657,517	
4. Current portion of bonds		111,692		88,774	
5. Accrued expenses		378,962		390,953	
6. Deferred tax liabilities		16		6	
7. Other current liabilities		592,922		559,226	
Total current liabilities		3,008,015	41.7	2,921,818	39.8
II. Long-term liabilities					
1. Bonds and debentures		796,158		778,160	
2. Long-term borrowings	3	808,797		825,086	
3. Deferred tax liabilities		209,414		262,459	
4. Accrual for warranty costs		160,938		154,582	
5. Accrual for losses on business restructuring		49,591		0	
6. Accrued retirement benefits		400,342		433,266	
7. Other long-term liabilities		83,639		77,057	
Total long-term liabilities		2,508,879	34.8	2,530,610	34.4
Total liabilities		5,516,894	76.5	5,452,428	74.2
<b>Minority interests</b>					
Minority interests		77,289	1.0	88,451	1.2
<b>Shareholders' equity</b>					
I. Common stock		604,556	8.4	—	—
II. Additional paid-in capital		803,212	11.1	—	—
III. Consolidated retained earnings	6	430,751	6.0	—	—
IV. Unrealized holding gain on securities		4,406	0.1	—	—
V. Translation adjustments		221,973	3.1	—	—
VI. Treasury stock		130	0.0	—	—
Total shareholders' equity		1,620,822	22.5	—	—
I. Common stock	7	—	—	605,814	8.2
II. Capital surplus		—	—	804,470	10.9
III. Retained earnings	6	—	—	878,655	12.0
IV. Unrealized holding gain on securities		—	—	1,831	0.0
V. Translation adjustments		—	—	320,276	4.3
VI. Treasury stock	8	—	—	162,190	2.2
Total shareholders' equity		—	—	1,808,304	24.6
Total liabilities, minority interests and shareholders' equity		7,215,005	100.0	7,349,183	100.0

Consolidated statements of income

Accounts	Notes	Prior Fiscal Year 〔 From April 1, 2001 To March 31, 2002 〕		Current Fiscal Year 〔 From April 1, 2002 To March 31, 2003 〕			
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)		
I. Net sales	1		6,196,241	100.0		6,828,588	100.0
II. Cost of sales			4,547,314	73.4		4,872,324	71.4
Gross profit before adjustment of income from installment sales			1,648,927	26.6		1,956,264	28.6
III. Adjustment of income from installment sales							
1. Income from installment sales - deferred		335					
2. Income from installment sales - realized		1,123	788	0.0		0	0.0
Gross profit			1,649,715	26.6		1,956,264	28.6
IV. Selling, general and administrative expenses	1						
1. Freight and transportation			104,185			107,998	
2. Advertising expenses			180,126			180,619	
3. Service costs			22,386			17,442	
4. Provision for accrual for warranty costs			29,593			25,148	
5. Other selling expenses			188,204			227,564	
6. Salaries and wages			379,078			384,451	
7. Retirement benefit expenses			31,800			30,997	
8. Supplies			9,197			10,443	
9. Depreciation			51,879			50,411	
10. Provision for doubtful receivables			30,350			35,719	
11. Amortization of excess of cost over net assets acquired			1,891			409	
12. Other			131,811	1,160,500	18.7	147,833	1,219,034
Operating income			489,215	7.9		737,230	10.8
V. Non-operating income							
1. Interest income		12,250			7,566		
2. Dividend income		1,587			954		
3. Equity in earnings of affiliates		921			11,395		
4. Exchange gain		—			18,318		
5. Miscellaneous income		12,509	27,267	0.4	22,537	60,770	0.9
VI. Non-operating expenses							
1. Interest expense		34,267			25,060		
2. Exchange loss		1,895			—		
3. Amortization of net retirement benefit obligation at transition		23,925			23,923		
4. Loss on the net monetary position due to restatement		2,370			5,506		
5. Miscellaneous expenses		39,281	101,738	1.6	33,442	87,931	1.3
Ordinary income			414,744	6.7		710,069	10.4

Accounts	Notes	Prior Fiscal Year 〔 From April 1, 2001 To March 31, 2002 〕		Current Fiscal Year 〔 From April 1, 2002 To March 31, 2003 〕			
		Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
VII. Special gains	2						
1. Gain on sales of fixed assets		42,015		70,322			
2. Gain on sales of investment securities		16,897		9,199			
3. Prior period adjustments		3,604		5,684			
4. Other		4,584	67,100	1.1	4,038	89,243	1.3
VIII. Special losses	2						
1. Loss on disposal of fixed assets		11,285		15,587			
2. Loss on sales of fixed assets		13,786		11,526			
3. Loss on sales of investment securities		43,720		4,875			
4. Prior period adjustments		6,983		1,415			
5. Write-down of investments and receivables		26,051		1,440			
6. Special claim		—		11,400			
7. Loss from the return of substituted portion of the welfare pension fund plan		—		30,945			
8. Other	15,803	117,628	1.9	27,500	104,688	1.5	
Income before income taxes and minority interests			364,216	5.9		694,624	10.2
Corporate, inhabitants' and enterprise taxes		87,446			113,185		
Income taxes deferred		102,148	14,702	0.2	85,513	198,698	2.9
Income applicable to minority interests			6,656	0.1		761	0.0
Net income			372,262	6.0		495,165	7.3

## Consolidated statements of retained earnings

Accounts	Notes	Prior Fiscal Year (From April 1, 2001 To March 31, 2002)		Current Fiscal Year (From April 1, 2002 To March 31, 2003)	
		Amounts (Millions of yen)		Amounts (Millions of yen)	
I. Consolidated retained earnings at beginning of the period			87,626		—
II. Increase in consolidated retained earnings					
1. Increase due to inclusion in consolidation		14		—	
2. Revaluation reserve resulting from general price-level accounting recognized by Mexican consolidated subsidiary		1,455	1,469	—	—
. Decrease in consolidated retained earnings					
1. Dividends		27,841		—	
2. Bonus to directors and corporate auditors (Corporate auditors)		286 (1)		— (—)	
3. Decrease due to exclusion from consolidation		2,432		—	
4. Decrease due to decrease in affiliates accounted for by the equity method		47	30,606	—	—
. Net income			372,262		—
. Consolidated retained earnings at end of the period (Capital surplus)			430,751		—
I. Capital surplus at beginning of the period Additional paid-in capital at beginning of the period		—	—	803,212	803,212
II. Increase in capital surplus Increase due to conversion of convertible bonds of the Company		—	—	1,258	1,258
III. Capital surplus at end of the period (Retained earnings)			—		804,470
I. Retained earnings at beginning of the period Consolidated retained earnings at beginning of the period		—	—	430,751	430,751
II. Increase in retained earnings					
1. Net income		—		495,165	
2. Increase due to decrease in affiliates accounted for by the equity method		—		112	
3. Revaluation reserve resulting from general price-level accounting recognized by consolidated subsidiaries		—	—	14,464	509,741
III. Decrease in retained earnings					
1. Dividends		—		50,800	
2. Bonus to directors and corporate auditors		—		407	
3. Decrease due to decrease in affiliates accounted for by the equity method		—		7,966	
4. Loss on disposal of treasury stock		—	—	2,664	61,837
. Retained earnings at end of the period			—		878,655

## Consolidated statements of cash flows

Accounts	Notes	Prior Fiscal Year	Current Fiscal Year
		(From April 1, 2001 To March 31, 2002)	(From April 1, 2002 To March 31, 2003)
		Amounts (Millions of yen)	Amounts (Millions of yen)
<b>I. Cash flows from operating activities</b>			
Income before income taxes and minority interests		364,216	694,624
Depreciation and amortization (fixed assets excluding leased vehicles)		199,550	204,210
Depreciation and amortization (other assets)		6,064	8,545
Depreciation and amortization (leased vehicles)		169,213	158,370
Increase (decrease) in allowance for doubtful receivables		39,273	503
Unrealized loss on investments		6,757	769
Interest and dividend income		13,837	8,520
Interest expense		102,656	80,255
Gain on sales of property, plant and equipment		28,229	58,796
Loss on disposal of property, plant and equipment		11,285	15,587
Loss (gain) on sales of investment securities		26,823	4,324
Decrease in trade notes and accounts receivable		7,334	44,989
Increase in sales finance receivables		434,665	327,357
Decrease (increase) in inventories		53,162	28,404
Increase in trade notes and account payable		78,255	36,877
Amortization of net retirement benefit obligation at transition		23,925	23,923
Retirement benefit expenses		60,870	100,629
Retirement benefit payments made against related accrual		81,326	86,917
Payments of business restructuring cost made against related accrual		9,213	4,644
Other		172,448	77,897
Subtotal		409,665	771,416
Interest and dividends received		11,483	8,238
Interest paid		104,958	80,902
Income taxes paid		93,976	123,374
Net cash provided by operating activities		222,214	575,378
<b>II. Cash flows from investing activities</b>			
Net decrease in short-term investments		3,411	789
Purchases of fixed assets		293,800	377,929
Proceeds from sales of property, plant and equipment		108,935	98,699
Purchase of leased vehicles		396,213	483,704
Proceeds from sales of leased vehicles		185,152	259,075
Decrease in long-term loans receivable		6,978	13,097
Increase in long-term loans receivable		8,730	11,343
Purchase of investment securities		230,397	32,053
Proceeds from sales of investment securities		99,666	45,263
Proceeds from sales of subsidiaries' stock resulting in changes in the scope of consolidation	2	13,639	8,395
Additional acquisition of shares of consolidated subsidiaries		2,634	692
Other		10,396	34,971
Net cash used in investing activities		524,389	515,374
<b>III. Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings		308,869	54,310
Increase in long-term borrowings		631,451	534,053
Increase in bonds and debentures		246,822	85,000
Repayment or redemption of long-term debt		1,092,066	524,115
Proceeds from issuance of new shares of common stock		220,899	—
Purchase of treasury stock		—	58,383
Proceeds from sales of treasury stock		2,324	5,670
Repayment of lease obligations		9,543	9,879
Cash dividends paid		27,841	50,800
Net cash provided by (used in) financing activities		280,915	72,764
<b>IV. Effects of exchange rate changes on cash and cash equivalents</b>		10,371	654
<b>V. Decrease in cash and cash equivalents</b>		10,889	12,106
<b>VI. Cash and cash equivalents at beginning of the year</b>		288,536	279,653
<b>VII. Increase due to inclusion in consolidation</b>		2,006	2,297
<b>VIII. Decrease due to exclusion from consolidation</b>		—	27
<b>IX. Cash and cash equivalents at end of the year</b>	1	279,653	269,817



## Significant accounting policies

Prior fiscal year ( From April 1, 2001 To March 31, 2002 )	Current fiscal year ( From April 1, 2002 To March 31, 2003 )
1. Scope of consolidation	1. Scope of consolidation
(1) Number of consolidated companies 297	(1) Number of consolidated companies 234
<ul style="list-style-type: none"> <li>• Domestic companies 212</li> </ul> <p>Sales companies for vehicles and parts Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Satio Osaka, Nissan Prince Tokyo Motor Sales, Nissan Parts Tokyo Kanagawa Sales and 186 other sales companies</p> <p>Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO TransTechnology Ltd., and 2 other companies</p> <p>Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 13 other companies</p> <ul style="list-style-type: none"> <li>• Foreign companies 85</li> </ul> <p>Nissan North America, Inc., Nissan Europe N.V., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 81 other companies</p> <p>3 newly established subsidiaries, including Nissan Business Center Aichi Co., Ltd., have been consolidated. Nissan do Brasil Automoveis Ltda. and Nissan Satio Nara Co., Ltd., for which the cost method was applied are consolidated because their importance has increased. 8 companies such as Nissan Satio Tokyo Co., Ltd. merged with other subsidiaries, 4 companies such as Nissan Texsys Co., Ltd. were liquidated. 9 companies such as Nissan Altia were sold and became nonrelated parties, and consequently, have been excluded from consolidation.</p>	<ul style="list-style-type: none"> <li>• Domestic companies 146</li> </ul> <p>Sales companies for vehicles and parts Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Satio Osaka, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 118 other sales companies</p> <p>Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., and 2 other companies</p> <p>Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 15 other companies</p> <ul style="list-style-type: none"> <li>• Foreign companies 88</li> </ul> <p>Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 84 other companies</p> <p>Diamondmatic Co., Ltd which became a subsidiary by acquisition of its shares, and newly established subsidiaries including Nissan Europe S.A.S., and 2 other companies have been consolidated. P.T. Nissan Motor Indonesia and 2 other companies, which were accounted for by the equity method in the prior year have been consolidated because they have become material. Nissan Satio Fukuoka Co., Ltd. and 3 other companies merged with other subsidiaries. Sashin Tokyo Shoji Co., Ltd. and 60 other companies were liquidated. Rhythm Co., Ltd. and 2 other companies were sold and consequently have been excluded from consolidation. Nissan Business Center Gifu Co., Ltd. and another company have become unconsolidated subsidiaries not accounted for by the equity method, because their importance have decreased.</p>
(2) Unconsolidated subsidiaries 191	(2) Unconsolidated subsidiaries 159
<ul style="list-style-type: none"> <li>• Domestic companies 154</li> </ul> <p>Nissan Marine Co., Ltd., Rhythm Kyushu Co., Ltd., and others</p> <ul style="list-style-type: none"> <li>• Foreign companies 37</li> </ul> <p>P.T. Nissan Motor Indonesia and others</p> <p>These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.</p>	<ul style="list-style-type: none"> <li>• Domestic companies 132</li> </ul> <p>Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others</p> <ul style="list-style-type: none"> <li>• Foreign companies 27</li> </ul> <p>Nissan Technical Center Europe S.A. (Brussels), and others.</p> <p>These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.</p>
2. Equity method	2. Equity method
(1) Companies accounted for by the equity method 49	(1) Companies accounted for by the equity method 40
<ul style="list-style-type: none"> <li>• Unconsolidated subsidiaries 17</li> </ul> <p>(6 domestic and 11 foreign companies)</p> <p>Nissan Marine Co., Ltd., P.T. Nissan Motor Indonesia and others</p> <p>2 affiliates such as Indonesia Nissan Motor Co., Ltd., accounted for by the equity method have become unconsolidated subsidiaries following additional acquisitions of interests in the companies. Nissan Autovertrieb Essen GmbH merged and Nissan Treading L.A.S.A. was liquidated.</p>	<ul style="list-style-type: none"> <li>• Unconsolidated subsidiaries 11</li> </ul> <p>(5 domestic and 6 foreign companies)</p> <p>Nissan Marine Co., Ltd., Nissan Technical Center Europe S.A. (Brussels) and others</p> <p>Nissan Teildepot Mitte GmbH has become an unconsolidated subsidiary accounted for by the equity method following additional acquisition of shares. Nissan Design Europe Limited was newly established and has also become an unconsolidated subsidiary accounted for by the equity method.</p> <p>Siam Nissan Casting Co., Ltd. and 3 other companies, formerly accounted for by the equity method, have been excluded from the scope of consolidation following sale of shares. 3 affiliates such as P.T. Nissan Motor Indonesia, formerly accounted for by the equity method, have become fully consolidated subsidiaries as they have become material. Nissan Parts Yamanashi Sales Co., Ltd. merged with another company.</p>

Prior fiscal year 〔 From April 1, 2001 To March 31, 2002 〕	Current fiscal year 〔 From April 1, 2002 To March 31, 2003 〕
<ul style="list-style-type: none"> <li>• Affiliates 32 (26 domestic and 6 foreign companies) Nissan Diesel Motor Co., Ltd., Calsonic Kansei Co., Ltd. and others</li> </ul> <p>Nissan Parts Saitama Sales Co., Ltd., fully consolidated in the prior year, is now accounted for by the equity method as the percentage of voting right decreased due to the sales of shares of Nissan Satio Saitama Co., Ltd. 2 affiliated companies accounted for by the equity method such as Indonesia Nissan Motor Co., Ltd have become subsidiaries accounted for by the equity method following additional acquisitions of shares.</p> <p>4 affiliated companies such as Kiriu Co., Ltd. (former Kiryu Machine Co., Ltd.) were sold and consequently excluded from the scope of consolidation. These companies were accounted for by the equity method until the prior fiscal year.</p>	<ul style="list-style-type: none"> <li>• Affiliates 29 (21 domestic and 8 foreign companies) Nissan Diesel Motor Co., Ltd., Calsonic Kansei Co., Ltd. and others</li> </ul> <p>Renault has become an affiliate following additional acquisition of shares, and is now accounted for by the equity method. Nissan Vehicle Distributors Co., Ltd., an affiliate which was not formerly accounted for by the equity method, is now accounted for by the equity method. 5 companies including Unipres Corporation have been excluded from the scope of consolidation because their shares were sold and they were no longer affiliates. These companies were accounted for by the equity method until the prior fiscal year.</p>
<p>(2) Companies not accounted for by the equity method 207</p> <ul style="list-style-type: none"> <li>• Unconsolidated subsidiaries 174 Rhythm Kyushu Co., Ltd. and others</li> <li>• Affiliates 33 Tonox Co., Ltd. and others</li> </ul> <p>These companies are not accounted for by the equity method as their impact is not significant on the consolidated net income or loss and consolidated retained earnings.</p>	<p>(2) Companies not accounted for by the equity method 181</p> <ul style="list-style-type: none"> <li>• Unconsolidated subsidiaries 148 Nissan Human Resources Development Center Inc. and others</li> <li>• Affiliates 33 Tonox Co., Ltd. and others</li> </ul> <p>These companies are not accounted for by the equity method as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others.</p>
<p>(3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.</p>	<p>(3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.</p>
<p>3. Accounting period of consolidated subsidiaries</p> <p>(1) The following consolidated companies close their books of account at:</p> <p>December 31: Nissan Mexicana, S.A. de C.A. Nissan Europe N.V. and its 24 subsidiaries Nissan Forklift Europe B.V. Nissan Forklift Espagna S.A. Nissan Forklift Co., North America Nissan Trading Europe Nissan Trading America and its subsidiary Nissan Motor Company South Africa (Pty) Ltd. and its 14 subsidiaries Nissan do Brasil Automoveis Ltda. Nissan international Finance (Netherlands) B.V.</p> <p>January 31: Yokohama Marinos Co., Ltd.</p>	<p>3. Accounting period of consolidated subsidiaries</p> <p>(1) The following consolidated companies close their books of account at:</p> <p>December 31: Nissan Mexicana, S.A. de C.A. Nissan Europe S.A.S. and its 24 subsidiaries Nissan Forklift Europe B.V. Nissan Forklift Espagna S.A. Nissan Forklift Co., North America Nissan Trading Europe Nissan Trading America Nissan Motor Company South Africa (Pty) Ltd. and its 14 subsidiaries Nissan do Brasil Automoveis Ltda. P.T. Nissan Motor Indonesia</p> <p>January 31: Yokohama Marinos Co., Ltd.</p>
<p>(2) The necessary adjustments are made to the financial statements of these companies to reflect any significant transactions.</p>	<p>(2) The necessary adjustments are made to the financial statements of these companies to reflect any significant transactions.</p>
<p>4. Significant accounting policies</p> <p>(1) Valuation methods for assets</p> <p>Securities</p> <p>Held-to-maturity securities: Held-to maturity securities are stated at amortized cost</p> <p>Other securities: Marketable securities: 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, directly included in shareholders' equity. Costs of securities sold is calculated by the moving average method.</p> <p>Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method.</p>	<p>4. Significant accounting policies</p> <p>(1) Valuation methods for assets</p> <p>Securities</p> <p>Same as prior fiscal year.</p>

<p style="text-align: center;">Prior fiscal year  <span style="font-size: small;">( From April 1, 2001  To March 31, 2002 )</span></p>	<p style="text-align: center;">Current fiscal year  <span style="font-size: small;">( From April 1, 2002  To March 31, 2003 )</span></p>
<p>Derivatives</p> <p>Derivatives are carried at fair value except for forward foreign exchange contracts entered in order to hedge receivables and payables denominated in foreign currencies.</p> <p>Finished goods</p> <p>Finished goods are stated principally at the lower of cost or market, cost being determined by the average method.</p> <p>Other inventories</p> <p>Work in process and purchased parts included in raw materials are principally stated at the lower of cost or market, cost being determined by the average method.</p> <p>Raw materials except for purchased parts and supplies are principally stated at lower of cost or market, cost being determined by the last-in, first-out method.</p> <p>(2) Depreciation of property, plant and equipment</p> <p>Depreciation of property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company.</p> <p>(3) Basis for significant reserves</p> <p>Allowance for doubtful receivables</p> <p>Allowance for doubtful receivables is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty.</p> <p>Accrual for warranty costs</p> <p>Accrual for warranty is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.</p> <p>Accrual for losses on business restructuring</p> <p>Accrual for losses on business restructuring is provided to cover the costs reasonably estimated to be incurred for business restructuring based on the Nissan Revival Plan.</p> <p>Accrued retirement benefits</p> <p>Accrued retirement benefits are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.</p> <p>The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.</p> <p>Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p> <p>Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p>	<p>Derivatives</p> <p>Same as prior fiscal year.</p> <p>Finished goods</p> <p>Same as prior fiscal year.</p> <p>Other inventories</p> <p>Same as prior fiscal year.</p> <p>(2) Depreciation of property, plant and equipment</p> <p>Same as prior fiscal year.</p> <p>(3) Basis for significant reserves</p> <p>Allowance for doubtful receivables</p> <p>Same as prior fiscal year.</p> <p>Accrual for warranty costs</p> <p>Same as prior fiscal year.</p> <p>Accrual for losses on business restructuring</p> <p>Same as prior fiscal year.</p> <p>Accrued retirement benefits</p> <p>Same as prior fiscal year.</p>

<p style="text-align: center;">Prior fiscal year  <span style="font-size: small;">〔 From April 1, 2001  To March 31, 2002 〕</span></p>	<p style="text-align: center;">Current fiscal year  <span style="font-size: small;">〔 From April 1, 2002  To March 31, 2003 〕</span></p>
<p>(4) Foreign currency translation</p> <p>Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statement of operations.</p> <p>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. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Translation adjustments are presented as a separate component of shareholders' equity.</p> <p>(5) Lease accounting</p> <p>Noncancelable lease transactions are primarily accounted for as operating leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.</p> <p>(6) Hedge accounting</p> <p>Hedge accounting</p> <p>Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.</p> <p>When forward foreign exchange contracts and other derivatives transactions are entered into in order to hedge receivables and payables denominated in foreign currencies, such receivables and payables are recorded at the contract rates.</p> <p>Hedging instruments and hedged items</p> <ul style="list-style-type: none"> <li>· Hedging instruments.....Derivative transactions</li> <li>· Hedged items.....Hedged items are subject to the risk of loss as a result of market fluctuation and such changes are not reflected in their valuation</li> </ul> <p>Hedging policy</p> <p>It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.</p> <p>Assessment of hedge effectiveness</p> <p>Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the hedged items.</p> <p>Risk management policy with respect to hedge accounting</p> <p>The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."</p> <p>(7) Accounting for consumption tax</p> <p>Transactions subject to consumption tax, are recorded at amounts exclusive of consumption tax.</p>	<p>(Additional Information)</p> <p>In accordance with the revision of Welfare Pension Insurance Law of Japan, on March 1, 2003, the Company received approval from the Minister of Health, Labor and Welfare with respect to its application for exemption from the obligation for benefits related to future employee services under the substitutional portion of the welfare pension fund plan (WFPF).</p> <p>In accordance with the transition provision prescribed by Article 47-2 of "Practical Guidelines for Accounting for Retirement Benefits (Interim Report)" ( Accounting Committee Report No.13 ) issued by the Accounting Committee of the Japanese Institute of Certified Public Accountants, the Company recognized a loss from the return of substitutional portion of WFPF by reducing the retirement benefit obligation and the pension plan assets related to such substitutional portion as of the date when the Company received the permission. The effect of this treatment on operating results was described in the note for retirement benefits.</p> <p>(4) Foreign currency translation</p> <p>Same as prior fiscal year.</p> <p>(5) Lease accounting</p> <p>Same as prior fiscal year.</p> <p>(6) Hedge accounting</p> <p>Hedge accounting</p> <p>Same as prior fiscal year.</p> <p>Hedging instruments and hedged items</p> <p>Same as prior fiscal year.</p> <p>Hedging policy</p> <p>Same as prior fiscal year.</p> <p>Assessment of hedge effectiveness</p> <p>Same as prior fiscal year.</p> <p>Risk management policy with respect to hedge accounting</p> <p>Same as prior fiscal year.</p> <p>(7) Accounting for consumption tax</p> <p>Same as prior fiscal year..</p>

Prior fiscal year ( From April 1, 2001 To March 31, 2002 )	Current fiscal year ( From April 1, 2002 To March 31, 2003 )
<p>(8) Accounting policies adopted by foreign consolidated subsidiaries</p> <p>The financial statements of the Company's subsidiary in Mexico have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in Mexico in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in retained earnings.</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries</p> <p>Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value.</p> <p>6. Amortization of differences between cost and underlying net equity at fair value</p> <p>Differences, not significant in amount, between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies accounted for by the equity method have been charged or credited to income in the year of acquisition.</p> <p>7. Appropriation of retained earnings</p> <p>The appropriation of retained earnings is reflected in each fiscal year when such appropriation is made by resolution of the shareholders.</p> <p>8. Cash and cash equivalents in the consolidated statements of cash flows</p> <p>Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.</p>	<p>(8) Accounting policies adopted by foreign consolidated subsidiaries</p> <p>The financial statements of the Company's subsidiaries in Mexico and other countries 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.</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries</p> <p>Same as prior fiscal year.</p> <p>6. Amortization of differences between cost and underlying net equity at fair value</p> <p>Differences between cost and underlying net equity at fair value of investments in consolidated subsidiaries and in companies accounted for by the equity method have been amortized over periods not exceeding 20 years determined based on their materiality. However, immaterial differences are charged or credited to income in the year of acquisition.</p> <p>7. Appropriation of retained earnings</p> <p>Same as prior fiscal year.</p> <p>8. Cash and cash equivalents in the consolidated statements of cash flows</p> <p>Same as prior fiscal year.</p> <p>9. Accounting Standard for Treasury Stock and Reduction of Legal Reserves</p> <p>Effective April 1, 2002, the Company adopted "Accounting Standard for Treasury Stock and Reduction of Legal Reserves" (Accounting Standard No.1). The effect of the adoption of the new standard on operating results was immaterial for the current fiscal year. Following the revision for Regulations for Consolidated Financial Statements the Company changed the presentation of the shareholders' equity in the consolidated balance sheet and the consolidated statement of retained earnings in accordance with the revised regulation.</p> <p>10. Per Share Data</p> <p>Effective April 1, 2002, the Company adopted "Accounting Standard for Earnings per Share" (Accounting Standard No.2) and "Implementation Guidance on Accounting Standards for Earnings per Share" (Accounting Implementation Guidance No.4). The effect of the adoption of these accounting standard and guidance on net income and net assets per share was immaterial for the current fiscal year.</p>

(Changes in presentations)

Prior fiscal year ( From April 1, 2000 To March 31, 2001 )	Current fiscal year ( From April 1, 2001 To March 31, 2002 )
(Consolidated statement of cash flows)	
<p>(1) Until the year ended March 31, 2001, depreciation of fixed assets except for leased vehicles and that of other assets were presented together as "Depreciation and amortization (excluding leased vehicles)" in the section of "Cash flows from operating activities." Effective the year ended March 31, 2002 they have been presented separately for a better presentation as "Depreciation and amortization relating to Leased assets" and "Depreciation and amortization relating to Other assets." "Depreciation and amortization (excluding leased vehicles)" of ¥227,046 million in the prior fiscal year were composed of "Depreciation and amortization relating to fixed assets without leased assets" of ¥206,200 million and "Depreciation and amortization of Other assets" of ¥20,846 million.</p> <p>(2) In the prior fiscal year, "Unrealized loss on leased vehicles in the United States (to be realized in future periods)" were presented separately, since such amount has become insignificant, it is included in "Other" of the section "Cash flows from operating activities" in this fiscal year.</p> <p>(3) From this fiscal year, "Purchase of property, plant and equipment" and "Purchase of intangible fixed assets" are presented together as "Purchase of fixed assets" in the section "Investing activities." "Purchase of fixed assets" in the current fiscal year includes ¥10,300 million of "Purchase of intangible fixed assets."</p> <p>(4) In the prior fiscal year, purchase of and proceeds from sales of leased vehicles were presented in net amount as "Increase in leased assets" in the section "Cash flows from investing activities." From this fiscal year, "Purchase of leased vehicles" and "Proceeds from sales of leased vehicles" are presented separately for a better presentation. "Increase in leased assets" of ¥ 170,146 million in the prior fiscal year was composed of "Purchase of leased vehicles" of ¥ 362,781 million and of "Proceeds from sales of leased vehicles" of ¥192,635 million.</p>	<hr style="width: 20%; margin: auto;"/>

(Supplemental information)

Prior fiscal year ( From April 1, 2001 To March 31, 2002 )	Current fiscal year ( From April 1, 2002 To March 31, 2003 )
<p>(Consolidated statement of income)</p> <p>Accounting for sales incentives</p> <p>In accordance with a new accounting standard for sales incentives which became effective the year ended March 31, 2002 in the United States, certain sales promotion expenses (i.e., incentives paid in cash based on sales volume) of subsidiaries in the United States and Mexico, which had previously been included in selling, general and administrative expenses, have been accounted for as deductions from sales. As a result of this change, sales and gross profit decreased by ¥98,920 million as compared with the corresponding amounts for the previous year. However, this change had no impact on operating income, ordinary income and income before income taxes and minority interests.</p> <p>The effect of this change on segment information is explained in the notes to the segment information.</p>	

Notes to consolidated financial statements

(For consolidated balance sheets)

(Millions of yen)

Prior fiscal year (As of March 31, 2002)			Current fiscal year (As of March 31, 2003)				
1.	1	Accumulated depreciation of property, plant and equipment	¥3,332,394	1.	1	Accumulated depreciation of property, plant and equipment	¥3,211,740
2.	2	Machinery, equipment and vehicles included certain items in the amount of ¥797,808 million leased to others under lease agreements.		2.	2	Machinery, equipment and vehicles included certain items in the amount of ¥774,251 million leased to others under lease agreements.	
3.	3	These assets included the following assets pledged as collateral:		3.	3	These assets included the following assets pledged as collateral:	
	(1)	Assets pledged as collateral:			(1)	Assets pledged as collateral:	
		Cash in banks	¥ 12			Cash in banks	¥ 38
		Note and accounts receivable	2,635			Sales financing receivables	1,076,738
		Sales financing receivables	1,002,620			Property, plant and equipment	554,341
		Property, plant and equipment	557,835			Total	¥1,631,117
		Total	¥1,563,102				
	(2)	Liabilities secured by the above collateral:			(2)	Liabilities secured by the above collateral:	
		Short-term borrowings	¥ 450,550			Short-term borrowings	¥ 375,758
		Long-term borrowings	926,113			Long-term borrowings	1,039,807
		(including the current portion)				(including the current portion)	
		Total	¥1,376,663			Total	¥1,415,565
		In addition to the above, lease payments receivable on the leased assets totaling ¥583 million, which were not reflected in the accompanying consolidated balance sheet, were pledged as collateral for short-term borrowings of ¥500 million, and property, plant and equipment in the amount of ¥2,692 million were pledged as collateral for loans payable of unconsolidated subsidiaries of ¥2,082 million, which were not included in the accompanying consolidated balance sheet. Investment in subsidiaries totaling ¥44,366 million, which were eliminated in the consolidation process, were pledged as collateral for long-term borrowings of affiliates of ¥17,006 million, which were not reflected in the accompanying consolidated balance sheet.				In addition to the above, investment in subsidiaries totaling ¥42,423 million, which were eliminated in consolidation, were pledged as collateral for long-term borrowings of affiliates of ¥12,240 million, which were not reflected in the accompanying consolidated balance sheet.	
4.		Notes receivable discounted with banks outstanding as of March 31, 2002	¥1,047	4.		Notes receivable discounted with banks outstanding as of March 31, 2003	¥816
5.		Guarantees and others		5.		Guarantees and others	
	(1)	Guarantees			(1)	Guarantees	
		Guarantees	Balance of liabilities guaranteed			Guarantees	Balance of liabilities guaranteed
		Employees	¥193,178			Employees	¥193,389
		AG Global Private Ltd. Co., and 814 other companies	41,792			AG Global Private Ltd. Co., and 688 other companies	39,291
		Total	¥234,970			Total	¥232,680
		These loans were fully covered by insurance.				These loans were fully covered by insurance.	
	(2)	Commitments to provide guarantees			(2)	Commitments to provide guarantees	
		Guarantees	Balance of commitments to provide guarantees			Guarantees	Balance of commitments to provide guarantees
		MONC LIBERIA, INC and 3 other companies	¥3,849			MONC LIBERIA, INC and 2 other companies	¥3,296
			Commitments to provide guarantees for loans				Commitments to provide guarantees for loans



Prior fiscal year (As of March 31, 2002)	Current fiscal year (As of March 31, 2003)																																																		
<p>(3) Letters of awareness</p> <p>The Company provided letters of awareness to financial institutions regarding the indebtedness of the following company:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Company covered</th> <th style="text-align: center; border-bottom: 1px solid black;">Liabilities covered</th> </tr> </thead> <tbody> <tr> <td>P.T. Nissan Motor Indonesia</td> <td style="text-align: right;">¥785</td> </tr> <tr> <td>JATCO EUROPE GMBH</td> <td style="text-align: right;">10</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right; border-top: 1px solid black;">¥795</td> </tr> </tbody> </table> <p>(4) Letters of awareness regarding sales of trade receivables</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Total trade receivables sold</td> <td style="text-align: right;">¥58,742</td> </tr> </tbody> </table> <p>(5) Outstanding balance of installment receivables sold with recourse</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">¥264</td> </tr> </tbody> </table> <p>6. 4 Balance of notes maturing on a holiday</p> <p>Notes maturing on the consolidated balance sheet date have been eliminated from the consolidated balance sheet as of the date on which the notes were actually settled. As March 31, 2002 was a holiday, the following notes maturing on March 31, 2002 have been included in the consolidated balance sheet:</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Notes receivable</td> <td style="text-align: right;">¥4,733</td> </tr> <tr> <td>Notes payable</td> <td style="text-align: right;">2,190</td> </tr> </tbody> </table> <p>7. 5 Investments in unconsolidated subsidiaries and affiliates</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Investments in stock of unconsolidated subsidiaries and affiliates</td> <td style="text-align: right;">¥112,969</td> </tr> <tr> <td>Investments in bonds issued by affiliates</td> <td style="text-align: right;">5,000</td> </tr> </tbody> </table> <p>8. 6 Consolidated retained earnings</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Revaluation adjustments resulting from general price-level accounting</td> <td style="text-align: right;">¥3,507</td> </tr> </tbody> </table> <p>9. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Total credit lines of overdrafts and loans</td> <td style="text-align: right;">¥15,749</td> </tr> <tr> <td>Loans receivable outstanding</td> <td style="text-align: right;">2,615</td> </tr> <tr> <td style="text-align: center;">Unused credit lines</td> <td style="text-align: right; border-top: 1px solid black;">¥13,134</td> </tr> </tbody> </table> <p>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.</p>	Company covered	Liabilities covered	P.T. Nissan Motor Indonesia	¥785	JATCO EUROPE GMBH	10	Total	¥795	Total trade receivables sold	¥58,742		¥264	Notes receivable	¥4,733	Notes payable	2,190	Investments in stock of unconsolidated subsidiaries and affiliates	¥112,969	Investments in bonds issued by affiliates	5,000	Revaluation adjustments resulting from general price-level accounting	¥3,507	Total credit lines of overdrafts and loans	¥15,749	Loans receivable outstanding	2,615	Unused credit lines	¥13,134	<p>(3) Letters of awareness</p> <p>The Company provided letters of awareness to financial institutions regarding the indebtedness of the following company:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Company covered</th> <th style="text-align: center; border-bottom: 1px solid black;">Liabilities covered</th> </tr> </thead> <tbody> <tr> <td>P.T. Nissan Motor Distributor Indonesia</td> <td style="text-align: right;">¥75</td> </tr> </tbody> </table> <p>(4) Letters of awareness regarding sales of trade receivables</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Total trade receivables sold</td> <td style="text-align: right;">¥121,007</td> </tr> </tbody> </table> <p>(5) Outstanding balance of installment receivables sold with recourse</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">¥240</td> </tr> </tbody> </table> <p>6. 5 Investments in unconsolidated subsidiaries and affiliates</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Investments in stock of unconsolidated subsidiaries and affiliates</td> <td style="text-align: right;">¥231,404</td> </tr> <tr> <td>Investments in bonds issued by affiliates</td> <td style="text-align: right;">5,000</td> </tr> </tbody> </table> <p>7. 6 Retained earnings</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Revaluation adjustments resulting from general price-level accounting</td> <td style="text-align: right;">¥17,971</td> </tr> </tbody> </table> <p>8. 7 Number of shares issued</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Common stock</td> <td style="text-align: right;">4,520,715 thousands shares</td> </tr> </tbody> </table> <p>9. 8 Number of treasury stock held</p> <p>Number of treasury stock held by consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for by the equity method amounted to 301,599 thousand shares of common stock.</p> <p>10. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Total credit lines of overdrafts and loans</td> <td style="text-align: right;">¥39,151</td> </tr> <tr> <td>Loans receivable outstanding</td> <td style="text-align: right;">3,361</td> </tr> <tr> <td style="text-align: center;">Unused credit lines</td> <td style="text-align: right; border-top: 1px solid black;">¥35,790</td> </tr> </tbody> </table> <p>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.</p>	Company covered	Liabilities covered	P.T. Nissan Motor Distributor Indonesia	¥75	Total trade receivables sold	¥121,007		¥240	Investments in stock of unconsolidated subsidiaries and affiliates	¥231,404	Investments in bonds issued by affiliates	5,000	Revaluation adjustments resulting from general price-level accounting	¥17,971	Common stock	4,520,715 thousands shares	Total credit lines of overdrafts and loans	¥39,151	Loans receivable outstanding	3,361	Unused credit lines	¥35,790
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(For consolidated statements of income)

(Millions of yen)

Prior fiscal year 〔 From April 1, 2001 To March 31, 2002 〕		Current fiscal year 〔 From April 1, 2002 To March 31, 2003 〕	
1. 1	Total research and development costs  Research and development costs included in manufacturing costs and selling, general and administrative expenses  ¥262,121	1. 1	Total research and development costs  Research and development costs included in manufacturing costs and selling, general and administrative expenses  ¥300,330
2. 2	Gain and loss on sales of property, plant and equipment primarily resulted from sale of land and buildings in the amount of ¥40,029 million and ¥12, 272million, respectively..	2. 2	Gain and loss on sales of property, plant and equipment primarily resulted from sale of land and buildings in the amount of ¥65,424 million and ¥6,164million, respectively..

(For consolidated statements of cash flows)

(Millions of yen)

Prior fiscal year 〔 From April 1, 2001 To March 31, 2002 〕	Current fiscal year 〔 From April 1, 2002 To March 31, 2003 〕																																				
<p>1. 1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows:</p> <p>As of March 31, 2002:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash on hand and in banks</td> <td style="text-align: right;">¥280,289</td> </tr> <tr> <td>Time deposits with maturities of more than three months</td> <td style="text-align: right; border-bottom: 1px solid black;">636</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right; border-bottom: 3px double black;">¥279,653</td> </tr> </table>	Cash on hand and in banks	¥280,289	Time deposits with maturities of more than three months	636	Cash and cash equivalents	¥279,653	<p>1. 1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows:</p> <p>As of March 31, 2003:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash on hand and in banks</td> <td style="text-align: right;">¥268,433</td> </tr> <tr> <td>Time deposits with maturities of more than three months</td> <td style="text-align: right; border-bottom: 1px solid black;">35</td> </tr> <tr> <td>Cash equivalents included in securities (*)</td> <td style="text-align: right; border-bottom: 1px solid black;">1,419</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right; border-bottom: 3px double black;">¥269,817</td> </tr> </table> <p>* This represents short-term highly liquid investments readily convertible into cash held by foreign subsidiaries.</p>	Cash on hand and in banks	¥268,433	Time deposits with maturities of more than three months	35	Cash equivalents included in securities (*)	1,419	Cash and cash equivalents	¥269,817																						
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<p>2. 2 Summary of assets and liabilities of companies excluded from consolidation following the sale of their stock</p> <p>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 Nissan Altia Co., Ltd., and 8 other companies:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">¥ 46,516</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">51,729</td> </tr> <tr> <td>Gain on sales of investment securities</td> <td style="text-align: right;">2,048</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">53,027</td> </tr> <tr> <td>Long-term liabilities</td> <td style="text-align: right;">24,526</td> </tr> <tr> <td>Minority interests in consolidated subsidiaries</td> <td style="text-align: right; border-bottom: 1px solid black;">6,612</td> </tr> <tr> <td>Proceeds from sales of stock</td> <td style="text-align: right;">16,128</td> </tr> <tr> <td>Cash and cash equivalents held by subsidiaries</td> <td style="text-align: right; border-bottom: 1px solid black;">2,489</td> </tr> <tr> <td>Net proceeds</td> <td style="text-align: right; border-bottom: 3px double black;">¥ 13,639</td> </tr> </table>	Current assets	¥ 46,516	Fixed assets	51,729	Gain on sales of investment securities	2,048	Current liabilities	53,027	Long-term liabilities	24,526	Minority interests in consolidated subsidiaries	6,612	Proceeds from sales of stock	16,128	Cash and cash equivalents held by subsidiaries	2,489	Net proceeds	¥ 13,639	<p>2. 2 Summary of assets and liabilities of companies excluded from consolidation following the sale of their stock</p> <p>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 Co., Ltd., and 2 other companies:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">¥22,561</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">7,493</td> </tr> <tr> <td>Loss on sales of investment securities</td> <td style="text-align: right;">1,765</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">11,991</td> </tr> <tr> <td>Long-term liabilities</td> <td style="text-align: right;">5,366</td> </tr> <tr> <td>Minority interests in consolidated subsidiaries</td> <td style="text-align: right; border-bottom: 1px solid black;">1,962</td> </tr> <tr> <td>Proceeds from sales of stock</td> <td style="text-align: right;">8,970</td> </tr> <tr> <td>Cash and cash equivalents held by subsidiaries</td> <td style="text-align: right; border-bottom: 1px solid black;">575</td> </tr> <tr> <td>Net proceeds</td> <td style="text-align: right; border-bottom: 3px double black;">¥8,395</td> </tr> </table>	Current assets	¥22,561	Fixed assets	7,493	Loss on sales of investment securities	1,765	Current liabilities	11,991	Long-term liabilities	5,366	Minority interests in consolidated subsidiaries	1,962	Proceeds from sales of stock	8,970	Cash and cash equivalents held by subsidiaries	575	Net proceeds	¥8,395
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(Millions of yen)

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Finance lease transactions except for those lease agreements which stipulate the transfer of ownership of the leased assets to the lessee</p> <p>(1) The pro forma amounts of the acquisition costs, accumulated depreciation and net book value of the leased assets were as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Acquisition costs</th> <th style="text-align: center;">Accumulated depreciation</th> <th style="text-align: center;">Net book value</th> </tr> </thead> <tbody> <tr> <td>Machinery, equipment and vehicles</td> <td style="text-align: right;">¥ 64,835</td> <td style="text-align: right;">¥ 22,940</td> <td style="text-align: right;">¥41,895</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">132,844</td> <td style="text-align: right;">77,903</td> <td style="text-align: right;">54,941</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">¥197,679</td> <td style="text-align: right;">¥100,843</td> <td style="text-align: right;">¥96,836</td> </tr> </tbody> </table> <p>(2) Future minimum lease payments subsequent to March 31, 2002 are summarized as follows:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Due in one year or less</td> <td style="text-align: right;">¥37,437</td> </tr> <tr> <td>Due after one year</td> <td style="text-align: right;">61,152</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">¥98,589</td> </tr> </table> <p>(3) Lease payments, depreciation of leased assets and the interest portion included in the lease payments are shown below:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Lease payments</td> <td style="text-align: right;">¥47,317</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">44,282</td> </tr> <tr> <td>Interest</td> <td style="text-align: right;">3,207</td> </tr> </table> <p>(4) Method of calculation of depreciation</p> <p>Depreciation of leased assets is calculated by the straight-line method over the respective lease terms with the residual value of zero.</p> <p>(5) Method of calculation of interest portion</p> <p>The interest portion included in the lease payments is calculated as the difference between the aggregate lease payments during the lease term and the relevant pro forma acquisition costs. Interest expense is allocated to each period by the interest method over each respective lease term.</p> <p>2. Operating lease transactions</p> <p>Future minimum lease payments subsequent to March 31, 2002 are summarized as follows:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Due in one year or less</td> <td style="text-align: right;">¥ 4,335</td> </tr> <tr> <td>Due after one year</td> <td style="text-align: right;">20,859</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">¥25,194</td> </tr> </table>		Acquisition costs	Accumulated depreciation	Net book value	Machinery, equipment and vehicles	¥ 64,835	¥ 22,940	¥41,895	Others	132,844	77,903	54,941	Total	¥197,679	¥100,843	¥96,836	Due in one year or less	¥37,437	Due after one year	61,152	Total	¥98,589	Lease payments	¥47,317	Depreciation	44,282	Interest	3,207	Due in one year or less	¥ 4,335	Due after one year	20,859	Total	¥25,194	<p>(Lessees' accounting)</p> <p>1. 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(For securities)

(Millions of yen)

Prior fiscal year				Current fiscal year				
Securities				Securities				
1. Marketable held-to-maturity debt securities				1. Marketable held-to-maturity debt securities				
(As of March 31, 2002)				(As of March 31, 2003)				
Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)	Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)	
(Securities whose fair value exceeds their carrying value)				(Securities whose fair value exceeds their carrying value)				
Government bonds	¥ 67	¥ 70	¥ 3	Government bonds	¥ 60	¥ 61	¥ 1	
Corporate bonds	348	363	15	Corporate bonds	313	336	23	
Subtotal	415	433	18	Subtotal	373	397	24	
(Securities whose carrying value exceeds their fair value)				(Securities whose carrying value exceeds their fair value)				
Corporate bonds	1,400	1,263	137	Corporate bonds	3,068	3,068	0	
Subtotal	1,400	1,263	137	Subtotal	3,068	3,068	0	
Total	¥1,815	¥1,696	¥ 119	Total	¥3,441	¥3,465	¥24	
2. Marketable other securities				2. Marketable other securities				
(As of March 31, 2002)				(As of March 31, 2003)				
Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)	Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)	
(Securities whose carrying value exceeds their acquisition cost)				(Securities whose carrying value exceeds their acquisition cost)				
Stock	¥ 1,040	¥ 5,886	¥ 4,846	Stock	¥ 1,243	¥ 4,492	¥ 3,249	
Bonds:				Bonds:				
Government bonds	19	20	1	Government bonds	19	20	1	
Corporate bonds	8	10	2	Other	8,976	9,779	803	
Subtotal	1,067	5,916	4,849	Subtotal	10,238	14,291	4,053	
(Securities whose acquisition cost exceeds their carrying value)				(Securities whose acquisition cost exceeds their carrying value)				
Stock	222,146	221,588	558	Stock				
Bonds:				Bonds:				
Corporate bonds	2,000	1,916	84	Corporate bonds	3,544	2,883	661	
Other	200	200	0	Other	100	82	18	
Subtotal	224,346	223,704	642	Subtotal	3,644	2,965	679	
Total	¥225,413	¥229,620	¥ 4,207	Total	¥13,882	¥17,256	¥3,374	
3. Other securities sold during the current fiscal year				3. Other securities sold during the current fiscal year				
(From April 1, 2001 to March 31, 2002)				(From April 1, 2002 to March 31, 2003)				
Sales proceeds	Total gain	Total loss		Sales proceeds	Total gain	Total loss		
¥72,388	¥12,818	¥ 43,720		¥12,770	¥3,446	¥ 3,167		
4. Carrying value of major securities whose fair value is not available is as follows:				4. Carrying value of major securities whose fair value is not available is as follows:				
(As of March 31, 2002)				(As of March 31, 2003)				
(1) Held-to-maturity debt securities:				(1) Held-to-maturity debt securities:				
Unlisted domestic debt securities			¥ 5,000	Unlisted domestic debt securities			¥5,000	
(2) Other securities:				(2) Other securities:				
Unlisted domestic stocks (excluding those traded on the over-the-counter market)			¥ 6,402	Unlisted domestic stocks (excluding those traded on the over-the-counter market)			¥7,441	
Unlisted foreign stocks			3,588	Unlisted foreign stocks			2,311	
Unlisted foreign debt securities			39,550	Unlisted foreign debt securities				
5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities				5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities				
(As of March 31, 2002)				(As of March 31, 2003)				
	Due within one year	Due after one year but within five years	Due after five years but within ten years		Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Bonds:				Bonds:				
Government bonds	¥ 0	¥ 87	¥ 0	Government bonds	¥ 60	¥ 20	¥0	¥ 0
Corporate bonds	1,110	6,581	67	Corporate bonds	5,090	245	0	60
Others	43	18	0	Others	3,068	0	0	105
Total	¥1,153	¥6,686	¥67	Total	¥8,218	¥265	¥0	¥165

(For derivative transactions)

<p style="text-align: center;">Prior fiscal year 〔 From April 1, 2001 To March 31, 2002 〕</p>	<p style="text-align: center;">Current fiscal year 〔 From April 1, 2002 To March 31, 2003 〕</p>
<p>1. Derivative transactions</p> <p>(1) Policies</p> <p>The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, and adverse fluctuations in interest rates on interest-bearing debt, but does not enter into such transactions for speculative or trading purposes.</p> <p>(2) Types and purpose of transactions:</p> <p>Forward foreign exchange contracts</p> <p>Forward foreign exchange contracts are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables arising from importing and exporting products and others.</p> <p style="text-align: center;">—————</p> <p>Interest rate swaps</p> <p>Interest rate swaps are utilized primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.</p> <p>Currency swaps</p> <p>Currency swaps are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates and interest rates on foreign currency denominated receivables and payables.</p> <p>Interest rate options</p> <p>Interest rate options are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.</p>	<p>1. Derivative transactions</p> <p>(1) Policies</p> <p>The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, interest rates on interest-bearing debt and market prices on commodity, but does not enter into such transactions for speculative or trading purposes. An internal management rule on financial market risk (the “Rule”) prescribes that the Group’s financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary can initiate a hedge position without the prior approval of, and regular reporting back to the Company.</p> <p>(2) Types and purpose of transactions:</p> <p>Forward foreign exchange contracts</p> <p>Same as prior fiscal year.</p> <p>Currency option</p> <p>In the same manner as forward foreign exchange contracts, currency options are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables.</p> <p>Interest rate swaps</p> <p>Same as prior fiscal year.</p> <p>Currency swaps</p> <p>Same as prior fiscal year.</p> <p>Interest rate options</p> <p>Same as prior fiscal year.</p>

<p style="text-align: center;">Prior fiscal year  ( From April 1, 2001 )  ( To March 31, 2002 )</p>	<p style="text-align: center;">Current fiscal year  ( From April 1, 2002 )  ( To March 31, 2003 )</p>
<p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p>(3) Description of risks relating to derivative transactions</p> <p>Market risk</p> <p>Although derivative transactions are used for the purpose of hedging risks on assets and liabilities recorded in the consolidated balance sheet, there remain the risk of foreign currency exchange fluctuations on currency transactions and the risk of interest rate fluctuations on interest rate transactions.</p> <p>Credit risk</p> <p>The Company is exposed to credit risk in the event of nonperformance by the counterparties to its derivative financial instruments; however, any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings.</p>	<p>Stock option</p> <p>Stock options are used primarily to hedge against the adverse impact of fluctuations in the share prices.</p> <p>Commodity futures contracts</p> <p>Commodity futures contracts are used primarily to hedge against the adverse impact of fluctuations in the market prices of precious metal (used as catalyst for emission gas purifier of automobiles).</p> <p>(3) Description of risks relating to derivative transactions</p> <p>Market risk</p> <p>Although derivative transactions are used for the purpose of hedging risks on assets and liabilities recorded in the consolidated balance sheet, there remain the risk of foreign currency exchange fluctuations on currency transactions, the risk of interest rate fluctuations on interest rate transactions and the risk of market price fluctuations on commodity transactions.</p> <p>Credit risk</p> <p>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, the Company believes, is not subject to any such material risk. This is because RF enters into derivative transactions to cover such derivative transactions with the Group only with financial institutions of the highest caliber carefully selected by RF based on its own rating system.</p> <p>Legal risk</p> <p>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 Group'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 which are retained on file in a central location.</p>



<p style="text-align: center;">Prior fiscal year  ( From April 1, 2001  To March 31, 2002 )</p>	<p style="text-align: center;">Current fiscal year  ( From April 1, 2002  To March 31, 2003 )</p>
<p>(4) Risk management for derivative transactions</p> <p>The Company manages derivative transactions based on its internal policies and procedures. These policies and procedures include basic transaction policies, management policies, items to be monitored, transaction processes, guidelines for selecting counterparties and a reporting system with regard to its derivative transactions.</p> <p>General transaction guidelines on derivative transactions are decided at monthly meetings led by a director in charge and attended by staff, and derivative transactions are executed based on such guidelines and policies and procedures. Derivative transactions are executed by a special section in the Finance Department. Entering the contracts and conducting the balance confirmation procedures are handled by a special section in the Accounting and Risk Management Department.</p> <p>Derivative transactions are reported to the director in charge on a daily basis and to the Board of Directors on a semiannual basis.</p>	<p>(4) Risk management for derivative transactions</p> <p>All 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 the Group's financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary is permitted to initiate a hedging operation without the prior approval of, and regular reporting back to the Company.</p> <p>The basic hedge policy is subject to the approval of the Monthly Hedge Policy Meeting attended by Chief Financial Officer ("CFO"). Execution and management of all deals are to be conducted pursuant to the Rule. Derivative transactions are conducted by a special section of the Finance Department and monitoring of the balance of all open positions and confirming balances are the responsibility of the Accounting Section and the Risk Management Section. Commodity futures contracts are to be handled by Finance 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 CFO and it will meet approximately once every six months.</p> <p>The status of derivative transactions is reported on a daily basis to the corporate officer in charge of Finance Department and on an annual basis to the Board of Directors.</p> <p>Credit risk is monitored quantitatively using RF'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.</p>
<p>(5) Supplemental explanation on quantitative information</p> <p>The fair value and unrealized gain or loss on derivative transactions are estimates which are considered appropriate based on the market at the balance sheet date and, thus, fair value is not necessarily indicative of the actual amounts which may be realized or settled in the future.</p> <p>The notional amounts of the swaps are not a direct measure of the Company's risk exposure in connection with its swap transactions.</p>	<p>(5) Supplemental explanation on quantitative information</p> <p style="text-align: center;">Same as prior fiscal year.</p> <p style="text-align: center;">Same as prior fiscal year.</p>

2. Fair value of derivative transactions

Notional amounts, fair value and unrealized gain or loss

(1) Currency-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2002)				Current fiscal year (As of March 31, 2003)			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)	Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange contracts:								
	Sell:								
	US\$	¥ 1,919	—	¥ 1,904	¥ 15	¥ 103,749	—	¥ 102,000	¥ 1,749
	AU\$	705	—	706	1	—	—	—	—
	Others	438	—	520	82	1	—	1	0
	Buy:								
	CAN\$	—	—	—	—	10,542	—	10,663	121
	£ Stg.	15,064	—	14,786	278	2,391	—	2,365	26
	US\$	22,744	—	22,525	219	—	—	—	—
	EURO	33,280	—	33,691	411	—	—	—	—
	Others	1,301	—	1,223	78	691	—	600	91
	Swaps:								
	US\$	¥ 4,927	¥ 4,927	¥ 45	¥ 45	¥ 8,645	¥ 8,645	¥ 320	¥ 320
	£ Stg.	4,755	—	677	677	34,186	—	339	339
CAN\$	2,284	2,284	114	114	2,242	—	59	59	
EURO	912	912	148	148	34,840	—	1,032	1,032	
Total	—	—	—	434	—	—	—	681	

Notes: 1. Calculation of fair value

- (1) Fair value of forward foreign exchange contracts is based on the forward rates.
- (2) Fair value of options and swaps is based on the prices obtained from the financial institutions.

2. The notional amounts of forward foreign exchange contracts presented above exclude those entered into 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.
3. In accordance with the revised accounting standard for foreign currency translation, the notional amounts of currency swaps presented above exclude those entered into 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.
4. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

## (2) Interest-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2002)				Current fiscal year (As of March 31, 2003)			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)	Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Swaps:								
	Receive floating/ pay fixed	¥ 260,996	¥ 173,998	¥ 5,327	¥ 5,327	¥ 187,187	¥ 62,540	¥ 2,095	¥ 2,095
	Receive fixed/pay floating	244,650	243,996	8,347	8,347	262,154	155,091	7,247	7,247
	Receive floating/ pay floating	2,500	2,500	48	48	2,500	2,500	30	30
	Options								
	Caps sold (Premium)	¥ 448,872 (—)	¥ 324,645 (—)	¥ 5,092	¥ 5,092	¥ 461,860 (—)	¥ 461,860 (—)	¥ 4,605	¥ 4,605
	Caps purchased (Premium)	448,872 (—)	324,645 (—)	5,092	5,092	461,860 (—)	461,860 (—)	4,605	4,605
	Total	—	—	—	2,972	—	—	—	5,122

## Notes: 1. Calculation of fair value

Fair value of swaps and options is based on the prices obtained from the financial institutions.

2. In accordance with “Practical Guidelines for Accounting for Financial Instruments (Accounting Committee Report No. 14)” issued by the Accounting Committee of the Japanese Institute of Certified Public Accountants on July 3, 2001, certain interest swaps which qualify for special treatment have been excluded from the notional amounts presented above.

3. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(Retirement benefits)

1. Description of retirement benefit plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified plans and lump-sum payment plans. In addition, certain employees may be entitled to additional special retirement benefits based on the conditions under which termination occurs.

Certain foreign subsidiaries have defined benefit plans. (The foreign subsidiaries' retirement benefit plans are primarily defined contribution plans.)

On March 1, 2003, the Company received approval from the Minister of Health, Labor and Welfare with respect to its application for exemption from the obligation for benefits related to future employee services under the substitutional portion of the welfare pension fund plan.

2. The following table sets forth the funded status of the defined benefit plans of the Company and the consolidated subsidiaries:

(Millions of yen)

	Prior fiscal year (As of March 31, 2002)	Current fiscal year (As of March 31, 2003)
a. Retirement benefit obligation	¥ 1,428,222	¥ 1,135,273
b. Plan assets at fair value	674,642	359,922
c. Unfunded retirement benefit obligation (a+b)	753,580	775,351
d. Unrecognized net retirement benefit obligation at transition	317,098	179,611
e. Unrecognized actuarial gain or loss	132,217	231,637
f. Unrecognized prior service cost (a reduction of liability)	96,056 (Note 2)	69,134 (Note 2)
g. Net retirement benefit obligation recognized in the consolidated balance sheet (c+d+e+f)	400,321	433,237
h. Prepaid pension cost	21	29
i. Accrued retirement benefits (g-h)	¥ 400,342	¥ 433,266

Prior fiscal year  
(As of March 31, 2002)

Current fiscal year  
(As of March 31, 2003)

Notes: 1. The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

2. Effective April 1, 2001, the Company discontinued to provide certain benefits under the welfare pension fund plan for future services. As a result, prior service cost (a reduction of liability) was incurred.

3. Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.

4. In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized to provide for retirement benefits which are anticipated to be paid in the future and have been included in "Accrual for losses on business restructuring" and "Other current liabilities" in the accompanying consolidated balance sheet.

Notes: 1. The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

2. Effective April 1, 2001, the Company discontinued to provide certain benefits under the welfare pension fund plan for future services. As a result, prior service cost (a reduction of liability) was incurred.

3. Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.

4. In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized and have been included in "Other current liabilities" in the accompanying consolidated balance sheet.

Prior fiscal year  
(As of March 31, 2002)

Current fiscal year  
(As of March 31, 2003)

- Notes:
5. In accordance with the transition provision prescribed by Article 47-2 of “Practical Guidelines for Accounting for Retirement Benefits (Interim Report)” ( Accounting Committee Report No.13 ) issued by the Accounting Committee of the Japanese Institute of Certified Public Accountants, the Company recognized a loss from the return of substitutional portion of the welfare pension fund plan by reducing the retirement benefit obligation and the pension plan assets related to such substitutional portion as of the date when the Company received the permission. As a result, the Company recognized a special loss of ¥30,945 million for the year ended March 31, 2003. The pension plan assets calculated to be returned as of March 31, 2003 amounted to ¥241,203 million.
  6. In the year ended March 31, 2001, the Company and certain consolidated subsidiaries made amendments to their welfare pension fund plans with respect to the age of eligibility for annuity payments for the government-sponsored portion of the benefits in accordance with the amendment in March, 2000 to the Welfare Pension Insurance Law of Japan, and also made amendments to their lump-sum payment plans and tax-qualified pension plans. As a result, prior service cost (a reduction of liability) was incurred.

The components of retirement benefit expenses were as follows:

(Millions of yen)

	Prior fiscal year		Current fiscal year	
	From To	April 1, 2001 March 31, 2002	From To	April 1, 2002 March 31, 2003
a. Service cost	¥	50,147 (Note 2)	¥	51,543 (Note 2)
b. Interest cost		43,086		45,269
c. Expected return on plan assets		27,791		26,708
d. Amortization of net retirement benefit obligation at transition		24,369		24,280
e. Amortization of actuarial gain or loss		13,378		11,464
f. Amortization of prior service cost		7,408 (Note 3)		7,762 (Note 3)
g. Other		190		5
h. Retirement benefit expenses (a+b+c+d+e+f+g)	¥	95,591	¥	98,091
i. Loss on return of the substitution portion of WPPF		—		30,945
Total	¥	95,591	¥	129,036

Prior fiscal year  
〔From April 1, 2001  
To March 31, 2002〕

Current fiscal year  
〔From April 1, 2002  
To March 31, 2003〕

- Notes:
1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥594 million were paid and accounted for as a special loss for the year ended March 31, 2002.
  2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.
  3. Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 to the table setting forth the fund status.
  4. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in a. "Service cost."
  5. The pension assets in the multi-employer welfare pension fund plans allocated to the Company and the domestic consolidated subsidiaries based on their share of the contributions amounted to ¥54,460 million.

- Notes:
1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥2,572 million were paid and accounted for as a special loss for the year ended March 31, 2003.
  2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.
  3. Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 and 6 to the table setting forth the fund status.
  4. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in a. "Service cost."
  5. The pension assets in the multi-employer welfare pension fund plans allocated to the Company and the domestic consolidated subsidiaries based on their share of the contributions amounted to ¥48,148 million.

4. Assumptions used in accounting for the retirement benefit obligation

	Prior fiscal year ( From April 1, 2001 To March 31, 2002 )	Current fiscal year ( From April 1, 2002 To March 31, 2003 )
a. Attribution of retirement benefit obligation	The straight-line method over the estimated years of service of the eligible employees	Same as left.
b. Discount dates	Domestic companies: 3.0% Foreign companies: 5.5% – 7.5%	Domestic companies: 2.3% – 2.5% Foreign companies: 5.4% – 7.3%
c. Expected rate of return on plan assets	Domestic companies: mainly 4.0% Foreign companies: 7.0% – 9.0%	Domestic companies: mainly 4.0% Foreign companies: 6.5% – 9.0%
d. Amortization period of prior service cost	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 eligible employees.	Same as left.
e. Amortization period of actuarial gain or loss	Actuarial gain or loss is 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 eligible employees.  Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.	Same as left.
f. Amortization period of net retirement benefit obligation at transition	Mainly 15 years	Same as left.

(Tax-effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2002)	Current fiscal year (As of March 31, 2003)
Deferred tax assets:		
Net operating loss carryforwards	¥ 165,554	¥ 86,643
Accrued retirement benefits	147,614	159,828
Accrued warranty costs	—	47,359
Accrual for losses on business restructuring	26,659	0
Other	320,260	316,634
Total gross deferred tax assets	660,087	610,464
Valuation allowance	169,634	66,439
Total deferred tax assets	490,453	544,025
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law, etc.	197,806	266,326
Difference between cost of investments and their underlying net equity at fair value	70,553	68,517
Unrealized holding gain on securities	2,146	1,362
Other	17,249	102,452
Total deferred tax liabilities	287,754	438,657
Net deferred tax assets	¥ 202,699	¥ 105,368

Note 1: Deferred tax asset arising from accrued warranty costs as of March 31, 2002 is included in “Other” by 47,718 million yen.

Note 2: Net deferred tax assets as of March 31, 2002 and 2003 are reflected in the following accounts in the consolidated balance sheets:

	Prior fiscal year (As of March 31, 2002)	Current fiscal year (As of March 31, 2003)
	(Millions of yen)	
Current assets -deferred tax assets	¥180,432	¥176,571
Fixed assets-deferred tax assets	231,697	191,262
Current liabilities-deferred tax liabilities	16	6
Long-term liabilities-deferred tax liabilities	209,414	262,459

2. The reconciliation between the effective tax rates reflected in the consolidated financial statements and the statutory tax rate is summarized as follows:

	Prior fiscal year (As of March 31, 2002)	Current fiscal year (As of March 31, 2003)
Statutory tax rate of the Company	41.9%	41.9%
(Reconciliation)		
• Different tax rates applied to foreign subsidiaries	4.3	3.8
• Adjustment of deferred tax assets and liabilities due to tax rate change	—	0.8
• Decrease in valuation allowance resulting in the recognition of net deferred tax assets	42.9	10.4
• Other	1.3	0.1
Effective tax rates after adoption of tax-effect accounting	4.0%	28.6%

3. Adjustment of deferred tax assets and liabilities due to the change in tax rate.

Due to the change in local tax law during the year ended March 31, 2003, the effective tax rate used in the calculation of deferred tax assets and liabilities is reduced to 40.6% for the current fiscal year from 41.9% for the prior fiscal year. As a result, deferred tax assets, net of deferred tax liabilities, decreased by 5,467 million yen as of March 31, 2003 and income taxes-deferred increased by 5,501 million yen for the year ended March 31, 2003.



(Segment information)

Business segment information

Prior fiscal year (from April 1, 2001 to March 31, 2002)

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

Prior fiscal year (from April 1, 2001 to March 31, 2002)

	Automobile	Sales financing	Total	Eliminations	Consolidated
(Millions of yen)					
<b>I. Sales and operating income</b>					
(1) Sales to third parties	¥5,842,648	¥ 353,593	¥6,196,241	¥ –	¥6,196,241
(2) Inter-area 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
<b>II. Assets, depreciation and capital expenditures</b>					
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 Expenditure	346,994	343,019	690,013	–	690,013

Notes: 1. Businesses are segmented based on their proximity in terms of the type, nature and markets of their products.

2. Main products of each business segment

- (1) Automobile.....passenger cars, trucks, buses, forklifts, manufacturing parts etc.
- (2) Sales financing .....credit, lease etc.

3. In accordance with a new accounting standard for sales incentives which became effective the year ended March 31, 2002 in the United States, certain sales promotion expenses (i.e., incentives paid in cash based on sales volume) of subsidiaries in the United States and Mexico, which had previously been included in selling, general and administrative expenses, have been accounted for as deductions from sales. As a result of this change, sales and operating expenses in the automobile segment decreased by ¥98,920 million as compared with the corresponding amounts for the previous year.

4. Consolidated financial statements by business segment for the year ended March 31, 2002

- Amounts for the sales financing segment represent the aggregate of the figures of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA) and Nissan Canada Finance Inc. (Canada).
- 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)

	Prior fiscal year (As of March 31, 2002)		
	Automobile	Sales financing	Consolidated total
<b>Assets</b>			
I. Current assets			
Cash on hand and in banks	¥ 273,363	¥ 6,926	¥ 280,289
Notes and accounts receivable	525,866	7,070	532,936
Finance receivables	135,274	1,851,298	1,716,024
Inventories	521,577	12,474	534,051
Other current assets	337,562	116,393	453,955
Total current assets	1,523,094	1,994,161	3,517,255
II. Fixed assets			
Property, plant and equipment, net	2,103,261	775,897	2,879,158
Investment securities	373,379	25,734	399,113
Other fixed assets	350,031	66,768	416,799
Total fixed assets	2,826,671	868,399	3,695,070
III. Deferred charges			
Discounts on bonds	2,680	–	2,680
Total deferred charges	2,680	–	2,680
Total assets	¥4,352,445	¥2,862,560	¥7,215,005
<b>Liabilities</b>			
I. Current liabilities			
Notes and accounts payable	¥ 602,967	¥ 8,344	¥ 611,311
Short-term borrowings	317,818	1,742,622	1,424,804
Other current liabilities	818,830	153,070	971,900
Total current liabilities	1,103,979	1,904,036	3,008,015
II. Long-term liabilities			
Bonds	786,258	9,900	796,158
Long-term borrowings	236,016	572,781	808,797
Other long-term liabilities	769,883	134,041	903,924
Total long-term liabilities	1,792,157	716,722	2,508,879
Total liabilities	2,896,136	2,620,758	5,516,894
Minority interests	77,289	–	77,289
<b>Shareholders' equity</b>			
I. Common stock	534,949	69,607	604,556
II. Additional paid-in capital	785,645	17,567	803,212
III. Retained earnings	322,751	112,406	435,157
IV. Translation adjustments	264,195	42,222	221,973
V. Treasury stock	130	–	130
Total shareholders' equity	1,379,020	241,802	1,620,822
Total liabilities, minority interests and shareholders' equity	¥4,352,445	¥2,862,560	¥7,215,005

- Notes: 1. Finance receivable of the Automobile segment represents elimination resulting from the transfer of customer loans to the Sales Financing segment.
2. Borrowings and debts of the Automobile segment are presented after elimination of loans to the Sales Financing segment in the amount of ¥776,063 million.

## (2) Summarized consolidated statements of income by business segment

(Millions of yen)

	Prior fiscal year (For the year ended March 31, 2002)		
	Automobile	Sales financing	Consolidated total
Net sales	¥5,829,589	¥366,652	¥6,196,241
Cost of sales	4,295,353	251,961	4,547,314
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%
Ordinary income	376,505	38,239	414,744
Income before income taxes and minority interests	327,197	37,019	364,216
Net income	¥ 349,890	¥ 22,372	¥ 372,262

## (3) Summarized consolidated statements of cash flows by business segment

(Millions of yen)

	Prior fiscal year (For the year ended March 31, 2002)		
	Automobile	Sales financing	Consolidated total
I. Cash flows from 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
II. Cash flows from investing activities			
Proceeds from sales of investment securities	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 leased 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
III. Cash flows from 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
IV. Effect of exchange rate changes on cash and cash equivalents	9,937	434	10,371
V. (Decrease) increase in cash and cash equivalents	12,981	2,092	10,889
VI. Cash and cash equivalents at beginning of the year	283,717	4,819	288,536
VII. Increase due to inclusion in consolidation	2,006	–	2,006
VIII. Cash and cash equivalents at end of the year	¥ 272,742	¥ 6,911	¥ 279,653

Current fiscal year (from April 1, 2002 to March 31, 2003)

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

Current fiscal year (from April 1, 2002 to March 31, 2003)

(Millions of yen)

	Automobile	Sales financing	Total	Eliminations	Consolidated
<b>I. Sales and operating income</b>					
(1) Sales to third parties	6,444,460	384,128	6,828,588	–	6,828,588
(2) Inter-area sales and transfers	42,775	11,740	54,515	54,515	0
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
<b>II. Assets, depreciation and capital expenditures</b>					
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 Expenditure	410,003	451,630	861,633	–	861,633

Notes: 1. Businesses are segmented based on their proximity in terms of the type, nature and markets of their products.

2. Main products of each business segment

- (1) Automobile.....passenger cars, trucks, buses, forklifts, manufacturing parts etc.
- (2) Sales financing .....credit, lease etc.

3. Consolidated financial statements by business segment for the year ended March 31, 2003

- Amounts for the sales financing segment represent the aggregate of the figures of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA) and Nissan Canada Finance Inc. (Canada).
- 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)

	Current fiscal year (As of March 31, 2003)		
	Automobile	Sales financing	Consolidated total
<b>Assets</b>			
I. Current assets			
Cash on hand and in banks	¥ 261,747	¥ 6,686	¥ 268,433
Notes and accounts receivable	494,028	7,099	501,127
Finance receivables	199,331	2,096,284	1,896,953
Inventories	526,062	17,546	543,608
Other current assets	371,584	118,352	489,936
Total current assets	1,454,090	2,245,967	3,700,057
II. Fixed assets			
Property, plant and equipment, net	2,223,124	766,210	2,989,334
Investment securities	256,515	10,531	267,046
Other fixed assets	309,405	81,204	390,609
Total fixed assets	2,789,044	857,945	3,646,989
III. Deferred charges			
Discounts on bonds	2,137	–	2,137
Total deferred charges	2,137	–	2,137
Total assets	¥4,245,271	¥3,103,912	¥7,349,183
<b>Liabilities</b>			
I. Current liabilities			
Notes and accounts payable	¥ 646,306	¥ 10,105	¥ 656,411
Short-term borrowings	653,588	1,968,810	1,315,222
Other current liabilities	839,197	110,988	950,185
Total current liabilities	831,915	2,089,903	2,921,818
II. Long-term liabilities			
Bonds	772,220	5,940	778,160
Long-term borrowings	252,466	572,620	825,086
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
<b>Shareholders' equity</b>			
I. Common stock	523,707	82,107	605,814
II. Additional paid-in capital	774,403	30,067	804,470
III. Retained earnings and unrealized holding gain on securities	732,307	148,179	880,486
IV. Translation adjustments	340,089	19,813	320,276
V. Treasury stock	162,190	–	162,190
Total shareholders' equity	1,528,138	280,166	1,808,304
Total liabilities, minority interests and shareholders' equity	¥4,245,271	¥3,103,912	¥7,349,183

- Notes: 1. Finance receivable of the Automobile segment represents elimination resulting from the transfer of customer loans to the Sales Financing segment.
2. Borrowings and debts of the Automobile segment are presented after elimination of loans to the Sales Financing segment in the amount of ¥1,073,935 million.

## (2) Summarized consolidated statements of income by business segment

(Millions of yen)

	Current fiscal year (For the year ended March 31, 2003)		
	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%
Financial income/expenses - net	16,543	3	16,540
Other non-operating income/expenses - net	10,460	161	10,621
Ordinary income	650,345	59,724	710,069
Income before income taxes and minority interests	634,818	59,806	694,624
Net income	¥ 458,611	¥ 36,554	¥ 495,165

## (3) Summarized consolidated statements of cash flows by business segment

(Millions of yen)

	Current fiscal year (For the year ended March 31, 2002)		
	Automobile	Sales financing	Consolidated total
I. Cash flows from 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
II. Cash flows from investing activities			
Proceeds from sales of investment securities	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 leased 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
III. Cash flows from financing activities			
(Decrease) increase in short-term borrowings	369,506	315,196	54,310
Decrease in long-term borrowings	81,106	91,044	9,938
Increase in bonds and debentures	85,000	–	85,000
Others	138,392	25,000	113,392
Net cash (used in) provided by financing activities	504,004	431,240	72,764
IV. Effect of exchange rate changes on cash and cash equivalents	1,174	520	654
V. (Decrease) increase in cash and cash equivalents	11,866	240	12,106
VI. Cash and cash equivalents at beginning of the year	272,742	6,911	279,653
VII. Increase due to inclusion in consolidation	2,297	–	2,297
VIII. Decrease due to exclusion from consolidation	27	–	27
IX. Cash and cash equivalents at end of the year	¥ 263,146	¥ 6,671	¥ 269,817

## Geographical segment information

Prior fiscal year (from April 1, 2001 to March 31, 2002)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations or corporate	Consolidated
I. Sales and operating income:							
Sales:							
1. Sales to third parties	¥2,370,162	¥2,649,212	¥818,555	¥358,312	¥6,196,241	–	¥6,196,241
2. Inter-area sales and transfers	1,458,965	15,475	32,912	4,709	1,512,061	¥ 1,512,061	0
Total	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
II. Total assets	¥4,988,676	¥3,506,180	¥471,008	¥114,081	¥9,079,945	¥ 1,864,940	¥7,215,005

Notes: 1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

2. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America..... The United States, Canada, Mexico
- (2) Europe ..... The Netherlands, Spain, The United Kingdom and other European countries
- (3) Other..... Asia, Oceania, the Middle and Near East, Central and South America excluding Mexico and South Africa

3. In accordance with a new accounting standard for sales incentives which became effective the year ended March 31, 2002 in the United States, certain sales promotion expenses (i.e., incentives paid in cash based on sales volume) of subsidiaries in the United States and Mexico, which had previously been included in selling, general and administrative expenses, have been accounted for as deductions from sales.

As a result of this change, sales and operating expenses for “North America” decreased by ¥98,920 million as compared with the corresponding amounts for the previous year.

Current fiscal year (from April 1, 2002 to March 31, 2003)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations or corporate	Consolidated
I. Sales and operating income:							
Sales:							
1. Sales to third parties	2,554,374	2,879,500	963,440	431,274	6,828,588	–	6,828,588
2. Inter-area sales and transfers	1,766,102	32,763	26,765	4,174	1,829,804	1,829,804	0
Total	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
II. Total assets	4,881,842	3,463,261	502,028	140,849	8,987,980	1,638,797	7,349,183

Notes: 1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

2. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America..... The United States, Canada, Mexico
- (2) Europe ..... France, The United Kingdom, Spain and other European countries
- (3) Other..... Asia, Oceania, the Middle and Near East, Central and South America excluding Mexico and South Africa

Overseas sales

Prior fiscal year (from April 1, 2001 to March 31, 2002)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas sales	¥2,588,300	¥825,696	¥670,556	¥4,084,552
II. Consolidated net sales				¥6,196,241
III. Overseas sales as a percentage of consolidated net sales	41.8%	13.3%	10.8%	65.9%

Notes: 1. Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries.

2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America..... The United States, Canada, Mexico
- (2) Europe ..... The United Kingdom, Spain, Germany and other European countries
- (3) Other..... Asia, Oceania, the Middle and Near East, Central and South America excluding Mexico and South Africa

4. In accordance with a new accounting standard for sales incentives which became effective the year ended March 31, 2002 in the United States, certain sales promotion expenses (i.e., incentives paid in cash based on sales volume) of subsidiaries in the United States and Mexico, which had previously been included in selling, general and administrative expenses, have been accounted for as deductions from sales.

As a result of this change, sales for "North America" decreased by ¥98,920 million as compared with the corresponding amounts for the previous year.

Current fiscal year (from April 1, 2002 to March 31, 2003)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas sales	2,785,334	974,872	763,368	4,523,574
II. Consolidated net sales				6,828,588
III. Overseas sales as a percentage of consolidated net sales	40.8%	14.3%	11.1%	66.2%

Notes: 1. Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries.

2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

- (1) North America..... The United States, Canada, Mexico
- (2) Europe ..... The United Kingdom, Spain, France and other European countries
- (3) Other..... Asia, Oceania, the Middle and Near East, Central and South America excluding Mexico and South Africa



(Transactions with related parties)

Prior fiscal year ( From April 1, 2001 To March 31, 2002 )	Current fiscal year ( From April 1, 2002 To March 31, 2003 )
There are no significant transactions to be disclosed.	Same as prior fiscal year.

(Amounts per share)

Prior fiscal year ( From April 1, 2001 To March 31, 2002 )	Current fiscal year ( From April 1, 2002 To March 31, 2003 )
Net assets per share ¥358.84	Net assets per share ¥434.11
Basic net income per share ¥ 92.61	Basic net income per share ¥117.75
Diluted net income per share ¥ 92.13	Diluted net income per share ¥116.88
	Effective the year ended March 31, 2003, the Company and its consolidated subsidiaries have adopted a new accounting standard for earnings per share (Accounting Standard No. 2 announced by the Accounting Standard Board of Japan; "ASBJ") and an accounting implementation guidance on a revised accounting standard for earnings per share (Accounting Standard Implementation Guidance No. 4 issued by the ASBJ).
	If the same standard had been adopted for the year ended March 31, 2003, is as follows:
	Net assets per share ¥404.89
	Basic net income per share ¥109.93
	Diluted net income per share ¥109.17

(Note) The bases for calculation of basic and diluted net income per share are as follows:

	Prior fiscal year (For the year ended March 31, 2002)	Current fiscal year (For the year ended March 31, 2003)
Basic net income per share		
Net income (millions of yen)	—	495,165
Amounts not attributable to common stock (millions of yen)	—	407
(Bonus to directors by appropriation of retained earnings included in the above (millions of yen))	—	407
Net income attributable to common stock (millions of yen)	—	494,758
The average number of common stock outstanding during the year (thousand shares)	—	4,201,802
Diluted net income per share		
Adjustments to net income (millions of yen)	—	—
(Interest expense include in the above (net of tax)(millions of yen))	—	—
(Other expense included in the above (net of tax) (millions of yen))	—	—
Increase in common stock (thousand shares)	—	31,348
(Convertible bonds included in the above (thousand shares))	—	—
(Warrant right included in the above (thousand shares))	—	31,348
Summary of potential stocks, which were not included in the bases for calculation of diluted net income per share, because they do not have rarity effects.	—	—

## (Significant subsequent events)

Prior fiscal year From April 1, 2001 To March 31, 2002	Current fiscal year From April 1, 2002 To March 31, 2003																											
	<p>1 In accordance with the Commercial Code of Japan and the approval of annual general meeting of the Company's shareholders held on June 20, 2002, stock options aggregated number of 124,300 was approved at the board of directors on April 23, 2003. They will be issued on May 7, 2003 and subscription rights to purchase up to 12,430,000 new shares of the Company's common stock are to be granted to the Company's employees and the directors and employees of its domestic subsidiaries under this plan. The subscription rights are exercisable at ¥93,200 per option and ¥932 per stock.</p> <p>Number of directors, employees and options is as follows:</p> <table border="1" data-bbox="826 696 1474 981"> <thead> <tr> <th>Section of people whom granted</th> <th>Number of people</th> <th>Number of options issued</th> </tr> </thead> <tbody> <tr> <td>The Company's employees</td> <td>548</td> <td>104,100</td> </tr> <tr> <td>Directors of domestic subsidiaries</td> <td>101</td> <td>19,400</td> </tr> <tr> <td>Employees of domestic subsidiaries</td> <td>5</td> <td>800</td> </tr> <tr> <td>Total</td> <td>654</td> <td>124,300</td> </tr> </tbody> </table> <p>2 The Company will incorporate a firm in comprehensive and strategic alliance with Dongfeng Motor Corporation (headquarters: Shiyan City, Hubei Province) in China. Commercial license will be authorized by The State Industrial and Commercial Administration Bureau on May 20, 2003 and the Company will commence its business on July 1, 2003. The new company's profile is as follows:</p> <table border="0" data-bbox="863 1256 1461 1854"> <tr> <td>1) .Name of the corporation</td> <td>Dongfeng Motor Co., Ltd</td> </tr> <tr> <td>2) City of headquarters</td> <td>City of Wuhan, Hubei Province</td> </tr> <tr> <td>3) Description of business</td> <td>Manufacture and sales of passenger and commercial vehicles, buses, trucks and others.</td> </tr> <tr> <td>4) Registered capital</td> <td>16.7 billion Chinese yuan (approximately ¥240 billion)</td> </tr> <tr> <td colspan="2">50% of the capital stock will be invested in kind with assets by Dongfeng Automotive Industry Investment Co., Ltd. and the remaining 50% of it will be invested in capital by the Company.</td> </tr> <tr> <td>5) Number of employees</td> <td>Approximately 74,000 (including subsidiaries)</td> </tr> </table>	Section of people whom granted	Number of people	Number of options issued	The Company's employees	548	104,100	Directors of domestic subsidiaries	101	19,400	Employees of domestic subsidiaries	5	800	Total	654	124,300	1) .Name of the corporation	Dongfeng Motor Co., Ltd	2) City of headquarters	City of Wuhan, Hubei Province	3) Description of business	Manufacture and sales of passenger and commercial vehicles, buses, trucks and others.	4) Registered capital	16.7 billion Chinese yuan (approximately ¥240 billion)	50% of the capital stock will be invested in kind with assets by Dongfeng Automotive Industry Investment Co., Ltd. and the remaining 50% of it will be invested in capital by the Company.		5) Number of employees	Approximately 74,000 (including subsidiaries)
Section of people whom granted	Number of people	Number of options issued																										
The Company's employees	548	104,100																										
Directors of domestic subsidiaries	101	19,400																										
Employees of domestic subsidiaries	5	800																										
Total	654	124,300																										
1) .Name of the corporation	Dongfeng Motor Co., Ltd																											
2) City of headquarters	City of Wuhan, Hubei Province																											
3) Description of business	Manufacture and sales of passenger and commercial vehicles, buses, trucks and others.																											
4) Registered capital	16.7 billion Chinese yuan (approximately ¥240 billion)																											
50% of the capital stock will be invested in kind with assets by Dongfeng Automotive Industry Investment Co., Ltd. and the remaining 50% of it will be invested in capital by the Company.																												
5) Number of employees	Approximately 74,000 (including subsidiaries)																											

Consolidated supplemental schedules

Schedule of bonds payable

(Millions of yen)

Company	Description	Date of Issuance	Balance at end of prior year	Balance at end of current year	Interest rate (%)	Collateral	Maturity
*1	18th unsecured bonds	September 13, 1995	20,000	0	3.00	None	September 13, 2002
*1	19th unsecured bonds	February 23, 1996	30,000	30,000	3.35	"	February 23, 2006
*1	22nd unsecured bonds	August 1, 1996	20,000	20,000	3.55	"	August 1, 2006
*1	23rd unsecured bonds (Note 2)	August 1, 1996	30,000	(30,000) 30,000	3.30	"	August 1, 2003
*1	24th unsecured bonds	February 20, 1997	15,000	15,000	2.875	"	February 20, 2007
*1	26th unsecured bonds	July 30, 1997	20,000	20,000	2.50	"	July 30, 2004
*1	27th unsecured bonds	July 30, 1997	20,000	0	2.10	"	July 30, 2002
*1	28th unsecured bonds	October 29, 1997	30,000	30,000	2.40	"	October 29, 2007
*1	29th unsecured bonds	October 29, 1997	15,000	15,000	2.025	"	October 29, 2004
*1	31st unsecured bonds	January 23, 1998	20,000	0	2.15	"	January 23, 2003
*1	32nd unsecured bonds	March 18, 1998	20,000	0	2.175	"	March 18, 2003
*1	33rd unsecured bonds	March 18, 1998	20,000	20,000	2.575	"	March 18, 2005
*1	35th unsecured bonds (Note 2)	February 25, 2000	50,000	(50,000) 50,000	2.00	"	February 25, 2004
*1	36th unsecured bonds	August 25, 2000	50,000	50,000	1.80	"	August 25, 2004
*1	37th unsecured bonds	June 15, 2001	70,000	70,000	0.95	"	June 15, 2005
*1	38th unsecured bonds	July 17, 2001	80,000	80,000	1.03	"	July 17, 2006
*1	39th unsecured bonds	February 15, 2002	86,000	86,000	1.00	"	February 15, 2005
*1	40th unsecured bonds	July 19, 2002	—	85,000	0.59	"	July 19, 2005
*1	5th unsecured convertible bonds	December 8, 1987	2,566	0	1.60	"	March 31, 2003
*1	Euro-yen bonds with warrants due 2004 (Note 3)	May 28, 1999	172,800	172,800	Euro-yen TIBOR +0.28%	"	May 28, 2004
*1	1st unsecured bonds with warrants (Note 3)	June 25, 1999	5,800	5,800	Yen TIBOR +0.75%	"	June 24, 2005
*1	Euro-yen bonds with warrants due 2006 (Note 3)	March 27, 2000	15,000	15,000	1.50	"	March 27, 2006
*1	Euro-yen bonds with warrants due 2007 (Note 3)	March 8, 2001	45,000	45,000	0.75	"	March 8, 2007
*1	Euro-yen bonds with warrants due 2008 (Note 3)	March 14, 2002	52,800	52,800	1.27	"	March 14, 2008
*2	Bonds issued by subsidiaries (Note 2)	1998 - 2001	30,300	(1,980) 16,320	1.0 - 2.9	"	2003 - 2006

(Millions of yen)

Company	Description	Date of Issuance	Balance at end of prior year	Balance at end of current year	Interest rate (%)	Collateral	Maturity
*3	Mid-term notes issued by subsidiaries	1993 - 2002	18,913 [EURO 162,332 thousand]	17,556 [EURO 140,362 thousand]	2.5 - 5.0	None	2004 - 2006
*3	Mid-term notes issued by subsidiaries (Note 2)	1995 - 1998	87,471 [\$656,441 thousand]	(6,794) (\$56,526 thousand) 59,258 [\$492,996 thousand]	1.3 - 3.3	"	2003 - 2008
Subtotal (Note 2)		—	¥1,026,650	(88,774) 985,534	—		—
Elimination of intercompany transactions		—	118,800	118,600	—		—
Total (Note 2)		—	¥907,850	(88,774) 866,934	—		—

Notes: 1. \*1 The Company \*2 Domestic subsidiaries \*3 Foreign subsidiaries

2. The amounts in parentheses presented under “Balance at end of current year” represent the amounts scheduled to be redeemed within one year.

3. The following table shows the details of bonds with warrants.

Description	Exercise period	Issuance price	The total amount of stock issuance	Stock issued	Ration of grant
Euro-yen bonds with warrants due 2004	From May 31, 1999 To May 21, 2004	400 yen	215,900 million yen	Common stock	100%
1st unsecured bonds with warrants	From July 1, 2002 To June 20, 2005	554	5,800	Common stock	100
Euro-yen bonds with warrants due 2006	From March 27, 2003 To March 20, 2006	429	15,000	Common stock	100
Euro-yen bonds with warrants due 2007	From March 8, 2003 To March 1, 2007	764	45,000	Common stock	100
Euro-yen bonds with warrants due 2008	From March 14, 2004 To March 7, 2008	880	52,800	Common stock	100

All warrants of Euro-yen bonds with warrants due 2004 were exercised on March 1, 2002.

4. The redemption schedule of bonds for 5 years subsequent to March 31, 2003 is summarized as follows:

(Millions of yen)

Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
¥88,774	¥380,471	¥199,031	¥156,782	¥41,876

## Schedule of borrowings

(Millions of yen)

Item	Balance at end of prior year	Balance at end of current year	Average interest rate (%)	Maturity
Short-term borrowings	610,872	436,897	2.3	—
Current portion of long-term borrowings	637,812	657,517	3.0	—
Long-term borrowings (excluding current portion)	808,797	825,086	2.7	April 2004 - September 2018
Other interest-bearing debt:				
Commercial paper	62,038	132,034	0.1	—
Import bills payable	2,390	0	—	—
Total	2,121,909	2,051,534	—	—

Notes: 1. The average interest rate represents the weighted-average rate applicable to the year-end balance.

2. The following table shows the aggregate annual maturities of long-term borrowings and other interest-bearing debt for 5 years subsequent to March 31, 2003 (excluding the current portion):

(Millions of yen)

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term borrowings	¥209,118	¥345,771	¥145,846	¥119,499

(2) Other

Not applicable

## 6. Information on Transfer and Repurchase of the Company's Stock

Year end	March 31
General shareholders' meeting	June
Close period for record of shareholders	—
Cut-off date for dividend	March 31
Available types of share certificates	Certificates for 1 share, 10 shares, 50 shares, 100 shares, 500 shares, 1,000 shares, 5,000 shares, 10,000 shares, 100,000 shares and certificates representing number of shares less than 100 are issuable. However, certificates for shares totaling less than one unit are not issued except under certain limited situations such as a replacement of lost shares.
Cut-off date for interim dividend	September 30
Number of shares per unit of the Company's stock	100 shares
Transfer of shares	
Address where transfers are processed	3-33-1, Shiba, Minato-ku, Tokyo The head office of The Chuo Mitsui Trust and Banking Co., Ltd.
Name of transfer agent	3-33-1, Shiba, Minato-ku, Tokyo The Chuo Mitsui Trust and Banking Co., Ltd.
Offices available for transfer	Each branch of The Chuo Mitsui Trust and Banking Co., Ltd. The head office and branch offices of Japan Securities Agent Co., Ltd.
Transfer charge	Free
Charge to issue new certificate	Equivalent of stamp duty applicable and related consumption tax
Repurchase of shares less than one unit	
Address where repurchases are processed	3-33-1, Shiba, Minato-ku, Tokyo The head office of The Chuo Mitsui Trust and Banking Co., Ltd.
Name of transfer agent	3-33-1, Shiba, Minato-ku, Tokyo The Chuo Mitsui Trust and Banking Co., Ltd.
Offices available for repurchase	Each branch of The Chuo Mitsui Trust and Banking Co., Ltd. The head office and branch offices of Japan Securities Agent Co., Ltd.
Charges for repurchase	Handling charges as set by the securities companies designated by the Company for the repurchase plus the related consumption tax
Name of the newspaper in which the Company publishes its public announcements	The Nihon Keizai Shimbun issued in Tokyo
Special benefits to shareholders	None

## Part II Information on Guarantors for the Company

Not applicable