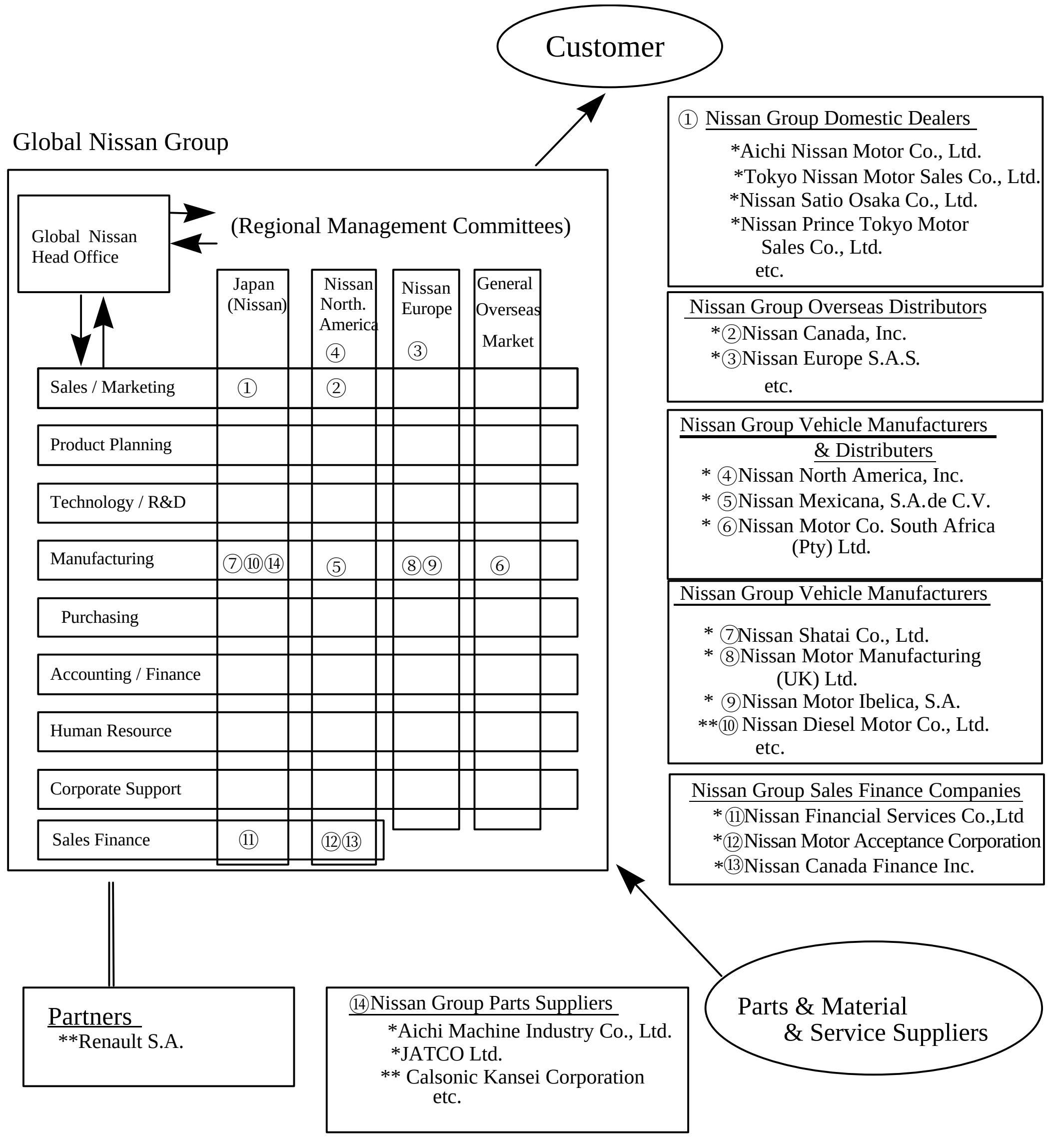
1. Description of The Nissan group

The Nissan group consists of Nissan Motor Co., Ltd. (the "Company"), subsidiaries, affiliates, and other associated companies. Its main business includes sales and production of vehicles, forklifts, marine products and related parts. And also the Nissan group provides various services accompanying its main business, such as logistics and sales finance. The Company established Global Nissan (GNX) as a global headquarters function which is to focus on utilizing regional activities by 4 Regional Management Committees and cross regional functions like R&D, Purchasing, Manufacturing, etc., and Global Nissan Group is composed of this matrix.

The corporate group structure is as follows:



* Consolidated Subsidiaries
** Companies accounted for by equity method

·There are other associated companies; *Nissan Trading Co., Ltd., *Nissan Real Estate Development Co., Ltd..

·Our subsidiaries listed on domestic stock exchange markets are follows.

Nissan Shatai Co., Ltd.---Tokyo   Aichi Machine Industry Co., Ltd.---Tokyo, Nagoya

2.Basic Policy regarding Corporate Governance and its Implementation Status

Corporate governance is an important responsibility of management.

The most important point regarding the corporate governance is to make clear the responsibility of management. At Nissan, clear management objectives and policy are published for all stakeholders within and outside the company, such as shareholders, customers/suppliers, local community and employees, and its achievement status and results are disclosed early and with as much transparency as possible. This will make clear the responsibility of management, and will contributes to the enhancement of corporate governance.

Nissan has also adopted various system reforms. To be specific, the number of members on the board of directors was reduced from nine to seven after the shareholders' meeting in June 2003 to improve management efficiency.

The audit function has been strengthened by adopting outside corporate auditors as three of the four corporate auditors. Japan Internal Audit Office has been established to conduct internal audits of operations on a regular basis. In addition, the Chief Internal Audit Officer conducts global audits. Three-way auditing has been adopted through this combination of corporate auditors, auditing firms and internal audit functions.

Further, Nissan has established “Nissan Global Code of Conduct” and “Global Compliance Committee” to strengthen the function of compliance with laws and ethics and to avoid illegal and unethical conduct within the global Nissan group.

3. NISSAN 180 UPDATE

Nissan continues to deliver effective performance despite unfavorable market conditions, such as high incentives, fluctuating foreign exchange rates, and declining industry volumes. We are staying the course, implementing NISSAN 180 step-by-step and delivering our commitments as announced.

NISSAN 180 aims to grow sales by one million additional units by the end of fiscal year 2004, to achieve an 8% operating margin and to reduce net automotive debt to zero. Halfway through NISSAN 180, in the first half of fiscal year 2003:

- Nissan's sales in all regions totaled 1,467,000 units, an increase of 5.9%.
- Our revenue is up 8.2% and our operating profit will reach 401.1 billion yen, giving an operating profit margin of 11.3%.
- Zero net automotive debt was reached at the end of fiscal year 2002 on constant accounting

4. FISCAL YEAR 2003 FIRST-HALF BUSINESS PERFORMANCE

For the first six months of fiscal year 2003, Nissan's sales in all regions totaled 1,467,000 units, an increase of 5.9% in a very challenging environment.

Total industry volumes dropped in all the major markets where we compete except China. Volumes were down in Japan, in the United States, in Europe and in Mexico. Simultaneously, incentives rose, reaching record levels in the United States, for example.

With such market conditions, the strength of our new products drove our sales growth. Of the 28 all-new products to be launched globally during the three years of NISSAN 180, 12 were launched during fiscal year 2002, and their sales are helping to drive our volume increases. In the current fiscal year, we are launching 10 new models, eight of which are now on sale in global markets.

Reviewing volumes by region, in Japan we sold 387,000 units in the first half of fiscal year 2003, up 0.9% from the same period last year in an industry where the total industry volume decreased 1.3%. Excluding mini-cars, sales were 369,000 units, up 3.7%.

The work we have done over the past three years to renew our product lineup and bridge any gaps is visible on the streets. We now have three models in the mini-vehicle segment, a stronger entry-level lineup, with the March and Cube series, with the Cube Cubic serving as a link between the compact lineup and our improved minivan lineup. In the first full month of sales of the Cube Cubic, Cube became the second leading selling car in Japan.

The launch of the Presage minivan in July re-established Nissan as a credible competitor in this segment. In the first three months, sales were 8.7 times greater than the previous model.

Our domestic market share of registered vehicles now stands at 19.4% and our target to sell an additional 300,000 units in Japan during NISSAN 180 is on track.

Turning to the United States, our sales in the first half of fiscal year 2003 came to 420,000 units, up 11% compared to the first half of fiscal year 2002. Our U.S. market share is now 4.7%, up half a point since last year.

We are making gains in both our Nissan and Infiniti channels. Nissan Division sales are up 6.3% in the first half, with robust sales of new models such as the Quest minivan and Murano crossover and continuing strong sales of the Altima and Maxima sedans and 350Z sports cars. Our Infiniti Division is enjoying record-setting performance with sales up 39.7% over fiscal year 2002 levels, due to the attraction of competitive new models such as the G35 sport sedan and coupe and FX45. All these new models demonstrate Nissan's dynamic repositioning ability, which the marketplace is affirming with higher sales that are not artificially propped up by significant incentives.

In Europe, Nissan sold 267,000 units from January to June, up 6.6% from the same period in 2002. Our market share increased to 2.7% from 2.5% in the first half of last year.

Our new Micra has greatly exceeded our expectations, achieving sales of 80,000 units since its launch in January through June, which is the fiscal year basis, and 126,000 through the end of September, 51% above the previous model. Customer demand for Micra led us to increase our production capacity by 25% to 200,000 units at our Sunderland Plant – which was named Europe's most productive plant for the seventh straight year.

Our range of SUVs and 4x4s in Europe is also doing well, with X-Trail up 46% and the Pick-up up 37% in the period from January to June 2003 compared to the same period last year.

Turning to the General Overseas Markets, including Mexico and Canada, our performance has been strong, with 393,000 unit sales in the first half of the fiscal year, up 5.3% from the same period last year. We achieved significant volume increases in China, Taiwan, and Australia, but Mexico volumes declined.

Consolidated revenues came to 3.56 trillion yen in the first half of fiscal 2003, up 8.2% from the same period in fiscal year 2002, driven primarily by our growth in volumes and a higher mix. Changes in the scope of consolidation impacted revenues marginally by 14.0 billion yen, including the deconsolidation of Nissan Koe. In addition, the negative impact of the previously announced change in lease accounting in Japan is 10.0 billion yen.

Nissan's consolidated operating profits are up 15.2% to 401.1 billion yen, compared to the first half of fiscal year 2002. As a percentage of net sales, the operating profit margin came to 11.3%, a record high in Nissan's history and also the top level in the global automotive industry.

Analyzing the variance between last year's 348.3 billion yen operating profit and this year's 401.1 billion yen, several factors are considered:

- The effect of foreign exchange rates to first-half operating profits was zero.
- Changes in accounting methods relating to the treatment of vendor tooling and other leases had a 11.0 billion yen positive effect on operating income. The change in scope of consolidation subtracted 1.0 billion yen from first-half operating profits.
- Combined higher volumes and mix contributed 61.0 billion yen in operating profits in the first half of fiscal year 2003 compared to fiscal year 2002. With the exception of Mexico, higher volumes contributed to an improvement in consolidated operating profits in every market. Mix improvement in the U.S. offset the drop in Japan and Europe.
- The activities of our sales finance companies brought an additional positive contribution of 8.4 billion yen.
- Selling expenses produced a negative impact of 37.5 billion yen.
- Manufacturing expenses had no impact as gains in productivity were offset by 9 billion yen in specific start-up costs in Canton.

- Purchasing continued to turn in a strong performance as lower purchasing costs generated a positive contribution of 92.3 billion yen to operating profits. We are continuing on the same trend as last year with costs coming down at an annual pace of 6%.
- Product enrichment and the cost of regulations had a negative impact of 37.5 billion yen.
- R&D expenses generated a negative impact of 30.0 billion yen as we continue to reinforce technology and product development under NISSAN 180.
- General, administrative and other expenses produced a negative impact of 13.9 billion yen.

Non-operating items came to a negative 10.8 billion yen, from 24.8 billion yen in the first half of fiscal year 2002. Consolidated equity affiliates increased 7.8 billion yen as Renault results were added from the second half of fiscal year 2002. The amortization of pension transition obligations decreased by 4.8 billion yen with the return of the substitution part of the pension liabilities. As a result, consolidated ordinary profit rose 20.7% to 390.3 billion yen, compared to last year's level of 323.5 billion yen.

Extraordinary losses resulted in 22.2 billion yen, much lower than 41.5 billion yen of extraordinary gain in the first half of fiscal year 2002. The difference was mainly due to the last year's one-time extraordinary profit of 56.4 billion yen from the sale of the former Murayama plant.

Nissan is returning to a normal taxpaying mode. The consolidated effective tax rate of the first half of fiscal year 2003 is to be 34% compared to a tax rate of 21.7% in the first half of last year, accounting for current taxes and deferred taxes of 125.2 billion yen. Minority interests – which are profits in fully consolidated companies that we do not own 100% – represented a charge of 5.2 billion yen compared to a positive 2.0 billion yen in the first half of last year.

Net income after tax resulted in 237.7 billion yen, lower than last year's 287.7 level.

In the retail finance business segment, net sales increased 5.0% to 188.5 billion yen from first half fiscal year 2002, excluding the negative impact of 17.1 billion yen by the accounting treatment change of the financing lease. The increase was mainly due to growth in sales accumulated over the years from Japan and the United States. Operating income came to 37.1 billion yen, up 8.4 billion yen from last year, including the positive impact of 1.8 billion by the accounting treatment change of the financing lease. Net income was increased by 44.2% to 24.4 billion yen compared to the same level as last year.

On the balance sheet side, as previously disclosed, net automotive debt, which was eliminated two years ahead of the NISSAN 180 commitment, is no longer used as a driver of our financial performance. Instead, we are using return on invested capital. At the half-year, we are on track to achieve our annual ROIC target of at least 20%.

5. FISCAL YEAR 2003 FINANCIAL FORECAST

As we consider the risks and opportunities before us, the most significant risk relates to volume and mix in the Japanese market. Our major opportunity continues to be the swift implementation of NISSAN 180.

Recognizing recent trends in foreign exchange markets, we are changing our assumption for the second half of the fiscal year to adjust the yen/dollar rate from 120 yen per dollar to 110 yen per dollar, and the yen/euro assumption remains at 125 yen per euro. Based on this outlook, full-year consolidated net sales are expected to reach 7.45 trillion yen. Operating profit is expected to be 820 billion yen, which would give an 11% operating margin. Ordinary profit is expected to be 781 billion yen. The company expects to achieve a net profit after tax of 495 billion yen.

6. SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

1) Consolidated Statements of Income

(1st half FY2003, 1st half FY2002 and FY2002)

[in Millions of yen, ( ) indicates loss or minus]

The following information has been prepared in accordance with accounting principles and practices generally accepted in Japan.

	FY2003 1st half	FY2002 1st half	Change Amount	Change %	FY2002
NET SALES	**3,556,249**	**3,285,463**	**270,786**	**8.2 %**	**6,828,588**
COST OF SALES	2,510,550	2,350,751	159,799		4,872,324
Gross profit	1,045,699	934,712	110,987	11.9 %	1,956,264
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	644,567	586,413	58,154		1,219,034
Operating income	**401,132**	**348,299**	**52,833**	**15.2 %**	**737,230**
NON-OPERATING INCOME	28,112	18,177	9,935		60,770
Interest and dividend income	6,230	4,865	1,365		8,520
Equity in earnings of unconsolidated subsidiaries & affiliates	8,284	527	7,757		11,395
Other non-operating income	13,598	12,785	813		40,855
NON-OPERATING EXPENSES	38,898	42,976	(4,078)		87,931
Interest expense	14,610	12,827	1,783		25,060
Amortization of net retirement benefit obligation at transition	7,299	12,075	(4,776)		23,923
Other non-operating expenses	16,989	18,074	(1,085)		38,948
Ordinary income	**390,346**	**323,500**	**66,846**	**20.7 %**	**710,069**
EXTRAORDINARY GAINS	9,769	70,965	(61,196)		89,243
EXTRAORDINARY LOSSES	32,010	29,457	2,553		104,688
Income before income taxes and minority interests	**368,105**	**365,008**	**3,097**	**0.8 %**	**694,624**
INCOME TAXES CURRENT	106,984	46,599	60,385		113,185
INCOME TAXES DEFERRED	18,258	32,657	(14,399)		85,513
MINORITY INTERESTS	5,183	(1,953)	7,136		761
NET INCOME	**237,680**	**287,705**	**(50,025)**	**(17.4) %**	**495,165**