Financial Information as of March 31, 2005

(The English translation of part of
the “Yukashoken-Houkokusho” for
the year ended March 31, 2005

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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		102nd	103rd	104th	105th	106th
Year ended		March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Net sales	Millions of yen	6,089,620	6,196,241	6,828,588	7,429,219	8,576,277
Ordinary income	Millions of yen	282,309	414,744	710,069	809,692	855,700
Net income	Millions of yen	331,075	372,262	495,165	503,667	512,281
Net assets	Millions of yen	957,939	1,620,822	1,808,304	2,023,994	2,465,750
Total assets	Millions of yen	6,451,243	7,215,005	7,349,183	7,859,856	9,848,523
Net assets per share	Yen	241.07	358.84	434.11	493.85	604.49
Basic net income per share	Yen	83.53	92.61	117.75	122.02	125.16
Diluted net income per share	Yen	79.45	92.13	116.88	120.74	124.01
Net assets as a percentage of total assets	%	14.8	22.5	24.6	25.8	25.0
Return on equity	%	35.08	28.87	28.88	26.29	22.82
Price earnings ratio	Times	9.46	10.13	6.71	9.55	8.78
Cash flows from operating activities	Millions of yen	73,251	222,214	575,378	797,417	369,415
Cash flows from investing activities	Millions of yen	△15,585	△524,389	△515,374	△756,126	△865,035
Cash flows from financing activities	Millions of yen	△263,094	280,915	△72,764	△113,740	521,046
Cash and cash equivalents at end of year	Millions of yen	288,536	279,653	269,817	194,164	289,784
Employees ( ) represents the number of part-time employees not included in the above numbers as of the fiscal year end	Number	124,467 (9,366) 126,171 (9,366)	118,161 (6,938) 120,331 (6,938)	119,988 (7,637) 120,231 (7,637)	119,350 (4,398) 124,606 (6,295)	169,644 (13,963) 174,647 (14,802)

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

2. 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) in the calculation of net assets per share, and basic and diluted net income per share.

3. Staff numbers, which are presented as the lower numbers in the "Employees" line, include those of unconsolidated subsidiaries accounted for by the equity method.

(2) Non-consolidated financial data

Fiscal year		102nd	103rd	104th	105th	106th
Year ended		March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Net sales	Millions of yen	2,980,130	3,019,860	3,419,068	3,480,290	3,718,720
Ordinary income	Millions of yen	135,693	197,932	293,073	228,098	203,711
Net income	Millions of yen	187,485	183,449	72,869	80,713	102,415
Common stock	Millions of yen	496,606	604,556	605,813	605,813	605,813
Number of shares in issue	Thousands	3,977,295	4,517,045	4,520,715	4,520,715	4,520,715
Net assets	Millions of yen	1,450,159	1,829,052	1,798,716	1,709,705	1,685,893
Total assets	Millions of yen	3,576,466	3,915,031	3,933,993	4,055,579	3,981,914
Net assets per share	Yen	364.61	404.94	402.65	388.60	384.86
Cash dividends per share (Interim cash dividends included herein)	Yen (Yen)	7 (0)	8 {4 for new shares} (0)	14 (4)	19 (8)	24 (12)
Basic net income per share	Yen	47.14	45.61	16.09	18.15	23.24
Diluted net income per share	Yen	44.85	45.38	15.98	17.97	23.04
Net assets as a percentage of total assets	%	40.5	46.7	45.7	42.2	42.3
Return on equity	%	13.82	11.19	4.02	4.60	6.03
Price earnings ratio	Times	16.76	20.57	49.10	64.19	47.29
Cash dividends as a percentage of net income	%	14.8	18.5	86.0	103.7	102.8
Employees ( ) represents the number of part-time employees not included in the above numbers as of the fiscal year end	Number	30,747 (138)	30,365 (227)	31,128 (423)	31,389 (463)	32,177 (578)

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

2. The number of employees represents full-time employees.

3. 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 in issue less the number of shares of treasury stock.

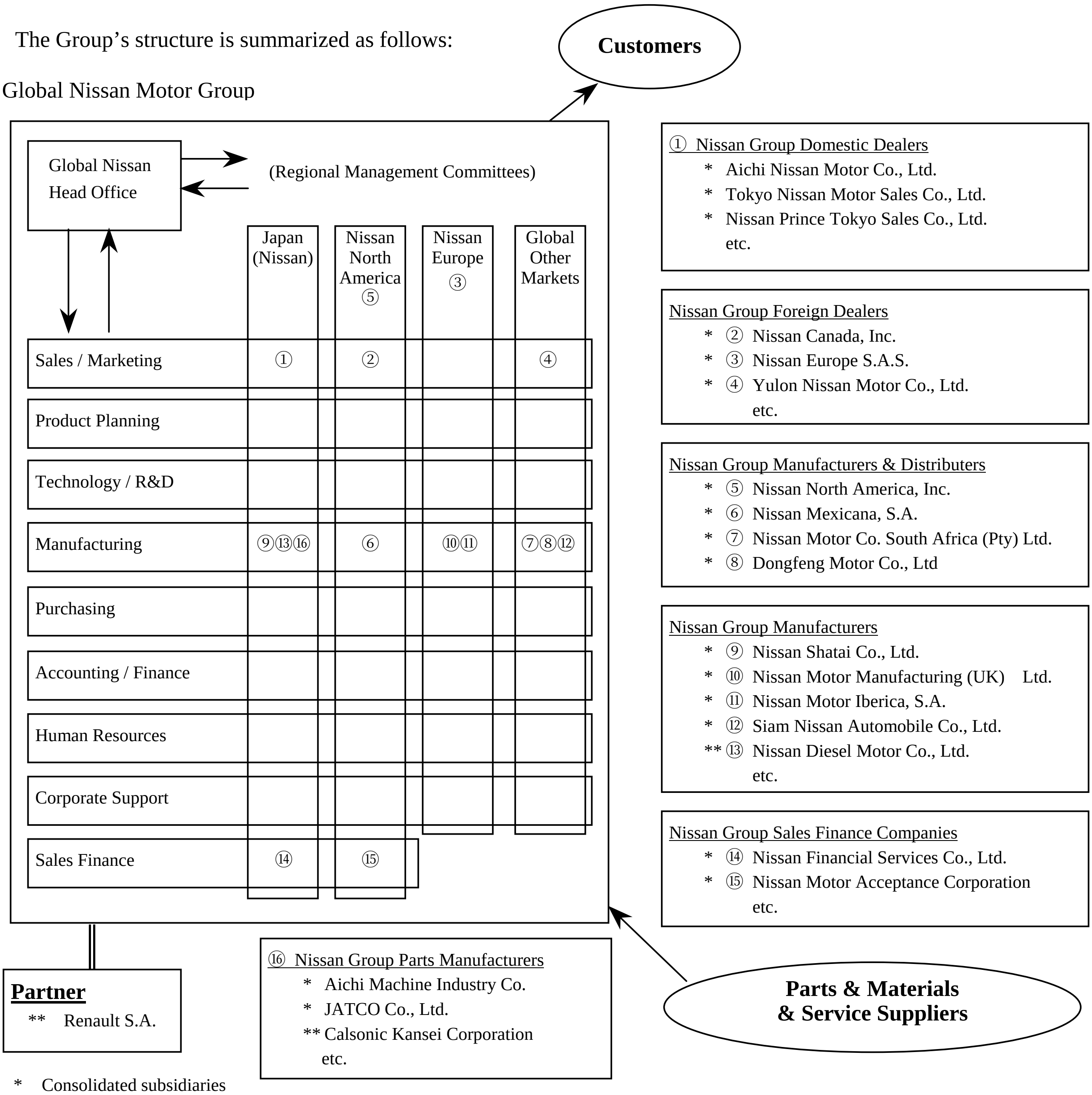
4. Effective the 104th fiscal year, the Company has adopted “Accounting Standard for Net Income Per Share” (Accounting Standard No. 2) and “Application Guideline for Accounting Standard for Net Income Per Share” (Application Guideline for Accounting Standard No. 4) in the calculation of net assets per share, and basic and diluted net income per share.

2. Description of business

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

The Group established the Global Nissan Head Office 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. The Global Nissan Group also handles cross-regional matters such as research & development, purchasing, manufacturing, and so forth.

The Group’s structure is summarized as follows:



* Consolidated subsidiaries
** Companies accounted for by the equity method

- 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, Calsonic Kansei Corporation — Tokyo

3. Information on subsidiaries and affiliates

(1) Consolidated subsidiaries

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched			
		Millions of yen		%	%	Number	Number	Number			
＃☆※ Nissan Shatai Co., Ltd.	Hiratsuka-shi, Kanagawa	7,904	Manufacturing and selling automobiles and parts	43.77	(0.02)	5	1	—	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	41.70	—	8	1	—	None	Selling certain automotive parts to NML	None
☆ JATCO Co., Ltd.	Fuji-shi, Shizuoka	29,935	Manufacturing and selling automotive parts	81.76	—	5	3	—	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	97.73	—	2	1	—	None	Selling certain automotive parts to NML	None
＃※(Note5) Calsonic Kansei Corporation	Nakano-ku, Tokyo	40,606	Manufacturing and selling automotive parts	41.90	—	7	1	—	None	Selling certain automotive parts to NML	None
Nissan Motor Car Carrier Co., Ltd.	Chuo-ku, Tokyo	640	International transportation of automobiles	60.00	—	2	—	—	None	Marine transportation of automobiles exported	None
Nissan Trading Co., Ltd.	Nishi-ku, Yokohama-shi	320	Importing and exporting automobiles, parts and other	100.00	—	5	—	1	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	—	6	3	—	None	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	—	11	—	—	None	Purchasing limited edition automobiles from NML	Leasing of certain land and buildings used in the normal course of business
Nissan Real Estate Development Co., Ltd.	Chuo-ku, Tokyo	1,000	Selling, purchasing and leasing real estate	70.50	(18.00)	5	1	—	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	—	¥895,548 million as the 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	100	Selling automobiles and parts	100.00	—	3	1	1	None	Purchasing products manufactured by NML	None
Tokyo Nissan Motor Sales Co., Ltd.	Ota-ku, Tokyo	100	Selling automobiles and parts	100.00	—	1	3	3	None	Purchasing products manufactured by NML	None
Nissan Prince Tokyo Motor Sales Co., Ltd.	Shinagawa-ku, Tokyo	100	Selling automobiles and parts	100.00	—	3	2	—	None	Purchasing products manufactured by NML	None
Nissan Parts Chuo Sales Co., Ltd.	Isogo-ku, Yokohama-shi	545	Selling parts for automobile repairs	80.61	(34.37)	6	1	—	None	Purchasing parts for repairs from NML	None
Other domestic consolidated subsidiaries		85 companies									
Total domestic consolidated subsidiaries		100 companies									

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched			
				%	%	Number	Number	Number			
☆ Nissan Europe S.A.S.	Trappes, Cedex, France	Millions of Euro 1,626	Managing manufacturing and sales in Europe	100.00	—	—	4	4	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	1	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)	—	—	2	None	Purchasing products manufactured by NML	None
☆ Nissan Holding (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of stg. 870	Holding company for English subsidiaries	100.00	(100.00)	—	—	—	None	None	None
Nissan Italia S.p.A.	Rome, Italy	Millions of Euro 5	Selling automobiles and parts	100.00	(100.00)	—	1	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)	—	1	2	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)	—	—	—	None	Designing and developing automobiles on behalf of NML	None
Nissan Forklift Europe B.V.	Amsterdam, The Netherlands	Millions of Euro 6	Manufacturing and selling forklifts and parts	100.00	—	—	2	1	None	Purchasing products manufactured by NML	None
☆ Nissan Motor Iberica, S.A.	Barcelona, Spain	Millions of Euro 725	Manufacturing and selling automobiles and parts	99.76	(93.21)	—	4	—	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 wholesale and retail sales of automobiles in the United States	100.00	(100.00)	—	2	1	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)	—	2	—	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	None	Extending loans to NML's subsidiaries in the United States	None

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched			
				%	%	Number	Number	Number			
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)	—	—	3	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	(73.91)	—	—	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 Mexicana, S.A. de C.V.	Mexico D.F., Mexico	Millions of Peso 17,056	Manufacturing and selling automobiles and parts	100.00	—	—	2	2	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	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	100.00	—	—	—	3	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
(Note 8) Dongfeng Motor Co., Ltd.	Hubei, China	Millions of CNY 16,700	Manufacturing and selling automobiles and parts	50.00	(50.00)	—	4	3	None	Purchasing products manufactured by NML	None
Siam Nissan Automobile Co., Ltd.	Bangsaothong, Samutpraken, Thailand	Millions of THB 1,931	Manufacturing and selling automobiles and parts	75.00	—	—	5	3	None	Purchasing products manufactured by NML	None
Yulon Nissan Motor Co., Ltd	Miaoli, Republic of China	Millions of TWD 3,000	Manufacturing and selling automobiles and parts	40.00	—	—	1	3	None	Purchasing products manufactured by NML	None
Other foreign consolidated subsidiaries		71 companies									
Total foreign consolidated subsidiaries		100 companies									
Total consolidated subsidiaries		200 companies									

(2) Affiliates accounted for by the equity method

Name of company	Location	Capital (Millions of yen)	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched			
				%	%	Number	Number	Number			
# Nissan Diesel Motor Co., Ltd.	Ageo-shi, Saitama	65,835	Manufacturing and selling automobiles and parts for automobiles	24.38	(0.54)	1	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, Chiba	5,654	Manufacturing and selling parts for automobiles	20.25	—	2	—	—	None	Selling certain parts for automobiles to NML	None
(Note 9) 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 BV was established.	None
Other affiliates accounted for by the equity method	17 companies										
Total affiliates accounted for by the equity method	20 companies										

Notes: 1. Companies marked ☆ are specified subsidiaries.

2. Companies marked # have filed their securities registration statements or securities reports.

3. Net sales (excluding intercompany sales within the Group) of each company marked ◎ exceeded 10% of the consolidated net sales for the year ended March 31, 2005. However, the key financial data for these companies has been omitted because their net sales constituted more than 90% of the sales in their respective geographical segments.

4. Although the percentage of their 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.

5. Calsonic Kansei Corporation that is mainly engaged in manufacturing and selling parts for automobiles, has issued the new shares of common stock on January 11, 2005 to reinforce the financial condition. The Company has fully acquired the new shares issued and included Calsonic Kansei Corporation in the scope of consolidation due to increase in the voting rights.

6. Nissan Satio Osaka Co. Ltd. that is mainly engaged in manufacturing and selling automobiles and parts for automobiles, has liquidated on April 1, 2004 due to the merger with Nissan Prince Osaka Sales Co., Ltd.

7. Nissan Canada Finance Inc. that is mainly engaged in retail and wholesale finance, has liquidated on April 1, 2004 due to the merger with Nissan Canada Inc.

8. Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been consolidated proportionately to NISSAN (CHINA) INVESTMENT CO., LTD. in accordance with local accounting standards because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., Ltd., a consolidated subsidiary. Therefore, the Company has included Dongfeng Motor Co., Ltd. in the scope of consolidation although this company is a joint venture.

9. Although the exercise of voting rights of the shares in Renault indirectly held by the Company is restricted in accordance with the Commercial Code of France, the Company has accounted for its investment in Renault by the equity method as the Company exercises significant influence over Renault's financial and operating policies through its participation in a jointly and equally owned management company (Renault-Nissan BV) and through its Board members (comprising 50% of Renault-Nissan BV's Board of Directions). This joint venture company has the power to decide business issues of importance to both Renault and Nissan based on the Articles of Incorporation of each company or on a mutual agreement.

4. Employees

(1) Consolidated companies

(At March 31, 2005)

Geographical segments	Number of employees	
Japan	86,494	(5,826)
North America	20,937	(307)
Mexico	8,403	(—)
Europe	12,230	(803)
Other overseas countries	41,580	(7,027)
Total	169,644	(13,963)

Note: The number of employees presented above represents full-time employees. The figures in parentheses represent part-time employees at March 31, 2005 who have not been included in the number of full-time employees.

(2) The Company

(At March 31, 2005)

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Yen)
32,177 (578)	41.0	19.7	7,309,244

Notes: 1. The number of employees presented above represents full-time employees. The figures in parentheses represent part-time employees at March 31, 2005 who have not been included in the number of full-time employees.

2. The average annual salary represents the average salary for employees who are not in material positions and includes bonuses and overtime pay.

2. Business Overview

1. Overview of business results

(1) Operating results

Net sales for the year ended March 31, 2005 totaled ¥8,576.3 billion, which represents an increase of ¥1,147.1 billion (15.4%) over net sales for the prior year. Operating income also rose to ¥861.2 billion, an increase of ¥36.3 billion (4.4%) over the corresponding amount recorded in the prior year. As a result of these increases, both net sales and operating income were the highest on record for the Nissan Group. And operating income as a percentage of net sales for the current year was 10.0%.

Net non-operating expenses for the year ended March 31, 2005 amounted to ¥5.5 billion, a decrease of ¥9.7 billion from those of the prior year. This improvement is primarily attributable to a reduction in financial costs. As a result, ordinary income for the current year increased by ¥46.0 billion (5.7%) over the corresponding amount for the prior year to ¥855.7 billion. Net special loss for the year ended March 31, 2005 totaled ¥62.5 billion, an improvement of ¥10.7 billion from that of the prior year. This is primarily attributable to an increase in gain on the disposition of property and equipment. Finally, income before income taxes and minority interests and net income for the year ended March 31, 2005 increased by ¥56.7 billion (7.7%) and ¥8.6 billion (1.7%) to ¥793.2 billion and ¥512.3 billion, respectively, over the corresponding amounts of the prior year.

The operating results by business segment are summarized as follows:

a. Automobiles

The Group's worldwide automobile sales (on a retail basis) for the year ended March 31, 2005 increased by 331 thousand units (10.8%) to 3,388 thousand units from the figure recorded in the prior year. The number of vehicles sold in Japan increased by 1.4% to 848 thousand units. Vehicles sold in the United States increased by 18.4% to 1,013 thousand units, while those sold in Europe increased by 0.3% to 544 thousand units and vehicle sales in other overseas countries went up 19.5% to 983 thousand units.

Net sales in the automobile segment (including intersegment sales) for the current year rose by ¥1,105.7 billion (15.6%) over those of the prior year to ¥8,201.6 billion.

Operating income for the year ended March 31, 2005 increased by ¥16.6 billion (2.2%) to ¥771.8 billion. This is primarily attributable to various factors such as the increase in the number of vehicles sold, the favorable sales mix, reductions in purchase costs, and so forth, which, however, were partially offset by higher R&D costs, expenditures to enhance the Group's product lines and to comply with various local regulations on a worldwide basis, and the overall unfavorable impact of foreign exchange rate fluctuation.

b. Sales finance

Net sales (including intersegment sales) for the current year increased by ¥46.0 billion (12.6%) to ¥411.9 billion. Operating income for the current year rose by ¥8.7 billion (13.5%) over that of the prior year to ¥73.6 billion.

Operating results by geographic segment are summarized as follows:

a. Japan

- Net sales (including intersegment sales) for the current year rose by ¥252.5 billion (5.9%) from corresponding net sales recorded in the prior year to ¥4,537.8 billion.

- Operating income for the current year decreased by ¥11.3 billion (3.2 %) from that of the prior year to ¥341.1 billion, primarily due to an unfavorable changes in foreign exchange rates and increases in R&D costs.

b. North America

- Net sales (including intersegment sales) for the current year rose sharply by ¥493.9 billion (14.9%) coming in at ¥3,808.3 billion.

- Operating income for the current year posted an increase of ¥15.8 billion (3.9%) over the prior year's results and reached ¥415.6 billion, primarily due to an increase in the number of vehicles sold.

c. Europe

- Net sales (including intersegment sales) for the current year were ¥1,305.1 billion, an increase of ¥109.4 billion (9.1%) over those of the prior fiscal year.

- Operating income for the current year increased by ¥6.8 billion (13.9%) over that of the prior year to ¥56.0 billion, primarily due to a favorable sales mix.

d. Other overseas countries

- Net sales (including intersegment sales) for the current year increased dramatically by ¥615.7 billion (142.8%) from those of the prior year to ¥1,046.8 billion.

- Operating income for the current year was ¥50.2 billion, an increase of ¥32.1 billion (176.9%) over that of the prior year, primarily due to changes in scope of consolidation.

(2) Cash flows

Cash and cash equivalents amounted to ¥289.8 billion at the end of this fiscal year for an increase of ¥95.6 billion (49.2%) from the corresponding balance at the end of the prior fiscal year. This primarily represents the net result of a decrease in cash flows from operating activities driven by an increase in sales finance receivables, a decrease in cash flows from investing activities, and an increase in cash flows from financing activities

(Cash flows from operating activities)

Cash and cash equivalents provided by operating activities, which amounted to ¥369.4 billion for the current fiscal year, decreased by ¥428.0 billion (53.7%) from the ¥797.4 billion recorded in the prior fiscal year. This primarily reflects the increase in sales finance receivables and income tax payment.

(Cash flows from investing activities)

Cash and cash equivalents used in investing activities, which amounted to ¥865.0 billion for the current fiscal year, rose by ¥108.9 billion (14.4%) from the ¥756.1 billion recorded in the prior fiscal year. This increase is primarily attributable to higher expenditures for purchases of leased vehicles.

(Cash flows from financing activities)

Cash and cash equivalents provided by financing activities, which amounted to ¥521.0 billion for the current fiscal year, increased significantly by ¥634.7 billion from the corresponding total cash outflows of ¥113.7 billion in the prior fiscal year, mainly due to an increase in short-term borrowings.

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	1,475,063	1,481,563	6,500	0.4
The United States	619,665	803,556	183,891	29.7
Mexico	308,322	325,086	16,764	5.4
The United Kingdom	331,924	319,652	△12,272	△3.7
Spain	116,589	142,889	26,300	22.6
South Africa	28,925	41,750	12,825	44.3
Indonesia	2,921	9,822	6,901	236.3
Thailand	—	33,472	33,472	—
China	—	135,549	135,549	—
Total	2,883,409	3,293,339	409,930	14.2

Notes: 1. The figures for the current fiscal year represent vehicles produced during the year ended March 31, 2005 in Japan and the United States. Those produced in the seven other countries represent the production figures for the year ended December 31, 2004.

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

(2) Orders received

Information on orders received has been omitted as the products 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	799,206	819,152	19,946	2.5
North America	1,204,882	1,394,099	189,217	15.7
Europe	548,693	554,901	6,208	1.1
Other overseas countries	394,001	702,270	308,269	78.2
Total	2,946,782	3,470,422	523,640	17.8

Notes: 1. The figures for the current fiscal year represent vehicles sold during the year ended March 31, 2005 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, 2004.

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

3. Issues and outlook for the fiscal year ahead

In the next fiscal year, which is the opening year of new medium-term business plan "Nissan Value Up", the Group will go forward to the achievement of three significant commitments:

1) To maintain top level operating income margin among global automakers during every fiscal year from 2005 to 2007;
2) To achieve the Group's global sales of 4,200 thousand units by the end of fiscal year 2008; and
3) To achieve a 20% return on invested capital (ROIC) on average over the course of the plan (excluding cash on hand).

The Group plans to launch 6 new models during the next fiscal year and present globally a total of 20 new products.

In Japan, the demand for automobiles is anticipated to remain at the same level as that of the prior year. The Group aims to boost sales by launching 5 models such as the Serena, compact wagon, middle-size sedan, light cars, and the Otti (OEM supplied by Mitsubishi Motors Corporation).

In the United States, the number of vehicles sold is expected to increase slightly with the demand for automobiles remaining at the same level as that of the previous year. During the next fiscal year, with no plans of new models, 4 new models which were launched in the current fiscal year are expected to contribute to the increase in the number of vehicles sold. New models will be launched in the United States during fiscal years 2006 and 2007.

In Europe, the demand for automobiles is also anticipated to remain at the same level as that of the prior year. During the next fiscal year the Group plans to launch "Micra C+C" and release "350Z Roadster", "Murano", "Pathfinder" and "Navara" in order to expand its products lineup.

In other overseas countries, including Mexico, the Group expects that its planned launch of 9 new models will result in a surge in sales. Four of nine are expected to be favorable opportunities generating growth and profit by releasing them in Chinese market.

There are many risk factors, such as fluctuation in foreign exchange rates, increases in interest rates, price rise in raw materials, increases in energy cost and incentive fee, and the uncertainty of the economic growth in United States and Japan. On the other hand, the only favorable opportunity is the rapid and effective implementation of the "Nissan Value-Up".

4. Business and other risks

With regard to disclosure in the Business Overview, Financial Information and other parts of this Yukashoken-Houkokusho, the salient items which may affect the decisions of our investors can be grouped under the following risk factors.

Any future forecasts included in the following descriptions are based on the estimates or judgment of Nissan as of June 22, 2005.

(1) Economic Factors

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

(2) International Activities and Overseas Expansion

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

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

(3) Research and Development

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

(4) Product Defects

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

(5) Fluctuation in Foreign Currency Exchange Rates

The Group's Japanese operations export vehicles to various countries around the world. In general, the appreciation of the yen against other currencies adversely affects the Group's financial results of operations and, on the contrary, the depreciation of the yen against other currencies favorably affects the Group's financial results of operations. Any sharp appreciation of the currencies of those countries against the yen could lead to increases in both procurement and production costs which would adversely affect the Group's competitiveness.

(6) Derivatives

The Group utilizes derivatives transactions for the purpose of hedging its exposure to fluctuation in foreign exchange rates, interest rates and commodity prices. While the Group can hedge against these risks by using derivatives transactions, the Group, by so doing, may miss the potential gains which could result from seizing the market opportunities to profit from such fluctuation in exchange rates and interest rates.

In addition, the Group manages its exposure to credit risk by limiting its counterparties to financial institutions with high credit ratings. However, a default by any one of these counterparties could have an adverse effect on the Group's financial position and operating results.

(7) Lawsuits and Claims

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

(8) Government Regulations

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

(9) Intellectual Property Rights

The Group owns a wide variety of proprietary technologies and has the expertise to differentiate the Group's products making them unique from those of its competitors. These assets have proven their value in the growth of the Group's business and will, no doubt, continue to be of value in the future. The Group strives to protect its intellectual property assets; however, in certain markets, the Group may encounter difficulty in fully protecting the proprietary rights to its own technologies. Cases may arise where the Group finds itself unable to prohibit others from infringing on its intellectual property rights.
The Company has established Intellectual Property Rights Management Department for the purpose of protecting intellectual property rights in specific areas, strengthening activities to protect Nissan's intellectual property rights, and abstracting new intellectual property rights. And the department has been performing various activities to protect and create Nissan Brand.

(10) Natural Disasters

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

(11) Sales Financing Business Risk

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

(12) Counterparty Credit Risk

The Group does business with a variety of counterparties and manages its counterparty credit risk by conducting a comprehensive annual assessment of its customers' financial condition based on their financial information. Nonetheless, any significant default by a counterparty would adversely affect the Group's financial position and results of operations.

(13) Employee Retirement Benefit Expenses and Obligations

The amount of retirement the Group's benefit obligation and related expenses are calculated using various actuarial assumptions including the discount rate applied, the projected rate of return on plan assets, and so forth. If the Group's actual results differ from those assumptions or if the assumptions are changed, the resulting effects will be accumulated and recognized systematically over future periods. The cumulative effect could adversely impact the recognition of expenses and liabilities recorded in future periods.

(14) Purchase of raw materials and parts

The Group purchases raw materials and parts from many suppliers. Market conditions that the Group can't control and whether or not the suppliers can procure raw materials and parts continuously may adversely affect the Group's financial position and results of operations.

5. Important Business Contracts

Company which entered into agreement	Counterparty	Country	Agreement	Date on which agreement entered into
Nissan Motor Co., Ltd. (The filer of this Yukashoken-Hokokusho)	Renault	France	Overall alliance in the automobile business including capital injections	March 27, 1999

6. Research and development activities

The Group has been conducting research and development activities to offer vehicles which meet its customers' expectations and to create technologies which promote safety as well as global environmental protection.

The research and development costs of the Group amounted to ¥398.1 billion for this fiscal year.

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

The 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 Oppama. At the proving ground in Hokkaido, a high-speed circuit has been constructed for testing performance under various road surface conditions at high speed and super-speed and for researching driver's behaviors when using the ITS and operational support systems. Additionally, the Company purchased a vacant lot on Aoyama Gakuin University's Atsugi Campus near the Technical Center in Atsugi-shi in March 2003. The partial operation of the facility began in January 2004, and the Company has been continuing the construction of the Nissan Advanced Technology Center (NATC) on this site, which is expected to be a key base for the development of future products.

Major subsidiaries and affiliates also conduct research and development activities: Nissan Shatai Co., Ltd., Nissan Diesel Motor Co., Ltd. and Nissan Light Truck 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. 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 launch of the "Murano," the "Tida," the "Fuga," the "Tida Latio," the "Lafesta" and the "Note," and in minor enhancements to the "March," the "Atlas 20," the "Safari," the "Stagea," the "Elgrand," the "Civilian" and the 'Skyline Sedan". In addition, the "Fuga" received the "RJC Car of the Year 2005."

The Group companies have attempted to share parts and to decrease 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," the "Maxima," the "Titan," the "Pathfinder," the "Pathfinder Armada," the "Quest," and the "Infinity QX 56."

In Europe, the Nissan Technical Center Europe Ltd., which has its operations in the United Kingdom, Belgium and Spain, is developing a variety of models for Europe such as the "Primera," the "Almera," the "Almera Tino," the "Micra" (called the "March" in Japan) and the "Terrano II," a small four-wheel-drive vehicle. Nissan Design Europe Ltd. in United Kingdom was established for the purpose of planning and designing vehicles to strengthen the Group's design capabilities.

In Asia, Dongfeng Motor Co., Ltd., a joint venture with DongFeng Motor Corporation, is developing locally the "Teana," the "Bluebird" and the "Sunny" in China. The "Teana" won the "Car of the Year 2005" in China. In addition, Yulon Nissan Motor Co., Ltd., a joint venture with Yulon Motor Co., Ltd. is developing locally the "Teana," the "Serena," the "X-TRAIL," the "Sentra," and the "March" in Taiwan.

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 potential.

The Nissan Group has continued to make a comprehensive effort to protect the global environment by launching clean-energy vehicles and by developing environmentally-friendly technologies to reduce carbon dioxide, to clean the exhaust fumes emitted by vehicles and to recycle resources.

The Nissan Group has made progress in achieving the goal of applying the"75% reduction from the level of the 2005 exhaust emission standards (SU-LEV)" to 80% of the gasoline-powered vehicles sold in the domestic market. Nissan and Renault also have jointly developed two new engines, the "HR15DE" and the "MR20DE," both 4-cylinder units which demonstrate excellent fuel economy combined with improved acceleration. The "XTRONIC CVT," a belt CVT, is now equipped with these new engines enabling further enhanced acceleration performance and better fuel consumption by revising the electronic controls and widening the gear ratio ranges. In the up-coming three years, the Nissan Group plans to increase the number of the sales on the automobiles with CVT by four times of the current figure, 250 thousand vehicles upto 1 million vehicles.

Regarding clean energy cars, the Group has delivered the "X-TRAIL FCV (fuel cell vehicle)" to Kanagawa Prefecture and Yokohama City. A leasing scheme for this vehicle was launched in 2003. Also, the internally developed fuel cell stack was doubled its duration of life and downsized by 40% compared to a regular fuel cell with the same capacity. The Company has also completed a prototype of the "Altima Hybrid" which enables the acceleration performance of V4 engines to equal that of V6 engines with a fuel efficiency equivalent to that of compact cars.

Regarding to the safety issues, the Group pursues to produce safe automobiles in order to achieve the goal of reducing the number of death roll and serious injuries to half by 2015 by analyzing on actual accidents occurred in the real world. Starting from fiscal year 2004, with the perspective of reducing number of traffic accidents and with the mind of "Stay away from danger," the Group has promoted "Safety Shields," more sophisticated and positive approach for the safety issues.　This approach is to prevent to go further stage in risky condition by functioning a barrier for risky factors in each stages, which identified in the analysis of the process of six accidents breakdowns from the condition without any risk of accident to the condition of after-impact point.　Ten techniques will be introduced as practical applications.

As new technological developments, the Group developed a experimental automobile with "Around View Monitor" that displays the 360 degree-views on the monitor set up in front of the driver's seat and with "Lane Departure Prevention" that supports to handling a driver back to the traffic lane with alarm and inner force to shift the automobile when the driver drives close to a lane marker.

The Group investigates on the application of "Active AFS," which automatically controls headlights depending on the angles and speed of steering wheels, "Side Blind Monitor," which uses a high-sensitivity, near-infrared charge-coupled device (CCD) camera embedded in the left-hand outside monitor to eliminate the blind spot near the front end on the left side, "Intelligent Cruise Control（with low-speed following capability）," which reduce driving loading of a driver at low speed like driving under heavy traffic and "Intelligent Brake Assist" and "Brake Operated Pre-crush Seatbelt," which reduces damages of the passengers by detecting possible accident in advance and activating safety devices.

With respect to the IT area, "researching the fastest route" based on real time VICS information from statistical traffic reports and the telematics services of "Car Wings" has been implemented. In addition, hand-free phone calls and Car Wings services became available through Bluetooth® and these functions without connecting the cellular phone to telecommunication cables.　As a result of a joint research of the telematics services with NTT Docomo, "Okutto Keitai" service provided with CARWINGS, I-mode by NTT Docomo and mobile phones was launched.　In addition, the Group developed the experimental automobile equipped with a multimedia platform "1394 Fiber Optical Network Communication," which is the first passenger vehicle to have a multimedia platform with 400 Mbps transfer rate. Nissan and Renault also have jointly developed a new navigation and communication system that provides Bluetooth® wireless function and traffic information reception function.

Our initiatives for research and development have been highly recognized and these efforts resulted in our being chosen as the recipient of various awards from Society of Automotive Engineers of Japan in the following three categories: "A Study of Gasoline-Fueled Compression Ignition Engines," "Development of Brake Operated Pre-crash Seatbelt" and "Development of a New-Generation Belt CVT, "XTRONIC CVT," With High Torque Capacity for Front-Wheel-Drive Cars."　Also, "VQ Engine" was selected for first-ever 11th successive year "Ward's Ten Best Engines" by Ward. and "Lane Departure Warning System" was awarded 2005 Best of ITS　Prize by ITS America.

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

7. Analysis of financial position and operating results

The following analysis and discussions of the Group's financial position and operating results are, in principle, based on the consolidated financial statements.

Any future forecasts included in the following descriptions are based on the best estimates or judgment of Nissan as of June 22 2005.

(1) Significant accounting policies and estimates

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. The preparation of consolidated financial statements requires management to select and apply the accounting policies and to make certain estimates which affect the amounts of the assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. Although management believes that the estimates made reasonably reflect past experience as well as present circumstances, the actual results could differ substantially because of the uncertainty inherent in those estimates.

The significant accounting policies applied in the preparation of the consolidated financial statements are explained in Section V, "Financial Information," in the consolidated financial statements. In management's opinion, the following significant accounting policies could materially affect the estimates made in the consolidated financial statements:

i) Allowance for doubtful receivables

The allowance for doubtful receivables is provided to cover losses on bad debts based on an estimate of the collectibility of receivables. The Group may need to increase the allowance or incur losses on bad debts if the financial circumstances of its customers were to deteriorate and if their ability to pay their debts was thus impaired.

ii) Accrual for warranty costs

The accrual for warranty costs 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 historical experience. The Group places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales. However, if the estimates of future warranty costs were significantly different from the actual costs incurred due to product defects and so forth, the Group could incur a loss on the provision of additional accrual for warranty costs.

iii) Retirement benefit expenses

Accrued retirement benefits and the related expenses are calculated based on various actuarial assumptions to cover the retirement benefits to be paid to eligible employees upon retirement. The assumptions include the discount rate applied, future levels of compensation, the projected rate of return on pension plan assets, retirement rates, and so forth. If the actual results were to differ from those assumptions or if the assumptions were changed, the resulting effects would be accumulated and recognized systematically over future periods. Accordingly, the cumulative effect could impact the recognition of expenses and liabilities recorded in future periods.

(2) Analysis of operating results

1. Update on the Nissan 180 ("Nissan One-Eighty")

Under the Nissan 180, which is a three-year business plan aiming for sustainable growth with profit, the Nissan Group has announced three commitments.

The first target of the Nissan 180 is to increase the number of vehicles sold by one million units on a global basis by fiscal year 2005 over the corresponding number in fiscal year 2001. The number of vehicles sold is to be calculated for the year ending September 30, 2005. The second goal is to achieve an 8% target for consolidated operating income as a percentage of consolidated net sales. The third and final target is to reduce consolidated net interest-bearing debt related to the automobile business to zero under the same accounting policies as those in effect at the commencement of the Nissan 180.

The current fiscal year is the final year under Nissan180. The Group had already achieved two commitments of three by fiscal year 2002, The second commitment, “8% target relating to consolidated operating income as a percentage of consolidated net sales”, has been achieved by more than 10% consolidated operating income as a percentage of consolidated net sales through each of three years under Nissan 180.

With respect to the third commitment, “To reduce consolidated net interest-bearing debt related to the automobile business to zero”, the Group has more than ¥20 billion net cash at the end of the current fiscal year.

The only remaining commitment is the first commitment, “To achieve the one million additional sales on a global basis”. The number of vehicles sold has been moving favorably for achieving 3,597 thousand units during one year from October 2004 to September 2005.

Nissan 180 will be remembered as a period in which many significant products were introduced to satisfy specific needs of customers around the world. Products such as the first crossover and full-size truck and sport utility vehicles in North America, light trucks and compact cars in Japan, the Teana in the Peoples’ Republic of China, full-line compact commercial cars and 350X, which symbolizes Nissan’s revival, in Europe.

2. Operating results

Although the current fiscal year was a tough year, that expected and unexpected risks became a reality, the Group challenged each issue actively.

The Group has been carrying out Nissan 180 steadily. As a result, consolidated sales, consolidated operating income, consolidated net income, and the number of vehicles sold and produced on a global basis established new records respectively.

(Sales)

The number of vehicles sold on a global basis reached 3,388 thousand units, which exceeded the forecast of 3,380 thousand units. This record level represents an increase of 10.8%, or 331 thousand units, over fiscal year 2003, and is 281 thousand units more than the previous record level set in 1990.

The Group launched 9 new models on a global basis.

Along with record sales, a global production record was also achieved. The number of a global production came to 3,378 thousand units, which is 293 thousand units more than the previous record.

The following is a summary of sales by region:

Japan

The number of vehicles sold in Japan was recorded as 848 thousand units, increased slightly by 1.4% over the corresponding figure in the prior fiscal year. The Company’s brand and products has maintained favorable reputation. “Fuga” was voted the “RJC Car of the Year” in November 2004, and the “Note”, “Tiida”, “Cube” and “March” were ranked in the monthly top 10 best-selling models in Japan in March 2005, although the overall demand for vehicles remained unchanged. The Group’s market share (including light passenger vehicles) reached 14.6%, recording a rise of 0.4% over the corresponding figure for the prior fiscal year.

The United States

The number of vehicles sold in the United States increased by 18.4% over sales in the prior year, rising to 1,013 thousand units. The Group’s market share through the current fiscal year reached 6.0% from 5.1% of the prior year’s the Group’s market share.

The number of vehicles sold through the Nissan channel increased by 20.4% primarily attributable to favorable sales of trucks. The number of trucks sold increased by 46.7% mainly due to the new model “Frontier”, the new model “Pathfinder”, and “Titan”. And the “Altima” maintains to make a strong contribution to sales of passenger vehicles.

Vehicle sales through the Infinity channel hit a record high again. This remarkable growth was driven primarily by the “G35 Sport Sedan” and “Coupe,” which are competitive and attractive. The number of vehicles sold through the Infinity channel increased by 6.5% over sales in the prior year, rising to 132 thousand units.

Europe

The number of vehicles sold in Europe was 544 thousand units, approximately flat compared with that of the prior year. Strong sales of the X-TRAIL and Pick-up compensated the low sales of passenger vehicles, which had no products campaigns.

Other overseas countries

Compared with the prior year's results, the number of vehicles sold in other overseas countries including Mexico and Canada increased by 19.5%, reaching 983 thousand units. The number of vehicles sold in the Peoples' Republic of China increased dramatically, rising 92.7% to 194 thousand units and the Teana was awarded a local prize "Car of the Year 2005".

(Operating results)

i) Net sales

Consolidated net sales for the current fiscal year rose to ¥8,576.3 billion for an increase of 15.4% over those of the prior fiscal year. Consolidated net sales increased by ¥707.0 billion attributable to the increase in the number of vehicles sold and the favorable sales mix, while it decreased by ¥173.0 billion due to the unfavorable changes in foreign exchange rates. And the consolidated net sales increased by ¥432.0 billion due to the change in the scope of the consolidation, primarily inclusion of Dongfeng Motor Co., Ltd. and Yulon Nissan Motor Co., Ltd.

ii) Operating income

Consolidated operating income for the current fiscal year increased by 4.4% to ¥861.2 billion, the highest results ever recorded by the Group. Consolidated operating income as a percentage of consolidated net sales was 10.0% for the current fiscal year, which was one of the highest operating margin ratio achieved worldwide in the automobile industry.

The various changes in consolidated operating income from the prior fiscal year to the current fiscal year are outlined as follows:

- Consolidated operating income decreased by ¥78.0 billion due to unfavorable trends in foreign exchange rates compared to the prior fiscal year.
- The effect of the change in the scope of the consolidation was to increase consolidated operating income by ¥31.0 billion.
- Consolidated operating income rose by ¥284.0 billion, reflecting both the increase in the number of vehicles sold primarily in U.S. and the favorable sales mix.
- Selling expenses increased by 114.0 billion due to the increase in the number of vehicles sold mainly in U.S.
- As a result of successful reductions in purchasing costs, consolidated operating income soared by ¥131.0 billion.
- Consolidated operating income decreased by ¥92.0 reflecting expenditures to enhance product lines and to comply with various local regulations.
- Research and development costs rose by ¥44.0 billion in line with a plan to enhance the Group's capability to develop new products and technology.
- Consolidated operating income decreased by ¥15.0 billion due to the increase of costs for manufacturing and logistics, reflecting cost reduction by enhancing manufacturing efficiency, offset by the cost increase by developing the production capability of Canton Plant.
- Consolidated operating income decreased by ¥41.0 billion reflecting the increase of the service costs.
- General and administrative expenses and other costs increased by ¥25.7 billion.

iii) Non-operating income and expenses

Net non-operating expenses for the current fiscal year amounted to ¥5.5 billion, an improvement of ¥9.7 billion from those of ¥15.2 billion recorded in the prior fiscal year. This improvement is primarily attributable to the decrease of ¥5.3 billion in net financial costs from ¥15.7 billion for the prior fiscal year, to ¥10.4 billion for the current fiscal year. Consequently, consolidated ordinary income increased by ¥46.0 billion from ¥809.7 billion for the prior fiscal year to ¥855.7 billion for the current fiscal year.

vi) Special gains and losses

Net special loss for the current fiscal year amounted to ¥62.5 billion, an improvement of ¥10.7 billion from the loss of ¥73.2 billion recorded in the prior fiscal year. This resulted primarily from the increase of ¥15.1 billion in gain on sales of property, plant and equipment.

v) Income taxes

Income taxes for the current fiscal year increased by ¥39.0 billion to ¥258.1 billion over the corresponding amount for the prior fiscal year. The effective tax rate (after applying tax-effect accounting for the current fiscal year) increased to 32.5%, over the 29.7% rate in effect during the prior fiscal year.

vi) Income attributable to minority interests

Income attributable to minority interests for the current fiscal year was ¥22.9 billion, increased by ¥9.1 billion over the corresponding figure for the prior fiscal year. This significant increase primarily reflects an improvement in the operating results of certain consolidated subsidiaries in which the Group does not hold a 100% interest.

vii) Net interest-bearing debt in the automobile business

Net interest-bearing debt in the Group's automobile business had been completely reimbursed. The company had net cash of ¥205.8 at the end of the current fiscal year.

(3) Analysis of sources of capital and liquidity

1. Cash flows

Cash and cash equivalents amounted to ¥289.8 billion at the end of this fiscal year, resulting in a increase of ¥95.6 billion from the corresponding balance at the end of the prior fiscal year. This resulted primarily from the increase in cash inflows from financing activities, in spite of decrease in cash inflows from operating activities due to the increase in sales financial receivable and increase in cash outflows from investing activities.

Cash and cash equivalents provided by operating activities, which amounted to ¥428.0 billion for the current fiscal year, decreased by ¥428.0 billion from the corresponding ¥369.4 billion recorded in the prior fiscal year. This resulted primarily from the increase in cash outflows from the sales finance receivables from our sales finance subsidiaries and the increase in income tax payment.

Cash and cash equivalents used in investing activities totaled ¥865.0 billion for the current fiscal year, rising by ¥108.9 billion from the ¥756.1 billion used in the prior fiscal year. This increase is primarily attributable to an increase in acquisition of leased vehicles and fixed assets. The expenditure for the last investment in Dongfeng Motor Co., Ltd. to the amount of 21.0 billion is included in the current fiscal year.

Cash and cash equivalents provided by financing activities, which amounted to ¥521.0 billion for the current fiscal year, increased by ¥634.7 billion from cash and cash equivalents used in financing activities of ¥113.7 billion in the prior fiscal year, reflecting the increase in short-term borrowings and the decrease in purchase of treasury stocks.

2. Financial strategies

Financial activities within the Nissan Group are managed centrally by the Treasury Department of the Company, which functions as the global treasurer. Several activities are underway within the Group to improve funding efficiency through the implementation of a global cash management system.

The Nissan Group has developed a basic financial strategy under which the Group raises funds from appropriate sources and maintains an appropriate level of liquidity and a sound financial position so that the Group can make investments in research and development activities, capital expenditures and its sales finance business on a timely basis.

In addition to the cash and cash equivalents held by the Group, the Group has entered into loan commitment agreements with major international banks and believes that a level of liquidity sufficient to meet the Group's funding requirements is being maintained.

Whether or not the Company and its finance subsidiaries can raise funds without collateral and the related costs depends upon the credit rating of the Company. Currently, the Company's credit rating is investment grade; however, this favorable rating is not presented herein with the intention of promoting the purchase or holding of the Company's debt securities.

(4) Nissan Value-Up

Since April 2005, the Group has implemented and carried out the new medium-term business plan for fiscal years 2005 through 2007, "Nissan Value-Up."

With the goal of maintaining its operating performance, the group aims to harvest the positive effects of the established customer relationship, the expanded sales network, the created value, the increased financial benefits and the improved management structure as well as aiming to enhance them.

The contents of "Nissan Value-Up" extend the core competence that led to what Nissan is now.

In other words, the plan aims to increase sales, to reduce costs, to improve the quality and speed, and to maximize the effect of the alliance with Renault. The three commitments of the plan are as follows:

1. The commitment for financial performance
   To maintain top level operating income margin among global automakers during every fiscal year from 2005 to 2007;

2. The commitment for number of vehicles sold
   To achieve the Group's global sales of 4,200 thousand units by the end of fiscal year 2008; and

3. The commitment for return on invested capital
   To achieve a 20% return on invested capital (ROIC) on average over the course of the plan (excluding cash on hand).

During "Nissan Value-Up" project, the Group will launch 28 new models and plans to establish 70 production sites throughout the world. 18 models out of 28 new models are categorized as model change-type and the remaining 10 models are categorized as all-new models.

The Group pursues four major breakthroughs with the implementation of "Nissan Value-Up." The Group defines breakthroughs as overcoming weaknesses in the existing business structure, the management approach or the current operating performance. The four major breakthroughs are described as follows:

- Introduction of Infiniti brand globally as a Tier-1 luxury brand
- Focus on Light Commercial Vehicles, or LCVs
- Focus on sourcing parts and services from Leading Competitive Countries, or LCCs
- Significant geographic expansion

3. Property, Plant and Equipment

1. Overview of capital expenditures

The Nissan Group (the Company and its consolidated subsidiaries) invested ¥477.5 billion 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.

2. Major property, plant and equipment

The Group’s major property, plant and equipment are summarized 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, 2005 is stated in parentheses.

(1) The Company

(At March 31, 2005)

Location	Address	Description	Net book value: Land Area	Net book value: Land Amount	Buildings & structures	Machinery & vehicles	Other	Total	Number of employees
			m²	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Individuals
Yokohama Plant	Kanagawa-ku and Tsurumi-ku, Yokohama-shi	Vehicle production facilities	618,188	408	17,721	43,678	11,349	73,157	3,866 (41)
Oppama Plant (including Research Center)	Yokosuka-shi	Vehicle production facilities	1,852,370	29,203	24,949	40,595	12,392	107,140	4,700 (26)
Tochigi Plant	Kaminokawa-cho, Tochigi	Vehicle production facilities	2,928,426	4,124	24,381	52,324	12,704	93,534	6,010 (16)
Kyushu Plant	Kanda-machi, Fukuoka	Vehicle production facilities	2,357,128	29,888	34,305	40,227	7,809	112,231	4,649 (14)
Iwaki Plant	Iwaki-shi, Fukushima	Vehicle production facilities	207,493	3,862	8,215	8,305	1,087	21,470	600 (1)
Head Office and other	Atsugi-shi and Isehara-shi	R&D facilities	1,358,071	24,750	35,721	30,256	37,493	128,221	6,908 (46)
	Chuo-ku, Tokyo	Head office and other	—	—	5,703	384	3,553	9,641	2,259 (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 facilities for employees’ social welfare, warehouses and laboratories and the related full-time employees.

(2) Domestic subsidiaries

(At March 31, 2005)

Company	Location	Address	Description	Net book value: Land Area	Net book value: Land Amount	Buildings & structures	Machinery & vehicles	Other	Total	Number of employees
				m²	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Individuals
JATCO Co., Ltd.	Fuji office and other	Fuji-shi, Shizuoka, etc.	Facilities for production of automobile parts	1,141,101	44,943	27,600	31,998	11,087	115,628	7,576 (40)
Nissan Shatai Co., Ltd.	Shonan plant and other	Hiratsuka-shi, Kanagawa, etc.	Vehicle production facilities	848,558	16,427	19,097	19,905	12,752	68,181	4,841 (—)
Aichi Machine Industry Co., Ltd.	Atsuta plant and other	Nagoya-shi, Aichi, etc.	Facilities for production of automobile parts	407,071	5,930	6,919	36,394	5,062	54,305	2,277 (9)
Calsonic Kansei Corporation	Gunma plant and other	Ora-cho, Gunma, etc.	Facilities for production of automobile parts	884,655	8,361	11,961	13,385	5,640	39,347	4,981 (81)
Nissan Prince Tokyo Motor Sales Co., Ltd. and 82 other automobile and parts sales companies	—	—	Facilities for sales and maintenance of vehicles and parts	3,088,607	305,955	135,120	37,668	5,706	484,449	28,231 (2,117)

(3) Foreign subsidiaries

(At March 31, 2005)

Company	Location	Address	Description	Net book value						Number of employees
				Land		Buildings & structures	Machinery & vehicles	Other	Total	
				Area	Amount					
				m²	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Individuals
Nissan North America, Inc.	Production plant for vehicles and parts and other facilities	Gardena, California, Smyrna, Tennessee, Canton, Mississippi, USA	Production facilities for vehicles and parts	12,583,908	4,740	75,352	206,101	145,946	432,139	14,562 (6)
Nissan Mexicana, S.A. de C.V.	Production plant for vehicles and parts and other facilities	Morelos, Mexico, and Aguascalientes, Mexico	Production facilities for vehicles and parts	3,122,110	5,273	31,080	25,469	32,704	94,526	7,527 (—)
Nissan Motor Iberica S.A.	Production plant for vehicles and parts and other facilities	Barcelona, Madrid and other, Spain	Production facilities for vehicles and parts	450,188	850	11,384	13,846	56,876	82,956	4,940 (711)
Nissan Motor Manufacturing (UK) Ltd.	Production plant for vehicles and parts and other facilities	Sunderland, Tyne & Wear, United Kingdom	Production facilities for vehicles and parts	2,956,821	3,969	20,069	23,394	48,320	95,752	4,199 (25)

Notes: 1. "Net book value – other" 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, 2005 is stated in parentheses.

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

Major leased assets

Company	Location	Address	Lessor	Description	Area	Lease Fees
					m²	Thousands of yen/month
Nissan Motor Co., Ltd.	New building for Head office	Chuo-ku, Tokyo	Mori Trust Co., Ltd.	Building	23,614	79,081
Nissan Motor Co., Ltd.	Main building for Head office	Chuo-ku, Tokyo	Kobikikan Co., Ltd.	Land	5,157	17,009
Nissan Trading Co., Ltd.	Head office	Yokohama-shi, Kanagawa	Bilnet Co., Ltd.	Building	2,575	10,150
Nissan Motor Iberica S.A.	Part of the plant site	Barcelona, Spain	Zona Franca Association of Industrial Area	Land	517,687	14,923

Notes: 1. Assets held under lease agreements other than those presented above are outlined in Section 5, "Consolidated financial statements."

2. Lease fees are presented exclusive of consumption tax.

3. Employees working in or with the leased assets are included in "Major property, plant and equipment" above.

Information by business segment

Business segment	Net book value						Number of employees
	Land		Buildings & structures	Machinery & vehicles	Other	Total	
	Area	Amount					
	m²	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Individuals
Sales finance	48,690	1,275	1,017	1,070,611	1,667	1,074,570	2,052 (1,092)

Notes: 1. There were 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, 2005 is stated in parentheses.

3. Plans for new additions or disposals

(1) New additions and renovations

During the fiscal year ending March 31, 2006, the Group plans to invest ¥568 billion in fixed assets which will be financed out of its own funds.

(2) Disposals and sales

Except for disposals and sales in the course of the Group's routine renewal of its fixed assets, there is no plan for significant disposals or sales.

4. Corporate Information

1. Information on the Company's shares

(1) Number of shares and other

① Number of shares

Type	Number of shares authorized
Common stock	6,000,000,000

② Number of shares issued

Type	Number of shares issued		Stock exchanges on which the Company is listed	Description
	As of March 31, 2005	As of June 22, 2005 (filing date of the securities report)		
Common stock	4,520,715,112	4,520,715,112	First Section, Tokyo Stock Exchange	—

Note: The number of shares issued as of the filing date of the securities report does not include those issued upon the exercise of stock subscription rights (including former stock subscription rights) during the period from June 1, 2005 through the filing date of this report.

(2) Status of stock subscription rights

The Company issued bonds with stock subscription rights for the purchase of shares of common stock based on Article 341-8 of the former Commercial Code of Japan. The balances of bonds with stock subscription rights, the exercise prices and the amounts per share to be credited to common stock upon the exercise of stock subscription rights are summarized as follows:

First unsecured bonds with stock subscription rights (issued on June 25, 1999)

	As of the fiscal year end (March 31, 2005)	As of the end of the month before the securities report is filed (May 31, 2005)
Balance of stock subscription rights (Millions of yen)	12	—
Exercise price per share (Yen)	554	554
Amount per share to be credited to common stock (Yen)	277	277

Euro-yen bonds with stock subscription rights due 2006 (issued on March 27, 2000)

	As of the fiscal year end (March 31, 2005)	As of the end of the month before the securities report is filed (May 31, 2005)
Balance of stock subscription rights (Millions of yen)	7,389	7,261
Exercise price per share (Yen)	429	429
Amount per share to be credited to common stock (Yen)	214.50	214.50

Euro-yen bonds with stock subscription rights due 2007 (issued on March 8, 2001)

	As of the fiscal year end (March 31, 2005)	As of the end of the month before the securities report is filed (May 31, 2005)
Balance of stock subscription rights (Millions of yen)	18,534	18,476
Exercise price per share (Yen)	764	764
Amount per share to be credited to common stock (Yen)	382	382

Euro-yen bonds with stock subscription rights due 2008 (issued on March 14, 2002)

	As of the fiscal year end (March 31, 2005)	As of the end of the month before the securities report is filed (May 31, 2005)
Balance of stock subscription rights (Millions of yen)	50,434	50,390
Exercise price per share (Yen)	880	880
Amount per share to be credited to common stock (Yen)	440	440

In addition to the above stock subscription rights, the Company has issued stock subscription rights based on Articles 280-20 and 280-21 of the Commercial Code of Japan.

1st stock subscription rights (issued on May 7, 2003)

	March 31, 2005	May 31, 2005
Number of stock subscription rights	124,050 units	123,950 units
Type of shares to be issued upon exercise of stock subscription rights	Common stock	Common stock
Number of shares to be issued upon exercise of stock subscription rights	12,405,000 shares	12,395,000 shares
Exercise price (Yen)	¥93,200 (¥932 per share)	¥93,200 (¥932 per share)
Exercise period	From May 8, 2005 to May 8, 2010	From May 8, 2005 to May 8, 2010
Upon exercise of the stock subscription rights, exercise price and amount per share to be credited to common stock (Yen)	Exercise price: ¥932 Amount per share to be credited to common stock: ¥466	Exercise price: ¥932 Amount per share to be credited to common stock: ¥466
Conditions for exercise of stock subscription rights	※	※
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

※ ① Directors or employees who were granted stock subscription rights (the “Holders”) must continue their services with the Company or its subsidiaries or affiliates until the stock subscription rights become exercisable.

② The Company’s operating results must meet certain predefined targets.

③ The Holders achieve their own predetermined targets.

Full details concerning the three conditions above and certain other conditions are defined in the “Stock Subscription Rights Allocation Agreement” made and entered by and between the Company and each individual granted.

2nd stock subscription rights (issued on April 16, 2004)

	March 31, 2005	May 31, 2005
Number of stock subscription rights	127,700 units	127,700 units
Type of shares to be issued upon exercise of stock subscription rights	Common stock	Common stock
Number of shares to be issued upon exercise of stock subscription rights	12,770,000 shares	12,770,000 shares
Exercise price (Yen)	¥120,200 (¥1,202 per share)	¥120,200 (¥1,202 per share)
Exercise period	From April 17, 2006 to June 19, 2013	From April 17, 2006 to June 19, 2013
Upon exercise of the stock subscription rights, exercise price and amount per share to be credited to common stock (Yen)	Exercise price: ¥1,202 Amount per share to be credited to common stock ¥601	Exercise price: ¥1,202 Amount per share to be credited to common stock: ¥601
Conditions for exercise of stock subscription rights	※	※
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

※ ① Partial exercise of stock subscription rights is not allowed.
② Directors or employees who were granted stock subscription rights (the “Holders”) must continue their services with the Company or its subsidiaries and affiliates until the stock subscription rights become exercisable.
③ The Company’s operating results must meet certain predefined targets.
④ The Holders achieve their own predetermined targets.

Full details concerning the conditions 2 through 4 stated above and certain other conditions are defined in the “Stock Subscription Rights Allocation Agreement” made and entered by and between the Company and each individual granted.

3rd stock subscription rights (issued on April 25, 2005)

	March 31, 2005	May 31, 2005
Number of stock subscription rights	―	131,500 units
Type of shares to be issued upon exercise of stock subscription rights	―	Common stock
Number of shares to be issued upon exercise of stock subscription rights	―	13,150,000 shares
Exercise price (Yen)	―	¥111,900 (¥1,119 per share)
Exercise period	―	From April 26, 2007 to June 23, 2014
Upon exercise of the stock subscription rights, exercise price and amount per share to be credited to common stock (Yen)	―	Exercise price: ¥1,119 Amount per share to be credited to common stock: ¥560
Conditions for exercise of stock subscription rights	―	※
Transfer of stock subscription rights	―	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

※ ① Partial exercise of stock subscription rights is not allowed.
② Directors or employees who were granted stock subscription rights (the “Holders”) must continue their services with the Company or its subsidiaries and affiliates until the stock subscription rights become exercisable.
③ The Company’s operating results must meet certain predefined targets.
④ The Holders achieve their own predetermined targets.

Full details concerning the conditions 2 through 4 stated above and certain other conditions are defined in the “Stock Subscription Rights Allocation Agreement” made and entered by and between the Company and each individual granted.

(3) Changes in number of shares issued and amount of common stock and other

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

Notes: 1. Increase due to conversion of convertible bonds.

2. Stock subscription rights were exercised by Renault as of March 1, 2002. (Number of shares issued: 539,750 thousand; exercise price: ¥400 per share; amount credited to common stock: ¥107,950,000 thousand)

(4) Details of shareholders

(At March 31, 2005)

Classification	Status of shares (1 unit = 100 shares)								Shares under 1 unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders (other than individuals)	Foreign shareholders (individuals only)	Individuals and other	Total	
Number of shareholders (individuals)	1	252	99	1,466	743	99	190,771	193.431	—
Number of shares held (units)	50	10,032,329	519,293	1,122,219	28,921,153	1,984	4,600,695	45,197,723	942,812
Ratio (%)	0.00	22.20	1.15	2.48	63.99	0.00	10.18	100.00	—

Notes: 1. Treasury stock of 141,236,573 shares are included in “Individuals and other” at 1,412,365 units, and in “Shares under 1 unit” at 73 shares. The number 141,236,573 is based on the shareholders’ register, and the effective number as of March 31, 2005 was 141,235,573 shares.

2. Included in “Other corporations” are 532 units held under the names of Japan Securities Depository, Inc.

(5) Principal shareholders

(At March 31, 2005)

Name	Address	Number of shares held (Thousands)	Number of shares held as a percentage of total shares issued (%)
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
Japan Trustee Services Bank Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	186,026	4.11
The Master Trust Bank of Japan Ltd. (Trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	173,046	3.83
Nissan Motor Co., Ltd.	2, Takara-machi, Kanagawa-ku, Yokohama-shi	141,236	3.12
The Dai-ichi Mutual Life Insurance Company (Standing agent: Trust & Custody Service Bank, Ltd.)	1-13-1 Yuraku-cho, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo, Harumi Island Triton Square, Office Tower Z)	89,000	1.97
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	88,000	1.95
Tokio Marin & Nichido Fire Insurance Co., Ltd.	1-2-1 Marunouchi, Chiyoda-ku, Tokyo	70,076	1.55
Sompo Japan Insurance Inc.	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	63,528	1.41
The State Street Bank & Trust Company 505103 (Standing agent: Mizuho Corporate Bank)	P.O. Box 351, Boston, Massachusetts, 02101, USA (6-7 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo)	60,665	1.34
Moxley & Co. (Standing agent: Sumitomo Mitsui Bank)	270 Park Avenue, New York, N.Y.10017-2070, USA (1-3-2 Marunouchi, Chiyoda-ku, Tokyo	42,791	0.95
Total		2,918,371	64.56

Note: The number of shares held as stated above is based on the shareholders’ register, and 1,000 shares under the Company’s name, but which are not effectively held by the Company, have been included.

(6) Status of voting rights

① Shares issued

(At March 31, 2005)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 141,235,500	—	—
	(Crossholding stock) Common stock 251,200	—	—
Shares with full voting rights (Others)	Common stock 4,378,285,600	43,782,856	—
Shares under one unit	Common stock 942,812	—	—
Total shares issued	4,520,715,112	—	—
Total voting rights	—	43,782,856	—

Notes: 1. Included in "Shares with full voting rights (Others)" are 53,200 shares (532 units of voting rights) shares held under the names of the custodians and 1,000 shares (10 units of voting rights) held under the name of Nissan, but effectively held by others.

2. "Shares under one unit" include 73 shares of treasury stock and 129 crossholding shares.

Crossholding shares under one unit

Shareholders	Number of shares
Toyama Nissan Motor Co., Ltd.	99
Kai Nissan Motor Co., Ltd.	30
Total	129

② Treasury stock, etc.

(At March 31, 2005)

Shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the names of others	Total	% of interest
		Shares	Shares	Shares	%
Treasury stock: Nissan Motor Co., Ltd.	2 Takaracho, Kanagawa-ku, Yokohama-shi, Kanagawa	141,236,500	—	141,236,500	3.12
Crossholding stock: Yokoki Manufacturing Co., Ltd.	555 Imai-cho, Hodogaya-ku, Yokohama-shi, Kanagawa	200	87,900	88,100	0.00
Kochi Nissan Prince Motor Sales Co., Ltd.	2-21 Asahi-cho, Kochi-shi, Kochi	28,600	52,000	80,600	0.00
Kai Nissan Motor Co., Ltd.	706 Kamiimai-cho, Kofu-shi, Yamanashi	37,800	24,800	62,700	0.00
Nissan Prince Kagawa Sales Co., Ltd.	1037 Ikuno-cho, Zentsuji-shi, Kagawa	—	9,800	9,800	0.00
Toyama Nissan Motor Co., Ltd.	105 Tanaka-cho, Toyama-shi, Toyama	5,100	—	5,100	0.00
Kagawa Nissan Motor Co., Ltd.	1-1-8 Hanazono-cho, Takamatsu-shi, Kagawa	4,800	—	4,800	0.00
Total		141,313,000	174,700	141,487,700	3.13

Notes: 1. The shares included in "Number of shares held under the names of others" represents those held by Nissan's crossholding share association (address: 6-17-1 Ginza, Chuo-ku, Tokyo). (Fractional numbers under 100 have been omitted.)

2. "Number of shares held under own name" is based on the shareholders' register which includes 1,000 shares (10 units of voting rights) which the Company does not effectively own. These shares are included in "Shares with full voting rights (Others)" in the above table ① of "Shares issued."

(7) Stock option plans

The Company has initiated stock option plans (the "Plans") under which stock subscription rights 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 details of the Plans which were approved at the annual general meetings of the shareholders are summarized as follows:

Resolution at 103rd annual general meeting of the shareholders

Date approved	June 20, 2002
Individuals covered by the Plan	Employees of the Company 548 Directors of the Company's subsidiaries 101 Employees of the Company's subsidiaries 5 Total 654
Number of stock subscription rights	124,050 units
Type of shares to be issued upon exercise of stock subscription rights	Common stock
Number of shares to be issued upon exercise of stock subscription rights	12,405,000 shares
Exercise price	¥93,200 (¥932 per share) *
Exercise period	From May 8, 2005 to May 8, 2010
Conditions for exercise of stock subscription rights	① Directors or employees who were granted stock subscription rights (the "Holders") continue their services with the Company or its subsidiaries and affiliates until the stock subscription rights become exercisable. ② The Company's operating results meet certain predefined targets. ③ The Holders achieve their own predetermined targets. Full details concerning the three conditions above and certain other conditions are more fully defined in the "Stock Subscription Rights Allocation Agreement" made and entered by and between the Company and each individual granted.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by 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:

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

Resolution at 104th annual general meeting of the shareholders

Date approved	June 19, 2003
Individuals covered by the Plan	Employees of the Company 590 Directors of the Company's subsidiaries 96 Employees of the Company's subsidiaries 4 Total 690
Type of shares issued upon exercise of stock subscription rights	Common stock
Number of stock subscription rights	127,700 units
Number of shares to be issued upon exercise of stock subscription rights	12,770,000 shares
Exercise price	¥120,200 (¥1,202 per share) *
Exercise period	From April 17, 2006 to June 19, 2013
Conditions for exercise of stock subscription rights	① Partial exercise of stock subscription rights is not allowed. ② Directors or employees who were granted stock subscription rights (the "Holders") continue their services with the Company or its subsidiaries and affiliates until the stock subscription rights become exercisable. ③ The Company's operating results meet certain predefined targets. ④ The Holders achieve their own predetermined targets. Full details concerning the conditions 2 through 4 stated above and certain other conditions are more fully defined in the "Stock Subscription Rights Allocation Agreement" made and entered by and between the Company and each individual granted.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by 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:

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

Resolution at 105th annual general meeting of the shareholders

Date approved	June 23, 2004
Individuals covered by the Plan	Employees of the Company 620 Directors of the Company's subsidiaries 88 Employees of the Company's subsidiaries 4 Total 712
Type of shares to be issued upon exercise of stock subscription rights	Common stock
Number of stock subscription rights	131,500 units
Number of shares to be issued upon exercise of stock subscription rights	13,150,000 shares
Exercise price	¥111,900 (¥1,119 per share) *
Exercise period	From April 26, 2007 to June 23, 2014
Conditions for exercise of stock subscription rights	① Partial exercise of stock subscription rights is not allowed. ② Directors or employees who were granted stock subscription rights (the "Holders") continue their services with the Company or its subsidiaries and affiliates until the stock subscription rights become exercisable. ③ The Company's operating results meet certain predefined targets. ④ The Holders achieve their own predetermined targets. Full details concerning the conditions 2 through 4 stated above and certain other conditions are more fully defined in the "Stock Subscription Rights Allocation Agreement" made and entered by and between the Company and each individual granted.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by 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:

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

Resolution at 106th annual general meeting of the shareholders

Date approved	June 21, 2005
Individuals covered by the Plan	Employees of the Company, directors of the Company's subsidiaries and employees of the Company's subsidiaries
Type of shares to be issued upon exercise of stock subscription rights	Common stock
Number of stock subscription rights	160,000 units at maximum
Number of shares to be issued upon exercise of stock subscription rights	16 million share at maximum
Exercise price	Note
Exercise period	Approval of the Board of Directors within 10 years after the date on which the stock subscription rights were granted.
Conditions for exercise of stock subscription rights	① Partial exercise of stock subscription rights is not allowed. ② The directors' committee is empowered to determine other conditions for exercise.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights 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 subscription rights is calculated by multiplying the exercise price by the number of shares to be issued or transferred. 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:

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

2. Acquisition of treasury stock

(1) The acquisition of treasury stock is to be conducted in accordance with a resolution approved at a shareholders' meeting or at a Board of Directors' meeting.

① Acquisition based on a resolution approved in the prior period

【Type of shares】Common stock

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

(At June 21, 2005)

Classification	Number of shares (Thousands)	Total amounts (Millions of yen)
Resolution regarding acquisition of treasury stock (June 23, 2004)	75,000	100,000
Treasury stock acquired during the period covered by a resolution approved at the prior shareholders' meeting	47,511	51,997
The remaining number of shares and amount of authorized treasury stock	27,489	48,003
Ratio of the remaining treasury stock	36.65	48.00

Notes: 1. The number of shares approved represents 1.7% of all issued shares.
2. The purpose is to avoid dilution upon exercise of stock subscription rights.
3. The total amount is presented net of the handling charges related to the acquisition of the shares.

(B) Current status of treasury stock purchases from its subsidiaries

Not applicable

(C) Current status of treasury stock purchases based on a resolution approved by the Board of Directors

Not applicable

(D) Current status of the disposition of purchased treasury stock

Not applicable

(E) Current status of treasury stock held

(At June 21, 2005)

Description	Number of shares (Thousands)
Treasury stock held	157,789

Note: The number of shares of common stock held in treasury does not include the shares disposed of as a result of the exercise of stock subscription rights during the period from June 1, 2005 to June 21, 2005.

② Resolution regarding the acquisition of treasury stock approved at the annual general meeting of the shareholders

Not applicable

3. Dividend policy

The Company considers returning profit to its shareholders to be one of its most important management policies. Along with strengthening the management base of the Group as a whole and enhancing corporate value through global business development, achieving a stable dividend policy through steady profit and growth is an important aim.

As originally planned for the current fiscal year, in addition to the interim dividend of ¥12 per share, a year-end dividend of ¥12 yen per share was approved at the 106th annual general meeting of the shareholders. This annual dividend of ¥24 per share represents an increase of ¥5 over the ¥19 per share paid in the prior fiscal year.

At the termination of 'NISSAN Value-Up,' the new medium-term business plan for fiscal year 2005 through 2007, the Company plans to make the annual dividend of over ¥40 per share increased by 66% over the corresponding amount for the current fiscal year.

Note: The date of the Board of Directors' meeting at which the resolution declaring the interim dividend for the current fiscal year was approved: November 29, 2004

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

(1) Highest and lowest prices during the past five years

	The 102nd fiscal year	The 103rd fiscal year	The 104th fiscal year	The 105th fiscal year	The 106th fiscal year
Year end	March 2001	March 2002	March 2003	March 2004	March 2005
Highest	890	973	1,041	1,455	1,284
Lowest	404	405	763	776	1,060

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

(2) Highest and lowest prices during the past six months

Month	October 2004	November	December	January 2005	February	March
Highest	1,245	1,171	1,121	1,162	1,144	1,137
Lowest	1,147	1,062	1,067	1,085	1,090	1,070

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	Name (Date of birth)	Career Profile		Number of shares owned (Thousands)
Representative Director	Carlos Ghosn	1996 October	Joined Renault	1,048
Director	(March 9, 1954)	1996 December	Executive Vice President of Renault	
Co-Chairman		1999 June	COO of the Company	
President		2000 June	President and COO of the Company	
		2001 June	President and CEO of the Company	
		2002 February	Director of Alcoa Inc.	
		2003 June	Co-Chairman, President and CEO of the Company	
		2004 April	President and Chairman of Nissan North America Inc.	
		2005 April	President and CEO of Renault	
			Representative Director and Chairman of RNBV	
Representative Director	Itaru Koeda	1965 April	Joined the Company	70
Director	(August 25, 1941)	1990 July	Deputy Managing Director of Nissan Motor Manufacturing (UK) Ltd.	
Co-Chairman		1993 June	Director of the Company	
		1998 May	Managing Director of the Company	
		1999 May	Executive Vice President of the Company	
		2003 June	Co-Chairman and Executive Vice President of the Company	
		2003 July	Director of Renault	
Representative Director	Toshiyuki Shiga	1976 April	Joined the Company	22
	(September 16, 1953)	1999 July	General Manager of Corporate Planning Dept. and Alliance Coordination Office	
		2000 April	Senior Vice President of the Company	
		2005 April	COO of the Company	
		2005 June	Representative Director and COO of the Company	
Director	Tadao Takahashi	1968 April	Joined the Company	45
	(January 10, 1945)	1996 May	General Manager of Engineering Dept. No.1	
		1998 June	Director of the Company	
		1999 June	Senior Vice President of the Company	
		2002 April	Executive Vice President of the Company	
		2002 June	Executive Vice President and Director of the Company	
Director	Hiroto Saikawa	1977 April	Joined the Company	3
	(November 14, 1953)	2000 October	General Manager of Purchasing Strategy Dept.	
		2003 April	Senior Vice President of the Company	
		2005 April	Executive Vice President of the Company	
		2005 June	Executive Vice President and Director of the Company	
Director	Mitsuhiko Yamashita	1979 April	Joined the Company	3
	(April 17, 1953)	2001 February	General Manager of Vehicle Design Engineering Dept. No.1	
		2002 April	President of Nissan Technical Center North America Inc.	
		2004 April	Senior Vice President of the Company	
		2005 April	Executive Vice President of the Company	
		2005 June	Executive Vice President and Director of the Company	
Director	Carlos Tavares	1981 October	Joined Renault	1
	(August 14, 1984)	1996 July	General Manager of Layout in Advanced Engineering, Renault	
		1999 April	Director of C-Segment Program, Renault	
		2004 April	Joined the Company	
			Program Director in charge of C platform projects	
		2004 December	Vice President of the Company, Product Strategy and Product Planning Div.	
		2005 April	Executive Vice President of the Company	
		2005 June	Executive Vice President and Director of the Company	
Director	Shemaya Levy	1972 January	Joined Renault	-
	(November 11, 1947)	1994 March	Chairman and CEO of Renault VI	
		1998 October	Executive Vice President of Renault, Chairman of Companie Financière, Renault	
		2002 March	Executive Vice President of Renault S.A.S., Chairman of Companie Financière, Renault	
		2002 June	Director of the Company	

Function	Name (Date of birth)	Career Profile		Number of shares owned (Thousands)
Director	Patrick Pelata (August 24, 1955)	1984 July 1996 July 1999 January 1999 June 1999 July 2005 April	Joined Renault Vice President in charge of Chassis Engineering Executive Vice President in charge of Vehicle Development Executive Vice President and Director of the Company Chairman of Nissan Design America, Inc. Director of the Company	18
Corporate auditor (Standing)	Hisayoshi Kojima (January 19, 1941)	1964 April 1989 June 1993 June 1997 June 1999 May 2002 April 2002 June 2005 April 2005 June	Joined the Company General Manager of Production Engineering Dept. No. 2 Director of the Company Managing Director of the Company Executive Vice President and Director of the Company Director of the Company President of JATCO Co., Ltd Advisor of JATCO Co., Ltd Corporate Auditor of the Company	74
Corporate auditor (Standing)	Shinji Ichijima (August 31, 1946)	1969 April 1988 June 1997 June 1997 December 2001 December 2002 June 2004 June	Joined Industrial Bank of Japan Deputy General Manager of the Bank's NewYork Branch Director of the Bank and General Manager of the Project Finance Chief Financial Bureau of Asia Development Bank Managing Director of the Industrial Bank of Japan Vice President and Director of Mizuho Securities Co. Ltd Corporate Auditor of the Company	3
Corporate auditor (Standing)	Keishi Imamura (September 20, 1943)	1967 April 1996 June 2000 June 2001 June	Joined the Asahi Bank Corporate Auditor of the Asahi Bank President of Asahi Bank Administration Services Corporate Auditor of the Company	6
Corporate auditor (Non standing)	Haruo Murakami (January 30, 1939)	1961 April 1986 February 1987 April 1988 May 1998 June 2001 December 2002 August 2003 June 2003 December 2004 June	Joined Japanese National Railways Superintendent, Morioka Railway Operation Division, Japanese National Railways Director of Railways Telecommunications Co., Ltd Director and Technical General Manager of Japan Telecom President and Representative Director of Japan Telecom Chairman and Representative Director of Japan Telecom Chairman and Representative Director of Japan Telecom Holdings, Chairman and Director of Japan Telecom Senior Advisor and Director of Japan Telecom Holdings Chairman of Japan Telecom Chairman of Japan Telecom Corporate Auditor of the Company	7
Total				1,304

Notes:

1. Shemaya Levy fulfills the criteria to be qualified as an external Director of the Company pursuant to Clause 2-7-2, Article 188 of the Commercial Code.
2. Shinji Ichijima, Keishi Imamura and Haruo Murakami 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 a Corporate Officer system in order to revitalize the Board of Directors by segregating decision-making and control functions from the executive functions and to enable capable individuals to be appointed based solely on their ability.

   The number of Corporate Officers is 21 including the directors listed above (Carlos Ghosn, Itaru Koeda, Toshiyuki Shiga, Tadao Takahashi, Hiroto Saikawa, Mitsuhiko Yamashita, Carlos Tavares). The other 14 members are as follows; Takeshi Isayama (Vice-Chairman), Eiji Imai, Bernard Ray, Shiro Nakamura , Kazuhiko Toida, Hidetoshi Imazu, Alain-Pierre Raynaud, Sadao Sekiyama, Kimiyasu Nakamura, Steven Wilhite, Junichi Endo, Hitoshi Kawaguchi, Minoru Shinohara, Yo Usuba (Senior Vice Presidents).

6. Corporate governance

Basic corporate governance policy

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

(1) The Company's organization and systems for internal control

① The Company's organization and systems for internal control

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

The number of directors has increased from seven to nine following the 106th shareholders' meeting held on June 21, 2005. An external director serves as one of the nine members of the Board of Directors. The Board of Directors holds general meetings as well as extraordinary meetings, if necessary, to discuss and decide significant business operations.

The number of auditors has changed to four, decreased by one, on the 106th general meeting of shareholders held on June 21, 2005, and the Board of Corporate Auditors is composed of three external corporate auditors and one corporate auditor. And three of four are standing corporate auditors. Each auditor attends the Board of Directors all the time and conducts audit of Directors' business operations in accordance with the annual audit strategies determined by the Board of Corporate Auditors.

② Status of internal audit and corporate audit

In Japan, the Domestic Internal Audit Office, which is independent from other sections and is comprised of 14 people, has been established to conduct internal audits of the Nissan's and its domestic consolidated subsidiaries' operations under the President's direct control. With respect to foreign subsidiaries, the effective, efficient and global internal audit has been conducted by the internal audit departments established in management companies in each region whose activities are controlled by Chief Internal Audit Officer (CIAO).

Corporate auditors perform audit of execution of entire business operations. Their procedures include, but not limited to, interviewing with the Directors with regard to business conduct and attending the Board of Directors' meetings and other significant meetings. The Board of Corporate Auditors tries to enhance audit efficiency by sharing information among each corporate auditor. The corporate auditors also periodically receive the report of audit plans and the results of audit from internal audit departments. The corporate auditors also exchange their insight with the Internal Audit Office to facilitate their own audit. In addition, they also receive the report from independent auditors and determine its adequacy.

③ Financial statement audit

The Company appointed Ernst & Young ShinNihon as its independent auditors. The certified public accountants engaged in the financial statement audits are as follows:

The name of certified public accountants engaged in the financial statement audit	
Designed and Engagement Partner	Kazuo Suzuki ※
Designed and Engagement Partner	Yasunobu Furukawa
Designed and Engagement Partner	Yoji Murohashi
Designed and Engagement Partner	Takeshi Hori

※ He has been engaged in the audit for sixteen years.

The member of assistants who engaged in the financial statements audit is composed of 22 certified public accountants, 33 junior accountants, and 3 others, including system specialists etc.

④ Relationships between the Company's external directors and external corporate auditors

Shemaya Levy, the Company's external director, had served as Senior Vice President of Renault from March 2002 to March 2004, and Renault holds the Company's stocks by 44.3% at the end of the current fiscal year.

Shinji Ichijima, the Company's external corporate auditor, had served as Vice President and Representative Director of Mizuho Securities Co., Ltd ("MSC") until March 2004. Although MSC is registered as a planned lead manager of the Company's bond issuance, there is no particular business relationship between MSC and the Company during the current fiscal year.

Keiji Imamura, the Company's external corporate auditor, had served as President and Representative Director of Asahi Bank Jimu Services (ABJS) until June 2001. There is no particular business relationship between ABJS and the Company during the current fiscal year.

Haruo Murakami, the Company's external corporate auditor, currently serves as Chairman of executive committee of Japan Telecom. Japan Telecom provides the Company with various services and facilities such as network maintenance and telephone lines during the current fiscal year.

(2) Status of risk management system

The Company defines the risk as "factors which interrupt the achievement of business objects," and tries to identify and evaluate such risk as soon as possible and to take necessary measures against the risk so that the Company can minimize the probabilities that risk arises and damages caused by the risk.

Risk management system

The Company has been evaluating risk of the Company and the Nissan's Group from various points of view and has been considering the appropriate control system and methodology. A risk management team established in the Financial Department has worked with several global sections since 2004, sorted out the business risks, and prioritized them based on the probabilities, impacts, and relevant control level. Directors in charge were appointed and they have been taking concrete measures against the risks for which actions are required.

Furthermore, since April 2004, the Company has established Intellectual Property Rights Management Department for the purpose of protecting intellectual property rights in specific areas, strengthening activities to protect Nissan's intellectual property rights, and abstracting new intellectual property rights. And the department has been performing various activities to protect and create Nissan Brand.

Since the fiscal year beginning April 1, 2005, the scope of risk management has been expanded to address risks which are more strategic or those relate to business processes in addition to the original hazard risks. Functions or Departments, which operate risk control, report the status through the normal reporting lines and EC (Executive Committee) directly monitors the risk that must be controlled on corporate level.

Compliance of corporate ethics

In 2001, the Company established "Nissan Global Code of Conduct" and distributed it to employees of domestic and foreign Group companies. Moreover, the Company established "Nissan Code of Conduct (Japanese Edition) ~Our Promises~" and publicized it which should be applied to employees of domestic Group companies. This has been gradually implemented by the Group companies.

The Company emphasizes education of employees based on the idea that written conduct code must be understood by all employees and reflected to their actions. All employees must take learning programs by E-learning or VTR, and sign confirmations regarding code of conduct after finishing the programs. The confirmations have already been received from almost every employee, and compliance of corporate ethics has been penetrated into the Nissan group.

Furthermore, Global Compliance Committee is established in order to review the status of compliance with the code of conduct and ensure that the code is fully complied. Managing Director in charge of Human Resource is appointed as Global Compliance Officer (GCO) and the chairman of regional compliance committees established in each area such as Japan, North America, Europe and Global Overseas Market. Those committees promote the improvement of code of conduct, resolution of issues and enlightenment activities. "Easy Voice System", which was deployed in 2002 as a system that employees can freely communicate their opinions and demands to the companies, can acquaint violation of compliance and behaviors possibly resulting in violation and also contribute to improve business operations and to develop corporate culture emphasizing to comply corporate ethics.

(3) Compensation paid to directors and corporate auditors

Compensation paid to Nissan’s directors consists of a fixed amount of remuneration in cash and stock options as resolved at the 104th shareholders’ meeting held on June 19, 2003. The cash remuneration is limited to a maximum of ¥2.6 billion per annum as resolved at the 106th shareholders’ meeting held on June 21, 2005 and the amount to be paid to each director determined based on the business results and reflecting the firm’s global competitiveness.

On the other hand, the stock options are given as motivation to the directors to stimulate continuous business development and an increase in the profitability of the Group. This incentive is linked to Nissan’s medium- or long-term business results and is limited to the equivalent of 6 million shares of the Company’s common stock per annum.

The remuneration paid to the corporate auditors is limited to a yearly amount of ¥120 million as resolved at the 106th shareholders’ meeting held on June 21, 2005. This compensation is designed to promote stable and transparent auditing.

For the current fiscal year, the aggregate amount disbursed to the directors and corporate auditors was ¥1,822 million to seven directors and ¥93 million to seven corporate auditors. In addition, ¥390 million was paid by an appropriation of retained earnings as compensation to six directors, and ¥65 million as retirement allowances to two corporate auditors. In addition, stock options equivalent to 3,600,000 shares were given to six directors.

(4) Remuneration to independent auditors

Remuneration paid to the independent auditors is summarized as follows:

- Remuneration for services stipulated by the Certified Public Accountant Law, Article 2, Paragraph 1 (Law No. 103, 1948) for the current fiscal year: ¥510 million

- Remuneration for other services for the current fiscal year: ¥7 million

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 Consolidated Financial Statements” (“Regulations for Consolidated Financial Statements”) (Ministry of Finance Ordinance No. 28, 1976). However, the consolidated financial statements have been prepared in accordance with “Regulations for Consolidated Financial Statements” before the amendment, as permitted by a provision in an additional second clause to the Cabinet Office Ordinance amending a portion of the “Regulations for Consolidated Financial Statements” (Cabinet Office Ordinance No. 5, January 30, 2004).

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, 2003 to March 31, 2004) and those for the current fiscal year (from April 1, 2004 to March 31, 2005 were audited by Ernst &Young ShinNihon.

Report of Independent Auditors

June 23, 2004

The Board of Directors
Nissan Motor Co., Ltd.

Ernest & Young ShinNihon

Representative and Engagement Partner	Kazuo Suzuki
Representative and Engagement Partner	Kenji Ota
Engagement Partner	Yoji 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 capital surplus and 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 year from April 1, 2003 to March 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2004, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As described in "Changes in Accounting Policies," the Company and certain consolidated subsidiaries changed their methods of accounting for inventories and noncancelable lease transactions. In addition, Nissan Motor Manufacturing (UK) Ltd., a consolidated subsidiary, changed its method of the accounting for accrued retirement benefits.

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

Report of Independent Auditors

June 21, 2005

The Board of Directors
Nissan Motor Co., Ltd.

Ernest & Young ShinNihon

Designated and Engagement Partner	Kazuo Suzuki
Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

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 capital surplus and 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 year from April 1, 2004 to March 31, 2005. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2005, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As described in “Changes in Accounting Policies,” the Company and certain consolidated subsidiaries have changed their classification of freight and shipping costs, reclassifying these as cost of sales instead of selling, general and administrative expenses.

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

① Consolidated balance sheets

Accounts	Notes	Prior Fiscal Year (As of March 31, 2004) Amounts (Millions of yen)		Ratio (%)	Current Fiscal Year (As of March 31, 2005) Amounts (Millions of yen)		Ratio (%)
Assets							
I. Current assets							
1. Cash on hand and in banks			191,742			300,274	
2. Trade notes and accounts receivable	※3		462,716			538,029	
3. Sales finance receivables	※3		2,203,174			3,026,788	
4. Securities	※3		3,126			13,426	
5. Finished goods			386,874			502,032	
6. Other inventories			155,918			206,030	
7. Deferred tax assets			169,759			291,210	
8. Other current assets			256,668			336,877	
9. Allowance for doubtful accounts			△63,014			△75,272	
Total current assets			3,766,963	47.9		5,139,394	52.2
II. Fixed assets							
1. Property, plant and equipment	※1 ※3						
(1) Buildings and structures		545,190			649,819		
(2) Machinery, equipment and vehicles	※2	1,325,775			1,783,203		
(3) Land		759,640			781,693		
(4) Construction in progress		253,999			249,615		
(5) Other		318,648	3,203,252	40.8	332,617	3,796,947	38.6
2. Intangible fixed assets	※4		71,786	0.9		178,160	1.8
3. Investments and other assets							
(1) Investment securities	※5	360,344			361,921		
(2) Long-term loans receivable		17,419			20,248		
(3) Deferred tax assets		162,184			125,081		
(4) Other assets	※3	282,956			232,293		
(5) Allowance for doubtful accounts		△6,642	816,261	10.4	△6,572	732,971	7.4
Total fixed assets			4,091,299	52.1		4,708,078	47.8
III. Deferred charges							
Discounts on bonds			1,594			1,051	
Total deferred charges			1,594	0.0		1,051	0.0
Total assets			7,859,856	100.0		9,848,523	100.0

Accounts	Notes	Prior Fiscal Year (As of March 31, 2004) Amounts (Millions of yen)		Ratio (%)	Current Fiscal Year (As of March 31, 2005) Amounts (Millions of yen)		Ratio (%)
Liabilities							
I. Current liabilities							
1. Trade notes and accounts payable			768,201			939,786	
2. Short-term borrowings and import bills payable	※3		349,928			—	
3. Short-term borrowings	※3		—			1,089,073	
4. Current portion of long-term borrowings	※3		630,492			636,531	
5. Current portion of bonds			380,378			200,014	
6. Accrued expenses			358,076			444,377	
7. Deferred tax liabilities			2,545			2,401	
8. Accrual for warranty costs			45,550			61,762	
9. Lease obligations			50,464			58,332	
10. Other current liabilities			516,847			542,438	
Total current liabilities			3,102,481	39.5		3,974,714	40.4
II. Long-term liabilities							
1. Bonds			542,824			493,125	
2. Long-term borrowings	※3		1,067,790			1,373,504	
3. Deferred tax liabilities			291,991			438,942	
4. Accrual for warranty costs			107,047			122,990	
5. Accrued retirement benefits			442,266			508,203	
6. Lease obligations			84,179			96,544	
7. Other long-term liabilities			93,499			118,050	
Total long-term liabilities			2,629,596	33.4		3,151,358	32.0
Total liabilities			5,732,077	72.9		7,126,072	72.4
Minority interests							
Minority interests			103,785	1.3		256,701	2.6
Shareholders' equity							
I. Common stock	※7		605,814	7.7		605,814	6.1
II. Capital surplus			804,470	10.2		804,470	8.2
III. Retained earnings	※6		1,286,299	16.4		1,715,099	17.4
IV. Unrealized holding gain on securities			4,392	0.1		7,355	0.1
V. Translation adjustments			△431,744	△5.5		△400,099	△4.1
VI. Treasury stock	※8		△245,237	△3.1		△266,889	△2.7
Total shareholders' equity			2,023,994	25.8		2,465,750	25.0
Total liabilities, minority interests and shareholders' equity			7,859,856	100.0		9,848,523	100.0

② Consolidated statements of income

Accounts	Notes	Prior Fiscal Year (From April 1, 2003 To March 31, 2004) Amounts (Millions of yen)		Ratio (%)	Current Fiscal Year (From April 1, 2004 To March 31, 2005) Amounts (Millions of yen)		Ratio (%)
I. Net sales			7,429,219	100.0		8,576,277	100.0
II. Cost of sales	※1		5,310,172	71.5		6,351,269	74.1
Gross profit			2,119,047	28.5		2,225,008	25.9
III. Selling, general and administrative expenses	※1						
1. Freight and transportation		95,647			—		
2. Advertising expenses		212,227			233,144		
3. Service costs		17,169			45,533		
4. Provision for warranty costs		43,999			84,308		
5. Other selling expenses		289,992			310,813		
6. Salaries and wages		352,603			361,574		
7. Retirement benefit expenses		38,715			37,559		
8. Supplies		8,535			6,987		
9. Depreciation and amortization		62,359			65,734		
10. Provision for doubtful accounts		32,732			21,588		
11. Amortization of excess of cost over net assets acquired		60			4,008		
12. Other		140,154	1,294,192	17.4	192,600	1,363,848	15.9
Operating income			824,855	11.1		861,160	10.0
IV. Non-operating income							
1. Interest income		10,321			14,934		
2. Dividend income		1,270			1,340		
3. Equity in earnings of affiliates		11,623			36,790		
4. Exchange gain		16,444			801		
5. Miscellaneous income		17,619	57,277	0.8	18,084	71,949	0.9
V. Non-operating expenses							
1. Interest expense		27,290			26,656		
2. Amortization of net retirement benefit obligation at transition		13,936			11,795		
3. Loss on the net monetary position due to restatement		7,367			9,778		
4. Miscellaneous expenses		23,847	72,440	1.0	29,180	77,409	0.9
Ordinary income			809,692	10.9		855,700	10.0

Accounts	Notes	Prior Fiscal Year (From April 1, 2003 To March 31, 2004) Amounts (Millions of yen)		Ratio (%)	Current Fiscal Year (From April 1, 2004 To March 31, 2005) Amounts (Millions of yen)		Ratio (%)
VI. Special gains							
1. Gain on sales of fixed assets	※2	12,693			27,806		
2. Gain on sales of investment securities		1,807			8,403		
3. Prior period adjustments		4,697			1,962		
4. Gain from the return of substitutional portion of the welfare pension fund plan		7,181			—		
5. Other		5,822	32,200	0.4	4,927	43,098	0.5
VII. Special losses							
1. Loss on disposal of fixed assets		18,449			20,115		
2. Loss on sales of fixed assets	※2	8,530			3,768		
3. Loss on sales of investment securities		8,920			1,171		
4. Prior period adjustments	※3	16,399			29,655		
5. Write-down of investments and receivables		568			1,817		
6. Loss from the return of substitutional portion of the welfare pension fund plan		1,587			—		
7. Loss on restructuring of European operations		26,164			—		
8. Loss on business restructuring of consolidated subsidiaries		—			8,752		
9. Loss on lump-sum payment due to withdrawal from the welfare from the welfare pension fund		—			6,337		
10. Other		24,778	105,395	1.4	33,950	105,565	1.3
Income before income taxes and minority interests			736,497	9.9		793,233	9.2
Corporate, inhabitants' and enterprise taxes		137,745			179,226		
Income taxes deferred		81,295	219,040	2.9	78,837	258,063	3.0
Income attributable to minority interests			13,790	0.2		22,889	0.2
Net income			503,667	6.8		512,281	6.0

③ Consolidated statements of capital surplus and retained earnings

Accounts	Notes	Prior Fiscal Year (From April 1, 2003 To March 31, 2004) Amounts (Millions of yen)		Current Fiscal Year (From April 1, 2004 To March 31, 2005) Amounts (Millions of yen)	
(Capital surplus)					
I. Capital surplus at beginning of the period			804,470		804,470
II. Capital surplus at end of the period			804,470		804,470
(Retained earnings)					
I. Retained earnings at beginning of the period			878,655		1,286,299
II. Increase in retained earnings					
1. Net income		503,667		512,281	
2. Increase due to inclusion in consolidation		226		1,104	
3. Revaluation reserve resulting from general price-level accounting recognized by consolidated subsidiaries		9,460		12,942	
4. Increase due to land revaluation of subsidiaries		—	513,353	2,182	528,509
III. Decrease in retained earnings					
1. Dividends		74,594		94,236	
2. Bonus to directors and corporate auditors		410		404	
3. Decrease due to decrease in affiliates accounted for by the equity method		4,402		—	
4. Unrecognized retirement benefit obligation of a subsidiary in the United Kingdom		18,132		—	
5. Decrease in unfunded retirement benefit obligation of foreign subsidiaries		—		369	
6. Loss on disposal of treasury stock		8,171	105,709	4,700	99,709
IV. Retained earnings at end of the period			1,286,299		1,715,099

④ Consolidated statements of cash flows

Accounts	Notes	Prior Fiscal Year (From April 1, 2003 To March 31, 2004) Amounts (Millions of yen)	Current Fiscal Year (From April 1, 2004 To March 31, 2005) Amounts (Millions of yen)
I. Cash flows from operating activities			
Income before income taxes and minority interests		736,497	793,233
Depreciation and amortization (for fixed assets excluding leased vehicles)		314,900	356,915
Depreciation and amortization (for other assets)		11,783	11,665
Depreciation and amortization (for leased vehicles)		134,354	157,346
Increase (decrease) in allowance for doubtful receivables		3,732	△6,464
Unrealized loss on investments		323	128
Interest and dividend income		△11,591	△16,274
Interest expense		63,423	73,220
Gain on sales of property, plant and equipment		△4,163	△24,038
Loss on disposal of property, plant and equipment		24,823	20,115
Loss (gain) on sales of investment securities		7,113	△7,232
Decrease in trade notes and accounts receivable		24,539	15,494
Increase in sales finance receivables		△463,110	△794,349
Increase in inventories		△28,220	△108,903
Increase in trade notes and accounts payable		68,879	152,213
Amortization of net retirement benefit obligation at transition		13,936	11,795
Retirement benefit expenses		67,262	65,103
Retirement benefit payments made against related accrual		△80,650	△82,924
Other		45,934	△115
Subtotal		929,764	616,928
Interest and dividends received		10,699	16,098
Interest paid		△65,231	△71,318
Income taxes paid		△77,815	△192,293
Net cash provided by operating activities		797,417	369,415
II. Cash flows from investing activities			
Net increase in short-term investments		△710	△12,370
Purchases of fixed assets		△428,387	△461,146
Proceeds from sales of property, plant and equipment		53,932	71,256
Purchase of leased vehicles		△476,613	△590,605
Proceeds from sales of leased vehicles		191,105	173,812
Increase in long-term loans receivable		△3,741	△4,019
Decrease in long-term loans receivable		4,766	4,860
Purchase of investment securities		△119,372	△31,896
Proceeds from sales of investment securities		40,330	3,098
Purchase of subsidiaries' stock resulting in changes in the scope of consolidation		—	△1,292
Proceeds from sales of subsidiaries' stock resulting in changes in the scope of consolidation		192	7,697
Additional acquisition of shares of consolidated subsidiaries		△2,531	△500
Other		△15,097	△23,930
Net cash used in investing activities		△756,126	△865,035
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		△137,575	666,191
Increase in long-term borrowings		847,393	1,050,841
Increase in bonds and debentures		150,000	140,663
Repayment or redemption of long-term debt		△720,694	△1,145,534
Purchase of treasury stock		△101,957	△33,366
Proceeds from sales of treasury stock		9,744	6,816
Repayment of lease obligations		△84,742	△69,244
Cash dividends paid		△74,594	△94,236
Other		△1,315	△1,085
Net cash provided by (used in) financing activities		△113,740	521,046
IV. Effects of exchange rate changes on cash and cash equivalents		△2,604	4,369
V. Increase (decrease) in cash and cash equivalents		△75,053	29,795
VI. Cash and cash equivalents at beginning of the year		269,817	194,164
VII. Increase due to inclusion in consolidation	※2	310	65,825
VIII. Decrease due to exclusion from consolidation		△910	—
IX. Cash and cash equivalents at end of the year	※1	194,164	289,784

Significant accounting policies

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
1. Scope of consolidation (1) Number of consolidated companies 186 • Domestic companies 100 Sales companies for vehicles and parts Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 84 other sales companies Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., and another company Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 5 other companies • Foreign companies 86 Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 82 other companies Esara, Ltd which became a subsidiary by acquisition of its shares, and newly established subsidiaries including N R Finance Mexico, and 2 other companies have been consolidated. P.T. Nissan Motor Indonesia, which was an unconsolidated subsidiary not accounted for by the equity method in the prior fiscal year, and Nissan Design Europe S.A., which was unconsolidated but accounted for by the equity method in the prior fiscal year, have been consolidated because they have become material. Nissan Koe Co., Ltd. and 22 other companies, which were consolidated in the prior fiscal year, have been accounted for by the equity method because of changes in management and in the decision-making process with regard to domestic affiliates and due to their insignificant impact on the consolidated financial statements. Diamondmatic Co., Ltd. and 9 other companies merged with other subsidiaries. Nissan Parts Sanin Sales Co., Ltd. and another company were sold and consequently have been excluded from consolidation. Sayama Service Co., Ltd. and 17 other companies were liquidated. Nissan Shelf No. 2 has become an unconsolidated subsidiary not accounted for by the equity method, because its materiality has decreased.	1. Scope of consolidation (1) Number of consolidated companies 200 • Domestic companies 100 Sales companies for vehicles and parts Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 79 other sales companies Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and other 4 companies Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 6 other companies • Foreign companies 100 Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 96 other companies The newly established NISSAN (CHINA) INVESTMENT CO., LTD. and 6 other companies have been consolidated. Nissan Light Truck Co., Ltd. and 2 other companies, which were subsidiaries accounted for by the equity method in the prior year, have been consolidated since their importance has increased. In addition, Siam Nissan Automobile Co., Ltd. and 3 other companies, which were affiliates accounted for by the equity method in the prior year, have become consolidated subsidiaries following the acquisition of their shares. Calsonic Kansei Corporation has issued new shares by allocation to a third party, and these were fully acquired by the Group. As a result, Calsonic Kansei Corporation and its 11 subsidiaries have been included in consolidation effective this fiscal year. Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective this fiscal year because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., LTD., a consolidated subsidiary. In accordance with local accounting standards, effective this fiscal year, Dongfeng Motor Co., Ltd. has been proportionately consolidated into NISSAN (CHINA) INVESTMENT CO., LTD. In addition, Nissan Canada Finance Inc. and 5 other companies have been eliminated following their merger. Infiniti Motor Sales Inc. and 4 other companies were liquidated. Shizuoka Nissan Motor Co., Ltd. and another company have been excluded from consolidation following the sale of its shares.
(2) Unconsolidated subsidiaries 174 • Domestic companies 138 Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others • Foreign companies 36 Nissan Technical Center Europe S.A. (Brussels), and others. 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.	(2) Unconsolidated subsidiaries 199 • Domestic companies 132 Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others • Foreign companies 67 Nissan Technical Center Europe S.A. (Brussels), and others. 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.

Prior fiscal year From April 1, 2003 To March 31, 2004	Current fiscal year From April 1, 2004 To March 31, 2005
2. Equity method	2. Equity method
(1) Companies accounted for by the equity method 61	(1) Companies accounted for by the equity method 54
• Unconsolidated subsidiaries 34 (28 domestic and 6 foreign companies)	• Unconsolidated subsidiaries 34 (25 domestic and 9 foreign companies)
Nissan Marine Co., Ltd., Nissan Technical Center Europe S.A. (Brussels) and others	Nissan Marine Co., Ltd., Nissan Technical Center Europe S.A. (Brussels) and others
Nissan Light Truck Co., Ltd. and another company were newly established and have become unconsolidated subsidiaries accounted for the equity method. Nissan Koe Co., Ltd. and 22 other companies, which were consolidated in the prior fiscal year, have been accounted for by the equity method because of changes in management and in the decision-making process with regard to domestic affiliates and due to their insignificant impact on the consolidated financial statements. Manazuru Kaikan Co., Ltd., which was unconsolidated but accounted for by the equity method, was merged with another company. Nissan Design Europe S.A. has been consolidated because it has become material.	The newly established subsidiary, Guangzhou NISSAN Trading Co., has become an unconsolidated subsidiary accounted for by the equity method. Since Calsonic Kansei Corporation became a consolidated subsidiary, Calsonic Kansei Europe plc. and 2 other companies have been included in the scope of consolidation as unconsolidated subsidiaries accounted for by the equity method effective this fiscal year. Nissan Light Truck Co., Ltd. and 2 other companies, which were unconsolidated subsidiaries accounted for the equity method in the prior year, have been included in consolidation since their materiality has increased. On the other hand, Nissan Security Service Co., Ltd. has been eliminated from consolidation due to a merger.
• Affiliates 27 (19 domestic and 8 foreign companies)	• Affiliates 20 (17 domestic and 3 foreign companies)
Nissan Diesel Motor Co., Ltd., Calsonic Kansei Corporation and others	Nissan Diesel Motor Co., Ltd., and others
Dongfeng Motor Co., Ltd. was newly established and has been accounted for by the equity method. Three companies including Hashimoto Forming Co., Ltd. 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.	Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective the current fiscal year because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., Ltd., a consolidated subsidiary. In accordance with local accounting standards, effective the current fiscal year, Dongfeng Motor Co., Ltd. has been consolidated proportionately to NISSAN (CHINA) INVESTMENT CO., LTD. Siam Nissan Automobile Co., Ltd. and 3 other companies became consolidated subsidiaries due to the acquisition of their shares effective the current fiscal year. In addition, Calsonic Kansei Corporation has issued new shares by allocation to a third party, and these were fully acquired by the Group. As a result, Calsonic Kansei Corporation has been included in consolidation. Utsunomiya Nissan Motor is no longer an affiliate since the Group's voting rights decreased following the sale of its shares and it is no longer accounted for by the equity method.
(2) Companies not accounted for by the equity method 170	(2) Companies not accounted for by the equity method 207
• Unconsolidated subsidiaries 140	• Unconsolidated subsidiaries 165
Nissan Human Resources Development Center Inc. and others	Nissan Human Resources Development Center Inc. and others
• Affiliates 30	• Affiliates 42
Tonox Co., Ltd. and others	Tonox Co., Ltd. and others
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.	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.
(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.	(3) Same as prior fiscal year.

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
3. Accounting period of consolidated subsidiaries	3. Accounting period of consolidated subsidiaries
(1) The following consolidated companies close their books of account at: December 31: Nissan Mexicana, S.A. de C.A. Nissan Europe S.A.S. and its 25 subsidiaries Nissan Forklift Europe B.V. Nissan Forklift Espagna S.A. Nissan Forklift Co., North America Nissan Trading Co., Ltd. and its 2 subsidiaries Nissan Motor Company South Africa (Pty) Ltd. and its 11 subsidiaries Nissan do Brasil Automoveis Ltda. P.T. Nissan Motor Indonesia P.T. Nissan Motor Distributor Indonesia NR Finance Mexico, S.A. De C.V. NR Wholesales Mexico, S.A. De C.V. ESARA, S.A. De C.V.	(1) The following consolidated companies close their books of account at: December 31: Nissan Mexicana, S.A. de C.A. NR Finance Mexico, S.A. De C.V. NR Wholesales Mexico, S.A. De C.V. ESARA, S.A. De C.V Nissan Europe S.A.S. and its 26 subsidiaries Nissan Forklift Europe B.V. Nissan Forklift Espagna S.A. Nissan Forklift Co., North America Nissan Trading Co., Ltd. and its 2 subsidiaries Nissan Motor Company South Africa (Pty) Ltd. and its 9 subsidiaries Nissan do Brasil Automoveis Ltda. P.T. Nissan Motor Indonesia P.T. Nissan Motor Distributor Indonesia Siam Nissan Automobile Co., Ltd. and its 3 subsidiaries Nissan South East Asia Co., Ltd. Siam Motors And Nissan Co., Ltd. Yulon Nissan Motor Co., Ltd. NISSAN (CHINA) INVESTMENT CO., LYD. Dongfeng Motor Co., Ltd. Nissan Korea Co., Ltd. Nissan Light Truck Co., Ltd. Calsonic Kansei Mexicana, S.A. de R.L. de C.V. and its 2 subsidiaries
(2) The necessary adjustments are made to the financial statements of these companies to reflect any significant transactions.	(2) The necessary adjustments are made to the financial statements of these companies to reflect any significant transactions.
4. Significant accounting policies	4. Significant accounting policies
(1) Valuation methods for assets	(1) Valuation methods for assets
① Securities Held-to-maturity securities: Held-to maturity securities are stated at amortized cost 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. Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method.	① Securities Same as prior fiscal year.
②Derivatives Derivatives are carried at fair value except for forward foreign exchange contracts entered in order to hedge receivables and payables denominated in foreign currencies.	②Derivatives Same as prior fiscal year.
③Inventories Inventories are stated principally at lower of cost or market, cost being determined by the first-in, first-out method.	③Inventories Same as prior fiscal year.
(2) Depreciation of property, plant and equipment 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.	(2) Depreciation of property, plant and equipment Same as prior fiscal year.

Prior fiscal year From April 1, 2003 To March 31, 2004	Current fiscal year From April 1, 2004 To March 31, 2005
(3) Basis for significant reserves ①Allowance for doubtful accounts Allowance for doubtful account is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty. ②Accrual for warranty costs 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. ③Accrued retirement benefits 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. The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. 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. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees. (Additional Information) In accordance with the revision of Welfare Pension Insurance Law of Japan, during the current fiscal year, certain consolidated subsidiaries received approval from the Minister of Health, Labor and Welfare with respect to their applications for exemption from the obligation for benefits related to future employee services under the substitutional portion of the Welfare Pension Fund Plans (WPFP). 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, these subsidiaries recognized a gain or loss from the return of substitutional portion of WPFP by reducing the retirement benefit obligation and the pension plan assets related to such substitutional portion as of the date when these subsidiaries received the permission. The effect of this treatment on operating results was described in the note for retirement benefits.	(3) Basis for significant reserves ①Allowance for doubtful accounts Same as prior fiscal year. ②Accrual for warranty costs Same as prior fiscal year. ③Accrued retirement benefits 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. The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. 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. 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.
(4) Foreign currency translation 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. 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.	(4) Foreign currency translation Same as prior fiscal year.
(5) Lease accounting Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.	(5) Lease accounting Same as prior fiscal year.

Prior fiscal year From April 1, 2003 To March 31, 2004	Current fiscal year From April 1, 2004 To March 31, 2005
(6) Hedge accounting	(6) Hedge accounting
①Hedge accounting Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred. 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.	①Hedge accounting Same as prior fiscal year.
②Hedging instruments and hedged items · Hedging instruments.....Derivative transactions · 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	②Hedging instruments and hedged items Same as prior fiscal year.
③Hedging policy It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.	③Hedging policy Same as prior fiscal year.
④Assessment of hedge effectiveness Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the hedged items.	④Assessment of hedge effectiveness Same as prior fiscal year.
⑤Risk management policy with respect to hedge accounting The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."	⑤Risk management policy with respect to hedge accounting Same as prior fiscal year.
(7) Accounting for consumption tax Transactions subject to consumption tax, are recorded at amounts exclusive of consumption tax.	(7) Accounting for consumption tax Same as prior fiscal year.
(8) Accounting policies adopted by foreign consolidated subsidiaries 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.	(8) Accounting policies adopted by foreign consolidated subsidiaries Same as prior fiscal year.
5. Valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value.	5. Valuation of assets and liabilities of consolidated subsidiaries Same as prior fiscal year.
6. Amortization of differences between cost and underlying net equity at fair value 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.	6. Amortization of differences between cost and underlying net equity at fair value Same as prior fiscal year.
7. Appropriation of retained earnings The appropriation of retained earnings is reflected in each fiscal year when such appropriation is made by resolution of the shareholders.	7. Appropriation of retained earnings Same as prior fiscal year.
8. Cash and cash equivalents in the consolidated statements of cash flows 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.	8. Cash and cash equivalents in the consolidated statements of cash flows Same as prior fiscal year.

Accounting changes

Prior fiscal year From April 1, 2003 To March 31, 2004	Current fiscal year From April 1, 2004 To March 31, 2005
Method of valuation of inventories Until the prior fiscal year, finished goods, work in process and purchased parts included in raw materials were stated at the lower of average cost or market, and raw materials except for purchased parts and supplies were stated at the lower of cost or market, cost being determined by the last-in, first-out method. Effective the current fiscal year, the Company and certain consolidated subsidiaries began to value all inventories at the lower of cost or market, cost being determined by the first-in, first-out method. This change was made in order to establish a sound financial position by reflecting the changes in the purchase prices in the valuation of inventories considering the fact that there has been progress in achieving a reduction in purchasing costs and that this trend is anticipated to continue. This change is also intended to achieve a better matching of revenue and expenses and more appropriate cost management by applying an inventory valuation method which reflects the actual inventory movements. The effect of this change was immaterial for the current fiscal year.	Classification of freight and shipping costs Until the prior fiscal year, freight and shipping costs of the Company and certain consolidated subsidiaries were included in selling, general and administrative expenses. Effective the current fiscal year, the Company and those consolidated subsidiaries began to account for the freight and shipping costs as cost of sales. This change was made in order to achieve a better matching of revenues and expenses and to present gross profit more accurately by including freight and shipping costs in cost of sales. This change was also made because the shipping costs incurred in exporting parts to be used for overseas manufacturing have increased due to the expansion of manufacturing activities outside Japan. The effect of this change was to increase cost of sales by ¥112,074 million and to decrease gross profit and selling, general and administrative expenses by the same amount for the current fiscal year. This change had no impact on operating income, ordinary income, income before income taxes and minority interests or net income for the current fiscal year compared with the corresponding amounts which would have been recorded if the previous method had been followed. This change also had no effect on segment information.
Accounting for retirement benefits adopted by Nissan Motor Manufacturing (UK) Ltd. Effective the current fiscal year, Nissan Motor Manufacturing (UK) Ltd., a consolidated subsidiary, implemented early adoption a new accounting standard for retirement benefits in the United Kingdom. The effect of this change was to increase retirement benefit expenses by ¥2,178 million, and to decrease operating income, ordinary income and income before income taxes and minority interests by ¥1,686 million, ¥2,178 million and ¥2,178 million, respectively, for the current fiscal year as compared with the corresponding amounts which would have been recorded if the previous method had been followed. Retained earnings also decreased by ¥18,132 million since the net retirement benefit obligation at transition and actuarial loss was charged directly to retained earnings for the current fiscal year. The effect of this change on segment information is explained in the applicable notes.	
Accounting for noncancelable leases Until the prior fiscal year, noncancelable lease transactions of the Company and its domestic consolidated subsidiaries were accounted for as operating leases (whether such leases were classified as operating or finance leases), except that lease agreements which stipulated the transfer of ownership of the leased assets to the lessee were accounted for as finance leases. This change was made in order to achieve a better matching of revenue and expenses by calculating manufacturing costs more accurately and to establish a better presentation of the Company's and its domestic consolidated subsidiaries' financial position by reflecting lease transactions more appropriately in its consolidated financial statements, considering the increasing materiality of these lease transactions as well as from an international point of view. The effect of this change in method of accounting was to decrease sales, cost of sales and selling, general and administrative expenses by ¥17,943 million, ¥38,910 million and ¥624 million, respectively, and to increase operating income, ordinary income and income before income taxes and minority interests by ¥21,591 million, ¥17,659 million and ¥17,659 million, respectively, for the current fiscal year as compared with the corresponding amounts which would have been recorded under the previous method. In addition, trade and sales finance receivables, tangible fixed assets and lease obligations increased by ¥70,670 million, ¥66,514 million and ¥120,061 million, respectively, at March 31, 2004 over the corresponding amounts which would have been recorded under the previous method. The effect of this change on segment information is explained herein in the applicable notes.	

Changes in presentation

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
Accrual for warranty costs The current portion of the accrual for warranty costs, which was included in long-term liabilities in the prior fiscal year, has been presented as a current liability because relevant data for the separation has become available.	Short-term loan payables Short-term borrowings and import bills payable were presented as a current liability in the prior fiscal year. Since there was no remaining balance of import bills payable, the account has been presented as short-term borrowings at the end of this fiscal year.

Notes to consolidated financial statements

(For consolidated balance sheets)

(Millions of yen)

Prior fiscal year (As of March 31, 2004)

1. ※1 Accumulated depreciation of property, plant and equipment ¥3,227,771

   The above amount includes accumulated depreciation of leased assets in the amount of ¥ 190,679 million.

2. ※2 Machinery, equipment and vehicles included certain items in the amount of ¥755,853 million leased to others under lease agreements.

3. ※3 These assets included the following assets pledged as collateral:

   (1) Assets pledged as collateral:

Sales financing receivables	¥ 287,588
Property, plant and equipment	1,315,797
Other investments, other assets	20,660
Total	¥1,624,045

   (2) Liabilities secured by the above collateral:

Short-term borrowings	¥ 295,908
Long-term borrowings (including the current portion)	1,257,157
Total	¥1,553,065

In addition to the above, investments in subsidiaries totaling ¥51,106 million, which were eliminated in consolidation, were pledged as collateral for long-term borrowings of affiliates of ¥7,779 million, which were not reflected in the accompanying consolidated balance sheet.

4. Notes receivable discounted with banks outstanding as of March 31, 2004 ¥2,782

5. Guarantees and others

   (1) Guarantees

Guarantees	Balance of liabilities guaranteed	Description of liabilities guaranteed
Employees	※ ¥204,443	Guarantees for employees' housing loans and others
AG Global Private Ltd. Co., and 615 other companies	44,920	Guarantees for loans
Total	¥249,363	

※ These loans were fully covered by insurance.

   (2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees	Descriptions of liabilities guarantees
MONC LIBERIA, INC and another company	¥2,962	Commitments to provide guarantees for loans

Current fiscal year (As of March 31, 2005)

1. ※1 Accumulated depreciation of property, plant and equipment ¥3,664,865

   The above amount includes accumulated depreciation of leased assets in the amount of ¥ 141,309 million.

2. ※2 Machinery, equipment and vehicles included certain items in the amount of ¥1,011,289 million leased to others under lease agreements.

3. ※3 These assets included the following assets pledged as collateral:

   (1) Assets pledged as collateral:

Trade notes and accounts receivable	¥ 260
Sales financing receivables	1,318,667
Securities	161
Property, plant and equipment	789,418
Other investments, other assets	699
Total	¥2,109,205

   (2) Liabilities secured by the above collateral:

Short-term borrowings	¥ 449,020
Long-term borrowings (including the current portion)	1,351,212
Total	¥1,800,232

In addition to the above, investments in subsidiaries totaling ¥1,036 million, which were eliminated in consolidation, were pledged as collateral for long-term borrowings of affiliates of ¥472 million, which were not reflected in the accompanying consolidated balance sheet.

4. Notes receivable discounted with banks outstanding as of March 31, 2005 ¥5,301

5. Guarantees and others

   (1) Guarantees

Guarantees	Balance of liabilities guaranteed	Description of liabilities guaranteed
Employees	※ ¥195,030	Guarantees for employees' housing loans and others
AG Global Private Ltd. Co., and 415 other companies	48,354	Guarantees for loans
Total	¥243,384	

※ These loans were fully covered by insurance.

   (2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees	Descriptions of liabilities guarantees
MONC LIBERIA, INC and another company	¥2,712	Commitments to provide guarantees for loans

(Millions of yen)

Prior fiscal year (As of March 31, 2004)	Current fiscal year (As of March 31, 2005)
(3) Letters of awareness regarding sales of trade receivables Total trade receivables sold ¥42,862	
(4) Outstanding balance of installment receivables sold with recourse ¥27,714	(3) Outstanding balance of installment receivables sold with recourse ¥20,687 6. ※4 ¥75,469 million of excess of cost over net assets acquired is included in "Intangible fixed assets"
6. ※5 Investments in unconsolidated subsidiaries and affiliates Investments in stock of unconsolidated subsidiaries and affiliates ¥339,703	7. ※5 Investments in unconsolidated subsidiaries and affiliates Investments in stock of unconsolidated subsidiaries and affiliates ¥335,628
7. ※6 Retained earnings Revaluation adjustments resulting from general price-level accounting ¥27,431	8. ※6 Retained earnings Revaluation adjustments resulting from general price-level accounting ¥40,373
8. ※7 Number of shares issued Common stock 4,520,715 thousand shares	9. ※7 Number of shares issued Common stock 4,520,715 thousand shares
9. ※8 Number of treasury stock held Number of treasury stock held by consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for by the equity method amounted to 301,010 thousand shares of common stock.	10. ※8 Number of treasury stock held Number of treasury stock held by consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for by the equity method amounted to 301,098 thousand shares of common stock.
10. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows: Total credit lines of overdrafts and loans ¥84,100 Loans receivable outstanding 11,043 Unused credit lines ¥73,057 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.	11. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows: Total credit lines of overdrafts and loans ¥107,247 Loans receivable outstanding 12,094 Unused credit lines ¥95,153 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.

(For consolidated statements of income)

(Millions of yen)

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
1. ※1 Total research and development costs Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥354,321 2. ※2 Gain and loss on sales of property, plant and equipment primarily resulted from sale of land and buildings in the amount of ¥9,247 million and ¥6,845million, respectively. 3. ※3 Major items included in prior period adjustments Social insurance premium on unpaid bonus for the prior year 7,267 Additional insurance expense resulting from increase in insurance premium related to product liability for the prior fiscal years 9,132	1. ※1 Total research and development costs Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥398,148 2. ※2 Gain and loss on sales of property, plant and equipment primarily resulted from sale of land and buildings in the amount of ¥24,609 million and ¥2,778million, respectively. 3. ※3 Major items included in prior period adjustments Additional research and development costs resulting from the revision of the related agreements for the prior fiscal year 13,150 Additional co-development costs with Renault related to prior fiscal years 14,771

(For consolidated statements of cash flows)

(Millions of yen)

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
1. ※1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows:	1. ※1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows:
As of March 31, 2004:	As of March 31, 2005:
Cash on hand and in banks ¥191,742	Cash on hand and in banks ¥300,274
Time deposits with maturities of more than three months △704	Time deposits with maturities of more than three months △21,301
Cash equivalents included in securities (*) 3,126	Cash equivalents included in securities (*) 10,811
Cash and cash equivalents ¥194,164	Cash and cash equivalents ¥289,784
* This represents short-term highly liquid investments readily convertible into cash held by foreign subsidiaries.	* This represents short-term, highly liquid investments readily convertible into cash held by overseas subsidiaries.
	※2 Significant non-monetary transactions
	In the current fiscal year, Calsonic Kansei Corporation issued new shares by allocation to a third party, and these were fully acquired by the Group. As a result, Calsonic Kansei Corporation and its 11 subsidiaries have been included in consolidation effective this fiscal year. The assets and liabilities of Calsonic Kansei Corporation and its 11 subsidiaries are as follows:
	Current assets 69,926
	Fixed assets 126,242
	Total assets 196,168
	Current liabilities 21,146
	Long-term liabilities 55,714
	Total liabilities 76,860
	Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective this fiscal year because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., LTD., a consolidated subsidiary. The assets and liabilities of Dongfeng Motor Co., Ltd are as follows:
	Current assets 106,744
	Fixed assets 44,094
	Total assets 150,838
	Current liabilities 109,922
	Long-term liabilities 22,218
	Total liabilities 132,140

(For lease transactions)

(Millions of yen)

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
(Lessees' accounting) Operating lease transactions Future minimum lease payments subsequent to March 31, 2004 are summarized as follows: Due in one year or less ¥5,188 Due after one year 17,921 Total ¥23,109	(Lessees' accounting) Operating lease transactions Future minimum lease payments subsequent to March 31, 2005 are summarized as follows: Due in one year or less ¥5,729 Due after one year 24,004 Total ¥29,733

(Millions of yen)

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
(Lessors' accounting) Operating lease transactions Future minimum lease income subsequent to March 31, 2004 is summarized as follows: Due in one year or less ¥178,939 Due after one year 259,704 Total ¥438,643	(Lessors' accounting) Operating lease transactions Future minimum lease income subsequent to March 31, 2005 is summarized as follows: Due in one year or less ¥228,770 Due after one year 311,015 Total ¥539,785

(For securities)

(Millions of yen)

Prior fiscal year
From April 1, 2003
To March 31, 2004

Securities

1. Marketable held-to-maturity debt securities

(As of March 31, 2004)

Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)
(Securities whose fair value exceeds their carrying value)			
Corporate bonds	¥ 249	¥ 249	—
Total	¥ 249	¥ 249	—

2. Marketable other securities

(As of March 31, 2004)

Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
(Securities whose carrying value exceeds their acquisition cost)			
Stock	¥ 1,042	¥7,934	¥ 6,892
Bonds:			
Government bonds	19	20	1
Subtotal	1,061	7,954	6,893
(Securities whose acquisition cost exceeds their carrying value)			
Stock	2,486	1,939	△547
Subtotal	2,486	1,939	△547
Total	¥3,547	¥9,893	¥6,346

3. Other securities sold during the current fiscal year

(From April 1, 2003 to March 31, 2004)

Sales proceeds	Total gain	Total loss
4,048	1,500	△32

4. Carrying value of major securities whose fair value is not available is as follows:

(As of March 31, 2004)

(1) Other securities:

Unlisted domestic stocks (excluding those traded on the over-the-counter market)	¥6,762
Unlisted foreign stocks	1,110

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, 2004)

	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:				
Government bonds	¥ 20	—	—	—
Corporate bonds	106	90	53	—
Total	¥126	¥90	¥53	—

Current fiscal year
From April 1, 2004
To March 31, 2005

Securities

1. Marketable held-to-maturity debt securities

(As of March 31, 2005)

Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)
(Securities whose fair value exceeds their carrying value)			
Corporate bonds	¥ 201	¥ 201	—
Total	¥ 201	¥ 201	—

(As of March 31, 2005)

Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
(Securities whose carrying value exceeds their acquisition cost)			
Stock	¥ 3,781	¥15,833	¥ 12,052
Bonds:			
Government bonds	19	20	1
Others	15	18	3
Subtotal	3,815	15,871	12,056
(Securities whose acquisition cost exceeds their carrying value)			
Stock	679	428	△251
Others	214	191	△23
Subtotal	893	619	△274
Total	¥4,708	¥16,490	¥11,782

3. Other securities sold during the current fiscal year

(From April 1, 2003 to March 31, 2005)

Sales proceeds	Total gain	Total loss
2,032	1,225	△13

4. Carrying value of major securities whose fair value is not available is as follows:

(As of March 31, 2005)

(1) Other securities:

Unlisted domestic stocks (excluding those traded on the over-the-counter market)	¥8,822
Unlisted foreign stocks	721

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, 2005)

	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:				
Government bonds	¥ 20	—	—	—
Corporate bonds	147	—	54	—
Others	—	4	—	—
Total	¥167	¥4	¥54	—

(For derivative transactions)

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
1. Derivative transactions (1) Policies 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..	1. Derivative transactions (1) Policies Same as prior fiscal year.
(2) Types and purpose of transactions: ① Forward foreign exchange contracts 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.	(2) Types and purpose of transactions: ① Forward foreign exchange contracts Same as prior fiscal year.
② Currency option 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.	② Currency option Same as prior fiscal year.
③ Interest rate swaps Interest rate swaps are utilized primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.	③ Interest rate swaps Same as prior fiscal year.
④ Currency swaps 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.	④ Currency swaps Same as prior fiscal year.
⑤ Interest rate options Interest rate options are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.	⑤ Interest rate options Same as prior fiscal year.

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
⑥ Stock option Stock options are used primarily to hedge against the adverse impact of fluctuations in the share prices. ⑦ Commodity futures contracts 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). (3) Description of risks relating to derivative transactions ① Market risk 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. ② Credit risk The Group is exposed to the risk that a counterparty to its financial transactions could default and jeopardize future profits. We believe that this risk is insignificant as the Group enters into derivative transactions only with financial institutions which have a sound credit profile. The Group enters into these transactions also with Renault Finance S.A. (“RF”), a specialized financial subsidiary of the Renault Group which, 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. ③ Legal risk The Group is exposed to the risk of entering into a financial agreement which may contain inappropriate terms and conditions as well as the risk that an existing contract may be affected by revisions to the relevant laws and regulations. The 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.	⑥ Stock option Same as prior fiscal year. ⑦ Commodity futures contracts Same as prior fiscal year. (3) Description of risks relating to derivative transactions ① Market risk Same as prior fiscal year. ② Credit risk Same as prior fiscal year. ③ Legal risk Same as prior fiscal year.

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
(4) Risk management for derivative transactions 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. The basic hedge policy is subject to the approval of the Monthly Hedge Policy Meeting attended by the corporate officer in charge of the Treasury Department. Execution and management of all deals are to be conducted pursuant to the Rule. Derivative transactions are conducted by a special section of the 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. 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. 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.	(4) Risk management for derivative transactions Same as prior fiscal year.
(5) Supplemental explanation on quantitative information ① 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. ② The notional amounts of the swaps are not a direct measure of the Company's risk exposure in connection with its swap transactions.	(5) Supplemental explanation on quantitative information ① Same as prior fiscal year. ② Same as prior fiscal year.

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, 2004)				Current fiscal year (As of March 31, 2005)			
		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$	¥ 23,293	–	¥ 22,778	¥ 515	¥ 9,678	–	¥ 9,222	¥ 456
	CAN$	7,959	–	7,932	27	7,122	–	7,201	△79
	ZAR	685	–	702	△17	777	–	729	48
	GBP	—	–	–	–	3,100	–	3,075	25
	Buy:								
	CAN$	29,456	–	29,899	443	–	–	–	–
	US$	20,714	–	20,362	△352	7,238	–	7,026	△212
	Swaps:								
	EURO	¥ 86,958	–	¥ 347	¥ 347	¥ 116,844	–	¥ △1	¥ △1
	£ stg.	35,732	–	58	58	–	–	–	–
	US$	21,185	¥ 20,558	298	298	107,144	–	662	662
	AU$	–	–	–	–	26,216	–	41	41
	HK$	–	–	–	–	5,307	–	–	–
	CAN$	1,129	–	△97	△97	–	–	–	–
Total					¥ 1,222				¥ 940

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 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, 2004)				Current fiscal year (As of March 31, 2005)			
		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	¥187,454	¥ 125,121	¥ △851	¥ △851	¥ 185,695	¥ 126,651	¥ 2,774	¥ 2,774
	Receive fixed/pay floating	186,223	127,400	4,398	4,398	192,885	127,400	3,287	3,287
	Options								
	Caps sold	¥ 445,376	¥ 389,060			¥ 441,875	¥ 333,217		
	(Premium)	(—)	(—)	¥ △4,219	¥ △4,219	(—)	(—)	¥ △7,289	¥ △7,289
	Caps purchased	445,376	389,060			441,875	333,217		
	(Premium)	(—)	(—)	4,219	4,219	(—)	(—)	7,289	7,289
Total					¥ 3,547				¥ 6,061

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.)

2. The following table sets forth the funded status of the defined benefit plans:

(Millions of yen)

	Prior fiscal year (As of March 31, 2004)	Current fiscal year (As of March 31, 2005)
a. Retirement benefit obligation	¥△1,041,483	¥△1,217,260
b. Plan assets at fair value	377,169	500,815
c. Unfunded retirement benefit obligation (a+b)	△664,314	△716,445
d. Unrecognized net retirement benefit obligation at transition	131,666	120,718
e. Unrecognized actuarial gain or loss	152,867	154,689
f. Unrecognized prior service cost (a reduction of liability)	△61,833 (Note 2)	△66,720 (Note 2)
g. Net retirement benefit obligation recognized in the consolidated balance sheet (c+d+e+f)	△441,614	△507,758
h. Prepaid pension cost	652	445
i. Accrued retirement benefits (g–h)	¥ △442,266	¥ △508,203

Prior fiscal year (As of March 31, 2004)

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.
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, certain consolidated companies recognized a loss or gain 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 these subsidiaries received the permission. As a result, they recognized a special gain of ¥3,669 million and a special loss of ¥1,587 million for the current fiscal year. The pension plan assets calculated to be returned as of March 31, 2004 amounted to ¥35,770 million.

Current fiscal year (As of March 31, 2005)

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.

3. The components of retirement benefit expenses were as follows:

(Millions of yen)

		Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
a.	Service cost	¥ 48,418 (Note 2)	¥ 47,802 (Note 2)
b.	Interest cost	33,012	33,288
c.	Expected return on plan assets	△15,523	△17,999
d.	Amortization of net retirement benefit obligation at transition	14,169	12,009
e.	Amortization of actuarial gain or loss	18,689	12,298
f.	Amortization of prior service cost	△7,049 (Note 3)	△5,431 (Note 3)
g.	Other	57	179
h.	Retirement benefit expenses (a+b+c+d+e+f+g)	¥ 91,773	¥ 82,146
i.	Loss on return of the substitution portion of WPFP	△5,594	△1,107
	Total	¥ 86,179	¥ 81,039

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
Notes: 1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥3,186 million were paid and accounted for as a special loss for the year ended March 31, 2004.	Notes: 1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥6,509 million were paid and accounted for as a special loss for the year ended March 31, 2005.
2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.	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.	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.”	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 ¥44,838 million.	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 ¥34,255 million.

4. Assumptions used in accounting for the retirement benefit obligation

	Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
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: 2.3% – 2.5% Foreign companies: 5.0% – 7.0%	Domestic companies: 2.3% – 2.5% Foreign companies: 2.5% – 9.5%
c. Expected rate of return on plan assets	Domestic companies: mainly 3.0% Foreign companies: 7.0% – 9.0%	Domestic companies: mainly 3.0% Foreign companies: 2.2% – 9.5%
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 prior fiscal year.
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 prior fiscal year.
f. Amortization period of net retirement benefit obligation at transition	Mainly 15 years	Same as prior fiscal year.

(Accounting for income taxes)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2004)	Current fiscal year (As of March 31, 2005)
Deferred tax assets:		
Net operating loss carryforwards	¥ 40,150	¥ 24,660
Accrued retirement benefits	162,926	172,379
Accrued warranty costs	44,381	38,047
Other	299,344	379,543
Total gross deferred tax assets	546,801	614,629
Valuation allowance	△36,689	△36,369
Total deferred tax assets	510,112	578,260
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law, etc.	△306,316	△379,924
Difference between cost of investments and their underlying net equity at fair value	△72,508	△88,840
Unrealized holding gain on securities	△2,853	△5,971
Other	△91,028	△128,577
Total deferred tax liabilities	△472,705	△603,312
Net deferred tax assets	¥ 37,407	¥ △25,052

Note: Net deferred tax assets as of March 31, 2004 and 2005 are reflected in the following accounts in the consolidated balance sheets:

	Prior fiscal year (As of March 31, 2004)	Current fiscal year (As of March 31, 2005)
	(Millions of yen)	
Current assets -deferred tax assets	¥169,759	¥291,210
Fixed assets-deferred tax assets	162,184	125,081
Current liabilities-deferred tax liabilities	2,545	2,401
Long-term liabilities-deferred tax liabilities	291,991	438,942

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, 2004)	Current fiscal year (As of March 31, 2005)
Statutory tax rate of the Company	41.9%	40.6%
(Reconciliation)		
・Different tax rates applied to foreign subsidiaries	△4.3%	△2.7%
・Tax deduction	△2.0%	△1.5%
・Decrease in valuation allowance resulting in the recognition of net deferred tax assets	△6.1%	△1.9%
・Equity in earnings of affiliates	—	△1.9%
・Other	0.2%	△0.1%
Effective tax rates after adoption of tax-effect accounting	29.7%	32.5%

Note: Due to the increase in the “Equity in earnings of affiliates,” the line for the “Equity in earnings of affiliates” has been presented separately effective the current fiscal year.

(Segment information)

Business segment information

Prior fiscal year (from April 1, 2003 to March 31, 2004)

The business segment information for the Company and its consolidated subsidiaries for the year ended Mach 31, 2004 is as follows:

Prior fiscal year (from April 1, 2003 to Mach. 31, 2004)

(Millions of yen)

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

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 for oversea production, etc.

(2) Sales financing ....credit, lease, etc.

3. Changes in accounting policies

(1) Accounting for retirement benefits adopted by Nissan Motor Manufacturing (UK) Ltd.

Effective the current fiscal year, Nissan Motor Manufacturing (UK) Ltd., a consolidated subsidiary, implemented early adoption a new accounting standard for retirement benefits in the United Kingdom. The effect of this change was to decrease operating income in the “Automobile” segment by ¥1,686 million as compared with the corresponding amount which would have been recorded if the previous method had been followed.

(2) Accounting for noncancelable leases

Until the prior fiscal year, noncancelable lease transactions of the Company and its domestic consolidated subsidiaries were accounted for as operating leases (whether such leases were classified as operating or finance leases) except that lease agreements which stipulated the transfer of ownership of the leased assets to the lessee were accounted for as finance leases. Effective the current fiscal year, the Company and its domestic consolidated subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, from accounting for them as operating leases, to finance leases. This change was made in order to achieve a better matching of revenue and expenses by calculating manufacturing costs more accurately and to establish a better presentation of the Company’s and its domestic consolidated subsidiaries’ financial position by reflecting lease transactions more appropriately in its consolidated financial statements, considering the increasing materiality of these lease transactions as well as from an international point of view.

The effect of this change was to decrease sales and operating expenses in the “Automobile” segment by ¥237 million and ¥21,805 million, respectively, to increase operating income, total assets, depreciation expense and capital expenditures in the “Automobile” segment by ¥21,568 million, ¥136,522 million, ¥46,986 million and ¥55,581 million, respectively, to decrease sales and operating expenses and capital expenditures in the “Sales Financing” segment by ¥33,351 million, ¥33,374 million and ¥29,716 million, respectively, to increase operating income, total assets and depreciation expense in the “Sales Financing” segment by ¥23 million, ¥662 million and ¥292 million, respectively, and to increase sales and operating expenses in “Eliminations” by ¥15,645 million for the current fiscal as compared with the corresponding amounts which would have been recorded if the previous method had been followed.

4. Consolidated financial statements by business segment

- 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), NRF Mexico (Mexico), NR Wholesale Mexico (Mexico) and ESARA, S.A. De C.V. (Mexico).

- Amounts for the automobile segment represent the differences between the consolidated totals and those for the sales financing segment.

(1) Summarized consolidated balance sheets by business segment

(Millions of yen)

Accounts	Prior fiscal year (As of Mach. 31, 2004) Automobile & elimination	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	¥ 187,328	¥ 4,414	¥ 191,742
Notes and accounts receivable	462,612	104	462,716
Finance receivables	△199,177	2,402,351	2,203,174
Inventories	536,172	6,620	542,792
Other current assets	270,615	95,924	366,539
Total current assets	1,257,550	2,509,413	3,766,963
II. Fixed assets			
Property, plant and equipment, net	2,425,940	777,312	3,203,252
Investment securities	356,925	3,419	360,344
Other fixed assets	338,676	189,027	527,703
Total fixed assets	3,121,541	969,758	4,091,299
III. Deferred charges			
Discounts on bonds	1,594	—	1,594
Total deferred charges	1,594	—	1,594
Total assets	¥4,380,685	¥3,479,171	¥7,859,856
Liabilities			
I. Current liabilities			
Notes and accounts payable	¥ 742,386	¥ 25,815	¥ 768,201
Short-term borrowings	△615,844	1,976,642	1,360,798
Lease obligations	50,067	397	50,464
Other current liabilities	860,599	62,419	923,018
Total current liabilities	1,037,208	2,065,273	3,102,481
II. Long-term liabilities			
Bonds	508,864	33,960	542,824
Long-term borrowings	177,054	890,736	1,067,790
Lease liabilities	83,597	582	84,179
Other long-term liabilities	743,539	191,264	934,803
Total long-term liabilities	1,513,054	1,116,542	2,629,596
Total liabilities	2,550,262	3,181,815	5,732,077
Minority interests			
Minority interests	103,785	—	103,785
Shareholders' equity			
I. Common stock	520,692	85,122	605,814
II. Capital surplus	774,403	30,067	804,470
III. Retained earnings and unrealized holding gain on securities	1,100,414	190,277	1,290,691
IV. Translation adjustments	△423,634	△8,110	△431,744
V. Treasury stock	△245,237	—	△245,237
Total shareholders' equity	1,726,638	297,356	2,023,994
Total liabilities, minority interests and shareholders' equity	¥4,380,685	¥3,479,171	¥7,859,856

Notes: 1. Finance receivables of the Automobile and elimination segment represents elimination resulting from the transfer of customer loans to the Sales financing segment.

2. Borrowings of the Automobile and elimination segment are presented after elimination of loans to the Sales financing segment in the amount of ¥1,096,792 million.

(2) Summarized consolidated statements of income by business segment

(Millions of yen)

Accounts	Prior fiscal year (For the year ended March 31, 2004) Automobile & elimination	Sales financing	Consolidated total
Net sales	¥7,063,230	¥ 365,989	¥7,429,219
Cost of sales	5,098,056	212,116	5,310,172
Gross profit	1,965,174	153,873	2,119,047
Operating income as a percentage of net sales	10.8%	17.7%	11.1%
Operating income	760,045	64,810	824,855
Financial income/expenses – net	△15,669	△30	△15,699
Other non-operating income/expenses - net	2,089	△1,553	536
Ordinary income	746,465	63,227	809,692
Income before income taxes and minority interests	671,513	64,984	736,497
Net income	¥ 465,329	¥ 38,338	¥ 503,667

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

(Millions of yen)

Accounts	Prior fiscal year (For the year ended March 31, 2004) Automobile & elimination	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes and minority interests	¥ 671,513	¥ 64,984	¥ 736,497
Depreciation and amortization	313,146	147,891	461,037
Decrease (increase) in finance receivables	△154	△462,956	△463,110
Others	57,936	5,057	62,993
Net cash provided by (used in) operating activities	1,042,441	△245,024	797,417
II. Cash flows from investing activities			
Proceeds from sales of investment securities	40,488	34	40,522
Proceeds from sales of property, plant and equipment	53,827	105	53,932
Purchases of fixed assets	△422,326	△6,061	△428,387
Purchases of leased vehicles	△19,295	△457,318	△476,613
Proceeds from sales of leased vehicles	20,857	170,248	191,105
Others	△101,534	△35,151	△136,685
Net cash used in investing activities	△427,983	△328,143	△756,126
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	△306,969	169,394	△137,575
Net increase (decrease) in long-term borrowings	△244,774	371,473	126,699
Increase in bonds	120,000	30,000	150,000
Others	△253,031	167	△252,864
Net cash (used in) provided by financing activities	△684,774	571,034	△113,740
IV. Effect of exchange rate changes on cash and cash equivalents	△2,095	△509	△2,604
V. Decrease in cash and cash equivalents	△72,411	△2,642	△75,053
VI. Cash and cash equivalents at beginning of the year	263,146	6,671	269,817
VII. Increase due to inclusion in consolidation	310	—	310
VIII. Decrease due to exclusion from consolidation	△910	—	△910
IX. Cash and cash equivalents at end of the year	¥ 190,135	¥ 4,029	¥ 194,164

Current fiscal year (from April 1, 2004 to March 31, 2005)

The business segment information for the Company and its consolidated subsidiaries for the year ended Mach 31, 2005 is as follows:

Current fiscal year (from April 1, 2004 to Mach. 31, 2005)

(Millions of yen)

	Automobile	Sales financing	Total	Eliminations	Consolidated
I. Sales and operating income					
(1) Sales to third parties	8,177,841	398,436	8,576,277	—	8,576,277
(2) Inter-segment sales and transfers	23,742	13,509	37,251	(37,251)	—
Total sales	8,201,583	411,945	8,613,528	(37,251)	8,576,277
Operating expenses	7,429,760	338,388	7,768,148	(53,031)	7,715,117
Operating income	771,823	73,557	845,380	15,780	861,160
II. Assets, depreciation and capital expenditures					
Total assets	6,646,594	4,596,322	11,242,916	(1,394,393)	9,848,523
Depreciation	349,163	176,763	525,926	—	525,926
Capital Expenditure	469,283	582,468	1,051,751	—	1,051,751

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 for oversea production, etc.

(2) Sales financing ....credit, lease, etc.

3. Consolidated financial statements by business segment

- 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 NRF Mexico (Mexico), NR Wholesale Mexico (Mexico), ESARA, S.A. De C.V. (Mexico) and the sales financing of 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)

Accounts	Current fiscal year (As of Mach. 31, 2005) Automobile & Elimination	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	288,208	12,066	300,274
Notes and accounts receivable	537,912	117	538,029
Finance receivables	△216,218	3,243,006	3,026,788
Inventories	702,534	5,528	708,062
Other current assets	376,025	190,216	566,241
Total current assets	1,688,461	3,450,933	5,139,394
II. Fixed assets			
Property, plant and equipment, net	2,774,719	1,022,228	3,796,947
Investment securities	361,632	289	361,921
Other fixed assets	426,338	122,872	549,210
Total fixed assets	3,562,689	1,145,389	4,708,078
III. Deferred charges			
Discounts on bonds	1,051	—	1,051
Total deferred charges	1,051	—	1,051
Total assets	5,252,201	4,569,322	9,848,523
Liabilities			
I. Current liabilities			
Notes and accounts payable	916,820	22,966	939,786
Short-term borrowings	△609,468	2,535,086	1,925,618
Lease obligations	57,416	916	58,332
Other current liabilities	968,189	82,789	1,050,978
Total current liabilities	1,332,957	2,641,757	3,974,714
II. Long-term liabilities			
Bonds	320,602	172,523	493,125
Long-term borrowings	209,291	1,164,213	1,373,504
Lease obligations	96,544	—	96,544
Other long-term liabilities	914,039	274,146	1,188,185
Total long-term liabilities	1,540,476	1,610,882	3,151,358
Total liabilities	2,873,433	4,252,639	7,126,072
Minority interests			
Minority interests	256,656	45	256,701
Shareholders' equity			
I. Common stock	517,260	88,554	605,814
II. Capital surplus	774,403	30,067	804,470
III. Retained earnings and unrealized holding gain on securities	1,494,766	227,688	1,722,454
IV. Translation adjustments	△397,428	△2,671	△400,099
V. Treasury stock	△266,889	—	△266,889
Total shareholders' equity	2,122,112	343,638	2,465,750
Total liabilities, minority interests and shareholders' equity	5,252,201	4,596,322	9,848,523

Notes: 1. Finance receivables of the Automobile and elimination segment represents elimination resulting from the transfer of customer loans to the Sales financing segment.

2. Borrowings of the Automobile and elimination segment are presented after elimination of loans to the Sales financing segment in the amount of ¥973,169 million.

(2) Summarized consolidated statements of income by business segment

(Millions of yen)

Accounts	Current fiscal year (For the year ended March 31, 2005)		
	Automobile & elimination	Sales financing	Consolidated total
Net sales	8,164,332	411,945	8,576,277
Cost of sales	6,094,196	257,073	6,351,269
Gross profit	2,070,136	154,872	2,225,008
Operating income	9.6%	17.9%	10.0%
Operating income as a percentage of net sales	787,603	73,557	861,160
Financial income/expenses - net	△10,371	△11	△10,382
Other non-operating income/expenses - net	4,910	12	4,922
Ordinary income	782,142	73,558	855,700
Income before income taxes and minority interests	720,764	72,469	793,233
Net income	472,680	39,601	512,281

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

(Millions of yen)

Accounts	Current fiscal year (For the year ended March 31, 2005)		
	Automobile & elimination	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes and minority interests	720,764	72,469	793,233
Depreciation and amortization	349,163	176,763	525,926
Decrease (increase) in finance receivables	17,131	△811,480	△794,349
Others	△207,813	52,418	△155,395
Net cash provided by (used in) operating activities	879,245	△509,830	369,415
II. Cash flows from investing activities			
Proceeds from sales of investment securities	10,285	510	10,795
Proceeds from sales of property, plant and equipment	71,256	—	71,256
Purchases of fixed assets	△453,357	△7,789	△461,146
Purchases of leased vehicles	△15,926	△574,679	△590,605
Proceeds from sales of leased vehicles	16,143	157,669	173,812
Others	△79,115	9,968	△69,147
Net cash used in investing activities	△450,714	△414,321	△865,035
III. Cash flows from financing activities			
Increase in short-term borrowings	174,500	491,691	666,191
Increase (decrease) in long-term borrowings	△391,244	296,551	△94,693
Increase in bonds	—	140,663	140,663
Others	△191,998	883	△191,115
Net cash (used in) provided by financing activities	△408,742	929,788	521,046
IV. Effect of exchange rate changes on cash and cash equivalents	4,427	△58	4,369
V. Increase in cash and cash equivalents	24,216	5,579	29,795
VI. Cash and cash equivalents at beginning of the year	190,135	4,029	194,164
VII. Increase due to inclusion in consolidation	65,825	—	65,825
IX. Cash and cash equivalents at end of the year	280,176	9,608	289,784

Note: The increase in short-term borrowings of the Automobile and Elimination segment includes the elimination of the decrease in loans to the Sales Financing segment in the amount of ¥△133,114 million.

Geographical segment information

Prior fiscal year (from April 1, 2003 to March 31, 2004)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Sales and operating income: Sales: 1. Sales to third parties	2,559,806	3,278,966	1,164,032	426,415	7,429,219	—	7,429,219
2. Inter-segment sales and transfers	1,725,491	35,384	31,690	4,663	1,797,228	△1,797,228	—
Total	4,285,297	3,314,350	1,195,722	431,078	9,226,447	△1,797,228	7,429,219
Operating expenses	3,932,835	2,914,529	1,146,549	412,938	8,406,851	△1,802,487	6,604,364
Operating income	352,462	399,821	49,173	18,140	819,596	5,259	824,855
II. Total assets	4,805,718	3,664,382	607,926	219,109	9,297,135	△1,437,279	7,859,856

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, and Mexico

(2) Europe ....France, The United Kingdom, Spain and other European countries

(3) Other........................Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

3. Changes in accounting policies

(1) Accounting for retirement benefits adopted by Nissan Motor Manufacturing (UK) Ltd.

Effective the current fiscal year, Nissan Motor Manufacturing (UK) Ltd., a consolidated subsidiary, implemented early adoption a new accounting standard for retirement benefits in the United Kingdom. The effect of this change was to decrease operating income in the “Europe” segment by ¥1,686 million as compared with the corresponding amount which would have been recorded if the previous method had been followed.

(2) Accounting for noncancelable leases

Until the prior fiscal year, noncancelable lease transactions of the Company and its domestic consolidated subsidiaries were accounted for as operating leases (whether such leases were classified as operating or finance leases) except that lease agreements which stipulated the transfer of ownership of the leased assets to the lessee were accounted for as finance leases. Effective the current fiscal year, the Company and its domestic consolidated subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, from accounting for them as operating leases, to finance leases. This change was made in order to achieve a better matching of revenue and expenses by calculating manufacturing costs more accurately and to establish a better presentation of the Company’s and its domestic consolidated subsidiaries’ financial position by reflecting lease transactions more appropriately in its consolidated financial statements, considering the increasing materiality of these lease transactions as well as from an international point of view.

The effect of this change was to decrease sales and operating expenses in the “Japan” segment by ¥17,943 million and ¥39,534 million, respectively, and to increase operating income and total assets in the “Japan” segment by ¥21,591 million and ¥137,184 million, respectively, for the current fiscal year as compared with the corresponding amounts which would have been recorded if the previous method had been followed.

Current fiscal year (from April 1, 2004 to March 31, 2005)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Sales and operating income:							
Sales:							
1. Sales to third parties	2,556,683	3,726,456	1,254,007	1,039,131	8,576,277	—	8,576,277
2. Inter-segment sales and transfers	1,981,104	81,794	51,109	7,622	2,121,629	(2,121,629)	—
Total	4,537,787	3,808,250	1,305,116	1,046,753	10,697,906	(2,121,629)	8,576,277
Operating expenses	4,196,667	3,392,676	1,249,110	996,529	9,834,982	(2,119,865)	7,715,117
Operating income	341,120	415,574	56,006	50,224	862,924	(1,764)	861,160
II. Total assets	5,590,397	4,714,272	799,778	637,065	11,741,512	(1,892,989)	9,848,523

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, and Mexico

(2) Europe ....France, The United Kingdom, Spain and other European countries

(3) Other........................Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

Overseas sales

Prior fiscal year (from April 1, 2003 to March 31, 2004)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas sales	3,222,497	1,201,035	773,248	5,196,780
II. Consolidated net sales				7,429,219
III. Overseas sales as a percentage of consolidated net sales	43.4%	16.2%	10.4%	70.0%

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, and Mexico

(2) Europe ....France, the United Kingdom, Spain, and other European countries

(3) Other........................Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

Current fiscal year (from April 1, 2004 to March 31, 2005)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas sales	3,662,436	1,269,204	1,401,592	6,333,232
II. Consolidated net sales				8,576,277
III. Overseas sales as a percentage of consolidated net sales	42.7%	14.8%	16.3%	73.8%

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, and Mexico

(2) Europe ....France, the United Kingdom, Spain and other European countries

(3) Other........................Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

(Transactions with related parties)

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
There are no significant transactions to be disclosed.	Same as prior fiscal year.

(Amounts per share)

(Yen)

Prior fiscal year (From April 1, 2003 To March 31, 2004)		Current fiscal year (From April 1, 2004 To March 31, 2005)	
Net assets per share	¥493.85	Net assets per share	¥604.49
Basic net income per share	¥122.02	Basic net income per share	¥125.16
Diluted net income per share	¥120.74	Diluted net income per share	¥124.01

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

	Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
Basic net income per share Net income (Millions of yen)	503,667	512,281
Amounts not attributable to common stock (Millions of yen)	405	402
(Bonus to directors by appropriation of retained earnings included in the above (Millions of yen))	405	402
Net income attributable to common stock (Millions of yen)	503,262	511,879
The average number of common stock outstanding during the fiscal year (Thousand shares)	4,124,314	4,089,872
Diluted net income per share Increase in common stock (Thousand shares)	43,931	37,898
(Exercise of stock subscription rights (Thousand shares)) (Exercise of stock options (Thousand shares))	41,601 2,330	35,551 2,347
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.	—	2nd stock subscription rights (the number of stock subscription rights is 127,700 units) This outline is described in "Status of stock subscription rights."

(Significant subsequent events)

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)

Prior fiscal year (From April 1, 2003 To March 31, 2004)

I On April 7, 2004, the Board of Directors of the Company resolved to issue stock subscription rights to employees of the Company as well as to directors and employees of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 104th annual general meeting of the Company's shareholders held on June 19, 2003.

A outline of these stock subscription rights is as follows:

1) Name of stock subscription rights:

Nissan Motor Co., Ltd. 2rd stock subscription rights

2) Types and number of shares to be issued upon exercise of stock subscription rights:

12,850,000 shares of common stock of the Company

3) Aggregate number of units of stock subscription rights to be issued:

128,500 units

4) Issue price of each stock subscription right and date of issuance:

Each stock subscription right is to be issued free of charge.

The date of issuance of the stock subscription rights shall be April 16, 2004.

5) Exercise price:

Per unit: ¥120,200

Per share: ¥1,202

6) The directors, employees and stock subscription rights are summarized as follows:

Category	Number of recipients	Number of rights issued
The Company's employees	597	109,600
Directors of domestic subsidiaries	94	18,300
Employees of domestic subsidiaries	4	600
Total	695	128,500

Current fiscal year (From April 1, 2004 To March 31, 2005)

I On April 15, 2005, the Board of Directors of the Company resolved to issue stock subscription rights to employees of the Company as well as to directors and employees of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 105th annual general meeting of the Company's shareholders held on June 23, 2004.

A outline of these stock subscription rights is as follows:

1) Name of stock subscription rights:

Nissan Motor Co., Ltd. 3rd stock subscription rights

2) Types and number of shares to be issued upon exercise of stock subscription rights:

13,395,000 shares of common stock of the Company

One unit of new stock subscription rights comprises 100 shares.

3) Aggregate number of units of stock subscription rights to be issued:

133,950 units

If the total number of applications for stock subscription rights does not reach 133,950, the total number of stock subscription rights for which applications have been submitted shall be the total number of stock subscription rights to be issued.

4) Issue price of each stock subscription right and date of issuance:

Each stock subscription right is to be issued free of charge.

The date of issuance of the stock subscription rights shall be April 25, 2005.

5) Exercise price:

Per unit: ¥111,900

Per share: ¥1,119

6) The directors, employees and stock subscription rights are summarized as follows:

Category	Number of recipients	Number of rights issued
The Company's employees	630	115,900
Directors of domestic subsidiaries	90	17,450
Employees of domestic subsidiaries	4	600
Total	724	133,950

Prior fiscal year (From April 1, 2003 To March 31, 2004)	Current fiscal year (From April 1, 2004 To March 31, 2005)
	II On June 2, 2005 and June 15, 2005, the Company issued unsecured bonds. The terms and conditions of these bonds are summarized as follows:

1

Name	43rd unsecured bonds
Principal	¥50,000 million
Interest rate	0.400% per annum
Issue price	¥99.99 for a par value of ¥100
Maturity	June 20, 2008
Maturity date	June 2, 2005
Use of proceeds	For the payment of unfunded obligations under the retirement benefit plans (Note)

2

Name	44th unsecured bonds
Principal	¥128,000 million
Interest rate	0.710% per annum
Issue price	¥99.96 for a par value of ¥100
Maturity	June 21, 2010
Maturity date	June 2, 2005
Use of proceeds	For the payment of unfunded obligations under the retirement benefit plans (Note)

3

Name	45th unsecured bonds
Principal	¥50,000 million
Interest rate	0.620% per annum
Issue price	At par
Maturity	October 15, 2009
Maturity date	June 15, 2005
Use of proceeds	For the payment of unfunded obligations under retirement benefit plans *(Note)*

Note: The Company and certain consolidated subsidiaries plan to modify their retirement benefit plans in July 2005 and to implement new defined benefit plans and defined contribution plans. In this connection, the Company and certain consolidated subsidiaries intend to eliminate the unfunded obligations under their tax-qualified retirement benefit plans for the purpose of ensuring the sound financial position of these plans, achieving stable retirement benefit plans, and reducing the administration costs relating to the plans.

⑤ Consolidated supplemental schedules

Schedule of bonds payable

Company	Description	Date of Issuance	Balance at end of prior year (Millions of yen)	Balance at end of current year (Millions of yen)	Interest rate (%)	Collateral	Maturity
*1	19th unsecured bonds (Note 2)	February 23, 1996	30,000	(30,000) 30,000	3.35	None	February 23, 2006
*1	22nd unsecured bonds	August 1, 1996	20,000	20,000	3.55	"	August 1, 2006
*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	—	2.50	"	July 30, 2004
*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	—	2.025	"	October 29, 2004
*1	33rd unsecured bonds	March 18, 1998	20,000	—	2.575	"	March 18, 2005
*1	36th unsecured bonds	August 25, 2000	50,000	—	1.80	"	August 25, 2004
*1	37th unsecured bonds (Note 2)	June 15, 2001	70,000	(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	—	1.00	"	February 15, 2005
*1	40th unsecured bonds (Note 2)	July 19, 2002	85,000	(85,000) 85,000	0.59	"	July 19, 2005
*1	41st unsecured bonds	July 29, 2003	70,000	70,000	1.00	"	July 29, 2010
*1	42nd unsecured bonds	February 19, 2004	50,000	50,000	0.74	"	March 19, 2009
*1	Euro-yen bonds with stock subscription rights due 2004	May 28, 1999	172,800	—	Euro-yen TIBOR +0.28%	"	May 28, 2004
*1	1st unsecured bonds with stock subscription rights (Note 2, 3)	June 25, 1999	5,800	(5,800) 5,800	Yen TIBOR +0.75%	"	June 24, 2005
*1	Euro-yen bonds with stock subscription rights due 2006 (Note 2, 3)	March 27, 2000	15,000	(15,000) 15,000	1.50	"	March 27, 2006
*1	Euro-yen bonds with stock subscription rights due 2007 (Note 3)	March 8, 2001	45,000	45,000	0.75	"	March 8, 2007
*1	Euro-yen bonds with stock subscription rights due 2008 (Note 3)	March 14, 2002	52,800	52,800	1.27	"	March 14, 2008
*2	Bonds issued by subsidiaries (Note 2)	2001 - 2005	44,340	(1,980) 101,960	0.4 - 1.3	"	2006 – 2008
*2	1st unsecured convertible bonds with stock subscription rights issued by subsidiaries (Note 4)	April 30, 2003	—	1,096	—	"	March 31, 2010
*2	Yen convertible bonds with stock subscription rights due 2008 issued by subsidiaries (Note 4)	April 30, 2003	—	2,639	—	"	March 31, 2008
*3	Bonds issued by subsidiaries	March 8, 2005	— [$— thousand]	80,543 [$750,000 thousand]	4.625	"	March 8, 2010
*3	Mid-term notes issued by subsidiaries	1993 – 2004	13,825 [EURO 103,373 thousand]	13,574 [EURO 95,852 thousand]	1.6 – 2.8	"	2005 – 2006
*3	Mid-term notes issued by subsidiaries (Note 2)	1995 - 1998	51,237 [$484,789 thousand]	(13,034) ($121,370 thousand) 43,327 [$403,458 thousand]	2.6 - 3.3	"	2005 – 2008
Subtotal (Note 2)		—	¥1,041,802	(220,814) 811,739	—		—

Company	Description	Date of Issuance	Balance at end of prior year (Millions of yen)	Balance at end of current year (Millions of yen)	Interest rate (%)	Collateral	Maturity
Elimination of intercompany transactions (Note 2)		—	△118,600	(△20,800) △118,600	—		—
Total (Note 2)		—	¥923,202	(200,014) 693,139	—		—

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 stock subscription rights.

Description	Exercise period	Issuance price (Yen)	The total amount of stock issued (Millions of yen)	Stock issued	Ration of grant
1st unsecured bonds with stock subscription rights	From July 1, 2002 To June 20, 2005	554	5,800	Common stock	100%
Euro-yen bonds with stock subscription rights due 2006	From March 27, 2003 To March 20, 2006	429	15,000	Common stock	100%
Euro-yen bonds with stock subscription rights due 2007	From March 8, 2003 To March 1, 2007	764	45,000	Common stock	100%
Euro-yen bonds with stock subscription rights due 2008	From March 14, 2004 To March 7, 2008	880	52,800	Common stock	100%

4. The following table shows the details of bonds with stock subscription rights:

Description	1st unsecured convertible bonds with warrants issued by subsidiaries	Yen convertible bonds with warrants due 2008 issued by subsidiaries
Type of shares to be issued upon exercise of stock subscription rights	Common stock	Common stock
Issuance price (Yen)	0	0
Exercise price (Yen)	499	509
Total exercise price (Millions of yen)	10,000	10,000
Upon exercise of the stock subscription rights, total exercise price to be credited to common stock (Millions of yen)	8,904	7,361
Ratio (%)	100	100
Exercise period	From June 2, 2003 To March 30, 2010	From June 2, 2003 To March 14, 2008
Substitutive deposits	Note	Note

Note: When the Holders request for exercise of the stock subscription rights, the exercise price is deemed to be paid from maturity payment. Also, if the stock subscription rights are exercised, it is treated that such request is made.

5. The redemption schedule of bonds for 5 years subsequent to March 31, 2005 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
¥200,014	¥179,427	¥112,059	¥50,000	¥81,639

Schedule of borrowings

(Millions of yen)

Category	Balance at end of prior year	Balance at end of current year	Average interest rate (%)	Maturity
Short-term borrowings	311,928	597,737	3.0	—
Current portion of long-term borrowings	630,492	636,531	2.7	—
Long-term borrowings (excluding current portion)	1,067,790	1,373,504	2.4	April 2006 – June 2022
Other interest-bearing debt:				
Commercial paper	38,000	491,336	0.7	—
Total	2,048,210	3,099,108	—	—

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, 2005 (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	¥232,987	¥488,046	¥319,916	¥164,822

(2) Other

Not applicable

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

Year end	March 31
General shareholders' meeting	June
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 the 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