NISSAN MOTOR CO., LTD.
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A New Alliance for the Millennium

ANNUAL REPORT 1999 *Fiscal Year Ended March 31, 1999*

NISSAN

Nissan Motor Co., Ltd. was established in 1933 to manufacture and sell small Datsun passenger cars and auto parts.

Committed to designing and engineering vehicles that are fully satisfying to customers, Nissan is vigorously addressing a host of issues related to automobile use, ranging from traffic safety to global environmental concerns. Nissan is engaged in corporate activities on a global scale, operating 21 manufacturing companies in 17 countries around the world with a combined annual production volume of approximately 2.5 million units and marketing Nissan vehicles in 191 countries and territories worldwide.

Contents

The phrase "fiscal year," or "FY," used in this annual report indicates Nissan's fiscal year, starting in April of the previous year and ending in March of the year stated. Thus, FY 1999 means the fiscal year from April 1, 1998, through March 31, 1999.

This Annual report contains certain forward-looking statements relating to Nissan's future plans and targets, and related operating investment, product planning and production targets. We caution that there can be no assurance that such targets and plans will actually be achieved. Achieving them will depend, among other things, on Nissan's ability to develop superior, cost-competitive products responsive to consumer demand, and the growth and other market dynamics of the automobile sector within the larger international economy.

FINANCIAL HIGHLIGHTS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 1999, 1998, and 1997.

	Millions of yen (except per share amounts)			*Percent change (1999/1998)*	*Millions of U.S. dollars[1] (except per share amounts)*
	1999	1998	1997		1999
Net sales	¥6,580,001	¥6,564,637	¥6,658,875	0.2%	$54,380
Net income (loss)	(27,714)	(14,007)	77,743	—	(229)
Net income (loss) per share[2]	(11.03)	(5.57)	30.94	—	(0.091)
Cash dividends paid[3]	17,591	25,130	17,589	-30.0%	145
Shareholders' equity	¥1,254,595	¥1,282,485	¥1,356,090	-2.2%	$10,369
Total assets	6,917,561	7,883,786	7,473,778	-12.3%	57,170

Notes: *1. Unless indicated otherwise, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at ¥121 = $1, the approximate exchange rate on March 31, 1999. Billion is used in the American sense of one thousand million.*
2. Net income (loss) per share amounts are based on the weighted average number of shares of common stock outstanding during each year. Figures for net income (loss) per share are in exact yen and U.S. dollars.
3. Cash dividends paid are the amounts which were paid during the year.

SALES FIGURES

Years ended March 31

Net Sales by Product Line	*Millions of yen*				
	1999	1998	1997	1996	1995
Automotive operations	¥6,434,104	¥6,413,497	¥6,526,439	¥5,913,137	¥5,718,726
Industrial machinery and marine equipment	88,435	87,686	80,262	64,845	49,569
Textile machinery	6,305	19,418	11,042	10,768	20,650
Aerospace equipment	51,157	44,036	41,132	50,357	45,178
Total	¥6,580,001	¥6,564,637	¥6,658,875	¥6,039,107	¥5,834,123
Overseas (% of net sales)	60.6%	58.0%	54.0%	48.2%	49.6%

Unit Sales by Region	*Units*				
	1999	1998	1997	1996	1995
Domestic	872,507	981,512	1,140,010	1,146,131	1,063,469
Overseas total	1,669,229	1,586,366	1,570,033	1,524,901	1,636,305
North America	656,789	678,488	809,133	814,541	833,224
Europe	549,547	494,092	451,809	464,714	460,222
Middle East	139,432	99,311	70,831	37,508	38,781
Asia	38,706	86,291	75,731	66,787	66,059
Africa	22,211	19,853	10,514	10,350	11,458
Latin America and Caribbean	204,539	162,347	116,141	99,525	193,137
Oceania	56,554	45,064	35,240	31,005	32,094
Others	1,451	920	634	471	1,330
Total	2,541,736	2,567,878	2,710,043	2,671,032	2,699,774

Global Vehicle Production	*Units*				
	1999	1998	1997	1996	1995
Japan	1,528,461	1,671,510	1,662,776	1,676,947	1,589,393
United States	279,392	396,887	409,958	446,674	452,800
Mexico	169,339	184,699	146,614	99,810	172,143
Spain	96,000	99,885	107,790	112,940	112,442
United Kingdom	275,993	277,509	248,026	209,687	228,205
Others	116,678	124,108	167,476	185,586	124,786
Total	2,465,863	2,754,598	2,742,640	2,731,644	2,679,769

Notes: *1.This table includes all vehicles produced under the Nissan and Infiniti brand names.*
2.Unit Sales for Europe and Mexico(including Latin America and Caribbean) are on a Jan. to Dec. basis. All the figures for Global Vehicle Production are on a Apr. to Mar. basis.

ALLIANCE WITH RENAULT

Why did Nissan decide to form an alliance with Renault?

The automobile industry is now facing a transition on a global scale. While international competition continues to intensify, many important issues must be addressed, such as protecting the environment. I am always aware that to come out ahead of this global competition in the 21st century amid this greatly changing business environment, Nissan looks to the future allying itself with other automakers.

Amid these circumstances, Nissan and Renault of France signed an alliance agreement in March 1999, to achieve profitable growth for both companies. This alliance will deepen the financial, management, and operational ties and cooperation between the two companies.

Nissan and Renault started talks in July 1998, and approximately 200 staff members conducted joint studies for several months to explore the possibilities of complementing each other and creating synergies by taking advantage of each other's strengths. These studies showed that Renault would be the best partner for Nissan for building a mutually beneficial, complementary relationship in terms of regional business activities and for obtaining a variety of synergies. Specifically, these include use of each other's global production facilities, operational support for sales, joint purchase, consolidation and development of platforms and powertrains, and joint study of future technologies.

Furthermore, introducing Renault's highly reputed know-how and expertise in product concepts and cost management, Nissan will be able to further strengthen and accelerate the implementation of its current "Global Business Reform Plan." And by introducing Nissan's advanced engineering, technologies, and quality management, Renault also will be able to "globalize its business operations."

We intend to promote a host of these collaborative ventures, not through a mere merger or business tie-up, but through a new approach to a corporate alliance. This means that while each of our two different companies will maintain its own identity and have its own corporate strategies, we will cooperate with each other as global partners with a strategic link that have strong but different brands and that are capable of competing well in the global marketplace in the 21st century.

We are confident that Nissan and Renault are truly the best partners for each other.

Nissan and Renault are joining forces in such a way as to bolster our competitiveness in the world market and secure high profits, thereby serving our stockholders' best interests. In this belief, we will direct our best efforts in the days ahead to live up to our shareholders' expectations.

Business Progress Worldwide

Although the U.S. economy remained buoyant in fiscal 1999, ended March 31, 1999, the world economic situation was less encouraging. Asia's economic turmoil spread to Latin America and to Eastern Europe, while the European economies began to slow down in the latter part of fiscal 1999 as they entered a corrective phase.

In Japan the economic recession deepened. Uncertainty over the financial system affected all sectors of the economy, and deteriorating employment and income levels were reflected in a prolonged stagnation in consumer spending. Meanwhile, declining corporate earnings caused a further contraction in capital investment.

Demand for automobiles was affected by waning consumer confidence and fell for the second year in a row. Overall domestic vehicle registrations dropped by 11.2% compared with fiscal 1998, to 4.21 million units, excluding mini-vehicles. In the United States, the continued buoyancy of consumer spending helped to boost automobile demand by 6.1%, to a high level of 15.97 million units. In Europe, too, demand exceeded the previous year's level, primarily due to the continuing strong performance of the Spanish economy and a recovery trend in France. In Asia, the economic recession began to show its effects—in the major ASEAN economies, demand for automobiles dropped sharply from the level of fiscal 1998.

We have continued to work aggressively in this environment in order to respond effectively to the diverse needs of customers. In Japan, Nissan launched nine new models and modified eight other models as part of ongoing efforts to strengthen its product range. The Company also continued to make vigorous efforts in support of its commitment to the environment and to safety improvements, which are priority areas for the entire automotive industry. Nissan's comprehensive approach to environmental issues falls under its environmental philosophy of "Symbiosis of people, vehicles and nature." Specifically, on the environmental front, Nissan combined a direct-injection gasoline engine with the HYPER CVT (continuously variable transmission) to create a new unit, the first of its type in the world, with dramatically improved fuel efficiency. In addition, Nissan began to commercialize a direct-injection diesel engine with enhanced power output and fuel efficiency and exceptional interior quietness.

Nissan's approach to safety is based on its Triple Safety concept. Innovations include the Zone Body, with a world-class, high-strength body, and the active head-restraint, which is designed to help reduce whiplash neck injuries. Nissan has worked very hard at making vehicles that are aimed at enhancing safety, and these efforts were reflected in the results of comparative frontal collision tests called Automobile Safety Information in Japan (JNCAP), which is conducted by the National Organization for Automotive Safety & Victims' Aid, an independent organization funded by the Japanese government. Four out of five Nissan models tested received the highest rating, AAA, for both driver and front passenger seats.

In Nissan's global operations, the rebuilding of business activities in the United States was the top priority. A variety of measures were implemented to improve earnings and enhance the brand image. As a result, though sales volumes were below the previous year's level, an increase in earnings was achieved. Sales in Europe were approximately 10% above the previous year's level. Popular models included the Almera, which underwent minor changes, and a new generation of the Patrol. There were also substantial increases in the unit sales in other regions, notably the Middle East and Australia.

Highlights of Nissan's Global Operations in Fiscal 1999

In the United States, rebuilding efforts focused primarily on the reduction of vehicle inventories, the optimization of the percentage of leasing in overall sales and cost reductions. In addition, the regional headquarters, Nissan North America Inc., was merged with the sales company, Nissan Motor Corporation in U.S.A.. This move was designed to strengthen marketing functions, speed decision-making and provide for efficient management of the business. Nissan's U.S. production arm, Nissan Motor Manufacturing Corporation U.S.A. (NMMC), completed the transfer of production operations for the Sentra to Nissan Mexicana, S.A. de C.V. (NISMEX). The Company also began production of the Frontier Crew Cab four-door model.

NISMEX benefited from buoyant domestic demand. Sales volume increased over the previous fiscal year, and Nissan was also able to increase its market share in Mexico.

In Europe, Nissan's increase in sales was helped by strong overall demand. Nissan Motor Manufacturing (U.K.) Ltd. (NMUK) made minor changes to the Micra. Combined cumulative production of the Micra and Primera models reached two-million units.

Business Results

Consolidated sales in fiscal 1999 declined by 1.0% to 2,542 thousand units, and net sales increased by 0.2% to ¥6,580 billion. Although the reduction in sales volume had a negative impact on earnings, operating income rose by 26.3% over the previous year's level to ¥109.7 billion. Contributing factors included cost-cutting efforts, the reduction of losses for the write-down in carrying value of vehicles in the U.S. lease portfolio, and foreign exchange gains. But due to extraordinary losses related mainly to the Global Business Reform Plan, the net income represented a ¥27.7 billion loss, the Company's second consecutive annual loss.

We regret that these circumstances forced us to forgo dividend payments for the fiscal year 1999. We have taken this step so that we can focus on the reduction of interest-bearing debt, which is the first priority under Nissan's Global Business Reform Plan. The management team is keenly aware of its responsibility for this situation, and we offer our most sincere regrets to our shareholders.

We are pleased to report, however, that there were improvements in the performance of both domestic dealers and of overseas operating units. In particular, operations in the United States, which had a serious impact on the results of fiscal 1998, moved back into the black, with a net income of approximately ¥5 billion in fiscal 1999 through continued efforts to reduce inventories and costs. Nissan's European operations, which broke even in fiscal 1998, achieved a further improvement in fiscal 1999, resulting in a net income of approximately ¥7 billion. These results indicate that, at the consolidated level, Nissan is making good progress toward the achievement of the main goals in its Global Business Reform Plan.

Progress under the Global Business Reform Plan

In fiscal 1999, Nissan directed all of its energies to its Global Business Reform Plan. It worked to reform product strategies and domestic sales activities, to rebuild its business in the United States and to strengthen cost competitiveness. Other priorities were given to revitalizing its organizational structure and efficiency, and the reduction of total assets. Reduction of interest-bearing debt is the most pressing task. As planned, a reduction of approximately ¥400 billion was achieved in fiscal 1999 through sales of assets and businesses and through the considerable reduction of global inventories, especially in the United States. Nissan also made steady progress toward the creation of a high-profit structure. In fiscal 1999 it reviewed its product range to reduce the number of models and introduced a domestic sales structure comprised of a two-channel sales system. Other measures included the consolidation of affiliated companies.

Despite its determined implementation of these measures, Nissan recorded a substantial loss and was forced to suspend its dividend payments. To cope with a possible worse-than-expected deterioration in the business environment, the Company is now making united efforts to push its Business Reform Plan by accelerating the implementation of measures contained in the plan and adding a host of fresh, wide-ranging measures to the plan.

The structure of the top management is one specific area of change. The number of board members has been reduced, and a new system for the appointment of "corporate officers" has been introduced to distinguish management decision-making and execution of operations. As part of its new management system, Nissan received three executives from Renault. These measures are part of Nissan's moves aimed at making the Company a truly global enterprise that will flourish throughout the world in the next century. Details of the Global Business Reform Plan are explained in the following pages.

Issues Facing Nissan

The world economic outlook for fiscal 2000 indicates that some Asian economies have begun to show signs of recovery, though economic conditions vary by country. Meanwhile, a gradual slowdown is expected in the U.S. and European economies. Although the worst is over for the Japanese economy, severe conditions are likely to continue in terms of employment, household income, and corporate earnings.

Inevitably, these conditions will affect the demand for automobiles. There can be little hope for an early recovery in the spending propensity of Japanese consumers, and continued, fierce competition for sales is anticipated. Nor is there any room for unguarded optimism about demand in Europe and North America.

In this environment, Nissan's management vision is to become a company that creates values—a company capable of implementing new ideas and concepts backed by its technological excellence. Nissan is determined to realize this vision by building a secure position for itself as a global enterprise. It will approach this challenge by improving and accelerating the implementation of its Global Business Reform Plan and through the maximization of the synergy effects that derive from the Company's alliance with Renault.

Specific tasks that Nissan must accomplish, essentially through its own efforts, include transformation into a high-profit structure, the establishment of a strong financial position, the strengthening of its management foundations as a global enterprise and the strengthening of its capability to develop world-leading advanced technologies. All-out efforts in these areas will be paralleled by our initiative to take full advantage of the benefits of the alliance with Renault.

Nissan's challenge is to enhance its corporate value and to build a corporate foundation that will enable the Company to win out in the competitive environment of the 21st century. The management team is also keenly aware of its responsibility to meet the expectations of shareholders by reinstating dividend payments as soon as possible. We will do our utmost to achieve a new corporate consciousness and to implement sweeping improvements in our corporate structure. We look forward to the continuing support and guidance of our shareholders as we strive to attain these goals.

Yoshikazu Hanawa
Chairman, President and Chief Executive Officer

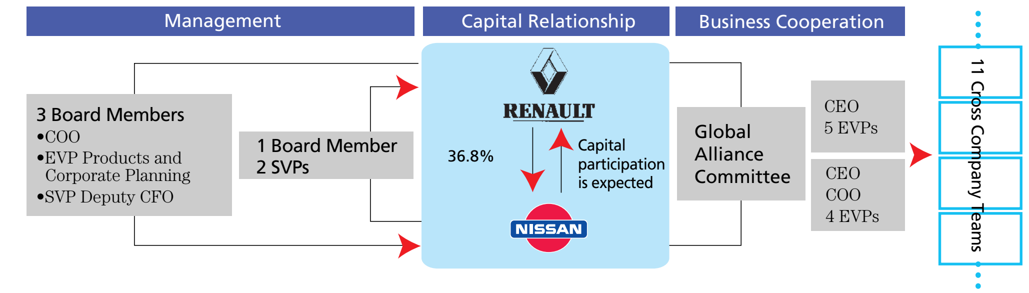
About Alliance with Renault

Renault and Nissan join forces to achieve profitable growth for both companies

Scope of Alliance

On March 27, 1999, Nissan and Renault signed an agreement for a global alliance, including equity participation. Under this alliance, the two companies will develop a close relationship in terms of capital, management, and business operations, and promote cooperation on a global level. The alliance will also allow both companies to achieve strong development and growth in the 21st century. The alliance will also greatly contribute to the Global Business Reform Plan being undertaken by Nissan, which will provide long-term, stable corporate value to shareholders. The following is a detailed explanation of the alliance.

■ Overview of the Global Strategic Alliance



Capital Relations

Renault acquired a 36.8% stake in Nissan using allocation of new shares to a third party. Renault invested a total of ¥643 billion (approx. 5 billion euros, 33 billion French francs, 5.4 billion US dollars), including the acquisition of these shares and Nissan's financial subsidiaries in Europe.

Nissan also has the right to acquire shares of Renault in the future and plans to use most of the net of the funds obtained to reduce debt.

Capital increase

Capital increase by allocation of new shares to a third party comprise 1,464.25 million new shares of par value common stock which were issued, and all of these shares were allotted to Renault. The total value of the issue was ¥585.7 billion calculated at ¥400 per share, and of this amount, ¥292.8 billion, one-half of the total value, was added to capital stock. The payment of the issuance of new shares was completed on May 28, 1999. Renault will hold the newly allocated shares for two years, and then if it wants to sell the shares anytime up to December 31, 2003, the approval of the Nissan board of directors is required.

This action brings the total number of Nissan's outstanding shares to approximately 3,977 million shares and brings the common stock issued to approximately ¥496.6 billion.

Issuance of Bonds with Warrants

Floating-rate bonds due 2004 with warrants were issued on May 28, 1999, and the total value of the issue was ¥215.9 billion, and this issue was completely allocated to Renault. The interest rate of the bonds applied to the total face value of the bonds is TIBOR plus 0.28% annually. The redemption period is 5 years from the date of issue with the redemption amount being 100% of the face value of the bond, and the bond issuance and payments were completed on May 28, 1999. Exercise price per share of the warrants is ¥400, for a total value of ¥215.9 billion. The rights under the warrants are exercisable up to and including May 21, 2004; however, exercise of the warrants by Renault is limited to the extent that Renault's equity interest in the Company may not exceed 39.9% within the four-year period from the date of issuance of the bonds with warrants.

Management

(1) Appointment of Renault Senior Executives to Nissan

As part of the new management team, Nissan received three executives from Renault. Former Renault Executive Vice President Carlos Ghosn was appointed as the Chief Operating Officer (COO) of Nissan. He receives reports from all Nissan executive vice presidents and will run operations under Chairman, President and Chief Executive Officer (CEO) Yoshikazu Hanawa. In addition, Patrick Pélata, former Renault Senior Vice President of Vehicle Development was appointed as the Nissan Executive Vice President, Products and Corporate Planning. Thierry Moulonguet, former Renault Vice President, Capital Expenditure Controller was appointed as a Senior Vice President and Deputy CFO, and both became members of Nissan's board of directors.

And from Nissan, Chairman, President and CEO Yoshikazu Hanawa was appointed a member of Renault's board of directors.

4th largest
automobile manufacturer

Worldwide
4.8 million
vehicles produced in 1998

9.1% share
of the world automobile
Market

(2) Appointment of Nissan Senior Executives as SVPs of Renault

In connection with the Alliance between Nissan and Renault, Louis Schweitzer, Renault Chairman and CEO, appointed Tsutomu Sawada, former member of the Board of Directors of Nissan Motor Co., Ltd., as Senior Vice President, Adviser to the Chairman, effective July 1, 1999. On that same date, Tsutomu Sawada joined the Renault Management Committee.

Furthermore, Yutaka Suzuki, former member of the Board of Directors of Nissan Motor Co., Ltd., was appointed Senior Vice President of Renault, head of the Alliance Coordination Bureau in Paris, effective July 1, 1999.

Business Cooperation

- *Specific synergies*

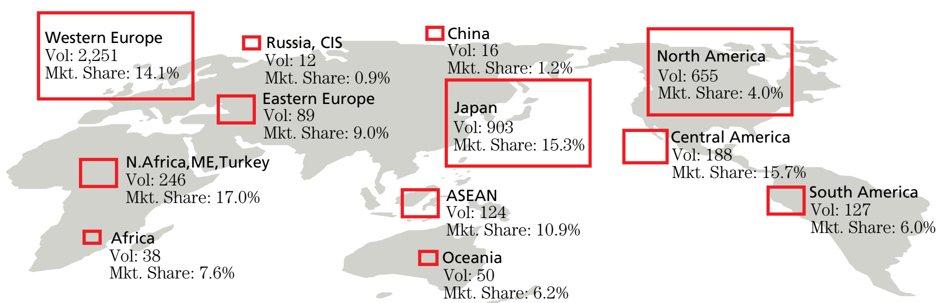
  Both companies plan to obtain synergy effects from the tie-up across various aspects of the automotive business, including research and development, purchasing, platforms, powertrains, distribution and sales, and financial services.

- *Complementary relationship in world market*

  Geographically speaking, Nissan has been doing its business in the United States, Mexico, Asia, the Middle East, and South Africa, in addition to Japan, and Renault has entered the Mercosur, Turkey, and Central and Eastern European markets, as well as the main market of Western Europe, which allows the two companies to form an ideal complementary relationship. The alliance between Nissan and Renault brings the vehicle production of 4.8 million units, accounts for a global share of 9.1%, and creates the 4th largest auto group in the world.

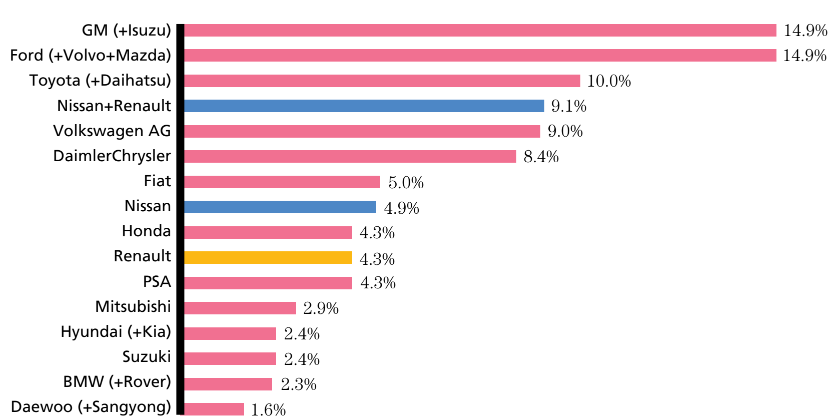
■ Regional market share of Nissan and Renault under the alliance

1998 Estimated Market Shares of the Alliance by Geographical Area (Volume: in thousands of units)



■ Nissan and Renault global market share

Combined, Nissan and Renault will create the number 4 car manufacturer in the world with a market share of 9.1%

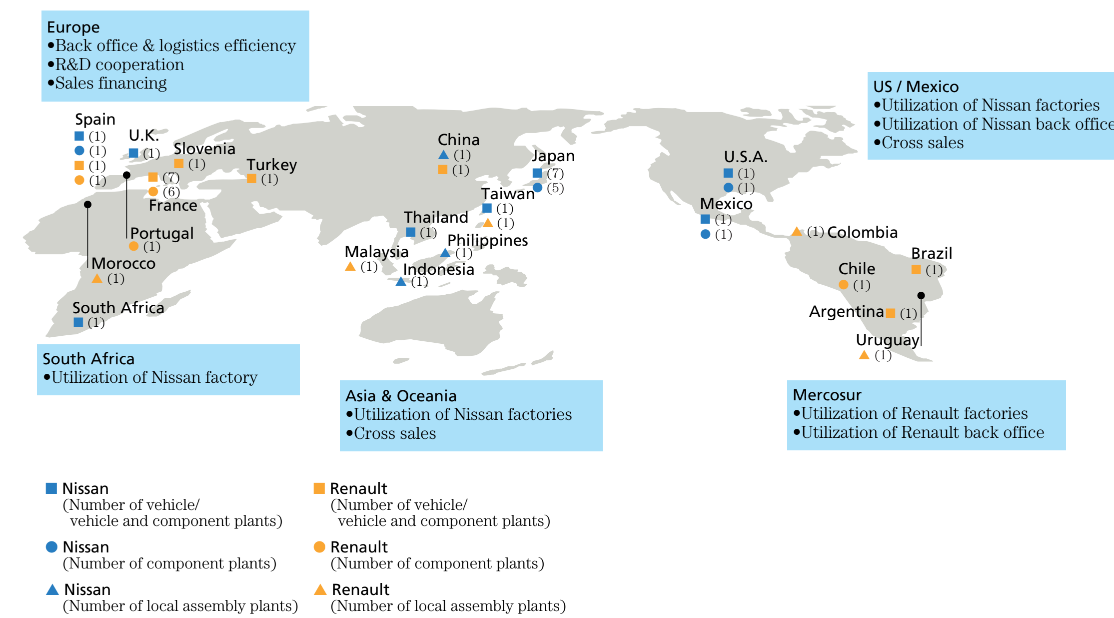


- *Global production and regional synergy effects*

  The regional synergy effects include the efficient use of each other's production facilities to create an efficient production system throughout the world and the ability to build a joint purchasing system. In addition, the functions and facilities, which are the strengths of the companies in each region, will be utilized to maximize the synergies in those regions.

  For example, the use of each other's production facilities is being studied, such as the use of Nissan production facilities in Mexico and the ASEAN countries by Renault, and the use of the Renault plant in Mercosur to assemble Nissan vehicles. And there are plans to study having joint operations and mutual support for medium- and long-term goals in Asia, Eastern Europe, the Middle East, and Africa, while maintaining each brand identity.

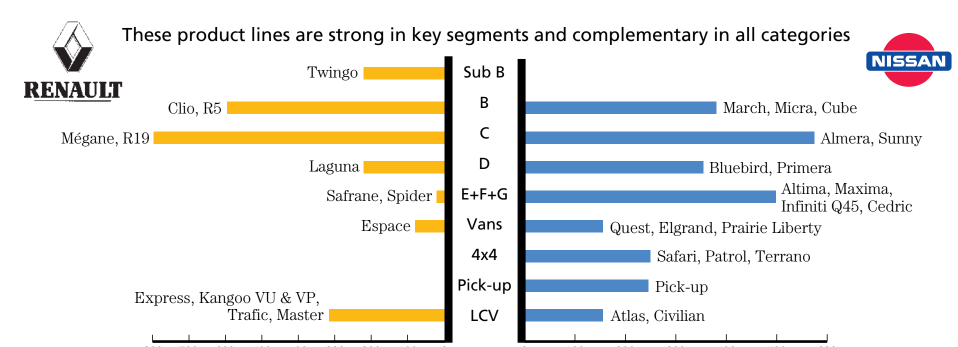
■ Global Production and synergies



- *Product synergy effects and complementary relationship*

  Both Nissan and Renault have models that lead their lineups, and commonizing the platforms and engines in those ranges will make it possible for the companies to provide even more competitive products. The ranges in which the companies excel differ for the other classes, which makes it possible to complement each other's products. Combining the two companies in this way allows them to achieve a stronger model lineup, which is very desirable. A principle of the alliance is that both companies will mutually respect each other's brand identities while supporting each other.

■ Number of vehicles produced by category



Estimated
Synergy
Effects
¥390 billion

- *Commonization of platforms and powertrains*

Nissan and Renault plan to reduce the number of platforms while gradually creating common platforms. Over the medium- and long-term, the companies plan to reduce the number of platforms to about ten.

Both companies plan to introduce a common platform for the next generation Micra and Clio covering an annual production of one million units, using a common platform. Using one platform for this many vehicles will greatly reduce development expenses and total cost.

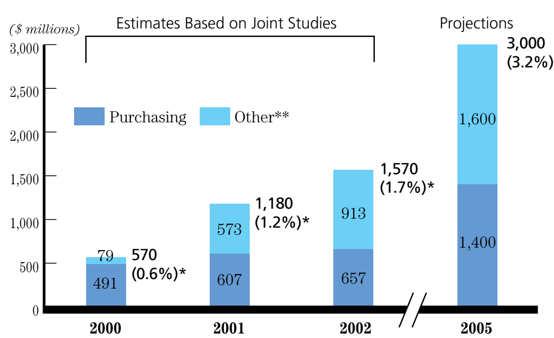
The companies also plan joint development of a small diesel engine for a 3-liter car, mutual OEM supply of Nissan's CVT and 4WD systems and Renault's new manual transmission, and for powertrains, the commonization of engines and transmissions, which should also produce large synergy effects.

- *Global synergy effects*

As the alliance develops on a global scale, it will produce large synergy effects as specific projects get underway. The synergy effects are estimated to be ¥390 billion (US$3.3 billion) for the three years from the year 2000 to 2002.

The area in which the greatest synergy will be realized is purchasing. Of the ¥390 billion synergy effects, joint purchasing will account for approximately ¥210 billion (US$1.8 billion). Quickly implementing joint purchasing policies will make possible economies of scale and streamlining, which will provide financial benefits early on in the alliance.

■ Evaluation of the financial effect



(*): *Based on sales of Renault and calendarized sales of Nissan as of December 31st, 1998*

(**): *Other includes (i) Profit on additional sales; (ii) R&D; (iii) SG&A; (iv) Vehicle and engine manufacturing and other production costs; (v) Capital*

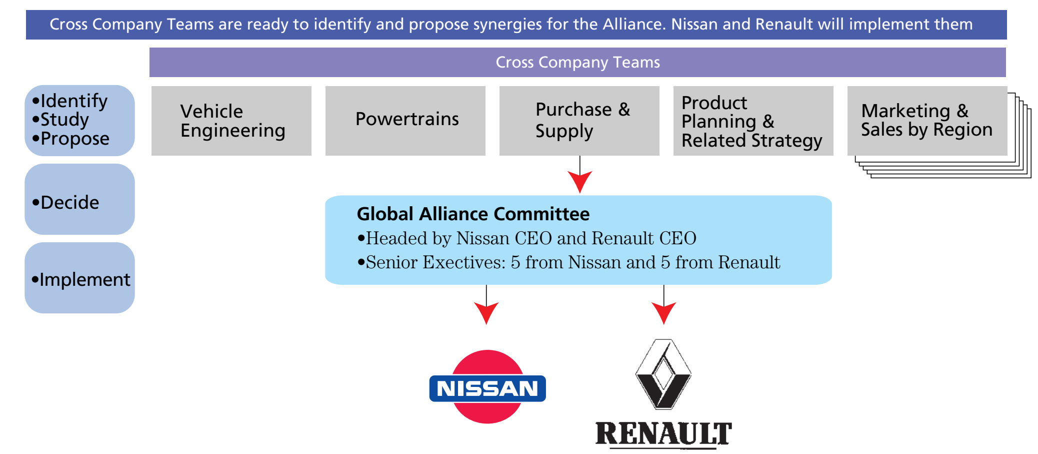
- *Joint organization for implementing the alliance*

In implementing the alliance, Nissan and Renault will promote maximization of the synergy effects for both companies by establishing the Global Alliance Committee (GAC) to serve as a strategic policy and decision-making body. The GAC consists of Nissan Chairman, President and Chief Executive Officer (CEO) Yoshikazu Hanawa, Renault Chairman and CEO Louis Schweitzer, and five top executives each from Nissan and Renault.

Cross Company Teams (CCT) consisting of members from both companies have also been established to prepare plans for maximizing the anticipated synergies from the alliance and to make proposals to the GAC. The CCT will consist of 11 teams covering the four areas of product planning and related strategy, powertrains, purchase and supply, vehicle engineering, and the marketing and sales in seven regions. The seven regions are Japan, Asia-Oceania, Mexico-Central America, South America, Europe, CIS-Turkey-Romania-North Africa, and the Middle East and Sub-Saharan Africa.

The GAC will study detailed proposals from the CCT, make decisions on them, and then have them executed within Nissan and Renault as independent companies. In other words, each company will incorporate the decisions into its own strategies which will be implemented in the global market.

■ Process diagram of strategic alliance implementation via GAC and CCT



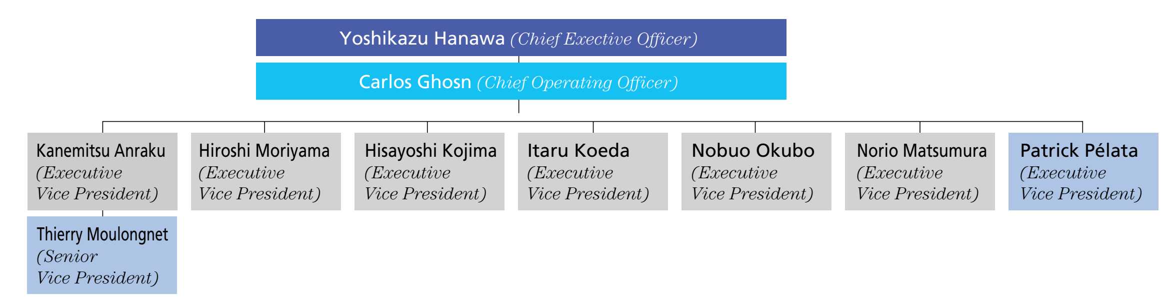
- *Nissan's new management structure*

Nissan restructured its top management with the aim of making the Company flourish as a truly global company in the 21st century. Through the extensive reorganization of the existing structure, it has reduced the number of the board members, and at the same time introduced a new system of "corporate officers" to distinguish clearly management decision-making and the execution of operations.

Under the new top management structure, Nissan is accelerating the implementation of its ongoing Global Business Reform Plan and pressing ahead to achieve the benefits of its alliance with Renault.

With this reorganization, the number of board members has been reduced from the present 37 to 10 to further speed up decision-making and reinforce supervision of the implementation of business operations.

■ Management organization chart

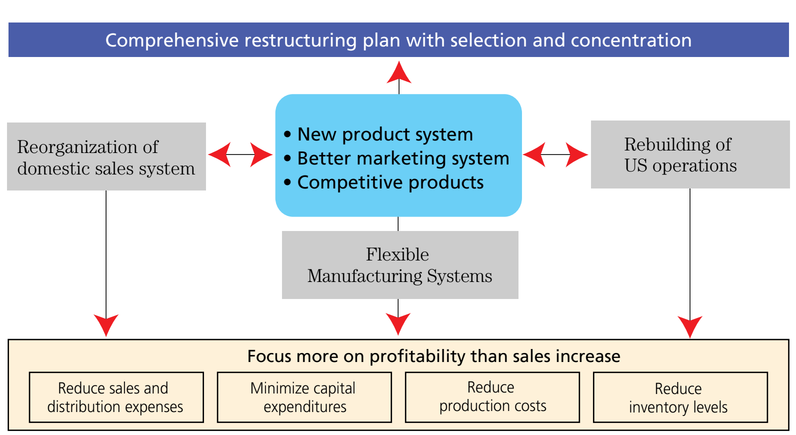


*Note 1. *Representative Directors*
2. Corporate Officers positions are named

Progress under the Global Business Reform Plan

In fiscal 1999, Nissan directed all of its energies to the implementation of its Global Business Reform Plan, achieving steady progress as planned.

■ **Concept of Global Business Reform Plan**



Nissan announced its Global Business Reform Plan in May 1998. Since then, it has focused its corporate resources on the achievement of the goals set down in this plan, including reforming product strategies and domestic sales, rebuilding U.S. operations and strengthening its cost competitiveness. Nissan has been working also to reinvigorate its organization, improve efficiency and reduce its total assets. In fiscal 1999, there was steady progress made, as planned. The goals and policy measures from the Plan, together with progress during fiscal 1999, are summarized below.

Goals and Directions of the Global Business Reform Plan

1) Management Objectives

- Improve the ratio of consolidated operating income to net sales

  The ratio of consolidated operating income to net sales improved slightly, despite a decline in the number of vehicles sold in fiscal 1999.

Results	Consolidated sales	Consolidated operating income	Ratio of operating income to net sales
FY 1998	¥6,564.6 billion	¥86.8 billion	1.3%
FY 1999	¥6,580.0 billion	¥109.7 billion	1.7%

- Strengthen the Company's financial position by reducing consolidated interest-bearing debt from ¥2.3 trillion in the year ended March 1998 to approximately ¥1.3 trillion by the fiscal year ended 2001. (Consolidated interest-bearing debt less cash and cash equivalent for automobile operations.)
- Interest-bearing debt for fiscal 1999 was reduced by approximately ¥400 billion yen (as planned).

Breakdown

Global inventory reduction	Approx. 200 billion yen
Sales of assets and business	Approx. 200 billion yen

2) Direction of the Global Business Reform Plan

Management is focusing resources on selected areas, including measures to:

- Place priority on profitability instead of increasing sales;
- Shift priority to models with higher profit margins;
- Pursue overseas business strategy with emphasis on U.S. business;
- Strengthen competitiveness through a global corporate alliance;
- Demonstrate the Company's competitiveness through development of advanced technology of its own, concentrating on environmental protection, vehicle safety and ITS (Intelligent Transport Systems).

3) Organizational structure aimed at achieving this business reform plan

- Clarify the responsibility for achievement of goals, and improvement of monitoring systems

  Clarify the responsibilities of corporate management and follow through with its progress as part of TQM (Total Quality Management) activities;

  Shift to organizational and management systems designed to clarify responsibility for profitability;
- Accelerate the decision-making process by delegating more power and authority to middle management.

Progress on Specific Measures in Fiscal 1999

1) Reforming of product strategy

- Develop new platforms for each class to consolidate and reduce the number of platforms. Use the newly developed platform for the M-S class in the new Sunny and Tino.
- Plan to further increase the effects of consolidating platforms through the alliance with Renault, using a common platform for the next generation Micra and next generation Clio.

2) Reforming of domestic sales activities

- Introduction of a two-channel sales system aimed at increasing convenience to the customer, and streamlining the sales and product structures, which was implemented on schedule in April 1999.

3) Rebuilding of U.S. operations

- Achieve positive earnings and an operating income of ¥5 billion from U.S. operations in fiscal 1999

U.S. operations net income:

FY1998	¥80 billion loss
FY1999	¥5 billion

- Significant inventory reduction, contributing to a reduction of consolidated interest-bearing debt

North American new car inventory

End of FY1998	273 thousand vehicles
End of FY1999	189 thousand vehicles

- Reduce costs considerably for locally built vehicles
- Consolidate Nissan North America, Inc. regional headquarters and Nissan Motor Corporation in U.S.A., the sales company, in January 1999 to reinforce marketing functions, speed up decision-making and improve operational efficiency
- Reduce lease and fleet sales ratio

  Lease ratio: In fiscal 1998, it was approximately 35%. In fiscal 1999 it fell to approximately 14%.

  Fleet ratio: For FY1999, it was slightly less than the 55,000 vehicles for FY1998.
- The Infiniti G20 and Quest were introduced as new models in FY1999. In FY2000, Nissan plans to introduce the Xterra, Maxima, Infiniti I30, and Sentra.

4) Strategies for Europe

- As in fiscal 1998, target a positive profit result, with a net income of ¥7 billion from European operations in fiscal 1999, due to increased vehicle sales driven by buoyant demand, and continued cost reduction efforts

  * In FY1999, the net income of European operations was ¥7 billion (net income broke even in FY1998).

  * In FY1999, 537 thousand vehicles were sold (up 10% year-on-year), which was a higher percentage increase than the increase in total demand. Sales records were set for the Micra, Almera, Terrano II and the Patrol GR.

5) Bolstering of productivity and strengthening of cost competitiveness

- Goals for total cost reduction activities in fiscal 1999 mostly achieved (Target: ¥400 billion for FY1999 to FY2001)
- Established a new company, Transtechnology Co., Ltd. in June 1999, based on Nissan's Fuji Plant, to improve efficiency of development and production operations for automatic transmissions.
- Promote optimization of production capacity.
- Decide to terminate vehicle production at Aichi Machine Industry Co., Ltd., an affiliated company, and centralize development and production operations for manual transmissions at Aichi Machine Industry Co., Ltd.
- Accelerated consolidated reorganization of parts makers to strengthen product development capabilities, improve efficiency, and cost competitiveness.
  - Basic agreement reached by Nissan Motor, Hitachi, Ltd. and Unisia JECS to begin feasibility studies for the joint development capability for ITS driveway control technology. Hitachi, Ltd. acquired stocks of Unisia JECS in April 1999.
  - Basic agreement reached between Nissan Motor, Calsonic Corporation and Kansei Corporation concerning the strengthening of product competitiveness to meet the challenges of future technological advances for the information age—Calsonic and Kansei agreed to merge.

6) Revitalizing organizations and improving efficiency

- Change top management structure to ensure Nissan's future as a truly global enterprise geared toward the 21st century—number of directors reduced from 37 to 10 members and "corporate officers" system introduced to clearly distinguish responsibility for management decision-making and for execution of operations

7) Improving the financial position

- Reduce consolidated interest-bearing debt by approximately ¥400 billion in fiscal 1999

  Reduction of inventories by approximately ¥200 billion

  Sales of assets and business worth approximately ¥200 billion
  - Sale of Nippo Inc. and Nissan Graphic Arts Co., Ltd. shares to the Omnicom Group of the U.S.
  - Sale of head office building (new wing) to Mori Building Development and Mori Building Industries
  - Sale of shares in Nissan Finance Corporation Ltd. (Australia) to GE Capital
  - Sale of leasing activities from Nissan Leasing Co., Ltd. to IBJ Leasing Co., Ltd.
  - Sale of the water jet loom business of Nissan Texsys Co., Ltd. to Toyoda Automatic Loom Works, Ltd.

Consolidated interest-bearing debt less cash and cash equivalent for automobile operations

FY1998 results	FY1999 results
¥2.3 trillion	¥1.9 trillion

Issues We Must Face

How can we accelerate/advance the Global Reform Plan through the alliance with Renault?

We need to push ahead with the ongoing business reform plan through our own efforts and further accelerate the implementation of the plan on the back of the alliance if Nissan is to establish a true partnership with Renault and prepare itself to compete squarely with the world's leading companies. To this end we will focus our efforts on the following four objectives.

1) Speedily put a high profit structure in place

To ensure sustained viability of the Company into the future, it is essential for us to have attractive products and cost competitiveness that can generate profit. For this purpose, we will press forward with our cost-cutting efforts and our Global Business Reform Plan to reduce the number of models and cut overall costs by ¥400 billion by the end of the fiscal year ending in March 2001. On top of this, by taking full advantage of the synergies of cooperation with Renault, we will work to establish a high profit structure that is among the best in the world.

2) Achieve a strong financial position

Included in the business reform plan as an urgent task is to cut interest-bearing debt. We reduced the consolidated debt for automotive operation by ¥400 billion as scheduled in the fiscal year 1999 by selling some of our assets, reducing inventories mainly in the U.S. and cutting approximately another ¥300 billion by the end of the fiscal year 2000. In addition, we plan on using the capital infusion of approximately ¥600 billion from Renault to reduce the debt, this improving our financial standing dramatically. Using the capital infusion from Renault to work off our debt will bolster our foundation to improve our balance sheet and ensure that we are competitive in the future. This will create a sturdy financial foundation that will make Nissan a strong competitor in the 21st century.

3) Use our resources strategically to maintain business foundations as a global enterprise

In running our operation in Europe and the emerging markets of South America and other areas, we will draw on the alliance with Renault to promote joint projects and complementary arrangements, thus saving on management resources for Japan and North America. We will thus be able to direct the main thrust of our efforts toward rebuilding our US business, which is one of the objectives of the Global Business Reform Plan, thereby moving toward strengthening our management foundation. This will maintain and strengthen our business foundation as a global company and assure the Company a position as one of top groups in the world.

4) To further strengthen our capability for developing world-leading advanced technologies

Advanced technologies for environmental protection and safety are indispensable if we are to overcome the intense competition which the 21st century has in store. We will continue our effort to rebuild our company, establish a business foundation that will ensure profitability, and take advantage of the alliance with Renault to more efficiently allocate development expenditures while cutting costs greatly. Through these measures, we intend to harness management resources for the development of advanced technologies and enhance our capability to develop such technologies, preparing ourselves for the keener technological competition to come.

Future Efforts for the Global Business Reform Plan

Future efforts for Global Business Reform Plan include building a strong business foundation that can respond to changes in the business environment, such as increasing global competition, meeting initial sales targets, accelerating the speed of activities, and executing additional plans. And by utilizing the synergies of the alliance with Renault, Nissan will work to strengthen its financial foundation.

By gaining the fruits of our business reform efforts and the benefits of the alliance with Renault as early as possible, we will enhance its corporate value and provide customers with attractive products and make a full effort to have the shareholders evaluate the company as an enterprise worth investing in.

PRODUCTS AND TECHNOLOGY

Nissan launched a program to test-drive the newly developed Tino Hybrid, fitted with Nissan's NEO Hybrid system, on public roads beginning in April 1999.

In fiscal 1999, Nissan launched nine new models in Japan. Introduced were the Presage premium-quality minivan, the Prairie Liberty minivan, and the Tino tall wagon RVs. In addition, the Skyline, Avenir, Sunny, Cefiro, and Silvia were launched, along with the Civilian microbus. Minor changes were also made to the Stagea, the Primera sedan/wagon, the Bluebird, the Cima, the Fairlady Z, and the President.

In North America, product appeal was enhanced by launching the Infinity G20 and the Quest in fiscal 1999, and by the introduction of the Xterra sport utility vehicle (SUV), the Frontier Crew Cab 4-door pickup truck and a new-model of the Maxima in fiscal 2000. In Europe, the new-model Patrol GR was introduced and the Micra underwent a minor change in fiscal 1999.

As part of Nissan's efforts to develop clean energy vehicles, the Tino Hybrid RV was developed, and to confirm its performance, a program to test drive it on public roads got under way in Japan in April 1999, with the goal of introducing the vehicle in early 2000. The hybrid vehicle is powered by a motor during low-speed driving and by an engine during medium and high-speed driving. This model has more than twice the fuel efficiency of gasoline-engine vehicles of the same class, and also emits only one-half of CO_2 emissions. Other notable features of the Tino include its lighter and lower cost hybrid system, achieved by using a lithium-ion battery built with the world's first automotive application of a Lithium Manganate cathode positive electrode. The Tino Hybrid also adopts Nissan's HYPER CVT (Continuously Variable Transmission) to deliver powerful acceleration and smooth driving performance. These and other outstanding features have been achieved through the combined application of Nissan's cutting-edge technologies.

As part of Nissan's Intelligent Transport System (ITS) technology, an adaptive cruise control system was developed to automatically maintain a set headway distance to the preceding vehicle. In terms of specific operation, the system measures the distance to a preceding vehicle and the relative velocity of the vehicles, based on information obtained by a millimeter-wave radar installed at the front of the host vehicle. Using that data, it automatically controls the host vehicle's speed by activating the throttle actuator or the brake actuators so as to maintain a set distance between the two vehicles.

In December 1998, a concept car, the ITS CAR 2001-c, was developed incorporating an array of these leading-edge ITS vehicle control technologies that were being developed to implement ITS into a practical reality. This concept car is Nissan's proposal for advanced vehicle control systems in the 21st century. Nissan's ITS CAR 2001-c concept car is aimed at compensating for careless human error and at reducing the driver's workload so as to provide greater driving comfort and enjoyment. This is accomplished by supporting the driver in all areas of going, cornering and stopping performance through vehicle control technologies that make extensive use of sensing techniques for recognizing the driving environment.

In August 1998, Nissan also developed the ITS 2001-i concept car incorporating various ITS technologies for providing information to drivers. These information technologies and vehicle control technologies are expected to merge in the coming years. Nissan plans to push ahead vigorously with R&D technologies in line with a future vision of ITS in which information, vehicle control and infrastructure are harmonized in totally integrated systems.

As part of the ITS, development work is also proceeding on an Electric Toll Collection system that will collect toll fees from vehicles passing nonstop through expressway toll booths.

In the fall of 1999, development is scheduled to begin on an ultra-small electric vehicle that is being proposed as a new concept of urban transportation.

RESEARCH AND DEVELOPMENT

Under the development concept of "Combining Environmental Friendliness with Driving Pleasure," full consideration is being given to the environment, while also working to develop new technologies in pursuit of the comfort and convenience desired in a vehicle. A representative technology of this concept is the HYPER CVT, which provides both excellent fuel economy and powerful acceleration with smooth driving performance. This technology was applied in a 2-liter class vehicle for the first time in the world in 1997, and a vehicle with the NEO (Nissan Ecology-Oriented performance) Di, a direct injection gasoline engine that provides both improved fuel economy and high power output, was also introduced. In September 1998, a model combining both the advanced technologies of the NEO Di gasoline engine and the HYPER CVT was introduced in Japan and achieved an approximately 50% improvement in fuel economy.

Nissan developed and began driving tests of a fuel cell vehicle equipped with a methanol reformer to generate hydrogen from methanol as the fuel.

A new NEO Di diesel engine (direct injection diesel engine) was also developed to achieve reductions in both NOx and SOx, which is the cause of black smoke, and it was a development which had been difficult to achieve. This engine improves fuel economy by approximately 40% and reduces CO_2 emissions by approximately 30%. Nissan introduced the engine in June 1998 in Japan. The direct injection engines and the HYPER CVT achieved both environmental friendliness and improved driving performance, and because units can be used in a wide range of vehicles, they will be the central units of future product development. These advanced technologies will be used in Nissan's high-volume sales models, very effectively reducing CO_2 emissions.

Nissan is also actively working on the development of clean energy vehicles and low-emission vehicles, in order to respond to global environmental problems. These developments include electric vehicles (EVs), fuel cell vehicles (FCVs), hybrid electric vehicles (HEVs), and natural gas vehicles (NGVs), all of which have been the focus of research and development for some time. One part of this research is the development of a reformed methanol fuel cell vehicle that uses methanol, a promising alternative energy source, for the fuel. Driving tests of this vehicle started in May 1999. The only byproduct from the fuel cell is water, and even when the methanol is reformed, almost no NOx, CO_2, or HC are emitted, making it possible to achieve exhaust emissions that are virtually as clean as the air. And using electronic control is expected to greatly increase the fuel economy.

To develop vehicles that are environment friendly, it is important to actively implement the use of currently available technologies that are environmentally beneficial and that can be applied actively and extensively, including direct injection engines and the CVT, while at the same time continuing to develop clean energy vehicles to be used in the future, such as fuel cell vehicles. As a major automotive manufacturer that provides vehicles around the world, Nissan is working to advance its R&D efforts on all fronts.

Nissan is also working to innovate its development and production processes to respond more rapidly to market changes. To develop high-quality vehicles in a short time, Nissan is working to efficiently coordinate Japanese development and production operations, affiliated manufacturers, and major overseas development functions by using 3-dimensional CAD data to establish and improve product planing and manufacturing operations. A virtual prototype vehicle called a digital mock-up or virtual prototype that can be structured for a variety of factors, such as interference between parts, and, in particular, it has been very useful in confirming the expected quality in advance. And preparing the 3D data early in the design and planning stages makes it possible to fully utilize analysis simulations to increase value, such as improving performance and reducing weight.

THE ENVIRONMENT

ISO 14001 certification for all of the Company's seven production plants in Japan and the vehicle development process of the Product Planning and Research Development division was completed in March 1999. The Environmental Management System applies to the product development process for each of the processes of fuel consumption, exhaust gas emissions, extra-vehicular noise, air-conditioner coolant, environmentally burdensome substances, and recycling, and there are few cases worldwide where certification has been given for these areas. Certification has also been obtained for the Company's four major overseas manufacturing operations, and the system for the Nissan parent company and overseas affiliates has been completed. Nissan is now planning to utilize the know-how that it has accumulated to create an environmental management system and obtain ISO14001 certification for Nissan Group body and parts manufactures.

The NEO Di + Hyper CVT was awarded the FY 1999 "Sho Ene Taisho" (The Energy Conservation Prize)

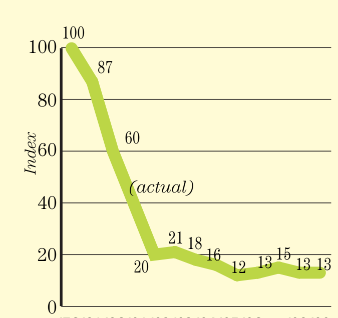
At the 1998 Energy Conservation Awards held by the Energy Conservation Center, the NEO (Nissan Ecology-Oriented performance) Di (direct injection gasoline engine) and the HYPER CVT technology were awarded the Natural Resources and Energy Agency Director-General's Award, and also the NEO Di diesel engine (direct injection diesel engine) was awarded the Energy Conservation Center Chairman's Award. The Energy Conservation Prize is known as the most prestigious prize among the various energy-conservation awards given out in Japan, and the granting of the award takes into consideration the conservation of resources, originality, product superiority, attractiveness, value, protection of the environment, and safety as well as many other positive attributes. The NEO Di + HYPER CVT and the NEO Di diesel engine were given high overall evaluations for energy conservation and environmental protection.

Environmental Action Program Version 3, the latest version of the program dealing with environmental protection, has been issued. Version 3 establishes a global environmental protection structure based on the awareness that environmental protection must be strengthened as demand increases globally for greater global environmental protection, such as preventing global warming, and it also revises target values and policies to update Nissan's approach and results regarding the environmental protection measures in vehicle manufacturing, promotion of ELV (end-of-life vehicles) recycling, and environmental protection as it relates to society.

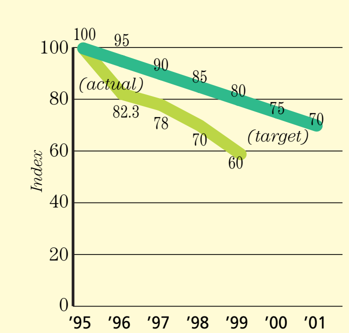
Nissan is continuing to work to reduce SOx and NOx emissions at its production plants and has set the target of a 30% reduction (fiscal 1995 comparison) in the amount of VOC (volatile organic compounds) per area of painted surface by the year 2000 as part of the Company's chemical substances control activities. For environmental protection measures in vehicle manufacturing, Nissan will completely cease the use of lead by the end of 2002. For the recycling of ELV, the Company is aiming for a 90% or higher recyclability rate for new vehicles introduced, starting in the year 2000. The new Sunny, introduced in Japan in October 1998, has already achieved a 90% recyclability rate as calculated by Nissan, and the Company will work to achieve similar results with other new models.

Starting in the summer of 1999, Nissan plans to publish the "Environmental Report," in which more information will be provided for a wide range of stakeholders to achieve proper accountability. The Company plans to include in the report more quantitative data regarding the cost of environmental pro-

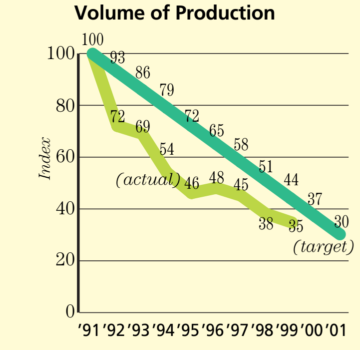
Reduction of SOx Emissions



Reduction of VOC Emissions Relative to Painted Area



Reduction in Waste Volume (Landfill Amount) Relative to Volume of Production

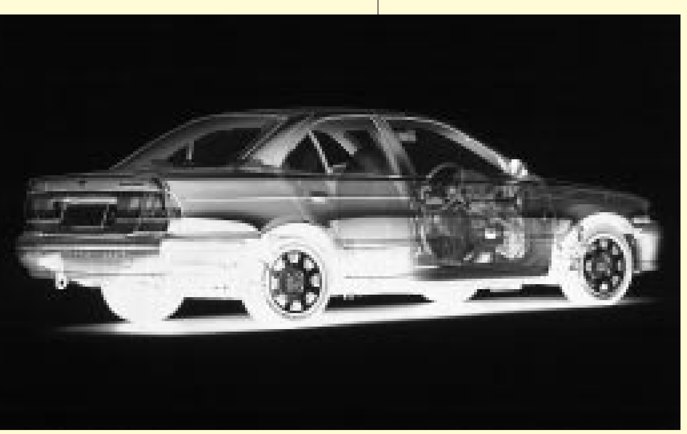


tection measures and the amount of PRTR (Pollutant Release and Transfer Register) emissions in compliance with external guidelines.

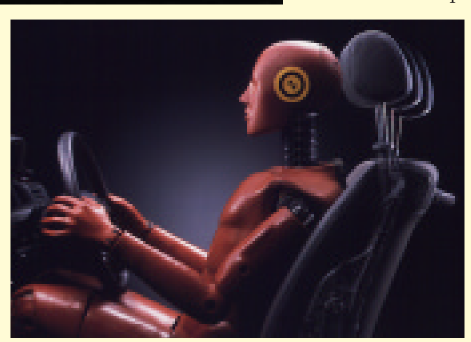
Joint development with parts manufacturers achieved, for the first time ever, a technology for recycling the plastic parts recovered from ELVs into the same parts. Four recyclable parts (bumpers, instrument panels, instrument ducts, and floor carpets) will be used in the ultra-small electric vehicle to be introduced in the fall of 1999. In addition, the areas in Japan supplied by the Nissan Green Parts program, which handles used Nissan vehicle parts, are gradually being expanded. The purpose for undertaking reuse is to expand the selection of repair and replacement parts for many customers and to increase convenience and satisfaction, while also providing a smooth supply of parts for customers who own old Nissan models. This will also increase the quality of service, expand the demand for used parts, and increase the recycling efficiency for used vehicles.

SAFETY

Nissan aims to build safe models based on the relationship between people and vehicles by analyzing accidents, in order to improve safety, based on the three elements of vehicles, people and the traffic environment. Nissan's approach to the development of safety-related technology is based on the "Triple Safety" concept. The "Triple Safety" concept arose out of the analysis of the processes leading up to the occurrence of an accident and resultant injury potential from the standpoint of the relationship between people and vehicles. It is an approach formulated by Nissan and comprised of three citadels: Information Safety, Control Safety and Impact Safety.



The new platform, as part of the high-strength Zone Body construction, attains a high level of protection from collisions in all directions.



An Active Head Restraint for both the driver and front passenger seats is designed to help reduce whiplash neck injures in traffic accidents.

For triple safety, the process through the sustaining of damage or injury is analyzed to create a "citadel of safety," forewarning the driver, assisting the driver in avoiding accidents, and helping to reduce injury. Nissan aims to further increase safety by reinforcing each of these three aspects, while improving fundamental vehicle performance.

The development of triple safety technology is being pursued for three aspects: information safety, forewarning the driver, and control safety, in order to assist the driver in avoiding accidents and for impact safety, to help reduce injury during accidents. Nissan's "Zone body," with its world-class, high-strength body, was achieved through uniquely strict testing methods that met or exceeded the testing standards of countries around the world, using such tests as full-rap frontal collision and offset frontal collision as well as side collisions and rear collisions.

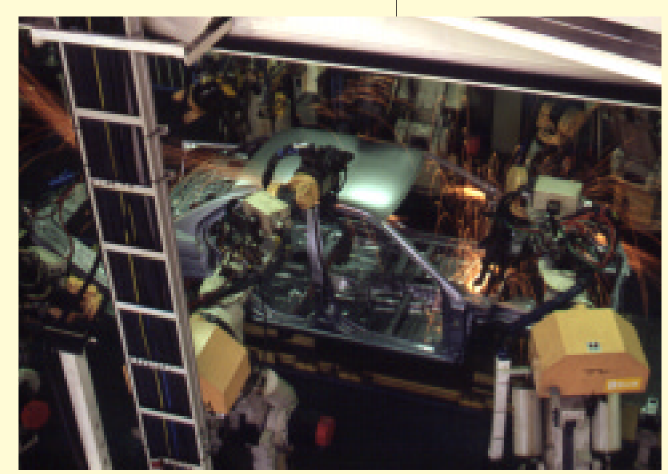
As a result of the development of these safety technologies, four of the five Nissan vehicles that were tested—the Sunny, the Primera, the Avenir and the Stagea—were given the highest rating of AAA for both seats (driver's seat and front-passenger's seat) in frontal collision tests, called Automobile Safety Information in Japan (JNCAP), conducted by the National Organization for Automotive Safety and Victims' Aid in fiscal 1999; it is an independent organization funded by the Japanese government. The Elgrand was given an AAA rating for its passenger seat. And for braking performance, of the 18 vehicles tested this time, the Stagea turned in the best performance (for both the dry and wet courses) and was selected as the safest car.

In addition, to reduce whiplash neck injuries, Nissan plans to gradually expand the adoption of its newly developed active head restraint in the driver's and front-passenger's seats. During a rear collision, the head restraint momentarily moves forward and upward to support the head to reduce the stress on the necks of front-seat occupants.

In May 1998, a high-speed course and a handling circuit were opened at the Nissan Driving Park, which is the permanent venue for public education about traffic safety. Because these courses can be used for high-speed and mountain driving practice, as well as regular driving practice, a variety of driving situations can be simulated to make the Nissan Driving Park a complete driving seminar course. The park, which has become far more popular than expected, offers courses at a variety of driving skill levels, from beginner to advanced driving levels. The park is also used for safe-driving training practice for police officers, fire fighters, truck drivers, taxi drivers, and other professionals.

PRODUCTION

As part of its production activities in accordance with the Global Business Reform Plan, Nissan is continuing to promote "Douki-Seisan" and strengthen its cost competitiveness. "Douki-Seisan" is the simultaneous acquisition of customer data from the upstream processes through the downstream processes and then having everyone begin preparations without disruption of the production order to produce vehicles with perfect quality. During fiscal 1999, Nissan improved the level of "Douki-Seisan," which was at various levels of implementation depending on the facility, and continued to work on integrating "Douki-Seisan" within Japan and overseas. This made it possible to develop high-level and smooth production activities that correspond accurately and quickly to the customer's order, thereby making it possible to build an integrated flow, and as a result, to shorten the production lead time, and reduce inventories. This, in turn, increased space usage efficiency in plants, and in the future, it will decrease capital investment to further increase productivity.



Nissan is making plant equipment more efficient and actively working to implement a flexible manufacturing system (FMS) in body production.

To reduce costs Nissan is making plant equipment more efficient and is actively working to implement a flexible manufacturing system (FMS) in body production. Nissan is also working to reduce losses from overcapacity by centralizing equipment to increase the operation rate and by creating an efficient, mixed-product production line that responds well to environmental changes. Using a flexible manufacturing system that responds to market trends using general-purpose equipment increases the efficiency and productivity of body production and reduces production costs.

While providing a flexible production response and reducing costs, Nissan is also working to improve quality. As a testament to Nissan's high quality, the 1998 Automobile Initial Quality Survey (IQS) conducted by J. D. Power, a US market information company, named the Infiniti QX4 and the Nissan Frontier as the top vehicles in their segments, and this was the second consecutive year that this designation was given to the QX4. In addition, the Nissan Altima and Nissan Pathfinder were named No. 2 in their segments. These survey results are the fruit of Nissan's relentless quality activities.

Nissan has established Transtechnology Co., Ltd.

to increase the efficiency of development and production of automatic transmissions (A/Ts) within its group and at the same time to consolidate and strengthen its business, including the expansion of its sales globally.

This new company has at its nucleus the Fuji Plant and the automatic transmission (A/T), CVT (Continuously Variable Transmission) development division, and is expected to make a significant contribution to strengthening the Company's core businesses as part of Nissan's Global Business Reform Plan. It is projected that the development and commercialization of A/Ts and CVTs with additional gear speeds will be at the cutting edge of the A/T field in the future. These and other advanced transmissions will be looked to as new technologies for achieving the fuel economy improvements required by tougher environmental regulations, including further reductions in carbon dioxide (CO_2) emissions. At the same time, the demand for such transmissions is forecast to increase in Europe, Japan and Asian markets. Nissan boasts world-class levels of A/T and CVT technologies and judges that it is essential to make aggressive use of this technological advantage amid the increasing demand for such transmissions.

FINANCIAL SERVICES

Financial services play an important role in supporting Nissan's automobile sales and marketing activities. In fiscal 1999, Nissan provided a variety of financial services to customers and dealerships in nine countries, including Japan, the United States, Canada, Australia, the United Kingdom, Germany, the Netherlands, Italy and Spain.

The total assets of financing services reflected in Nissan's financial statements amounted to approximately ¥1.44 trillion at the end of March 1999. A major contributor to this sum is the U.S. company, Nissan Motor Acceptance Corporation (NMAC), which has total assets of approximately ¥940 billion. Through its high-tech customer center in Dallas, NMAC offers retail installment and lease financing to 800,000 purchasers of Nissan and Infiniti products. It also provides inventory finance and other financial services to Nissan sales dealerships.

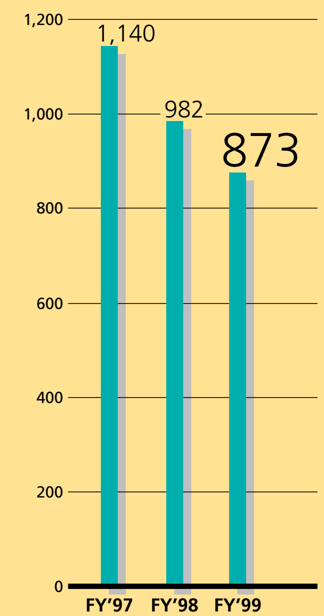
A noteworthy development recently is the sale of European financial subsidiaries based in the United Kingdom, Germany, the Netherlands, Italy and Spain to Renault. The aim of this deal is to enhance the benefits of Nissan's alliance with Renault. (As of March 1999, European financial subsidiaries were still included in Nissan's consolidated accounts.) Purchasers of Nissan vehicles and dealerships will continue to receive the same high standard of service. Renault will benefit from economies of scale achieved by combining Nissan's finance companies with its existing finance companies in Europe.

In September 1998, Nissan Finance Corporation (Australia) was sold to GE Capital Australia, a company with extensive worldwide experience in the finance business. The purpose of this deal is to improve competitiveness by forming this cooperative relationship. GE Capital has a wealth of financial resources and the latest financial expertise, so Nissan customers in Australia will continue to enjoy high-quality financial services.

Customers of Nissan and Infiniti products in the United States are assured of receiving superior financing services through Nissan Motor Acceptance Corporation (NMAC), which makes use of some of the most advanced operational communications technology.

JAPAN

Unit Sales
(Thousands of Units, wholesale basis)



Total domestic vehicle demand was affected by waning consumer confidence due to the long-running economic recession. New vehicle registrations, excluding mini-vehicles, in Japan for fiscal 1999 fell more than expected to 4,214,907 units, down 11.2% over the previous year. This is the same level of registrations as in fiscal 1987, and sales for all automakers were below the previous year's results. Nissan was also impacted by this overall slump in demand, with new vehicle registrations for the year ended March 31, 1999 of 861,411 units, down 10.9% compared with the previous year. The Company's total vehicle production in Japan fell 8.6% to 1,528,461 units.

Nine new models were introduced in fiscal 1999. These were the Presage, Prairie Liberty, Tino, Skyline, Avenir, Sunny, Cefiro, Silvia, and Civilian. Six models also underwent minor changes. These were the Stagea, Primera sedan/wagon, Bluebird, Cima, Fairlady Z, and President. Even though the total number of units sold fell due to depressed overall demand, the effect from introducing these new models and the sales effort made by the Company helped Nissan maintain its Japanese market share at 20.4%, unchanged from the previous year.

Nissan embarked on a reform of its domestic sales activities as one of the specific measures under its Global Business Reform Plan. The previous four-channel sales structure was consolidated into a new two-channel system in April 1999. The purpose of this consolidation was to provide a wider product lineup, increase convenience to the customer, and improve sales volume per model.

Nissan has decided that it will open Japan's first large-scale auto mall, to be called "Carest Zama," on the premises of the Zama Operations Center in December 1999. This new type of outlet will concentrate, at one location, all of the activities pertaining to customers' total vehicle needs, including sales of new cars, used cars, parts and supplies, as well as service operations.

Carest Zama will always have on display over 100 units of Nissan's entire range of new vehicle models. In addition, customers will be able to test-drive any of the models on a special course that will be part of the mall facilities, to be built on a 12,000 sq. meter site.

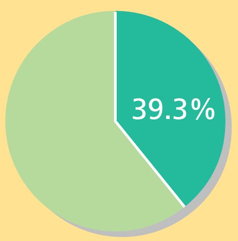
Nissan is planning to vigorously implement many different new sales methods, including "hassle-free selection" and single pricing, as part of its ongoing efforts aimed at innovating domestic sales activities. It expects that this will significantly build up customer traffic and thereby contribute to greater sales efficiency.

An Internet customer inquiry and reservation system, "Clicar," was also created and put into operation, starting with the Tino introduced in December 1998. This system allows potential customers to obtain new vehicle estimates and to make an appointment for transaction talks with sales personnel at a Nissan dealership on the Internet, saving them time and effort. Other new sales methods will be proposed over time to increase the convenience to the customer.

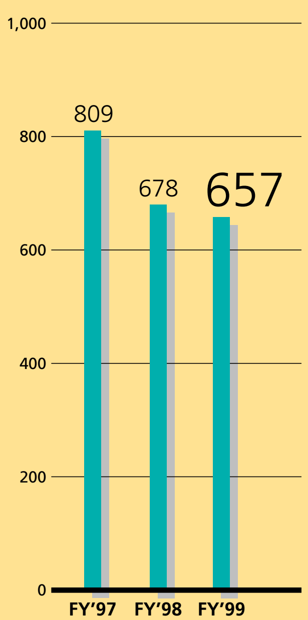
The Presage provides the roomy practicality of a conventional minivan in a more luxurious and comfortable package, delivering the authentic qualities of a grand touring car.

The new Silvia's exterior design, embodying the motif of a sculpted form exuding a sensation of speed, imparts a feeling of spirited, nimble driving performance the instant one sees the car.

Ratio of North American Sales to Total Overseas Unit Sales
(% FY '99)



Unit Sales
(Thousands of Units, wholesale basis)



NORTH AMERICA

Through strict adherence to a comprehensive "Back to Basics" operations plan, Nissan North America, Inc. (NNA) returned to profitability in fiscal 1999 (the year ended March 31, 1999). Nissan Group companies in North America, including NNA, recorded an operating profit of more than ¥23 billion in total. While sales in the U.S. dropped from 658,421 to 627,700, the company successfully shifted from a volume-driven to a profit-driven business plan.

One important step in the "Back to Basics" program was the merger of the U.S. sales unit, Nissan Motor Corporation U.S.A. into NNA. Streamlining operations allowed the company to address issues with greater speed, efficiency and flexibility.

Nowhere was the success of this consolidation felt more than on the retail level. Despite a decrease in unit volume, the combination of new products, revised distribution strategies and focused marketing and sales efforts led to a substantial increase in dealer profitability. Average dealer profits were up by more than 87% in fiscal 1999 from those of fiscal 1998.

Increased cooperation between sales and manufacturing affiliates, as well as support from Nissan Motor Co., Ltd., enabled NNA to reduce U.S. inventory by more than 31.5%, from 245,817 to 168,239 units. Additionally, off-lease inventory was reduced dramatically, from 38,749 to 11,362 units.

Nissan Motor Manufacturing Corp., Inc. (NMMC) in Smyrna, Tennessee geared up for the launch of two critically acclaimed products—the new Frontier Crew Cab 4-door pickup and the all-new Xterra sport utility vehicle. At the same time, the last U.S.-produced Nissan Sentras rolled off the Smyrna assembly line in March, marking the complete transfer and consolidation of North American Sentra production to Nissan's Aguascalientes, Mexico plant. As a result of revised sales targets and the Sentra transfer, fiscal 1999 production fell from 396,887 to 279,392 units. However, NMMC anticipates an increase in production in fiscal 2000 with the addition of the new Xterra and Frontier Crew Cab.

Fiscal 1999 set the stage for a major new North American product initiative, starting with the introduction of an all-new, more powerful U.S.-designed Nissan Quest minivan, the addition of a new V-6 engine for the popular Nissan Frontier pickup and an elegantly restyled Nissan Pathfinder.

From Los Angeles to New York, Nissan dominated the North American auto show circuit with an exciting array of production and concept vehicles. The Frontier Crew Cab, the first compact truck with four real doors available in the U.S. debuted at the Los Angeles Auto Show. With the world spotlight on the Detroit International Auto Show in January, Nissan stunned the audience with three debuts—the all-new 2000 Xterra SUV, the category-creating SUT (Sports Utility Truck) Concept and the powerful Z Concept sports car.

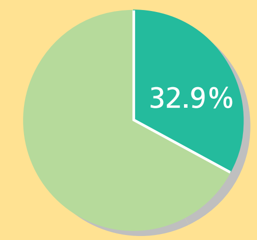
A month later, the totally redesigned 222-horsepower 2000 Nissan Maxima made its debut at the Chicago Auto Show, followed by the new 2000 Infiniti I30 at the New York Auto Show in late March.

Facing a fiercely competitive market, the key to Nissan's success will lie in building profitable sales in the U.S., and smartly introducing new Nissan and Infiniti vehicles that will help recapture consumer interest in North America. NNA approaches the new millennium from a position of strength and continuing momentum—with streamlined operations, an expanding product lineup, and a spirit that is "Driven" to be the best.

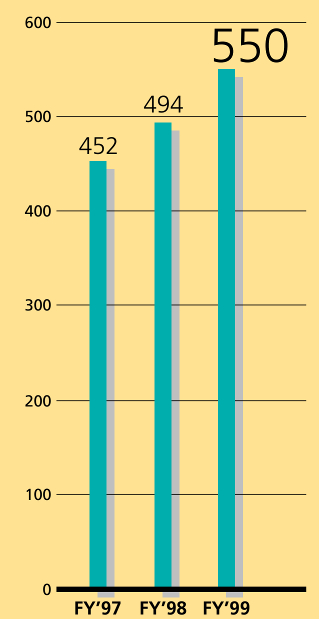
The new Maxima's performance capabilities are first announced through its aggressive styling, including large, well-filled wheel forms connected by a taut, substantial shoulder line sweeping front to rear.

Frontier Crew Cab's exterior was designed to be user-friendly. Four full-sized doors, combined with the rugged look of the Frontier, offers a stylish statement currently unseen in the U.S. market, effectively combining the practicality of an SUV with the utility of a pickup truck.

Ratio of European Sales to Total Overseas Unit Sales
(% FY '99)



Unit Sales
(Thousands of Units, wholesale basis)



EUROPE

In Europe, Nissan recorded its best sales performance for three years in calendar 1998, with retail sales of almost 538,000 units—an increase of 9.7% over the previous year. This trend carried over into the first quarter of 1999, with sales reaching 147,600 units—an increase of 8.5% over the first quarter of 1998.

This result was driven by the launch of new models throughout Europe, including the 1998 Micra, the new, European-designed Primera wagon, the new Patrol GR and an updated Almera and a Spanish-built off-roader, the Terrano II. The launch of the all-new Pickup and Cabstar E have widened Nissan's commercial vehicle range. The Micra, a record-making model, is worth noting because it registered its best-ever sales year in 1998, with 158,574 units having been sold since its launch in 1992. In March 1999, sales marked the best month ever, with 21,896 units having been sold, an increase of almost 46% over the figures for March 1998.

In August 1999, Nissan will launch a new, dramatically redesigned range of Primera models in Europe, followed by the next generation, UK-built Almera and the Spanish-built Almera Tino for the new millennium. With the production of the new Almera and Almera Tino in Europe, the proportion of European-built vehicles within Nissan's total sales in Europe will increase to almost 90% from the current ratio of 70%.

Concerning production plants in 1998, the Sunderland plant of NMUK extended its lead as Europe's most productive car manufacturing site. The UK and Spain set a milestone in vehicle production, marking their two-millionth and one-millionth vehicles respectively, while both production facilities were awarded ISO 14001 environmental certification. Preparations for the introduction of new models at both sites are being carried out on schedule.

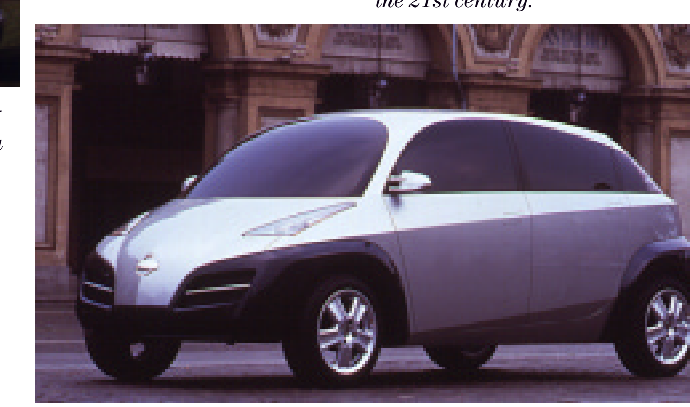
Brand strategy studies have been completed and a new, quality-based brand strategy is being implemented in all areas of Nissan's European activities in order to clearly establish a new brand image. At the heart of this strategy is the use of more European design, including Nissan Design Europe GmbH (NDE) and Nissan European Technology Centre (NETC) for future models.

Since the beginning of 1999, the euro functions fully as the business currency of the continent. Meanwhile, a European Nissan group-wide infrastructure has been developed in the areas of information systems and services, effectively creating an effective and efficient group management structure.

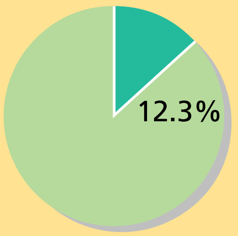
The European headquarters, Nissan Europe NV, is now in its tenth year of operations. Our aim is further growth and increased profits, both in the short term and the long term, through the introduction of attractive new models and new sales activities. We shall continue to enhance our brand image, based on the quality and performance of our products and the superior services which we provide to our customers.

Designed in Europe and manufactured in the U.K., the new Primera Wagon is not only elegantly styled, but is also a driver's car in the truest sense.

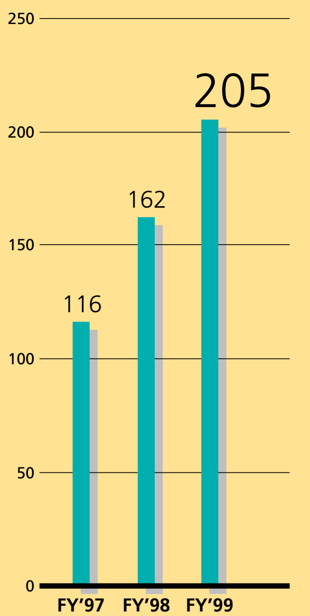
The KYXX concept car brings elegant European styling to design in the 21st century.



Ratio of Latin American Sales to Total Overseas Unit Sales
(% FY '99)



Unit Sales
(Thousands of Units, wholesale basis)



LATIN AMERICA

In calendar 1998, sales of Nissan vehicles in the Mexican market set a new record of approximately 139,500 units. This is 49% higher than the previous year's total and is significantly higher than the 33% increase in total demand. Nissan's market share rose by 2.2 points to 21.4%. The growth trend was led by the Tsuru GS, manufactured by Nissan Mexicana, S.A. de C.V. (NISMEX), which has now been the best-selling car in the Mexican market for two years in a row. Sales of the Tsuru GS increased by 60% to approximately 63,000 units. The Altima was aggressively promoted from early in 1998, and sales showed a seven-fold year-on-year increase to approximately 6,300 units. This success established Nissan's position in the luxury car market and greatly enhanced the Nissan brand image.

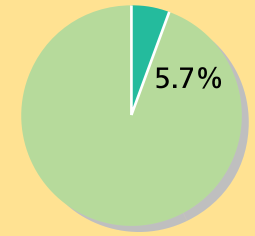
In the Latin American and the Caribbean markets, demand was buoyant in the first half of the year but shrank in the second half as economies rapidly went into decline under the impact of the Asian and Russian crises. Under these circumstances, Nissan's sales in the region from production plants in Mexico, Japan, Spain, and the United States were 56,300 units, down 13% from last year. A breakdown of this total shows that sales of vehicles made in Mexico were adversely affected by the depreciation of the yen, which eroded the price advantage. However, sales of vehicles built in Japan increased by 9% to 22,500 units, reflecting aggressive sales promotion efforts focusing on the mainstay Pathfinder and Pickup lines, and on the new Patrol.

NISMEX exports to the United States and Canada as well as to Latin America. In 1998 it shipped a total of approximately 51,700 units to all markets. It also exports production parts to plants in the United States, Spain and Japan.

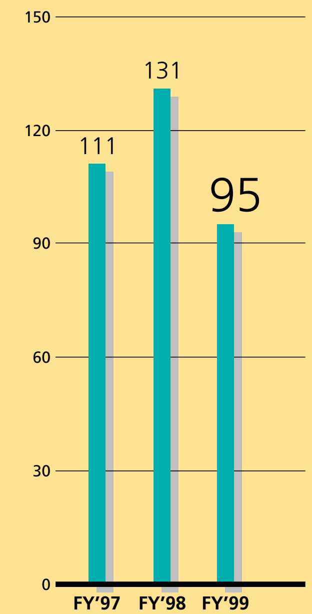
The Pathfinder is designed to make every outing a joyride, with a dashing exterior that's pleasing to watch, a roomy, well-thought-out interior that's easy on the body, and passenger-car-like handling that's just plain easy and fun.

Manufactured by NISMEX, the Tsuru GS recorded an explosive sales increase, again becoming a best-seller in the Mexican market—for two years in a row now.

Ratio of Asian and Oceanian Sales to Total Overseas Unit Sales
(% FY '99)



Unit Sales
(Thousands of Units, wholesale basis)



ASIA AND OCEANIA

In fiscal 1999, overall automotive demand in Asia and Oceania was sluggish because of the impact of one full year of recession triggered by the Asian currency crisis that began in July 1997. In particular, total demand in Asia's major automotive markets—Thailand, the Philippines, Malaysia and Indonesia—fell by 57.2% compared with the previous year, to 454,142 units. Nissan's sales also fell by 57.6% to 27,077 units in those four countries. While sales in Thailand and Malaysia in 1999 are projected to improve gradually, it will take time for all ASEAN markets to recover sales to the same levels they reached before the crisis.

In Taiwan, total sales fell by 6.1% to 450,111 units. While demand during the first half of the fiscal year was good, it later slowed down due to the impact of the economic crisis. Nissan maintained an 18% market share, with sales of 81,790 units, because of the popularity of the Cefiro and the Sentra.

In the Australian market, total demand in fiscal 1999 reached a record high of 811,566 units, an increase of 8.8% compared with the previous year. Nissan's sales also increased by 32.1% to 46,151 units due to the popularity of the Pulsar and the new Patrol. As a result, Nissan's market share rose by one percentage point to 5.7%.

In September 1998, Yulon Motor Co., Ltd. was named recipient of Taiwan's national Quality Award, which is considered Taiwan's version of the Deming Prize. In receiving the award, Yulon was cited for its high level of management capability, which contributed to its favorable business results.

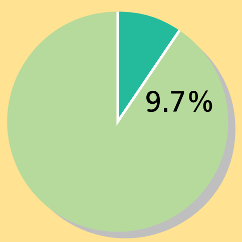
In New Zealand, CBU import duty was abolished by the government from May 1998 in order to facilitate liberalization and competition in the domestic motor industry. Since the benefits of local production were lost after the import duty was lifted, Nissan, along with other automotive manufacturers, closed its plant during 1998 and shifted to all CBU import sales.

In Thailand, Siam Nissan Automobile's (SNA) production volume in 1999 is projected to increase gradually as demand picks up. SNA also plans to export its pickup trucks to Australia and New Zealand, where vehicle demand is stable. The production of export models for those markets began in March 1999.

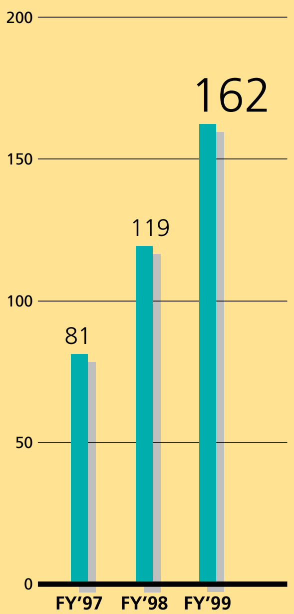
Nissan takes advantage of Michael Chang's endorsement in its TV commercials, print ads, and distributors' local product ads under the slogan, "My Favorite Partner—Nissan."

Addressing the charge of the market trend, Big-M is a high-quality, versatile pickup with the product development based on intensive research to meet local expectations.

Ratio of Middle Eastern and African Sales to Total Overseas Unit Sales
(% FY '99)



Unit Sales
(Thousands of Units, wholesale basis)



MIDDLE EAST AND AFRICA

Sales of Nissan vehicles in the Middle East and Africa increased by 24% over the previous year's level to 175,000 units in fiscal 1999. This excellent result reflects strong demand for key models, including the Patrol, Pickup, Maxima and Sunny. Shipments of vehicles produced in Japan increased in the first half of the year because of the depreciation of the yen, but the trend slowed in the second half after the yen began to strengthen. The total for the year was 176,000 units, including SETs, an increase of 25% over the previous fiscal year. Nissan's share of total shipments of Japanese automobile manufacturers to the region was 3.8% higher, at 21.2%.

Trends were especially encouraging in the GCC (Gulf Cooperation Council) countries, which form one of the biggest markets in the region. Marketing efforts centered on the four mainstay models listed above, together with the Pathfinder and a fleet-specification version of the Cedric, which were introduced in 1997. Shipments increased by a massive 22% over the previous fiscal year's total to 86,000 units. Nissan's share of Japanese vehicle shipments to the GCC market rose by 1.4 points to 27.8%.

Sales in the countries of northern Africa and the Middle East region, other than the GCC market, were 3% above the previous fiscal year's level at 25,000 units. This gain reflects increased shipments to several countries, notably Israel, Lebanon and Jordan, as a result of strong demand in the first half of the year. Nissan's share of Japanese vehicle shipments to the region increased by 1.4 points to 12.7%.

In the CIS region, a new Nissan distributor established in Kazakhstan started business in June 1998. The new company is working to develop sales in the region, and there has already been a significant increase in shipments.

In fiscal 1999, total demand for vehicles in South Africa decreased by 16.8%, due to the rapid depreciation of the rand and rising interest rates after June 1998. However, sales of Nissan vehicles in South Africa were only 0.6% below the previous fiscal year's level, at 26,000 units, and Nissan's market share increased by 1.5% to 9.2%.

Drivers and passengers alike appreciate the keen attention to detail that creates a new standard of personalized comfort for the A32 Maxima.

In a test-drive of the new Patrol carried out in the dessert of Abu Dhabi, participating journalists praised the new Patrol highly in every respect, including its driving performance, styling, new engine, suspension, and interior features.

Aerospace Operations

Nissan has made an important contribution to the development of Japan's own space technology since beginning rocket research and development in 1953. In fiscal 1999 it successfully launched the third M-V rocket and 28th S-310 rocket under contract to the Institute of Space and Astronautical Science (ISAS). It also launched the 7th TR-IA rocket under contract to the National Space Development Agency of Japan (NASDA).

Currently, Nissan is involved in the development and production of the H-IIA solid-fuel rocket booster, the first of which is scheduled to be launched in 2000. It is also handling part of development activities relating to the Japanese Experiment Module (JEM) for the International Space Station.

Industrial Machinery Operations

Nissan has been producing forklifts since 1957. Today this division manufactures a broad range of high-quality products in Japan, Spain and the United States to meet the specific needs of users worldwide. Models include 0.9 to 0.7-ton, engine-driven forklifts and 0.9 to 0.3-ton battery-driven, three-wheel, four-wheel and reach-type forklifts. In fiscal 1999, worldwide sales reached approximately 27,000 units.

Marine Operations

Among the seven 1999 models introduced by the Marine Division were the "Sun Cruise 27FB" with a fly bridge for added boating pleasure, and the "Wing Fisher 23EX", a small pleasure fishing boat with a 4-stroke outboard motor. The division also enhanced its range of engines with the addition of the new "BF-Series" 4-stroke outboard motors. As an integrated marine manufacturer, Nissan continued its involvement in wide-ranging activities, including sales of marine accessories and marina equipment and participation in the operation of marinas.

Mobile Communication Operations

Recognizing the potential of the information and communications industry, Nissan has, since 1991, established nine TU-KA cellular phone carriers throughout Japan in cooperation with other companies. Services were launched in 1994, and a network that provides nationwide coverage was completed in February 1997.

As of the end of March 1999, the number of cellular phone subscribers in Japan had reached 41.53 million, or 32.9% of the population. In fiscal 1999, the nine cellular TU-KA companies continued to maintain steady growth in their subscriber base, which expanded by approximately 1.1 million, bringing the accumulated total for the nine companies, as of March 31, 1999, to approximately 5.2 million. This growth appears to reflect a positive consumer response to service improvements, including the introduction of new charge options, the reduction of charges, the provision of the latest cellular phone equipment with text messaging capabilities and the completion of designated communications service areas. Just as designated in the initial plan, the TU-KA operations achieved positive income results on a nine-company basis in the year ended March 1999.

In July 1997, Nissan established Nissan Communication Systems Ltd. to develop the technology needed to improve call quality and provide new services to meet customer needs. Then in December 1997, Nissan established Compasslink Corporation to provide information services via cellular phone and car navigation systems. More recently, in November 1998, the IMT-2000 Planning Co., Ltd. was established jointly with Japan Telecom Co., Ltd. and AirTouch International. It is now working to develop a next-generation cellular telephone system.

These new companies will help to promote the "mobility and communication" which forms an important part of Nissan's business strategy.

MEMBERS OF THE BOARD

Seated, left to right: Carlos Ghosn and Yoshikazu Hanawa
Standing, left to right: Thierry Moulonguet, Norio Matsumura, Itaru Koeda, Hiroshi Moriyama, Kanemitsu Anraku, Hisayoshi Kojima, Nobuo Okubo, and Patrick Pélata

Representative Board Members

Yoshikazu Hanawa
Chairman and President

Carlos Ghosn

Kanemitsu Anraku

Board Members

Hiroshi Moriyama

Hisayoshi Kojima

Itaru Koeda

Nobuo Okubo

Norio Matsumura

Patrick Pélata

Thierry Moulonguet

CORPORATE OFFICERS

Chief Executive Officer
Yoshikazu Hanawa

Chief Operating Officer
Carlos Ghosn
TQM Promotion Dept.
Corporate Communications Dept.
Legal Dept.

Executive Vice Presidents
Kanemitsu Anraku
Chief Financial Officer
Administration Group

Kensho Kusumi
External and Government Affairs Dept.

Hiroshi Moriyama
Domestic Marketing and Sales Group;
Marketing and Sales Planning Dept.
Parts Division

Hisayoshi Kojima
Manufacturing and Engineering Group,
Powertrain Operations Group

Itaru Koeda
Purchasing Group

Nobuo Okubo
Technology and Engineering
Development Group;
Resource Management Division;
GM, Resource Management Division

Norio Matsumura
Overseas Operations Group;
Americas Operations Division;
GM, Americas Operations Division
European Operations Division;
GM, European Operations Division

Patrick Pélata
Planning Group;
Corporate Planning Dept.
Design Division

Senior Vice Presidents
Akio Shinohara

Akio Tenmei

Toshinaga Koizumi

Iwao Nakamura

Hajime Kawasaki

Yoshi Iwashita

Shigeru Takagi

Thierry Moulonguet

Nobuo Araki

Masahiko Aoki

Tadao Takahashi

Ryoso Kodama

Eiichi Abe

Tetsuaki Abe

Kuniaki Sasaki

Akihiro Kojima

Ian Gibson

Takashi Kitajima

Shuji Yamagata

Eiji Imai

Auditors
Tadao Takei

Heiichi Hamaoka

Shozo Yoshimatsu

Hiroshi Ariga

(As of June 25, 1999)

CORPORATE DATA *(As of March 31, 1999)*

NISSAN MOTOR CO., LTD.
17-1, Ginza 6-chome, Chuo-ku, Tokyo 104-8023, Japan
Tel: (03) 3543-5523

DATE OF ESTABLISHMENT
December 26, 1933

PAID-IN CAPITAL
¥203,755 million

COMMON STOCK
Issued and outstanding: 2,513,043,751 shares

NUMBER OF SHAREHOLDERS
120,588

MAJOR SHAREHOLDERS	% of total
The Dai-ichi Mutual Life Insurance Company	5.1
The Fuji Bank, Ltd.	4.6
The Industrial Bank of Japan, Limited	4.3
Nippon Life Insurance Company	4.0
The Asahi Bank, Ltd.	3.0
The Chase Manhattan Bank N.A. London	2.8
Sumitomo Trust & Banking Co., Ltd.	2.5
State Street Bank & Trust Company	2.3
The Sumitomo Bank, Ltd.	2.3
The Nissan Fire & Marine Insurance Co., Ltd.	2.0

SECURITIES TRADED
Tokyo Stock Exchange and other major Japanese stock exchanges

Frankfurt Stock Exchange

American Depositary Receipts are traded on The Nasdaq Stock Market

TRANSFER AGENT AND REGISTRAR FOR COMMON STOCK
The Chuo Trust & Banking Co., Ltd.
7-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8345 Japan

Depositary and Transfer Agent for American Depositary Receipts
Morgan Guaranty Trust Company of New York
60 Wall Street, New York, NY 10260-0060, U.S.A.

AUDITOR
Showa Ota & Co.

DOMESTIC OFFICES AND FACILITIES
- Corporate Headquarters
- Nissan Technical Center
- Hokkaido Proving Grounds
- Iwaki Plant
- Tochigi Plant
- Murayama Plant
- Yokohama Plant
- Honmoku Wharf
- Oppama Plant and Oppama Wharf
- Nissan Research Center
- Kurihama Manufacturing Plant
- Zama Operation Center
- Sagamihara Parts Center
- Fuji Plant
- Kambara Manufacturing Plant
- Kyushu Plant and Kanda Wharf
- Tomioka Plant
- Aerospace Division Research and Development Center
- Osaka Branch
- Kyushu Branch
- Nissan Education Center

FINANCIAL SECTION

CONSOLIDATED SIX-YEAR SUMMARY
Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen (except per share amounts)						*Millions of U.S. dollars [1] (except per share amounts)*
	1999	1998	1997	1996	1995	1994	**1999**
Net sales	**¥6,580,001**	¥6,564,637	¥6,658,875	¥6,039,107	¥5,834,123	¥5,800,857	**$54,380**
Net income (loss)	**(27,714)**	(14,007)	77,743	(88,418)	(166,054)	(86,915)	**(229)**
Net income (loss) per share [2]	**(11.03)**	(5.57)	30.94	(35.19)	(66.09)	(34.59)	**(0.091)**
Cash dividends paid [3]	**17,591**	25,130	17,589	17,588	17,585	17,584	**145**
Shareholders' equity	**¥1,254,595**	¥1,282,485	¥1,356,090	¥1,356,678	¥1,429,065	¥1,579,793	**$10,369**
Total assets	**6,917,561**	7,883,786	7,473,778	7,091,594	7,192,914	7,328,151	**57,170**
Long - term debt	**1,591,596**	1,669,642	1,969,423	1,929,104	2,209,829	2,367,708	**13,154**
Depreciation and amortization	**498,444**	508,012	436,756	431,974	505,548	429,032	**4,119**
Number of employees	**131,260**	137,201	135,331	139,856	145,582	143,310	

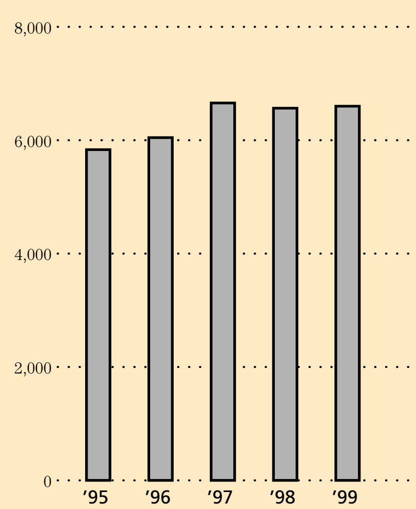
Notes: *1. Yen amounts have been translated into U.S. dollars, for convenience only, at ¥121 = $1, the approximate exchange rate on March 31, 1999.*
2. Net income (loss) per share amounts are based on the weighted average number of shares of common stock outstanding during each year. Figures for net income (loss) per share are in exact yen and U.S. dollars.
3. Cash dividends paid are the amounts which were paid during the year.

NONCONSOLIDATED SIX-YEAR SUMMARY
Nissan Motor Co., Ltd.
Years ended March 31

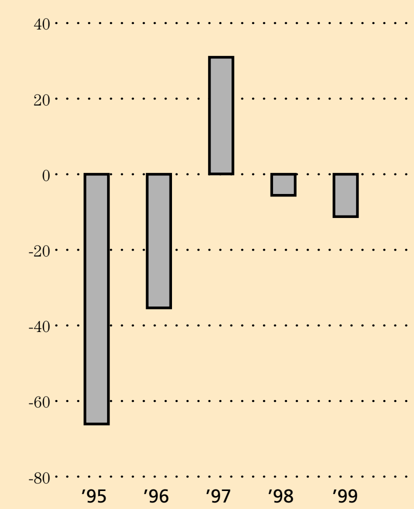
	Millions of yen (except per share amounts)						*Millions of U.S. dollars [1] (except per share amounts)*
	1999	1998	1997	1996	1995	1994	**1999**
Net sales	**¥3,319,659**	¥3,546,126	¥3,690,441	¥3,518,153	¥3,407,512	¥3,583,482	**$27,435**
Net income (loss)	**(34,809)**	16,548	51,333	3,625	(61,040)	7,615	**(288)**
Net income (loss) per share [2]	**(13.85)**	6.59	20.43	1.44	(24.29)	3.03	**(0.114)**
Cash dividends paid [3]	**0.00**	10.00	7.00	7.00	7.00	7.00	**0.000**
Shareholders' equity	**¥1,477,498**	¥1,529,898	¥1,538,453	¥1,504,583	¥1,518,464	¥1,596,657	**$12,211**
Total assets	**3,595,272**	3,661,093	3,230,355	3,142,750	3,170,924	3,401,322	**29,713**
Long - term debt	**750,028**	622,515	605,871	583,458	621,917	754,940	**6,199**
Depreciation and amortization	**105,229**	98,803	103,677	120,187	135,532	146,983	**870**
Number of employees	**39,467**	39,969	41,266	44,782	49,177	51,398	

Notes: *1. Yen amounts have been translated into U.S. dollars, for convenience only, at ¥121 = $1, the approximate exchange rate on March 31, 1999.*
2. Net income (loss) per share amounts are based on the weighted average number of shares of common stock outstanding during each year. Figures for net income (loss) per share are in exact yen and U.S. dollars.
3. Cash dividends paid represent the amounts proposed by the Board of Directors as applicable to the respective years, together with the interim cash dividends paid.

NET SALES
(Billion ¥)



NET INCOME (LOSS) PER SHARE
(¥)



NET SALES

In fiscal 1999, Nissan's consolidated net sales increased by ¥15.4 billion, or 0.2%, to ¥6,580.0 billion (US$54.4 billion). The increase is mainly attributable to an approximate ¥85 billion currency translation effect resulting from the depreciation of yen, which offset an approximate ¥70 billion decrease from a decline in vehicles sales.

According to geographical segment information regarding the location of sales to outside customers, there was a ¥167.0 billion decrease in Japan and a ¥182.4 billion increase outside Japan. Total consolidated sales from automotive operations increased by 0.3% to ¥6,434.1 billion, while non-automotive sales decreased by ¥5.2 billion, or 3.5%, to ¥145.9 billion.

Consolidated unit sales of vehicles decreased by 26 thousand units, or 1.0%, to 2,542 thousand units. Sales in Japan decreased by 109 thousand units, or 11.1%, to 873 thousand units, reflecting the low level of domestic demand. Unit sales outside Japan increased by 83 thousand units, or 5.2%, to 1,669 thousand units, as increased sales in Latin America, Europe, the Middle East and other areas were enough to offset the 22 thousand unit decrease in sales in North America.

NET INCOME

Nissan's consolidated operating income increased ¥22.8 billion, or 26.3%, to ¥109.7 billion (US$906.8 million). The ratio of gross profit to net sales decreased by 0.5% point to 25.2%, while the ratio of selling, general and administrative expenses to net sales declined by 0.9% point to 23.5%. Consequently, the ratio of operating income to net sales increased by 0.4% point to 1.7%.

Factors contributing to the increase in operating income include cost-cutting and streamlining efforts, the effect of which amounted to approximately ¥120 billion, improvement in losses for the write-down and re-marketing costs in the carrying value of vehicles in the U.S. lease portfolio (see Note 3), the amount of which was approximately ¥70 billion, and currency translation gain of Nissan Motor Co., Ltd. due to the depreciation of yen, the effect of which was approximately ¥20 billion. On the other hand, lower sales and the deterioration of vehicle revenue mix reduced income by approximately ¥190 billion.

Geographic segments are broken down into areas where each consolidated company is located. In Japan, operating income declined by ¥86.6 billion due to a decrease in vehicle unit sales and the deterioration of vehicle revenue mix, along with the weakening of the economy. In North America, operating income increased by ¥91.3 billion, mainly due to a reduction in losses for the write-down and re-marketing costs in the carrying value of vehicles in the U.S. lease portfolio. In Europe, operating income increased by ¥14.0 billion mainly due to an increase of unit sales. On the other hand, in Mexico operating income decreased by ¥4.5 billion mainly due to a change of the translation exchange rate. There was an improvement of ¥9.9 billion in consolidating adjustment related to inventory reduction in North America.

Net other expenses amounted to ¥110.3 billion, ¥6.5 billion higher than fiscal 1998. The main factors contributing to this change were a ¥47.4 billion deterioration of foreign exchange loss and inflationary gain of Mexican operations, a ¥18.8 billion deterioration of investment gains and losses incurred based on the equity method of accounting, a ¥12.4billion deterioration of net interest income and expenses, despite a ¥27.6 billion increase in profit from the sales of marketable securities, a decrease of ¥31.3 billion in the evaluation losses on marketable securities held by Nissan Motor Co., Ltd. and a ¥10.2 billion increase in gains on the sales of fixed assets. Income taxes increased ¥31.8 billion mainly by the effects of the realization in the current term of taxes deferred in the previous term, related to a reduction of inventory in North America. As a result, Nissan's consolidated net loss increased by ¥13.7 billion to minus ¥27.7 billion, a loss of US$ 229.0 million.

Note 1: ACCOUNTING CHANGE

Royalty income was decided to be posted as a component of sales revenues from fiscal 1999, which had been included in other income until fiscal 1998. Refer to Note 2 ACCOUNTING CHANGE to consolidated financial statements.

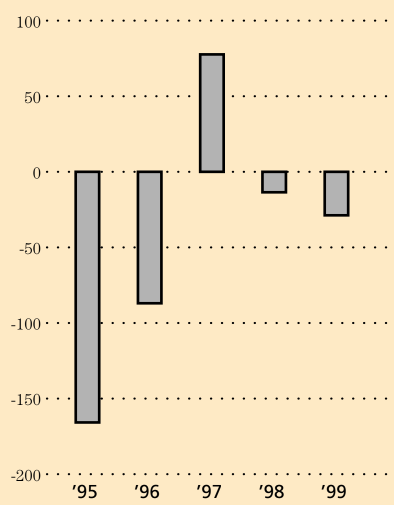
Note 2:

Effective from fiscal 1999, the regulations relating to the presentation of financial statements have been changed in Japan. Presentation of the income statement is based on the new regulations and figures for fiscal 1998 also have been revised in accordance with the new regulations. Refer to Note 1-(a)Basis of presentation to consolidated financial statements.

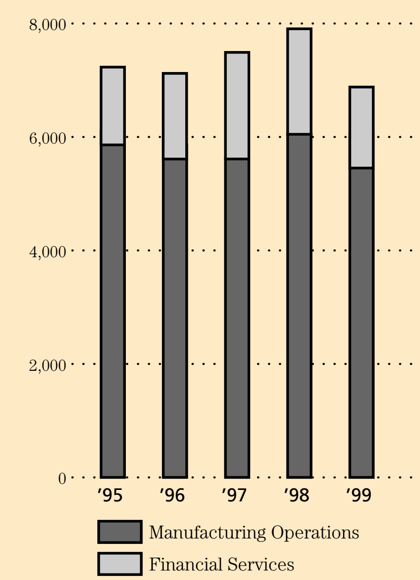
Note 3:

The residual value of leased vehicles is being reviewed in accordance with the conditions of the used-car market in the United States. Conservative posting of re-evaluation includes losses expected to be incurred in the future.

NET INCOME (LOSS)
(Billion ¥)



TOTAL ASSETS
(Billion ¥)



FINANCIAL POSITION

1)Total Assets

Total assets decreased ¥966.2 billion, or 12.3 %, to ¥6,917.6 billion (US$57.2 billion). Total assets consist of manufacturing and sales operations and financial services assets that include retail and wholesale financing and leased vehicles.

Manufacturing and sales operations assets decreased by ¥538.1 billion, or 8.9%, to ¥5,480.5 billion, while financial services assets (excluding the effects of the write-down of leased assets in North America) decreased by ¥428.1 billion, or 23.0%, to ¥1,437.1 billion (¥1,359.8 billion after writing down leased assets). A breakdown of the ¥538.1 billion decrease in manufacturing and sales operations assets includes inventory reduction, sales of assets such as marketable and investment securities and real estate, and sales of the leasing operations of Nissan Leasing Co., Ltd. A breakdown of the ¥428.1 billion decrease in financial services assets includes a decrease in leased vehicles and the sale of Nissan Finance Corporation Ltd., which was an Australian sales finance company.

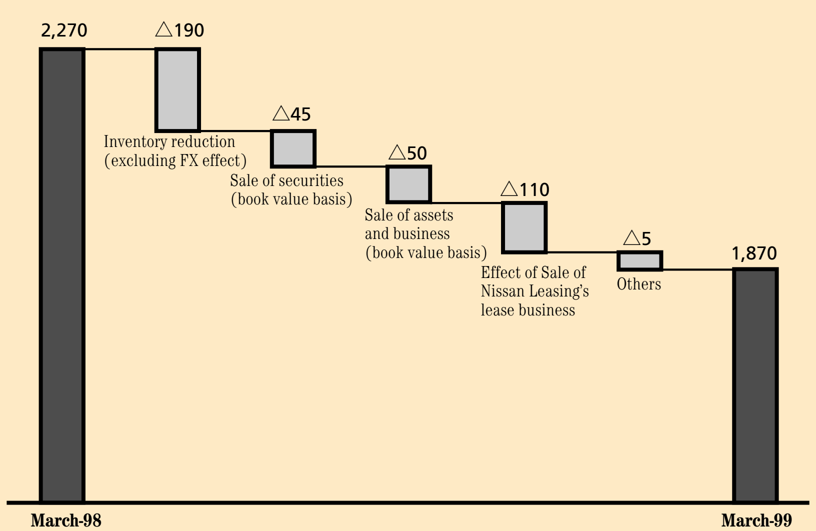
Net property, plant and equipment decreased 14.0% to ¥3,029.4 billion (US$25.0 billion), consisting of ¥255.1 billion decrease in leased vehicles, including the effects of the currency translation, and a ¥101.4 billion decrease from the effects of the sale of the leasing operations of Nissan Leasing Co., Ltd. Capital expenditures associated with manufacturing and sales operations, excluding leased vehicles, decreased by ¥34.9 billion, or 12.4%, to ¥245.8 billion, mainly due to decreased expenditures in the United States. Depreciation expenses associated with manufacturing and sales operations, excluding leased vehicles, decreased by ¥0.3 billion, or 0.1%, to ¥265.0 billion.

2) Debt

Interest-bearing debt, the sum of short-term borrowings, the current portion of long-term debt and long-term debt decreased by ¥725.3 billion, or 16.7%, to ¥3,616.9 billion (US$29.9 billion). Manufacturing and sales operations debt decreased by ¥317.9 billion to ¥2,564.1 billion. Financial services debt decreased by ¥407.4 billion to ¥1,052.8 billion. The manufacturing and sales operations debt on a net-of-cash basis decreased by ¥406.8 billion, mainly due to a ¥240.1 billion decrease from inventory reduction including the effect of a ¥52.6 billion decrease from currency translation, a ¥95.0 billion decrease from the sales of assets based on the book value and a ¥111.0 billion decrease from the sales of the leasing operations of Nissan Leasing Co., Ltd. Financial services debt on a net-of-cash basis decreased by ¥415.0 billion. A breakdown of the ¥415.0 billion decrease includes ¥255.1 decrease in leased vehicle operations, a ¥74.8 billion decrease from the effect of the sales of Nissan Finance Corporation Ltd. and a reduction of ¥71.3 billion from a decrease in finance receivables including the effect of currency translation.

Decrease of Interest Bearing Debt (Automotive Business)

(Billion ¥)



(Billion ¥)

		March-98	March-99	Change
Automotive Business	Interest Bearing Debt	2,882.0	2,564.1	(317.9)
	Cash & Cash Equivalent	(608.1)	(697.0)	(88.9)
Net Debt(A)		2,273.9	1,867.1	(406.8)
Sales Finance Business	Interest Bearing Debt	1,460.2	1,052.8	(407.4)
	Cash & Cash Equivalent	(6.0)	(13.6)	(7.6)
Net Debt(B)		1,454.2	1,039.2	(415.0)
Interest Bearing Debt Total (C)=(A)+(B)		3,728.1	2,906.3	(821.8)

3) Shareholders' Equity

Shareholders' equity decreased by ¥27.9 billion to ¥1,254.6 billion (US$10.4 billion), which includes a ¥27.7 billion net loss for the fiscal year and cash dividends paid of ¥17.6 billion, and a ¥16.4 billion increase from adjustment for revaluation reflecting inflation in Mexico based on general price-level accounting.

Shareholders' equity per share was ¥499.24, and the shareholders' equity ratio (the ratio of shareholders' equity to total assets) grew by 1.9% point to 18.2%. Excluding financial services, this ratio was 22.9% in fiscal 1999, 1.6% point higher than in fiscal 1998.

CASH FLOW

Net cash provided by operating activities was ¥584.8 billion, generated mainly from depreciation and amortization of ¥498.4 billion and inventory reduction of ¥179.2 billion, despite a net loss of ¥27.7 billion.

Investing activities used net cash of ¥13.6 billion in fiscal 1999, ¥670.1 billion less than in fiscal 1998. Net cash used in investing activities resulted in such a low level mainly because there were ¥90.5 billion of proceeds from sales of property, plant and equipment, ¥71.9 billion of decrease in leased assets, ¥53.6 billion of proceeds from sales of investment securities and ¥48.3 billion of decrease in short-term investments, despite ¥245.8 billion of capital expenditure.

Financing activities used net cash of ¥453.0 billion in fiscal 1999 mainly to reduce the interest bearing debt as scheduled in the Global Business Reform Plan.
As a result, cash at the end of the year increased ¥113.1 billion to ¥551.2 billion.

FINANCIAL STRATEGY

Nissan meets group financing needs by procuring funds in the world's largest financial markets through Nissan Motor Co., Ltd. in Tokyo, Nissan Capital of America Inc. in New York, Nissan International Finance (Netherlands) B.V. in Amsterdam and Nissan International Finance (Europe) PLC in London. A stable supply of funding to domestic group companies is effected through Nissan Finance Co., Ltd., the company name of which was changed from Nissan Leasing Co., Ltd. in February 1999.

Improvement of the financial structure has occurred chiefly through the reduction of inventory and the sales of assets and non-core operations, as the plan to reduce interest-bearing debt in the Global Business Reform Plan announced in May 1998 has been performed on schedule.

Cash and cash equivalent in short-term investment increased to approximately ¥700 billion as of March 31, 1999. In addition, committed bank facilities were established in Europe and Japan in fiscal 1999 to secure liquidity.

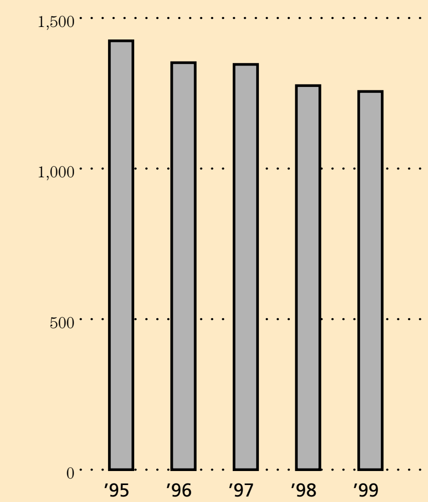
At the end of May 1999, a capital increase of ¥585.7 billion was also effected through allocation of shares to Renault. As a result, the plan to reduce interest-bearing debt has been accelerated, and the financial condition was substantially improved.

Nissan's credit rating as of June 25, 1999 is summarized in the table shown below.

	Short-Term Debt Rating	*Long-Term Debt Rating*
Japan Credit Rating Agency, Ltd.	J-2	BBB+
Japan Rating and Investment Information, Inc.	a-2	BBB
Standard & Poor's	A-3	BBB-
Moody's Investors Service	Not Prime	Ba1

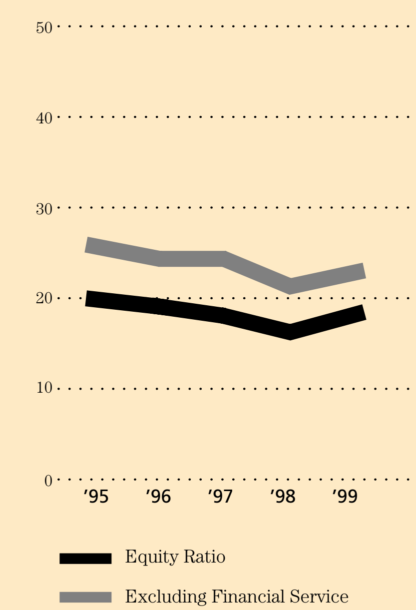
SHAREHOLDERS' EQUITY

(Billion ¥)



EQUITY RATIO

(%)



CONSOLIDATED BALANCE SHEETS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries

March 31, 1999 and 1998

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	1999	1998	1999
Current assets:			
Cash (Note 7)	¥ 551,219	¥ 438,088	$ 4,555,529
Short-term investments (Note 7)	419,209	491,815	3,464,537
Receivables, less allowance for doubtful receivables (Notes 4 and 7)	979,695	1,167,088	8,096,654
Inventories (Note 5)	607,258	847,365	5,018,661
Other current assets	448,049	515,092	3,702,884
Total current assets	3,005,430	3,459,448	24,838,265
Property, plant and equipment, at cost (Notes 6 and 7)	6,269,500	6,916,957	51,814,049
Less accumulated depreciation	(3,240,127)	(3,393,513)	(26,777,909)
Property, plant and equipment, net	3,029,373	3,523,444	25,036,140
Investments and other assets (Note 7):			
Investment securities:			
Unconsolidated subsidiaries and affiliates	309,599	334,287	2,558,670
Other	20,258	25,329	167,421
Other assets	241,671	265,583	1,997,281
Total investments and other assets	571,528	625,199	4,723,372
Translation adjustments	311,230	275,695	2,572,149
Total assets	¥6,917,561	¥7,883,786	$57,169,926

	Millions of yen		Thousands of U.S. dollars (Note 3)
LIABILITIES AND SHAREHOLDERS' EQUITY	1999	1998	1999
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 7)	¥2,025,262	¥2,672,543	$16,737,702
Notes and accounts payable (Note 8)	1,078,977	1,155,536	8,917,166
Accrued income taxes	10,479	10,054	86,603
Other current liabilities	704,225	768,363	5,820,041
Total current liabilities	3,818,943	4,606,496	31,561,512
Long-term debt (Note 7 and 17)	1,591,596	1,669,642	13,153,686
Accrued retirement allowances (Note 9)	75,905	81,075	627,314
Other long-term liabilities	154,645	216,632	1,278,058
Minority interests in consolidated subsidiaries	21,877	27,456	180,802
Shareholders' equity(Note 17)**:**			
Common stock, ¥50 par value:			
authorized—6,000,000,000 shares;			
issued—2,513,043,751 shares in 1999 and 1998	203,755	203,755	1,683,926
Capital surplus	397,412	397,412	3,284,937
Retained earnings	653,433	681,320	5,400,272
	1,254,600	1,282,487	10,368,595
Less treasury common stock, at cost;			
11,977 shares in 1999 and 3,642 shares in 1998	(5)	(2)	(41)
Total shareholders' equity	1,254,595	1,282,485	10,368,554
Contingent liabilities (Note 14)			
Total liabilities and shareholders' equity	¥6,917,561	¥7,883,786	$57,169,926

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 1999, 1998 and 1997

	Millions of yen			Thousands of U.S. dollars (Note 3)
	1999	1998	1997	1999
Net sales (Note 2)	¥6,580,001	¥6,564,637	¥6,658,875	$54,380,173
Cost of sales	4,921,422	4,876,689	5,004,221	40,672,909
Gross profit	1,658,579	1,687,948	1,654,654	13,707,264
Selling, general and administrative expenses	1,548,857	1,601,065	1,455,274	12,800,471
Operating income	109,722	86,883	199,380	906,793
Other income (expenses):				
Interest income	13,282	14,777	14,198	109,769
Interest expense	(102,920)	(94,712)	(107,423)	(850,579)
Equity in (losses) earnings of unconsolidated subsidiaries and affiliates	(13,795)	5,034	10,303	(114,008)
Other, net (Note 2 and 10)	(6,819)	(28,869)	(5,582)	(56,355)
	(110,252)	(103,770)	(88,504)	(911,173)
(Loss) income before income taxes and minority interests	(530)	(16,887)	110,876	(4,380)
Income taxes (Note 11):				
Current	14,329	8,911	30,595	118,422
Tax effect of timing differences	11,757	(12,946)	1,223	97,165
	26,086	(4,035)	31,818	215,587
Minority interests	(1,098)	(1,155)	(1,315)	(9,074)
Net (loss) income (Note 15)	¥ (27,714)	¥ (14,007)	¥ 77,743	$ (229,041)

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Nissan Motor Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 1999, 1998 and 1997

	Millions of yen			Thousands of U.S. dollars (Note 3)
	1999	1998	1997	1999
Common stock:				
Balance at beginning of the year (1999—2,513,043,751 shares; 1998—2,513,004,035 shares; 1997—2,512,828,324 shares)	¥203,755	¥203,742	¥203,678	$1,683,926
Conversion of convertible bonds (1999— 0 shares; 1998— 39,716 shares; 1997—175,711 shares)	—	13	64	—
Balance at end of the year (1999—2,513,043,751 shares; 1998—2,513,043,751 shares; 1997—2,513,004,035 shares)	¥203,755	¥203,755	¥203,742	$1,683,926
Capital surplus:				
Balance at beginning of the year	¥397,412	¥397,398	¥397,335	$3,284,397
Conversion of convertible bonds	—	14	63	—
Balance at end of the year	¥397,412	¥397,412	¥397,398	$3,284,397
Retained earnings:				
Balance at beginning of the year	¥681,320	¥754,952	¥755,668	$5,630,743
Net (loss) income	(27,714)	(14,007)	77,743	(229,041)
Cash dividends paid	(17,591)	(25,130)	(17,589)	(145,380)
Bonuses to directors and statutory auditors	(253)	(279)	(250)	(2,091)
Other (Note 12)	17,671	(34,216)	(60,620)	146,041
Balance at end of the year	¥653,433	¥681,320	¥754,952	$5,400,272

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 1999, 1998 and 1997

	Millions of yen			Thousands of U.S. dollars (Note 3)
	1999	1998	1997	1999
Operating activities:				
Net (loss) income	¥ (27,714)	¥ (14,007)	¥ 77,743	$ (229,041)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation and amortization relating to:				
Leased assets	217,826	218,372	206,090	1,800,215
Other assets	280,618	289,640	230,666	2,319,157
Provision for doubtful receivables	18,949	30,412	42,834	156,603
Unrealized loss on securities	43,433	51,011	21,388	358,950
Unrealized loss on leased vehicles	11,650	58,108	—	96,281
Provision for retirement allowances, net of reversals	13,386	14,625	13,323	110,628
Retirement allowances paid	(17,874)	(13,747)	(13,343)	(147,719)
Gain on sales of property, plant and equipment	(11,598)	(1,354)	(4,649)	(95,851)
Loss on disposal of property, plant and equipment	9,882	9,972	21,524	81,669
Gain on sales of securities	(47,155)	(7,088)	(173)	(389,711)
Other	(87,869)	(85,049)	(42,884)	(726,189)
Changes in operating assets and liabilities:				
Receivables	97,665	266,696	(132,307)	807,148
Inventories	179,195	(170,500)	22,908	1,480,950
Other current assets	39,861	(74,543)	(35,775)	329,430
Long-term advances and other assets	(6,040)	(6,599)	(11,887)	(49,917)
Notes and accounts payable	(46,848)	(99,253)	125,411	(387,174)
Accrued income taxes and other current liabilities	(82,580)	118,149	58,059	(682,479)
Net cash provided by operating activities	584,787	584,845	578,928	4,832,950
Investing activities:				
Decrease (Increase) in short-term investments	48,342	(111,017)	25,314	399,521
Purchases of investment securities	(27,222)	(18,487)	(10,633)	(224,975)
Proceeds from sales of investment securities	53,582	18,267	6,136	442,826
Long-term loans made	(9,834)	(8,204)	(6,039)	(81,273)
Collections of long-term loans receivable	7,417	19,782	17,308	61,298
Purchases of property, plant and equipment	(245,794)	(280,715)	(202,730)	(2,031,355)
Proceeds from sales of property, plant and equipment	90,546	37,209	42,428	748,314
Decrease (Increase) in leased assets	71,893	(315,359)	(355,166)	594,157
Other	(2,563)	(25,248)	2,628	(21,182)
Net cash used in investing activities	(13,633)	(683,772)	(480,754)	(112,669)
Financing activities:				
Decrease (Increase) in short-term borrowings	(356,716)	529,766	138,022	(2,948,066)
Proceeds from issuance of long-term debt	803,215	566,526	520,201	6,638,140
Repayment or redemption of long-term debt	(881,670)	(686,763)	(701,371)	(7,286,529)
Cash dividends paid	(17,591)	(25,130)	(17,589)	(145,380)
Bonuses to directors and statutory auditors	(253)	(279)	(250)	(2,091)
Net cash (used in) provided by financing activities	(453,015)	384,120	(60,987)	(3,743,926)
Effect of exchange rate changes on cash	(5,008)	2,240	3,263	(41,388)
Increase in cash	113,131	287,433	40,450	934,967
Cash at beginning of the year	438,088	150,655	110,205	3,620,562
Cash at end of the year	¥551,219	¥438,088	¥150,655	$4,555,529

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
March 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

The accompanying consolidated financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan and are compiled from the consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Consolidated statements of cash flows have been prepared for the purpose of inclusion in these consolidated financial statements, although such statements are not currently required in Japan.

Due to a change effective the year ended March 31, 1999 in the regulations relating to the presentation of amortization of excess of cost over net assets acquired and equity in earnings (losses) of unconsolidated subsidiaries and affiliates in the consolidated statement of operations, as well as certain accounts including the legal reserve in the consolidated balance sheet and the consolidated statement of shareholders' equity, the corresponding amounts in the prior years' consolidated financial statements have been reclassified to conform to the current year's presentation.

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

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

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

Investments in certain unconsolidated subsidiaries and significant affiliates (owned 20% to 50%) are stated at cost plus equity in their undistributed earnings. Consolidated net income or loss includes the Company's equity in the current net income or loss of such companies after the elimination of unrealized intercompany profits.

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

Differences, not significant in amount, between the cost and the underlying net equity of investments in consolidated subsidiaries and in unconsolidated subsidiaries and affiliates which are accounted for by the equity method are charged or credited to income in the year of acquisition and included in selling, general and administrative expenses.

(c) Foreign currency translation

The balance sheet accounts of the consolidated foreign subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of shareholders' equity which are translated at historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year, except for those of the subsidiary in Mexico which are translated at the rate of exchange in effect at the balance sheet date.

Translation differences are presented as "translation adjustments" in the accompanying consolidated financial statements.

(d) Inventories

Inventories are stated principally at the lower of cost or market. The cost of finished products, work in process and purchased parts is determined primarily by the average method, and the cost of raw materials and supplies is determined primarily by the last-in, first-out method.

(e) Short-term investments and investment securities

Marketable securities are valued principally at the lower of cost or market, cost being determined by the moving average method, and investment securities other than marketable securities are stated at cost determined by the moving average method.

(f) Property, plant and equipment and depreciation

Depreciation of property, plant and equipment is computed principally by the declining-balance method, except for buildings acquired in Japan subsequent to March 31, 1998 on which depreciation is computed by the straight-line method, at rates based on the estimated useful lives of the respective assets. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income.

(g) Leases

Noncancelable lease transactions are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(h) Retirement benefits

Employees of the Company are, under most circumstances, covered by the Company's retirement benefit plans. An employee who terminates employment with the Company at age 45 or more receives approximately 90% of such benefits in a lump-sum payment or by annuity payments from the pension plan with the remainder in a lump-sum payment from the unfunded retirement plan. Employees who terminate their employment under other conditions are entitled to lump-sum payments from the unfunded retirement plan. Such retirement benefits are based on compensation at the time of termination, years of service and other factors.

Accrued retirement allowances are stated at the amount which would be required to be paid if all employees covered by the plans voluntarily terminated their employment at the balance sheet date, less the amounts expected to be covered by the pension plan, plus the unamortized balance of certain previously accumulated amounts as discussed below.

Costs with respect to the pension plan are funded at an amount determined actuarially. Prior service cost is funded over a period of 14 years and a portion of the liability which was transferred to the pension plan and which had previously been accumulated in accrued retirement allowances is being reversed to income over the same period.

(i) Income taxes

Income taxes are principally accounted for on an accrual basis. Deferred income taxes are not recognized by the Company and its domestic consolidated subsidiaries for timing differences between financial and tax reporting, except for those with respect to the elimination of unrealized intercompany profits and other adjustments for consolidation purposes. Foreign consolidated subsidiaries generally recognize deferred income taxes for such timing differences.

(j) Research and development costs

Research and development costs are charged to income when incurred.

(k) Revenue recognition

Revenue is generally recognized on sales of products at the time of shipment.

(l) Appropriation of retained earnings

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

2. ACCOUNTING CHANGE

Effective April 1, 1998, the Company changed its method of accounting for royalty income and began including royalty income in net sales instead of in other income. This change was made to achieve a better presentation of the operating results of the Company considering that royalty income represents the results of the Company's principal business activities and that the monetary materiality of such royalty income has increased as a result of the expansion of its overseas technical support activities. The effect of this change was to increase net sales and operating income by ¥6,893 million ($56,967 thousand). This change had no effect on loss before income taxes and minority interests for the year ended March 31, 1999.

3. U.S. DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥121 = $1.00, the approximate rate of exchange at March 31, 1999, has been used. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. RECEIVABLES

Receivables at March 31, 1999 and 1998 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	1999	1998	1999
Notes and accounts receivable	¥500,353	¥ 558,938	$4,135,149
Finance receivables	516,015	656,829	4,264,588
Less allowance for doubtful receivables	(36,673)	(48,679)	(303,083)
	¥979,695	¥1,167,088	$8,096,654

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

5. INVENTORIES

Inventories at March 31, 1999 and 1998 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	1999	1998	1999
Finished products	¥463,383	¥686,185	$3,829,611
Work in process and other	143,875	161,180	1,189,050
	¥607,258	¥847,365	$5,018,661

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at March 31, 1999 and 1998 is summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	1999	1998	1999
Land	¥ 815,361	¥ 829,374	$ 6,738,520
Buildings and structures	1,297,158	1,340,401	10,720,314
Machinery and equipment	4,079,587	4,667,646	33,715,595
Construction in progress	77,394	79,536	639,620
	¥6,269,500	¥6,916,957	$51,814,049

Depreciation of property, plant and equipment for each of the three years in the period ended March 31, 1999 was as follows:

Millions of yen			*Thousands of U.S. dollars*
1999	1998	1997	1999
¥492,475	¥477,263	¥425,991	$4,070,041

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

At March 31, 1999 and 1998, short-term borrowings and the current portion of long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Loans, principally from banks	¥1,050,879	¥1,139,951	$ 8,684,950
Import bills payable	59,505	181,641	491,777
Commercial paper	451,053	709,375	3,727,711
Current portion of long-term debt	463,825	641,576	3,833,264
	¥2,025,262	¥2,672,543	$16,737,702

The annual interest rates applicable to short-term borrowings outstanding at March 31, 1999 and 1998 ranged principally from 0.5% to 10.6% and from 0.75% to 9.3%, respectively.

At March 31, 1999 and 1998, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Debt with collateral:			
Loans from banks and other financial institutions due through 2023 at rates ranging from 0.9% to 7.2%	¥ 113,848	¥ 152,663	$ 940,893
Debt without collateral:			
Loans from banks and other financial institutions due through 2019 at rates ranging from 0.2% to 10.8%	887,181	950,844	7,332,073
Bonds in yen due through 2007 at rates ranging from 1.6% to 7.2%	600,500	602,500	4,962,810
Notes in Australian dollars and ECUs due through 2000 at rates ranging from 5.6% to 6.0%	8,389	28,676	69,331
Step-down coupon and zero coupon notes in yen and U.S. dollars due through 2001	9,738	9,519	80,479
Floating rate notes in yen and U.S. dollars due through 1999	10,000	31,689	82,645
Medium-term notes in U.S. dollars due through 2002 at rates ranging from 5.17% to 9.05%	31,560	48,021	260,826
Euro medium-term notes in yen, U.S. dollars, Deutsche mark and Australian dollars due through 2008 at rates ranging from 0.2% to 9.6%	389,140	482,241	3,216,033
1.6% convertible bonds in yen due 2003	2,567	2,567	21,215
Other	2,498	2,498	20,645
	2,055,421	2,311,218	16,986,950
Less current portion	463,825	641,576	3,833,264
	¥1,591,596	¥1,669,642	$13,153,686

Interest paid, including that portion recorded in cost of sales, for the years ended March 31, 1999, 1998 and 1997 amounted to ¥189,074 million ($1,562,595 thousand), ¥202,766 million and ¥210,914 million, respectively.

The 1.6% convertible bonds due 2003, unless previously redeemed, are convertible at any time up to and including March 28, 2003 into shares of common stock of the Company at a conversion price of ¥732.00 per share as of March 31, 1999. Effective May 29, 1999 the conversion price was changed to ¥685.30 per share.

At March 31, 1999, if all outstanding convertible bonds of the Company had been converted at the then current conversion price, 3,507 thousand new shares would have been issuable.

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

The maturities of long-term debt are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2000	¥ 463,825	$ 3,833,264
2001	449,972	3,718,777
2002	481,002	3,975,223
2003 and thereafter	660,622	5,459,686
	¥2,055,421	$16,986,950

The assets pledged as collateral for short-term borrowings of ¥300,602 million ($2,484,314 thousand) and long-term debt of ¥79,419 million ($656,356 thousand) at March 31, 1999 were as follows:

	Millions of yen	*Thousands of U.S. dollars*
Cash	¥ 303	$ 2,504
Notes receivable	12,059	99,661
Securities and investment securities	11,113	91,843
Property, plant and equipment, at net book value	323,238	2,671,389
Other	4,243	35,066
	¥350,956	$2,900,463

In addition to the above, trade loans receivable and receivables relating to leased assets totaling ¥40,771 million ($336,950 thousand), which have not been reflected in the accompanying consolidated balance sheets, were pledged as collateral at March 31, 1999 for long-term debt of ¥34,429 million ($284,537 thousand). At March 31, 1999, investment securities totaling ¥8,564 million ($70,777 thousand) were pledged as collateral for long-term debt of affiliates of ¥16,339 million ($135,033 thousand), which has not been reflected in the accompanying consolidated balance sheets.

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that collateral and guarantors for present and future indebtedness will be given upon request of the lending bank, with reasonable and probable cause, and that the bank shall have the right to offset cash deposits against any obligation that has become due or, in the event of default, against all obligations due to the bank. The Company has never been requested to provide additional collateral.

Certain of the agreements relating to long-term debt provide that the Company, if requested, be required to submit its proposal for the appropriation of retained earnings and to report other significant matters to the lenders for their review and approval prior to presentation to the shareholders. No such requests to the Company have ever been made.

8. NOTES AND ACCOUNTS PAYABLE

Notes and accounts payable at March 31, 1999 and 1998 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Notes and accounts payable	¥ 630,279	¥ 749,949	$5,208,918
Accrued expenses and other	448,698	405,587	3,708,248
	¥1,078,977	¥1,155,536	$8,917,166

9. PENSION FUNDS

The aggregate assets of the pension funds of the Company and its consolidated subsidiaries as of the most recent valuation dates (December 31, 1998 or March 31, 1999) amounted to ¥221,831 million ($1,833,314 thousand).

10. OTHER INCOME (EXPENSES)

The components of "Other, net" in "Other income (expenses)" for each of the three years in the period ended March 31, 1999 were as follows:

	Millions of yen			*Thousands of U.S. dollars*
	1999	1998	1997	1999
Dividend income	¥ 6,046	¥ 8,692	¥ 7,524	$ 49,967
Net realized gain on sales of securities	36,056	8,547	1,057	297,983
Unrealized loss on securities	(43,433)	(51,011)	(21,388)	(358,950)
Gain on sales of property, plant and equipment	11,598	1,354	4,649	95,851
Gain on sales of investment securities	11,099	—	1,636	91,727
Foreign exchange losses	(39,748)	(1,953)	(10,971)	(328,495)
Other	11,563	5,502	11,911	95,562
	¥(6,819)	¥(28,869)	¥(5,582)	$(56,355)

11. INCOME TAXES

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory rates of approximately 48% for 1999 and 51% for 1998 and 1997. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation. The effective tax rates in the accompanying consolidated statements of operations differ from the statutory rates primarily because of the effect of timing differences in the recognition of certain income and expenses for tax and financial reporting purposes and the effects of permanently nondeductible expenses and tax credits for research and development expenditures.

The Company and its consolidated subsidiaries made income tax payments of ¥13,940 million ($115,207 thousand), ¥18,673 million and ¥18,814 million for the years ended March 31, 1999, 1998 and 1997, respectively.

12. RETAINED EARNINGS

Other changes in retained earnings for each of the three years in the period ended March 31, 1999 were as follows:

	Millions of yen			*Thousands of U.S. dollars*
	1999	1998	1997	1999
Adjustments for revaluation of the accounts of the consolidated subsidiary in Mexico based on general price-level accounting (Note 1 (b))	¥16,394	¥(32,694)	¥(52,656)	$135,487
Adjustments of retained earnings at beginning of the year for inclusion in or exclusion from consolidation or the equity method of accounting for subsidiaries and affiliates, and certain other adjustments	1,277	(1,522)	(7,964)	10,554
	¥17,671	¥(34,216)	¥(60,620)	$146,041

13. LEASE TRANSACTIONS

a) Lessees' Accounting

The following pro forma amounts represent the acquisition cost, accumulated depreciation and net book value of leased assets as of March 31, 1999 which would have been reflected in the consolidated balance sheet if finance lease accounting had been applied to the finance lease transaction currently accounted for as operating leases:

	Millions of yen			*Thousands of U.S. dollars*		
	Acquisition cost	*Accumulated depreciation*	*Net book value*	*Acquisition cost*	*Accumulated depreciation*	*Net book value*
Machinery and equipment	¥ 87,074	¥ 73,793	¥13,281	$ 719,620	$ 609,860	$109,760
Other	142,358	65,272	77,086	1,176,512	539,437	637,075
Total	¥229,432	¥139,065	¥90,367	$1,896,132	$1,149,297	$746,835

Lease payments relating to finance lease transactions accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥25,044 million ($206,975 thousand), ¥27,805 million and ¥32,320 million for the years ended March 31, 1999, 1998 and 1997, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms and the interest portion included in lease payments amounted to ¥22,541 million ($186,289 thousand) and ¥1,407 million ($11,628 thousand), respectively, for the year ended March 31, 1999.

Future minimum lease payments subsequent to March 31, 1999 for noncancelable operating lease transactions and finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*	
Year ending March 31,	*Finance leases*	*Operating leases*	*Finance leases*	*Operating leases*
2000	¥38,815	¥ 3,254	$320,785	$ 26,892
2001 and thereafter	53,789	11,120	444,537	91,901
Total	¥92,604	¥14,374	$765,322	$118,793

b) Lessors' Accounting

The following amounts represent the acquisition cost, accumulated depreciation and net book value of leased assets relating to finance lease transactions accounted for as operating leases at March 31, 1999:

	Millions of yen			*Thousands of U.S. dollars*		
	Acquisition cost	*Accumulated depreciation*	*Net book value*	*Acquisition cost*	*Accumulated depreciation*	*Net book value*
Machinery and equipment	¥99,876	¥46,620	¥53,256	$825,421	$385,289	$440,132
Other	48	28	20	397	231	166
Total	¥99,924	¥46,648	¥53,276	$825,818	$385,520	$440,298

Lease income relating to finance lease transactions accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥54,760 million ($452,562 thousand), ¥53,941 million and ¥21,794 million for the years ended March 31, 1999, 1998 and 1997, respectively. Depreciation of the assets leased under finance lease transactions accounted for as operating leases and the interest portion included in lease income amounted to ¥39,087 million ($323,033 thousand) and ¥3,301 million ($27,281 thousand), respectively, for the year ended March 31, 1999.

Future minimum lease income subsequent to March 31, 1999 for noncancelable operating lease transactions and finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*	
Year ending March 31,	*Finance leases*	*Operating leases*	*Finance leases*	*Operating leases*
2000	¥22,004	¥208,495	$181,851	$1,723,099
2001 and thereafter	35,808	137,973	295,934	1,140,273
Total	¥57,812	¥346,468	$477,785	$2,863,372

14. CONTINGENT LIABILITIES

At March 31, 1999, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	*Thousands of U.S. dollars*
As endorser of documentary export bills and trade notes receivable discounted with banks	¥ 3,918	$ 32,380
As guarantor of employees' housing loans from banks and others	219,224	1,811,769
	¥223,142	$1,844,149

In addition to the above, at March 31, 1999, the Company was committed to provide guarantees of indebtedness of unconsolidated subsidiaries and affiliates in the aggregate amount of ¥4,188 million ($34,612 thousand) at the request of the lending banks. In addition, the Company provided letters of awareness to financial institutions regarding the indebtedness of certain affiliates which amounted to ¥660,893 million ($5,461,926 thousand) in the aggregate. The Company also provided letters of awareness to financial institutions to whom trade receivables of ¥70,427 million ($582,041 thousand) had been sold. The outstanding balance of installment receivables sold with recourse amounted to ¥6,718 million ($55,521 thousand) at March 31, 1999.

15. AMOUNTS PER SHARE

The computation of basic net (loss) income per share is based on the weighted average number of shares of common stock outstanding during each year. Diluted net (loss) income per share is computed based on the weighted average number of shares of common stock outstanding each year after giving effect to the dilutive potential of the shares of common stock to be issued upon the conversion of convertible bonds.

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

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at each balance sheet date.

	Yen			*U.S. dollars*
Year ended March 31,	**1999**	1998	1997	**1999**
Net (loss) income:				
Basic	**¥(11.03)**	¥(5.57)	¥30.94	**$(0.091)**
Diluted	**(11.03)**	(5.57)	30.91	**(0.091)**
Cash dividends applicable to the year	—	10.00	7.00	—

	Yen		*U.S. dollars*
March 31,	**1998**	1997	**1998**
Net assets	**¥499.24**	¥510.33	**$4.126**

16. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sales of products in the automobile segment. These products, which are sold in Japan and overseas, principally North America and Europe, include passenger cars, buses and trucks as well as related components. As net sales, operating income (loss) and total assets of the automobile segment constituted more than 90% of the consolidated totals for the years ended March 31, 1999, 1998 and 1997, the disclosure of business segment information has been omitted.

The geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 1999, 1998 and 1997 is as follows:

Year ended March 31, 1999	*Japan*	*North America*	*Mexico*	*Europe*	*Other foreign countries*	*Total*	*Eliminations and other*	*Consolidated*
				(Millions of yen)				
Sales to third parties	¥2,863,603	¥2,087,195	¥232,249	¥1,122,876	¥274,078	¥6,580,001	¥ —	¥6,580,001
Inter-area sales and transfers	1,386,053	57,420	47,884	18,073	4,632	1,514,062	(1,514,062)	—
Total sales	4,249,656	2,144,615	280,133	1,140,949	278,710	8,094,063	(1,514,062)	6,580,001
Operating expenses	4,227,059	2,121,544	270,794	1,115,931	274,735	8,010,063	(1,539,784)	6,470,279
Operating income (loss)	¥ 22,597	¥ 23,071	¥ 9,339	¥ 25,018	¥ 3,975	¥ 84,000	¥ 25,722	¥ 109,722
Total assets	¥4,828,867	¥1,770,033	¥284,190	¥ 816,486	¥ 64,115	¥7,763,691	¥ (846,130)	¥6,917,561
				(Thousands of U.S. dollars)				
Sales to third parties	$23,666,141	$17,249,545	$1,919,413	$9,279,967	$2,265,107	$54,380,173	$ —	$54,380,173
Inter-area sales and transfers	11,454,983	474,545	395,736	149,364	38,281	12,512,909	(12,512,909)	—
Total sales	35,121,124	17,724,090	2,315,149	9,429,331	2,303,388	66,893,082	(12,512,909)	54,380,173
Operating expenses	34,934,372	17,533,421	2,237,967	9,222,571	2,270,537	66,198,868	(12,725,488)	53,473,380
Operating income	$ 186,752	$ 190,669	$ 77,182	$ 206,760	$ 32,851	$ 694,214	$ 212,579	$ 906,793
Total assets	$39,907,992	$ 14,628,372	$2,348,678	$6,747,818	$ 529,876	$64,162,736	$(6,992,810)	$57,169,926

Due to a change in the method of accounting for royalty income as explained in Note 2, sales and operating income for "Japan" increased by ¥34,294 million ($283,421 thousand) and those for "Eliminations and other" decreased by ¥27,401 million ($226,455 thousand) for the year ended March 31, 1999 as compared with the corresponding amounts for the previous year. As a result, consolidated net sales and operating income increased by ¥6,893 million ($56,967 thousand).

Year ended March 31, 1998	*Japan*	*North America*	*Mexico*	*Europe*	*Other foreign countries*	*Total*	*Eliminations and other*	*Consolidated*
				(Millions of yen)				
Sales to third parties	¥3,070,185	¥ 2,075,049	¥229,570	¥913,524	¥276,309	¥6,564,637	¥ —	¥6,564,637
Inter-area sales and transfers	1,434,610	52,648	107,467	15,265	8,469	1,618,459	(1,618,459)	—
Total sales	4,504,795	2,127,697	337,037	928,789	284,778	8,183,096	(1,618,459)	6,564,637
Operating expenses	4,395,640	2,195,965	323,205	917,775	279,437	8,112,022	(1,634,268)	6,477,754
Operating income (loss)	¥ 109,155	¥ (68,268)	¥ 13,832	¥ 11,014	¥ 5,341	¥ 71,074	¥ 15,809	¥ 86,883
Total assets	¥5,102,499	¥2,307,298	¥310,526	¥ 731,226	¥156,211	¥8,607,760	¥ (723,974)	¥7,883,786

	Year ended March 31, 1997				
	Japan	Foreign	Total	Eliminations and other	Consolidated
			(Millions of yen)		
Sales to third parties	¥3,414,172	¥3,244,703	¥6,658,875	¥ —	¥6,658,875
Inter-area sales and transfers	1,236,626	49,270	1,285,896	(1,285,896)	—
Total sales	4,650,798	3,293,973	7,944,771	(1,285,896)	6,658,875
Operating expenses	4,481,880	3,265,274	7,747,154	(1,287,659)	6,459,495
Operating income	¥168,918	¥28,699	¥197,617	¥1,763	¥199,380
Total assets	¥4,625,652	¥3,350,027	¥7,975,679	¥ (501,901)	¥7,473,778

Corporate assets included under the column heading "Eliminations and other" amounted to ¥311,230 million ($2,572,149 thousand), ¥275,695 million and ¥285,672 million at March 31, 1999, 1998 and 1997, respectively, and represent translation adjustments.

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries, for the years ended March 31, 1999 and 1998 are summarized as follows:

	North America	Central and South America	Europe	Other foreign countries	Total
Years ended March 31, 1999			(Millions of yen)		
Overseas sales	¥ 2,104,252	¥ 245,161	¥ 1,135,819	¥ 504,792	¥ 3,990,024
Consolidated net sales					6,580,001
			(Thousands of U.S. dollars)		
Overseas sales	$17,390,512	$2,026,124	$9,386,934	$4,171,835	$32,975,405
Consolidated net sales					54,380,173
Ratio of overseas sales to consolidated net sales	32.0%	3.7%	17.3%	7.7%	60.6%
Years ended March 31, 1998			(Millions of yen)		
Overseas sales	¥ 2,088,972	¥ 220,593	¥ 922,790	¥ 575,257	¥ 3,807,612
Consolidated net sales					6,564,637
Ratio of overseas sales to consolidated net sales	31.8%	3.4%	14.1%	8.8%	58.0%

Overseas sales for the year ended March 31, 1997 totaled ¥3,592,769 million, or 54.0% of consolidated net sales.

17. SUBSEQUENT EVENTS

a) On May 14, 1999, the Board of Directors of the Company approved a resolution to enter into an agreement based on a memorandum of understanding concerning the sales of its industrial machinery business to a subsidiary and affiliates of NACCO Industries, Inc., a U.S. corporation. The aggregate carrying values of the assets and liabilities to be transferred are currently estimated at ¥12,056 million ($99,636 thousand) and ¥5,696 million ($47,074 thousand), respectively.

b) On May 28, 1999, the Company issued 1,464,250 thousand new shares of common stock at ¥400 per share to Renault, a French corporation, for ¥585,700 million ($4,840,496 thousand) in the aggregate.

On the same date, the Company issued to Renault floating rate bonds due 2004 with warrants which amounted to ¥215,900 million ($1,784,298 thousand). The warrants, which may not be transferred to a third party, entitle Renault to subscribe for shares of common stock of the Company at an exercise price of ¥400 per share. The rights under the warrants are exercisable up to and including May 21, 2004; however, exercise of the warrants by Renault is limited to the extent that Renault's equity interest in the Company may not exceed 39.9% within the four-year period from the date of issuance of the bonds with warrants.

c) On May 28, 1999, Nissan Europe N.V. ("NENV"), a subsidiary of the Company, entered into an agreement with Renault Crédit International Banque S.A. ("RCI", a French corporation) concerning the sale of five sales finance companies in Europe (Germany, the U.K., Spain, Italy, and the Netherlands) owned by NENV and its subsidiaries to RCI for DM573 million (approximately ¥39 billion).

The following is a summary of the financial information as of and for the year ended March 31, 1999 regarding the business to be sold:

At March 31, 1999	Millions of yen	Thousands of U.S. dollars
Assets:		
Finance receivables	¥281,999	$2,330,571
Tangible fixed assets	35,685	294,917
Other assets	4,868	40,231
Allowances for doubtful receivables	(7,441)	(61,496)
Total	¥315,111	$2,604,223
Liabilities:		
Short-term debt	¥141,218	$1,167,091
Long-term debt	99,451	821,909
Other liabilities	43,267	357,579
Total	¥283,936	$2,346,579
For the year ended March 31, 1999	Millions of yen	Thousands of U.S. dollars
Sales	¥38,752	$320,264
Operating Income	3,183	26,306

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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ERNST & YOUNG INTERNATIONAL

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The Board of Directors
Nissan Motor Co., Ltd.

We have examined the consolidated balance sheets of Nissan Motor Co., Ltd. and consolidated subsidiaries as of March 31, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 1999, all expressed in yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries at March 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 1999 in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the method of accounting for royalty income as described in Note 2 to the consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 1999 are presented solely for convenience. Our examination also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Tokyo Japan
June 25, 1999

Showa Ota & Co.

PRINCIPAL SUBSIDIARIES AND AFFILIATES

(As of March 31, 1999)

JAPAN

Aichi Machine Industry Co., Ltd. **
Capital: ¥8,518 million
Head Office: Nagoya, Aichi
Manufacture of commercial vehicles and automobile engines

Autech Japan, Inc. *
Capital: ¥480 million
Head Office: Chigasaki, Kanagawa
Development, manufacture and sale of limited production vehicles

Calsonic Corporation **
Capital: ¥9,384 million
Head Office: Nakano-ku, Tokyo
Manufacture of radiators, heaters, mufflers, air conditioners and catalytic converters

Fuji Kiko Co., Ltd. **
Capital: ¥3,619 million
Head Office: Kosai, Shizuoka
Manufacture of seat belts, steering columns and suspension parts

Ichikoh Industries, Ltd. **
Capital: ¥8,930 million
Head Office: Shinagawa-ku, Tokyo
Manufacture of lamps, rearview mirrors and wipers

Ikeda Bussan Co., Ltd. **
Capital: ¥15,505 million
Head Office: Ayase, Kanagawa
Manufacture of seats and interior parts

JATCO Corporation *
Capital: ¥6,444 million
Head Office: Fuji, Shizuoka
Manufacture of automatic transmission

Kansei Corporation **
Capital: ¥8,368 million
Head Office: Omiya, Saitama
Manufacture of instruments for automobiles

Kinugawa Rubber Industrial Co., Ltd **
Capital: ¥5,307 million
Head Office: Chiba, Chiba
Manufacture of rubber and plastic automotive parts

Kiriu machine Mfg. Co., Ltd. **
Capital: ¥3,825 million
Head Office: Ashikaga, Tochigi
Manufacture of turret lathes, automotive parts and special machine tools

NDC Co., Ltd. *
Capital: ¥1,575 million
Head Office: Narashino, Chiba
Manufacture of engine bearings, bushings and thrust washers

Nissan Altia Co., Ltd. *
Capital: ¥1,500 million
Head Office: Minato-ku, Tokyo
Sale of automotive service equipment, tools, accessories and power units

Nissan Car Leasing Co., Ltd. *
Capital: ¥1,000 million
Head Office: Minato-ku, Tokyo
Car rental and car leasing

Nissan Credit Corporation **
Capital: ¥2,408 million
Head Office: Minato-ku, Tokyo
Financing of Nissan products

Nissan Diesel Motor Co., Ltd. **
Capital: ¥11,823 million
Head Office: Ageo, Saitama
Manufacture of heavy and medium-duty diesel trucks, buses and industrial and marine diesel engines

Nissan Finance Co., Ltd. *
Capital: ¥2,491 million
Head Office: Chuo-ku, Tokyo
Financial services for group companies

Nissan Graphic Arts Co., Ltd. **
Capital: ¥600 million
Head Office: Mitaka, Tokyo
Printing and producing catalogs and brochures

Nissan Koe Co., Ltd. *
Capital: ¥90 million
Head Office: Yokohama, Kanagawa
Design and production of manufacturing facilities, shop services, insurance agency and travel agency

Nissan Kohki Co., Ltd. *
Capital: ¥2,020 million
Head Office: Koza-gun, Kanagawa
Manufacture of vehicle engines, axles and marine engines

Nissan Motor Car Carrier Co., Ltd. *
Capital : ¥640 million
Head Office : Chuo-ku, Tokyo
Operation of export car carriers (shipping)

Nissan Shatai Co., Ltd. **
Capital: ¥7,905 million
Head Office: Hiratsuka, Kanagawa
Manufacture of passenger and commercial vehicles

Nissan Texsys Co., Ltd. *
Capital: ¥9,000 million
Head Office: Mitaka, Tokyo
Development, manufacture and sale of weaving machines and related engineering

Nissan Trading Co., Ltd. *
Capital: ¥200 million
Head Office: Minato-ku, Tokyo
International and domestic trading of automobiles, automotive components, machinery, steel and raw materials

Nissan Transport Co., Ltd. *
Capital: ¥1,500 million
Head Office: Yokohama, Kanagawa
Car deliveries in Japan, maintenance and storage

Rhythm Corporation *
Capital: ¥400 million
Head Office: Hamamatsu, Shizuoka
Manufacture of linkage and ball joints

Tachi-S Co., Ltd. **
Capital: ¥6,328 million
Head Office: Akishima, Tokyo
Manufacture of seats and interior parts

Tennex Co., Ltd. *
Capital: ¥2,270 million
Head Office: Kawagoe, Saitama
Manufacture of air cleaners, fuel filters and oil coolers

TU-KA Cellular Tokyo Inc. **
Capital: ¥6,000 million
Head Office: Minato-ku, Tokyo
Mobile phone business

Unisia Jecs Corporation **
Capital: ¥12,901 million
Head Office: Atsugi, Kanagawa
Manufacture of pistons, pumps, valve rockers, clutches, propeller shafts, power steering systems, electronic control units and anti-lock brake system

Vantec Corporation *
Capital: ¥2,302 million
Head Office: Yokohama, Kanagawa
Trucking, customs clearance, harbor and marine transportation, export packing and air cargo forwarding

Nissan Sunny Tokyo Motor Sales Co., Ltd. *
Capital: ¥5,000 million
Head Office: Nakano-ku, Tokyo
Dealer of Nissan products

Nissan Prince Tokyo Motor Sales Co., Ltd. *
Capital: ¥3,500 million
Head Office: Shinagawa-ku, Tokyo
Dealer of Nissan products

Tokyo Nissan Motor Sales Co., Ltd. *
Capital: ¥2,500 million
Head Office: Ota-ku, Tokyo
Dealer of Nissan products

Aichi Nissan Motor Co., Ltd. *
Capital: ¥4,000 million
Head Office: Nagoya, Aichi
Dealer of Nissan products

THE AMERICAS

Nissan Capital of America, Inc. *
Capital: US$1.0 million
399 Park Avenue, 18th Floor
New York, New York 10021, U.S.A.
Financial services for group companies

Nissan CR Corporation *
Capital: US$28.0 million
39001 Sunrise Drive, Farmington Hills, Michigan 48331, U.S.A.
Acquisition of licenses and development of new vehicles and parts

Nissan Design International, Inc. *
Capital: US$6.8 million
9800 Campus Point Drive
San Diego, California 92121, U.S.A.
Automobile design institute

Nissan Finance of America, Inc. *
Capital: US$5.0 million
399 Park Avenue, 18th Floor
New York, New York 10021, U.S.A.
Financial services for group companies

Nissan Forklift Corporation, North America *
Capital: US$34.1 million
240 North Prospect Street
Marengo, Illinois 60152, U.S.A.
Manufacturer and distributor of forklift trucks and distributor of industrial machinery in the United States

Nissan Motor Acceptance Corporation *
Capital: US$499.8 million
990 West 190th Street Torrance, California 90502, U.S.A.
Financing and leasing of Nissan Products

Nissan Motor Corporation in Guam **
Capital: US$0.5 million
1012 North Marine Drive, Route 1
Tamuning, Guam 96911, U.S.A.
Distributor in Guam

Nissan Motor Corporation in Hawaii, Ltd. *
Capital: US$6.8 million
2880 Kilihau Street Honolulu, Hawaii 96819, U.S.A.
Distributor in Hawaii

Nissan Motor Manufacturing Corporation U.S.A. *
Capital: US$375.0 million
983 Nissan Drive Smyrna, Tennessee 37167, U.S.A.
Manufacturer in the United States

Nissan North America, Inc. *
Capital: US$1,791.7 million
18501 South Figueroa Street Gardena, California, 90248, U.S.A.
American headquarters for coordination of subsidiaries, distributors in the United States

Nissan Research & Development, Inc. *
Capital: US$16.2 million
39001 Sunrise Drive, Farmington Hills, Michigan, 48331, U.S.A.
Automobile research and development

Nissan Textile Machinery Corporation in U.S.A
Capital: US$1.0 million
8300 Arrowridge Boulevard
P.O.Box 240803, Charlotte, North Carolina 28224, U.S.A.
Importer and distributor of textile machinery in the United States

Nissan Canada, Inc. *
Capital: C$68.1 million
5290 Orbitor Drive, Mississauga, Ontario, L4W 4Z5, Canada
Distributor in Canada

Nissan Canada Finance, Inc. *
Capital: C$123.0 million
5290 Orbitor Drive, Mississauga, Ontario, L4W 4Z5, Canada
Financing and leasing of Nissan products

Nissan Mexicana, S.A. de C.V. *
Capital: N$4,557.1 million
Av. Insurgentes Sur No. 1958
Col. Florida, C.P. 01030
C.P. 01030 Mexico D.F. 03920, Mexico
Manufacturer and distributor in Mexico

EUROPE

Nissan European Technology Centre Ltd. *
Capital: £15.8 million
Nissan Way, Sunderland, Tyne and Wear SR5 3NY U.K.
Automobile research and development

Nissan International Finance (Europe) PLC *
Capital: £5.9 million
5 Arlington Street London SW1A 1RD, U.K.
Financial services for group companies

Nissan Motor (GB) Ltd. *
Capital: £136.0 million
The Rivers Office Park, Denham Way Maple Cross, Rickmansworth, Hertfordshire WD3 2YS, U.K.
Distributor in the United Kingdom

Nissan Motor Manufacturing (UK) Ltd. *
Capital: £250.0 million
Washington Road, Sunderland Tyne and Wear SR5 3NS, U.K.
Manufacturer in the United Kingdom

Nissan Europe N.V. *
Capital: DGL1,253.6 million
Johan Huizingalaan 400, 1066 JS Amsterdam, The Netherlands
European headquarters for sales and marketing

Nissan Finance, B.V. *
Capital: DGL0.5 million
Vennestraat 13-15, 2161 LE Lisse, The Netherlands
Financing of Nissan Products

Nissan International Finance (Netherlands) B.V. *
Capital: DGL8.0 million
Johan Huizingalaan 400, 1066 JS Amsterdam, The Netherlands
Financial services for group companies

Nissan Motor Netherland B.V. *
Capital: DGL0.8 million
Vennestraat 13-15, 2161 LE Lisse, The Netherlands
Distributor in the Netherlands

Nissan France S.A. *
Capital: F. Fr27.9 million
13, Avenue Jean d'Alembert, B.P. 123, 78194 Trappes Cedex, France
Distributor in France

Nissan Bank GmbH *
Capital: DM190.0 million
Hammer Landstraße 87 41460 Neuss 1, Germany
Financing of Nissan Products

Nissan Design Europe GmbH **
Capital: DM0.6 million
Brunnen Feldweg 1, 82538 Gerestried, Germany
Automobile design institute

Nissan Motor Deutschland GmbH *
Capital :DM55.0 million
Nissanstraße 1, 41468 Neuss 1, Germany
Distributor in Germany

Nissan Motor (Schweiz) AG *
Capital: S.Fr17.0 million
Bergermoosstraße 4 CH-8902 Urdorf, Switzerland
Distributor in Switzerland

Nissan Motor Iberica, S.A. *
Capital: Ptas.116,167.9 million
Calle Panama 7, 08034 Barcelona, Spain
Manufacturer and distributor in Spain

Nissan Financiacion, S.A. *
Capital: Ptas.4,800.0 million
C/General Almirante, 4-10 Torre Nissan-Plaza Cerda 08014 Barcelona, Spain
Financing of Nissan Products

Nissan Motor Espana, S.A. *
Capital: Ptas.2,000.0 million
General Almirante, 4-10 Barcelona, Spain
Distributor in Spain

Nissan European Technology Centre Espana, S.A. *
Capital: Ptas.700.0 million
Calle Panama 7, 08034 Barcelona, Spain
Automobile research and development

Nissan Italia S.p.A. *
Capital: Lit11,400.0 million
Via Tiberina KM 15.740, 00060 Capena, Rome, Italy
Distributor in Italy

Nissan Finanziaria S.p.A. *
Capital: Lit15,000.0 million
Via Tiberina KM 15.740, 00060 Capena, Rome, Italy
Financing of Nissan Products

OCEANIA

Nissan Casting Australia Pty, Ltd. **
Capital: A$10.0 million
260-284 Frankston Road Dandenong, Victoria 3175, Australia
Casting aluminum parts in Australia

Nissan Motor Co. (Australia) Pty, Ltd. *
Capital: A$290.0 million
260-284 Frankston Road Dandenong, Victoria 3175, Australia
Importer and distributor in Australia

Nissan Datsun holdings Ltd. *
Capital: NZ$51.0 million
261 Roscommon Road, Wiri Manurewa, Auckland, New Zealand
Holding company of distributor and Manufacturer in New Zealand

MIDDLE EAST

Nissan Middle East F.Z.E. *
Capital: Dh2.0 million
P.O.Box61111, Office No.7 G-1, Lease Office Building-7, Jebel Ali, Dubai, U.A.E.
Middle Eastern headquarters for sales and marketing

ASIA

Nissan Motor (China) Ltd. *
Capital: HK$16.0 million
Room Number 3302B, 33rd Floor, Hennessy Centre, East Wing, 500 Hennessy
Road, Causeway Bay, Hong Kong
Distributor in China

Siam Nissan Automobile Co., Ltd. **
Capital: Baht1,013.3 million
Km 21, Bang-Na Trad Road, Samutprakarn, Thailand
Manufacturer in Thailand

Yulon Motor Co., Ltd. **
Capital: NT$14,241.6 million
16F, No.2 Tun Hwa South Road, Sec.2, Taipei, Taiwan
Manufacturer in Taiwan

AFRICA

Automakers Limited **
Capital: Rand 2.5 million
15 Alice Lane, Sandton, 2196 Gauteng, South Africa
Manufacturer and distributor in South Africa

* Consolidated subsidiary
** Unconsolidated subsidiary or affiliate company by the equity method

Capital in this section is defined as paid-in capital.

Corporate Philosophy

Our first commitment is to customer satisfaction. Through diligent efforts to develop new customers and expand our customer base, we are contributing to the ongoing progress and enrichment of society.

Management Vision

- The Company That Creates Values
- Nissan will become the company most capable of offering new ideas and concepts backed by its technological excellence.

1. Nissan contributes to society by offering new values that strike the chord with our customers and society.
2. Nissan is recognized in the market for its high quality of products, service, and sales activities which are based on its superior technology and professional expertise, and thereby enjoy a high level of customer confidence and satisfaction.
3. Nissan conducts fair and transparent corporate activities with a view toward the future of mankind, society, and earth, and keeps business partners, dealerships, stockholders, and people in society fully satisfied.
4. Each business unit in and outside Japan has been welcomed as a member of the local community where it operates.
5. Employees achieve individual growth through corporate activities and have high moral standards.
6. Nissan has a scale of business and profit that ranks among the top of the automobile industry worldwide.

For further information, please contact

JAPAN

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399 Park Avenue, 18th Floor
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