FISCAL 2006 PERFORMANCE

Continuing Challenges on All Fronts

In fiscal 2006, all the anticipated headwinds materialized. There was almost no growth in mature markets. And with high levels of incentive spending, the industry had no ability to pass on higher raw-material costs to the consumer.

The result was a tough business climate for the auto industry at the lowest point in Nissan's product cycle and at a time when Nissan is investing heavily for its future.

We knew the first half would be rough. As our product offensive began in the second half, we forecast a recovery in both sales and profit.

However, the full-year results were below our expectations and our actions did not match the challenge. So, for the first time in eight years we have missed the performance objectives we had set for ourselves.

Sales performance

Our fiscal 2006 global sales came to 3,483,000 units, 2.4 percent below the previous year. Around the world, we introduced ten all-new models—all but one in the second half—including several important pillars of our line-up:

- An all-new version of Altima, our volume leader in the U.S.
- The new generation of Infiniti's volume leader, the G35
- Livina Geniss, the first model in a new family of global cars launched first in China

Fiscal 2006 financial performance

There is an important note on a change in consolidation methods which is in line with auto industry standards: As previously announced, in order to increase transparency and consistency, we are harmonizing calendar-year results for overseas subsidiaries such as Europe and Mexico with fiscal-year results for Nissan Motor Co., Ltd.

With the exception of some countries where fiscal-period accounting is precluded by law, all overseas subsidiaries have been harmonized to align with the consolidated fiscal period ending in March. So this year we will align calendar with fiscal by including five quarters of results for subsidiaries previously consolidated on a calendar-year basis.

- Consolidated net revenues was ¥10 trillion 468.6 billion, with the inclusion of ¥767.6 billion of fifth-quarter results from calendar-year subsidiaries, compared to ¥9 trillion 428.3 billion.
- Operating profit was ¥776.9 billion, with the inclusion of ¥21.4 billion of fifth-quarter results, compared to ¥871.8 billion in fiscal 2005.
- Operating-profit margin was 7.4 percent, with the inclusion of fifth-quarter results, compared to 9.2 percent in fiscal 2005.
- Ordinary profit was ¥761.1 billion, with the inclusion of ¥18.5 billion of fifth-quarter, compared to ¥845.9 billion in fiscal 2005.
- Net income reached ¥460.8 billion, with the inclusion of ¥11.6 billion of fifth-quarter, compared to ¥518.1 billion in fiscal 2005.
- We had a net cash position of ¥254.7 billion at the close of fiscal 2006.

Nissan Value-Up commitments

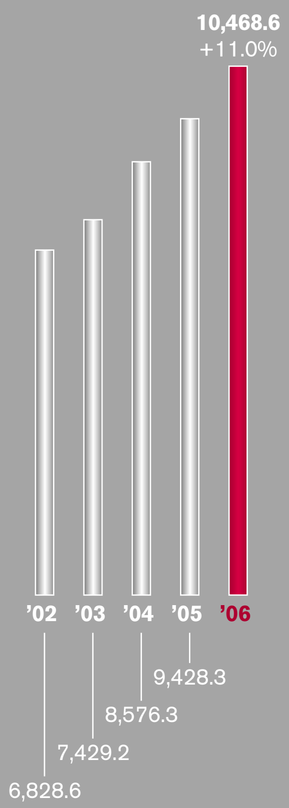
Nissan Value-Up features three commitments:

- To maintain the top level of operating profit margin among global automakers for each of the three years of the plan
- To achieve global sales of 4.2 million units in fiscal 2008
- To achieve a 20 percent return on invested capital on average over the course of the plan, excluding cash on hand

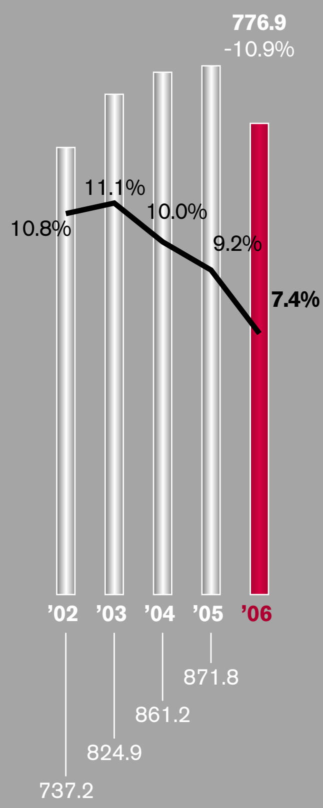
Fiscal 2006 did not boost results towards achieving the objectives of Nissan Value-Up.

However, the commitments are still within the potential of the company and Nissan remains focused on delivering them completely. As such, the company will extend the delivery period of the Nissan Value-Up commitments by one year.

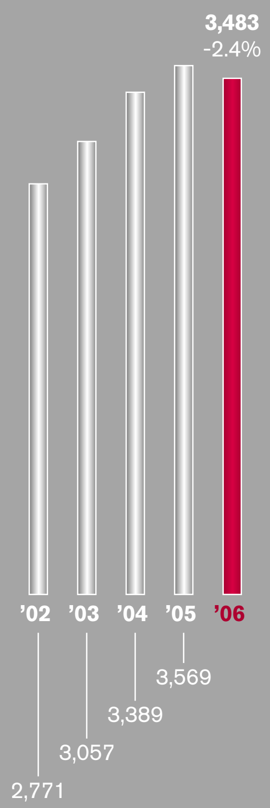
Consolidated Net Revenue
(Billion Yen)



Consolidated Operating Profit/Margin
(Billion Yen/%)



Global Retail Sales
(Units: 1000s)



Nissan Value-Up Three Commitments

Consolidated Operating Profit Margin

FY05	9.2%
FY06	7.4%

Global Sales Volume
(Units: 1000s)

FY05	3,569
FY06	3,483

Return on Invested Capital (Auto)

FY05	19.4%
FY06	15.3%

$$\text{ROIC (auto)} = \frac{\text{COP}}{\text{[Fixed assets + net working capital]}}$$

* Same scope of consolidation as P&L