

STATUS OF BREAKTHROUGHS

Despite Challenges, Mid-Term Plan and Breakthroughs Continue to Drive Our Business

Fiscal 2006 did not boost our results towards achieving the objectives of Nissan Value-Up. But we believe the commitments are still within the potential of the company and we remain focused on delivering them completely. Accordingly, we will extend the delivery period for all Nissan Value-Up commitments by one year. At the same time, we continue to prepare our next business plan, and we will announce it next April.

Nevertheless, during fiscal 2006, we made tangible progress towards the four key breakthroughs that are central to Nissan Value-Up.

Our first breakthrough aims to establish Infiniti as a globally recognized luxury brand. In fiscal 2005, Infiniti was introduced in Korea. And in fiscal 2006, the brand was successfully launched in the rapidly growing Russian market. In fiscal 2007, geographic expansion will accelerate as Infiniti enters the Chinese and Ukrainian markets and then extends across Western Europe in 2008. To serve these new markets, new products are coming. The all-new G35 sedan launched in 2006 will be followed this year by the G37 coupe and the EX compact luxury crossover. Infiniti is poised for rapid global growth.

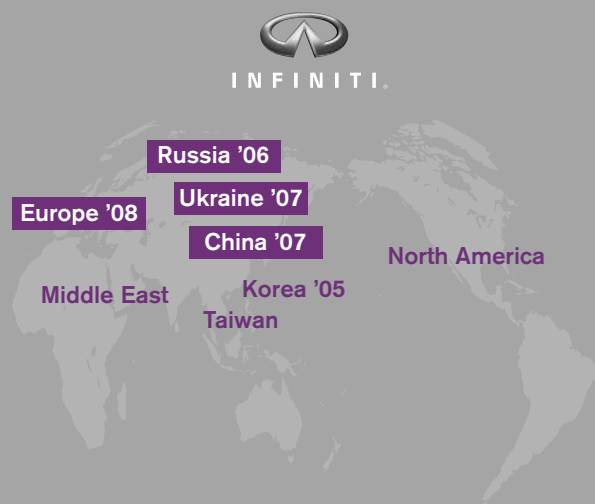
The second breakthrough aims to build a global presence in Light Commercial Vehicles—or “LCVs.” Global sales have grown 57 percent, since the start of Nissan Value-Up, to 490,000 units in fiscal 2006. More importantly, the LCV business unit over-achieved its 8 percent operating-margin milestone. With LCVs now firmly established as a pillar of our global business, we are building on this momentum.

The third breakthrough involves developing new sources for parts, machinery & equipment, vendor tooling and services in what we call “Leading Competitive Countries.” Sourcing bases are now established in China and ASEAN for Japan; in Mexico for North America; and in Eastern Europe for Europe. To accelerate progress, the next step will be to develop a new sourcing base in India. In fiscal 2006, for Japan, North America and Europe, 15 percent of our purchasing, by value, was sourced from LCCs, versus 12 percent the previous year. In fiscal 2007, we will accelerate this trend to source 24 percent of our purchasing from LCCs. To reduce costs and focus employees on core tasks, we are outsourcing back-office functions and a variety of work in engineering, information services and manufacturing. In fiscal 2006, this effort yielded gross savings of ¥43 billion in costs reduced or avoided.

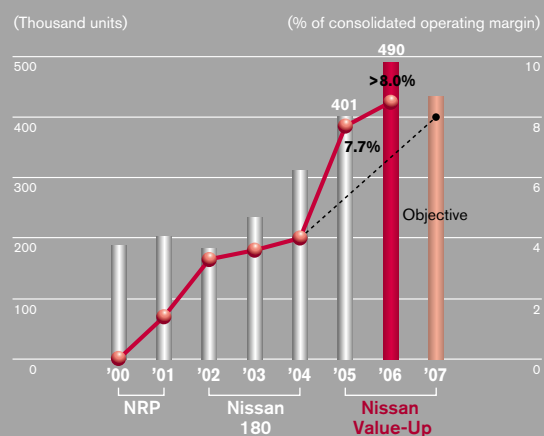
The fourth breakthrough expands our geographic presence in emerging markets, known as BRICs and beyond. In Brazil, we are investing \$150 million in our operations and targeting sales of 40,000 units by 2009. In Russia, we are investing \$200 million in a plant in St. Petersburg that will have a capacity of 50,000 units when it opens in 2009. In India, we are joining Renault in a partnership with Mahindra. Together, we are building a plant in Chennai that will open in 2009, with a planned capacity of 400,000 units. In China, since 2003, we have invested \$1.6 billion in our partnership with Dongfeng, with recent investments in a new engine plant and a new R&D center.

During Nissan Value-Up we will pursue four major breakthroughs:

Infiniti Global Top Tier Brand



Light Commercial Vehicles (LCVs)



Leading Competitive Countries (LCCs)



Geographic Expansion

