FISCAL 2006 FINANCIAL REVIEW

FISCAL 2006 WAS THE FIRST TIME IN EIGHT YEARS WE MISSED THE PERFORMANCE OBJECTIVES WE HAD SET FOR OURSELVES. ALL THE ANTICIPATED HEADWINDS MATERIALIZED. HOWEVER, OUR ACTIONS DID NOT MATCH THE CHALLENGE.

WE HAVE TAKEN A NUMBER OF BUSINESS INITIATIVES TO IMPROVE PROFITABILITY AT THE END OF FISCAL 2006. WE REMAIN FOCUSED ON DELIVERING THE MID-TERM PLAN "NISSAN VALUE-UP" COMPLETELY.

In order to increase transparency and consistency, we have harmonized 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. This was done by including an additional quarter of results from January to March in 2007 for those subsidiaries previously consolidated on a calendar year basis.

Adding this fifth quarter resulted in a one time positive impact to fiscal 2006 results of ¥767.6 billion in revenues, ¥21.4 billion in operating profits and ¥11.6 billion in net income.

Net sales

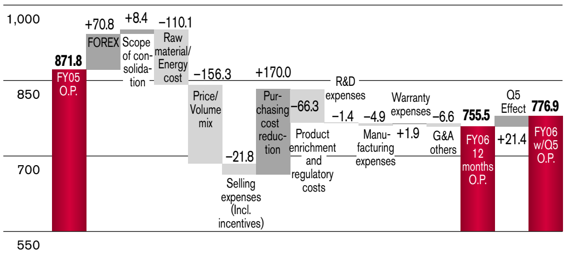
Consolidated net sales came to ¥10,468.6 billion, up 11.0 percent from last year. The impact from the fifth quarter resulted in an additional ¥767.6 billion. Favorable changes in foreign exchange rates resulted in a ¥326.1 billion improvement.

Operating profit

Operating profit was ¥776.9 billion, with an operating profit margin of 7.4 percent. The following factors affected operating profit:

- Foreign exchange rate fluctuations produced a ¥70.8 billion gain for the year. Of that total, ¥39.2 billion came from the appreciation of the U.S. dollar against the yen. The appreciation of the euro resulted in a positive impact of ¥16.7 billion. Forex activity in other currencies brought in ¥14.9 billion.
- Scope of consolidation changes had a positive impact of ¥8.4 billion.
- Raw material and energy costs increased by ¥110.1 billion. Price, volume and mix had a negative impact of ¥156.3 billion. The combination of these two items was the principal reason for the underachievement in fiscal 2006.
- Selling expenses increased by ¥21.8 billion, which was mainly due to the higher level of incentives, particularly in the U.S. market.
- Lower purchasing costs resulted in a contribution of ¥170.0 billion.

Impact on Operating Profit
(Billion Yen)



- Product enrichment, including regulatory costs, had a negative impact of ¥66.3 billion.
- R&D expenses increased by ¥1.4 billion.
- Manufacturing and logistics expenses went up by ¥4.9 billion.
- Warranty expenses had a positive impact of ¥1.9 billion.
- General, administrative and other expenses rose ¥6.6 billion.
- As previously mentioned, the inclusion of an additional quarter from former December ending companies generated a positive impact of ¥21.4 billion.

By region, for fiscal 2006, operating profits in Japan were ¥270.6 billion, which decreased from ¥390.4 billion in fiscal 2005. Although mini cars remained a profitable business, the deterioration in mix and decrease in overall volumes in Japan were the main reasons for the decline in profitability.

Profitability in the U.S. and Canada was ¥282.6 billion, versus ¥345.4 billion last year. Thirty percent of the decline in U.S. profitability was attributable to the QR 25 engine recall, which was booked in regional accounts. In Europe, operating profit increased to ¥79.6 billion in fiscal 2006 from ¥67.2 billion in fiscal 2005. In the General Overseas Markets, operating profit was ¥113.3 billion, versus ¥101.2 billion last year. Inter-regional eliminations resulted in a positive ¥9.4 billion.

Net income

Net non-operating expenses came to ¥15.8 billion, improving from last year's ¥25.9 billion due to the absence of a negative foreign exchange impact.

Net extraordinary items totaled negative ¥63.7 billion, ¥26.8 billion higher than last year. Included in this year's extraordinary items were headcount reduction programs in the U.S. and Japan, which were announced in April, with an impact of ¥28.0 billion.

Pre-tax income was ¥697.4 billion. Taxes totaled ¥212.1 billion, which represented an effective consolidated tax rate of 30.4 percent.

Minority interests, which are profits from fully consolidated companies that Nissan does not own outright, such as Calsonic Kansei, Aichi Kikai and Nissan Shatai, amounted to ¥24.5 billion. Net income reached ¥460.8 billion, versus ¥518.1 billion in fiscal 2005.

FINANCIAL POSITION

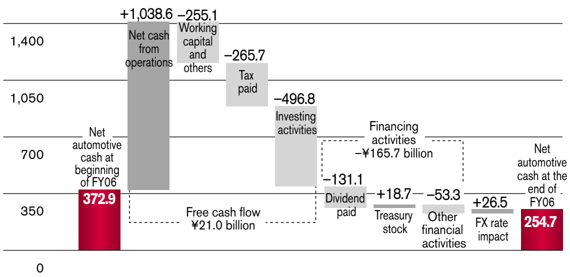
Balance sheet

In fiscal 2006, Nissan's total consolidated assets went up by 8.0 percent to ¥12,402.2 billion.

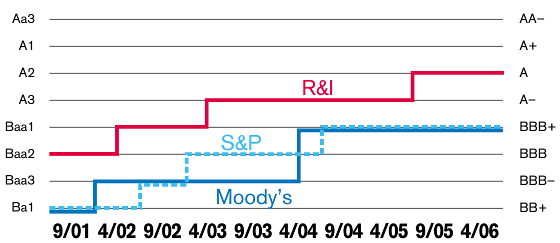
Current assets increased by 7.8 percent to ¥6,492.9 billion. The main reasons were the ¥190.5 billion increase in notes and accounts receivables and a ¥148.2 billion increase in inventories. Fixed assets increased to ¥5,909.3 billion, an 8.3 percent rise.

Net Cash Flow (automotive)

(Billion Yen)



Corporate Rating



Current liabilities went up 14.9 percent to ¥5,575.3 billion. This was due to increases in short term borrowings. Non-current liability decreased by 9.4 percent from fiscal 2005 to ¥2,949.9 billion. This was mainly caused by the decrease in long term borrowings.

Net assets increased 14.8 percent to ¥3,877.0 billion compared to ¥3,377.0 billion in fiscal 2005, which had been adjusted for related implementation guidance. This was mainly due to the increase in net income of ¥460.8 billion, which was offset by the decrease of ¥131.1 billion in dividends paid.

Automotive net cash change

Cash from operations totaled ¥1,038.6 billion. Free cash flow totaled ¥21.0 billion by increased working capital, tax payment and capital expenditures. Cash outflow from financing activities totaled ¥165.7 billion, including ¥131.1 billion for dividend payments.

We had a net cash position of ¥254.7 billion at the end of fiscal 2006, which represented a decrease of ¥118.2 billion compared to the beginning of the fiscal year. This was due to the decrease in cash from operations and increase in capital expenditures.

Credit rating

R&I had Nissan's long term credit rating listed as A, as of May 16, 2005. S&P upgraded our rating from BBB to BBB+ on July 20, 2004, and Moody's upgraded us from Baa3 to Baa1 on March 9, 2004.

Investment policy

Capital expenditures were ¥509.0 billion, or 4.9 percent of net revenue. This included the investments in "New Design Center" and "Nissan Advanced Technology Center". R&D expenditures were ¥464.8 billion. The funds were used for developing new technologies and products. Our R&D strategy is focused, sustainable and innovative. This strategy is a result of our cross-functional corporate culture.

And through the Alliance, we now have an extensive collaboration with Renault's R&D.

Dividend

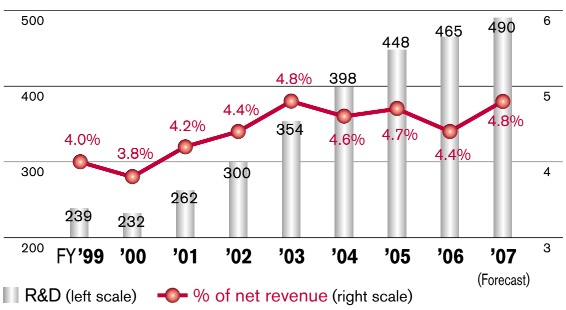
At the annual general meeting of shareholders on June 20, 2007, the company proposed increasing its dividend to ¥34 per share in fiscal 2006, which was an increase from ¥29 in 2005. And we will maintain the dividend payment plan of ¥40 per share at the end of Nissan Value-Up in March 2008.

Return on invested capital

At the end of fiscal 2006, return on invested capital (ROIC) was 15.3 percent. This decline from 19.4 percent in fiscal 2005 was mainly due to the decrease in operating profit.

Nissan will continue to ensure that investments are made within the strict guidelines of its operating policies.

R&D Expenditure
(Billion Yen) (% of net revenue)



Dividend Policy
(Dividend per share, in yen)