Solid in Tough Times

In fiscal 2007, the global automotive industry faced many serious challenges in a tough environment. Nissan, however, was able to stay on track and make gains on several fronts.

Fiscal 2007 sales performance

Nissan released eleven all-new models globally during fiscal 2007. These outstanding models included the GT-R supercar, Rogue and Infiniti G37 coupe. Our global sales increased 8.2 percent from the previous year to 3,770,000 units.

In Japan, sales reached 721,000 units. Although that represented a 2.5 percent decrease, the industry as a whole was down 5.3 percent, so Nissan's market share actually increased to 13.6 percent.

In North America, sales totaled 1,352,000 units, up 1.3 percent in a market that fell 3.5 percent. In Europe, sales increased 17.9 percent to 636,000 units, and Nissan's market share there rose to 2.9 percent.

In the General Overseas Markets, sales rose 22.1 percent to 1,061,000 units. In the Middle East, sales jumped 36.4 percent to 198,000 units. Sales in China climbed 26.0 percent to 458,000 units, while our market share increased by 22 percent.

Fiscal 2007 financial performance

For the purposes of comparison with fiscal 2006, fiscal 2007 excludes the one-time fifth-quarter inclusion made in 2006 to harmonize the fiscal years of overseas subsidiaries such as Europe and Mexico.

- For fiscal 2007, Nissan's consolidated net revenues increased 11.6 percent to ¥10 trillion, 824.2 billion.
- Consolidated operating profit was ¥790.8 billion, compared to ¥755.5 billion in fiscal 2006, up 4.7 percent. The increase in operating profit was the result of significant volume growth.
- As a percentage of net revenue, Nissan's operating profit margin came to 7.3 percent.
- Net income reached ¥482.3 billion, up 7.4 percent, compared to ¥449.2 billion in fiscal 2006.
- Nissan had a net cash position of ¥180.3 billion at the close of fiscal 2007 and generated free cash flow of ¥456.7 billion.

NISSAN Value-Up summary

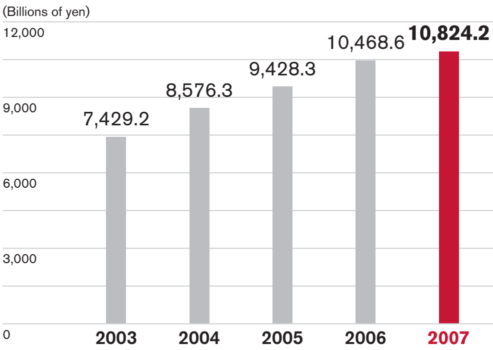
The NISSAN Value-Up business plan that began in fiscal 2005 set three key commitments for the company:

1. Top-level operating profit margin among global automakers from fiscal 2005 to 2007
2. Sales of 4.2 million in fiscal 2008
3. A 20 percent average return on invested capital

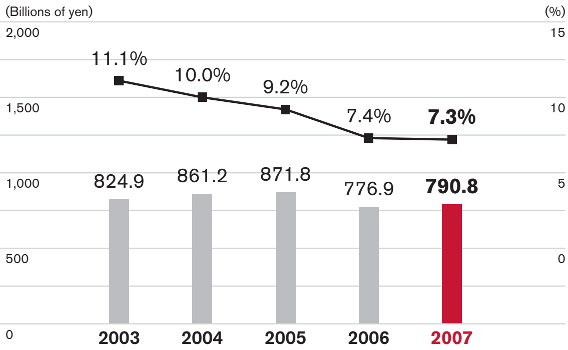
We pursued four breakthroughs during NISSAN Value-Up designed to sustain and build upon the foundations laid during the Nissan Revival Plan and NISSAN 180. While NISSAN Value-Up did not earn a full score, it did achieve high marks.

The first commitment was to deliver a top-level operating profit margin. Although our operating profit was not as high as we had hoped, Nissan continues to maintain a margin at the upper range of the industry. The second commitment—4.2 million units in sales—was transferred to fiscal 2009, becoming a milestone in the new NISSAN GT 2012 plan. Finally, Nissan's return on invested capital averaged 17 percent over the plan's three years. Although that result was below our 20 percent goal, it still placed the company in the top echelon among global automakers.

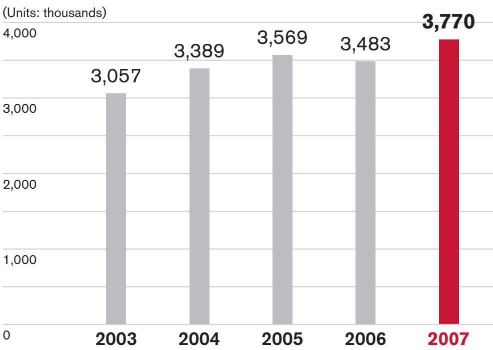
CONSOLIDATED NET REVENUE



CONSOLIDATED OPERATING PROFIT/MARGIN



GLOBAL RETAIL SALES



NISSAN VALUE-UP'S THREE COMMITMENTS

Consolidated Operating Profit Margin	
2005	9.2%
2006	7.4%
2007	7.3%

Global Sales Volume	(Units: thousands)
2005	3,569
2006	3,483
2007	3,770

Return on Invested Capital (Auto)	
2005	19.4%
2006	15.3%
2007	16.0%

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

Note: Same scope of consolidation as P&L