

SIGNIFICANT ACCOUNTING POLICIES

Prior fiscal year [From April 1, 2006] [To March 31, 2007]	Current fiscal year [From April 1, 2007] [To March 31, 2008]
<p>1. Scope of consolidation</p> <p>(1) Number of consolidated companies 188</p> <ul style="list-style-type: none"> ▪ Domestic companies 94 <ul style="list-style-type: none"> Sales companies for vehicles and parts <ul style="list-style-type: none"> Aichi Nissan Motor, Nissan Fleet Sales, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 71 other sales companies Manufacturing companies for vehicles and parts <ul style="list-style-type: none"> Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and 4 other companies Logistics and services companies <ul style="list-style-type: none"> Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 8 other companies ▪ Foreign companies 94 <ul style="list-style-type: none"> Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 90 other companies <p>The newly established Nissan Business Service has been consolidated. Nissan Center Europe and another company have been consolidated through the acquisition of their stocks. Nissan Nordic Europe and 8 other companies, which were unconsolidated subsidiaries in the prior year, have been consolidated since their importance has increased. In addition, Tokyo Nissan Motor and 4 other companies have been dissolved following their mergers. Nissan Swaziland (Pty) Ltd. and 3 other companies were liquidated. Reicomsa, S. A. and another company have been excluded from consolidation following the sale of their shares. As a result of the reorganization of domestic dealers during the year ended March 31, 2007, 52 consolidated subsidiaries have been split into 52 companies each for sales and asset management. The 52 asset management companies were then dissolved following their merger with Nissan Real Estate Development Co., Ltd., which was then renamed Nissan Network Holdings Co., Ltd.</p> <p>(2) Unconsolidated subsidiaries 174</p> <ul style="list-style-type: none"> ▪ Domestic companies 115 <ul style="list-style-type: none"> Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others ▪ Foreign companies 59 <ul style="list-style-type: none"> Nissan Industrial Equipment Co. and others <p>These unconsolidated subsidiaries are small in terms of their total assets, sales, net income or loss, retained earnings and others, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.</p> 	<p>1. Scope of consolidation</p> <p>(1) Number of consolidated companies 194</p> <ul style="list-style-type: none"> ▪ Domestic companies 80 <ul style="list-style-type: none"> Sales companies for vehicles and parts <ul style="list-style-type: none"> Aichi Nissan Motor, Nissan Fleet Sales, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 57 other sales companies Manufacturing companies for vehicles and parts <ul style="list-style-type: none"> Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and 4 other companies Logistics and services companies <ul style="list-style-type: none"> Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 8 other companies ▪ Foreign companies 114 <ul style="list-style-type: none"> Nissan North America, Inc., Nissan International SA, Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 110 other companies <p>The newly established Tokai Nissan Motor Co., Ltd., and 3 other companies have been consolidated. Atlet AB and another company have been consolidated through the acquisition of their stocks. Due to the consolidation of Atlet AB, its 16 subsidiaries have also been consolidated. Nissan International SA and 2 other companies, which were unconsolidated subsidiaries in the prior year, have been consolidated since their importance has increased. Meanwhile, NR Wholesales Mexico, S.A. De C.V., and 10 other companies ceased to exist due to mergers. Sunny Osaka Service Co., Ltd., and 6 other companies were dissolved. Bocho Nissan Motor Co., Ltd., has been excluded from consolidation following the sale of its shares.</p> <p>(2) Unconsolidated subsidiaries 167</p> <ul style="list-style-type: none"> ▪ Domestic companies 106 <ul style="list-style-type: none"> Nissan Marine Co., Ltd., Shinwa Kogyo Co., Ltd. and others ▪ Foreign companies 61 <ul style="list-style-type: none"> Nissan Industrial Equipment Co. and others <p>These unconsolidated subsidiaries are small in terms of their total assets, sales, net income or loss, retained earnings and others, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.</p>

Prior fiscal year [From April 1, 2006] [To March 31, 2007]	Current fiscal year [From April 1, 2007] [To March 31, 2008]
<p>2. Equity method</p> <p>(1) Companies accounted for by the equity method 47</p> <ul style="list-style-type: none"> ▪ Unconsolidated subsidiaries 32 (20 domestic and 12 foreign companies) Nissan Marine Co., Ltd., Nissan Industrial Equipment Co. and others <p>Alliance Inspection Management Holdings and 5 other companies, which were subsidiaries not accounted for by the equity method in the prior year, have become unconsolidated subsidiaries accounted for by the equity method because their importance has increased. Meanwhile, Nissan Hanshin Service Center Co., Ltd. and 2 other companies have been dissolved following their mergers.</p> <ul style="list-style-type: none"> ▪ Affiliates 15 (14 domestic and 1 foreign companies) Kinugawa Rubber Industrial Co., Ltd. and others <p>Siam Metal Technologies and another company have been excluded from the scope of the equity method, following the sale of their shares. Nissan Vehicle Distributors has been liquidated.</p> <p>(2) Companies not accounted for by the equity method 182</p> <ul style="list-style-type: none"> ▪ Unconsolidated subsidiaries 142 Nissan Human Resources Development Center Inc. and others ▪ Affiliates 40 Tonox Co., Ltd. and others <p>These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others.</p> <p>(3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.</p>	<p>2. Equity method</p> <p>(1) Companies accounted for by the equity method 47</p> <ul style="list-style-type: none"> ▪ Unconsolidated subsidiaries 31 (19 domestic and 12 foreign companies) Nissan Marine Co., Ltd., Nissan Industrial Equipment Co. and others <p>Nissan Fukuoka Service Center Co., Ltd., which was an unconsolidated subsidiary and accounted for by the equity method in the prior year, ceased to exist due to a merger.</p> <ul style="list-style-type: none"> ▪ Affiliates 16 (15 domestic and 1 foreign companies) Kinugawa Rubber Industrial Co., Ltd., Tonichi Carlife Group Corporation and others <p>Tonichi Carlife Group Corporation has been included in the scope of the equity method after it became an affiliate through the purchase of its shares.</p> <p>(2) Companies not accounted for by the equity method 180</p> <ul style="list-style-type: none"> ▪ Unconsolidated subsidiaries 136 Shinwa Kogyo Co., Ltd. and others ▪ Affiliates 44 Tonox Co., Ltd. and others <p>These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others.</p> <p>(3) Same as the prior fiscal year.</p>

<p style="text-align: center;">Prior fiscal year [From April 1, 2006] [To March 31, 2007]</p>	<p style="text-align: center;">Current fiscal year [From April 1, 2007] [To March 31, 2008]</p>
<p>3. Accounting period of consolidated subsidiaries</p> <p>(1) The following consolidated companies close their books of account at:</p> <p style="padding-left: 20px;">December 31:</p> <p style="padding-left: 40px;">Nissan Mexicana, S.A. de C.A. NR Finance Mexico, S.A. de C.V. NR Wholesales Mexico, S.A. de C.V. ESARA, S.A. De C.V Nissan Europe S.A.S. and its 14 subsidiaries Nissan Forklift Europe B.V. Nissan do Brasil Automoveis Ltda JATCO Mexico, S.A. de C.V Yulon Nissan Motor Co., Ltd. NISSAN (CHINA) INVESTMENT CO., LTD. Dongfeng Motor Co., Ltd. Calsonic Kansei Mexicana, S.A. de R.L. de C.V., and its 2 subsidiaries Calsonic Kansei (Thailand) Co., Ltd. Calsonic Kansei (Shanghai) Corp. Calsonic Kansei (China) Holding Company</p> <p>(2) Of these 31 companies, the financial statements of Nissan Europe S.A.S., Nissan Mexicana, S.A. de C.A., and 20 other subsidiaries are consolidated by using their financial statements as of the parent fiscal year end which are prepared solely for consolidation purposes. For Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd., and 7 other subsidiaries are consolidated by using their financial statements as of their respective fiscal year end, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.</p>	<p>3. Accounting period of consolidated subsidiaries</p> <p>(1) The following consolidated companies close their books of account at:</p> <p style="padding-left: 20px;">December 31:</p> <p style="padding-left: 40px;">Nissan Mexicana, S.A. de C.A. NR Finance Mexico, S.A. de C.V. NR Finance Service S.A. de C.V. Nissan Motor (GB) Ltd. Nissan Motor Manufacturing (UK) Ltd. Aprite (Gb) Ltd. Nissan Design Europe Ltd. Nissan Motor RUS Ltd. Nissan Motor Ukraine Company Nissan Kaz Limited Liability Partnership Nissan International SA Nissan do Brasil Automoveis Ltda JATCO Mexico, S.A. de C.V Yulon Nissan Motor Co., Ltd. NISSAN (CHINA) INVESTMENT CO., LTD. Dongfeng Motor Co., Ltd. Calsonic Kansei Mexicana, S.A. de R.L. de C.V., Calsonic Kansei (Thailand) Co., Ltd. Calsonic Kansei (Shanghai) Corp. Calsonic Kansei (China) Holding Company Calsonic Kansei (Guangzhou) Corp. Atlet AB and its 16 subsidiaries</p> <p>(2) Of these 38 companies, the financial statements of Nissan Mexicana, S.A. de C.A., and 12 other subsidiaries are consolidated by using their financial statements as of the parent fiscal year end which are prepared solely for consolidation purposes. For Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd., and 23 other subsidiaries are consolidated by using their financial statements as of their respective fiscal year end, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.</p>
<p>4. Significant accounting policies</p> <p>(1) Valuation methods for assets</p> <p style="padding-left: 20px;">1) Securities</p> <p style="padding-left: 40px;">Held-to-maturity securities: Held-to maturity securities are stated at amortized cost</p> <p style="padding-left: 40px;">Other securities: Marketable securities: Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving average method.</p> <p style="padding-left: 40px;">Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method.</p> <p style="padding-left: 20px;">2) Derivatives Derivatives financial instruments are stated at fair value.</p> <p style="padding-left: 20px;">3) Inventories Inventories are stated principally at the lower of cost or market, cost being determined by the first-in, first-out method.</p>	<p>4. Significant accounting policies</p> <p>(1) Valuation methods for assets</p> <p style="padding-left: 20px;">1) Securities</p> <p style="padding-left: 40px;">Held-to-maturity securities: Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Other securities: Marketable securities: Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Non-marketable securities: Same as the prior fiscal year.</p> <p style="padding-left: 20px;">2) Derivatives Same as the prior fiscal year.</p> <p style="padding-left: 20px;">3) Inventories Same as the prior fiscal year.</p>

<p style="text-align: center;">Prior fiscal year [From April 1, 2006] [To March 31, 2007]</p>	<p style="text-align: center;">Current fiscal year [From April 1, 2007] [To March 31, 2008]</p>
<p>(2) Depreciation of property, plant and equipment Depreciation of property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company.</p> <p>(3) Basis for significant reserves</p> <p>1) Allowance for doubtful accounts Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty.</p> <p>2) Accrued warranty costs Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.</p> <p>3) Accrued retirement benefits Accrued retirement benefits or prepaid pension costs are recorded principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year. The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees</p> <hr style="width: 20%; margin-left: 0;"/> <p>(4) Foreign currency translation Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statement of operations. The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and minority interests in net assets.</p> <p>(5) Lease accounting Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.</p>	<p>(2) Depreciation of property, plant and equipment Same as the prior fiscal year.</p> <p>(3) Basis for significant reserves</p> <p>1) Allowance for doubtful accounts Same as the prior fiscal year.</p> <p>2) Accrued warranty costs Same as the prior fiscal year.</p> <p>3) Accrued retirement benefits Same as the prior fiscal year.</p> <p>4) Accrued directors' retirement benefits Accrued directors' retirement benefits are provided at an amount to be required at the year-end according to internal regulations.</p> <p>(4) Foreign currency translation Same as the prior fiscal year.</p> <p>(5) Lease accounting Same as the prior fiscal year.</p>

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<p>(6) Hedge accounting</p> <p>1) Hedge accounting Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.</p> <p>2) Hedging instruments and hedged items · Hedging instruments..... Derivative transactions · Hedged items..... Hedged items are primarily forecast sales denominated in foreign currencies.</p> <p>3) Hedging policy It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.</p> <p>4) Assessment of hedge effectiveness Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same.</p> <p>5) Risk management policy with respect to hedge accounting The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."</p> <p>(7) Accounting for consumption tax Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.</p> <hr style="width: 20%; margin: 10px auto;"/> <p>(8) Accounting policies adopted by foreign consolidated subsidiaries The financial statements of the Company's subsidiaries in Mexico and other countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in those countries in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in valuation, translation adjustments and others.</p>	<p>(6) Hedge accounting</p> <p>1) Hedge accounting Same as the prior fiscal year.</p> <p>2) Hedging instruments and hedged items · Hedging instruments..... Derivative transactions · Hedged items..... Hedged items are primarily forecast sales denominated in foreign currencies, and receivables and payables denominated in foreign currencies.</p> <p>3) Hedging policy Same as the prior fiscal year.</p> <p>4) Assessment of hedge effectiveness Same as the prior fiscal year.</p> <p>5) Risk management policy with respect to hedge accounting Same as the prior fiscal year.</p> <p>(7) Accounting for consumption tax Same as the prior fiscal year.</p> <p>(8) Adoption of consolidated taxation system The Company and some of its subsidiaries adopted the consolidated taxation system effective from the fiscal year ended March 31, 2008.</p> <p>(9) Accounting policies adopted by foreign consolidated subsidiaries The financial statements of the Company's consolidated subsidiaries 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 have been charged or credited to operations and are directly reflected in valuation, translation adjustments and others.</p>
<p>5. Valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value at the time of acquisition.</p>	<p>5. Valuation of assets and liabilities of consolidated subsidiaries Same as the prior fiscal year.</p>
<p>6. Amortization of goodwill and negative goodwill Goodwill and negative goodwill have been amortized evenly over periods not exceeding 20 years, determined based on their materiality. However, immaterial goodwill and negative goodwill are charged or credited to income in the year of acquisition.</p>	<p>6. Amortization of goodwill and negative goodwill Goodwill and negative goodwill have been amortized evenly over periods not exceeding 20 years, during which their effect can be recognized, determined based on their materiality. However, immaterial goodwill and negative goodwill are charged or credited to income in the year of acquisition.</p>
<p>7. Cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.</p>	<p>7. Cash and cash equivalents in the consolidated statements of cash flows Same as the prior fiscal year.</p>