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## MESSAGE FROM THE CEO

Nissan continued progress under Nissan Power 88, our mid-term plan, during fiscal year 2012 despite a range of challenges. The company delivered net income in line with its full-year guidance and generated significant automotive free cash flow while strengthening its balance sheet. However, the company struggled to meet its goal for full-year operating profit. The company's results reflect a number of achievements, which we will build upon in 2013, and they highlight opportunities for progress. We continue to pursue our goals of achieving 8% global market share and a sustainable 8% operating profit margin by fiscal year 2016.

In 2012, our products generated positive recognition. The Note was crowned the RJC Car of the Year for 2013 in our important home market of Japan. Meanwhile, in China, the new Sylphy was named Car of the Year in the country's overall automobile awards ceremony. And the Venucia R50 took home the award for "most economical vehicle." Separately, the worldwide visibility of the Nissan brand was recognized when we achieved our highest-ever ranking on Interbrand's Global Top 100 brands.

In the 16th Nikkei Environmental Management Survey, Nissan was named first among automotive companies and second overall. And Nissan has dramatically increased its ranking among "Best Global Green Brands"—being named 5th among 50 top brands. Nissan has now sold more zero-emission vehicles than any other automaker. Since we introduced Nissan LEAF in December 2010, we've sold about 70,000 worldwide as of the end of June 2013. Nissan LEAF also ranked first in the influential Kelley Blue Book list of Best Green Cars of 2013.

**The fighting spirit is very much alive within Nissan, and we are prepared to seize the opportunities.**

**Carlos Ghosn**  
President and Chief Executive Officer



Another area where we saw significant growth in the last fiscal year was with our Infiniti premium brand. In 2012, we achieved a new sales record of 173,000 units, an increase of 12% from the previous fiscal year. We also initiated sales in Chile, the Dominican Republic, South Africa and Australia. In December, Infiniti announced that the Sunderland plant in the United Kingdom will manufacture an all-new premium compact car in 2015. To further increase brand awareness, for the Formula One 2013 season, we have significantly expanded our partnership with Red Bull Racing, to become title sponsor and technical collaborator.

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**FIRMLY FOCUSED ON OUR GOALS**

We also further leveraged our industry partnerships to increase sales and set the stage for further sales growth in the years ahead. The 14-year-old Alliance between Nissan and Renault continues to be a model partnership and one where both companies benefit from combined investment, reduced costs and overall operational efficiencies. In 2012, we expanded the Alliance to include AVTOVAZ, Russia's largest carmaker. The Alliance aims to secure a 40% share in the fast-growing Russian market. Earlier this year, we announced a fuel-cell technology collaboration among Nissan, Daimler and Ford. Our goal is to accelerate the launch of the world's first affordable, mass-market fuel-cell electric vehicle by as early as 2017.

Each of these achievements is in line with our Nissan Power 88 goals, which start with producing and selling world-class products. As part of the Nissan Power 88 strategy, we are committed to delivering one new vehicle every six weeks, on average, for all six years of the Nissan Power 88 term. In 2012, we fulfilled this goal and introduced 10 innovative new models, including three global growth models, Altima, Note and Sentra, in markets worldwide.

Our activities were especially strong in several high-growth markets, including Thailand, Australia and Brazil, where we saw significant improvements over last year. To continue expanding and maximizing our operations in global growth markets, we invested a record amount to increase production capacity during 2012.

For fiscal year 2013, we will continue to execute our Nissan Power 88 strategy. I want to note that, in 2013, our capacity-building investments will exceed 2012's record levels. And we'll continue to focus these investments in high-growth markets.

**PREPARED FOR FUTURE CHALLENGES**

Nissan faced a number of challenges during fiscal year 2012. Like other Japanese automakers operating in China, the company was negatively impacted by political tensions and demonstrations surrounding the islands dispute. When the islands dispute began last summer, it had a swift and significant impact. In the second week of September, showroom traffic suddenly declined by 57% and retail sales dropped by more than 50%. While activity has since improved, the challenges we faced in 2012 have not been fully overcome and won't be for some time.

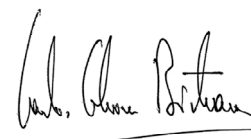
However, we anticipate that Nissan and Venucia product launches will boost sales, especially the introduction of the new Teana, which is the flagship of the Nissan brand in China. We also plan to increase dealer network coverage by opening 40 new Nissan dealers and 20 new Venucia dealers. In addition we will increase the number of Infiniti outlets from 60 to 66.

In the United States last year we confronted supply issues surrounding new models, when important design changes ended up slowing down the supply chain. These issues have been almost solved, and we've improved the supply process to prevent future problems.

We view fiscal year 2013 as an opportunity to grow again in the U.S. market. We are in the midst of launching six core models over a 15-month period. This started with the Altima, Pathfinder and Sentra during fiscal year 2012. This year we will launch four new products, including the Nissan Versa Note and Rogue. We also have appointed a number of new leaders in the Americas region to ensure that our operations are fully aligned to exceed customer expectations. A key to increasing momentum in this market is implementation of the "Right Car, Right Place, Right Price" strategy, which was developed by the new team and aims to improve the number of times that a Nissan vehicle appears during a customer's new car internet search and to let us better project what models and what equipment will be in demand by region.

Globally, Nissan will launch seven "global growth" models, including the two previously noted in the Americas and the Note and Qashqai in Europe, the Teana in China, and the X-TRAIL throughout Asia. We also are preparing for the introduction of the Datsun brand. It has been more than 30 years since the company offered Datsun models, and the brand returns with all-new products that will first go on sale in India beginning in early 2014. Datsun models will be offered in as many as three additional countries shortly after the India launch, including Indonesia, Russia and South Africa. We will support our growth plans across all brands by expanding the global dealer network from 9,100 outlets to 9,600 outlets by the end of fiscal year 2013.

As you can see, the fighting spirit is very much alive within Nissan. Although we faced unanticipated challenges during fiscal year 2012, we learned valuable lessons. The company has identified the necessary countermeasures in order to strengthen performance during fiscal year 2013, and we are prepared to seize the many opportunities that lie ahead.



Carlos Ghosn

President and Chief Executive Officer  
Nissan Motor Co., Ltd.