**FISCAL 2013 FINANCIAL REVIEW**

**FISCAL 2013 FINANCIAL PERFORMANCE**

**Net Sales (Management pro forma basis*)**

For fiscal 2013, consolidated net sales increased 18.7%, to 11.43 trillion yen.

**Operating Profit (Management pro forma basis*)**

Consolidated operating profit totaled 605.7 billion yen, an increase of 15.7% from previous year. In comparison to previous year’s consolidated operating profit, the variance was due to the following factors:

- The 247.6 billion yen foreign exchange impact reflects mainly the correction of the yen against the U.S. dollar.
- Purchasing cost reduction efforts, including raw materials, resulted in savings of 202.6 billion yen.
- Volume and mix produced a positive impact of 70.4 billion yen.
- The increase in selling expenses, including product enrichment costs, resulted in a 266.5 billion yen negative movement.
- R&D expenses increased by 24.2 billion yen.
- Manufacturing expenses increased by 36.8 billion yen.
- Warranty and recall expenses increased by 72.1 billion yen.
- Other items including remarketing had a negative impact of 38.8 billion yen.

**Net income (Management pro forma basis*)**

Net non-operating income amounted to 53.3 billion yen for the current fiscal year, decreasing by 59.1 billion yen due to a 32.4 billion yen decrease in FX loss and 30.0 billion yen decrease in profit loss under the equity method.

Net special gain was 26.0 billion yen, an increase of 38.6 billion yen. This was primarily attributable to a 16.3 billion yen gain on sale of the CV business and a 12.2 billion yen gain on contribution of securities to retirement benefit trust.

Income taxes for the current fiscal year increased by 3.5 billion yen from the previous fiscal year to 149.8 billion yen.

Consolidated net income increased by 46.6 billion yen from 342.4 billion yen for the previous fiscal year to 389.0 billion yen for the current fiscal year.
Balance sheet (China JV Equity basis)
Total assets have increased by 18.2% to 14,703.4 billion yen compared to March 31, 2013. This was mainly attributable to an increase in Sales finance receivables by 871.6 billion yen.
Current assets have increased by 19.3% to 8,609.3 billion yen compared to March 31, 2013. This was mainly attributable to an increase in Machinery, equipment and vehicles, net by 393.8 billion yen and an increase in investment securities by 212.7 billion yen.
Fixed assets have increased by 16.6% to 6,094.1 billion yen compared to March 31, 2013. This was mainly attributable to an increase in Machinery, equipment and vehicles, net by 393.8 billion yen and an increase in investment securities by 212.7 billion yen.
Current liabilities have increased by 22.0% to 5,187.2 billion yen compared to March 31, 2013. This was mainly due to increase in note payable and account payable by 343.3 billion yen and Short-term borrowings by 186.8 billion yen.
Long-term liabilities have increased by 16.7% to 4,844.6 billion yen compared to March 31, 2013. This was mainly due to increase in Long-term borrowings by 330.2 billion yen and bonds by 247.1 billion yen.
Net assets have increased by 15.7% to 4,671.5 billion yen compared to 4,036.0 billion yen as of March 31, 2013. This was mainly due to Net income of 389.0 billion yen and a decrease in Translation adjustments by 310.9 billion yen.

Free cash flow and net cash (auto business) (Management pro forma basis*)
For fiscal 2013, Nissan achieved a positive free cash flow of 208.1 billion yen. At the end of fiscal 2013, our net automotive cash improved from the previous fiscal year to 1,133.7 billion yen.
We continue to maintain a close focus on our inventory of new vehicles. Inventory stood at 970,000 units at the end of fiscal 2013. The company continues to manage inventory carefully, in order to limit its impact on free cash flow.

* Based on continuation of proportionate consolidation of China JV
Sales finance (China JV Equity basis)
Due to the increase in retail sales, total financial assets of the sales finance segment increased by 21.7% to 7,682.1 billion yen from 6,310.8 billion yen in fiscal 2013. The sales finance segment generated 164.7 billion yen in operating profits in fiscal 2013 from 142.3 billion yen in fiscal 2012.

Investment policy (China JV Equity basis)
Capital expenditures totaled 536.3 billion yen, which was 5.1% of net sales. The company used capital expenditures in order to ensure Nissan’s future competitiveness.

R&D expenditures totaled 500.6 billion yen. These funds were used to develop new technologies and products. One of the company’s strengths is its extensive collaboration and development structure with Renault’s R&D team, resulting from the Alliance.

Nissan plans more than 90 new advanced technologies, averaging 15 per year during our mid-term plan by 2016.

Dividend
Nissan’s strategic actions reflect not only its long-term vision as a global company to create sustainable value but also the company’s commitment to maximizing total shareholder returns.

We paid year-end cash dividends of 15 yen per share for fiscal 2013. As a result, total dividend payment for fiscal 2013, combined with the 15 yen dividend for the interim period, was 30 yen per share.

The dividend payment plan for fiscal year 2014 is to be 33 yen per share, considering the business condition, risks and opportunities for the year.
FISCAL 2014 OUTLOOK (CHINA JV EQUITY BASIS)

In our outlook for fiscal 2014, we expect our global sales to reach 5.65 million units, an increase of 8.9%.

With a total industry volume assumption of 84.42 million units, a 1.6% increase year on year, our global market share is expected to grow from 6.2% to 6.7%.

In consequence of our plan, financial forecast is as follows. We have used a foreign exchange rate assumption of 100 yen to the dollar and 140 yen to the euro:

<FY 2014 Nissan’s Outlook>
- Net sales 10.79 trillion yen
- Operating income 535.0 billion yen
- Net income 405.0 billion yen

Nissan is on track to grow to 5.65 million units during fiscal year 2014 – which will move us toward our objective of an 8% global market share by fiscal year 2016 to achieve Nissan Power 88. In support of this growth plan, necessary investments in R&D and capital expenditures are being made to support the long-term expansion of the company.

With these factors included, the expected variance in operating profit between 2013 and 2014 is broken down as follows:

Impact on Operating Profits (FY2014 Outlook) (China JV Equity basis)

<table>
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<tr>
<th>(Billions of yen)</th>
<th>FY13 O.P. Actual</th>
<th>FOREX</th>
<th>M&amp;S</th>
<th>Monozukuri</th>
<th>G&amp;A and other costs</th>
<th>FY14 O.P. Outlook</th>
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<tr>
<td>Operating profit variance analysis</td>
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- A negative foreign exchange movement of 55 billion yen;
- An improvement in sales and marketing of 25 billion yen;
- An 85 billion yen improvement in monozukuri;
- And an increase in G&A and other costs of 18.4 billion yen.

Under the forecast of consolidated operating results for fiscal 2014, the consolidation method of Dongfeng Motor Co., Ltd. is changed from a proportionate consolidation to the equity method in comparison with the results until fiscal 2012 by the adoption of IFRS 11. This change has no impact on net income though there are effects on net sales, operating income and ordinary income.

(All figures for fiscal 2014 are forecasts, as of May 12, 2014)