

**NISSAN**



Half-Year Report  2008

April 1 to September 30, 2008

NISSAN MOTOR CO., LTD.

## **Contents**

<b>Letter from Management</b> .....	<b>1</b>
<b>Facts and Figures</b> .....	<b>2</b>
<b>First Half of Fiscal Year 2008 Business Review</b> .....	<b>4</b>
<b>Financial Section</b>	
Consolidated Balance Sheets .....	<b>8</b>
Consolidated Statements of Income .....	<b>10</b>
Consolidated Statements of Cash Flows .....	<b>11</b>
<b>Board of Directors and Statutory Auditors</b> .....	<b>12</b>
<b>Corporate Data</b> .....	<b>13</b>

## Letter from Management

To say that the current operating environment is severe is an understatement. The global credit crisis, falling consumer confidence and recession in automotive markets have combined to create a disturbance that is affecting all markets and all automakers.

The effects of the turmoil were reflected in Nissan's financial results for the first half of fiscal 2008.

Our revenues amounted to 4.87 trillion yen, a decrease of 3.9%. Nissan's consolidated operating profit totaled 191.6 billion yen, down 47.8%, and our operating profit margin came to 3.9%. First-half net income amounted to 126.3 billion yen, a decrease of 40.5%, mainly due to the negative effects of foreign exchange rates, the severe decline in the U.S. market, provisions for risk on leased vehicles in North America and product mix deterioration.

Due to the extreme volatility in the current environment, we have revised our forecast for fiscal year 2008. Assuming that global sales will be at the same level as last year, net revenues are expected to be 9.6 trillion yen, operating profit is projected to be 270 billion yen, and net income is expected to be 160 billion yen.

In the second half, we are taking extra measures to protect our cash and preserve our profitability. For the long term, we will sustain our future by focusing on the long-term objectives we have defined in NISSAN GT 2012.

The period of crisis will end at some point, and economic conditions should improve. When that happens, Nissan will be ready to resume growth with the right products, the right technologies and the right performance.

### **Carlos Ghosn**

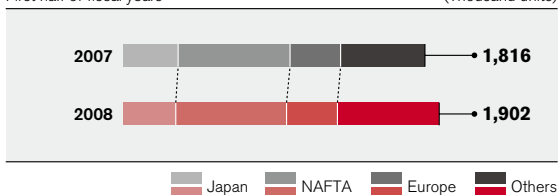
President and CEO

A handwritten signature in black ink, appearing to read 'Carlos Ghosn', with a horizontal line underneath.

# Facts and Figures

## Half-year global retail sales volume

First half of fiscal years (Thousand units)

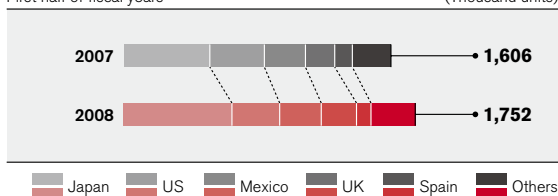


First half of fiscal years (Thousand units)

Global retail <sup>(Note 1, 2)</sup>	2008	2007
Japan	318	332
NAFTA	666	673
Europe	306	304
Others	612	507
<b>Total</b>	<b>1,902</b>	<b>1,816</b>

## Half-year global vehicle production volume

First half of fiscal years (Thousand units)



First half of fiscal years (Thousand units)

Global production <sup>(Note 2)</sup>	2008	2007
Japan	650	517
US	287	328
Mexico	250	247
UK	212	176
Spain	87	106
Others <sup>(Note 3)</sup>	266	232
<b>Total</b>	<b>1,752</b>	<b>1,606</b>

Notes: 1. Global retail sales includes sales of vehicles locally assembled with knock down parts.

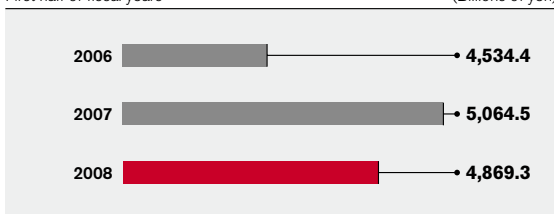
2. Parts of others are results of January to June.

3. Others include production in Taiwan, Thailand, Philippines, South Africa, Indonesia, China, Brazil and Malaysia.

## Half-year consolidated net sales

First half of fiscal years

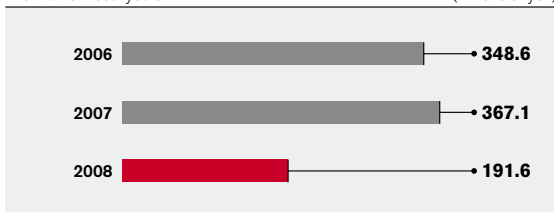
(Billions of yen)



## Half-year consolidated operating income

First half of fiscal years

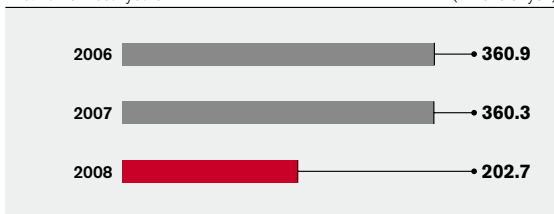
(Billions of yen)



## Half-year consolidated ordinary income

First half of fiscal years

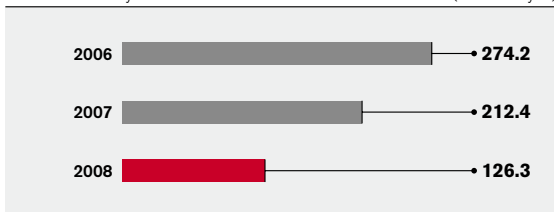
(Billions of yen)



## Half-year consolidated net income

First half of fiscal years

(Billions of yen)



# First Half of Fiscal Year 2008 Business Review

For the first six months of fiscal year 2008, Nissan's global sales increased 4.7% from the previous year to 1,902,000 units, despite the automotive market is in a period of recession in most of the mature markets and demand appears to be stabilizing in many emerging markets. Around the world, Nissan is introducing 9 new models in this fiscal year, 4 models were launched in the first half.

## Japan

In Japan, total industry volume declined 2.7%. Nissan's sales decreased 4.3% to 318,000 units. Consequently, Nissan's market share decreased 0.3 points to 13.1%. X-TRAIL clean diesel was well accepted by consumers, with more than 1,000 orders in the first month alone.

## NAFTA

In North America, Nissan's sales decreased 0.9% to 666,000 units.

In the U.S., in a very severe environment, total industry volume declined 15.1%. Nissan's sales decreased 3.4% to 516,000 units, with an increase in market share of 0.9% to 7.2%.



Rogue



In addition to the newly launched Maxima, fuel-efficient models such as the Versa and Rogue were good sellers.

## Europe

In Europe, total industry volume rose 1.1%. However, total industry volume in Spain and United Kingdom decreased seriously, the market environment of Western Europe has grown in severity. Nissan's sales totaled 306,000 units, which was an increase of 0.7% from the prior year.

Especially, sales in Russia increased 28.7% to 86,000 units, by the Tiida and Qashqai's strong demand.



Qashqai

## General Overseas Markets

In the General Overseas Markets, Nissan's sales increased 20.6% to 612,000 units.

Sales in China increased 23.5% to 278,000 units driven by the new Teana that went on sale in June. Sales in the Middle East totaled 129,000 units, which was an increase of 50.9% from the previous year.



Teana



The new X-TRAIL features a clean diesel engine.

## First half financial results

For the first half of fiscal year 2008, consolidated net revenues decreased 3.9% to 4 trillion 869.3 billion yen. This was due to effect of foreign exchange, accounting changes and other items.

Operating profit decreased 47.8% to 191.6 billion yen. The operating profit margin for the first half was 3.9%. This was due to a negative impact from foreign exchange, the increase in the provision for residual risk on leased vehicles in North America and other items.

By region, operating profits in Japan amounted to 74.0 billion yen, compared to last year's 121.2 billion yen. Operating profit in the U.S., Canada and Mexico was 19.9 billion yen, versus 166.1 billion yen in fiscal year 2007. Europe's operating profit was 32.2 billion yen compared to 39.8 billion yen in the prior year. General Overseas Markets contributed 54.5 billion yen to operating profit, which increased from 38.2 billion yen in fiscal year 2007.

Net non-operating items totaled a positive 11.1 billion yen. This yields an ordinary profit decreased 43.7% to 202.7 billion yen.

Net extraordinary items totaled a negative 33.4 billion yen. This included 20.1 billion yen in a special addition to retirement benefits under a voluntary transition program in the U.S., a 7.3 billion yen loss on disposal of fixed assets and a 2.5 billion yen loss on impairment of fixed assets.

For the first half of fiscal year 2008, net income decreased 40.5% to 126.3 billion yen.

The new Maxima released in North America





## Outlook

The Consolidated financial forecast has been revised as noted below. Reasons for the revision include the sharp deterioration in the sales environment resulting from the recession in global markets, particularly North America, increasing provisions for the sales finance business in North America, and foreign exchange rate fluctuations due to the appreciation in the yen in relation to emerging market currencies.

Net sales	9,600 billion yen (11.3% decreased vs. FY2007)
Operating income	270 billion yen (65.9% decreased vs. FY2007)
Ordinary income	260 billion yen (66.1% decreased vs. FY2007)
Net income	160 billion yen (66.8% decreased vs. FY2007)

In conjunction with the revision of the financial forecast, for the fiscal year ending March 31, 2009, the Company has decided to pay an interim dividend of 11 yen per share. The year-end dividend, for the fiscal year ending March 31, 2009, will be paid in function of our performance and as approved at our Annual General Shareholders' Meeting in June 2009. The Company will announce the dividends for the fiscal years ending March 31, 2010 and 2011, once it has a clear assessment of the key market conditions.



# Financial Section

## Consolidated Balance Sheets

(As of September 30, 2008)

[in millions of yen, ( ) indicates loss or minus]

	Amount
Assets	
<b>Current assets</b>	
Cash on hand and in banks	500,060
Trade notes and accounts receivable	764,364
Sales finance receivables	3,182,626
Securities	10,451
Merchandise and Finished goods	921,496
Work in process	141,903
Raw materials and Supplies	183,166
Other	874,580
Allowance for doubtful accounts	(84,885)
<b>Total current assets</b>	<b>6,493,761</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings and structures	711,652
Machinery, equipment and vehicles	2,503,353
Land	705,734
Construction in progress	140,479
Other	487,375
<b>Total property, plant and equipment</b>	<b>4,548,593</b>
<b>Intangible fixed assets</b>	<b>179,290</b>
<b>Investments and other assets</b>	
Investment securities	449,113
Other	369,194
Allowance for doubtful accounts	(4,976)
<b>Total investments and other assets</b>	<b>813,331</b>
<b>Total fixed assets</b>	<b>5,541,214</b>
<b>Total assets</b>	<b>12,034,975</b>

	Amount
Liabilities	
<b>Current liabilities</b>	
Trade notes and accounts payable	1,120,064
Short-term borrowings	1,042,297
Current portion of long-term borrowings	607,668
Commercial paper	996,292
Current portion of bonds	86,674
Lease obligations	67,462
Accrued expenses	471,604
Accrued warranty costs	92,371
Other	564,837
<b>Total current liabilities</b>	<b>5,049,269</b>
<b>Long-term liabilities</b>	
Bonds	814,434
Long-term borrowings	1,343,528
Lease obligations	66,141
Accrued warranty costs	104,157
Accrued retirement benefits	184,393
Accrued directors' retirement benefits	1,911
Other	603,092
<b>Total long-term liabilities</b>	<b>3,117,656</b>
<b>Total liabilities</b>	<b>8,166,925</b>
Net assets	
<b>Shareholders' equity</b>	
Common stock	605,814
Capital surplus	804,470
Retained earnings	2,820,449
Treasury stock	(269,570)
<b>Total shareholders' equity</b>	<b>3,961,163</b>
<b>Valuation, translation adjustments and others</b>	
Unrealized holding gain on securities	4,611
Unrealized loss from hedging instruments	(1,209)
Translation adjustments	(435,999)
Other	(12,607)
<b>Total valuation, translation adjustments and others</b>	<b>(445,204)</b>
<b>Share subscription rights</b>	<b>1,940</b>
<b>Minority interests</b>	<b>350,151</b>
<b>Total net assets</b>	<b>3,868,050</b>
<b>Total liabilities and net assets</b>	<b>12,034,975</b>

## Consolidated Statements of Income

(The six-month period ended September 30, 2008)

[in millions of yen, ( ) indicates loss or minus]

	Amount
Net sales	4,869,325
Cost of sales	3,925,309
<b>Gross profit</b>	<b>944,016</b>
<b>Selling, general and administrative expenses</b>	
Advertising expenses	126,802
Provision for warranty costs	47,519
Other selling expenses	147,762
Salaries and wages	196,022
Provision for doubtful accounts	34,551
Other	199,711
<b>Total selling, general and administrative expenses</b>	<b>752,367</b>
<b>Operating income</b>	<b>191,649</b>
<b>Non-operating income</b>	
Interest income	12,391
Dividends income	1,731
Equity in earnings of affiliates	24,057
Exchange gain	3,554
Miscellaneous income	5,206
<b>Total non-operating income</b>	<b>46,939</b>
<b>Non-operating expenses</b>	
Interest expense	16,345
Loss on valuation of derivatives	4,453
Miscellaneous expenses	15,042
<b>Total non-operating expenses</b>	<b>35,840</b>
<b>Ordinary income</b>	<b>202,748</b>
<b>Special gains</b>	
Gain on sales of fixed assets	2,815
Reversal of allowance for doubtful accounts	477
Other	1,422
<b>Total special gains</b>	<b>4,714</b>
<b>Special losses</b>	
Loss on disposal of fixed assets	7,333
Impairment loss	2,506
Loss from change in measurement date for calculating retirement benefit obligation of subsidiaries in North America	1,949
Special addition to retirement benefits	20,087
Other	6,257
<b>Total special losses</b>	<b>38,132</b>
<b>Income before income taxes and minority interests</b>	<b>169,330</b>
Income taxes	33,776
Income attributable to minority interests	9,210
<b>Net income</b>	<b>126,344</b>

## Consolidated Statements of Cash Flows

(The six-month period ended September 30, 2008)

[in millions of yen, ( ) indicates loss or minus]

	Amount
<b>Cash flows from operating activities</b>	
Income before income taxes and minority interests	169,330
Depreciation and amortization (for fixed assets excluding leased vehicles)	225,421
Depreciation and amortization (for other assets)	13,043
Depreciation and amortization (for leased vehicles)	161,986
Impairment loss	2,506
Increase (decrease) in allowance for doubtful receivables	3,468
Unrealized loss on investments	155
Interest and dividend income	(14,122)
Interest expense	68,718
Loss (gain) on sales of property, plant and equipment	(1,383)
Loss on disposal of fixed assets	7,333
Loss (gain) on sales of investment securities	(314)
Decrease (increase) in trade notes and accounts receivable	(13,080)
Decrease (increase) in sales finance receivables	104,305
Decrease (increase) in inventories	(245,565)
Increase (decrease) in trade notes and accounts payable	(74,545)
Amortization of net retirement benefit obligation at transition	5,483
Retirement benefit expenses	26,938
Retirement benefit payments made against related accrual	(19,589)
Other	(31,379)
<b>Subtotal</b>	<b>388,709</b>
Interest and dividends received	13,876
Interest paid	(66,966)
Income taxes paid	(69,001)
<b>Net cash provided by operating activities</b>	<b>266,618</b>
<b>Cash flows from investing activities</b>	
Net decrease (increase) in short-term investments	5,478
Purchases of fixed assets	(223,142)
Proceeds from sales of fixed assets	30,987
Purchase of leased vehicles	(424,217)
Proceeds from sales of leased vehicles	218,982
Payments of long-term loans receivable	(12,297)
Collection of long-term loans receivable	6,789
Purchase of investment securities	(13,280)
Proceeds from sales of investment securities	942
Other	(3,634)
<b>Net cash used in investing activities</b>	<b>(413,392)</b>
<b>Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings	25,860
Proceeds from long-term borrowings	615,152
Proceeds from issuance of bonds	73,336
Repayment of long-term borrowings	(433,666)
Redemption of bonds	(100,010)
Proceeds from minority shareholders	1,160
Purchase of treasury stock	(27)
Repayment of lease obligations	(43,831)
Cash dividends paid	(81,496)
Cash dividends paid to minority shareholders	(2,594)
Other	14
<b>Net cash provided by financing activities</b>	<b>53,898</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>4,247</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(88,629)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>584,102</b>
<b>Increase due to inclusion in consolidation</b>	<b>8,441</b>
<b>Cash and cash equivalents at end of the period</b>	<b>503,914</b>

# Board of Directors and Statutory Auditors

(As of September 30, 2008)

---

Officer	Responsibilities
---------	------------------

---

## Representative Board Members

<b>Carlos Ghosn</b> President and Chairman	Global Communications, CSR
--	----------------------------

<b>Toshiyuki Shiga</b>	Japan Operations (MC-J), Domestic Network Management (MC-Dealer), Administration for AFLs (MC-AFL), Human Resources, External and Government Affairs, Intellectual Asset Management, Industrial Machinery, Marine, Corporate Governance, Global Internal Audit
------------------------	---

## Board Members

<b>Hiroto Saikawa</b>	North American Operations (MC-NA), Purchasing, Sourcing breakthrough
-----------------------	---

<b>Mitsuhiko Yamashita</b>	Research and Development, TCSX (Total Customer Satisfaction Function)
----------------------------	---

<b>Carlos Tavares</b>	Corporate Planning, Product Planning, Market Intelligence, Brand Management, Design, Program Management, LCV Business, Infiniti Business, Control
-----------------------	---

<b>Hidetoshi Imazu</b>	European Operations (MC-E), Manufacturing, SCM
------------------------	---

<b>Tadao Takahashi</b>	External and Government Affairs, Intellectual Asset Management
------------------------	---

**Shemaya Levy**

**Patrick Pelata**

## Statutory Auditors

<b>Masahiko Aoki</b>	Full time
----------------------	-----------

<b>Takeo Otsubo</b>	Full time
---------------------	-----------

<b>Toshiyuki Nakamura</b>	Full time
---------------------------	-----------

**Takemoto Ohto**

# Corporate Data

(As of September 30, 2008)

## **NISSAN MOTOR CO., LTD.**

### **Registered Head Office**

No. 2, Takara-cho, Kanagawa-ku, Yokohama-shi,  
Kanagawa 220-8623, Japan

### **Investor Relations**

17-1, Ginza 6-chome, Chuo-ku, Tokyo 104-8023, Japan  
Investor Relations Department  
Tel: 81(0)3-5565-2334

### **Date of Establishment**

December 26, 1933

### **Paid-in Capital**

605,813 million yen

### **Number of Employees Worldwide**

180,133 (Consolidated Bases)

### **Common Stock**

Issued and outstanding: 4,520,715,112 shares

### **Number of Shareholders**

267,511

### **Securities Traded**

- Tokyo Stock Exchange (7201 T)
- NASDAQ: ADR (NSANY)

### **Agent to Administrate Shareholder Register for Common Stock**

The Chuo Mitsui Trust & Banking Co., Ltd.  
33-1, Shiba, 3-chome, Minato-ku, Tokyo 105-8574, Japan

### **Depository and Transfer Agent for ADR**

JPMorgan Chase Bank  
ADR Department  
270 Park Avenue, New York, NY 10017-2070, U.S.A.

### **Auditor**

Ernst & Young ShinNihon LLC

#### **Corporate Information Website**

<http://www.nissan-global.com/EN/HOME/>

#### **Investor Relations**

<http://www.nissan-global.com/EN/IR/>

