

FINANCIAL RESULTS OF NISSAN MOTOR CO., LTD.

<FOR THE FISCAL YEAR ENDING MARCH 31, 1999>

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NON-CONSOLIDATED STATEMENTS OF INCOME

For the fiscal years ended March 31, 1999 and 1998
(in millions of Yen, △ indicates loss or minus)

The following information has been prepared in accordance with accounting principles and practices generally accepted in Japan.

(in millions of Yen)

| | FY ended Mar. 1999 4/1/98-3/31/99 | | FY ended Mar. 1998 4/1/97-3/31/98 | | Change |
|---|---|-----------|---|-----------|-----------|
| [ORDINARY INCOME/LOSS] | | | | | |
| OPERATING REVENUE/EXPENSES | | | | | |
| OPERATING REVENUE | 100% | 3,319,659 | 100% | 3,546,126 | △ 226,467 |
| Net sales | | 3,319,659 | | 3,546,126 | △ 226,467 |
| OPERATING EXPENSES | | 3,304,494 | | 3,460,500 | △ 156,006 |
| Cost of sales | | 2,776,694 | | 2,905,872 | △ 129,178 |
| Selling, general and administrative expenses | | 527,799 | | 554,628 | △ 26,828 |
| OPERATING INCOME | 0.5% | 15,165 | 2.4 ~ | 85,626 | △ 70,460 |
| NON-OPERATING INCOME/EXPENSES | | | | | |
| NON-OPERATING INCOME | | 67,538 | | 72,324 | △ 4,786 |
| Interest and dividend income | | 20,140 | | 15,942 | 4,197 |
| Gains on sales of securities | | 39,473 | | 13,936 | 25,536 |
| Other non-operating income | | 7,924 | | 42,444 | △ 34,519 |
| NON-OPERATING EXPENSES | | 68,057 | | 100,243 | △ 32,185 |
| Interest expense and discount charges | | 35,124 | | 25,961 | 9,163 |
| Evaluation loss on marketable securities | | 14,699 | | 49,562 | △ 34,862 |
| Other non-operating expenses | | 18,232 | | 24,719 | △ 6,487 |
| ORDINARY INCOME | 0.4% | 14,646 | 1.6% | 57,707 | △ 43,061 |
| [EXTRAORDINARY GAINS/LOSSES] | | | | | |
| EXTRAORDINARY GAINS | | | | | |
| Gains on sales of property, plant and equipment | | 8,644 | | 2,105 | 6,538 |
| Gains on sales of investment securities | | 9,055 | | 1,996 | 7,058 |
| Other extraordinary gains | | 3,408 | | 546 | 2,861 |
| EXTRAORDINARY LOSSES | | | | | |
| Devaluation loss on investments and receivables | | 58,232 | | 37,566 | 20,666 |
| Loss on disposal of property, plant and equipment | | 9,193 | | 8,044 | 1,148 |
| Other extraordinary losses | | 3,055 | | 119 | 2,935 |
| INCOME(LOSS) BEFORE INCOME TAXES | -1.0% | △ 34,727 | 0.5% | 16,626 | △ 51,353 |
| INCOME TAXES | | 82 | | 77 | 4 |
| NET INCOME(LOSS) | -1.0% | △ 34,809 | 0.5% | 16,548 | △ 51,357 |
| RETAINED EARNINGS BROUGHT FORWARD | | | | | |
| FROM PREVIOUS YEAR | | 29,297 | | 35,895 | △ 6,597 |
| INTERIM DIVIDEND | | 0 | | 7,539 | △ 7,539 |
| LEGAL RESERVE | | 0 | | 1 | △ 1 |
| UNAPPROPRIATED RETAINED EARNINGS (LOSS) | | △ 5,511 | | 44,903 | △ 50,415 |

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 1999 and 1998

(in millions of Yen, △ indicates loss or minus)

The following information has been prepared in accordance with accounting principles and practices generally accepted in Japan.

| | as of 3.31.99 | as of 3.31.98 | Change |
|-----------------------------------|------------------|------------------|-----------|
| [ASSETS] | | | |
| CURRENT ASSETS | 1,350,018 | 1,465,334 | △ 115,433 |
| Cash | 357,258 | 315,919 | 41,338 |
| Notes receivable | 440 | 558 | △ 118 |
| Accounts receivable | 450,712 | 530,879 | △ 80,167 |
| Marketable securities | 237,595 | 291,623 | △ 54,028 |
| Finished products | 56,935 | 101,927 | △ 44,992 |
| Work in process | 41,763 | 40,969 | 794 |
| Raw materials & supplies | 35,166 | 34,385 | 780 |
| Short-term loans receivable | 74,650 | 58,031 | 16,618 |
| Accounts receivable miscellaneous | 67,391 | 67,538 | △ 147 |
| Other current assets | 31,726 | 29,174 | 2,551 |
| Allowance for doubtful accounts | △ 3,620 | △ 5,675 | 2,055 |
| FIXED ASSETS | 2,245,253 | 2,195,759 | 49,493 |
| Property, plant & equipment | 733,903 | 764,415 | △ 30,512 |
| Buildings | 203,015 | 226,531 | △ 23,516 |
| Structures | 34,605 | 35,934 | △ 1,329 |
| Machinery & equipment | 223,545 | 223,570 | △ 25 |
| Vehicles | 7,267 | 6,834 | 432 |
| Tools, furniture and fixtures | 41,448 | 38,898 | 2,550 |
| Land | 186,129 | 193,398 | △ 7,269 |
| Construction in progress | 37,891 | 39,247 | △ 1,355 |
| Intangible assets | 1,520 | 1,549 | △ 29 |
| Utility rights | 230 | 255 | △ 25 |
| Other intangible assets | 1,290 | 1,294 | △ 3 |
| Investments & other assets | 1,509,829 | 1,429,794 | 80,035 |
| Investments in securities | 157,427 | 158,160 | △ 732 |
| Investments in subsidiaries | 1,261,959 | 1,173,931 | 88,028 |
| Long-term loans receivable | 65,713 | 75,808 | △ 10,094 |
| Long-term prepaid expenses | 22,602 | 22,254 | 348 |
| Other investments | 9,315 | 7,079 | 2,236 |
| Allowance for doubtful accounts | △ 7,190 | △ 7,439 | 249 |
| TOTAL ASSETS | 3,595,272 | 3,661,093 | △ 65,821 |

| | as of 3.31.99 | as of 3.31.98 | Change |
|--|------------------|------------------|-----------|
| [LIABILITIES] | | | |
| CURRENT LIABILITIES | 1,323,603 | 1,464,539 | △140,935 |
| Notes payable | 3,732 | 3,624 | 108 |
| Accounts payable | 351,903 | 372,471 | △20,567 |
| Short-term borrowings | 98,054 | 92,605 | 5,449 |
| Current portion of long-term borrowings | 39,384 | 66,396 | △27,012 |
| Commercial paper | 450,500 | 518,500 | △68,000 |
| Current portion of bonds | 100,000 | 112,000 | △12,000 |
| Other accounts payable | 16,238 | 24,219 | △7,980 |
| Accrued expenses | 167,593 | 174,774 | △7,180 |
| Deposits received | 3,587 | 12,959 | △9,372 |
| Employees' savings deposits | 77,268 | 80,075 | △2,806 |
| Other current liabilities | 15,338 | 6,912 | 8,425 |
| LONG-TERM LIABILITIES | 794,170 | 666,655 | 127,514 |
| Bonds | 512,567 | 512,567 | 0 |
| Long-term borrowings | 237,461 | 109,948 | 127,513 |
| Long-term deposits received | 3,031 | 3,070 | △39 |
| Accrued retirement allowances | 41,110 | 41,069 | 40 |
| TOTAL LIABILITIES | 2,117,773 | 2,131,195 | △13,421 |
| [SHAREHOLDERS' EQUITY] | | | |
| COMMON STOCK | 203,755 | 203,755 | 0 |
| LEGAL SURPLUS | 448,351 | 448,348 | 2 |
| Capital surplus | 397,412 | 397,412 | 0 |
| Legal reserve | 50,938 | 50,936 | 2 |
| RETAINED EARNINGS | 825,391 | 877,794 | △52,402 |
| Reserve for reduction of replacement cost of specified properties | 71,090 | 74,964 | △3,874 |
| Reserve for losses on overseas investments | 19,053 | 17,443 | 1,609 |
| Reserve for special depreciation | 6,017 | 5,740 | 276 |
| General reserve | 734,742 | 734,742 | 0 |
| Unappropriated retained earnings(loss) | △5,511 | 44,903 | △50,415 |
| [Net loss(Income)] | (△34,809) | (16,548) | (△51,357) |
| TOTAL SHAREHOLDERS' EQUITY | 1,477,498 | 1,529,898 | △52,400 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 3,595,272 | 3,661,093 | △65,821 |

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED MARCH 31, 1999

【Notes to non-consolidated financial statements】

1. Monetary receivables from and payables to subsidiaries:
Short-term monetary receivables: Yen 426,176 million
Long-term monetary receivables: Yen 61,400 million
Short-term monetary payables: Yen 67,310 million
Long-term monetary payables: Yen 2,037 million
2. Marketable securities include treasury stock of Yen 5million (12 thousand shares).
3. Accumulated depreciation of property, plant and equipment amounted to Yen 1,857,350 million.
4. In addition to the fixed assets recorded in the balance sheet, there are principal fixed assets held under lease contracts including computers and certain dies and equipment used in automobile production.
5. Principal assets and liabilities denominated in foreign currencies:
Investments in subsidiaries: Yen 855,361 million
Major foreign currency investments:
D.Gl. 3,469,508 thousand M.Pesos 4,537,341 thousand
US\$ 1,900,213 thousand Pts. 51,729,717 thousand
Investments in securities: Yen 50,955 million
Major foreign currency investments:
NT\$ 3,949,282 thousand BAHT 2,626,700 thousand
Rand 498,749 thousand
Long-term borrowings: Yen 24,929 million
Major foreign currency borrowings:
US\$ 247,200 thousand
6. Assets pledged as collateral:
Investments in securities: Yen 19,546 million
7. As endorser of documentary export bills discounted with banks: Yen 876 million
8. Guarantees and other items: () refers to those relating to subsidiaries
 - Guarantees total yen 234,202 million (yen 39,657 million),
including a total of yen 193,111 million in employee's residence mortgages which is insured in full.
Outstanding of the following accounts are noted based on the "Audit Treatment of Accounting & Reporting of Debt Guarantees & Similar Acts" issued by JICPA.
 - Letter of support total yen 144,140 million (yen 144,054 million),
 - Letter of awareness and others total yen 843,092 million (yen 183,157 million)
Nissan's share yen 585,919 million (yen 183,157 million)
 - Letter of awareness concerning ABS total yen 260,561 million (yen 190,134 million)
 - Nissan made Keepwell Agreements between certain overseas subsidiaries concerning maintenance of the relevant subsidiaries' liquidity and maintenance of their net worth. Liabilities at relevant subsidiaries totaled yen 866,311 million,
9. Net loss per share: Yen 13.85 (calculated from the total number of shares outstanding during the current fiscal year.)
10. Sales to subsidiaries: Yen 2,109,284 million
Purchases from subsidiaries: Yen 597,640 million
Transactions with subsidiaries other than operating transactions: Yen 27,776 million

11. Subsequent Events

In the board meeting held on May 14, 1999, Nissan Motor Co., Ltd. decided to establish a wholly owned subsidiary in a move to spin off its Fuji Plant and development organization for automatic transmissions (A/Ts) as an independent company in order to sell this transmission business to the new subsidiary (on July 1, 1999). Since Nissan boasts world-class levels of A/T technology, Nissan judged that it is the best option to obtain business chances aggressively in the global market by utilizing its advanced product development and production engineering capabilities with greater flexibility and mobility, considering the increased business opportunities foreseen for A/Ts in the coming years.

In the same board meeting, Nissan decided to sell its industrial machinery business to NACCO's subsidiary, NACCO Materials Handling Group, Inc. (NMHG) and the latter's affiliated companies, and the both companies reached agreement on a memorandum of understanding concerning the sales.

By turning its industrial machinery operations over to a specialist forklift manufacturer, Nissan intends to strengthen its competitiveness and concentrate its corporate resources on the company's core automotive business. Nissan and NACCO will be continuing their talks with the aim of the closing of the transaction in late August . in late August .

【Significant Accounting Policies】

1. Marketable securities are stated at the lower of cost or market. The cost is determined by the moving average method.

2. Valuation of inventories

Finished products, work in process and purchased parts included in raw materials & supplies are stated at the lower of cost or market. The cost is determined by the average method.

Raw materials & supplies other than purchased parts are stated at the lower of cost or market. The cost is determined by the last-in, first-out method.

3. Depreciation of property, plant and equipment except building which had been acquired after April 1998 is computed by the declining-balance method. Depreciation of building which had been acquired after April 1998 is computed by the straight line method.

4. Accounting for Reserves and Allowances

Accrued retirement allowances:

Accrued retirement allowances are provided for employees' retirement payments at the amount which would be required to be paid if all employees covered by the Company's retirement benefit plans voluntarily terminated their employment at the balance sheet date, less the amounts expected to be covered by the qualified pension plan, plus the unamortized balance of the excess accrual which resulted from the introduction of the qualified pension plan.

The excess accrual has been reversed to income over a certain period.

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is provided for possible bad debts at the maximum amount allowable under the Corporation Tax Law, plus amounts determined by reference to the assets of and certain other factors related to the individual customers.

5. Disposal of foreign-currency denominated liabilities in forward exchange contracts

Long-term foreign-currency denominated borrowings in forward exchange contracts are booked in yen using the relevant contract rate. The exchange difference is divided by the number of days in each period between the day of the start of the forward-exchange contract and the day of repayment.

6. Consumption Tax.

Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.

7. Change of accounting method

Royalty income, which has been included in the non operating income for FY ended Mar. 1998, is listed under net sales from this fiscal year. Net sales and Operating income increased by ¥34,294 million, and Non-operating income decreased by ¥34,294 million by this change. There was no effect on ordinary income and the loss before income taxes.

POLICY ON DIVIDENDS

Nissan's net income decreased to minus ¥34.8 billion in the FY ended March 1999, due to net sales decreased because of sluggish domestic vehicle demand, despite rationalization and efforts to expand the lineup. And sluggish domestic vehicle demand and a strong yen are forecast to continue in the future. In our Global Business Reform Plan, we made the reduction of interest-bearing debt our highest priority. Under the present business environment, we believe that following through on our original plan to reduce this debt will lead to greater corporate value over the medium to long term and thereby benefit our shareholders. In view of these reasons, management sincerely regrets to announce the postponement of the year-end dividend, meaning that no dividend will be paid this term.

Nissan will consolidate its position as a strong global company that can win in the 21st century marketplace. Recognizing our duty to restore the company's dividends as soon as possible and our obligations to shareholder expectations, the management is resolved to make every effort to change Nissan's way of thinking and remake company.

PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS(LOSS)

for the fiscal years ended March 31, 1999 and 1998

[in millions of Yen, △ indicates loss or minus]

| | as of 3/31/99 | as of 3/31/98 |
|--|---------------|---------------|
| Unappropriated retained earnings(loss) at end of year | △ 5,511 | 44,903 |
| Reversal of reserve for reduction of replacement cost of specified properties | 9,757 | 5,757 |
| Reversal of reserve for losses on overseas investments | 1,774 | 2,424 |
| Reversal of reserve for special depreciation | 1,441 | 1,254 |
| Total | 7,461 | 54,340 |
| The proposed appropriations are as follows: | | |
| Legal reserve | 0 | 2 |
| Dividends | 0 | 17,591 |
| Provision for reserve for reduction of replacement cost of specified properties | 7,077 | 1,883 |
| Provision for reserve for losses on overseas investments | 0 | 4,034 |
| Provision for reserve for special depreciation | 79 | 1,531 |
| Retained earnings to be carried forward to next year | 303 | 29,297 |

Note:

The provisions for and reversals of the reserves for reduction of replacement cost of specified properties, losses on overseas investments, and special depreciation are made in accordance with the Special Taxation Measures LAW.

CURRENT PRICE INFORMATION FOR MARKETABLE SECURITIES AND OTHERS

as of March 31, 1999 and 1998

[in millions of Yen, △ indicates loss or minus]

| | as of 3/31/99 | | | as of 3/31/98 | | |
|----------------------------------|-------------------|------------------------------|---|-------------------|------------------------------|---|
| | CARRYING VALUE | AGGREGATE MARKET VALUE | NET UNREALIZED GAINS OR LOSSES | CARRYING VALUE | AGGREGATE MARKET VALUE | NET UNREALIZED GAINS OR LOSSES |
| INCLUDED IN CURRENT ASSETS | | | | | | |
| Common stock | 237,595 | 285,918 | 48,323 | 271,655 | 341,296 | 69,641 |
| Subtotal | 237,595 | 285,918 | 48,323 | 271,655 | 341,296 | 69,641 |
| INCLUDED IN FIXED ASSETS | | | | | | |
| Common stock | 84,023 | 171,421 | 87,398 | 95,553 | 247,708 | 152,155 |
| (of subsidiaries and affiliates) | (83,286) | (171,086) | (87,800) | (94,287) | (244,976) | (150,688) |
| Bonds | 13 | 14 | 1 | 7,309 | 9,260 | 1,951 |
| (of subsidiaries and affiliates) | (0) | (0) | (0) | (7,295) | (9,246) | (1,950) |
| Subtotal | 84,036 | 171,436 | 87,399 | 102,862 | 256,969 | 154,107 |
| (of subsidiaries and affiliates) | (83,286) | (171,086) | (87,800) | (101,583) | (254,222) | (152,639) |
| TOTAL | 321,632 | 457,354 | 135,722 | 374,517 | 598,266 | 223,748 |
| (of subsidiaries and affiliates) | (83,286) | (171,086) | (87,800) | (101,583) | (254,222) | (152,639) |

Notes:

1. Method of calculating market value, etc.

(1) Listed securities: In most cases, the closing prices on the Tokyo Stock Exchange

(2) Over-the-counter securities: Prices announced by the Japan Securities Dealers Association

(3) The market value or its equivalent of unlisted bonds is calculated based on the standard yield on over-the-counter bonds announced by the Japan Securities Dealers Association, the period to maturity of the bonds and certain other criteria.

2. Common stock includes treasury stock. Net unrealized gains or losses thereon are as follows

| | as of 3/31/99 | as of 3/31/98 |
|---|---------------|---------------|
| INCLUDED IN CURRENT ASSETS [in millions of Yen] | 0 | 0 |

3. Carrying value of marketable securities not subject to disclosure [in millions of Yen]

| | as of 3/31/99 | as of 3/31/98 |
|----------------------------------|---------------|---------------|
| (1) INCLUDED IN CURRENT ASSETS | | |
| Commercial Paper | 0 | 19,967 |
| (2) INCLUDED IN FIXED ASSETS | | |
| Unlisted common stock | 1,335,350 | 1,229,229 |
| excluding over-the-counter stock | | |
| (of subsidiaries and affiliates) | (1,324,621) | (1,215,291) |

STATUS OF DERIVATIVE TRANSACTIONS

1 . Currency related transactions

| | as of 3.31.99 | | | | as of 3.31.98 | | | |
|--------------------------------------|-------------------------|---------------------------------------|------------------------------|---|-------------------------|---------------------------------------|------------------------------|---|
| | AMOUNTS OF CONTRACTS | | AGGREGATE MARKET VALUE | NET UNREALIZED GAINS OR LOSSES | AMOUNTS OF CONTRACTS | | AGGREGATE MARKET VALUE | NET UNREALIZED GAINS OR LOSSES |
| | Millions of Yen | incl. LONG TERM Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | incl. LONG TERM Millions of Yen | Millions of Yen | Millions of Yen |
| Over-The-Counter Transactions | | | | | | | | |
| Forward exchange transactions | | | | | | | | |
| Short positions of foreign currency: | | | | | | | | |
| US\$ | 79,119 | 0 | 79,153 | △ 33 | 124,713 | 0 | 129,283 | △ 4,569 |
| EURO | 28,595 | 0 | 28,185 | 410 | 0 | 0 | 0 | 0 |
| DM | 1,252 | 0 | 1,244 | 8 | 32,711 | 0 | 33,009 | △ 297 |
| A\$ | 656 | 0 | 669 | △ 12 | 4,298 | 0 | 4,347 | △ 48 |
| CAN\$ | 419 | 0 | 421 | △ 1 | 4,911 | 0 | 5,020 | △ 109 |
| NZ\$ | 236 | 0 | 237 | △ 1 | 42 | 0 | 40 | 1 |
| Total | -- | -- | -- | 369 | -- | -- | -- | △ 5,023 |

Notes:

- (1)Market value as of March 31, 1999 and March 31, 1998 is calculated based on the applicable forward rates as of the same date.
- (2)Where derivative transactions have been entered into in order to hedge receivables and payables denominated in foreign currencies, and the related receivables and payables have been translated and reflected at the corresponding contracted rates in the balance sheet, such derivative transactions are not included in the above table.
- (3)Monetary swap transactions is included in receivables and payables denominated in foreign currencies based on Accounting Standards for Foreign Currency Transactions, such derivative transactions are not included in the above table.

2 . Interest rate related transactions

| | as of 3.31.99 | | | | as of 3.31.98 | | | |
|--------------------------------------|-------------------------|---------------------------------------|------------------------------|---|-------------------------|---------------------------------------|------------------------------|---|
| | AMOUNTS OF CONTRACTS | | AGGREGATE MARKET VALUE | NET UNREALIZED GAINS OR LOSSES | AMOUNTS OF CONTRACTS | | AGGREGATE MARKET VALUE | NET UNREALIZED GAINS OR LOSSES |
| | Millions of Yen | incl. LONG TERM Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | incl. LONG TERM Millions of Yen | Millions of Yen | Millions of Yen |
| Over-The-Counter Transactions | | | | | | | | |
| Receive floating/Pay fixed | 80,500 | 80,500 | △4,487 | △4,487 | 135,500 | 80,500 | △3,566 | △3,566 |
| Receive fixed/Pay floating | 117,490 | 112,490 | 8,894 | 8,894 | 240,550 | 117,550 | 11,334 | 11,334 |
| Receive and Pay floating | 0 | 0 | 0 | 0 | 10,000 | 0 | 9 | 9 |
| Receive and Pay fixed | 0 | 0 | 0 | 0 | 12,000 | 0 | 377 | 377 |
| Total | -- | -- | -- | 4,407 | -- | -- | -- | 8,155 |

Note:

- (1)Market value of swap transactions is the price quoted by financial institutions.

STATUS OF LEASE TRANSACTIONS

The following information has been prepared in accordance with accounting principles and practices generally accepted in Japan.

(1) Finance leases (other than those stipulate the transfer of ownership of the leased assets)

1. Acquisition cost equivalent of leased property, accumulated depreciation equivalent and ending book balance equivalent as of March 31, 1999.

| | (millions of yen) | | | | | |
|---------|-----------------------------------|---|--------------------------------------|-----------------------------------|---|--------------------------------------|
| | as of 3.31.99 | | | as of 3.31.98 | | |
| | Acquisition cost equivalent | Accumulated depreciation equivalent | Ending book balance equivalent | Acquisition cost equivalent | Accumulated depreciation equivalent | Ending book balance equivalent |
| Machine | 79,021 | 68,616 | 10,404 | 79,205 | 57,474 | 21,730 |
| Tools | 127,995 | 59,797 | 68,198 | 108,588 | 55,009 | 53,578 |
| Others | 1,488 | 596 | 892 | 1,282 | 396 | 885 |
| Total | 208,505 | 129,009 | 79,495 | 189,075 | 112,880 | 76,195 |

2. Future lease payments subsequent to March 31, 1999.

| | (millions of yen) | | | | | |
|--|-------------------|-----------|--------|------------------|-----------|--------|
| | as of 3.31.99 | | | as of 3.31.98 | | |
| | Current | Long-term | Total | Current | Long-term | Total |
| | 35,462 | 46,560 | 82,022 | 38,288 | 41,884 | 80,172 |

3. Lease expenses, depreciation expense equivalent and interest expense equivalent during 4/1/98 - 3/31/99.

| | (millions of yen) | | | | | |
|--|-------------------|---------------------------------------|-----------------------------------|-------------------|---------------------------------------|-----------------------------------|
| | 4/1/98 - 3/31/99. | | | 4/1/97 - 3/31/98. | | |
| | Lease expenses | Depreciation expense equivalent | Interest expense equivalent | Lease expenses | Depreciation expense equivalent | Interest expense equivalent |
| | 47,543 | 42,992 | 3,059 | 47,579 | 42,644 | 3,867 |

(2) Operating leases

1. Future lease payments subsequent to March 31, 1999.

| | (millions of yen) | | | | | |
|--|-------------------|-----------|-------|------------------|-----------|-------|
| | as of 3.31.99 | | | as of 3.31.98 | | |
| | Current | Long-term | Total | Current | Long-term | Total |
| | 166 | 248 | 415 | 181 | 331 | 513 |

Nissan's Year 2000 Problem Compliance Efforts

1. Y2K compliance status

1.1 Policy

Nissan recognizes that the Year 2000 (Y2K) problem is a serious corporate issue in relation to public trust in the company and operational sustainability. Accordingly, the entire Nissan Group has been proceeding with systematic efforts to achieve full Y2K compliance for Nissan vehicles and other products, in-house information systems, and production equipment and facilities incorporating microchips. Nissan is also monitoring the Y2K compliance status of its suppliers and is encouraging them to be fully compliant.

1.2 Y2K compliance organization

The Business Reform Promotion Department, which is responsible for managing in-house information systems, has been coordinating the company's overall activities concerning the Y2K problem in its capacity as the secretariat for this work. This department has been ascertaining Nissan's compliance status and that information is regularly reported to all company officers at meetings of the Management Strategy Committee.

1.3 Progress of compliance efforts

(1) An investigation of in-vehicle electronic equipment incorporating microchips had nearly been completed by the end of April this year. The results confirmed that the Y2K problem does not pose any risk to basic vehicle functions for going, turning and stopping.

(2) Compliance of Nissan's systems

Nissan began converting in-house information system programs in April 1997, and 90% of the systems had been validated as being Y2K compliant by the end of March this year. Validation of all systems is scheduled to be completed by the end of September.

Nissan has been investigating the potential impact of the Y2K problem on production facilities with embedded microchips, and 90% of the target facilities at all plants had been surveyed by the end of March this year. Measures to ensure Y2K compliance are scheduled to be implemented for all such facilities by July.

2. Y2K compliance expenditures

The cost of Y2K compliance for the entire Nissan Group of companies both in Japan and overseas is estimated at approximately ¥20 billion. This figure includes an added-value

portion for the cost of upgrading system capabilities and replacing equipment with newer models as part of various incidental measures being taken to achieve Y2K compliance. Around 80% of this ¥20 billion was paid out in the fiscal year ended March 31, 1999.

3. Risk management plan

Nissan is formulating a comprehensive risk management plan concerning the Y2K problem that includes measures for mitigating various projected risks and actions for recovering operational sustainability in the event business operations should be seriously affected by Y2K problems. A liaison committee for promoting Y2K compliance measures has been formed to compile this plan. The committee is chaired by the executive vice president in charge of the Business Reform Promotion Department, which is responsible for Y2K compliance efforts, and consists of managers representing various related departments. The plan is scheduled to be completed by August, and Nissan intends to finish verifying the measures incorporated in the plan by November.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

for the fiscal years ended March 31, 1999 and 1998

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

The following information has been prepared in accordance with accounting principles and practices generally accepted in Japan.

| | as of 3.31.99 | as of 3.31.98 | Change | |
|--|------------------|------------------|--------------|----------|
| | | | Amount | % |
| NET SALES | 6,580,001 | 6,564,637 | 15,364 | 0.2% |
| COST OF SALES | 4,921,619 | 4,876,974 | 44,645 | |
| Gross profit before adjustment to installment sales | 1,658,382 | 1,687,663 | (29,281) | (1.7%) |
| ADJUSTMENT TO INSTALLMENT SALES | 197 | 285 | (88) | |
| Gross profit | 1,658,579 | 1,687,948 | (29,369) | (1.7%) |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 1,548,857 | 1,601,065 | (52,208) | |
| Operating income | 109,722 | 86,883 | 22,839 | 26.3% |
| NON-OPERATING INCOME | 116,302 | 110,583 | 5,719 | |
| Interest and dividends income | 19,328 | 23,469 | (4,141) | |
| Equity in earnings of unconsolidated subsidiaries & affiliates | 0 | 5,034 | (5,034) | |
| Other non-operating income | 96,974 | 82,080 | 14,894 | |
| NON-OPERATING EXPENSES | 201,561 | 185,200 | 16,361 | |
| Interest expense and discount charges | 102,920 | 94,712 | 8,208 | |
| Equity in losses of unconsolidated subsidiaries & affiliates | 13,795 | 0 | 13,795 | |
| Other non-operating expenses | 84,846 | 90,488 | (5,642) | |
| Ordinary income | 24,463 | 12,266 | 12,197 | 99.4% |
| EXTRAORDINARY GAINS | 30,407 | 3,462 | 26,945 | |
| EXTRAORDINARY LOSSES | 55,400 | 32,615 | 22,785 | |
| (Loss) Income before income taxes | (530) | (16,887) | 16,357 | - |
| INCOME TAXES | 26,086 | (4,035) | 30,121 | |
| MINORITY INTEREST (deduction) | 1,098 | 1,155 | (57) | |
| NET (LOSS) INCOME | (27,714) | (14,007) | (13,707) | - |
| RETAINED EARNINGS AT BEGINNING OF THE YEAR | 681,320 | 754,952 | (73,632) | |
| ADDITIONS OTHER THAN NET INCOME | 17,671 | 0 | 17,671 | |
| DEDUCTIONS | 17,844 | 59,625 | (41,781) | |
| [Cash dividends paid] | [17,591] | [25,130] | [(7,539)] | |
| [Bonuses to directors and statutory auditors] | [253] | [279] | [(26)] | |
| [Other] | [0] | [34,216] | [(34,216)] | |
| RETAINED EARNINGS AT END OF THE YEAR | 653,433 | 681,320 | (27,887) | |

Note. 1 The above consolidated statements of income and retained earnings are prepared in conformity with the revised regulation issued by Ministry of Finance on February 20, 1998 regarding the terms, forms and procedures in making consolidated financial statements. For the fiscal year ended March 31, 1998 the figures have been adjusted based on the revised regulation, for the comparability between the two fiscal years to be retained.

Note. 2 Amortization of consolidation excess adjustment raised by investment equity elimination included in the account of Selling, General and Administrative Expenses. are 2,703 million yen and 270 million yen for fiscal years ended March 31 1999 and 1998, respectively.

Note. 3 Enterprise tax included in the account of Income taxes are 1,213 million yen and yen 2,807 million for fiscal years ended March 31 1999 and 1998, respectively.

CONSOLIDATED BALANCE SHEETS

as of March 31, 1999 and 1998

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

The following information has been prepared in accordance with accounting principles and practices generally accepted in Japan.

| | as of 3.31.99 | as of 3.31.98 | Change |
|---|------------------|------------------|------------------|
| [ASSETS] | | | |
| CURRENT ASSETS | 3,005,430 | 3,459,448 | (454,018) |
| Cash | 571,959 | 456,281 | 115,678 |
| Notes & accounts receivable | 500,353 | 558,938 | (58,585) |
| Finance receivables | 516,015 | 656,829 | (140,814) |
| Marketable securities | 398,469 | 473,622 | (75,153) |
| Inventories | 607,258 | 847,365 | (240,107) |
| Other current assets | 411,376 | 466,413 | (55,037) |
| FIXED ASSETS | 3,600,901 | 4,148,643 | (547,742) |
| Property, plant and equipment | 3,029,373 | 3,523,444 | (494,071) |
| Intangible assets | 31,779 | 35,589 | (3,810) |
| Other fixed assets | 539,749 | 589,610 | (49,861) |
| TRANSLATION ADJUSTMENTS | 311,230 | 275,695 | 35,535 |
| TOTAL ASSETS | 6,917,561 | 7,883,786 | (966,225) |
| [LIABILITIES] | | | |
| CURRENT LIABILITIES | 3,818,943 | 4,606,496 | (787,553) |
| Notes & accounts payable | 630,279 | 749,949 | (119,670) |
| Short-term borrowings | 2,025,262 | 2,672,543 | (647,281) |
| Other current liabilities | 1,163,402 | 1,184,004 | (20,602) |
| LONG-TERM LIABILITIES | 1,822,146 | 1,967,349 | (145,203) |
| Bonds | 806,866 | 898,660 | (91,794) |
| Long-term borrowings | 784,730 | 770,982 | 13,748 |
| Other long-term liabilities | 230,550 | 297,707 | (67,157) |
| TOTAL LIABILITIES | 5,641,089 | 6,573,845 | (932,756) |
| MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES | 21,877 | 27,456 | (5,579) |
| [SHAREHOLDERS' EQUITY] | | | |
| COMMON STOCK | 203,755 | 203,755 | 0 |
| CAPITAL SURPLUS | 397,412 | 397,412 | 0 |
| RETAINED EARNINGS | 653,433 | 681,320 | (27,887) |
| TREASURY STOCK | (5) | (2) | (3) |
| TOTAL SHAREHOLDERS' EQUITY | 1,254,595 | 1,282,485 | (27,890) |
| TOTAL LIABILITIES, MINORITY INTERESTS & SHAREHOLDERS' EQUITY | 6,917,561 | 7,883,786 | (966,225) |

Note. 1 The above consolidated balance sheets are prepared in conformity with the revised regulation issued by Ministry of Finance on February 20, 1998 regarding the terms, forms and procedures in making consolidated financial statements. For the fiscal year ended March 31, 1998 the figures have been adjusted based on the revised regulation, for the comparability between the two fiscal years to be retained.

Note. 2 The amount of short-term borrowings includes that of current portion of long-term borrowings, bonds and commercial paper.

SEGMENT INFORMATION

for the fiscal years ended March 31, 1999 and 1998

[in millions of Yen, () indicates minus]

I. GEOGRAPHICAL SEGMENT INFORMATION

| as of 1999/3/31 | Japan | North America | Mexico | Europe | Other foreign countries | Total | Eliminations and other | Consolidated |
|----------------------------|------------------|------------------|----------------|------------------|-------------------------|------------------|------------------------|------------------|
| I. NET SALES | | | | | | | | |
| (1) Sales to third parties | 2,863,603 | 2,087,195 | 232,249 | 1,122,876 | 274,078 | 6,580,001 | — | 6,580,001 |
| (2) Internal transactions | 1,386,053 | 57,420 | 47,884 | 18,073 | 4,632 | 1,514,062 | (1,514,062) | 0 |
| TOTAL | 4,249,656 | 2,144,615 | 280,133 | 1,140,949 | 278,710 | 8,094,063 | (1,514,062) | 6,580,001 |
| OPERATING EXPENSES | 4,227,059 | 2,121,544 | 270,794 | 1,115,931 | 274,735 | 8,010,063 | (1,539,784) | 6,470,279 |
| OPERATING INCOME | 22,597 | 23,071 | 9,339 | 25,018 | 3,975 | 84,000 | 25,722 | 109,722 |
| II. TOTAL ASSETS | 4,828,867 | 1,770,033 | 284,190 | 816,486 | 64,115 | 7,763,691 | (846,130) | 6,917,561 |

| as of 1998/3/31 | Japan | North America | Mexico | Europe | Other foreign countries | Total | Eliminations and other | Consolidated |
|----------------------------|------------------|------------------|----------------|----------------|-------------------------|------------------|------------------------|------------------|
| I. NET SALES | | | | | | | | |
| (1) Sales to third parties | 3,070,185 | 2,075,049 | 229,570 | 913,524 | 276,309 | 6,564,637 | — | 6,564,637 |
| (2) Internal transactions | 1,434,610 | 52,648 | 107,467 | 15,265 | 8,469 | 1,618,459 | (1,618,459) | 0 |
| TOTAL | 4,504,795 | 2,127,697 | 337,037 | 928,789 | 284,778 | 8,183,096 | (1,618,459) | 6,564,637 |
| OPERATING EXPENSES | 4,395,640 | 2,195,965 | 323,205 | 917,775 | 279,437 | 8,112,022 | (1,634,268) | 6,477,754 |
| OPERATING INCOME | 109,155 | (68,268) | 13,832 | 11,014 | 5,341 | 71,074 | 15,809 | 86,883 |
| II. TOTAL ASSETS | 5,102,499 | 2,307,298 | 310,526 | 731,226 | 156,211 | 8,607,760 | (723,974) | 7,883,786 |

| Increase / Decrease | Japan | North America | Mexico | Europe | Other foreign countries | Total | Eliminations and other | Consolidated |
|----------------------------|------------------|------------------|-----------------|----------------|-------------------------|------------------|------------------------|------------------|
| I. NET SALES | | | | | | | | |
| (1) Sales to third parties | (206,582) | 12,146 | 2,679 | 209,352 | (2,231) | 15,364 | — | 15,364 |
| (2) Internal transactions | (48,557) | 4,772 | (59,583) | 2,808 | (3,837) | (104,397) | 104,397 | 0 |
| TOTAL | (255,139) | 16,918 | (56,904) | 212,160 | (6,068) | (89,033) | 104,397 | 15,364 |
| OPERATING EXPENSES | (168,581) | (74,421) | (52,411) | 198,156 | (4,702) | (101,959) | 94,484 | (7,475) |
| OPERATING INCOME | (86,558) | 91,339 | (4,493) | 14,004 | (1,366) | 12,926 | 9,913 | 22,839 |
| II. TOTAL ASSETS | (273,632) | (537,265) | (26,336) | 85,260 | (92,096) | (844,069) | (122,156) | (966,225) |

Note: 1. Corporate assets included under the column heading "Eliminations and other" amount to 311,230 million yen at March 31, 1999, and 275,695 million yen at March 31, 1998 respectively which represent translation adjustments.

2. Segmentation of countries and regions are based on their geographical contiguity.

3. Major countries and regions included in each segment are;

(1) North America: U.S.A., Canada

(2) Europe: The Netherlands, Spain, U.K. and other European countries

(3) Others: Asia, Oceania, Middle East

4. Change of Accounts

Royalty income, which had been included in "Non Operating Income" for fiscal year ended March 1998, is listed under net sales from fiscal year ended March 31 1999. By this change, "Net Sales" and "Operating Income" of "Japan" segment for fiscal year ended March 31 1999 increased by 34,294 million yen compared with fiscal year ended March 31, 1998. On the other hand, "Net Sales" and "Operating Income" of "Eliminations and other" segment for fiscal year ended March 31 1999 decreased by 27,401 million yen compared with fiscal year ended March 31, 1998. As a result, "Consolidated Net Sales" and "Consolidated Operating Income" increased by 6,893 million yen.

5. The above segment information is prepared in conformity with the revised regulation issued by Ministry of Finance on February 20, 1998 regarding the terms, forms and procedures in making consolidated financial statements.

For the fiscal year ended March 31, 1998 the figures have been adjusted based on the revised regulation, for the comparability between the two fiscal years to be retained.

2. BUSINESS SEGMENT INFORMATION

Nissan has omitted the disclosure of business segment information for the following reasons:

- (1) Net sales from the automobile segment constituted more than 90% of the consolidated total.
- (2) Operating income (loss) from the automobile segment constituted more than 90% of the consolidated total.
- (3) Total assets of the automobile segment constituted more than 90% of the consolidated total.

3. OVERSEAS NET SALES

Overseas net sales and the related percentages of such sales to the total consolidated net sales are summarized as follows:

| as of 3/31/99 | North America | Middle & South America | Europe | Other foreign countries | Total |
|---|---------------|------------------------|-----------|-------------------------|-----------|
| (1) Overseas net sales [Millions of Yen] | 2,104,252 | 245,161 | 1,135,819 | 504,792 | 3,990,024 |
| (2) Consolidated net sales [Millions of Yen] | | | | | 6,580,001 |
| (3) Overseas net sales/Consolidated net sales (%) | 32.0 | 3.7 | 17.3 | 7.7 | 60.6 |

| as of 3/31/98 | North America | Middle & South America | Europe | Other foreign countries | Total |
|---|---------------|------------------------|---------|-------------------------|-----------|
| (1) Overseas net sales [Millions of Yen] | 2,088,972 | 220,593 | 922,790 | 575,257 | 3,807,612 |
| (2) Consolidated net sales [Millions of Yen] | | | | | 6,564,637 |
| (3) Overseas net sales/Consolidated net sales (%) | 31.8 | 3.4 | 14.1 | 8.8 | 58.0 |

| Increase / Decrease | North America | Middle & South America | Europe | Other foreign countries | Total |
|---|---------------|------------------------|---------|-------------------------|---------|
| (1) Overseas net sales [Millions of Yen] | 15,280 | 24,568 | 213,029 | (70,465) | 182,412 |
| (2) Consolidated net sales [Millions of Yen] | | | | | 15,364 |
| (3) Overseas net sales/Consolidated net sales (%) | 0.2 | 0.3 | 3.2 | -1.1 | 2.6 |

Note: 1. Overseas net sales include export sales of Nissan Motor Co., Ltd. and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

2. Segmentation of countries and regions are based on their geographical contiguity.

3. Major countries and regions included in each segment are;

(1) North America: USA, Canada

(2) Middle & South America: Mexico, Puerto Rico and other Middle & South America countries

(3) Europe: Germany, U.K., Spain and other European countries

(4) Others: Asia, Oceania, Middle East

Basis of Consolidated Financial Statements

1. Number of Consolidated Subsidiaries and Equity Method Applied Companies

(1) Consolidated subsidiaries ; 203 companies (Domestic 131, Overseas 72)

Domestic Car Dealers, Parts Distributors

Aichi Nissan Motor Co., Ltd, Yokohama Nissan Motor Co., Ltd,
Nissan Sunny Tokyo Motor Sales Co., Ltd, Nissan Prince Tokyo Motor Sales Co., Ltd
Nissan Tokyo Parts Sales Co., Ltd and other 111 companies

Domestic Parts Manufacturers

JATCO corporation, Nissan Kohki Co., Ltd., Tennex Corporation, Rhythm Corporation

Domestic Logistics & Services Companies

Nissan Trading Co., Ltd. Nissan Finance Co., Ltd., Vantec Corporation
Nissan Motor Car Carrier Co., Ltd. and other 7 companies

Overseas subsidiaries

Nissan North America Inc., Nissan Europe N.V. Nissan Motor Manufacturing (UK) Ltd.
Nissan Mexicana, S.A. de C.V. and other 68 companies

Unconsolidated Subsidiaries ; 364 (Domestic 307, Overseas 57)

These 364 companies are excluded because the impacts of their financial data are immaterial on Nissan Motor Co., Ltd. (NML) consolidated financial statements.

(2) Equity Method Applied Companies

Unconsolidated subsidiaries; 51 (Domestic 37, Overseas 14)
Affiliates; 50 (Domestic 39, Overseas 11)

Domestic Nissan Shatai Co., Ltd., Nissan Diesel Motor Co., Ltd., Calsonic Corporation,
Nissan Real Estate Development Corp. and other 72 companies

Overseas Yulon Motor Co., Ltd., Siam Nissan Automobile Co., Ltd. & Siam group 5 companies,
Automakers Ltd. and other 17 companies

The 313 unconsolidated subsidiaries and 91 affiliates other than the above 304 companies are excluded from equity method applied companies because the impacts of their financial data are immaterial on NML consolidated net income and retained earnings.

(3) Status Changes of Companies in NML Consolidation

The status of the following companies in NML consolidation were changed during the fiscal year ended March 31, 1999.

Included in consolidated subsidiaries; 8 (Kayo Nissan Motor Co., Ltd. and 7 overseas subsidiaries)

Excluded from consolidated subsidiaries; 6 (Ikeda Bussan Co., Ltd., Nissan Finance Corporation Ltd.
Nissan Graphic Arts Co., Ltd. and other 3 companies)

Included in equity method applied companies; 4 (Automakers Ltd., Ikeda Bussan Co., Ltd., Nissan Graphic Arts Co., Ltd. and other 1 companies)

Excluded from equity method; 8 (Kinryo Kogyo Co., Ltd., Yamato Kogyo Co., Ltd. and 6 other companies)

Inclusion were raised by establishment of new companies and purchase of the companies' stocks.
Exclusion were raised by sales of stocks and merger related to the companies.

2. Changes of Accounting Methods

Royalty income, which had been included in "Non Operating Income" for fiscal year ended March 1998, is listed under net sales from this fiscal year. By this change, "Net Sales" and "Operating Income" for this fiscal year increased by 6,893 million yen, compared with fiscal year ended March 1998. There was no effect on "Ordinary Income" and "Net (Loss) Income Before Tax".

3. Difference of Closing Dates between NML and Consolidated Subsidiaries

(1) The closing dates of the following subsidiaries are different from that of the parent company, NML

Nissan Mexicana, S.A. de C.V. and other 35 overseas subsidiaries; Closed at December 31, 1998

Nissan Finance Co., Ltd ; Closed at February 28, 1999

(2) The Financial Data of the above 37 companies are consolidated after adjusting the significant transactions which happened after the closing dates of the companies and before that of NML.

4. Investment Equity Elimination

(1) Investment Equity Elimination are executed based on the evaluation of equity at each acquisition date not based on the total evaluation of equity at the control date.

(2) Consolidation adjustments raised from the difference between investment and equity amounts are amortized in the year during which the transactions are executed and are not recorded on the consolidated balance sheets for deferral because the amounts are not significant.

5. Elimination of Unrealized Profit

(1) Unrealized profit regarding internal transaction between the consolidated companies are eliminated in the proportion of NML shareholding.

(2) Eliminated unrealized profit related to intangible fixed asset are reflected as adjustment to depreciation of the asset.

6. Foreign Currency Translation for Financial Data of Overseas Subsidiaries and Affiliates

Foreign currency amounts for financial data of overseas consolidated subsidiaries and equity method companies are translated into yen amount based on the Accounting Standard for Foreign Currency Translation.

7. Appropriation of Retained Earnings

The appropriation of retained earnings on consolidated financial statements are based upon the appropriation resolved at the subsidiaries during the fiscal year. Therefore, the appropriation of the unappropriated retained earnings as of the end of the fiscal year ended March 1999 to be resolved at Shareholders' Meeting subsequent to the year end is not reflected.

8. Income Tax allocation

Income taxes are allocated to relating fiscal years by recognizing the deferred income taxes concerning the timing differences between financial and tax reporting which accompany the elimination of unrealized profit, and other adjustment for consolidation purposes.