



Regarding serious misconduct by the company's chairman and one representative director

November 22, 2018
Nissan Motor Co., Ltd.
Investor Relations

We deeply apologize for the great concern caused by the misconduct of the company's Representative Director and Chairman Carlos Ghosn.

Please find below a summary of the press conference held by Saikawa CEO on Monday, November 19, 2018, as well as the resolutions made at the board meeting held on Thursday, November 22, 2018.

1. Press Conference

Date and Time: November 19, 2018 22:00 – 23:30

Speaker: Hiroto Saikawa, President and CEO

Explanation by Saikawa:

An internal investigation showed that Nissan's Representative Director and Chairman Carlos Ghosn had committed significant acts of misconduct:

- Reported compensation amounts in the annual securities report that were less than the actual amount
- Misappropriated the company's investments for personal use
- Misappropriated the company's expenses for personal use

Needless to say, the company does not tolerate such behavior, and therefore, we will propose to the board of directors on Thursday, November 22, to remove his right to represent the company as well as his role as Chairman. We will also propose to remove the right to represent the company for Representative Director Greg Kelly who is believed to be the mastermind of this matter along with Carlos Ghosn.

Based on a whistle blower's report, the auditors raised the issue, and we conducted an internal investigation. As a result, numerous significant acts of misconduct had been uncovered.

Since last year, we have been promoting and enforcing compliance, and the acts of misconduct were discovered in this process. I will identify all the issues and take the necessary countermeasures.

We will establish a committee including the two recently appointed independent directors and third party experts to identify areas of weakness in the governance structure and implement the necessary changes.

In terms of Nissan's operations and execution, we do not anticipate a large impact and there are no changes at this time. However, if anything needs to be changed, we will implement them immediately.

If there is any change required in the way we work with our Alliance partners, Renault and Mitsubishi Motors, we will coordinate with them and take immediate actions. This issue will not impact the partnership of the three companies and we will work closely with them to minimize any impact on Alliance efforts. We believe this is a good opportunity to revise the structure so that we do not rely on a single individual and be more sustainable. We have commenced dialogue with Renault and Mitsubishi on this matter.

In terms of governance, concentration of power in one individual, who is the CEO of Renault, which holds a 43% interest in Nissan, and is also the Chairman of Nissan, is an issue. I would like the committee that is to be established to discuss this issue as well.

The misconduct is a negative aspect of the long tenure of Mr. Ghosn. On the other hand, Nissan has developed important assets in the past 19 years. These should be protected and developed further.

Main Q&A (excluding items mentioned above as well as those that cannot be answered at this moment)

- How did the power concentrate on Mr. Ghosn and how did this coup take place?
The nature of this incident is to eliminate the acts of misconduct that were revealed by the whistle blowing system and we do not perceive this as a coup.
- There was misrepresentation in the annual reporting. Isn't this fraudulent financial reporting?
The report did not represent what should have been reported. We need to admit the error as the reporting was inappropriate.

- Was Ghosn a charismatic figure or a tyrant?
I would like to think more thoroughly on this. Initially, he did accomplish things that many people could not have done. But lately I have seen negative aspects from operational and governance perspectives, by having him remain in power for a long time. We will take visible countermeasures.
- More details on Mr. Greg Kelly
He was originally from Nissan and after serving as a corporate officer, he has been working for the Alliance as a Senior Vice President. He has been working closely with Mr. Ghosn and had significant influence since he started working in the CEO Office.
- What do you think of the damage this issue will have on the Nissan brand?
Many people may link the Nissan brand with Mr. Ghosn. However, we want our customers to continue be fans of Nissan by understanding our efforts in promoting Nissan Intelligent Mobility.
- How do you see your responsibility as President?
We need to stabilize the situation as soon as possible and it is my job to move things forward, while taking care of many tasks that need to be addressed. We also need to make necessary changes to the governance structure and operations, hand over to the next generation and speed up our process. Right now we will focus on what we can do at this moment, and I will think about what needs to be done beyond that when the time comes.
- Why weren't you able to detect these acts of misconduct of this scale until now?
The system of the company was becoming a mere formality and there was low transparency in terms of governance. The backdrop of the issue was the concentration of power.
- How will you organize the governance structure for the time being?
We will consult with the board on November 22 and decide on how we operate for the time being. We will also determine the structure of the committee and timeframe. We seek for recommendation from the committee on what we should do in the short term as well as items that will take more time, such as the structure of the board.

You can find video of the press conference at the following link:

<https://youtu.be/XoWe0HIIHPs>

2. Board Resolutions

On November 22, 2018 the Company resolved to remove representative rights and position of Chairman of its directors as follows:

With respect to Carlos Ghosn, an internal investigation has uncovered the following misconducts directed by him:

- (i) the misconduct of recording compensation amounts in the annual securities report that were less than actual, in order to reduce the amount of his compensation to be disclosed, over many years;
- (ii) the misconduct of expending our company's investment capital for his personal use, under false pretenses;
- (iii) other misconduct, such as expending our company's expenses for personal use.

With respect to Greg Kelly, as a result of an internal investigation he has been determined to be the mastermind of this matter, together with Carlos Ghosn.

The board has also voted to:

- 1) study the creation of a special committee to appropriately take advice from an independent third party regarding the governance management system and better governance of director compensation. Further to the mandate, the three independent directors - Masakazu Toyoda, Keiko Ihara and Jean-Baptiste Duzan - will lead this matter.
- 2) approve establishment of an advisory committee chaired by Masakazu Toyoda and including Keiko Ihara and Jean-Baptiste Duzan. The committee will propose nominations from the board of directors for the position of Chairman of the Board by the next board meeting scheduled for Dec. 17.