Financial Information as of March 31, 2006

(The English translation of the
“Yukashoken-Houkokusho” for
the year ended March 31, 2006)

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【Document Submitted】	Securities Report (“Yukashoken-Houkokusho”)
【Article of the Applicable Law Requiring Submittal of This Document】	Article 24, Paragraph 1, of the Securities and Exchange Law
【Filed to】	Director, Kanto Local Finance Bureau
【Date of Submittal】	June 28, 2006
【Business Year】	107th Fiscal Term (from April 1, 2005, to March 31, 2006)
【Company Name】	Nissan Jidosha Kabushiki-Kaisha
【Company Name (in English)】	Nissan Motor Co., Ltd.
【Position and Name of Representative】	Carlos Ghosn, President
【Location of Head Office】	2, Takaracho, Kanagawa-ku, Yokohama, Kanagawa
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Part I Information on the Company

1. Overview of the Company

1. Key financial data and trends

(1) Consolidated financial data

Fiscal year		103rd	104th	105th	106th	107th
Year ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Net sales	Millions of yen	6,196,241	6,828,588	7,429,219	8,576,277	9,428,292
Ordinary income	Millions of yen	414,744	710,069	809,692	855,700	845,872
Net income	Millions of yen	372,262	495,165	503,667	512,281	518,050
Net assets	Millions of yen	1,620,822	1,808,304	2,023,994	2,465,750	3,087,983
Total assets	Millions of yen	7,215,005	7,349,183	7,859,856	9,848,523	11,481,426
Net assets per share	Yen	358.84	434.11	493.85	604.49	753.40
Basic net income per share	Yen	92.61	117.75	122.02	125.16	126.94
Diluted net income per share	Yen	92.13	116.88	120.74	124.01	125.96
Net assets as a percentage of total assets	%	22.5	24.6	25.8	25.0	26.9
Return on equity	%	28.87	28.88	26.29	22.82	18.66
Price earnings ratio	Times	10.13	6.71	9.55	8.78	11.01
Cash flows from operating activities	Millions of yen	222,214	575,378	797,417	369,415	757,869
Cash flows from investing activities	Millions of yen	(524,389)	(515,374)	(756,126)	(865,035)	(1,112,755)
Cash flows from financing activities	Millions of yen	280,915	(72,764)	(113,740)	521,046	457,919
Cash and cash equivalents at end of year	Millions of yen	279,653	269,817	194,164	289,784	404,212
Employees ( ) represents the number of part-time employees not included in the above numbers as of the fiscal year end	Number	118,161 (6,938) 120,331 (6,938)	119,988 (7,637) 120,231 (7,637)	119,350 (4,398) 124,606 (6,295)	169,644 (13,963) 174,647 (14,802)	162,099 (21,257) 165,397 (21,564)

Notes: 1. Net sales are presented exclusive of consumption tax.

2. From the 104th fiscal year, the Company adopted "Accounting Standard for Net Income Per Share" (Accounting Standard No. 2) and "Application Guideline for Accounting Standard for Net Income Per Share" (Application Guideline for Accounting Standard No. 4) in the calculation of net assets per share, and basic and diluted net income per share.

3. Staff numbers, which are presented as the lower numbers in the "Employees" line, include those of unconsolidated subsidiaries accounted for by the equity method.

(2) Non-consolidated financial data

Fiscal year		103rd	104th	105th	106th	107th
Year ended		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Net sales	Millions of yen	3,019,860	3,419,068	3,480,290	3,718,720	3,895,553
Ordinary income	Millions of yen	197,932	293,073	228,098	203,711	337,156
Net income	Millions of yen	183,449	72,869	80,713	102,415	240,593
Common stock	Millions of yen	604,556	605,813	605,813	605,813	605,813
Number of shares in issue	Thousands	4,517,045	4,520,715	4,520,715	4,520,715	4,520,715
Net assets	Millions of yen	1,829,052	1,798,716	1,709,705	1,685,893	1,827,030
Total assets	Millions of yen	3,915,031	3,933,993	4,055,579	3,981,914	3,845,041
Net assets per share	Yen	404.94	402.65	388.60	384.86	415.28
Cash dividends per share (Interim cash dividends included herein)	Yen (Yen)	8 {4 for new shares} (0)	14 (4)	19 (8)	24 (12)	29 (14)
Basic net income per share	Yen	45.61	16.09	18.15	23.24	54.88
Diluted net income per share	Yen	45.38	15.98	17.97	23.04	54.48
Net assets as a percentage of total assets	%	46.7	45.7	42.2	42.3	47.5
Return on equity	%	11.19	4.02	4.60	6.03	13.70
Price earnings ratio	Times	20.57	49.10	64.19	47.29	25.47
Cash dividends as a percentage of net income	%	18.5	86.0	103.7	102.8	52.9
Employees ( ) represents the number of part-time employees not included in the above numbers as of the fiscal year end	Number	30,365 (227)	31,128 (423)	31,389 (463)	32,177 (578)	32,180 (845)

Notes: 1. Net sales are presented exclusive of consumption tax.

2. Effective the 104th fiscal year, the Company has adopted "Accounting Standard for Net Income Per Share" (Accounting Standard No. 2) and "Application Guideline for Accounting Standard for Net Income Per Share" (Application Guideline for Accounting Standard No. 4) in the calculation of net assets per share, and basic and diluted net income per share.

2. History

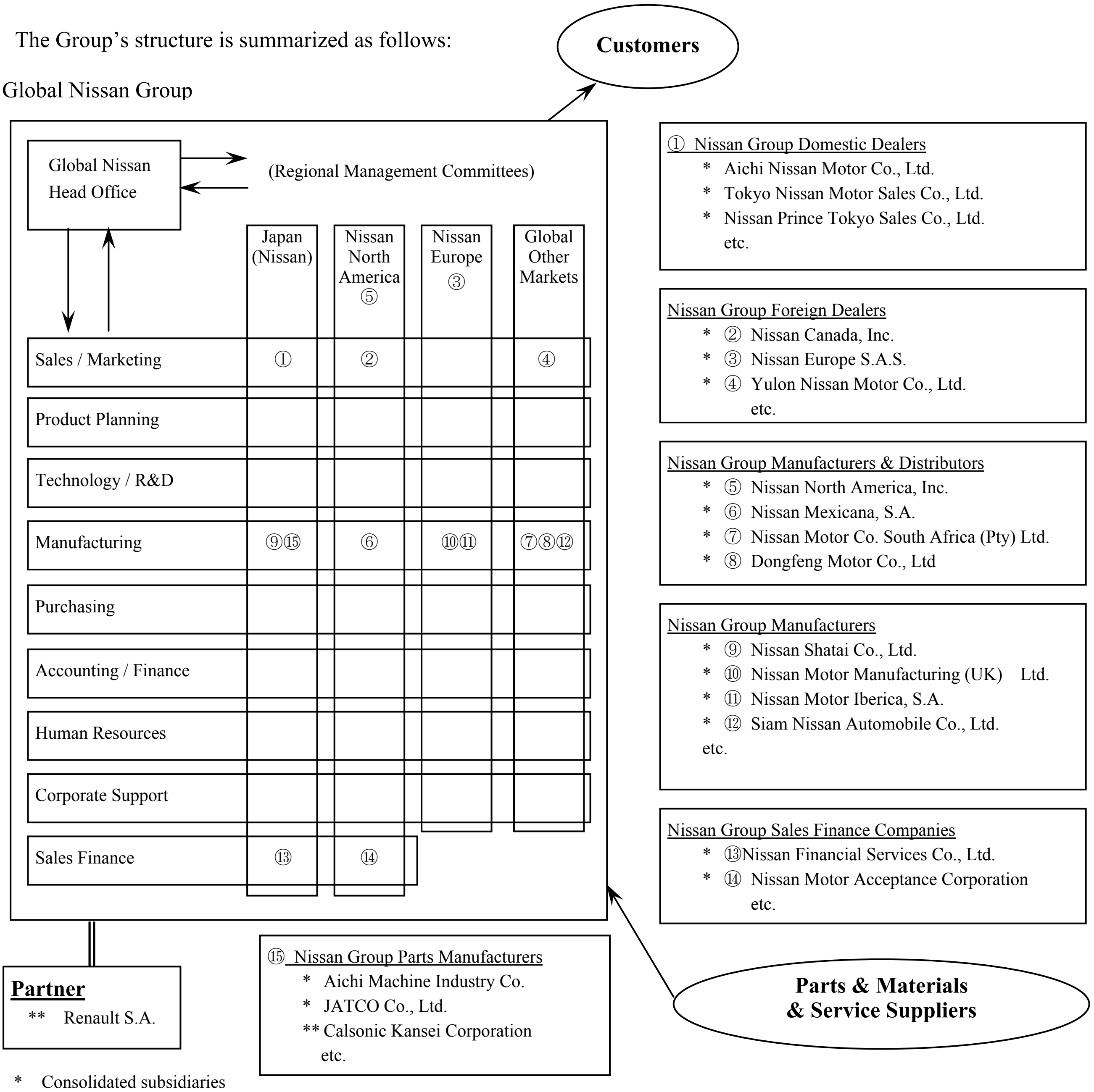
December 1933	Jidosha Seizo Co., Ltd., predecessor of Nissan Motor Co., Ltd. was established in Takaracho, Kanagawa-ku, Yokohama, through the joint capital investment of Nippon Sangyo K.K. and Tobata Imono K.K.
May 1934	Construction of the Yokohama Plant was completed.
June 1934	The Company changed its name to Nissan Motor Co., Ltd.
April 1935	First vehicle was manufactured off the production line through the integrated production at the Yokohama Plant.
August 1943	Construction of the Fuji Plant (formerly the Yoshiwara Plant) was completed.
September 1944	The head office was moved to Nihonbashi, Tokyo, and the Company changed its name to Nissan Heavy Industries, Ltd.
January 1946	The headquarters moved to Takaracho, Kanagawa-ku,Yohohama.
August 1949	The Company changed its name to Nissan Motor Co., Ltd..
January 1951	The Company's stock was listed on the Tokyo Stock Exchange.
May 1951	The Company acquired an interest in Shin-Nikkoku Kogyo Co., Ltd. (currently Nissan Shatai Co., Ltd.; a consolidated subsidiary).
May 1958	Exportation of passenger cars to the United States was commenced.
September 1960	Nissan Motor Corporation in U.S.A. was established.
September 1961	Nissan Mexicana, S.A. de C.V. (currently a consolidated subsidiary), a joint venture with Marubeni-Iida Co., Ltd. (currently Marubeni Corporation) was established in Mexico City, Mexico.
March 1962	Construction of the Oppama Plant was completed.
March 1965	The Company acquired an interest in Aichi Machine Industry Co., Ltd. (currently a consolidated subsidiary).
May 1965	Construction of the Zama Plant was completed.
August 1966	The Company merged Prince Motor Company and, accordingly, the Murayama Plant became a part of the Company.
July 1967	Construction of the Honmoku Wharf (a base for exporting) was completed.
January 1968	The headquarters operations were moved to the Company's new building in the Ginza area of Tokyo.
March 1970	The Company commenced the marine engine business.
March 1971	Construction of the Tochigi Plant was completed.
October 1973	Construction of the Sagamihara Parts Center was completed.
June 1977	Construction of the Kyushu Plant was completed.
January 1980	The Company acquired an interest in Motor Iberica, S.A. (currently Nissan Motor Iberica, S.A.; a consolidated subsidiary) in Spain.
July 1980	Nissan Motor Manufacturing Corporation U.S.A. was established.
November 1981	The Nissan Technical Center was completed.
November 1981	Nissan Motor Acceptance Corporation (currently a consolidated subsidiary) was established.
January 1983	Nissan Gakuen (car mechanics' school) was opened.
February 1984	Nissan Motor Manufacturing (UK) Ltd. (currently a consolidated subsidiary) was established.
November 1984	Construction of the Oppama Wharf was completed.
April 1989	Nissan Europe N. V. was established in the Netherlands.
January 1990	Former Nissan North America, Inc. was established in the United States.
January 1994	Construction of the Iwaki Plant was completed.
April 1994	The business in the North America region was reorganized and Nissan North America, Inc. (currently a consolidated subsidiary) was newly established.
March 1995	Production of vehicles was discontinued at the Zama Plant.
December 1998	Nissan North America, Inc. merged with Nissan Motor Corporation in U.S.A.
March 1999	The Company and Renault signed an agreement for a global alliance, including equity participation.
July 1999	The Company sold its business related to the Fuji Plant to TransTechnology Ltd., which merged with JATCO Co., Ltd. into JATCO TransTechnology (currently JATCO Ltd.) in 1999.
February 2000	Nissan Holding (UK) Ltd. (currently a consolidated subsidiary) was established.
April 2000	Nissan North America, Inc. merged with Nissan Motor Manufacturing Corporation U.S.A.
July 2000	The Company sold its aerospace-related business to I.H.I. Aerospace Co., Ltd.
March 2001	Production of vehicles was discontinued at the Murayama Plant.
March 2002	Renault increased its stake in the Company to 44.4%.
March 2002	The Company aquired Renault's shares through Nissan Finance Co., Ltd. (currently a consolidated subsidiary).
March 2002	The Company established Renault Nissan BV, a management organization.
August 2002	Nissan Europe SAS (currently a consolidated subsidiary) was established to reorganize business in Europe.
March 2003	The Company liquidated Nissan Europe N.V.
May 2003	The Company established a new plant in Canton, Mississippi.
July 2003	Dongfeng Motor Co., Ltd. commenced its operations in China.

3. Description of business

The Nissan Group (the “Group” or “Nissan”) consists of Nissan Motor Co., Ltd. (“the Company” or “NML”), subsidiaries, affiliates, and other associated companies. Its main businesses include manufacturing and sales of vehicles, forklifts, marine products and related parts. In addition, the Group provides various types of services related to the above businesses such as logistics and sales finance services.

The Group established the Global Nissan Head Office to function as its global headquarters and to monitor various operations through the Global Nissan Group which is a combination of four Regional Management Committees. The Global Nissan Group also handles cross-regional matters such as research & development, purchasing, manufacturing, and so forth.

The Group’s structure is summarized as follows:



	Japan (Nissan)	Nissan North America ⑤	Nissan Europe ③	Global Other Markets
Sales / Marketing	①	②		④
Product Planning				
Technology / R&D				
Manufacturing	⑨⑮	⑥	⑩⑪	⑦⑧⑫
Purchasing				
Accounting / Finance				
Human Resources				
Corporate Support				
Sales Finance	⑬	⑭		

① Nissan Group Domestic Dealers
- * Aichi Nissan Motor Co., Ltd.
- * Tokyo Nissan Motor Sales Co., Ltd.
- * Nissan Prince Tokyo Sales Co., Ltd.
- etc.

Nissan Group Foreign Dealers
- * ② Nissan Canada, Inc.
- * ③ Nissan Europe S.A.S.
- * ④ Yulon Nissan Motor Co., Ltd.
- etc.

Nissan Group Manufacturers & Distributors
- * ⑤ Nissan North America, Inc.
- * ⑥ Nissan Mexicana, S.A.
- * ⑦ Nissan Motor Co. South Africa (Pty) Ltd.
- * ⑧ Dongfeng Motor Co., Ltd

Nissan Group Manufacturers
- * ⑨ Nissan Shatai Co., Ltd.
- * ⑩ Nissan Motor Manufacturing (UK) Ltd.
- * ⑪ Nissan Motor Iberica, S.A.
- * ⑫ Siam Nissan Automobile Co., Ltd.
- etc.

Nissan Group Sales Finance Companies
- * ⑬Nissan Financial Services Co., Ltd.
- * ⑭ Nissan Motor Acceptance Corporation
- etc.

Partner
- ** Renault S.A.

⑮ Nissan Group Parts Manufacturers
- * Aichi Machine Industry Co.
- * JATCO Co., Ltd.
- ** Calsonic Kansei Corporation
- etc.

* Consolidated subsidiaries
** Companies accounted for by the equity method

- In addition to the above companies, *Nissan Trading Co., Ltd., *Nissan Real Estate Development Co., Ltd. and others are included in the Group.
- Our consolidated subsidiaries listed on the domestic stock exchanges are as follows:
  Nissan Shatai Co., Ltd. – Tokyo, Aichi Machine Industry Co., Ltd. – Tokyo, Nagoya, Calsonic Kansei Corporation – Tokyo

4. Information on subsidiaries and affiliates

(1) Consolidated subsidiaries

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched			
		Millions of yen		%	%	Number	Number	Number			
☆＃※ Nissan Shatai Co., Ltd.	Hiratsuka-shi, Kanagawa	7,904	Manufacturing and selling automobiles and parts	43.31	(0.03)	6	1	—	None	Manufacturing certain products on behalf of NML	Leasing of certain land and buildings owned by NML
＃※ Aichi Machine Industry Co., Ltd.	Atsuta-ku, Nagoya-shi	8,518	Manufacturing and selling automotive parts	41.69	—	7	1	—	None	Selling certain automotive parts to NML	None
☆ JATCO Co., Ltd.	Fuji-shi, Shizuoka	29,935	Manufacturing and selling automotive parts	81.76	—	5	4	—	None	Selling certain automotive parts to NML	Leasing of certain land and buildings owned by NML
Nissan Kohki Co., Ltd.	Samukawa-machi, Koza-gun, Kanagawa	2,020	Manufacturing and selling automotive parts	97.73	—	2	1	—	None	Selling certain automotive parts to NML	None
☆＃※ Calsonic Kansei Corporation	Nakano-ku, Tokyo	41,165	Manufacturing and selling automotive parts	41.80	—	6	1	—	None	Selling certain automotive parts to NML	None
Nissan Motor Car Carrier Co., Ltd.	Chuo-ku, Tokyo	640	International transportation of automobiles	60.00	—	2	—	—	None	Marine transportation of automobiles exported	None
Nissan Trading Co., Ltd.	Nishi-ku, Yokohama-shi	320	Importing and exporting automobiles, parts and other	100.00	—	6	—	—	None	Importing automotive parts on behalf of NML	None
＃ Nissan Financial Services Co., Ltd.	Mihama-ku, Chiba-shi	16,387	Arranging installment sales and automobile leases	100.00	—	6	3	—	None	Automobile leases	Leasing of certain facilities for business owned by NML
Autech Japan, Inc.	Chigasaki-shi, Kanagawa	480	Developing, manufacturing and selling limited edition automobiles	100.00	—	10	1	2	None	Purchasing limited edition automobiles from NML	Leasing of certain land and buildings for business owned by NML
Nissan Real Estate Development Co., Ltd.	Chuo-ku, Tokyo	1,000	Selling, purchasing and leasing real estate	100.00	(18.00)	4	2	—	None	Selling, purchasing and leasing real estate	Leasing of certain land and buildings to NML for its employees
Nissan Finance Co., Ltd.	Minato-ku, Tokyo	2,491	Finance and accounting support	100.00	—	2	6	—	¥632,145 million as the source of loans made to Group companies	Making loans to domestic subsidiaries	Leasing of certain systems for business owned by NML
Aichi Nissan Motor Co., Ltd.	Atsuta-ku, Nagoya-shi	100	Selling automobiles and parts	100.00	—	3	1	1	None	Purchasing products manufactured by NML	None
Tokyo Nissan Motor Sales Co., Ltd.	Ota-ku, Tokyo	100	Selling automobiles and parts	100.00	—	1	2	2	None	Purchasing products manufactured by NML	None
Nissan Prince Tokyo Motor Sales Co., Ltd.	Shinagawa-ku, Tokyo	100	Selling automobiles and parts	100.00	—	3	2	—	None	Purchasing products manufactured by NML	None
Nissan Parts Chuo Sales Co., Ltd.	Isogo-ku, Yokohama-shi	545	Selling parts for automobile repairs	80.61	(34.37)	6	1	—	None	Purchasing parts for repairs from NML	None
Other domestic consolidated subsidiaries			81 companies								
Total domestic consolidated subsidiaries			96 companies								

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched			
				%	%	Number	Number	Number			
☆ Nissan Europe S.A.S.	Trappes, Cedex, France	Millions of Euro 1,626	Managing manufacturing and sales in Europe	100.00	—	—	3	1	None	Purchasing products manufactured by NML	None
Nissan International Finance (Netherlands) B.V.	Amsterdam, The Netherlands	Millions of Euro 13	Financing for group companies	100.00	(100.00)	—	3	—	None	Extending loans to NML's European subsidiaries	None
Nissan France S.A.	Trappes, Cedex, France	Millions of Euro 4	Selling automobiles and parts	94.77	(94.77)	—	2	1	None	Purchasing products manufactured by NML	None
Nissan Motor (GB) Ltd.	Rickmansworth, Hertfordshire, United Kingdom	Millions of £ stg. 136	Selling automobiles and parts	100.00	(100.00)	—	3	—	None	Purchasing products manufactured by NML	None
☆ Nissan Holding (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of stg. 870	Holding company for English subsidiaries	100.00	(100.00)	—	—	—	None	None	None
Nissan Italia S.p.A.	Rome, Italy	Millions of Euro 5	Selling automobiles and parts	100.00	(100.00)	—	2	—	None	Purchasing products manufactured by NML	None
☆ Nissan Motor Manufacturing (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of £ stg. 250	Manufacturing and selling automobiles and parts	100.00	(100.00)	—	3	—	None	Purchasing products manufactured by NML	None
Nissan Technical Center Europe Ltd.	Granfield, United Kingdom	Millions of £ stg. 15	Conducting research and development activities, and testing and assessing various automobiles in Europe	100.00	(100.00)	—	—	—	None	Designing and developing automobiles on behalf of NML	None
Nissan Forklift Europe B.V.	Amsterdam, The Netherlands	Millions of Euro 6	Manufacturing and selling forklifts and parts	100.00	—	—	2	—	None	Purchasing products manufactured by NML	None
☆ Nissan Motor Iberica, S.A.	Barcelona, Spain	Millions of Euro 725	Manufacturing and selling automobiles and parts	99.76	(93.21)	—	4	—	None	Purchasing products manufactured by NML	None
Nissan Motor Espana, S.A.	Barcelona, Spain	Millions of Euro 12	Selling automobiles and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan Forklift Espana, S.A.	Noain, Spain	Millions of Euro 9	Manufacturing and selling forklifts and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
☆ ◎Nissan North America, Inc.	Gardena, California, USA	Millions of US$ 1,791	Managing subsidiaries in North America and manufacturing and selling automobiles and parts	100.00	—	—	2	—	None	Purchasing products manufactured by NML	None
Nissan Motor Acceptance Corporation	Torrance, California, USA	Millions of US$ 499	Financing wholesale and retail sales of automobiles in the United States	100.00	(100.00)	—	2	1	None	Financing sales of products manufactured by NML	None

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched			
				%	%	Number	Number	Number			
Nissan Technical Center North America, Inc.	Farmington Hills, Michigan, USA	Millions of US$ 16	Conducting research and development activities, and testing and assessing various automobiles in the United States	100.00	(100.00)	—	2	1	None	Designing and developing automobiles on behalf of NML	None
Nissan Motor Insurance Corporation	Honolulu, Hawaii, USA	Millions of US$ 10	Casualty insurance	100.00	(100.00)	—	—	1	None	None	None
Nissan Forklift Co., North America	Marengo, Illinois, USA	Millions of US$ 34	Manufacturing and selling forklifts and selling parts for forklifts	100.00	(88.00)	—	—	4	None	Purchasing products manufactured by NML	None
Nissan Canada, Inc.	Mississauga, Ontario, Canada	Millions of C$ 68	Selling automobiles and parts	100.00	(61.66)	—	—	—	None	Purchasing products manufactured by NML	None
☆ Nissan Mexicana, S.A. de C.V.	Mexico D.F., Mexico	Millions of Peso 17,056	Manufacturing and selling automobiles and parts	100.00	—	—	2	3	None	Purchasing products manufactured by NML	None
Nissan Motor Co. (Australia) Pty. Ltd.	Dandenong, Victoria, Australia	Millions of A$ 290	Selling automobiles and parts	100.00	—	—	1	1	None	Purchasing products manufactured by NML	None
Nissan Motor Company South Africa (Pty) Ltd.	Rosslyn, South Africa	Millions of Rand 39	Managing subsidiaries in Africa and manufacturing and selling automobiles	100.00	—	—	—	1	None	Purchasing products manufactured by NML	None
Nissan New Zealand Ltd.	Auckland, New Zealand	Millions of NZ$ 51	Managing subsidiaries in New Zealand and selling automobiles	100.00	—	—	—	1	None	Purchasing products manufactured by NML	None
Nissan Middle East F.Z.E.	Dubai, UAE	Millions of Dh. 2	Selling automobiles	100.00	—	—	1	2	None	Purchasing products manufactured by NML	None
Nissan Motor (China) Ltd.	Hong Kong, China	Millions of HK$ 16	Selling automobiles	100.00	—	—	1	1	None	Purchasing products manufactured by NML	None
(Note 8) Dongfeng Motor Co., Ltd.	Hubei, China	Millions of CNY 16,700	Manufacturing and selling automobiles and parts	50.00	(50.00)	—	4	3	None	Purchasing products manufactured by NML	None
Siam Nissan Automobile Co., Ltd.	Bangsaothong, Samutpraken, Thailand	Millions of THB 1,930	Manufacturing and selling automobiles and parts	75.00	—	—	3	3	None	Purchasing products manufactured by NML	None
Yulon Nissan Motor Co., Ltd	Miaoli, Republic of China	Millions of TWD 3,000	Manufacturing and selling automobiles and parts	40.00	—	—	1	3	None	Purchasing products manufactured by NML	None
NISSAN (CHINA) INVESTMENT CO., LTD.	Beijing, China	Millions of CNY 8,401	Managing subsidiaries of China and selling automobiles.	100.00	—	—	4	—	None	Purchasing products manufactured by NML	None
Other foreign consolidated subsidiaries		63 companies									
Total foreign consolidated subsidiaries		91 companies									
Total consolidated subsidiaries		187companies									

(2) Affiliates accounted for by the equity method

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
						Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched			
		Millions of Yen		%	%	Number	Number	Number			
# Kinugawa Rubber Industrial Co., Ltd.	Inage-ku, Chiba-shi, Chiba	5,654	Manufacturing and selling parts for automobiles	20.43	—	2	—	—	None	Selling certain parts for automobiles to NML	None
(Note 9) Renault	Billancourt, France	Millions of Euro 1,086	Manufacturing and selling automobiles and parts for automobiles	15.52	(15.52)	—	2	—	None	Partnership organization, Renault-Nissan BV was established.	None
Other affiliates accounted for by the equity method	16 companies										
Total affiliates accounted for by the equity method	18 companies										

Notes: 1. Companies marked ☆ are specified subsidiaries.

2. Companies marked # have filed their securities registration statements or securities reports.

3. Net sales (excluding intercompany sales within the Group) of each company marked ◎ exceeded 10% of the consolidated net sales for the year ended March 31, 2006. However, the key financial data for these companies has been omitted because their net sales constituted more than 90% of the sales in their respective geographical segments.

4. Although the percentage of their voting rights held by NML is equal to, or less than, 50%, the companies marked ※ have been consolidated because they are substantially controlled by NML.

5. Nissan Motor Corporation in Hawaii, Ltd., which had been mainly engaged in selling automobiles and related parts, ceased to exist due to the merger with Nissan North America, Inc. effective April 1, 2005.

6. Nissan Capital of America, Inc., which had been engaged in financing for group companies, ceased to exist due to the merger with Nissan Motor Acceptance Corporation effective June 30, 2005.

7. Nissan Diesel Motor Co., Ltd., which had been mainly engaged in manufacturing and selling automobiles and parts for automobiles, was excluded from the scope of affiliates because NML's voting right as a percentage of total number of shares issued decreased as a result of the sale of a part of its shares to A.B. Volvo as of March 28, 2006.

8. Dongfeng Motor Co., Ltd., is consolidated although this company is a joint venture because Dongfeng Motor Co., Ltd., has been consolidated proportionately to NISSAN (CHINA) INVESTMENT CO., LTD. in accordance with local accounting standards.

9. Although the exercise of voting rights of the shares in Renault indirectly held by the Company is restricted in accordance with the Commercial Code of France, the Company has accounted for its investment in Renault by the equity method as the Company exercises significant influence over Renault's financial and operating policies through its participation in a jointly and equally owned management company (Renault-Nissan BV) and through its Board members (comprising 50% of Renault-Nissan BV's Board of Directions). This joint venture company has the power to decide business issues of importance to both Renault and Nissan based on the Articles of Incorporation of each company or on a mutual agreement.

5. Employees

(1) Consolidated companies

(At March 31, 2006)

Geographical segment	Number of employees	
Japan	86,559	(7,461)
North America	19,438	(789)
Mexico	8,681	(—)
Europe	11,899	(1,714)
Other overseas countries	35,522	(11,293)
Total	162,099	(21,257)

Note: The number of employees presented above represents full-time employees. The figures in parentheses represent part-time employees at March 31, 2006 who have not been included in the number of full-time employees.

(2) The Company

(At March 31, 2006)

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Yen)
32,180 (845)	41.2	19.9	7,299,136

Notes: 1. The number of employees presented above represents full-time employees. The figures in parentheses represent part-time employees at March 31, 2006 who have not been included in the number of full-time employees.

2. The average annual salary represents the average salary for employees who are not in material positions and includes bonuses and overtime pay.

(3) Trade union

Most of the Company's employees are affiliated with the ALL NISSAN MOTOR WORKERS' UNION, for which the governing body is the ALL NISSAN AND GENERAL WORKERS UNIONS, and the Japanese Trade Union Confederation (RENGO) through the CONFEDERATION OF JAPAN AUTOMOBILE WORKERS' UNIONS. The labor-management relations of the Company are stable, and the number of union members was 29,624 as of March 31, 2006. In addition, the Nissan Motor branch of the All Japan Metal and Information Machinery Workers Union (JMIU), another trade union, had two affiliated employees as of the same date.

At most domestic Group companies, employees are affiliated with their respective trade unions on a company basis, and the governing body is the ALL NISSAN AND GENERAL WORKERS UNIONS.

At foreign Group companies, employees are affiliated with their respective trade unions. In Mexico, for example, workers are affiliated with a domestic trade union for which the governing body is the Confederation of Mexican Workers (CTM: Confederación de Trabajadores de México) or independent trade unions, whereas most employees in the United Kingdom are affiliated with the Amalgamated Engineering and Electrical Union (AEEU). Local employees of other Group companies are affiliated with different types of trade unions according to the labor environment in each country.

2. Business Overview

1. Overview of business results

(1) Operating results

Net sales for the year ended March 31, 2006 totaled ¥9,428.3 billion, which represents an increase of ¥852.0 billion (9.9%) over net sales for the prior year. Operating income also rose to ¥871.8 billion, an increase of ¥10.7 billion (1.2%) over the corresponding amount recorded in the prior year. As a result of this increase, operating income was the highest on record for the Nissan Group. And the operating income as a percentage of net sales for the current fiscal year was 9.2%.

Net non-operating expenses for the year ended March 31, 2006 amounted to ¥26.0 billion, an increase of ¥20.5 billion from those of the prior year. This deterioration was primarily attributable to an increase in exchange loss. As a result, ordinary income for the current year decreased by ¥9.8 billion (1.1%) from the corresponding amount for the prior year to ¥845.9 billion. Net special loss for the year ended March 31, 2006 totaled ¥36.8 billion, an improvement of ¥25.6 billion from that of the prior year. This is primarily attributable to an increase in gain on sales of investment securities. Finally, income before income taxes and minority interests and net income for the year ended March 31, 2006 increased by ¥15.8 billion (2.0%) and ¥5.8 billion (1.1%) to ¥809.0 billion and ¥518.1 billion, respectively, over the corresponding amounts of the prior year.

The operating results by business segment are summarized as follows:

a. Automobiles

The Group's worldwide automobile sales (on a retail basis) for the year ended March 31, 2006 increased by 180 thousand units (5.3%) to 3,569 thousand units from the figure recorded in the prior year. The number of vehicles sold in Japan decreased by 0.7% to 842 thousand units. Vehicles sold in the United States increased by 6.1% to 1,075 thousand units, while those sold in Europe decreased by 0.6% to 541 thousand units and vehicle sales in other overseas countries went up 13.0% to 1,111 thousand units.

Net sales in the automobile segment (including intersegment sales) for the current year rose by ¥722.1 billion (8.8%) over those of the prior year to ¥8,923.7 billion.

Operating income for the year ended March 31, 2006 decreased by ¥8.4 billion (1.1%) to ¥763.4 billion. This is primarily attributable to various factors such as the rising costs of raw materials and energy, expenditures to enhance the Group's product lines and to company with various local regulations on a worldwide basis, and higher R&D costs, which were partially offset by the overall favorable impact of foreign exchange rate fluctuation, the increase in the number of vehicles sold, the favorable sales mix, reductions in purchase costs and so forth.

b. Sales finance

Net sales (including intersegment sales) for the current year increased by ¥136.0 billion (33.0%) to ¥547.9 billion. Operating income for the current year decreased by ¥3.8 billion (5.2%) from that of the prior year to ¥69.7 billion.

Operating results by geographic segment are summarized as follows:

a. Japan

- Net sales (including intersegment sales) for the current year rose by ¥331.2 billion (7.3%) from corresponding net sales recorded in the prior year to ¥4,869.0 billion.

- Operating income for the current year increased by ¥49.3 billion (14.5 %) from that of the prior year to ¥390.4 billion, primarily due to a favorable change in foreign exchange rates.

b. North America

- Net sales (including intersegment sales) for the current year rose by ¥431.0 billion (11.3%) to ¥4,239.2 billion.

- Operating income for the current year posted a decrease of ¥28.6 billion (6.9%) from the prior year's results and stood at ¥386.9 billion, primarily due to an increase in selling expenses.

c. Europe

- Net sales (including intersegment sales) for the current year were ¥1,497.3 billion, an increase of ¥192.2 billion (14.7%) over those of the prior fiscal year.

- Operating income for the current year increased by ¥11.2 billion (19.9%) over that of the prior year to ¥67.2 billion, primarily due to a favorable sales mix.

d. Other overseas countries

- Net sales (including intersegment sales) for the current year increased by ¥205.6 billion (19.6%) from those of the prior year to ¥1,252.3 billion.

- Operating income for the current year was ¥57.6 billion, an increase of ¥7.4 billion (14.7 %) over that of the prior year, primarily due to the increase in the number of vehicles sold.

(2) Cash flows

Cash and cash equivalents amounted to ¥404.2 billion at the end of this fiscal year for an increase of ¥114.4 billion (39.5%) from the corresponding balance at the end of the prior fiscal year. This primarily represents the net result of an increase in cash flows provided by operating activities driven by a reduction of increase in sales finance receivables, a further increase in cash flows used in investing activities and a reduction of increase in cash flows provided by financing activities.

(Cash flows from operating activities)

Cash and cash equivalents provided by operating activities, which amounted to ¥757.9 billion for the current fiscal year, increased by ¥388.5 billion (105.2%) from the ¥369.4 billion recorded in the prior fiscal year. This primarily reflects the reduction of increase sales finance receivables at sales finance subsidiaries.

(Cash flows from investing activities)

Cash and cash equivalents used in investing activities, which amounted to ¥1,112.8 billion for the current fiscal year, increased by ¥247.8 billion (28.6%) from the ¥865.0 billion recorded in the prior fiscal year. This increase is primarily attributable to higher expenditures for purchases of leased vehicles.

(Cash flows from financing activities)

Cash and cash equivalents provided by financing activities, which amounted to ¥457.9 billion for the current fiscal year, decreased by ¥63.1 billion (12.1%) from the corresponding total cash outflows of ¥521.0 billion in the prior fiscal year, mainly due to a reduction of increase in short-term borrowings.

2. Production, orders received and sales

(1) Actual production

Location of manufacturers	Number of vehicles produced (units)		Change (units)	Change (%)
	Prior fiscal year	Current fiscal year		
Japan	1,481,563	1,364,868	(116,695)	(7.9)
The United States	803,556	808,586	5,030	0.6
Mexico	325,086	362,591	37,505	11.5
The United Kingdom	319,652	315,297	(4,355)	(1.4)
Spain	142,889	193,604	50,715	35.5
South Africa	41,750	40,928	(822)	(2.0)
Indonesia	9,822	11,103	1,281	13.0
Thailand	33,472	43,621	10,149	30.3
China	135,549	200,229	64,680	47.7
Total	3,293,339	3,340,827	47,488	1.4

Notes: 1. The figures for the current fiscal year represent vehicles produced during the year ended March 31, 2006 in Japan and the United States. Those produced in the seven other countries represent the production figures for the year ended December 31, 2005.

2. The above figures do not include forklift production data.

(2) Orders received

Information on orders received has been omitted as the products manufactured after the related orders are received are immaterial to the Group.

(3) Actual sales

Sales to	Number of vehicles sold (on a consolidated basis)		Change (units)	Change (%)
	Prior fiscal year	Current fiscal year		
Japan	819,152	810,968	(8,184)	(1.0)
North America	1,394,099	1,369,630	(24,469)	(1.8)
Europe	554,901	597,250	42,349	7.6
Other overseas countries	702,270	759,766	57,496	8.2
Total	3,470,422	3,537,614	67,192	1.9

Notes: 1. The figures for the current fiscal year represent vehicles sold during the year ended March 31, 2006 in Japan and North America (excluding Mexico). Those sold in Mexico, Europe and the other overseas countries represent the sales figures for the year ended December 31, 2005.

2. The above figures do not include forklift sales data.

3. Issues and outlook for the fiscal year ahead

In April 2005, the Group started to implement a new medium-term business plan, "Nissan Value-Up," to realize sustainable, long-term growth.
The Group set forth three significant commitments in the plan, which extends from fiscal year 2005 to fiscal year 2007.

1) To maintain top level operating income margin among global automakers during every fiscal year from 2005 to 2007;
2) To achieve the Group's global sales of 4,200 thousand units by the end of fiscal year 2008; and
3) To achieve a 20% return on invested capital (ROIC) on the average over the course of the plan.

The Group pursues four major breakthroughs with the implementation of "Nissan Value-Up". The four major breakthroughs defined by the Group are described as follows:

- Introduction of Infiniti brand globally as a Tier-1 luxury brand
- Strengthen the presence of Light Commercial Vehicles, or LCVs, globally
- Focus on establishing new sources for parts, machines, equipment, vendor tooling and services from Leading Competitive Countries, or LCCs and other competitive countries
- Significant geographic expansion focused on China, India, Thailand, Russia, Eastern Europe, the Gulf countries and Egypt.

In fiscal year 2006, business conditions will likely change significantly between the first half and the second half. In the first half, sales growth is expected to be difficult with flat results in the number of vehicles sold and profitability. For the second half, we project that the number of vehicles sold will increase by more than 10% and that profitability will be improved as a result of launch of new models. Nine models will be launched globally during the next fiscal year—one in the first half and eight in the second half.

In Japan, the demand for automobiles is anticipated to remain at the same level as that of the prior year, leaving the number of vehicles sold by the Group at the previous year's level. The Group aims to boost sales by launching three models increasing conpact cars and small commercial vehicles, in addition to the launch of the new Skyline scheduled in the autumn of 2006.

In the United States, the number of vehicles sold by the Group is expected to slightly increase while the demand for automobiles remains at the same level as that of the previous year. In the second half of fiscal year 2006, new models will be aggressively launched. Those models include the new "Altima," the "Sentra" and the "Infinity G35 Sedan" during the "Nissan Value-Up".

In Europe, the demand for automobiles is also anticipated to remain at the same level as that of the prior year. During the next fiscal year, the Group plans to launch a new small commercial vehicle and compact crossover models.

In other overseas countries, including Mexico and Canada, the Group expects a considerable rise in the number of vehicles sold. The Group intends to launch a new multipurpose vehicle (MPV) model in these markets.

The Group expects a difficult business environment with fluctuations in foreign exchange rates, an increase in interest rates, price rises for raw materials, and increases in energy costs and sales incentives, all of which could result in unprecedented harsh competition for the Group. The only method to overcome these many obstacles would be the rapid and effective implementation of "Nissan Value-Up."

4. Business and other risks

With regard to disclosure in the Business Overview, Financial Information and other parts of this Securities Report, the salient items which may affect the decisions of our investors can be grouped under the following risk factors.

Any future forecasts included in the following descriptions are based on the estimates or judgment of Nissan as of June 28, 2006.

(1) Economic Factors

The demand for products manufactured by the Group is affected by the economic conditions in each country or market in which they are offered for sale. The Group conducts its operations all over the world and, in particular, in the major markets of North America, Europe, and Asia, to say nothing of Japan. While the Group strives to develop a comprehensive and integrated projection of the global economic outlook, any greater-than-anticipated downturn in one of these markets may have a significant effect on the Group's financial position and results of operations.

(2) Risks Involved in International Activities and Overseas Expansion

The Group's manufacturing and marketing activities outside Japan are conducted in the United States, in Europe, and in the developing and emerging markets of Asia. The Group forecasts and evaluates a wide variety of risks inherent in doing business in such overseas markets including the following factors, each of which entails a greater-than-anticipated level of risk:

- Unfavorable political or economic factors
- Legal or regulatory changes
- Potentially adverse tax consequences
- Labor disputes including strikes
- Difficulties in recruiting and retaining personnel
- Social turmoil due to terrorism, war, or other destabilizing factors.

(3) Research and Development

The Group's technology must be useful, pragmatic and easy to use. The Group anticipates the nature and scope of the market demand, and then prioritizes and invests in new technologies. Nonetheless, any sudden and greater-than-anticipated changes in its business environment or in customer preferences may impact negatively on customer satisfaction with these new technologies.

(4) Product Defects

The Group places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales. Although the Group takes out insurance policies to cover product liability, this does not necessarily mean that all potential defects and the related liabilities are fully covered. If the Group were to implement strict product recalls for its customers, the Group would incur significant additional expenses which could adversely affect its financial position and results of operations.

(5) Fluctuation in Foreign Currency Exchange Rates

The Group's Japanese operations export vehicles to various countries around the world. In general, the appreciation of the yen against other currencies adversely affects the Group's financial results of operations and, on the contrary, the depreciation of the yen against other currencies favorably affects the Group's financial results of operations. Any sharp appreciation of the currencies of countries where the Group manufactures vehicles against the yen could lead to increases in both procurement and production costs which would adversely affect the Group's competitiveness.

(6) Derivatives

The Group utilizes derivative transactions for the purpose of hedging its exposure to risks such as fluctuations in the foreign exchange rates of its receivables and payables denominated in foreign currencies, the interest rates of interest-bearing debt and fluctuations in commodity prices. While the Group can hedge against these risks by using derivatives transactions, the Group, by so doing, may miss the potential gains which could result from seizing the market opportunities to profit from such fluctuation in exchange rates and interest rates. In addition, the Group manages its exposure to credit risk by limiting its counterparties to financial institutions with high credit ratings. However, a default by any one of these counterparties could have an adverse effect on the Group's financial position and operating results.

(7) Lawsuits and Claims

With respect to various lawsuits and claims which the Group encounters, the possibility exists that the position defended by the Group will not be accepted and that the outcome may be significantly different from that anticipated. As a result, any such verdict or settlement could adversely affect the Group's financial position and operating results.

(8) Government Regulations

The automobile industry worldwide is influenced by a broad spectrum of regulations governing the emission levels of exhaust fumes, fuel economy guidelines, noise level limitations and safety standards, and the Group expects these regulations to become increasingly stringent. In order to ensure compliance, it may be necessary for the Group to make significant ongoing investments in these areas which would have an impact on its financial position and results of operations.

(9) Intellectual Property Rights

The Group owns a wide variety of proprietary technologies and has the expertise to differentiate the Group's products making them unique from those of its competitors. These assets have proven their value in the growth of the Group's business and will, no doubt, continue to be of value in the future. The Group strives to protect its intellectual property assets; however, in certain markets, the Group may encounter difficulty in fully protecting the proprietary rights to its own technologies. Although the Company has established Intellectual Property Rights Management Department since April 2004 for protecting intellectual property rights in specific areas, strengthening activities to protect Nissan's intellectual property rights, and abstracting new intellectual property rights and has been performing various activities to protect and create Nissan Brand, cases may arise where the Group finds itself unable to prohibit others from infringing on its intellectual property rights.

(10) Natural Disasters

The Group's corporate headquarters and many of its manufacturing facilities are located in Japan, where the statistically proven probability of earthquakes is higher than in many other countries. The Group has developed risk management guidelines relating to earthquake damage and the CEO has organized a global task force to direct disaster prevention and recovery activities. In addition, the Group has been strengthening its manufacturing facilities with anti-seismic reinforcement. However, if a severe earthquake were to hit one of the Group's key facilities causing a halt in production, this would adversely affect the Group's financial position and results of operations.

(11) Sales Financing Business Risk

Sales financing is an integral part of the Group's core business, providing strong support to its automotive sales, while maintaining high profitability and a sound and stable financial condition through strict risk management policies. However, the sales financing companies have a high exposure to interest-rate risk, residual value risk, and credit risk, any one of which may adversely affect the Group's financial position and results of operations.

(12) Counterparty Credit Risk

The Group does business with a variety of counterparties and manages its counterparty credit risk by conducting a comprehensive annual assessment of its customers' financial condition based on their financial information. Nonetheless, any significant default by a counterparty would adversely affect the Group's financial position and results of operations.

(13) Employee Retirement Benefit Expenses and Obligations

The amounts of retirement benefit obligation and related expenses of the Group are calculated using various actuarial assumptions including the discount rate applied, the projected rate of return on plan assets, and so forth. If the Group's actual results differ from those assumptions or if the assumptions are changed, the resulting effects will be accumulated and recognized systematically over future periods. The cumulative effect could adversely impact the recognition of expenses and liabilities recorded in future periods.

(14) Purchase of raw materials and parts

The Group purchases raw materials and parts from many suppliers. Market conditions that the Group can't control and whether or not the suppliers can procure raw materials and parts continuously may adversely affect the Group's financial position and results of operations.

5. Important business contracts

Company which entered into agreement	Counterparty	Country	Agreement	Date on which agreement entered into
Nissan Motor Co., Ltd. (Filer of this Securities Report)	Renault	France	Overall alliance in the automobile business including equity participation	March 27, 1999

6. Research and development activities

The Group has been conducting research and development activities to offer vehicles which meet its customers' expectations and to create technologies which promote safety as well as global environmental protection.

The research and development costs of the Group amounted to ¥447.6 billion for this fiscal year.
The Group's research and development organization and the results of our activities are summarized as follows:

The Group's domestic research and development organization includes the Nissan Technical Center (Atsugi-shi, Kanagawa) which takes a leading role in planning, designing and developing new products, the Nissan Research Center (Yokosuka-shi, Kanagawa) which conducts fundamental and application research activities, and several proving grounds in Hokkaido, Tochigi and Kanagawa. At the proving ground in Hokkaido, a high-speed circuit is being constructed for testing performance under various road surface conditions at high speed and super-speed and for researching driver's behaviors when using the ITS and operational support systems. Additionally, the Company purchased a vacant lot on Aoyama Gakuin University's Atsugi Campus near the Technical Center in Atsugi-shi in March 2003. The partial operation of the facility began in January 2004, and the Company has been continuing the construction of the Nissan Advanced Technology Center on this site, which is expected to be a key base for the development of future products. Furthermore, the Company established the most up-to-date Nissan Collision Experimental Grounds at Oppama, Kanagawa, to research how we can improve the safety in auto collisions and how we can enhance safety in accidents with overturned vehicles.

Major domestic subsidiaries also conduct research and development activities: Nissan Shatai Co., Ltd., and Nissan Light Truck Co., Ltd. are in charge of the development of certain models of passenger cars and commercial vehicles, and Aichi Machine Industry Co., Ltd., Nissan Kohki Co., Ltd. and JATCO Co., Ltd. are in charge of the development of certain engines and transmission trains.

The Group companies have attempted to share parts and to decrease the number of parts used in order to reduce manufacturing costs. In addition, they have developed many new products and systems.

Overseas, the Nissan Group operates the Nissan Technical Center North America, Inc., which plans and designs vehicles, and Nissan Design America, Inc., which designs vehicles. They are jointly developing the "Altima," the "Sentra," the "Frontier" (called the "Datsun" in Japan), the "Xterra," the "Pathfinder," the "Maxima," the "Titan," the "Pathfinder Armada," the "Quest," and the "Infinity QX 56."

In Europe, the Nissan Technical Center Europe Ltd., which has its operations in the United Kingdom and Belgium (merged into Nissan Motor Manufacturing (UK) Ltd. in January 2006), and Nissan Motor Iberica S.A. in Spain are developing a variety of models for Europe such as the "Primera," the "Almera," the "Almera Tino," the "Micra" (called the "March" in Japan), the "Pathfinder," the "Navarra" and the "Terrano," which is a small four-wheel-drive vehicle. Nissan Design Europe Ltd. in the United Kingdom (merged into Nissan Motor Manufacturing (UK) Ltd. in January 2006) was established for the purpose of planning and designing vehicles to strengthen the Group's design capabilities.

In Asia, Dongfeng Motor Co., Ltd., a joint venture with DongFeng Motor Corporation, is developing locally the "Teana," the "Bluebird," the "Sunny" and the "Tida" in China. Yulon Nissan Motor Co., Ltd., a joint venture with Yulon Motor Co., Ltd. is developing locally the "Teana," the "Serena," the "X-TRAIL," the "Sentra," and the "March" in Taiwan.

Research and development activities conducted in Japan during this fiscal year resulted in the launch of the "Otti"; full model change of the "Serena," the "WING ROAD," the "BlueBird Silfy," and the "Moco"; minor enhancements to the "Cube," the "Cube Cubic," the "March," the "Fairlady Z," the "SKYLINE COUPE," the Caravan," and "Teana"; the addition to the product lineup of the "Fuga" equipped with "4.5L V8 engine"; and the launch of the "Note" in Europe.

In addition, Nissan and Renault, partners in the Business Alliance since 1999, are proceeding jointly to unify their platforms and powertrains and to develop advanced technologies and research technologies so that both companies can dramatically improve their research and development potential.

The Nissan Group has continued to make a comprehensive effort to protect the global environment by launching clean-energy vehicles and by developing environmentally-friendly technologies to reduce carbon dioxide, to clean the exhaust fumes emitted by vehicles and to recycle resources. Among our new technologies especially for global environmental conservation, we introduced the HR and MR engines which realize both lower fuel consumption and higher acceleration, as well as the "XTRONIC CVT," a belt CVT, in China and Europe. The Group developed the "valve-actuation angle and valve-lifting volume continuous, variable system" and "Hydrogen-free DLC coating" for reducing friction resistance, both of which should help to develop cleaner engines with lower fuel consumption, higher torque and cleaner exhaust emissions. Jointly with Stanford University and Physical Sciences Inc. (PSI), the Group was the first in the world to achieve real-time non-contact measuring of the gas temperature and gas composition of an operating engine interior. As for fuel cell vehicles (FCVs), the "X-TRAIL FCV 05" model has new technologies onboard such as a 70-Mpa pressurized hydrogen container and a self-developed fuel cell stack, thereby improving the cruising distance to more than 500 km. The distribution of this model via limited leasing is under way. The Group has made progress in achieving a "75% reduction from the level of the 2005 exhaust emission standards (SU-LEV)" for such vehicle models as the "Wing Road," the "Serena" and the "LAFESTA." As for the cleaning of volatile organic compounds (VOC) in the cabin, the Group has already applied the new standard to the "Cube" and the "Cube Cubic," which were launched in May 2005, and the application has extended to other models in anticipation of an autonomous initiative by the Japan Automobile Manufacturers Association, Inc. to "Satisfy the guidelines for new passenger vehicles to be sold in and after fiscal year 2007 with respect to the 13 cabin-related substances specified by the Ministry of Health, Labor and Welfare." At the Tokyo Motor Show, the Nissan Group released the "Vibo," which is a concept car that showcases the future potential of electric vehicles. It is equipped with high-performance "compact lithium ion batteries," a "super motor," by-wire technology for communicating steering and braking operations via electric signals, and several other advanced technologies such as "See-through Pillars," an "Around View Monitor" and an "IR Commander" to improve visibility and operability when driving.

Regarding safety, the Group intends to produce safer automobiles to achieve the goal of reducing by half the number of auto-related deaths and serious injuries by 2015 via the analysis of actual accidents. Since fiscal year 2004, with a perspective of reducing the number of traffic accidents and creating a "stay away from danger" mind-set, the Group has promoted "Safety Shields," which is a sophisticated and positive approach to safety issues. Through this approach, a barrier is created for each identified risk factor. A "vehicle distance maintenance support system" was developed based on this concept.

In recent technological developments, the Group released the "SKY PROJECT," which will employ the Intelligent Transport System (ITS), in Kanagawa jointly with NTT DoCoMo, Matsushita Electric Industrial and XANZVI INFORMATICS to reduce traffic accidents at intersections and mitigate traffic jams. The Group also conducted an experiment in Aoba-ku, Yokohama, whereby children who have a specific type of IC tag hear a cautionary warning when a car equipped with the dedicated device approaches.

Moreover, the Group is committed to making cars that focus on the fun of driving. Cars are not only a means of transport but should also meet diversified customer expectations for convenience and comfort. In this context, the "BlueBird Silfy" has been equipped with an "Intelligent Air-Conditioner System" to keep fresh air in the cabin at all times with a plasma cluster-ion-type air-conditioning system, or an interior/exterior automatic air-switching mechanism. The Group also developed the world's first "Scratch Guard Coat" to restore the original finish from scratches on the exterior coating.

Our initiatives in research and development have been highly recognized in Japan and overseas, and these efforts have resulted in various awards. The Society of Automotive Engineers of Japan recognized our accomplishments in two categories: the "Development of Adaptive Cruise Control (with low-speed following capability)" and the "Development of the Flame Propagation Model in Ignition Engines." Our "Development of the World's First Belt CVT with High Torque Capacity for 3.5-Liter Engines" received the Excellence Prize at the first Monozukuri (Manufacturing/fabrication) Japan Grand Prix, and our VE (3-3-3) activity was awarded the Miles Award for excellent value in engineering. Furthermore, our Environmental Report in 2005 received the "Environmental Communication Grand Prize" for the second consecutive year. Overseas, our "Lane Departure Warning System" was awarded the 2005 Best of ITS Prize by ITS America, "A Study on the Formation of Mixed Air in Direct-Injection Engines" received the 2004 SAE Harry L. Horning Memorial Award and the "VQ Engine," of which 4 million units were produced at the Iwaki Plant, was selected one of "Ward's Ten Best Engines" for a record 12th consecutive year.

The Nissan Group will always be actively involved in research and development activities designed to launch new and highly competitive products on the market and to pioneer advanced technologies for the future.

7. Analysis of financial position and operating results

The following analysis and discussions of the Group's financial position and operating results are, in principle, based on the consolidated financial statements.

Any future forecasts included in the following descriptions are based on the best estimates or judgment of Nissan as of June 28, 2006.

(1) Significant accounting policies and estimates

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. The preparation of consolidated financial statements requires management to select and apply the accounting policies and to make certain estimates which affect the amounts of the assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. Although management believes that the estimates made reasonably reflect past experience as well as present circumstances, the actual results could differ substantially because of the uncertainty inherent in those estimates.

The significant accounting policies applied in the preparation of the consolidated financial statements are explained in Section 5, "Financial Information." In management's opinion, the following significant accounting policies could materially affect the estimates made in the consolidated financial statements:

i) Allowance for doubtful receivables

The allowance for doubtful receivables is provided to cover losses on bad debts based on an estimate of the collectibility of receivables. The Group may need to increase the allowance or incur losses on bad debts if the financial circumstances of its customers were to deteriorate and if their ability to pay their debts was thus impaired.

ii) Accrual for warranty costs

The accrual for warranty costs is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on historical experience. The Group places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales. However, if the estimates of future warranty costs were significantly different from the actual costs incurred due to product defects and so forth, the Group could incur a loss on the provision of additional accrual for warranty costs.

iii) Retirement benefit expenses

Retirement benefit expenses and the related obligations are calculated based on various actuarial assumptions to cover the retirement benefits to be paid to eligible employees upon retirement. The assumptions include the discount rate applied, future levels of compensation, the projected rate of return on pension plan assets, retirement rates, and so forth. If the actual results were to differ from those assumptions or if the assumptions were changed, the resulting effects would be accumulated and recognized systematically over future periods. Accordingly, the cumulative effect could impact the recognition of expenses and liabilities recorded in future periods.

(2) Analysis of operating results

During the year under review, the Nissan Group completed the third and most difficult commitment of "Nissan 180"—"to increase the number of vehicles sold by one million units on a global basis by fiscal year 2005 over the corresponding number in fiscal 2001." Having met all the commitments of "Nissan 180", which was the medium-term plan that fueled Nissan's revival, the Group has begun addressing "Nissan Value-Up," the subsequent medium-term plan to ensure sustainable, long-term growth.

Although the business environment for the global automobile industry was harsh with such negative factors as high rises in raw material prices and energy costs, strengthened legal regulations, and increases in interest rates and sales incentives, the Group challenged various issues and achieved steady performance. As a result, consolidated net income was a record high for the sixth consecutive period, and the consolidated operating margin was the highest among the worldwide automobile industry.

(Sales)

The number of vehicles sold on a global basis reached 3,569 thousand units. This record level represents an increase of 5.3%, or 180 thousand units, over fiscal year 2004.

The following is a summary of sales by region:

Japan

The number of vehicles sold in Japan amounted to 842 thousand units, decreased slightly by 6 thousand units, or 0.7%, from the corresponding figure in the prior fiscal year. Sales of light passenger vehicles, especially the "Moco" and the "Otti," were favorable increasing 39.6% over sales in the prior year. The Group's market share (including light passenger vehicles) stood at 14.4%, recording a decline of 0.2% from the corresponding figure for the prior fiscal year.

The United States

The number of vehicles sold in the United States increased by 62 thousand units, or 6.1%, over sales in the prior year, rising to 1,075 thousand units. A record high in vehicle sales was posted for the second consecutive year even though no new models were launched. Sales through the Nissan channel increased 6.8%, especially for the "Altima" and "Sentra" models. The "MURANO" and the "Titan" remained attractive to new purchasers.

Vehicle sales through the Infinity channel increased 1.3% to 134 thousand units. This growth was driven primarily by the "New M Sedan," for which sales of 28 thousand units were recorded. The Group's market share (including light passenger vehicles) reached a record of 6.3%, up 0.3 percentage point from the prior year.

Europe

The number of vehicles sold in Europe was 541 thousand units, a decline of 3 thousand units, or 0.6%, from that of the prior year. In Europe, the Group endeavored to maximize profitability for the "Murano" and the "Navarra Pickup." Sales were strong in Russia but were sluggish in Germany and Italy where business restructuring is under way.

Other overseas countries

Compared with the prior year's results, the number of vehicles sold in other overseas countries including Mexico and Canada increased by 128 thousand units, or 13.0%, reaching 1,111 thousand units. The number of vehicles sold in the Peoples' Republic of China increased considerably, rising 53.4% to 297 thousand units. The "Tida," which was awarded a local "Car of the Year 2006" prize, contributed significantly to this increase. Favorable sales in the Gulf countries and Central and South America more than offset a unit-based decline in sales in Taiwan, Thailand and Australia.

(Operating results)

i) Net sales

Consolidated net sales for the year under review rose to ¥9,428.3 billion, an increase of ¥852.0 billion, or 9.9%, over sales of the prior fiscal year. A positive trend in foreign exchange rates contributed ¥301.0 billion to net sales. A change in the scope of consolidation added ¥117.8 billion to net sales primarily due to the inclusion of Calsonic Kansei Corporation.

ii) Operating income

Consolidated operating income for the current fiscal year increased by 1.2% to ¥871.8 billion, the highest result ever recorded by the Group. The consolidated operating income as a percentage of consolidated net sales was 9.2% for the current fiscal year, which was one of the highest operating margin ratio achieved worldwide in the automobile industry.

Changes in consolidated operating income from the prior fiscal year to the current fiscal year are outlined as follows:

- Consolidated operating income increased by ¥117.8 billion due to favorable trends in foreign exchange rates compared to the prior fiscal year.
- The effect of the change in the scope of the consolidation was to increase consolidated operating income by ¥21.0 billion.

- Consolidated operating income rose by ¥20.4 billion, reflecting revised car pricing, an increase in number of cars sold and the favorable sales mix.
- Selling expenses increased by ¥52.9 billion mainly due to a rise in sales incentives in the United States.
- A decrease in purchase costs had a positive impact of ¥160.0 billion on operating income, whereas increases in raw material prices and energy costs had a negative effect of ¥100.0 billion.
- Consolidated operating income decreased by ¥69.0 billion reflecting expenditures to enhance product lines and to comply with various local regulations.
- Research and development costs rose by ¥22.6 billion in line with a plan to enhance the Group's capability to develop new products and technologies.
- Consolidated operating income decreased by ¥16.9 billion due to the increase in costs for manufacturing and logistics. This rise resulted from the reinforcement of production capability for starting up 70 projects scheduled in Nissan Value-Up and product-related investment.
- Consolidated operating income decreased by ¥37.0 billion, reflecting the expansion of sales, aggressive sales promotion and delivering timely service to customers.
- General and administrative expenses and other costs increased by ¥10.2 billion.

By region, consolidated operating income in Japan was ¥390.4 billion, up ¥49.3 billion from ¥341.1 billion for the prior fiscal year.
In North America (including Canada and Mexico), consolidated operating income decreased by ¥28.6 billion to ¥386.9 billion from ¥415.6 billion for the prior year. Consolidated operating income increased by ¥11.2 billion to ¥67.2 billion from ¥56.0 billion for the prior year in Europe, and similarly increased by ¥7.4 billion to ¥57.6 billion from ¥50.2 billion for the prior year in other countries.

iii) Non-operating income and expenses

Net non-operating expenses for the current fiscal year amounted to ¥26.0 billion, a deterioration of ¥20.5 billion from those of ¥5.5 billion recorded in the prior fiscal year. This is primarily attributable to the foreign exchange loss. Net financial costs decreased by ¥5.8 billion from ¥10.4 billion for the prior fiscal year, to ¥4.6 billion for the current fiscal year. Consequently, consolidated ordinary income decreased by ¥9.8 billion from ¥855.7 billion for the prior fiscal year to ¥845.9 billion for the current fiscal year.

vi) Special gains and losses

Net special loss for the current fiscal year amounted to ¥36.8 billion, an improvement of ¥25.6 billion from the loss of ¥62.5 billion recorded in the prior fiscal year. Special loss for the current fiscal year primarily represented by a temporary expense related to the adoption of impairment accounting for fixed assets. A gain on sales of Nissan Diesel Motor's shares to Volvo compensated for other special losses.

v) Income taxes

Income taxes for the current fiscal year decreased by ¥3.7 billion to ¥254.4 billion from the corresponding amount for the prior fiscal year. The effective tax rate (after applying tax-effect accounting) for the current fiscal year decreased to 31.4%, from 32.5% in the prior fiscal year.

vi) Income attributable to minority interests

Income attributable to minority interests for the current fiscal year was ¥36.6 billion, an increase of ¥13.7 billion over the corresponding figure for the prior fiscal year. This significant increase reflected the addition of Calsonic Kansei Corporation in the scope of consolidation and other factors.

vii) Net interest-bearing debt in the automobile business

Net interest-bearing debt in the Group's automobile business had been completely repaid. The Group had net cash of ¥372.9 billion at the end of the current fiscal year, an increase of ¥167.1 billion from that of the prior fiscal year.

viii) Return on invested capital (ROIC)

An average return on invested capital (ROIC) of 19.4% was achieved for the year under review. This puts us on target to reach our goal of 20% on average during the current medium-term plan.

(3) Progress of Nissan Value-Up

Nissan Value-Up, the new medium-term business plan, set up three important commitments.

1. To maintain top level consolidated operating income margin among global automakers during every fiscal year from 2005 to 2007;
2. To achieve the Group's global sales of 4,200 thousand units by the end of fiscal year 2008; and
3. To achieve a 20% return on invested capital (ROIC) on average over the course of the plan.

The Group pursues four major breakthroughs with the implementation of "Nissan Value-Up." The four major breakthroughs are described as follows:

- Introduction of Infiniti brand globally as a Tier-1 luxury brand
- Strengthen the presence of Light Commercial Vehicles, or LCVs, globally
- Focus on establishing new sources for parts, machines, equipment, vendor tooling and services from Leading Competitive Countries, or LCCs and other competitive countries
- Significant geographic expansion focused in China, India, Thailand, Russia, Eastern Europe, the Gulf countries and Egypt.

1) Infinity

The strategy of branding "Infinity" is on track. The introduction of the "Infinity" in South Korea in fiscal year 2005 was a great success. The number of vehicles sold globally was 148 thousand units in fiscal year 2005. This increase from 142 thousand for the previous fiscal year was mainly due to solid sales of the new "M" and "G35 Infinity" models.

The "Infinity" will be introduced in Russia in fiscal year 2006 and in China in fiscal year 2007. In 2008, the "Infinity" will be introduced in Europe through a newly dedicated sales channel.

2) LCVs

Nissan Value-Up sets two of 8% operating margin and 434 thousand units sales by the end of fiscal year 2007. It is expected that these targets will be achieved earlier than scheduled. These targets correspond to twice the operating margin and a 40% rise in the number of vehicles sold compared with the respective figures for fiscal year 2004.

In fiscal year 2005, LCVs had an operating margin of 7.7% and a 28.2% increase to 400 thousand units in the number of vehicles sold over the prior year, showing marked growth especially in China and other overseas markets.

In fiscal year 2006 and 2007, the Group intends to launch four new models and establish dedicated LCV dealers first in Japan and then in Europe to upgrade customer services. In North America, a special task force will be formed to execute appropriate strategies.

3) Leading competitive countries (LCCs)

LCC activity was accelerated during the year under review. The purchasing and development departments promoted commitments to increase parts procurement globally from LCCs. A similar initiative is ongoing for vendor tooling.

Currently, LCC activity is focused mainly in China and Thailand. Activities in these countries and future activity in India are expected to greatly assist the Company in being cost competitive.

The Company will pursue further outsourcing/offshoring of general affairs functions related to R&D, information systems and production, including back-office jobs. This approach should effectively reduce costs and concentrate employees efforts in value-added core operations. Overall costs were reduced by ¥14.0 billion in the year ended March 31, 2006.

4) Geographic expansion

Nissan's presence geographically expanded during the year, in parallel with additions of production facilities worldwide and extended global sales network.

In China, we invested ¥4.6 billion in establishing a technical center dedicated for passenger car business to prepare for future expansion and localization. In addition, we invested ¥8.6 billion to expand production capacity at Hua Du Plant by 80% and increase production to 270 thousand units annually by the end of fiscal year 2006.

In Ukraine, a sales company was established in April 2005 to handle Nissan and Infinity.

In Egypt, the production of the "Sunny" started in December 2005.

In India, a subsidiary was established in June 2005, and the possibility of further extension is under study.

The business start-up in Russia was a success, and this nation is becoming an important market for the Nissan Group. The Group intends to establish a new production base in Sankt-Petersbourg. Plant operation is scheduled to start in 2009. The Group is prepared to invest US$200 million in this plant, in which at least three models will be produced.

(4) Analysis of sources of capital and liquidity

1. Cash flows

Cash and cash equivalents amounted to ¥404.2 billion at the end of the year under review, resulting in an increase of ¥114.4 billion (39.5%) over the corresponding balance at the end of the prior fiscal year. This resulted from ¥757.9 billion provided by operating activities, ¥1,112.8 billion used in investing activities, ¥457.9 billion provided by financing activities and an increase of ¥11.4 billion in the effect of exchange rate changes on cash and cash equivalents.

(Cash flows from operating activities)
Cash and cash equivalents provided by operating activities, which amounted to ¥757.9 billion for the fiscal year under review, increased by ¥388.5 billion from the ¥369.4 billion recorded for the prior fiscal year. This resulted primarily from a decrease in cash outflows from the receivables at our sales finance subsidiaries.

(Cash flows from investing activities)
Cash and cash equivalents used in investing activities totaled ¥1,112.8 billion for the fiscal year under review, rising by ¥247.8 billion from the ¥865.0 billion used in the prior fiscal year. This rise was primarily attributable to an increase in the acquisition of leased vehicles and fixed assets, which was partly offset by proceeds from sales of investment securities.

(Cash flows from financing activities)
Cash and cash equivalents provided by financing activities, which amounted to ¥457.9 billion for the current fiscal year, decreased by ¥63.1 billion from cash and cash equivalents used in financing activities of ¥521.0 billion in the prior fiscal year, reflecting a decrease in cash inflows from short-term borrowings despite of the proceeds from the issuance of bonds to reduce unfunded portion of the corporate pension plan.

2. Financial policies

Financial activities within the Nissan Group are managed centrally by the Treasury Department of the Company, which functions as the global treasurer. Several activities are underway within the Group to improve funding efficiency through the implementation of a global cash management system.

The Nissan Group has developed a basic financial strategy under which the Group raises funds from appropriate sources and maintains an appropriate level of liquidity and a sound financial position so that the Group can make investments in research and development activities, capital expenditures and its sales finance business on a timely basis.

In addition to the cash and cash equivalents held by the Group, the Group has entered into loan commitment agreements with major international banks and believes that a level of liquidity sufficient to meet the Group’s funding requirements is being maintained.

Whether or not the Company and its finance subsidiaries can raise funds without collateral and the related costs depends upon the credit rating of the Company. Currently, the Company’s credit rating is investment grade; however, this favorable rating is not presented herein with the intention of inviting the purchase or holding of the Company’s debt securities.

3. Equipment and Facilities

1. Overview of capital expenditures

The Nissan Group (the Company and its consolidated subsidiaries) invested ¥475.0 billion during this fiscal year, in particular, to accelerate the development of new products and new technologies and to rationalize and improve productivity and quality.

2. Major equipment and facilities

The Group's major equipment and facilities are summarized as follows:

Notes: 1. "Other" in net book value consists of tools, furniture and fixtures and construction in progress.

2. "Number of employees" indicates the number of full-time employees. The number of part-time employees as of March 31, 2006 is stated in parentheses.

(1) The Company

(At March 31, 2006)

Location	Address	Description	Net book value						Number of employees
			Land		Buildings & structures	Machinery & vehicles	Other	Total	
			Area m^2	Amount Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Persons
Yokohama Plant	Kanagawa-ku and Tsurumi-ku, Yokohama-shi	Vehicle parts production facilities	618,188	408	19,029	46,356	9,146	74,941	3,824 (80)
Oppama Plant (including the Research Center)	Yokosuka-shi	Vehicle production facilities	1,852,370	29,203	25,757	42,160	13,226	110,346	4,647 (44)
Tochigi Plant	Kaminokawa-cho, Tochigi	Vehicle production facilities	2,929,495	4,417	26,765	53,827	14,592	99,604	5,934 (17)
Kyushu Plant	Kanda-machi, Fukuoka	Vehicle production facilities	2,357,128	29,888	34,001	43,831	5,382	113,104	4,581 (5)
Iwaki Plant	Iwaki-shi, Fukushima	Vehicle parts production facilities	207,493	3,862	8,999	9,434	6,104	28,400	593 (9)
Head Office departments and other	Atsugi-shi and Isehara-shi	R&D facilities	1,357,950	25,321	49,220	39,139	42,162	155,843	6,983 (275)
	Chuo-ku, Tokyo	Head office and other	—	—	5,591	341	2,808	8,741	2,142 (180)

Notes: 1. The above table has been prepared based on the location of the equipment

2. The figures for each plant include those at adjoining facilities for employees' social welfare, warehouses and laboratories and the related full-time employees.

(2) Domestic subsidiaries

(At March 31, 2006)

Company	Location	Address	Description	Net book value						Number of employees
				Land		Buildings & structures	Machinery & vehicles	Other	Total	
				Area m^2	Amount Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Persons
JATCO Co., Ltd.	Fuji Office and other	Fuji-shi, Shizuoka, etc.	Facilities for production of automobile parts	1,141,099	44,704	32,261	89,177	27,858	194,000	7,667 (33)
Nissan Shatai Co., Ltd.	Shonan Plant and other	Hiratsuka-shi, Kanagawa, etc.	Vehicle production facilities	844,935	16,974	19,676	21,792	30,261	88,703	4,240 (718)
Aichi Machine Industry Co., Ltd.	Atsuta Plant and other	Atsuta-ku, Nagoya-shi, Aichi, etc.	Facilities for production of automobile parts	406,013	5,924	7,074	36,712	6,807	56,517	2,291 (291)
Calsonic Kansei Corporation	Gunma Plant and other	Ora-cho, Gunma, etc.	Facilities for production of automobile parts	868,493	7,569	11,627	14,677	4,473	38,346	5,078 (60)
Nissan Prince Tokyo Motor Sales Co., Ltd. and 77 other automobile and parts sales companies	—	—	Facilities for sales and maintenance of vehicles and parts	2,941,165	289,340	130,969	34,129	5,358	459,796	27,017 (2,146)

(3) Foreign subsidiaries

(At March 31, 2006)

Company	Location	Address	Description	Net book value						Number of employees
				Land		Buildings & structures	Machinery & vehicles	Other	Total	
				Area m^2	Amount Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Persons
Nissan North America, Inc.	Production plant for vehicles and parts and other facilities	Gardena, California, Smyrna, Tennessee, Canton, Mississippi, USA	Production facilities for vehicles and parts	12,583,908	5,771	76,655	207,670	161,370	451,466	14,300 (447)
Nissan Mexicana, S.A. de C.V.	Production plant for vehicles and parts and other facilities	Morelos, Mexico, and Aguascalientes, Mexico	Production facilities for vehicles and parts	3,123,290	6,520	38,501	25,304	74,516	144,841	7,838 (—)
Nissan Motor Iberica S.A.	Production plant for vehicles and parts and other facilities	Barcelona, Madrid and other, Spain	Production facilities for vehicles and parts	796,388	1,271	32,918	23,429	53,156	110,774	5,230 (1,042)
Nissan Motor Manufacturing (UK) Ltd.	Production plant for vehicles and parts and other facilities	Sunderland, Tyne & Wear, United Kingdom	Production facilities for vehicles and parts	2,952,774	6,377	19,883	20,363	60,272	106,895	4,001 (594)

Note: In addition to the above, other major leased assets are presented as follows:

Major leased assets

Company	Location	Address	Lessor	Description	Area m^2	Lease Fees Thousands of yen/month
Nissan Motor Co., Ltd.	New building for Head office	Chuo-ku, Tokyo	Mori Trust Co., Ltd.	Building	23,614	79,081
Nissan Motor Co., Ltd.	Main building for Head office	Chuo-ku, Tokyo	Kobikikan Co., Ltd.	Land	5,157	17,009
Nissan Trading Co., Ltd.	Head office	Nishi-ku, Yokohama-shi, Kanagawa	Bilnet Co., Ltd.	Building	2,575	10,150
Nissan Motor Iberica S.A.	Part of the plant site	Barcelona, Spain	Zona Franca Association of Industrial Area	Land	517,687	15,661

Notes: 1. Lease fees are presented exclusive of consumption tax.

2. Employees working in or with the leased assets are included in “Major equipment and facilities ” above.

Information by business segment

Business segment	Net book value						Number of employees
	Land		Buildings & structures	Machinery & vehicles	Other	Total	
	Area m^2	Amount Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Persons
Sales finance	48,768	1,244	955	1,565,570	2,244	1,570,013	2,036 (1,302)

Note: There was no major idle equipment, at present.

3. Plans for new additions or disposals

(1) New additions and renovations

During the fiscal year ending March 31, 2007, the Group plans to invest ¥550.0 billion in capital expenditures, which will be financed out of its own funds.

(2) Disposals and sales

Except for disposals and sales conducted in the course of the Group’s routine renewal of its equipment and facilities, there is no plan for significant disposals or sales.

4. Corporate Information

1. Information on the Company's shares

(1) Number of shares and other

① Number of shares

Type	Number of shares authorized to be issued
Common stock	6,000,000,000

② Number of shares issued

Type	Number of shares issued		Stock exchanges on which the Company is listed	Description
	As of March 31, 2006	As of June 28, 2006 (filing date of the securities report)		
Common stock	4,520,715,112	4,520,715,112	First Section of the Tokyo Stock Exchange	—

Note: The number of shares issued as of the filing date of the securities report does not include those issued upon the exercise of the stock subscription rights (including the former stock subscription rights) during the period from June 1, 2006, through the filing date of this report.

(2) Status of the stock subscription rights

The Company issued bonds with warrants for the purchase of shares of common stock in accordance with Article 341-8 of the former Commercial Code of Japan. The balances of bonds with warrants, the issue price for shares to be issued upon the exercise of the warrants and the amount per share to be credited to common stock are summarized as follows:

Euro-yen bonds with warrants due 2007 (issued on March 8, 2001)

	As of the fiscal year-end (March 31, 2006)	As of the end of the month before the securities report is filed (May 31, 2006)
Balance of the warrants (Millions of yen)	12,176	10,272
Issue price per share for shares to be issued upon the exercise of the warrants (Yen)	764	764
Amount per share to be credited to common stock (Yen)	382	382

Euro-yen bonds with warrants due 2008 (issued on March 14, 2002)

	As of the fiscal year-end (March 31, 2006)	As of the end of the month before the securities report is filed (May 31, 2006)
Balance of the warrants (Millions of yen)	39,339	37,891
Issue price per share for shares to be issued upon the exercise of the warrants (Yen)	880	880
Amount per share to be credited to common stock (Yen)	440	440

In addition to the above warrants, the Company has issued stock subscription rights in accordance with Articles 280-20 and 280-21 of the former Commercial Code of Japan before its revision in 2001.

First stock subscription rights (issued on May 7, 2003)

	March 31, 2006	May 31, 2006
Number of stock subscription rights	86,555 units	83,853 units
Type of shares to be issued upon the exercise of the stock subscription rights	Common stock	Common stock
Number of shares to be issued upon the exercise of the stock subscription rights	8,655,500 shares	8,385,300 shares
Amount to be subscribed upon the exercise of the stock subscription rights (Yen)	¥93,200 (¥932 per share)	¥93,200 (¥932 per share)
Exercise period	From May 8, 2005 to May 8, 2010	From May 8, 2005 to May 8, 2010
Upon the exercise of the stock subscription rights, issue price and amount per share to be credited to common stock (Yen)	Issue price: ¥932 Amount per share to be credited to common stock: ¥466	Issue price: ¥932 Amount per share to be credited to common stock: ¥466
Conditions for the exercise of the stock subscription rights	※	※
Transfer of the stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

※ ① Individuals to whom stock subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the stock subscription rights become exercisable.

② The Company’s operating results must meet certain predetermined targets.

③ The Holders shall achieve their own predetermined performance targets.

The details concerning conditions ① to ③ above and certain other conditions shall be as set forth in the “Stock Subscription Rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.

Second stock subscription rights (issued on April 16, 2004)

	March 31, 2006	May 31, 2006
Number of stock subscription rights	100,780 units	97,784 units
Type of shares to be issued upon the exercise of the stock subscription rights	Common stock	Common stock
Number of shares to be issued upon the exercise of the stock subscription rights	10,078,000 shares	9,778,400 shares
Amount to be subscribed upon the exercise of the stock subscription rights (Yen)	¥120,200 (¥1,202 per share)	¥120,200 (¥1,202 per share)
Exercise period	From April 17, 2006 to June 19, 2013	From April 17, 2006 to June 19, 2013
Upon the exercise of the stock subscription rights, issue price and amount per share to be credited to common stock (Yen)	Issue price: ¥1,202 Amount per share to be credited to common stock ¥601	Issue price: ¥1,202 Amount per share to be credited to common stock: ¥601
Conditions for the exercise of the stock subscription rights	※	※
Transfer of the stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

※ ① Partial exercise of the stock subscription rights is not allowed.
② Individuals to whom the stock subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the stock subscription rights become exercisable.
③ The Company’s operating results must meet certain predetermined targets.
④ The Holders shall achieve their own predetermined performance targets.

The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the “Stock Subscription Rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.

Third stock subscription rights (issued on April 25, 2005)

	March 31, 2006	May 31, 2006
Number of stock subscription rights	131,500 units	130,200 units
Type of shares to be issued upon the exercise of the stock subscription rights	Common stock	Common stock
Number of shares to be issued upon the exercise of the stock subscription rights	13,150,000 shares	13,020,000 shares
Amount to be subscribed upon the exercise of the stock subscription rights (Yen)	¥111,900 (¥1,119 per share)	¥111,900 (¥1,119 per share)
Exercise period	From April 26, 2007 to June 23, 2014	From April 26, 2007 to June 23, 2014
Upon the exercise of the stock subscription rights, issue price and amount per share to be credited to common stock (Yen)	Issue price: ¥1,119 Amount per share to be credited to common stock: ¥560	Issue price: ¥1,119 Amount per share to be credited to common stock: ¥560
Conditions for the exercise of the stock subscription rights	※	※
Transfer of the stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

※ ① Partial exercise of the stock subscription rights is not allowed.
② Individuals to whom the stock subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the stock subscription rights become exercisable.
③ The Company’s operating results must meet certain predetermined targets.
④ The Holders shall achieve their own predetermined performance targets.

The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the “Stock Subscription Rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.

Fourth stock subscription rights (issued on May 8, 2006)

	March 31, 2006	May 31, 2006
Number of stock subscription rights	—	130,750 units
Type of shares to be issued upon the exercise of the stock subscription rights	—	Common stock
Number of shares to be issued upon the exercise of the stock subscription rights	—	13,075,000 shares
Amount to be subscribed upon the exercise of the stock subscription rights (Yen)	—	¥152,600 (¥1,526 per share)
Exercise period	—	From May 9, 2008 to June 20, 2015
Upon the exercise of the stock subscription rights, issue price and amount per share to be credited to common stock (Yen)	—	Issue price: ¥1,526 Amount per share to be credited to common stock: ¥763
Conditions for the exercise of the stock subscription rights	—	※
Transfer of the stock subscription rights	—	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

※ ① Partial exercise of the stock subscription rights is not allowed.

② Individuals to whom the stock subscription rights are granted (the "Holders") must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the stock subscription rights become exercisable.

③ The Company's operating results must meet certain predetermined targets.

④ The Holders shall achieve their own predetermined performance targets.

The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the "Stock Subscription Rights Allocation Agreement" executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.

(3) Changes in the number of shares issued and the amount of common stock and other

Periods	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Changes in capital surplus (Millions of yen)	Balance of capital surplus (Millions of yen)
From April 1, 2001 to March 31, 2002 (Note 1)	539,750	4,517,045	107,950	604,556	112,950	803,212
From April 1, 2002 to March 31, 2003 (Note 2)	3,670	4,520,715	1,257	605,813	1,257	804,470

Notes: 1. Stock subscription rights were exercised by Renault as of March 1, 2002. (Number of shares issued: 539,750 thousand; issue price: ¥400 per share; amount credited to common stock: ¥107,950 million)

2. Increase due to conversion of convertible bonds.

(4) Details of shareholders

(At March 31, 2006)

Classification	Status of shares (1 unit = 100 shares)								Shares under 1 unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders (other than individuals)	Foreign shareholders (individuals only)	Individuals and other	Total	
Number of shareholders (persons)	1	274	70	1,597	808	117	218,621	221,488	—
Number of shares held (units)	50	9,101,932	464,353	1,050,511	30,177,725	12,406	4,390,972	45,197,949	920,212
Ratio (%)	0.00	20.14	1.03	2.32	66.77	0.03	9.71	100.00	—

Notes: 1. Treasury stock of 122,101,582 shares are included in "Individuals and other" at 1,221,015 units, and in "Shares under 1 unit" at 82 shares. The number 122,101,582 is based on the shareholders' register, and the effective number as of March 31, 2006 was 122,100,582 shares.

2. Included in "Other corporations" are 298 units held under the name of Japan Securities Depository, Inc.

(5) Principal shareholders

(At March 31, 2006)

Name	Address	Number of shares held (Thousands)	Number of shares held as a percentage of total shares issued (%)
Renault (Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	13/15 Quai Le Gorot, 92100 Boulogne, Billancourt, France (2-7-1 Marunouchi Chiyoda-ku, Tokyo)	2,004,000	44.33
Japan Trustee Services Bank Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	169,726	3.75
The Master Trust Bank of Japan Ltd. (Trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	144,296	3.19
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	93,000	2.06
The Dai-ichi Mutual Life Insurance Company (Standing agent: Trust & Custody Service Bank, Ltd.)	1-13-1 Yuraku-cho, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo, Harumi Island Triton Square, Office Tower Z)	89,000	1.97
Moxley & Co. (Standing agent: Sumitomo Mitsui Banking Corporation)	270 Park Avenue, New York, N.Y.10017-2070, USA (1-3-2 Marunouchi, Chiyoda-ku, Tokyo)	85,128	1.88
Tokio Marin & Nichido Fire Insurance Co., Ltd.	1-2-1 Marunouchi, Chiyoda-ku, Tokyo	70,076	1.55
Sompo Japan Insurance Inc.	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	63,528	1.41
The State Street Bank & Trust Company 505103 (Standing agent: Mizuho Corporate Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts, 02101, USA (6-7 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo)	49,799	1.10
The State Street Bank & Trust Company (Standing agent: Mizuho Corporate Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts, 02101, USA (6-7 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo)	40,858	0.90
Total		2,809,414	62.15

Notes:

1. The number of shares less than 1,000 is omitted.
2. In addition to those shareholdings described above, the Company has treasury stock of 122,100 thousand shares and there are 1,000 shares under the Company's name on the shareholders' register that are not effectively held by the Company.

(6) Status of voting rights

① Shares issued

(At March 31, 2006)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 122,100,500	—	—
	(Crossholding stock) Common stock 257,700	—	—
Shares with full voting rights (Others)	Common stock 4,397,436,700	43,974,367	—
Shares under one unit	Common stock 920,212	—	—
Total shares issued	4,520,715,112	—	—
Total voting rights held by all shareholders	—	43,974,367	—

Notes: 1. Included in "Shares with full voting rights (Others)" are 29,800 shares (298 units of voting rights) held under the name of Japan Securities Depository Center, Inc. and 1,000 shares (10 units of voting rights) held under the name of Nissan Motor Co., Ltd., that are not effectively held by the Company.

2. "Shares under one unit" include 82 shares of treasury stock and 30 crossholding shares.

Crossholding shares under one unit

Shareholders	Number of shares
Kai Nissan Motor Co., Ltd.	30

② Treasury stock, etc.

(At March 31, 2006)

Shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the names of others	Total	% of interest
		Shares	Shares	Shares	%
Treasury stock: Nissan Motor Co., Ltd.	2 Takaracho, Kanagawa-ku, Yokohama-shi, Kanagawa	122,100,500	—	122,100,500	2.70
Crossholding stock: Yokoki Manufacturing Co., Ltd.	555 Imai-cho, Hodogaya-ku, Yokohama-shi, Kanagawa	200	93,700	93,900	0.00
Kochi Nissan Prince Motor Sales Co., Ltd.	2-21 Asahi-cho, Kochi-shi, Kochi	28,600	54,600	83,200	0.00
Kai Nissan Motor Co., Ltd.	706 Kamiimai-cho, Kofu-shi, Yamanashi	37,800	25,800	63,600	0.00
Nissan Prince Kagawa Sales Co., Ltd.	1037 Ikuno-cho, Zentsuji-shi, Kagawa	—	12,000	12,000	0.00
Kagawa Nissan Motor Co., Ltd.	1-1-8 Hanazono-cho, Takamatsu-shi, Kagawa	4,800	—	4,800	0.00
Total		122,171,900	186,300	122,358,200	2.71

Notes: 1. The shares included in "Number of shares held under the names of others" represents those held by Nissan's crossholding share association (address: 6-17-1 Ginza, Chuo-ku, Tokyo). (Fractional numbers under 100 have been omitted.)

2. Apart from the above, there are 1,000 shares (10 units of voting rights) held by the Company in the register of shareholders that the Company does not effectively own. These shares are included in "Shares with full voting rights (Others)" in the above table ① of "Shares issued."

(7) Stock option plans

The Company has adopted a stock option plan (the “Plan”) under which stock subscription rights are granted to directors and employees of the Company and its subsidiaries and affiliates in accordance with Articles 280-20 and 280-21 of the former Commercial Code of Japan before its revision in 2001. The details of the Plan which were approved at the annual general meetings of the shareholders are summarized as follows:

Resolution at 103rd annual general meeting of the shareholders

Date for resolution	June 20, 2002
Individuals covered by the Plan	Employees of the Company 548 Directors of the Company’s subsidiaries 101 Employees of the Company’s subsidiaries 5 Total 654
Type of shares to be issued upon the exercise of the stock subscription rights	Common stock
Number of stock subscription rights	124,050 units
Number of shares to be issued upon the exercise of the stock subscription rights	12,405,000 shares
Amount to be subscribed upon the exercise of the stock subscription rights	¥93,200 (¥932 per share) *
Exercise period	From May 8, 2005 to May 8, 2010
Conditions for the exercise of the stock subscription rights	① Individuals to whom the stock subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the stock subscription rights become exercisable. ② The Company’s operating results must meet certain predetermined targets. ③ The Holders shall achieve their own predetermined performance targets. The details concerning conditions ① to ③ above and certain other conditions shall be as set forth in the “Stock Subscription Rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

* If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price on or after the date for issuance or, in certain other predefined cases, in accordance with a resolution of the Board of Directors of the Company, the exercise price may be adjusted by applying the following formula:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

Resolution at 104th annual general meeting of the shareholders

Date for resolution	June 19, 2003
Individuals covered by the Plan	Employees of the Company 590 Directors of the Company's subsidiaries 96 Employees of the Company's subsidiaries 4 Total 690
Type of shares to be issued upon the exercise of the stock subscription rights	Common stock
Number of stock subscription rights	127,700 units
Number of shares to be issued upon the exercise of the stock subscription rights	12,770,000 shares
Amount to be subscribed upon the exercise of the stock subscription rights	¥120,200 (¥1,202 per share) *
Exercise period	From April 17, 2006 to June 19, 2013
Conditions for the exercise of the stock subscription rights	① Partial exercise of each stock subscription right is not allowed. ② Individuals to whom the stock subscription rights are granted (the "Holders") must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the stock subscription rights become exercisable. ③ The Company's operating results must meet certain predetermined targets. ④ The Holders shall achieve their own predetermined performance targets. The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the "Stock Subscription Rights Allocation Agreement" executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

* If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price on or after the date for issuance or, in certain other predefined cases, in accordance with a resolution of the Board of Directors of the Company, the exercise price may be adjusted by applying the following formula:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

Resolution at 105th annual general meeting of the shareholders

Date for resolution	June 23, 2004
Individuals covered by the Plan	Employees of the Company 620 Directors of the Company's subsidiaries 88 Employees of the Company's subsidiaries 4 Total 712
Type of shares to be issued upon the exercise of the stock subscription rights	Common stock
Number of stock subscription rights	131,500 units
Number of shares to be issued upon the exercise of the stock subscription rights	13,150,000 shares
Amount to be subscribed upon the exercise of the stock subscription rights	¥111,900 (¥1,119 per share) *
Exercise period	From April 26, 2007 to June 23, 2014
Conditions for the exercise of the stock subscription rights	① Partial exercise of each stock subscription right is not allowed. ② Individuals to whom the stock subscription rights are granted (the "Holders") must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the stock subscription rights become exercisable. ③ The Company's operating results must meet certain predetermined targets. ④ The Holders shall achieve their own predetermined performance targets. The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the "Stock Subscription Rights Allocation Agreement" executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

* If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price on or after the date for issuance or, in certain other predefined cases, in accordance with a resolution of the Board of Directors of the Company, the exercise price may be adjusted by applying the following formula:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

Resolution at 106th annual general meeting of the shareholders

Date for resolution	June 21, 2005
Individuals covered by the Plan	Employees of the Company 456 Employees of the Company's subsidiaries 72 Total 528
Type of shares to be issued upon the exercise of the stock subscription rights	Common stock
Number of stock subscription rights	130,750 units
Number of shares to be issued upon the exercise of the stock subscription rights	13,075,000 shares
Amount to be subscribed upon the exercise of the stock subscription rights	¥152,600 (¥1,526 per share) *
Exercise period	From May 9, 2008 to June 20, 2015
Conditions for the exercise of the stock subscription rights	① Partial exercise of each stock subscription right is not allowed. ② Individuals to whom the stock subscription rights are granted (the "Holders") must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the stock subscription rights become exercisable. ③ The Company's operating results must meet certain predetermined targets. ④ The Holders shall achieve their own predetermined performance targets. The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the "Stock Subscription Rights Allocation Agreement" executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

* If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price on or after the date for issuance or, in certain other predefined cases, in accordance with a resolution of the Board of Directors of the Company, the exercise price may be adjusted by applying the following formula:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

Resolution at 107th annual general meeting of the shareholders

Date for resolution	June 27, 2006
Individuals covered by the Plan	Employees of the Company, and directors and employees of the Company's subsidiaries and affiliates
Type of shares to be issued upon the exercise of the stock subscription rights	Common stock
Number of stock subscription rights	160,000 units at maximum
Number of shares to be issued upon the exercise of the stock subscription rights	16,000,000 shares at maximum
Amount to be subscribed upon the exercise of the stock subscription rights	Note*
Exercise period	To be determined by the Board of Directors for a period within the range of 10 years from the date for resolution
Conditions for the exercise of the stock subscription rights	① Partial exercise of each stock subscription right is not allowed. ② Other conditions for the exercise of the stock subscription rights shall be determined by the Board of Directors.
Transfer of stock subscription rights	Any and all transfers of stock subscription rights must be approved by the Board of Directors of the Company.

*

Note: The amount to be paid by the Holders upon the exercise of the stock subscription rights is calculated by multiplying the amount to be subscribed per share (hereinafter the "Exercise Price") for shares to be issued or transferred upon the exercise of each stock subscription right by the number of shares granted. The initial Exercise Price shall be the amount calculated by multiplying the average closing price of the Company's common stock in the course of ordinary transactions at the Tokyo Stock Exchange during a predetermined period before the date for issuance by a factor (which is not less than 1.025 determined pursuant to a resolution of the Board of Directors of the Company). Provided, however, that said amount is below the closing price of the Company's common stock on the date for issuance (the closing price of the closest business day of transactions prior to that day if no transactions were made on that day), the Board of Directors may decide the closing price on the date for issuance as the Exercise Price.

If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price on or after the date for issuance or, in certain other predefined cases, in accordance with a resolution of the Board of Directors of the Company, the Exercise Price may be adjusted by applying the following formula:

$$\begin{array}{c}\text{Adjusted}\\ \text{exercise}\\ \text{price}\end{array} = \begin{array}{c}\text{Exercise}\\ \text{price before}\\ \text{adjustment}\end{array} \times \frac{\begin{array}{c}\text{Number of shares}\\ \text{already issued}\end{array} + \dfrac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

2. Acquisition of treasury stock

(1) The acquisition of treasury stock in accordance with a resolution approved at a general meeting of the shareholders or at a Board of Directors' meeting.

① Acquisition based on a resolution approved in the prior period

【Type of shares】Common stock

(A) Current status of treasury stock purchases based on a resolution approved at the annual general meeting of the shareholders

Not applicable

(B) Current status of treasury stock purchases from its subsidiaries

Not applicable

(C) Current status of treasury stock purchases based on a resolution approved by the Board of Directors

(At June 27, 2006)

Classification	Number of shares (Thousands)	Total amount (Millions of yen)
Resolution regarding acquisition of treasury stock (June 21, 2005)	23,500	25,800
Treasury stock acquired up to June 27, 2006	3,160	3,456
The remaining number of shares and total amount of authorized treasury stock	20,340	22,343
Ratio of unexercised portion (%)	86.55	86.60

(At June 27, 2006)

Classification	Number of shares (Thousands)	Total amount (Millions of yen)
Resolution regarding acquisition of treasury stock (October 28, 2005)	20,000	23,000
Treasury stock acquired up to June 27, 2006	—	—
The remaining number of shares and total amount of authorized treasury stock	20,000	23,000
Ratio of unexercised portion (%)	100.00	100.00

(At June 27, 2006)

Classification	Number of shares (Thousands)	Total amount (Millions of yen)
Resolution regarding acquisition of treasury stock (February 1, 2006)	17,000	19,500
Treasury stock acquired up to June 27, 2006	—	—
The remaining number of shares and total amount of authorized treasury stock	17,000	19,500
Ratio of unexercised portion (%)	100.00	100.00

Notes: 1. The purpose of acquisition of treasury stock is to prevent the dilution of shares upon the exercise of the stock subscription rights.

2. The total amount is presented net of the handling charges related to the acquisition of the shares.

3. Reason for the ratio of the unexercised portion being more than 50%

Although the Company endeavored to purchase treasury stock pursuant to the resolutions approved by the Board of Directors meetings held on June 21, 2005, October 28, 2005, and February 1, 2006, a considerably higher ratio of unexercised portion remained because the acquisition has been conducted in view of general economic conditions, market trends and other factors.

(D) Current status of the disposition of purchased treasury stock

Not applicable

(E) Current status of treasury stock held

(At June 27, 2006)

Description	Number of shares (Thousands)
Treasury stock held	116,936

Note: The number of shares of common stock held as treasury stock does not include shares disposed of as a result of the exercise of the stock subscription rights during the period from June 1, 2006 to June 27, 2006.

② Resolution regarding the acquisition of treasury stock approved at this annual general meeting of the shareholders

Not applicable

3. Dividend policy

The Company considers returning profit to its shareholders to be one of its most important management policies. Along with strengthening the management base of the Group as a whole and enhancing corporate value through global business development, achieving a stable dividend policy through steady profit and growth is an important aim.

As originally planned for the current fiscal year, in addition to the interim dividend of ¥14 per share, a year-end dividend of ¥15 yen per share was approved at the 107th annual general meeting of the shareholders. This annual dividend of ¥29 per share represents an increase of ¥5 over the ¥24 per share paid for the prior fiscal year.

The Company intends to apply its internal reserve to preparations for future business development and R&D expenditures.

Note: The date of the Board of Directors' meeting at which the resolution declaring the interim dividend for the current fiscal year was approved: November 25, 2005

4. Changes in the market price of the Company's shares

(1) Highest and lowest prices during the past five years

	The 103rd fiscal year	The 104th fiscal year	The 105th fiscal year	The 106th fiscal year	The 107th fiscal year
Year-end	March 2002	March 2003	March 2004	March 2005	March 2006
Highest	973	1,041	1,455	1,284	1,427
Lowest	405	763	776	1,060	1,025

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

(2) Highest and lowest prices during the past six months

Month	October 2005	November	December	January 2006	February	March
Highest	1,347	1,286	1,240	1,333	1,427	1,419
Lowest	1,176	1,162	1,170	1,189	1,281	1,319

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

5. Members of the Board of Directors and Corporate Auditors

Function	Name (Date of birth)	Career Profile		Number of shares owned (Thousands)
Representative Director Director Co-Chairman President	Carlos Ghosn (March 9, 1954)	1996 October	Joined Renault	1,053
		1996 December	Executive Vice President of Renault	
		1999 June	COO of the Company	
		2000 June	President and COO of the Company	
		2001 June	President and CEO of the Company	
		2002 February	Director of Alcoa Inc. (Current position)	
		2003 June	Co-Chairman, President and CEO of the Company (Current position)	
		2004 April	President and Chairman of Nissan North America Inc. (Current position)	
		2005 April	President and CEO of Renault (Current position) Representative Director and Chairman of RNBV (Current position)	
Representative Director Director Co-Chairman	Itaru Koeda (August 25, 1941)	1965 April	Joined the Company	71
		1990 July	Deputy Managing Director of Nissan Motor Manufacturing (UK) Ltd.	
		1993 June	Director of the Company	
		1998 May	Managing Director of the Company	
		1999 May	Executive Vice President of the Company	
		2003 June	Co-Chairman and Executive Vice President of the Company (Current position)	
		2003 July	Director of Renault (Current position)	
Representative Director	Toshiyuki Shiga (September 16, 1953)	1976 April	Joined the Company	23
		1999 July	General Manager of Corporate Planning Dept. and Alliance Coordination Office	
		2000 April	Senior Vice President of the Company	
		2005 April	COO of the Company	
		2005 June	Representative Director and COO of the Company (Current position)	
Director	Tadao Takahashi (January 10, 1945)	1968 April	Joined the Company	48
		1996 May	General Manager of Engineering Dept. No.1	
		1998 June	Director of the Company	
		1999 June	Senior Vice President of the Company	
		2002 April	Executive Vice President of the Company	
		2002 June	Executive Vice President and Director of the Company (Current position)	
Director	Hiroto Saikawa (November 14, 1953)	1977 April	Joined the Company	3
		2000 October	General Manager of Purchasing Strategy Dept.	
		2003 April	Senior Vice President of the Company	
		2005 April	Executive Vice President of the Company	
		2005 June	Executive Vice President and Director of the Company (Current position)	
		2006 May	Director of Renault (Current position)	
Director	Mitsuhiko Yamashita (April 17, 1953)	1979 April	Joined the Company	3
		2001 February	General Manager of Vehicle Design Engineering Dept. No.1	
		2002 April	President of Nissan Technical Center North America Inc.	
		2004 April	Senior Vice President of the Company	
		2005 April	Executive Vice President of the Company	
		2005 June	Executive Vice President and Director of the Company (Current position)	

Function	Name (Date of birth)	Career Profile		Number of shares owned (Thousands)
Director	Carlos Tavares (August 14, 1958)	1981 October 1996 July 1999 April 2004 April 2004 December 2005 April 2005 June	Joined Renault General Manager of Layout in Advanced Engineering, Renault Director of C-Segment Program, Renault Joined the Company Program Director in charge of C platform projects Vice President of the Company, Product Strategy and Product Planning Div. Executive Vice President of the Company Executive Vice President and Director of the Company (Current position)	1
Director	Shemaya Levy (November 11, 1947)	1972 January 1994 March 1998 October 2002 March 2002 June	Joined Renault Chairman and CEO of Renault VI Executive Vice President of Renault, Chairman of Companie Financière Renault Executive Vice President of Renault S.A.S., Chairman of Companie Financière Renault Director of the Company (Current position)	—
Director	Patrick Pelata (August 24, 1955)	1984 July 1996 July 1999 January 1999 June 1999 July 2005 April 2005 July	Joined Renault Vice President in charge of Chassis Engineering of Renault Executive Vice President in charge of Vehicle Development of Renault Executive Vice President and Director of the Company Chairman of Nissan Design America, Inc. (Current position) Director of the Company (Current position) Senior Executive Vice President of Renault (Current position)	—
Corporate auditor (Standing)	Hisayoshi Kojima (January 19, 1941)	1964 April 1989 June 1993 June 1997 June 1999 May 2002 April 2002 June 2005 April 2005 June	Joined the Company General Manager of Production Engineering Dept. No. 2 Director of the Company Managing Director of the Company Executive Vice President and Director of the Company Director of the Company President of JATCO Co., Ltd. Advisor of JATCO Co., Ltd. (Current position) Corporate Auditor of the Company (Current position)	74
Corporate auditor (Standing)	Takeo Otsubo (July 2, 1948)	1971 April 1996 May 1997 November 1998 February 1999 June 2000 May 2002 June 2004 April 2006 June	Joined The Industrial Bank of Japan Co., Ltd. Director (Finance Office) of The Asian Development Bank Vice Manager, General Planning Division, of The Industrial Bank of Japan Co., Ltd. General Manager, Accounting Dept., of The Industrial Bank of Japan Co., Ltd. Corporate Officer and Chairman, Southeast Asia Committee of The Industrial Bank of Japan Co., Ltd. Managing Director and General Manager (Treasury Dept.), Kowa Real Estate Co., Ltd. Senior Managing Director, Mizuho Research Institute Ltd. Director, Environmental Restoration and Conservation Agency Corporate Auditor of the Company (Current position)	—

Function	Name (Date of birth)	Career Profile		Number of shares owned (Thousands)
Corporate auditor (Standing)	Toshiyuki Nakamura (July 26, 1951)	1974 April	Joined The Bank of Yokohama, Ltd.	—
		1998 June	General Manager (Finance Dept.) of The Bank of Yokohama, Ltd.	
		2002 April	Corporate Officer and General Manager, Kawasaki Branch of The Bank of Yokohama, Ltd.	
		2003 April	Senior Corporate Officer, General Manager, Kawasaki Branch and General Manager, Sales Division at the Kawasaki and Yokohama-kita Block of The Bank of Yokohama, Ltd.	
		2004 June	Representative Director and COO of The Bank of Yokohama, Ltd.	
		2005 June	Representative Director and General Manager, Sales Promotion Dept. and CS Promotion Dept., of The Bank of Yokohama, Ltd.	
		2006 April	Director of The Bank of Yokohama, Ltd.	
		2006 June	Corporate Auditor of the Company (Current position)	
Corporate auditor (Part-time)	Haruo Murakami (January 30, 1939)	1961 April	Joined Japanese National Railways	10
		1986 February	Superintendent, Morioka Railway Operation Division, Japanese National Railways	
		1987 April	Director of Railways Telecommunications Co., Ltd	
		1988 May	Director and Technical General Manager of Japan Telecom	
		1998 June	President and Representative Director of Japan Telecom	
		2001 December	Chairman and Representative Director of Japan Telecom	
		2002 August	Chairman and Representative Director of Japan Telecom Holdings, Chairman and Director of Japan Telecom	
		2003 June	Senior Advisor and Director of Japan Telecom Holdings Chairman of Japan Telecom	
		2003 December	Chairman of Japan Telecom	
		2004 June	Corporate Auditor of the Company (Current position)	
		2006 June	Part-time Counselor of Japan Telecom (Current position)	
Total				1,289

Notes:

1. Shemaya Levy fulfills the criteria to be qualified as an external director of the Company as set forth in Article 2, Item 15, of the Corporation Law.
2. Takeo Otsubo, Toshiyuki Nakamura and Haruo Murakami are external corporate auditors as stipulated in Article 2, Item 16, of the Corporation Law.
3. The Company set up a Corporate Officer system in order to revitalize the Board of Directors by segregating decision-making and control functions from the executive functions and to enable capable individuals to be appointed based solely on their ability.

   The number of Corporate Officers is 48 including the directors listed above (Carlos Ghosn, Itaru Koeda, Toshiyuki Shiga, Tadao Takahashi, Hiroto Saikawa, Mitsuhiko Yamashita and Carlos Tavares). The other 41 members are as follows; Takeshi Isayama (Vice-Chairman), Eiji Imai, Bernard Ray, Shiro Nakamura , Kazuhiko Toida, Hidetoshi Imazu, Alain-Pierre Raynaud, Kimiyasu Nakamura, Steven Wilhite, Junichi Endo, Hitoshi Kawaguchi, Minoru Shinohara, Yo Usuba, Shigeo Shingyoji, and Yoshiaki Watanabe (Senior Vice Presidents) and Asako Hoshino, Akira Kaetsu, Akira Sato, Toshio Aoki, Yasuaki Hashimoto, Shouichi Miyatani, Hiroshi Moriya, Keiichi Murata, Shuichi Otani, Yusuke Sekiguchi, Simon Sproule, Celso Guiotoku, Shigeaki Kato, Haruyoshi Kumura, Shigeru Murata, Akihiro Otomo, Andrew Palmer, Emmanuel Delay, Akihiro Ishiwatari, Thomas Lane, Gilles Normand, Toshiharu Sakai, Atsushi Shizuta, Joji Tagawa, Thierry Viadieu, and Yasuhiro Yamauchi (Corporate Officers).

6. Corporate governance

Basic corporate governance policy

Corporate governance is an important responsibility of management, and its most important role is to clarify the duties and responsibilities of the members of Nissan's management team. At Nissan, clear management objectives and policies are published for the benefit of the shareholders and investors, and achievements and results are announced early and with as much transparency as possible. The enhancement of corporate governance by full and fair disclosure is the responsibility of management.

(1) The Company's organization and systems for internal control

① The Company's organization and systems for internal control

Nissan adopts a corporate auditor system. As the Company's governing body under applicable laws, the Board of Directors is established to make decisions on important business operations, as well as for the supervision of the execution of duties by the respective directors. Corporate auditors conduct audit of the execution of directors' functional duties. The number of directors is reduced in the pursuit of more efficient and flexible management, and the authority for business execution is clearly delegated wherever possible to corporate officers and employees. Furthermore, the Executive Committee deliberates important corporate matters.

The Board of Directors consists of nine members, of which one is external director. The Board of Directors holds general meetings as well as extraordinary meetings, as necessary, to discuss and decide significant business matters.

The Board of Corporate Auditors is composed of three external corporate auditors and one corporate auditor. Three of the four corporate auditors are full-time auditors. Each auditor attends the Board of Directors all the time and conducts audit of Directors' overall business execution in accordance with the annual audit plan determined by the Board of Corporate Auditors.

The Company focuses on highly transparent management internally and externally, and aims to conduct consistent and efficient management to firmly achieve its specific commitments. Under this basic policy, the Company's Board of Directors resolved a "System to ensure proper and appropriate corporate operations" at the Board meeting held on May 17, 2006 in accordance with the Corporation Law and the Corporation Law Enforcement Regulations. The Board of Directors shall consistently monitor the system and the status of execution of the policies under its responsibility and also amend or improve issues, if required.

② Status of internal audit and corporate audit

In Japan, the Domestic Internal Audit Office, which is independent from other sections and comprises 14 staff, conducts internal audits of NML's and its domestic consolidated subsidiaries' operations, under the President's direct control. With respect to foreign subsidiaries, an effective, efficient and global internal audit is conducted by the internal audit departments established in the management companies in each region, all of which are controlled by the Chief Internal Audit Officer (CIAO).

Corporate auditors perform audit of execution of entire business operations. Their procedures include, but not limited to, interviewing with the Directors with regard to business conduct and attending the Board of Directors' meetings and other significant meetings. The Board of Corporate Auditors tries to enhance audit efficiency by sharing information among each corporate auditors. The corporate auditors also periodically receive the report of audit plans and the results of audit from internal audit departments. The corporate auditors also exchange their insight with the Internal Audit Office to facilitate their own audit. In addition, they also receive the report from independent auditors and determine its adequacy.

③ Financial statement audit

The Company appoints Ernst & Young ShinNihon as its independent auditors. The certified public accountants engaged in the financial statement audits are as follows:

The name of Certified Public Accountants engaged in the financial statement audit	
Designated and Engagement Partner	Kazuo Suzuki ※
Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

※ Kazuo Suzuki has been continuously engaged in the audit of the Company's financial statements for 17 years. Ernst & Young ShinNihon has voluntarily introduced a rotation system for engagement partners prior to the enforcement of the regulations under the Certified Public Accountant Law and implementation of the rules for the voluntary regulations of the Japanese Institute of Certified Public Accountants. Although Kazuo Suzuki was scheduled to be replaced as of the end of the fiscal year ending March 31, 2007, in accordance with the rotation policy implemented by Ernst & Young ShinNihon, the replacement occurred a year earlier, at the end of the fiscal year ended March 31, 2006, because of a revision to the Ernst & Young ShinNihon policy.

The member of assistants who engaged in the financial statements audit is composed of 15 Certified Public Accountants, 25 junior accountants, and 6 others, including system specialists, etc.

④ Relationships between the external directors and external corporate auditors and NML

Shemaya Levy, the Company's external director, had served as Senior Vice President of Renault from March 2002 to March 2004, and Renault held 44.3% of the shares of the Company's common stock as of March 31, 2006.

Shinji Ichijima and Keiji Imamura, the Company's external corporate auditors, retired from the corporate auditor's position at the conclusion of the 107th Ordinary General Meeting of Shareholders held on June 27, 2006, and Takeo Otsubo and Toshiyuki Nakamura have been newly appointed by the resolution at the said meeting.

Takeo Otsubo, the Company's external corporate auditor, had served as Director of the Environmental Restoration and Conservation Agency until June 2006. There was no particular business relationship between the Environmental Restoration and Conservation Agency and the Company during the fiscal year under review

Toshiyuki Nakamura, the Company's external corporate auditor, had served as Representative Director and COO of The Bank of Yokohama, Ltd. until June 2006. There is no particular business relationship between The Bank of Yokohama and the Company during the current fiscal year.

Haruo Murakami, the Company's external corporate auditor, currently serves as Part-time Counselor of Japan Telecom after retiring as chairman of the Executive Committee of Japan Telecom in June 2006. Japan Telecom provided the Company with various services and facilities such as network maintenance and telephone lines during the fiscal year under review.

(2) Status of risk management system

The Company defines the risk as "factors which interrupt the achievement of business objects," and tries to identify and evaluate such risk as soon as possible and to take necessary measures against the risk so that the Company can minimize the probabilities that risk arises and damages caused by the risk.

Risk management system

The Company has been evaluating risk of the Company and the Group from various points of view and has been considering the appropriate control system and methodology. A risk management team established in the Financial Department has worked with several global sections since 2004, sorted out the business risks, and prioritized them based on the probabilities, impacts, and relevant control level. Directors in charge were appointed and they have been taking concrete measures against the risks for which actions are required.

Furthermore, since April 2004, the Company has established Intellectual Property Rights Management Department for the purpose of protecting intellectual property rights in specific areas, strengthening activities to protect Nissan's intellectual property rights, and abstracting new intellectual property rights. And the department has been performing various activities to protect and create Nissan Brand.

Since the fiscal year beginning April 1, 2005, the scope of risk management has been expanded to address risks which are more strategic or those relate to business processes in addition to the original hazard risks. Functions or Departments, which operate risk control, report the status through the normal reporting lines and EC (Executive Committee) directly monitors the risk that must be controlled on corporate level.

Compliance of corporate ethics and compliance system

In 2001, the Company established "Nissan Global Code of Conduct" and distributed it to employees of domestic and foreign Group companies. Moreover, the Company established "Nissan Code of Conduct (Japanese Edition) ~Our Promises~" in 2004 and publicized it, which should be applied to employees of domestic Group companies. This has been gradually implemented by the Group companies.

The Company emphasizes education of employees based on the idea that written conduct code must be understood by all employees and reflected to their actions. All employees must take learning programs by E-learning or VTR, and sign confirmations regarding code of conduct after finishing the programs. The confirmations have already been received from almost every employee, and compliance of corporate ethics has been penetrated into the Nissan Group.

Furthermore, the Global Compliance Committee was established in order to review the status of compliance with the code of conduct and ensure that the code is fully complied. Managing Director in charge of Human Resource is appointed as Global Compliance Officer (GCO) and the chairman of regional compliance committees established in each area such as Japan, North America, Europe and Global Overseas Market. Those committees promote the improvement of code of conduct, resolution of issues and enlightenment activities. The "Easy Voice System," which was deployed in 2002 as a system that employees can freely communicate their opinions and demands to the companies, can acquaint violation of compliance and behaviors possibly resulting in violation and also contribute to improve business operations and to develop corporate culture emphasizing to comply corporate ethics.

(3) Compensation paid to directors and corporate auditors

Compensation paid to Nissan's directors consists of a fixed amount of remuneration in cash and shares appreciation rights as resolved at the 104th shareholders' meeting held on June 19, 2003. The cash remuneration is limited to a maximum of ¥2.6 billion per annum as resolved at the 106th shareholders' meeting held on June 21, 2005 and the amount to be paid to each director determined based on the business results and reflecting the firm's global competitiveness.

On the other hand, the shares appreciation rights are given as motivation to the directors to stimulate continuous business development and an increase in the profitability of the Group. This incentive is linked to Nissan's medium- or long-term business results and is limited to the equivalent of 6 million shares of the Company's common stock per annum.

The remuneration paid to the corporate auditors is limited to a yearly amount of ¥120 million as resolved at the 106th shareholders' meeting held on June 21, 2005. This compensation is designed to promote stable and transparent auditing.

For the current fiscal year, the aggregate amount disbursed to the directors and corporate auditors was ¥2,527 million to eleven directors and ¥86 million to six corporate auditors. In addition, ¥390 million was paid through an appropriation of retained earnings as compensation to four directors, ¥624 million as retirement allowances to two directors and ¥88 million to two corporate auditors. In addition, shares appreciation rights equivalent to 4.8 million shares were granted to seven directors.

(4) Remuneration to independent auditors

Remuneration paid to the independent auditors is summarized as follows:

- Remuneration for services stipulated by the Certified Public Accountant Law, Article 2, Paragraph 1 (Law No. 103, 1948) for the current fiscal year: ¥510 million

- Remuneration for other services for the current fiscal year: ¥14 million

5. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements" ("Regulations for Consolidated Financial Statements") (Ministry of Finance Ordinance No. 28, 1976).

However, the consolidated financial statements for the prior fiscal year (from April 1, 2004 to March 31, 2005) have been prepared in accordance with "Regulations for Consolidated Financial Statements" before the amendment, as permitted by a provision in an additional second clause to the Cabinet Office Ordinance amending a portion of the Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements (Cabinet Office Ordinance No. 5, January 30, 2004).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Non-Consolidated Financial Statements" ("Regulations for Non-Consolidated Financial Statements") (Ministry of Finance Ordinance No. 59, 1963).

However, the non-consolidated financial statements for the prior fiscal year (from April 1, 2004 to March 31, 2005) have been prepared in accordance with "Regulations for Non-Consolidated Financial Statements" before the amendment, as permitted by a provision in an additional second clause to the Cabinet Office Ordinance amending a portion of the Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements (Cabinet Office Ordinance No. 5, January 30, 2004).

2. Audit reports

Pursuant to Article 193-2 of "The Securities and Exchange Law," the consolidated financial statements for the prior fiscal year (from April 1, 2004 to March 31, 2005) and those for the current fiscal year (from April 1, 2005 to March 31, 2006), and the non-consolidated financial statements for the prior fiscal year (from April 1, 2004 to March 31, 2005) and those for the current fiscal year (from April 1, 2005 to March 31, 2006) were audited by Ernst & Young ShinNihon.

1. Consolidated financial statements

(1) Consolidated financial statements

① Consolidated balance sheets

		Prior Fiscal Year (As of March 31, 2005)			Current Fiscal Year (As of March 31, 2006)		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
Assets							
I. Current assets							
1. Cash on hand and in banks			300,274			414,772	
2. Trade notes and accounts receivable	※3		538,029			488,600	
3. Sales finance receivables	※3		3,026,788			3,589,127	
4. Securities	※3		13,426			11,589	
5. Finished goods			502,032			607,149	
6. Other inventories			206,030			249,350	
7. Deferred tax assets			291,210			314,859	
8. Other current assets			336,877			434,787	
9. Allowance for doubtful accounts			(75,272)			(87,979)	
Total current assets			5,139,394	52.2		6,022,254	52.5
II. Fixed assets							
1. Property, plant and equipment	※1 ※3						
(1) Buildings and structures		649,819			695,733		
(2) Machinery, equipment and vehicles	※2	1,783,203			2,320,825		
(3) Land		781,693			740,716		
(4) Construction in progress		249,615			240,270		
(5) Other		332,617	3,796,947	38.6	441,264	4,438,808	38.7
2. Intangible fixed assets	※3 ※4		178,160	1.8		186,949	1.6
3. Investments and other assets							
(1) Investment securities	※5	361,921			403,386		
(2) Long-term loans receivable		20,248			18,520		
(3) Deferred tax assets		125,081			163,550		
(4) Other assets	※3	232,293			250,272		
(5) Allowance for doubtful accounts		(6,572)	732,971	7.4	(2,821)	832,907	7.2
Total fixed assets			4,708,078	47.8		5,458,664	47.5
III. Deferred charges							
Discounts on bonds			1,051			508	
Total deferred charges			1,051	0.0		508	0.0
Total assets			9,848,523	100.0		11,481,426	100.0

		Prior Fiscal Year (As of March 31, 2005)			Current Fiscal Year (As of March 31, 2006)		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
Liabilities							
I. Current liabilities							
1. Trade notes and accounts payable			939,786			983,594	
2. Short-term borrowings	※3		1,089,073			1,526,741	
3. Current portion of long-term borrowings	※3		636,531			818,206	
4. Current portion of bonds			200,014			188,819	
5. Accrued expenses			444,377			548,726	
6. Deferred tax liabilities			2,401			8,063	
7. Accrual for warranty costs			61,762			81,112	
8. Lease obligations			58,332			58,523	
9. Other current liabilities			542,438			637,925	
Total current liabilities			3,974,714	40.4		4,851,709	42.2
II. Long-term liabilities							
1. Bonds			493,125			708,207	
2. Long-term borrowings	※3		1,373,504			1,445,688	
3. Deferred tax liabilities			438,942			502,091	
4. Accrual for warranty costs			122,990			132,107	
5. Accrued retirement benefits			508,203			267,695	
6. Lease obligations			96,544			71,708	
7. Other long-term liabilities			118,050			128,345	
Total long-term liabilities			3,151,358	32.0		3,255,841	28.4
Total liabilities			7,126,072	72.4		8,107,550	70.6
Minority interests							
Minority interests			256,701	2.6		285,893	2.5
Shareholders' equity							
I. Common stock	※7		605,814	6.1		605,814	5.3
II. Capital surplus			804,470	8.2		804,470	7.0
III. Retained earnings	※6		1,715,099	17.4		2,116,825	18.5
IV. Unrealized holding gain on securities			7,355	0.1		14,340	0.1
V. Translation adjustments			(400,099)	(4.1)		(204,313)	(1.8)
VI. Treasury stock	※8		(266,889)	(2.7)		(249,153)	(2.2)
Total shareholders' equity			2,465,750	25.0		3,087,983	26.9
Total liabilities, minority interests and shareholders' equity			9,848,523	100.0		11,481,426	100.0

② Consolidated statements of income

Accounts	Notes	Prior Fiscal Year (From April 1, 2004 To March 31, 2005) Amounts (Millions of yen)		Ratio (%)	Current Fiscal Year (From April 1, 2005 To March 31, 2006) Amounts (Millions of yen)		Ratio (%)
I. Net sales			8,576,277	100.0		9,428,292	100.0
II. Cost of sales	※1		6,351,269	74.1		7,040,987	74.7
Gross profit			2,225,008	25.9		2,387,305	25.3
III. Selling, general and administrative expenses	※1						
1. Advertising expenses		233,144			242,682		
2. Service costs		45,533			87,045		
3. Provision for warranty costs		84,308			99,183		
4. Other selling expenses		310,813			341,138		
5. Salaries and wages		361,574			380,626		
6. Retirement benefit expenses		37,559			26,600		
7. Supplies		6,987			7,252		
8. Depreciation and amortization		65,734			72,888		
9. Provision for doubtful accounts		21,588			35,005		
10. Amortization of excess of cost over net assets acquired		4,008			4,783		
11. Other		192,600	1,363,848	15.9	218,262	1,515,464	16.1
Operating income			861,160	10.0		871,841	9.2
IV. Non-operating income							
1. Interest income		14,934			17,359		
2. Dividend income		1,340			3,721		
3. Equity in earnings of affiliates		36,790			37,049		
4. Exchange gain		801			—		
5. Miscellaneous income		18,084	71,949	0.9	16,670	74,799	0.8
V. Non-operating expenses							
1. Interest expense		26,656			25,646		
2. Amortization of net retirement benefit obligation at transition		11,795			11,145		
3. Loss on the net monetary position due to restatement		9,778			6,485		
4 Exchange loss		—			34,836		
5. Miscellaneous expenses		29,180	77,409	0.9	22,656	100,768	1.0
Ordinary income			855,700	10.0		845,872	9.0

		Prior Fiscal Year (From April 1, 2004 To March 31, 2005)			Current Fiscal Year (From April 1, 2005 To March 31, 2006)		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
VI. Special gains							
1. Gain on sales of fixed assets	※2	27,806			20,586		
2. Gain on sales of investment securities		8,403			45,112		
3. Prior period adjustments		1,962			5,268		
4. Gain on implementation of a defined contribution plan		—			3,282		
5. Other		4,927	43,098	0.5	8,207	82,455	0.9
VII. Special losses							
1. Loss on sales of fixed assets	※2	3,768			3,844		
2. Loss on disposal of fixed assets		20,115			22,213		
3. Impairment loss	※3	—			26,827		
4. Loss on sales of investment securities		1,171			4,889		
5. Write-down of investments and receivables		1,817			1,892		
6. Prior period adjustments	※4	29,655			672		
7. Loss on business restructuring of consolidated subsidiaries		8,752			9,404		
8. Loss on lump-sum payment due to withdrawal from the welfare pension fund		6,337			—		
9. Loss on implementation of a defined contribution plan		—			6,852		
10. One-time loss related to share appreciation rights		—			18,332		
11. Other		33,950	105,565	1.3	24,361	119,286	1.3
Income before income taxes and minority interests			793,233	9.2		809,041	8.6
Corporate, inhabitants' and enterprise taxes		179,226			274,463		
Income taxes deferred		78,837	258,063	3.0	(20,055)	254,408	2.7
Income attributable to minority interests			22,889	0.2		36,583	0.4
Net income			512,281	6.0		518,050	5.5

③ Consolidated statements of capital surplus and retained earnings

		Prior Fiscal Year (From April 1, 2004 To March 31, 2005)		Current Fiscal Year (From April 1, 2005 To March 31, 2006)	
Accounts	Notes	Amounts (Millions of yen)		Amounts (Millions of yen)	
(Capital surplus)					
I. Capital surplus at beginning of the period			804,470		804,470
II. Capital surplus at end of the period			804,470		804,470
(Retained earnings)					
I. Retained earnings at beginning of the period			1,286,299		1,715,099
II. Increase in retained earnings					
1. Net income		512,281		518,050	
2. Increase due to inclusion in consolidation		1,104		202	
3. Revaluation reserve resulting from general price-level accounting recognized by consolidated subsidiaries		12,942		9,331	
4. Increase due to land revaluation of foreign subsidiaries		2,182	528,509	2,297	529,880
III. Decrease in retained earnings					
1. Dividends		94,236		105,661	
2. Bonus to directors and corporate auditors		404		573	
3. Loss on disposal of treasury stock		4,700		11,507	
4. Decrease due to decrease in affiliates accounted for by the equity method		—		2,874	
5. Decrease due to increase in unfunded retirement benefit obligation of foreign subsidiaries		369		884	
6. Decrease due to land revaluation of foreign subsidiaries		—		651	
7. Decrease due to adoption of IFRS by foreign affiliates		—	99,709	6,004	128,154
IV. Retained earnings at end of the period			1,715,099		2,116,825

④ Consolidated statements of cash flows

		Prior Fiscal Year (From April 1, 2004 To March 31, 2005)	Current Fiscal Year (From April 1, 2005 To March 31, 2006)
Accounts	Notes	Amounts (Millions of yen)	Amounts (Millions of yen)
I. Cash flows from operating activities			
Income before income taxes and minority interests		793,233	809,041
Depreciation and amortization (for fixed assets excluding leased vehicles)		356,915	398,772
Depreciation and amortization (for other assets)		11,665	20,058
Depreciation and amortization (for leased vehicles)		157,346	236,572
Impairment loss		—	26,827
(Decrease) increase in allowance for doubtful receivables		(6,464)	4,561
Unrealized loss on investments		128	212
Interest and dividend income		(16,274)	(21,080)
Interest expense		73,220	104,265
Gain on sales of property, plant and equipment		(24,038)	(16,742)
Loss on disposal of property, plant and equipment		20,115	—
Loss on disposal of fixed assets		—	22,213
Gain on sales of investment securities		(7,232)	(40,223)
Decrease in trade notes and accounts receivable		15,494	90,391
Increase in sales finance receivables		(794,349)	(311,685)
Increase in inventories		(108,903)	(117,120)
Increase in trade notes and accounts payable		152,213	88,129
Amortization of net retirement benefit obligation at transition		11,795	11,145
Retirement benefit expenses		65,103	63,564
Retirement benefit payments made against related accrual		(82,924)	(314,349)
Other		(115)	13,587
Subtotal		616,928	1,068,138
Interest and dividends received		16,098	21,034
Interest paid		(71,318)	(102,219)
Income taxes paid		(192,293)	(229,084)
Net cash provided by operating activities		369,415	757,869
II. Cash flows from investing activities			
Net (increase) decrease in short-term investments		(12,370)	7,078
Purchases of fixed assets		(461,146)	(471,029)
Proceeds from sales of property, plant and equipment		71,256	55,790
Purchase of leased vehicles		(590,605)	(953,285)
Proceeds from sales of leased vehicles		173,812	264,124
Increase in long-term loans receivable		(4,019)	(3,549)
Decrease in long-term loans receivable		4,860	3,225
Purchase of investment securities		(31,896)	(23,930)
Proceeds from sales of investment securities		3,098	46,060
Purchase of subsidiaries' stock resulting in changes in the scope of consolidation		(1,292)	—
Proceeds from sales of subsidiaries' stock resulting in changes in the scope of consolidation		7,697	4,705
Additional acquisition of shares of consolidated subsidiaries		(500)	(16,020)
Other		(23,930)	(25,924)
Net cash used in investing activities		(865,035)	(1,112,755)
III. Cash flows from financing activities			
Net increase in short-term borrowings		666,191	376,048
Increase in long-term borrowings		1,050,841	883,548
Increase in bonds		140,663	390,706
Repayment or redemption of long-term debt		(1,145,534)	—
Repayment of long-term borrowings		—	(809,466)
Redemption of bonds		—	(200,840)
Proceeds from minority shareholders		—	1,321
Purchase of treasury stock		(33,366)	(22,208)
Proceeds from sales of treasury stock		6,816	26,423
Repayment of lease obligations		(69,244)	(76,071)
Cash dividends paid		(94,236)	(105,661)
Cash dividends paid to minority shareholders		—	(6,487)
Other		(1,085)	606
Net cash provided by financing activities		521,046	457,919
IV. Effects of exchange rate changes on cash and cash equivalents		4,369	11,389
V. Increase in cash and cash equivalents		29,795	114,422
VI. Cash and cash equivalents at beginning of the year		194,164	289,784
VII. Increase due to inclusion in consolidation	※2	65,825	6
VIII. Cash and cash equivalents at end of the year	※1	289,784	404,212

Significant accounting policies

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
1. Scope of consolidation	1. Scope of consolidation
(1) Number of consolidated companies 200	(1) Number of consolidated companies 187
• Domestic companies 100	• Domestic companies 96
Sales companies for vehicles and parts Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 79 other sales companies	Sales companies for vehicles and parts Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 74 other sales companies
Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and other 4 companies	Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and other 4 companies
Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 6 other companies	Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 7 other companies
• Foreign companies 100	• Foreign companies 91
Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 96 other companies	Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 87 other companies
The newly established NISSAN (CHINA) INVESTMENT CO., LTD. and 6 other companies have been consolidated. Nissan Light Truck Co., Ltd. and 2 other companies, which were subsidiaries accounted for by the equity method in the prior year, have been consolidated since their importance has increased. In addition, Siam Nissan Automobile Co., Ltd. and 3 other companies, which were affiliates accounted for by the equity method in the prior year, have become consolidated subsidiaries following the acquisition of their shares. Calsonic Kansei Corporation has issued new shares by allocation to a third party, and these were fully acquired by the Group. As a result, Calsonic Kansei Corporation and its 11 subsidiaries have been included in consolidation effective this fiscal year. Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective this fiscal year because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., LTD., a consolidated subsidiary. In accordance with local accounting standards, effective this fiscal year, Dongfeng Motor Co., Ltd. has been proportionately consolidated into NISSAN (CHINA) INVESTMENT CO., LTD. In addition, Nissan Canada Finance Inc. and 5 other companies have been eliminated following their merger. Infiniti Motor Sales Inc. and 4 other companies were liquidated. Shizuoka Nissan Motor Co., Ltd. and another company have been excluded from consolidation following the sale of its shares.	The newly established Nissan Motor Ukraine Company and 7 other companies have been consolidated. Nissan Techno Co., Ltd., and Nissan Technical Center Europe S. A. (Brussels), which were unconsolidated subsidiaries accounted for by the equity method in the prior year, have been consolidated since their importance has increased. In addition, Nissan Capital of America, Inc. and 13 other companies have been liquidated following their merger. Nissan International Finance (Europe) PLC. and Automakers Uk Ltd. were liquidated. Nissan Prince Yamanashi Co., Ltd. and 5 other companies have been excluded from consolidation following the sale of their shares. Nissan Parts Chiba Sales Co., Ltd. has been excluded from consolidation since the Group's voting rights decreased following the sale of its shares.
(2) Unconsolidated subsidiaries 199	(2) Unconsolidated subsidiaries 184
• Domestic companies 132	• Domestic companies 124
Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others	Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others
• Foreign companies 67	• Foreign companies 60
Nissan Technical Center Europe S.A. (Brussels) and others.	Nissan Industrial Equipment Co. and others.
These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.	These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss and total retained earnings, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
2. Equity method	2. Equity method
(1) Companies accounted for by the equity method 54	(1) Companies accounted for by the equity method 47
• Unconsolidated subsidiaries 34 (25 domestic and 9 foreign companies)	• Unconsolidated subsidiaries 29 (23 domestic and 6 foreign companies)
Nissan Marine Co., Ltd., Nissan Technical Center Europe S.A. (Brussels) and others	Nissan Marine Co., Ltd., Nissan Industrial Equipment Co. and others
The newly established subsidiary, Guangzhou NISSAN Trading Co., has become an unconsolidated subsidiary accounted for by the equity method. Since Calsonic Kansei Corporation became a consolidated subsidiary, Calsonic Kansei Europe plc. and 2 other companies have been included in the scope of consolidation as unconsolidated subsidiaries accounted for by the equity method effective this fiscal year. Nissan Light Truck Co., Ltd. and 2 other companies, which were unconsolidated subsidiaries accounted for the equity method in the prior year, have been included in consolidation since their materiality has increased. On the other hand, Nissan Security Service Co., Ltd. has been eliminated from consolidation due to a merger.	Nissan Techno Co., Ltd., and Nissan Technical Center Europe S. A. (Brussels), which were unconsolidated subsidiaries accounted for by the equity method in the prior year, have been consolidated since their importance has increased. On the other hand, Nissan Design Europe Ltd. and Nissan Motor Sports Europe Limited were liquidated, and Compasslink Corp. was dissolved.
• Affiliates 20 (17 domestic and 3 foreign companies)	• Affiliates 18 (15 domestic and 3 foreign companies)
Nissan Diesel Motor Co., Ltd. and others	Kinugawa Rubber Industrial Co., Ltd. and others
Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective the current fiscal year because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., Ltd., a consolidated subsidiary. In accordance with local accounting standards, effective the current fiscal year, Dongfeng Motor Co., Ltd. has been consolidated proportionately to NISSAN (CHINA) INVESTMENT CO., LTD. Siam Nissan Automobile Co., Ltd. and 3 other companies became consolidated subsidiaries due to the acquisition of their shares effective the current fiscal year. In addition, Calsonic Kansei Corporation has issued new shares by allocation to a third party, and these were fully acquired by the Group. As a result, Calsonic Kansei Corporation has been included in consolidation. Utsunomiya Nissan Motor is no longer an affiliate since the Group's voting rights decreased following the sale of its shares and it is no longer accounted for by the equity method.	Nissan Parts Chiba Sales Co., Ltd. is no longer a consolidated subsidiary since the Group's voting rights decreased following the sale of its shares and has become an affiliate accounted for by the equity method. Nissan Diesel Motor Co., Ltd. and Nissan Satio Yamanashi Co., Ltd. are no longer affiliates since the Group's voting rights decreased following the sale of their shares and they are excluded from the scope of the equity method. e-Graphics, which was an affiliate accounted for by the equity method in the prior year, has been liquidated due to a merger.
(2) Companies not accounted for by the equity method 207	(2) Companies not accounted for by the equity method 200
• Unconsolidated subsidiaries 165	• Unconsolidated subsidiaries 155
Nissan Human Resources Development Center Inc. and others	Nissan Human Resources Development Center Inc. and others
• Affiliates 42	• Affiliates 45
Tonox Co., Ltd. and others	Tonox Co., Ltd. and others
These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others.	These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others.
(3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.	(3) Same as prior fiscal year.

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
3. Accounting period of consolidated subsidiaries	3. Accounting period of consolidated subsidiaries
(1) The following consolidated companies close their books of account at:	(1) The following consolidated companies close their books of account at:
December 31: Nissan Mexicana, S.A. de C.A. NR Finance Mexico, S.A. De C.V. NR Wholesales Mexico, S.A. De C.V. ESARA, S.A. De C.V Nissan Europe S.A.S. and its 26 subsidiaries Nissan Forklift Europe B.V. Nissan Forklift Espagna S.A. Nissan Forklift Co., North America Nissan Trading Co., Ltd. and its 2 subsidiaries Nissan Motor Company South Africa (Pty) Ltd. and its 9 subsidiaries Nissan do Brasil Automoveis Ltda. P.T. Nissan Motor Indonesia P.T. Nissan Motor Distributor Indonesia Siam Nissan Automobile Co., Ltd. and its 3 subsidiaries Nissan South East Asia Co., Ltd. Siam Motors And Nissan Co., Ltd. Yulon Nissan Motor Co., Ltd. NISSAN (CHINA) INVESTMENT CO., LTD. Dongfeng Motor Co., Ltd. Nissan Korea Co., Ltd. Nissan Light Truck Co., Ltd. Calsonic Kansei Mexicana, S.A. de R.L. de C.V. and its 2 subsidiaries	December 31: Nissan Mexicana, S.A. de C.A. NR Finance Mexico, S.A. De C.V. NR Wholesales Mexico, S.A. De C.V. ESARA, S.A. De C.V Nissan Europe S.A.S. and its 19 subsidiaries Nissan Forklift Europe B.V. Nissan Forklift Espagna S.A. Nissan Forklift Co., North America Nissan Trading Co., Ltd. and its 2 subsidiaries Nissan Motor Company South Africa (Pty) Ltd. and its 8 subsidiaries Nissan do Brasil Automoveis Ltda. P.T. Nissan Motor Indonesia P.T. Nissan Motor Distributor Indonesia Siam Nissan Automobile Co., Ltd. and its 2 subsidiaries Nissan South East Asia Co., Ltd. Siam Motors And Nissan Co., Ltd. Yulon Nissan Motor Co., Ltd. NISSAN (CHINA) INVESTMENT CO., LTD. Dongfeng Motor Co., Ltd. Nissan Korea Co., Ltd. Nissan Light Truck Co., Ltd. Calsonic Kansei Mexicana, S.A. de R.L. de C.V. and its 2 subsidiaries Nissan Asia Pacific Pte., Ltd. Nissan International Finance Singapore Pte., Ltd. Nissan Assurance Holding Company and its 3 subsidiaries
(2) The necessary adjustments are made to the financial statements of these companies to reflect any significant transactions from January 1 to March 31.	(2) The necessary adjustments are made to the financial statements of these companies to reflect any significant transactions from January 1 to March 31.
4. Significant accounting policies	4. Significant accounting policies
(1) Valuation methods for assets	(1) Valuation methods for assets
① Securities	① Securities
Held-to-maturity securities: Held-to maturity securities are stated at amortized cost Other securities: Marketable securities: Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Costs of securities sold are calculated by the moving average method. Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method.	Same as prior fiscal year.
②Derivatives	②Derivatives
Derivatives are carried at fair value except for forward foreign exchange contracts for which special treatment is adopted.	Derivatives are carried at fair value.
③Inventories	③Inventories
Inventories are stated principally at the lower of cost or market, cost being determined by the first-in, first-out method.	Same as prior fiscal year.
(2) Depreciation of property, plant and equipment	(2) Depreciation of property, plant and equipment
Depreciation of property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company.	Same as prior fiscal year.

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
(3) Basis for significant reserves	(3) Basis for significant reserves
①Allowance for doubtful accounts	①Allowance for doubtful accounts
Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty.	Same as prior fiscal year.
②Accrual for warranty costs	②Accrual for warranty costs
Accrual for warranty is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.	Same as prior fiscal year.
③Accrued retirement benefits	③Accrued retirement benefits
Accrued retirement benefits are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year. The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.	Same as prior fiscal year.
(4) Foreign currency translation	(4) Foreign currency translation
Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statement of operations. The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Translation adjustments are presented as a separate component of shareholders' equity and minority interests.	Same as prior fiscal year.
(5) Lease accounting	(5) Lease accounting
Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.	Same as prior fiscal year.

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
(6) Hedge accounting	(6) Hedge accounting
①Hedge accounting Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred. When forward foreign exchange contracts and other derivatives transactions are entered into in order to hedge receivables and payables denominated in foreign currencies, such receivables and payables are recorded at the contract rates.	①Hedge accounting Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.
②Hedging instruments and hedged items · Hedging instruments.....Derivative transactions · Hedged items.....Hedged items are subject to the risk of loss as a result of market fluctuation and such changes are not reflected in their valuation	②Hedging instruments and hedged items · Hedging instruments.....Derivative transactions · Hedged items.....Hedged items are primarily forecasted sales denominated in foreign currencies
③Hedging policy It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.	③Hedging policy Same as prior fiscal year.
④Assessment of hedge effectiveness Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the hedged items.	④Assessment of hedge effectiveness Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same.
⑤Risk management policy with respect to hedge accounting The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."	⑤Risk management policy with respect to hedge accounting Same as prior fiscal year.
(7) Accounting for consumption tax Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.	(7) Accounting for consumption tax Same as prior fiscal year.
(8) Accounting policies adopted by foreign consolidated subsidiaries The financial statements of the Company's subsidiaries in Mexico and other countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in those countries in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in retained earnings.	(8) Accounting policies adopted by foreign consolidated subsidiaries Same as prior fiscal year.
5. Valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value at the time of acquisition.	5. Valuation of assets and liabilities of consolidated subsidiaries Same as prior fiscal year.
6. Amortization of differences between cost and underlying net equity at fair value Differences between cost and underlying net equity at fair value of investments in consolidated subsidiaries and in companies accounted for by the equity method have been amortized over periods not exceeding 20 years determined based on their materiality. However, immaterial differences are charged or credited to income in the year of acquisition.	6. Amortization of differences between cost and underlying net equity at fair value Same as prior fiscal year.
7. Appropriation of retained earnings The appropriation of retained earnings is reflected in each fiscal year when such appropriation is made by resolution of the shareholders.	7. Appropriation of retained earnings Same as prior fiscal year.
8. Cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.	8. Cash and cash equivalents in the consolidated statements of cash flows Same as prior fiscal year.

Accounting changes

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
Classification of freight and shipping costs Until the prior fiscal year, freight and shipping costs of the Company and certain consolidated subsidiaries were included in selling, general and administrative expenses. Effective the current fiscal year, the Company and those consolidated subsidiaries began to account for the freight and shipping costs as cost of sales. This change was made in order to achieve a better matching of revenues and expenses and to present gross profit more accurately by including freight and shipping costs in cost of sales. This change was also made because the shipping costs incurred in exporting parts to be used for overseas manufacturing have increased due to the expansion of manufacturing activities outside Japan. The effect of this change was to increase cost of sales by ¥112,074 million and to decrease gross profit and selling, general and administrative expenses by the same amount for the current fiscal year. This change had no impact on operating income, ordinary income, income before income taxes and minority interests or net income for the current fiscal year compared with the corresponding amounts which would have been recorded if the previous method had been followed. This change also had no effect on segment information.	Forward Foreign Exchange Contracts Until the year ended March 31, 2005, the Company and its domestic consolidated subsidiaries adopted special treatment for forward foreign exchange contracts entered into to hedge forecasted sales denominated in foreign currencies which also qualified for hedge accounting as sales and accounts receivable were translated and reflected in the consolidated financial statements at their corresponding contracted rates. Effective April 1, 2005, the Company and its domestic consolidated subsidiaries changed their method of accounting for those sales, accounts receivable and forward foreign exchange contracts to the benchmark method. Under this method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and the related accounts receivable are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, charging or crediting the exchange differences to income, while the forward foreign exchange contracts are carried at fair value. This change was made as a result of the implementation of a newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivatives positions. The effect of this change was immaterial. Accounting Standard for the Impairment of Fixed Assets Effective April 1, 2005, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guidelines on the Accounting Standard for the Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003). The effect of this change was to decrease income before income taxes and minority interests by ¥26,827 million for the year ended March 31, 2006. The effect of this change on Segment Information is explained in the applicable notes. The cumulative impairment losses have been subtracted directly from the respective assets in accordance with the revised "Regulations for Consolidated Financial Statements."

Changes in presentation

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
Short-term loan payables Short-term borrowings and import bills payable were presented as a current liability in the prior fiscal year. Since there was no remaining balance of import bills payable, the account has been presented as short-term borrowings at the end of this fiscal year.	Consolidated statements of cash flows (1) In the presentation of "Cash flows from operating activities," the Company has combined "Loss on disposal of property, plant and equipment" and "Loss on disposal of intangible assets" and has presented these as "Loss on disposal of fixed assets" for the current fiscal year. "Loss on disposal of intangible assets" in the amount of ¥3,254 million has been included in "Loss on disposal of fixed assets" for the current fiscal year. (2) In the presentation of "Cash flows from financing activities," "Cash dividends paid to minority shareholders" has been presented separately from "Other" due to its increased materiality. "Cash dividends paid to minority shareholders" in the amount of ¥(678) million has been included in "Other" for the prior fiscal year. (3) In the presentation of "Cash flows from financial activities", "Repayment or redemption of long-term debt" has been presented separately as "Repayment of long-term borrowings" and "Redemption of bonds" due to their increased materiality. "Repayment of long-term borrowings" in the amounts of ¥(765,588) million and "Redemption of bonds" in the amounts of ¥(379,946) million were included in "Repayment or redemption of long-term debt" in the prior fiscal year.

Notes to consolidated financial statements

(For consolidated balance sheets)

(Millions of yen)

<table>
<tr><th>Prior fiscal year
(As of March 31, 2005)</th><th>Current fiscal year
(As of March 31, 2006)</th></tr>
<tr><td>1. ※1 Accumulated depreciation of property, plant and equipment ¥3,664,865
The above amount includes accumulated depreciation of leased assets in the amount of ¥141,309 million.</td><td>1. ※1 Accumulated depreciation of property, plant and equipment ¥4,077,548
The above amount includes accumulated depreciation of leased assets in the amount of ¥ 187,405 million.</td></tr>
<tr><td>2. ※2 Machinery, equipment and vehicles included certain items in the amount of ¥1,011,289 million leased to others under lease agreements.</td><td>2. ※2 Machinery, equipment and vehicles included certain items in the amount of ¥1,524,741 million leased to others under lease agreements.</td></tr>
<tr><td>3. ※3 These assets included the following assets pledged as collateral:
(1) Assets pledged as collateral:
<table>
<tr><td>Trade notes and accounts receivable</td><td>¥ 260</td></tr>
<tr><td>Sales financing receivables</td><td>1,318,667</td></tr>
<tr><td>Securities</td><td>161</td></tr>
<tr><td>Property, plant and equipment</td><td>789,418</td></tr>
<tr><td>Other investments, other assets</td><td>699</td></tr>
<tr><td>Total</td><td>¥2,109,205</td></tr>
</table>
(2) Liabilities secured by the above collateral:
<table>
<tr><td>Short-term borrowings</td><td>¥ 449,020</td></tr>
<tr><td>Long-term borrowings (including the current portion)</td><td>1,351,212</td></tr>
<tr><td>Total</td><td>¥1,800,232</td></tr>
</table>
In addition to the above, investments in subsidiaries totaling ¥1,036 million, which were eliminated in consolidation, were pledged as collateral for long-term borrowings of affiliates of ¥472 million, which were not reflected in the accompanying consolidated balance sheet.</td>
<td>3. ※3 These assets included the following assets pledged as collateral:
(1) Assets pledged as collateral:
<table>
<tr><td>Trade notes and accounts receivable</td><td>¥ 1,619</td></tr>
<tr><td>Sales financing receivables</td><td>1,537,873</td></tr>
<tr><td>Property, plant and equipment</td><td>930,487</td></tr>
<tr><td>Intangible fixed assets</td><td>1,344</td></tr>
<tr><td>Other investments, other assets</td><td>316</td></tr>
<tr><td>Total</td><td>¥2,471,639</td></tr>
</table>
(2) Liabilities secured by the above collateral:
<table>
<tr><td>Short-term borrowings</td><td>¥ 548,342</td></tr>
<tr><td>Long-term borrowings (including the current portion)</td><td>1,583,358</td></tr>
<tr><td>Total</td><td>¥2,131,700</td></tr>
</table>
In addition to the above, sales financing receivables totaling ¥106,201 million, which were eliminated in consolidation, were pledged as collateral for short-term borrowings of ¥106,092 million.</td></tr>
<tr><td>4. Notes receivable discounted with banks outstanding as of March 31, 2005 ¥5,301</td><td>4. Notes receivable discounted with banks outstanding as of March 31, 2006 ¥3,666</td></tr>
<tr><td>5. Guarantees and others
(1) Guarantees
<table>
<tr><th>Guarantees</th><th>Balance of liabilities guaranteed</th><th>Description of liabilities guaranteed</th></tr>
<tr><td>Employees</td><td>※ ¥195,030</td><td>Guarantees for employees' housing loans and others</td></tr>
<tr><td>AG Global Private Ltd. Co., and 415 other companies</td><td>48,354</td><td>Guarantees for loans</td></tr>
<tr><td>Total</td><td>¥243,384</td><td></td></tr>
</table>
※ These loans were fully covered by insurance.
(2) Commitments to provide guarantees
<table>
<tr><th>Guarantees</th><th>Balance of commitments to provide guarantees</th><th>Descriptions of guarantees</th></tr>
<tr><td>MONC LIBERIA, INC and another company</td><td>¥2,712</td><td>Commitments to provide guarantees for loans</td></tr>
</table></td>
<td>5. Guarantees and others
(1) Guarantees
<table>
<tr><th>Guarantees</th><th>Balance of liabilities guaranteed</th><th>Description of liabilities guaranteed</th></tr>
<tr><td>Employees</td><td>※ ¥177,422</td><td>Guarantees for employees' housing loans and others</td></tr>
<tr><td>AG Global Private Ltd. Co., and 343 other companies</td><td>44,356</td><td>Guarantees for loans</td></tr>
<tr><td>Total</td><td>¥221,778</td><td></td></tr>
</table>
※ Allowance for doubtful accounts is provided for these loans mainly based on past experience.
(2) Commitments to provide guarantees
<table>
<tr><th>Guarantees</th><th>Balance of commitments to provide guarantees</th><th>Descriptions of guarantees</th></tr>
<tr><td>MONC LIBERIA, INC and another company</td><td>¥2,515</td><td>Commitments to provide guarantees for loans</td></tr>
</table></td></tr>
</table>

(Millions of yen)

Prior fiscal year (As of March 31, 2005)	Current fiscal year (As of March 31, 2006)
(3) Outstanding balance of installment receivables sold with recourse ¥20,687	(3) Outstanding balance of installment receivables sold with recourse ¥12,252
6. ※4 ¥75,469 million of excess of cost over net assets acquired is included in “Intangible fixed assets”	6. ※4 ¥86,719 million of excess of cost over net assets acquired is included in “Intangible fixed assets”
7. ※5 Investments in unconsolidated subsidiaries and affiliates Investments in stock of unconsolidated subsidiaries and affiliates ¥335,628	7. ※5 Investments in unconsolidated subsidiaries and affiliates Investments in stock of unconsolidated subsidiaries and affiliates ¥351,667
8. ※6 Retained earnings Revaluation adjustments resulting from general price-level accounting ¥40,373	8. ※6 Retained earnings Revaluation adjustments resulting from general price-level accounting ¥49,915
9. ※7 Number of shares issued Common stock 4,520,715 thousand shares	9. ※7 Number of shares issued Common stock 4,520,715 thousand shares
10. ※8 Number of treasury stock held Number of treasury stock held by consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for by the equity method amounted to 301,098 thousand shares of common stock.	10. ※8 Number of treasury stock held Number of treasury stock held by consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for by the equity method amounted to 300,662 thousand shares of common stock.
11. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows: Total credit lines of overdrafts and loans ¥107,247 Loans receivable outstanding 12,094 Unused credit lines ¥95,153 Since many of these facilities expire without being utilized and the related borrowings are sometimes subject to a review of the borrowers’ credibility, any unused amount will not necessarily be utilized at the full amount.	11. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows: Total credit lines of overdrafts and loans ¥152,879 Loans receivable outstanding 15,627 Unused credit lines ¥137,252 Since many of these facilities expire without being utilized and the related borrowings are sometimes subject to a review of the borrowers’ credibility, any unused amount will not necessarily be utilized at the full amount.

(For consolidated statements of income)

(Millions of yen)

<table>
<tr><th>Prior fiscal year
From April 1, 2004
To March 31, 2005</th><th>Current fiscal year
From April 1, 2005
To March 31, 2006</th></tr>
<tr><td>1. ※1 Total research and development costs
Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥398,148</td><td>1. ※1 Total research and development costs
Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥447,582</td></tr>
<tr><td>2. ※2 Gain and loss on sales of property, plant and equipment primarily resulted from sale of land and buildings in the amount of ¥24,609 million and ¥2,778 million, respectively.</td><td>2. ※2 Gain and loss on sales of property, plant and equipment primarily resulted from sale of land and buildings in the amount of ¥19,219 million and ¥2,896 million, respectively.</td></tr>
<tr><td>―――――――――</td><td>3. ※3 The following loss on impairment of fixed assets was recorded for the current fiscal year.
<table>
<tr><th>Usage</th><th>Type</th><th>Location</th><th>Amount</th></tr>
<tr><td>Idle assets</td><td>Land
Buildings</td><td>Izunokuni-city, Shizuoka Prefecture, and 66 other locations</td><td>¥19,190</td></tr>
<tr><td>Assets to be sold</td><td>Land
Buildings
Structures</td><td>Hidaka-city, Saitama Prefecture, and two other locations</td><td>¥7,637</td></tr>
</table>
The Group bases its grouping for assessing the impairment loss on fixed assets on its business segments (automobiles and sales finance). However, the Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of.
The Company and its domestic consolidated subsidiaries have recognized an impairment loss on idle assets and assets to be disposed of due to a significant decline in their market value by reducing their net book value to the respective net realizable value of each asset. Such loss amounted to ¥26,827 million has been recorded as a special loss in the accompanying consolidated statements of income. This impairment loss consisted of losses on idle assets of ¥19,190 million (land - ¥17,186 million and building - ¥1,525 million and others - ¥479 million) and losses on assets to be sold of ¥7,637 million (land - ¥4,654 million, buildings and structures - ¥1,434 million and others - ¥1,549 million).
The net realizable value of the idle assets was based on their appraisal value and that of the assets to be disposed of and sold was estimated based on their respective sales contracts.</td></tr>
<tr><td>3. ※4 Major items included in prior period adjustments
Additional research and development costs resulting from the revision of the related agreements for the prior fiscal year ¥13,150
Additional co-development costs with Renault related to prior fiscal years ¥14,771</td><td>―――――――――</td></tr>
</table>

(For consolidated statements of cash flows)

(Millions of yen)

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
1. ※1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows: As of March 31, 2005: Cash on hand and in banks ¥300,274 Time deposits with maturities of more than three months (21,301) Cash equivalents included in securities (*) 10,811 Cash and cash equivalents ¥289,784 * This represents short-term highly liquid investments readily convertible into cash held by foreign subsidiaries. ※2 Significant non-monetary transactions In the current fiscal year, Calsonic Kansei Corporation issued new shares by allocation to a third party, and these were fully acquired by the Group. As a result, Calsonic Kansei Corporation and its 11 subsidiaries have been included in consolidation effective this fiscal year. The assets and liabilities of Calsonic Kansei Corporation and its 11 subsidiaries are as follows: Current assets 69,926 Fixed assets 126,242 Total assets 196,168 Current liabilities 21,146 Long-term liabilities 55,714 Total liabilities 76,860 Dongfeng Motor Co., Ltd., which was an affiliate accounted for by the equity method, has been included in consolidation effective this fiscal year because all shares of Dongfeng Motor Co., Ltd. were transferred to NISSAN (CHINA) INVESTMENT CO., LTD., a consolidated subsidiary. The assets and liabilities of Dongfeng Motor Co., Ltd. are as follows: Current assets 106,744 Fixed assets 44,094 Total assets 150,838 Current liabilities 109,922 Long-term liabilities 22,218 Total liabilities 132,140	1. ※1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows: As of March 31, 2006: Cash on hand and in banks ¥414,772 Time deposits with maturities of more than three months (20,120) Cash equivalents included in securities (*) 9,560 Cash and cash equivalents ¥404,212 * This represents short-term, highly liquid investments readily convertible into cash held by overseas subsidiaries.

(For lease transactions)

(Millions of yen)

Prior fiscal year From April 1, 2004 To March 31, 2005		Current fiscal year From April 1, 2005 To March 31, 2006	
(Lessees' accounting)		(Lessees' accounting)	
Operating lease transactions		Operating lease transactions	
Future minimum lease payments subsequent to March 31, 2005 are summarized as follows:		Future minimum lease payments subsequent to March 31, 2006 are summarized as follows:	
Due in one year or less	¥5,729	Due in one year or less	¥6,975
Due after one year	24,004	Due after one year	20,913
Total	¥29,733	Total	¥27,888
(Lessors' accounting)		(Lessors' accounting)	
Operating lease transactions		Operating lease transactions	
Future minimum lease income subsequent to March 31, 2005 is summarized as follows:		Future minimum lease income subsequent to March 31, 2006 is summarized as follows:	
Due in one year or less	¥228,770	Due in one year or less	¥329,177
Due after one year	311,015	Due after one year	422,419
Total	¥539,785	Total	¥751,596

(For securities)

(Millions of yen)

Prior fiscal year

Securities

1. Marketable held-to-maturity debt securities

(As of March 31, 2005)

Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)
(Securities whose carrying value exceed their acquisition cost)			
Corporate bonds	¥ 201	¥ 201	—
Total	¥ 201	¥ 201	—

2. Marketable other securities

(As of March 31, 2005)

Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
(Securities whose carrying value exceed their acquisition cost)			
Stock	¥ 3,781	¥15,833	¥ 12,052
Bonds:			
Government bonds	19	20	1
Others	15	18	3
Subtotal	3,815	15,871	12,056
(Securities whose carrying value does not exceed their acquisition cost)			
Stock	679	428	(251)
Others	214	191	(23)
Subtotal	893	619	(274)
Total	¥4,708	¥16,490	¥11,782

3. Other securities sold during the current fiscal year

(From April 1, 2004 to March 31, 2005)

Sales proceeds	Total gain	Total loss
2,032	1,225	(13)

4. Carrying value of major securities whose fair value is not available is as follows:

(As of March 31, 2005)

Other securities:

Unlisted domestic stocks (excluding those traded on the over-the-counter market)	¥8,822
Unlisted foreign stocks	721

5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities

(As of March 31, 2005)

Types of securities	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Bonds:				
Government bonds	¥ 20	—	—	—
Corporate bonds	147	—	54	—
Others	—	4	—	—
Total	¥167	¥4	¥54	—

Current fiscal year

Securities

1. Marketable held-to-maturity debt securities

(As of March 31, 2006)

Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)
(Securities whose carrying value exceed their acquisition cost)			
Corporate bonds	¥ 59	¥ 59	—
Total	¥ 59	¥ 59	—

2. Marketable other securities

(As of March 31, 2006)

Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
(Securities whose carrying value exceed their acquisition cost)			
Stock	¥ 4,646	¥29,549	¥24,903
Bonds:			
Government bonds	19	20	1
Subtotal	4,665	29,569	24,904
(Securities whose carrying value does not exceed their acquisition cost)			
Stock	766	539	(227)
Subtotal	766	539	(227)
Total	¥5,431	¥30,108	¥24,677

3. Other securities sold during the current fiscal year

(From April 1, 2005 to March 31, 2006)

Sales proceeds	Total gain	Total loss
6,156	305	(37)

4. Carrying value of major securities whose fair value is not available is as follows:

(As of March 31, 2006)

Other securities:

Unlisted domestic stocks (excluding those traded on the over-the-counter market)	¥20,664
Unlisted foreign stocks	820
Unlisted foreign investment trusts	9,501

5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities

(As of March 31, 2006)

Types of securities	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Bonds:				
Government bonds	¥20	—	—	—
Corporate bonds	—	—	59	—
Others	—	4	—	—
Total	¥20	¥4	¥59	—

(For derivative transactions)

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
1. Derivative transactions	1. Derivative transactions
(1) Policies	(1) Policies
The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, interest rates on interest-bearing debt and market prices on commodity, but does not enter into such transactions for speculative or trading purposes. An internal management rule on financial market risk (the "Rule") prescribes that the Group's financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary can initiate a hedge position without the prior approval of, and regular reporting back to the Company.	Same as prior fiscal year.
(2) Types and purpose of transactions:	(2) Types and purpose of transactions:
① Forward foreign exchange contracts	① Forward foreign exchange contracts
Forward foreign exchange contracts are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables arising from importing and exporting products and others.	Same as prior fiscal year.
② Currency option	② Currency option
In the same manner as forward foreign exchange contracts, currency options are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables.	Same as prior fiscal year.
③ Interest rate swaps	③ Interest rate swaps
Interest rate swaps are utilized primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.	Same as prior fiscal year.
④ Currency swaps	④ Currency swaps
Currency swaps are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates and interest rates on foreign currency denominated receivables and payables.	Same as prior fiscal year.
⑤ Interest rate options	⑤ Interest rate options
Interest rate options are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.	Same as prior fiscal year.
⑥ Stock option	⑥ Stock option
Stock options are used primarily to hedge against the adverse impact of fluctuations in the share prices.	Same as prior fiscal year.
⑦ Commodity futures contracts	⑦ Commodity futures contracts
Commodity futures contracts are used primarily to hedge against the adverse impact of fluctuations in the market prices of precious metal (used as catalyst for emission gas purifier of automobiles).	Same as prior fiscal year.

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
(3) Description of risks relating to derivative transactions	(3) Description of risks relating to derivative transactions
① Market risk	① Market risk
Although derivative transactions are used for the purpose of hedging risks on assets and liabilities recorded in the consolidated balance sheet, there remain the risk of foreign currency exchange fluctuations on currency transactions, the risk of interest rate fluctuations on interest rate transactions and the risk of market price fluctuations on commodity transactions.	Same as prior fiscal year.
② Credit risk	② Credit risk
The Group is exposed to the risk that a counterparty to its financial transactions could default and jeopardize future profits. We believe that this risk is insignificant as the Group enters into derivative transactions only with financial institutions which have a sound credit profile. The Group enters into these transactions also with Renault Finance S.A. ("RF"), a specialized financial subsidiary of the Renault Group which, the Company believes, is not subject to any such material risk. This is because RF enters into derivative transactions to cover such derivative transactions with the Group only with financial institutions of the highest caliber carefully selected by RF based on its own rating system.	Same as prior fiscal year.
③ Legal risk	③ Legal risk
The Group is exposed to the risk of entering into a financial agreement which may contain inappropriate terms and conditions as well as the risk that an existing contract may be affected by revisions to the relevant laws and regulations. The Group's Legal Department and Finance Department make every effort to minimize legal risk by reviewing any new agreements of significance and by reviewing the related documents which are retained on file in a central location.	Same as prior fiscal year.

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
(4) Risk management for derivative transactions All risk hedge operations of the Group are carried out pursuant to the Rule which stipulates the Group's basic policies for derivative transactions, management policies, management items, procedures, criteria for the selection of counterparties, and the reporting system, and so forth. The Rule prescribes that the Group's financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary is permitted to initiate a hedging operation without the prior approval of, and regular reporting back to the Company. The basic hedge policy is subject to the approval of the Monthly Hedge Policy Meeting attended by the corporate officer in charge of the Treasury Department. Execution and management of all deals are to be conducted pursuant to the Rule. Derivative transactions are conducted by a special section of the Finance Department and monitoring of the balance of all open positions and confirming balances are the responsibility of the Accounting Section and the Risk Management Section. Commodity futures contracts are to be handled by Finance Department under guidelines which are to be drawn up by the MRMC (Materials Risk Management Committee). The MRMC is chaired by the corporate officer in charge of the Purchasing Department and the CFO and it will meet approximately once every six months. The status of derivative transactions is reported on a daily basis to the corporate officer in charge of Finance Department and on an annual basis to the Board of Directors. Credit risk is monitored quantitatively using RF's rating system based principally on the counterparties' long-term credit ratings and on their shareholders' equity. The Finance Department sets a maximum upper limit on positions with each of the counterparties for the Group and monitors the balances of open positions every day.	(4) Risk management for derivative transactions Same as prior fiscal year.
(5) Supplemental explanation on quantitative information	(5) Supplemental explanation on quantitative information
① The fair value and unrealized gain or loss on derivative transactions are estimates which are considered appropriate based on the market at the balance sheet date and, thus, fair value is not necessarily indicative of the actual amounts which may be realized or settled in the future.	① Same as prior fiscal year.
② The notional amounts of the swaps are not a direct measure of the Company's risk exposure in connection with its swap transactions.	② Same as prior fiscal year.

2. Fair value of derivative transactions

Notional amounts, fair value and unrealized gain or loss

(1) Currency-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2005)				Current fiscal year (As of March 31, 2006)			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)	Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange contracts:								
	Sell:								
	USD	¥ 9,678	–	¥ 9,222	¥ 456	¥ 8,326	–	¥ 8,523	¥ (197)
	EUR	–	–	–	–	1,117	–	1,134	(17)
	CAD	7,122	–	7,201	(79)	–	–	–	–
	ZAR	777	–	729	48	668	–	717	(49)
	GBP	3,100	–	3,075	25	9	–	9	0
	Others	–	–	–	–	33	–	32	1
	Buy:								
	EUR	–	–	–	–	876	–	828	(48)
	USD	7,238	–	7,026	(212)	3,078	–	3,082	4
	Others	–	–	–	–	174	–	168	(6)
	Swaps:								
	EUR	¥ 116,844	–	¥ (1)	¥ (1)	¥ 105,906	–	¥ (253)	¥ (253)
	GBP	–	–	–	–	16,771	–	(16)	(16)
	USD	107,144	–	662	662	37,049	–	422	422
	AUD	26,216	–	41	41	39,199	–	(605)	(605)
	HKD	5,307	–	–	–	5,222	–	100	100
	CAD	–	–	–	–	4,106	–	(1,120)	(1,120)
	ZAR	–	–	–	–	2,450	–	(27)	(27)
Total		–	–	–	¥ 940	–	–	–	¥ (1,811)

Notes: 1. Calculation of fair value

Prior fiscal year:

(1) Fair value of forward foreign exchange contracts is based on the forward rates.

(2) Fair value of options and swaps is based on the prices obtained from the financial institutions.

Current fiscal year:

Calculation of fair value is based on the discounted cash flows and others.

2. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(2) Interest-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2005)				Current fiscal year (As of March 31, 2006)			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)	Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Swaps:								
	Receive floating/ pay fixed	¥ 185,695	¥ 126,651	¥ 2,774	¥ 2,774	¥ 127,717	—	¥ 640	¥ 640
	Receive fixed/pay floating	192,885	127,400	3,287	3,287	239,000	32,400	757	757
	Options								
	Caps sold	¥ 441,875	¥ 333,217			¥ 515,208	¥ 383,086		
	(Premium)	(—)	(—)	¥ (7,289)	¥ (7,289)	(—)	(—)	¥ (5,823)	¥ (5,823)
	Caps purchased	441,875	333,217			515,208	383,086		
	(Premium)	(—)	(—)	7,289	7,289	(—)	(—)	5,823	5,823
Total		—	—	—	¥ 6,061	—	—	—	¥ 1,397

Notes: 1. Calculation of fair value

Prior fiscal year:

Calculation of fair value is based on the prices obtained from the financial institutions.

Current fiscal year:

Calculation of fair value is based on the discounted cash flows and others.

2. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(Retirement benefits)

1. Description of retirement benefit plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified plans and lump-sum payment plans. During the current fiscal year, a portion of the benefit obligations of the company and certain domestic subsidiaries was transferred to newly established defined contribution plans. In addition, certain employees may be entitled to additional special retirement benefits based on the conditions under which termination occurs. Certain foreign consolidated subsidiaries also have defined benefit plans.

2. The following table sets forth the funded status of retirement benefit plans:

(Millions of yen)

	Prior fiscal year (As of March 31, 2005)	Current fiscal year (As of March 31, 2006)
a. Retirement benefit obligation	¥ (1,217,260)	¥ (1,239,004)
b. Plan assets at fair value	500,815	817,371
c. Unfunded retirement benefit obligation (a+b)	(716,445)	(421,633)
d. Unrecognized net retirement benefit obligation at transition	120,718	99,966
e. Unrecognized actuarial gain or loss	154,689	120,920
f. Unrecognized prior service cost (a reduction of liability)	(66,720) (Note 2)	(66,714) (Note 2)
g. Net retirement benefit obligation recognized in the consolidated balance sheet (c+d+e+f)	(507,758)	(267,461)
h. Prepaid pension cost	445	234
i. Accrued retirement benefits (g–h)	¥ (508,203)	¥ (267,695)

Prior fiscal year (As of March 31, 2005)	Current fiscal year (As of March 31, 2006)
Notes: 1. The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.	Notes: 1. The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.
2. Effective April 1, 2001, the Company discontinued to provide certain benefits under the welfare pension fund plan for future services. As a result, prior service cost (a reduction of liability) was incurred.	2. Effective April 1, 2001, the Company discontinued to provide certain benefits under the welfare pension fund plan for future services. As a result, prior service cost (a reduction of liability) was incurred.
3. Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.	3. Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.
4. In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized and have been included in “Other current liabilities” in the accompanying consolidated balance sheet.	4. In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized and have been included in “Accrued expenses” in the accompanying consolidated balance sheet.
	5. The effects of a partial transition from the tax-qualified and lump-sum payment plans to defined contribution plans are as follows.

(Millions of yen)

Decrease in retirement benefit obligation	¥ 53,643
Decrease in plan assets at fair value	(45,762)
Unrecognized net retirement benefit obligation at transition	(7,677)
Unrecognized actuarial gain or loss	(6,618)
Unrecognized prior service cost	2,844
Increase in accrued retirement benefits	(3,570)

The amount of plan assets transferred to defined contribution plans amounted to ¥45,762 million, which was fully transferred in the current fiscal year.

3. The components of retirement benefit expenses were as follows:

(Millions of yen)

		Prior fiscal year From April 1, 2004 To March 31, 2005		Current fiscal year From April 1, 2005 To March 31, 2006	
a.	Service cost	¥ 47,802	(Note 2)	¥ 41,022	(Note 2)
b.	Interest cost	33,288		36,809	
c.	Expected return on plan assets	(17,999)		(29,581)	
d.	Amortization of net retirement benefit obligation at transition	12,009		11,265	
e.	Amortization of actuarial gain or loss	12,298		12,542	
f.	Amortization of prior service cost	(5,431)	(Note 3)	(5,967)	(Note 3)
g.	Other	179		2,476	
h.	Retirement benefit expenses (a+b+c+d+e+f+g)	¥ 82,146		¥ 68,566	
i.	Loss on return of the substitution portion of WPFP	(1,107)		(772)	
J	Gain on implementation of defined contribution plans	—		3,570	
	Total	¥ 81,039		¥ 71,364	

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
Notes: 1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥6,509 million were paid and accounted for as a special loss for the year ended March 31, 2005. 2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans. 3. Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 to the table setting forth the fund status. 4. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in a. "Service cost." 5. The pension assets in the multi-employer welfare pension fund plans allocated to the Company and the domestic consolidated subsidiaries based on their share of the contributions amounted to ¥34,255 million.	Notes: 1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥10,554 million were accounted for as a special loss for the year ended March 31, 2006. 2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans. 3. Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 to the table setting forth the fund status. 4. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in a. "Service cost." 5. The pension assets in the multi-employer welfare pension fund plans allocated to the Company and the domestic consolidated subsidiaries based on their share of the contributions amounted to ¥38,054 million.

4. Assumptions used in accounting for the retirement benefit obligation

	Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
a. Attribution of retirement benefit obligation	The straight-line method over the estimated years of service of the eligible employees	Same as left.
b. Discount rates	Domestic companies: 2.3% – 2.5% Foreign companies: 2.5% – 9.5%	Domestic companies: 2.1% – 2.3% Foreign companies: 2.5% – 6.0%
c. Expected rate of return on plan assets	Domestic companies: mainly 3.0% Foreign companies: 2.2% – 9.5%	Domestic companies: mainly 3.0% Foreign companies: 3.0% – 9.0%
d. Amortization period of prior service cost	Prior service cost is being amortized as incurred by the straight-line method over periods (principally 9 years through 15 years) which are shorter than the average remaining years of service of the eligible employees.	Same as prior fiscal year.
e. Amortization period of actuarial gain or loss	Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 8 years through 18 years) which are shorter than the average remaining years of service of the eligible employees. Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.	Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 9 years through 18 years) which are shorter than the average remaining years of service of the eligible employees. Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.
f. Amortization period of net retirement benefit obligation at transition	Mainly 15 years	Same as prior fiscal year.

(Accounting for income taxes)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2005)	Current fiscal year (As of March 31, 2006)
Deferred tax assets:		
Net operating loss carry forwards	¥ 24,660	¥ 20,343
Accrued retirement benefits	172,379	157,319
Accrued warranty costs	38,047	67,461
Other	379,543	454,878
Total gross deferred tax assets	614,629	700,001
Valuation allowance	(36,369)	(38,880)
Total deferred tax assets	578,260	661,121
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law, etc.	(379,924)	(440,939)
Difference between cost of investments and their underlying net equity at fair value	(88,840)	(81,634)
Unrealized holding gain on securities	(5,971)	(14,828)
Other	(128,577)	(155,465)
Total deferred tax liabilities	(603,312)	(692,866)
Net deferred tax assets	¥ (25,052)	¥ (31,745)

Note: Net deferred tax assets as of March 31, 2005 and 2006 are reflected in the following accounts in the consolidated balance sheets:

	Prior fiscal year (As of March 31, 2005)	Current fiscal year (As of March 31, 2006)
	(Millions of yen)	
Current assets—deferred tax assets	¥ 291,210	¥ 314,859
Fixed assets—deferred tax assets	125,081	163,550
Current liabilities—deferred tax liabilities	2,401	8,063
Long-term liabilities—deferred tax liabilities	438,942	502,091

2. The reconciliation between the effective tax rates reflected in the consolidated financial statements and the statutory tax rate is summarized as follows:

	Prior fiscal year (As of March 31, 2005)	Current fiscal year (As of March 31, 2006)
Statutory tax rate of the Company	40.6%	40.6%
(Reconciliation)		
・ Different tax rates applied to foreign subsidiaries	(2.7)%	(3.1)%
・ Tax credits	(1.5)%	(2.7)%
・ Decrease in valuation allowance resulting in the recognition of net deferred tax assets	(1.9)%	(1.0)%
・ Equity in earnings of affiliates	(1.9)%	(1.9)%
・ Other	(0.1)%	(0.5)%
Effective tax rates after adoption of tax-effect accounting	32.5%	31.4%

(Segment information)

Business segment information

The business segment information for the Company and its consolidated subsidiaries for the year ended Mach 31, 2005 is as follows:

Prior fiscal year (from April 1, 2004 to March 31, 2005)

(Millions of yen)

	Automobile	Sales financing	Total	Eliminations	Consolidated
I. Sales and operating income					
(1) Sales to third parties	8,177,841	398,436	8,576,277	—	8,576,277
(2) Inter-segment sales and transfers	23,742	13,509	37,251	(37,251)	—
Total sales	8,201,583	411,945	8,613,528	(37,251)	8,576,277
Operating expenses	7,429,760	338,388	7,768,148	(53,031)	7,715,117
Operating income	771,823	73,557	845,380	15,780	861,160
II. Assets, depreciation and capital expenditures					
Total assets	6,646,594	4,596,322	11,242,916	(1,394,393)	9,848,523
Depreciation	349,163	176,763	525,926	—	525,926
Capital Expenditure	469,283	582,468	1,051,751	—	1,051,751

Notes: 1. Businesses are segmented based on their proximity in terms of the type, nature and markets of their products.

2. Main products of each business segment

(1) Automobile............. passenger cars, trucks, buses, forklifts, manufacturing parts for oversea production, etc.

(2) Sales financing .... credit, lease, etc.

3. Consolidated financial statements by business segment

- Amounts for the sales financing segment represent the aggregate of the figures of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA) and NRF Mexico (Mexico), NR Wholesale Mexico (Mexico), ESARA, S.A. De C.V. (Mexico) and the sales finance operations of Nissan Canada Inc. (Canada).
- Amounts for the automobile segment represent the differences between the consolidated totals and those for the sales financing segment.

(1) Summarized consolidated balance sheets by business segment

(Millions of yen)

	Prior fiscal year (As of March 31, 2005)		
Accounts	Automobile & Elimination	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	288,208	12,066	300,274
Notes and accounts receivable	537,912	117	538,029
Finance receivables	(216,218)	3,243,006	3,026,788
Inventories	702,534	5,528	708,062
Other current assets	376,025	190,216	566,241
Total current assets	1,688,461	3,450,933	5,139,394
II. Fixed assets			
Property, plant and equipment, net	2,774,719	1,022,228	3,796,947
Investment securities	361,632	289	361,921
Other fixed assets	426,338	122,872	549,210
Total fixed assets	3,562,689	1,145,389	4,708,078
III. Deferred charges			
Discounts on bonds	1,051	—	1,051
Total deferred charges	1,051	—	1,051
Total assets	5,252,201	4,569,322	9,848,523
Liabilities			
I. Current liabilities			
Notes and accounts payable	916,820	22,966	939,786
Short-term borrowings	(609,468)	2,535,086	1,925,618
Lease obligations	57,416	916	58,332
Other current liabilities	968,189	82,789	1,050,978
Total current liabilities	1,332,957	2,641,757	3,974,714
II. Long-term liabilities			
Bonds	320,602	172,523	493,125
Long-term borrowings	209,291	1,164,213	1,373,504
Lease obligations	96,544	—	96,544
Other long-term liabilities	914,039	274,146	1,188,185
Total long-term liabilities	1,540,476	1,610,882	3,151,358
Total liabilities	2,873,433	4,252,639	7,126,072
Minority interests			
Minority interests	256,656	45	256,701
Shareholders' equity			
I. Common stock	517,260	88,554	605,814
II. Capital surplus	774,403	30,067	804,470
III. Retained earnings and unrealized holding gain on securities	1,494,766	227,688	1,722,454
IV. Translation adjustments	(397,428)	(2,671)	(400,099)
V. Treasury stock	(266,889)	—	(266,889)
Total shareholders' equity	2,122,112	343,638	2,465,750
Total liabilities, minority interests and shareholders' equity	5,252,201	4,596,322	9,848,523

Notes: 1. Finance receivables of the Automobile and elimination segment represents elimination of inter-segment loans made by the Sales financing segment.

2. Borrowings of the Automobile and elimination segment are presented after elimination of loans to the Sales financing segment in the amount of ¥973,169 million.

(2) Summarized consolidated statements of income by business segment

(Millions of yen)

	Prior fiscal year (For the year ended March 31, 2005)		
Accounts	Automobile & elimination	Sales financing	Consolidated total
Net sales	8,164,332	411,945	8,576,277
Cost of sales	6,094,196	257,073	6,351,269
Gross profit	2,070,136	154,872	2,225,008
Operating income as a percentage of net sales	9.6%	17.9%	10.0%
Operating income	787,603	73,557	861,160
Financial income/expenses—net	(10,371)	(11)	(10,382)
Other non-operating income/expenses—net	4,910	12	4,922
Ordinary income	782,142	73,558	855,700
Income before income taxes and minority interests	720,764	72,469	793,233
Net income	472,680	39,601	512,281

(3) Summarized consolidated statements of cash flows by business segment

(Millions of yen)

	Prior fiscal year (For the year ended March 31, 2005)		
Accounts	Automobile & elimination	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes and minority interests	720,764	72,469	793,233
Depreciation and amortization	349,163	176,763	525,926
Decrease (increase) in finance receivables	17,131	(811,480)	(794,349)
Others	(207,813)	52,418	(155,395)
Net cash provided by (used in) operating activities	879,245	(509,830)	369,415
II. Cash flows from investing activities			
Proceeds from sales of investment securities	10,285	510	10,795
Proceeds from sales of property, plant and equipment	71,256	—	71,256
Purchases of fixed assets	(453,357)	(7,789)	(461,146)
Purchases of leased vehicles	(15,926)	(574,679)	(590,605)
Proceeds from sales of leased vehicles	16,143	157,669	173,812
Others	(79,115)	9,968	(69,147)
Net cash used in investing activities	(450,714)	(414,321)	(865,035)
III. Cash flows from financing activities			
Net increase in short-term borrowings	174,500	491,691	666,191
(Decrease) increase in long-term borrowings	(391,244)	296,551	(94,693)
Increase in bonds	—	140,663	140,663
Others	(191,998)	883	(191,115)
Net cash (used in) provided by financing activities	(408,742)	929,788	521,046
IV. Effect of exchange rate changes on cash and cash equivalents	4,427	(58)	4,369
V. Increase in cash and cash equivalents	24,216	5,579	29,795
VI. Cash and cash equivalents at beginning of the year	190,135	4,029	194,164
VII. Increase due to inclusion in consolidation	65,825	—	65,825
IX. Cash and cash equivalents at end of the year	280,176	9,608	289,784

Note: The increase in short-term borrowings of the Automobile and Elimination segment includes the elimination of the decrease in loans to the Sales Financing segment in the amount of ¥(133,114) million.

The business segment information for the Company and its consolidated subsidiaries for the year ended March 31, 2006 is as follows:

Current fiscal year (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	Automobile	Sales financing	Total	Elimination	Consolidated
I. Sales and operating income					
(1) Sales to third parties	8,895,143	533,149	9,428,292	—	9,428,292
(2) Inter-segment sales and transfers	28,563	14,794	43,357	(43,357)	—
Total sales	8,923,706	547,943	9,471,649	(43,357)	9,428,292
Operating expenses	8,160,292	478,218	8,638,510	(82,059)	8,556,451
Operating income	763,414	69,725	833,139	38,702	871,841
II. Assets, depreciation, impairment loss and capital expenditures					
Total assets	7,152,144	5,710,239	12,862,383	(1,380,957)	11,481,426
Depreciation	400,787	254,615	655,402	—	655,402
Impairment loss	26,794	33	26,827	—	26,827
Capital Expenditure	503,916	920,398	1,424,314	—	1,424,314

Notes: 1. Businesses are segmented based on their proximity in terms of the type, nature and markets of their products.

2. Main products of each business segment

(1) Automobile............ passenger cars, trucks, buses, forklifts, manufacturing parts for oversea production, etc.

(2) Sales financing .... credit, lease, etc.

3. Accounting change

Accounting standard for the impairment of fixed assets

Effective April 1, 2005, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets (“Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the “Implementation Guidelines on the Accounting Standard for the Impairment of Fixed Assets” (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003).

The effect of this change was to decrease total assets in the “Automobile” segment and “Sales financing” segment by ¥26,794 million and ¥33 million, respectively.

Note 4. Consolidated financial statements by business segment

- Amounts for the Sales financing segment represent the aggregate of the figures of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA) and NRF Mexico (Mexico), NR Wholesale Mexico (Mexico), ESARA, S.A. De C.V. (Mexico) and the sales finance operations of Nissan Canada Inc. (Canada).
- Amounts for the Automobile & Elimination segment represent the differences between the consolidated totals and those for the sales financing segment.

(1) Summarized consolidated balance sheets by business segment

(Millions of yen)

	Current fiscal year (As of March 31, 2006)		
Accounts	Automobile & Elimination	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	402,968	11,804	414,772
Notes and accounts receivable	488,571	29	488,600
Finance receivables	(232,709)	3,821,836	3,589,127
Inventories	847,243	9,256	856,499
Other current assets	465,367	207,889	673,256
Total current assets	1,971,440	4,050,814	6,022,254
II. Fixed assets			
Property, plant and equipment, net	2,926,753	1,512,055	4,438,808
Investment securities	401,520	1,866	403,386
Other fixed assets	470,966	145,504	616,470
Total fixed assets	3,799,239	1,659,425	5,458,664
III. Deferred charges			
Discounts on bonds	508	—	508
Total deferred charges	508	—	508
Total assets	5,771,187	5,710,239	11,481,426
Liabilities			
I. Current liabilities			
Notes and accounts payable	957,055	26,539	983,594
Short-term borrowings	(665,980)	3,199,746	2,533,766
Lease obligations	57,804	719	58,523
Other current liabilities	1,154,726	121,100	1,275,826
Total current liabilities	1,503,605	3,348,104	4,851,709
II. Long-term liabilities			
Bonds	381,346	326,861	708,207
Long-term borrowings	174,734	1,270,954	1,445,688
Lease obligations	71,708	—	71,708
Other long-term liabilities	677,426	352,812	1,030,238
Total long-term liabilities	1,305,214	1,950,627	3,255,841
Total liabilities	2,808,819	5,298,731	8,107,550
Minority interests			
Minority interests	284,062	1,831	285,893
Shareholders' equity			
I. Common stock	514,489	91,325	605,814
II. Capital surplus	773,623	30,847	804,470
III. Retained earnings and unrealized holding gain on securities	1,870,127	261,038	2,131,165
IV. Translation adjustments	(230,780)	26,467	(204,313)
V. Treasury stock	(249,153)	—	(249,153)
Total shareholders' equity	2,678,306	409,677	3,087,983
Total liabilities, minority interests and shareholders' equity	5,771,187	5,710,239	11,481,426

Notes: 1. Finance receivables of the Automobile and elimination segment represents elimination of inter-segment loans made by the Sales financing segment.

2. Borrowings of the Automobile and elimination segment are presented after elimination of loans to the Sales financing segment in the amount of ¥968,451 million.

(2) Summarized consolidated statements of income by business segment

(Millions of yen)

	Current fiscal year (For the year ended March 31, 2006)		
Accounts	Automobile & elimination	Sales financing	Consolidated total
Net sales	8,880,349	547,943	9,428,292
Cost of sales	6,649,937	391,050	7,040,987
Gross profit	2,230,412	156,893	2,387,305
Operating income as a percentage of net sales	9.0%	12.7%	9.2%
Operating income	802,116	69,725	871,841
Financial income/expenses—net	(4,555)	(11)	(4,566)
Other non-operating income/expenses—net	(21,315)	(88)	(21,403)
Ordinary income	776,246	69,626	845,872
Income before income taxes and minority interests	739,962	69,079	809,041
Net income	476,688	41,362	518,050

(3) Summarized consolidated statements of cash flows by business segment

(Millions of yen)

	Current fiscal year (For the year ended March 31, 2006)		
Accounts	Automobile & elimination	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes and minority interests	739,962	69,079	809,041
Depreciation and amortization	400,787	254,615	655,402
Decrease (increase) in finance receivables	19,341	(331,026)	(311,685)
Others	(468,999)	74,110	(394,889)
Net cash provided by operating activities	691,091	66,778	757,869
II. Cash flows from investing activities			
Proceeds from sales of investment securities	50,765	—	50,765
Proceeds from sales of property, plant and equipment	55,789	1	55,790
Purchases of fixed assets	(456,550)	(14,479)	(471,029)
Purchases of leased vehicles	(47,366)	(905,919)	(953,285)
Proceeds from sales of leased vehicles	37,523	226,601	264,124
Others	(59,951)	831	(59,120)
Net cash used in investing activities	(419,790)	(692,965)	(1,112,755)
III. Cash flows from financing activities			
Net increase in short-term borrowings	16,565	359,483	376,048
Net change in long-term borrowings and redemption of bonds	(228,985)	102,227	(126,758)
Increase in bonds	227,386	163,320	390,706
Others	(183,960)	1,883	(182,077)
Net cash (used in) provided by financing activities	(168,994)	626,913	457,919
IV. Effect of exchange rate changes on cash and cash equivalents	10,016	1,373	11,389
V. Increase in cash and cash equivalents	112,323	2,099	114,422
VI. Cash and cash equivalents at beginning of the year	280,176	9,608	289,784
VII. Increase due to inclusion in consolidation	6	—	6
IX. Cash and cash equivalents at end of the year	392,505	11,707	404,212

Note: The net increase in short-term borrowings of the Automobile and Elimination segment includes the elimination of the decrease in loans to the Sales Financing segment in the amount of ¥(39,721) million.

Geographical segment information

Prior fiscal year (from April 1, 2004 to March 31, 2005)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Sales and operating income:							
Sales:							
1. Sales to third parties	2,556,683	3,726,456	1,254,007	1,039,131	8,576,277	—	8,576,277
2. Inter-segment sales and transfers	1,981,104	81,794	51,109	7,622	2,121,629	(2,121,629)	—
Total	4,537,787	3,808,250	1,305,116	1,046,753	10,697,906	(2,121,629)	8,576,277
Operating expenses	4,196,667	3,392,676	1,249,110	996,529	9,834,982	(2,119,865)	7,715,117
Operating income	341,120	415,574	56,006	50,224	862,924	(1,764)	861,160
II. Total assets	5,590,397	4,714,272	799,778	637,065	11,741,512	(1,892,989)	9,848,523

Notes: 1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

2. Major countries and areas which belong to segments other than Japan are as follows:

(1) North America........ The United States, Canada, and Mexico

(2) Europe..................... France, The United Kingdom, Spain and other European countries

(3) Other....................... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

Current fiscal year (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Sales and operating income:							
Sales:							
1. Sales to third parties	2,674,549	4,100,662	1,414,674	1,238,407	9,428,292	—	9,428,292
2. Inter-segment sales and transfers	2,194,405	138,585	82,632	13,928	2,429,550	(2,429,550)	—
Total	4,868,954	4,239,247	1,497,306	1,252,335	11,857,842	(2,429,550)	9,428,292
Operating expenses	4,478,536	3,852,304	1,430,127	1,194,714	10,955,681	(2,399,230)	8,556,451
Operating income	390,418	386,943	67,179	57,621	902,161	(30,320)	871,841
II. Total assets	5,961,342	5,751,652	746,016	798,533	13,257,543	(1,776,117)	11,481,426

Notes: 1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

2. Major countries and areas which belong to segments other than Japan are as follows:

(1) North America........ The United States, Canada, and Mexico

(2) Europe..................... France, The United Kingdom, Spain and other European countries

(3) Other....................... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

3. Accounting change

Accounting standard for the impairment of fixed assets

Effective April 1, 2005, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guidelines on the Accounting Standard for the Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003).

The effect of this change is to decrease total assets in the "Japan" Segment by ¥26,827 million.

Overseas sales

Prior fiscal year (from April 1, 2004 to March 31, 2005)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas sales	3,662,436	1,269,204	1,401,592	6,333,232
II. Consolidated net sales				8,576,277
III. Overseas sales as a percentage of consolidated net sales	42.7%	14.8%	16.3%	73.8%

Notes: 1. Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries.

2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

(1) North America........ The United States, Canada, and Mexico

(2) Europe..................... France, the United Kingdom, Spain, and other European countries

(3) Other....................... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

Current fiscal year (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas sales	4,014,475	1,414,929	1,655,630	7,085,034
II. Consolidated net sales				9,428,292
III. Overseas sales as a percentage of consolidated net sales	42.6%	15.0%	17.6%	75.2%

Notes: 1. Overseas sales consisted of export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries.

2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

(1) North America........ The United States, Canada, and Mexico

(2) Europe..................... France, the United Kingdom, Spain and other European countries

(3) Other....................... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

(Transactions with related parties)

Prior fiscal year (From April 1, 2004 To March 31, 2005)	Current fiscal year (From April 1, 2005 To March 31, 2006)
There are no significant transactions to be disclosed.	Same as prior fiscal year.

(Amounts per share)

(Yen)

Prior fiscal year (From April 1, 2004 To March 31, 2005)		Current fiscal year (From April 1, 2005 To March 31, 2006)	
Net assets per share	¥604.49	Net assets per share	¥753.40
Basic net income per share	¥125.16	Basic net income per share	¥126.94
Diluted net income per share	¥124.01	Diluted net income per share	¥125.96

Note: The bases for calculation of basic and diluted net income per share are as follows:

	Prior fiscal year (From April 1, 2004 To March 31, 2005)	Current fiscal year (From April 1, 2005 To March 31, 2006)
Basic net income per share Net income (Millions of yen)	512,281	518,050
Amounts not attributable to common stock (Millions of yen)	402	573
(Bonus to directors by appropriation of retained earnings included in the above (Millions of yen))	402	573
Net income attributable to common stock (Millions of yen)	511,879	517,477
The average number of common stock outstanding during the fiscal year (Thousand shares)	4,089,872	4,076,552
Diluted net income per share Increase in common stock (Thousand shares)	37,898	31,611
(Exercise of warrants (Thousand shares))	35,551	28,479
(Exercise of stock subscription rights (Thousand shares))	2,347	3,132
Summary of equity instruments, which were not included in the bases for calculation of diluted net income per share, because they do not have any dilutive effects.	2nd stock subscription rights (the number of stock subscription rights is 127,700 units) This outline is described in “Status of stock subscription rights.”	2nd stock subscription rights (the number of stock subscription rights is 100,780 units) This outline is described in “Status of stock subscription rights.”

(Significant subsequent events)

<table>
<tr><th>Prior fiscal year (From April 1, 2004 To March 31, 2005)</th><th>Current fiscal year (From April 1, 2005 To March 31, 2006)</th></tr>
<tr><td>
I On April 15, 2005, the Board of Directors of the Company resolved to issue stock subscription rights to employees of the Company as well as to directors and employees of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 105th annual general meeting of the Company's shareholders held on June 23, 2004.

An outline of these stock subscription rights is as follows:

1) Name of stock subscription rights:
Nissan Motor Co., Ltd. 3rd stock subscription rights

2) Types and number of shares to be issued upon exercise of stock subscription rights:
13,395,000 shares of common stock of the Company
One unit of new stock subscription rights comprises 100 shares.

3) Aggregate number of units of stock subscription rights to be issued:
133,950 units
If the total number of applications for stock subscription rights does not reach 133,950, the total number of stock subscription rights for which applications have been submitted shall be the total number of stock subscription rights to be issued.

4) Issue price of each stock subscription right and date of issuance:
Each stock subscription right is to be issued free of charge.
The date of issuance of the stock subscription rights shall be April 25, 2005.

5) Exercise price:
Per unit: ¥111,900
Per share: ¥1,119

6) The directors, employees and stock subscription rights are summarized as follows:
<table>
<tr><th>Category</th><th>Number of recipients</th><th>Number of rights issued</th></tr>
<tr><td>The Company's employees</td><td>630</td><td>115,900</td></tr>
<tr><td>Directors of the Company's subsidiaries</td><td>90</td><td>17,450</td></tr>
<tr><td>Employees of the Company's subsidiaries</td><td>4</td><td>600</td></tr>
<tr><td>Total</td><td>724</td><td>133,950</td></tr>
</table>
</td><td>
On April 25, 2006, the Board of Directors of the Company resolved to issue stock subscription rights to employees of the Company as well as to directors of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 106th annual general meeting of the Company's shareholders held on June 21, 2005.

An outline of these stock subscription rights is as follows:

1) Name of stock subscription rights:
Nissan Motor Co., Ltd. 4th stock subscription rights

2) Types and number of shares to be issued upon exercise of stock subscription rights:
13,220,000 shares of common stock of the Company.
One unit of new stock subscription rights comprises 100 shares.

3) Aggregate number of units of stock subscription rights to be issued:
132,200 units
If the total number of applications for stock subscription rights does not reach 132,200, the total number of stock subscription rights for which applications have been submitted shall be the total number of stock subscription rights to be issued.

4) Issue price of each stock subscription right and date of issuance:
Each stock subscription right is to be issued free of charge.
The date of issuance of the stock subscription rights shall be May 8, 2006.

5) Exercise price:
Per unit: ¥152,600
Per share: ¥1,526

6) The directors, employees and stock subscription rights are summarized as follows:
<table>
<tr><th>Category</th><th>Number of recipients</th><th>Number of rights issued</th></tr>
<tr><td>The Company's employees</td><td>457</td><td>116,700</td></tr>
<tr><td>Directors of the Company's subsidiaries</td><td>74</td><td>15,500</td></tr>
<tr><td>Total</td><td>531</td><td>132,200</td></tr>
</table>
</td></tr>
</table>

Prior fiscal year (From April 1, 2004 To March 31, 2005)	Current fiscal year (From April 1, 2005 To March 31, 2006)
II On June 2, 2005 and June 15, 2005, the Company issued unsecured bonds. The terms and conditions of these bonds are summarized as follows:	

1

Name	43rd unsecured bonds
Principal	¥50,000 million
Interest rate	0.400% per annum
Issue price	¥99.99 for a par value of ¥100
Maturity	June 20, 2008
Maturity date	June 2, 2005
Use of proceeds	For the payment of unfunded obligations under the retirement benefit plans (Note)

2

Name	44th unsecured bonds
Principal	¥128,000 million
Interest rate	0.710% per annum
Issue price	¥99.96 for a par value of ¥100
Maturity	June 21, 2010
Maturity date	June 2, 2005
Use of proceeds	For the payment of unfunded obligations under the retirement benefit plans (Note)

3

Name	45th unsecured bonds
Principal	¥50,000 million
Interest rate	0.620% per annum
Issue price	At par
Maturity	October 15, 2009
Maturity date	June 15, 2005
Use of proceeds	For the payment of unfunded obligations under retirement benefit plans *(Note)*

Note: The Company and certain consolidated subsidiaries plan to modify their retirement benefit plans in July 2005 and to implement new defined benefit plans and defined contribution plans. In this connection, the Company and certain consolidated subsidiaries intend to eliminate the unfunded obligations under their tax-qualified retirement benefit plans for the purpose of ensuring the sound financial position of these plans, achieving stable retirement benefit plans, and reducing the administration costs relating to the plans.

⑤ Consolidated supplemental schedules

Schedule of bonds payable

Company	Description	Date of Issuance	Balance at end of prior year (Millions of yen)	Balance at end of current year (Millions of yen)	Interest rate (%)	Collateral	Maturity
*1	19th unsecured bonds	February 23, 1996	30,000	—	3.35	None	February 23, 2006
*1	22nd unsecured bonds (Note 2)	August 1, 1996	20,000	(20,000) 20,000	3.55	"	August 1, 2006
*1	24th unsecured bonds (Note 2)	February 20, 1997	15,000	(15,000) 15,000	2.875	"	February 20, 2007
*1	28th unsecured bonds	October 29, 1997	30,000	30,000	2.40	"	October 29, 2007
*1	37th unsecured bonds	June 15, 2001	70,000	—	0.95	"	June 15, 2005
*1	38th unsecured bonds (Note 2)	July 17, 2001	80,000	(80,000) 80,000	1.03	"	July 17, 2006
*1	40th unsecured bonds	July 19, 2002	85,000	—	0.59	"	July 19, 2005
*1	41st unsecured bonds	July 29, 2003	70,000	70,000	1.00	"	July 29, 2010
*1	42nd unsecured bonds	February 19, 2004	50,000	50,000	0.74	"	March 19, 2009
*1	43rd unsecured bonds	June 2, 2005	—	50,000	0.40	"	June 20, 2008
*1	44th unsecured bonds	June 2, 2005	—	128,000	0.71	"	June 21, 2010
*1	45th unsecured bonds	June 15, 2005	—	50,000	0.62	"	October 15, 2009
*1	1st unsecured bonds with warrants (Note 3)	June 25, 1999	5,800	—	Yen TIBOR +0.75%	"	June 24, 2005
*1	Euro-yen bonds with warrants due 2006 (Note 3)	March 27, 2000	15,000	—	1.50	"	March 27, 2006
*1	Euro-yen bonds with warrants due 2007 (Note 2, 3)	March 8, 2001	45,000	(45,000) 45,000	0.75	"	March 8, 2007
*1	Euro-yen bonds with warrants due 2008 (Note 3)	March 14, 2002	52,800	52,800	1.27	"	March 14, 2008
*2	Bonds issued by subsidiaries (Note 2)	2001 - 2005	101,960	(39,980) 149,980	0.4 - 1.3	"	2006 – 2008
*2	1st unsecured convertible bonds with stock subscription rights issued by subsidiaries (Note 4)	April 30, 2003	1,096	736	—	"	March 31, 2010
*2	Yen convertible bonds with stock subscription rights due 2008 issued by subsidiaries (Note 4)	April 30, 2003	2,639	2,610	—	"	March 31, 2008
*3	Bonds issued by subsidiaries	2005 - 2006	80,543 [$750,000 thousand]	205,573 [$1,750,000 thousand]	4.6 – 5.6	"	2010 - 2011
*3	Mid-term notes issued by subsidiaries (Note 2)	1993 – 2004	13,574 [EURO 95,852 thousand]	(15,416) [EURO 110,245 thousand] 15,416 [EURO 110,245 thousand]	4.1 – 4.7	"	2006
*3	Mid-term notes issued by subsidiaries (Note 2)	1996 - 2003	43,327 [$403,458 thousand]	(18,423) ($156,832 thousand) 29,711 [$252,927 thousand]	4.6 – 5.2	"	2006 – 2008
Subtotal (Note 2)		—	811,739	(233,819) 994,826	—		—
Elimination of intercompany transactions (Note 2)		—	-118,600	(-45,000) -97,800	—		—
Total (Note 2)		—	693,139	(188,819) 897,026	—		—

Notes: 1. *1 The Company *2 Domestic subsidiaries *3 Foreign subsidiaries

2. The amounts in parentheses presented under “Balance at end of current year” represent the amounts scheduled to be redeemed within one year.

3. The following table shows the details of bonds with warrants.

Description	Exercise period	Amount to be subscribed upon exercise (Yen)	The total amount of stock issued (Millions of yen)	Stock to be issued	Ratio of grant
1st unsecured bonds with warrants	From July 1, 2002 To June 20, 2005	554	5,800	Common stock	100%
Euro-yen bonds with warrants due 2006	From March 27, 2003 To March 20, 2006	429	15,000	Common stock	100%
Euro-yen bonds with warrants due 2007	From March 8, 2003 To March 1, 2007	764	45,000	Common stock	100%
Euro-yen bonds with warrants due 2008	From March 14, 2004 To March 7, 2008	880	52,800	Common stock	100%

4. The following table shows the details of bonds with stock subscription rights:

Description	1st unsecured convertible bonds with warrants issued by subsidiaries	Yen convertible bonds with warrants due 2008 issued by subsidiaries
Type of shares to be issued upon exercise of stock subscription rights	Common stock	Common stock
Issue price (Yen)	—	—
Exercise price (Yen)	499	509
Total exercise price (Millions of yen)	10,000	10,000
Upon exercise of the stock subscription rights, total exercise price to be credited to common stock (Millions of yen)	9,264	7,390
Ratio (%)	100	100
Exercise period	From June 2, 2003 To March 30, 2010	From June 2, 2003 To March 14, 2008
Substitutive deposits	Note	Note

Note: When the Holders request for exercise of the stock subscription rights, the exercise price is deemed to be paid from maturity payment. Also, if the stock subscription rights are exercised, it is treated that such request is made.

5. The redemption schedule of bonds for 5 years subsequent to March 31, 2006 is summarized as follows:

(Millions of yen)

Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
188,819	101,288	152,610	138,103	316,206

Schedule of borrowings

(Millions of yen)

Category	Balance at end of prior year	Balance at end of current year	Average interest rate (%)	Maturity
Short-term borrowings	597,737	1,159,743	2.7	—
Current portion of long-term borrowings	636,531	818,206	3.5	—
Long-term borrowings (excluding current portion)	1,373,504	1,445,688	3.6	April 2007 – October 2026
Other interest-bearing debt:				
Commercial paper	491,336	366,998	2.1	—
Total	3,099,108	3,790,635	—	—

Notes: 1. The average interest rate represents the weighted-average rate applicable to the year-end balance.

2. The following table shows the aggregate annual maturities of long-term borrowings for 5 years subsequent to March 31, 2006 (excluding the current portion):

(Millions of yen)

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term borrowings	749,508	531,101	74,586	11,010

(2) Other

Not applicable

2. Non-consolidated financial statements

(1) Non-consolidated financial statements

① Non-consolidated balance sheets

		Prior fiscal year (As of March 31, 2005)		Current fiscal year (As of March 31, 2006)	
Accounts	Notes	Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
Assets					
I. Current assets					
1. Cash on hand and in banks		74,425		148,532	
2. Trade notes receivable		48		577	
3. Trade accounts receivable	※3	311,098		286,667	
4. Finished products		70,553		73,001	
5. Raw materials		14,698		22,529	
6. Work in process		23,188		26,316	
7. Supplies		18,312		19,997	
8. Advances paid	※3	27,383		26,982	
9. Prepaid expenses		13,066		19,783	
10. Deferred tax assets		56,365		78,132	
11. Short-term loans receivable from subsidiaries and affiliates		895,762		634,755	
12. Other accounts receivable	※3	68,623		75,514	
13. Other		2,958		807	
14. Allowance for doubtful accounts		(30,716)		(28,020)	
Total current assets		1,545,768	38.8	1,385,576	36.0
II. Fixed assets					
1. Property, plant and equipment	※1				
(1) Buildings		159,596		177,335	
(2) Structures		33,842		35,772	
(3) Machinery and equipment		211,950		226,507	
(4) Vehicles		18,979		24,399	
(5) Tools, furniture and fixtures		140,896		130,967	
(6) Land		144,289		132,844	
(7) Construction in progress		39,218		47,246	
Total property, plant and equipment		748,773	18.8	775,073	20.1
2. Intangible fixed assets					
(1) Patents		4		136	
(2) Leaseholds		773		773	
(3) Trademark rights		31		29	
(4) Software		44,575		48,727	
(5) Utility rights		161		161	
Total intangible fixed assets		45,546	1.1	49,827	1.3

		Prior fiscal year (As of March 31, 2005)			Current fiscal year (As of March 31, 2006)		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
3. Investments and other assets							
(1) Investment securities			19,388			43,986	
(2) Investments in subsidiaries and affiliates	※2		1,486,014			1,450,004	
(3) Long-term loans receivable			941			804	
(4) Long-term loans receivable from employees			513			366	
(5) Long-term loans receivable from subsidiaries and affiliates			400			—	
(6) Long-term prepaid expenses			29,397			25,399	
(7) Deferred tax assets			93,284			106,590	
(8) Other			9,531			7,589	
(9) Allowance for doubtful accounts			(191)			(1,720)	
Total investments and other assets			1,639,281	41.2		1,633,021	42.5
Total fixed assets			2,433,601	61.1		2,457,922	63.9
III. Deferred charges							
Discounts on bonds			2,544			1,543	
Total deferred charges			2,544	0.1		1,543	0.1
Total assets			3,981,914	100.0		3,845,041	100.0

		Prior fiscal year (As of March 31, 2005)			Current fiscal year (As of March 31, 2006)		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
Liabilities							
I. Current liabilities							
1. Trade notes payable			121			225	
2. Trade accounts payable	※3		482,304			465,828	
3. Short-term borrowings	※3		272,036			147,096	
4. Current portion of long-term borrowings			22,576			36,776	
5. Commercial paper			110,000			88,000	
6. Current portion of bonds			185,000			115,000	
7. Current portion of bonds with warrants			20,800			45,000	
8. Other accounts payable			43,854			58,046	
9. Accrued expenses	※3		226,874			268,556	
10. Income taxes payable			24,349			53,421	
11. Advances received			1,458			3,111	
12. Deposits received			4,471			21,323	
13. Deposits from employees			62,566			64,956	
14. Deferred revenue			783			775	
15. Warrants			4,785			3,143	
16. Accrual for warranty costs			26,271			31,717	
17. Lease obligations			38,877			31,667	
18. Other			2,578			202	
Total current liabilities			1,529,709	38.4		1,434,848	37.3
II. Long-term liabilities							
1. Bonds			265,000			378,000	
2. Bonds with warrants			97,800			52,800	
3. Long-term borrowings			87,566			50,790	
4. Accrual for warranty costs			43,676			51,248	
5. Accrued retirement benefits			231,974			22,391	
6. Lease obligations			38,785			26,873	
7. Long-term deposits received			1,508			1,059	
Total long-term liabilities			766,311	19.3		583,162	15.2
Total liabilities			2,296,021	57.7		2,018,011	52.5

		Prior fiscal year (As of March 31, 2005)			Current fiscal year (As of March 31, 2006)		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
Shareholders' equity							
I. Common stock	※4		605,813	15.2		605,813	15.8
II. Capital surplus							
Additional paid-in capital			804,470			804,470	
Total capital surplus			804,470	20.2		804,470	20.9
III. Retained earnings							
1. Legal reserve			53,838			53,838	
2. Voluntary reserves							
(1) Reserve for reduction of replacement cost of specified properties		71,937			77,175		
(2) Reserve for losses on overseas investments		3,031			1,471		
(3) Reserve for special depreciation		573	75,542		687	79,335	
3. Unappropriated retained earnings			295,795			402,990	
Total retained earnings			425,177	10.7		536,165	13.9
IV. Unrealized holding gain on securities			5,108	0.1		13,932	0.4
V. Treasury stock	※5		(154,676)	(3.9)		(133,351)	(3.5)
Total shareholders' equity			1,685,893	42.3		1,827,030	47.5
Total liabilities and shareholders' equity			3,981,914	100.0		3,845,041	100.0

② Non-consolidated statements of income

		Prior fiscal year From April 1, 2004 To March 31, 2005			Current fiscal year From April 1, 2005 To March 31, 2006		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
I. Net sales	※2		3,718,720	100.0		3,895,553	100.0
II. Cost of sales	※2						
1. Finished products at beginning of period		45,892			70,553		
2. Manufacturing costs	※1	3,097,058			3,192,077		
Total		3,142,951			3,262,630		
3. Finished products at end of period		70,553	3,072,398	82.6	73,001	3,189,629	81.9
Gross profit			646,322	17.4		705,924	18.1
Ⅲ. Selling, general and administrative expenses	※1 ※3		414,557	11.2		451,765	11.6
Operating income			231,764	6.2		254,159	6.5
Ⅳ. Non-operating income							
1. Interest income	※2	1,780			1,585		
2. Dividend income	※2	1,972			135,860		
3. Rental income		1,385			859		
4. Exchange gain		844			—		
5. Miscellaneous income		2,844	8,827	0.3	3,536	141,841	3.7
Ⅴ. Non-operating expenses							
1. Interest expense		2,563			2,399		
2. Interest on bonds		8,029			6,135		
3. Interest on commercial paper		18			75		
4. Interest on lease obligations		1,652			1,441		
5. Exchange loss		—			26,459		
6. Bond issuance costs		1,281			614		
7. Amortization of net retirement benefit obligation at transition		8,871			8,258		
8. Miscellaneous expenses		14,463	36,880	1.0	13,461	58,845	1.5
Ordinary income			203,711	5.5		337,156	8.7

		Prior fiscal year From April 1, 2004 To March 31, 2005			Current fiscal year From April 1, 2005 To March 31, 2006		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
VI. Special gains							
1. Gain on sales of fixed assets	※4	22,905			3,916		
2. Gain on sales of investments in subsidiaries and affiliates		5,094			22,275		
3. Gain on sales of investment securities		1,056			2		
4. Prior period adjustments		1,294			2,516		
5. Gain on reversal of allowance for doubtful accounts		9,600			5,394		
6. Other		367	40,318	1.1	446	34,552	0.9
VII. Special losses							
1. Loss on sales of fixed assets	※4	1,681			632		
2. Loss on disposal of fixed assets	※5	11,369			11,143		
3. Impairment loss	※6	—			10,527		
4. Loss on sales of investments in subsidiaries and affiliates		334			6,851		
5. Loss on sales of investment securities		8			—		
6. Write-down of investments and receivables	※7	24,219			32,565		
7. Prior period adjustments	※8	34,360			507		
8. Loss on implementation of a defined contribution plan		—			6,852		
9. One-time loss related to share appreciation rights		—			12,074		
10. Other		20,010	91,985	2.5	10,943	92,097	2.4
Income before income taxes			152,044	4.1		279,610	7.2
Corporate, inhabitants' and enterprise taxes		57,215			80,130		
Income taxes-deferred		(7,586)	49,628	1.3	(41,112)	39,017	1.0
Net income			102,415	2.8		240,593	6.2
Retained earnings brought forward from previous year			250,845			239,059	
Loss on disposal of treasury stock			4,700			15,467	
Interim dividends			52,765			61,193	
Unappropriated retained earnings			295,795			402,990	

Statements of manufacturing costs

		Prior fiscal year From April 1, 2004 To March 31, 2005			Current fiscal year From April 1, 2005 To March 31, 2006		
Accounts	Notes	Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
Ⅰ. Material costs			2,484,091	80.0		2,560,727	80.0
Ⅱ. Labor costs			269,041	8.6		260,976	8.2
Ⅲ. Overhead costs							
Depreciation expense		85,660			93,945		
Others		267,387	353,047	11.4	283,213	377,158	11.8
Total manufacturing costs			3,106,180	100.0		3,198,862	100.0
Work in process at beginning of period			20,634			23,188	
Total			3,126,815			3,222,050	
Work in process at end of period			23,188			26,316	
Transfer to other accounts	※		6,569			3,657	
Manufacturing costs for finished products			3,097,058			3,192,077	

[Note]

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
1. “Transfer to other accounts” of ¥6,569 million represented those transferred to “Construction in progress” and other accounts.	1. “Transfer to other accounts” of ¥3,657 million represented those transferred to “Construction in progress” and other accounts.
2. Method of cost accounting The Company adopts the comprehensive standard costing uner which standard costs are calculated for each product and manufacturing process and cost variances are allocated at the end of fiscal year.	2. Method of cost accounting Same as prior fiscal year.

③ Statements of appropriation of retained earnings

Date of resolution approved by the shareholders' meeting		Prior fiscal year (June 21, 2005)		Current fiscal year (June 27, 2006)	
Accounts	Notes	Amounts (Millions of yen)		Amounts (Millions of yen)	
Ⅰ. Unappropriated retained earnings			295,795		402,990
Ⅱ. Reversal of voluntary reserves					
1. Reversal of reserve for reduction of replacement cost of specified properties		4,710		7,176	
2. Reversal of reserve for losses on overseas investments		1,559		499	
3. Reversal of reserve for special depreciation		219	6,489	139	7,814
Total			302,285		410,805
Ⅲ. Appropriation of retained earnings					
1. Cash dividends		52,553		65,979	
2. Bonuses to directors and corporate auditors		390		390	
3. Voluntary reserves					
(1) Reserve for reduction of replacement cost of specified properties		9,948		1,769	
(2) Reserve for special depreciation		334	63,226	286	68,425
Ⅳ. Unappropriated retained earnings carried forward			239,059		342,380

Note: Reserve for reduction of replacement cost of specified properties, reserve for losses on overseas investments and reserve for special depreciation are provided and reversed in accordance with the Special Taxation Measures Law.

Significant accounting policies

Prior fiscal year (From April 1, 2004 To March 31, 2005)	Current fiscal year (From April 1, 2005 To March 31, 2006)
1. Valuation methods for securities (1) Held-to-maturity securities Held-to maturity securities are stated at amortized cost (Straight-line method). (2) Equity securities issued by subsidiaries and affiliates Equity securities issued by subsidiaries and affiliates are carried at cost determined by the moving average method. (3) Other securities ① Marketable securities: Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Costs of securities sold is calculated by the moving average method. ② Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method.	1. Valuation methods for securities (1) Held-to-maturity securities Same as prior fiscal year. (2) Equity securities issued by subsidiaries and affiliates Same as prior fiscal year. (3) Other securities ① Marketable securities: Same as prior fiscal year. ② Non-marketable securities: Same as prior fiscal year.
2. Valuation methods for derivatives Derivatives are carried at fair value except for forward foreign exchange contracts for which special treatment is adopted.	2. Valuation methods for derivatives Derivatives are carried at fair value.
3. Valuation methods for inventories Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method.	3. Valuation methods for inventories Same as prior fiscal year.
4. Depreciation and amortization of fixed assets (1) Property, plant and equipment Depreciation of property, plant and equipment is calculated by the straight-line method based on the estimated useful lives and the residual value determined by the Company. (Immaterial depreciable assets) Assets whose acquisition costs range from ¥100 thousand to ¥200 thousand are depreciated evenly for 3 years based on the Corporation Tax Law of Japan. (2) Intangible fixed assets Amortization of intangible fixed assets is calculated by the straight-line method. Amortization of software for internal use is calculated by the straight-line method over the estimated useful lives (5 years). (3) Long-term prepaid expenses Amortization of long-term prepaid expenses is calculated by the straight-line method.	4. Depreciation and amortization of fixed assets (1) Property, plant and equipment Same as prior fiscal year. (Immaterial depreciable assets) Same as prior fiscal year. (2) Intangible fixed assets Same as prior fiscal year. (3) Long-term prepaid expenses Same as prior fiscal year.
5. Accounting for deferred charges (1) Bond issuance costs are fully charged to income when they are paid. (2) Discounts on bonds are amortized evenly over the period of respective bonds.	5. Accounting for deferred charges (1) Same as prior fiscal year. (2) Same as prior fiscal year.

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
6. Foreign currency translation Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statement of operations.	6. Foreign currency translation Same as prior fiscal year.
7. Basis for reserves (1) Allowance for doubtful accounts Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty. (2) Accrual for warranty costs Accrual for warranty is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience. (3) Accrued retirement benefits Accrued retirement benefits are provided at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year. The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.	7. Basis for reserves (1) Allowance for doubtful accounts Same as prior fiscal year. (2) Accrual for warranty costs Same as prior fiscal year. (3) Accrued retirement benefits Same as prior fiscal year.
8. Lease accounting Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.	8. Lease accounting Same as prior fiscal year.

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
9. Hedge accounting	9. Hedge accounting
① Hedge accounting Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred. When forward foreign exchange contracts and other derivatives transactions are entered into in order to hedge receivables and payables denominated in foreign currencies, such receivables and payables are recorded at the contract rates.	① Hedge accounting Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.
② Hedging instruments and hedged items · Hedging instruments.....Derivative transactions · Hedged items.....Hedged items are subject to the risk of loss as a result of market fluctuation and such changes are not reflected in their valuation	② Hedging instruments and hedged items · Hedging instruments.....Derivative transactions · Hedged items.....Hedged items are primarily forecasted sales denominated in foreign currencies.
③ Hedging policy It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.	③ Hedging policy Same as prior fiscal year.
④ Assessment of hedge effectiveness Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the hedged items.	④ Assessment of hedge effectiveness Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same.
⑤ Risk management policy with respect to hedge accounting The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."	⑤ Risk management policy with respect to hedge accounting Same as prior fiscal year.
10. Other significant accounting policies Accounting for the consumption tax Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.	10. Other significant accounting policies Accounting for the consumption tax Same as prior fiscal year.

Accounting changes

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
Classification of freight and shipping costs Until the prior fiscal year, freight and shipping costs of the Company were included in selling, general and administrative expenses. Effective the current fiscal year, the Company began to account for the freight and shipping costs as cost of sales. This change was made in order to achieve a better matching of revenues and expenses and to present gross profit more accurately by including freight and shipping costs in cost of sales. This change was also made because the shipping costs incurred in exporting parts to be used for overseas manufacturing have increased due to the expansion of manufacturing activities outside Japan. The effect of this change was to increase cost of sales by ¥88,400 million and to decrease gross profit and selling, general and administrative expenses by the same amount for the current fiscal year. This change had no impact on operating income, ordinary income, income before income taxes and net income for the current fiscal year compared with the corresponding amounts which would have been recorded if the previous method had been followed.	Forward Foreign Exchange Contracts Until the year ended March 31, 2005, the Company adopted special treatment for forward foreign exchange contracts entered into to hedge forecasted sales denominated in foreign currencies which also qualified for hedge accounting as sales and accounts receivable were translated and reflected in the non-consolidated financial statements at their corresponding contracted rates. Effective April 1, 2005, the Company changed its method of accounting for its sales, accounts receivable and forward foreign exchange contracts to the benchmark method. Under this method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and the related accounts receivable are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, charging or crediting the exchange differences to income, while the forward foreign exchange contracts are carried at fair value. This change was made as a result of the implementation of a newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivatives positions. The effect of this change was to increase net sales and operating income by ¥21,855 million and to increase non-operating expenses by the same amount for the current fiscal year. This change had no impact on ordinary income and income before income taxes for the current fiscal year compared with the corresponding amounts that would have been recorded if the previous method had been followed. Accounting Standard for the Impairment of Fixed Assets Effective April 1, 2005, the Company adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guidelines on the Accounting Standard for Impairment of Fixed Assets" (Business Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003). The effect of this change was to decrease income before income taxes by ¥10,527 million for the year ended March 31, 2006. The cumulative impairment losses have been subtracted directly from the respective assets in accordance with the revised "Regulations for Non-Consolidated Financial Statements."

Changes in presentation

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
Notes payable for tangible fixed assets "Notes payable for tangible fixed assets" which was previously presented separately in current liabilities at March 31, 2004 has been included in "Notes payable" at March 31, 2005 since the balance of "Notes payable for tangible fixed assets" was immaterial.	―――――――――

Notes to non-consolidate financial statements

(For non-consolidated balance sheets)

(Millions of yen)

<table>
<tr><th>Prior fiscal year
(As of March 31, 2005)</th><th>Current fiscal year
(As of March 31, 2006)</th></tr>
<tr><td>1. ※1 Accumulated depreciation of property, plant and equipment ¥1,281,775
The above amount includes accumulated depreciation of leased assets in the amount of ¥73,805 million.</td><td>1. ※1 Accumulated depreciation of property, plant and equipment ¥1,295,993
The above amount includes accumulated depreciation of leased assets in the amount of ¥103,821 million.</td></tr>
<tr><td>2. The following assets are pledged as collateral:
<table>
<tr><th colspan="2">Assets pledged as collateral</th><th rowspan="2">Liabilities secured by the collateral</th></tr>
<tr><th>Category of assets</th><th>Carrying value at end of the current fiscal year
(Millions of yen)</th></tr>
<tr><td>Investments in subsidiaries and affiliates</td><td>130</td><td>Subsidiaries’ long-term borrowings of ¥471 million</td></tr>
</table></td><td>―――――――――</td></tr>
<tr><td>3. ※3 The Company has the following major assets and liabilities related to its subsidiaries and affiliates.
<table>
<tr><td>(Assets)</td><td></td></tr>
<tr><td>Trade accounts receivable</td><td>¥ 253,547</td></tr>
<tr><td>Other</td><td>43,590</td></tr>
<tr><td>(Liabilities)</td><td></td></tr>
<tr><td>Trade accounts payable</td><td>¥ 207,639</td></tr>
<tr><td>Short-term borrowings</td><td>272,036</td></tr>
<tr><td>Accrued expenses</td><td>72,021</td></tr>
</table></td><td>2. ※3 The Company has the following major assets and liabilities related to its subsidiaries and affiliates.
<table>
<tr><td>(Assets)</td><td></td></tr>
<tr><td>Trade accounts receivable</td><td>¥ 259,977</td></tr>
<tr><td>Other</td><td>43,307</td></tr>
<tr><td>(Liabilities)</td><td></td></tr>
<tr><td>Trade accounts payable</td><td>¥ 202,210</td></tr>
<tr><td>Short-term borrowings</td><td>147,096</td></tr>
<tr><td>Accrued expenses</td><td>83,291</td></tr>
</table></td></tr>
<tr><td>4. ※4 Number of shares authorized:
6,000,000 thousand shares of common stock
Number of shares issued:
4,520,715 thousand shares of common stock</td><td>3. ※4 Number of shares authorized:
6,000,000 thousand shares of common stock
Number of shares issued:
4,520,715 thousand shares of common stock</td></tr>
<tr><td>5. ※5 The number of treasury stock held by the Company is 141,235 thousand shares of common stock.</td><td>4. ※5 The number of treasury stock held by the Company is 122,100 thousand shares of common stock.</td></tr>
<tr><td>6. Documentary export bills of exchange discounted with banks outstanding ¥5,301</td><td>5. Documentary export bills of exchange discounted with banks outstanding ¥3,666</td></tr>
<tr><td>7. Guarantees and others
(1) Guarantees
<table>
<tr><th>Guarantees</th><th>Balance of liabilities guaranteed</th><th>Description of liabilities guaranteed</th></tr>
<tr><td>Employees</td><td>※ ¥177,785</td><td>Guarantees for employees’ housing loans</td></tr>
<tr><td>Nissan North America, Inc.</td><td>85,987</td><td>Guarantees for loans to purchase fixed assets</td></tr>
<tr><td>Nissan Motor Acceptance Corporation</td><td>34,364</td><td>Guarantees for loans</td></tr>
<tr><td>AG Global Private Ltd. Co.,</td><td>25,500</td><td>Guarantees for loans secured by collateral</td></tr>
<tr><td>Nissan Motor Manufacturing, UK Limited</td><td>13,273</td><td>Guarantees for loans to purchase fixed assets</td></tr>
<tr><td>Nissan Mexicana S. A. de C. V.</td><td>6,040</td><td>Guarantees for loans to purchase fixed assets</td></tr>
<tr><td>Nissan International Finance (Netherlands) B.V.</td><td>5,713</td><td>Guarantees for loans</td></tr>
<tr><td>56 domestic subsidiaries</td><td>12,262</td><td>Notes and accounts payable etc.</td></tr>
<tr><td>Nippon Amazon Aluminum Co., Ltd.</td><td>16</td><td>Guarantees for loans</td></tr>
<tr><td>Total</td><td>¥360,944</td><td>※ Fully covered by insurance.</td></tr>
</table></td><td>6. Guarantees and others
(1) Guarantees
<table>
<tr><th>Guarantees</th><th>Balance of liabilities guaranteed</th><th>Description of liabilities guaranteed</th></tr>
<tr><td>Employees</td><td>※ ¥162,121</td><td>Guarantees for employees’ housing loans</td></tr>
<tr><td>Nissan North America, Inc.</td><td>90,348</td><td>Guarantees for loans to purchase fixed assets</td></tr>
<tr><td>Nissan Motor Acceptance Corporation</td><td>30,542</td><td>Guarantees for loans</td></tr>
<tr><td>AG Global Private Ltd. Co.,</td><td>25,500</td><td>Guarantees for loans secured by collateral</td></tr>
<tr><td>Nissan Motor Manufacturing, UK Limited</td><td>8,350</td><td>Guarantees for loans to purchase fixed assets</td></tr>
<tr><td>Nissan Mexicana S. A. de C. V.</td><td>4,405</td><td>Guarantees for loans to purchase fixed assets</td></tr>
<tr><td>Nissan International Finance (Netherlands) B.V.</td><td>3,916</td><td>Guarantees for loans</td></tr>
<tr><td>55 domestic subsidiaries</td><td>11,145</td><td>Notes and accounts payable etc.</td></tr>
<tr><td>Nippon Amazon Aluminum Co., Ltd.</td><td>6</td><td>Guarantees for loans</td></tr>
<tr><td>Total</td><td>¥336,336</td><td>※ Allowance for doubtful accounts is provided based on past experience.</td></tr>
</table></td></tr>
</table>

(Millions of yen)

Prior fiscal year

(As of March 31, 2005)

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees	Descriptions of guarantees
Hibikinada Development Co., Ltd.	¥1,416	Commitments to provide guarantees for loans

(3) Letters of awareness

The Company issued a letter of awareness regarding borrowings from financial institutions made by the following subsidiary.

Company name	Balance of liabilities
[Subsidiary] Nissan Motor Manufacturing, UK Limited	¥2,686

(4) Keepwell Agreements

In addition to the above (3), the Company entered into keepwell agreements with the following finance subsidiaries to enhance their credit worthiness.

Their balances of liabilities at the end of March 2005 were as follows.

Company name	Balance of liabilities
Nissan Motor Acceptance Corporation	¥ 1,953,332
Nissan Financial Services Co., Ltd.	776,854
Nissan Capital of America, Inc.	43,327
Nissan International Finance (Netherlands) B.V.	19,698
Total	¥ 2,793,212

8. Restriction on dividends

The revaluation of securities at market value resulted in an increase of ¥6,898 million in net assets.

Appropriation of this increase as a dividend is restricted by a provision of Article 124-3 of the Enforcement Regulations of the Commercial Code.

Current fiscal year

(As of March 31, 2006)

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees	Descriptions of guarantees
Hibikinada Development Co., Ltd.	¥1,237	Commitments to provide guarantees for loans

(3) Letters of awareness

The Company issued a letter of awareness regarding borrowings from financial institutions made by the following subsidiary.

Company name	Balance of liabilities
[Subsidiary] Nissan Motor Manufacturing, UK Limited	¥841

(4) Keepwell Agreements

In addition to the above (3), the Company entered into keepwell agreements with the following finance subsidiaries to enhance their credit worthiness.

Their balances of liabilities at the end of March 2006 were as follows.

Company name	Balance of liabilities
Nissan Motor Acceptance Corporation	¥ 2,332,302
Nissan Financial Services Co., Ltd.	1,195,085
Nissan International Finance (Netherlands) B.V.	19,254
Total	¥ 3,546,642

7. Restriction on dividends

The revaluation of securities at market value resulted in an increase of ¥14,867 million in net assets.

Appropriation of this increase as a dividend is restricted by a provision of Article 124-3 of the Enforcement Regulations of the Commercial Code.

(For non-consolidated statements of income)

(Millions of yen)

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
1. ※1 Total research and development costs Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥354,722	1. ※1 Total research and development costs Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥383,450
2. ※2 Major transactions with subsidiaries and affiliates Sales ¥2,961,850 Purchase of materials 1,381,335 Interest income 1,229 Dividend income 1,682	2. ※2 Major transactions with subsidiaries and affiliates Sales ¥3,184,215 Purchase of materials 1,395,489 Interest income 955 Dividend income 135,562
3. ※3 Major components of selling, general and administrative expenses are as follows: Advertising expenses ¥ 45,913 Service costs 47,187 Provision for accrual for warranty costs 28,579 Other selling expenses 116,219 Salaries and wages 60,560 Retirement benefit expenses 5,774 Lease and storage costs 14,675 Depreciation and amortization 21,749 Selling expenses account for approximately 70% of the selling, general and administrative expenses.	3. ※3 Major components of selling, general and administrative expenses are as follows: Advertising expenses ¥ 47,262 Service costs 63,537 Provision for accrual for warranty costs 36,664 Other selling expenses 100,847 Salaries and wages 73,556 Retirement benefit expenses 4,767 Lease and storage costs 15,609 Depreciation and amortization 25,465 Selling expenses account for approximately 80% of the selling, general and administrative expenses.
4. ※4 Gain and loss on sales of property, plant and equipment primarily resulted from sales of land and buildings and amounted to ¥21,777 million and ¥655 million, respectively. Such gain included the portion resulting from sales to subsidiaries and affiliates in the amount of ¥1,924 million.	4. ※4 Gain and loss on sales of property, plant and equipment primarily resulted from sales of land and buildings and amounted to ¥3,764 million and ¥266 million, respectively.
5. ※5 Loss on disposal of fixed assets Buildings ¥2,783 Machinery and equipment 6,027 Tools, furniture and fixtures 1,500 Other 1,058 Total ¥11,369 The loss on disposal of fixed assets arises from improvements and modifications of products and the renewal of equipment.	5. ※5 Loss on disposal of fixed assets Buildings ¥2,943 Machinery and equipment 6,648 Tools, furniture and fixtures 1,076 Other 475 Total ¥11,143 The loss on disposal of fixed assets arises from improvements and modifications of products and the renewal of equipment.

(Millions of yen)

<table>
<tr><th>Prior fiscal year
From April 1, 2004
To March 31, 2005</th><th>Current fiscal year
From April 1, 2005
To March 31, 2006</th></tr>
<tr><td>—</td><td>6. ※6 The following loss on impairment of fixed assets was recorded for the year ended March 31, 2006:
<table>
<tr><th>Usage</th><th>Type</th><th>Location</th><th>Losses</th></tr>
<tr><td>Idle assets</td><td>Land and others</td><td>Izunokuni City, Shizuoka Pref., and eight other locations</td><td>10,527</td></tr>
</table>
The Company determined that the Company, taken as whole, constituted a single group of assets because the Company’s automobile business, mainly consisting of manufacturing and sales of vehicles, generates cash flows as a group. However, The Company determines whether an asset is impaired on an individual asset basis if the asset is either considered idle or is to be disposed of.

The Company has recognized an impairment loss on certain idle assets due to a significant decline in their market value by reducing their net book value to the respective net realizable value of each asset. The resulting loss amounted to ¥10,527 million and has been recorded as a special loss in the accompanying non-consolidated statement of income. This special loss consisted entirely of an impairment loss on land.

The net realizable value of each idle asset was measured based on its appraisal value.</td></tr>
<tr><td>6. ※7 The write-down of investments and receivables amounting to ¥24,219 million includes a write-down of investments in subsidiaries and affiliates in the amount of ¥23,986 million.</td><td>7. ※7 The write-down of investments and receivables amounting to ¥32,565 million includes a write-down of investments in subsidiaries and affiliates in the amount of ¥32,077 million.</td></tr>
<tr><td>7. ※8 Major items included in prior period adjustments
<table>
<tr><td>Additional research and development costs resulting from the revision of the related agreements for the prior fiscal year</td><td>¥15,994</td></tr>
<tr><td>Additional co-development costs with Renault related to prior fiscal years</td><td>¥14,771</td></tr>
</table></td><td>—</td></tr>
</table>

(For lease transactions)

(Millions of yen)

Prior fiscal year From April 1, 2004 To March 31, 2005	Current fiscal year From April 1, 2005 To March 31, 2006
(Lessees' accounting) Operating lease transactions Future minimum lease payments subsequent to March 31, 2005 are summarized as follows: Due in one year or less ¥232 Due after one year 558 Total ¥791	(Lessees' accounting) Operating lease transactions Future minimum lease payments subsequent to March 31, 2006 are summarized as follows: Due in one year or less ¥229 Due after one year 539 Total ¥769

(For securities)

Investments in subsidiaries and affiliates whose fair value is determinable

(Millions of yen)

	Prior fiscal year (As of March 31, 2005)			Current fiscal year (As of March 31, 2006)		
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
① Subsidiaries' shares	91,267	191,260	99,993	91,267	220,995	129,728
② Affiliates' shares	5,815	31,791	25,976	1,090	3,638	2,548
Total	97,082	223,052	125,970	92,357	224,634	132,276

(Accounting for income taxes)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2005)	Current fiscal year (As of March 31, 2006)
Deferred tax assets:		
Accrued retirement benefits	¥93,645	¥85,616
Accrued warranty costs	28,425	33,715
Other	190,181	170,148
Total gross deferred tax assets	312,252	289,480
Valuation allowance	(104,800)	(39,993)
Total deferred tax assets	207,452	249,487
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law	(54,213)	(50,368)
Unrealized holding gain on securities	(3,587)	(9,610)
Other	—	(4,785)
Total deferred tax liabilities	(57,801)	(64,764)
Net deferred tax assets	¥ 149,650	¥ 184,722

2. The reconciliation between the effective tax rates reflected in the non-consolidated financial statements and the statutory tax rate is summarized as follows:

	Prior fiscal year (As of March 31, 2005)	Current fiscal year (As of March 31, 2006)
Statutory tax rate	40.6%	40.6%
(Reconciliation)		
・ Tax credits	(6.3)%	(4.5)%
・ Decrease in valuation allowance resulting in the recognition of net deferred tax assets	(4.0)%	(23.2)%
・ Other	2.3 %	1.0 %
Effective tax rates after adoption of tax-effect accounting	32.6 %	13.9 %

(Amounts per share)

(Yen)

Prior fiscal year (From April 1, 2004 To March 31, 2005)		Current fiscal year (From April 1, 2005 To March 31, 2006)	
Net assets per share	¥384.86	Net assets per share	¥415.28
Basic net income per share	¥23.24	Basic net income per share	¥54.88
Diluted net income per share	¥23.04	Diluted net income per share	¥54.48

Note: The bases for calculation of basic and diluted net income per share are as follows:

	Prior fiscal year (From April 1, 2004 To March 31, 2005)	Current fiscal year (From April 1, 2005 To March 31, 2006)
Basic net income per share Net income (Millions of yen)	102,415	240,593
Amounts not attributable to common stock (Millions of yen)	390	390
(Bonus to directors by appropriation of retained earnings included in the above (Millions of yen))	390	390
Net income attributable to common stock (Millions of yen)	102,025	240,203
The average number of common stock outstanding during the fiscal year (Thousand shares)	4,390,851	4,377,213
Diluted net income per share Increase in common stock (Thousand shares)	37,898	31,611
(Exercise of warrants (Thousand shares)) (Exercise of stock subscription rights (Thousand shares))	35,551 2,347	28,479 3,132
Summary of equity instruments, which were not included in the bases for calculation of diluted net income per share, because they do not have any dilutive effects.	2nd stock subscription rights (the number of stock subscription rights is 127,700 units) This outline is described in "Status of stock subscription rights."	2nd stock subscription rights (the number of stock subscription rights is 100,780 units) This outline is described in "Status of stock subscription rights."

(Significant subsequent events)

Prior fiscal year
From April 1, 2004
To March 31, 2005

I On April 15, 2005, the Board of Directors of the Company resolved to issue stock subscription rights to employees of the Company as well as to directors and employees of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 105th annual general meeting of the Company's shareholders held on June 23, 2004.

An outline of these stock subscription rights is as follows:

1) Name of stock subscription rights:

Nissan Motor Co., Ltd. 3rd stock subscription rights

2) Types and number of shares to be issued upon exercise of stock subscription rights:

13,395,000 shares of common stock of the Company

One unit of new stock subscription rights comprises 100 shares.

3) Aggregate number of units of stock subscription rights to be issued:

133,950 units

If the total number of applications for stock subscription rights does not reach 133,950, the total number of stock subscription rights for which applications have been submitted shall be the total number of stock subscription rights to be issued.

4) Issue price of each stock subscription right and date of issuance:

Each stock subscription right is to be issued free of charge.

The date of issuance of the stock subscription rights shall be April 25, 2005.

5) Exercise price:

Per unit: ¥111,900
Per share: ¥1,119

6) The directors, employees and stock subscription rights are summarized as follows:

Category	Number of recipients	Number of rights issued
The Company's employees	630	115,900
Directors of the Company's subsidiaries	90	17,450
Employees of the Company's subsidiaries	4	600
Total	724	133,950

Current fiscal year
From April 1, 2005
To March 31, 2006

On April 25, 2006, the Board of Directors of the Company resolved to issue stock subscription rights to employees of the Company as well as to directors of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 106th annual general meeting of the Company's shareholders held on June 21, 2005.

An outline of these stock subscription rights is as follows:

1) Name of stock subscription rights:

Nissan Motor Co., Ltd. 4th stock subscription rights

2) Types and number of shares to be issued upon exercise of stock subscription rights:

13,220,000 shares of common stock of the Company.

One unit of new stock subscription rights comprises 100 shares.

3) Aggregate number of units of stock subscription rights to be issued:

132,200 units

If the total number of applications for stock subscription rights does not reach 132,200, the total number of stock subscription rights for which applications have been submitted shall be the total number of stock subscription rights to be issued.

4) Issue price of each stock subscription right and date of issuance:

Each stock subscription right is to be issued free of charge.

The date of issuance of the stock subscription rights shall be May 8, 2006.

5) Exercise price:

Per unit: ¥152,600
Per share: ¥1,526

6) The directors, employees and stock subscription rights are summarized as follows:

Category	Number of recipients	Number of rights issued
The Company's employees	457	116,700
Directors of the Company's subsidiaries	74	15,500
Total	531	132,200

<table>
<tr><th>Prior fiscal year (From April 1, 2004
To March 31, 2005)</th><th>Current fiscal year (From April 1, 2005
To March 31, 2006)</th></tr>
<tr><td>
<p>II On June 2, 2005 and June 15, 2005, the Company issued unsecured bonds. The terms and conditions of these bonds are summarized as follows:</p>
<p>1</p>
<table>
<tr><td>Name</td><td>43rd unsecured bonds</td></tr>
<tr><td>Principal</td><td>¥50,000 million</td></tr>
<tr><td>Interest rate</td><td>0.400% per annum</td></tr>
<tr><td>Issue price</td><td>¥99.99 for a par value of ¥100</td></tr>
<tr><td>Maturity</td><td>June 20, 2008</td></tr>
<tr><td>Maturity date</td><td>June 2, 2005</td></tr>
<tr><td>Use of proceeds</td><td>For the payment of unfunded obligations under the retirement benefit plans (Note)</td></tr>
</table>
<p>2</p>
<table>
<tr><td>Name</td><td>44th unsecured bonds</td></tr>
<tr><td>Principal</td><td>¥128,000 million</td></tr>
<tr><td>Interest rate</td><td>0.710% per annum</td></tr>
<tr><td>Issue price</td><td>¥99.96 for a par value of ¥100</td></tr>
<tr><td>Maturity</td><td>June 21, 2010</td></tr>
<tr><td>Maturity date</td><td>June 2, 2005</td></tr>
<tr><td>Use of proceeds</td><td>For the payment of unfunded obligations under the retirement benefit plans (Note)</td></tr>
</table>
<p>3</p>
<table>
<tr><td>Name</td><td>45th unsecured bonds</td></tr>
<tr><td>Principal</td><td>¥50,000 million</td></tr>
<tr><td>Interest rate</td><td>0.620% per annum</td></tr>
<tr><td>Issue price</td><td>At par</td></tr>
<tr><td>Maturity</td><td>October 15, 2009</td></tr>
<tr><td>Maturity date</td><td>June 15, 2005</td></tr>
<tr><td>Use of proceeds</td><td>For the payment of unfunded obligations under retirement benefit plans <i>(Note)</i></td></tr>
</table>
<p>Note: The Company and certain consolidated subsidiaries plan to modify their retirement benefit plans in July 2005 and to implement new defined benefit plans and defined contribution plans. In this connection, the Company and certain consolidated subsidiaries intend to eliminate the unfunded obligations under their tax-qualified retirement benefit plans for the purpose of ensuring the sound financial position of these plans, achieving stable retirement benefit plans, and reducing the administration costs relating to the plans.</p>
</td><td></td></tr>
</table>

④ Non-consolidated supplemental schedules

Detailed schedule of securities

Stocks

Name of issuers			Number of shares held	Carrying value (Millions of yen)
Investment securities	Other securities	Nissan Diesel Motor Co., Ltd.	38,209,787	24,146
		Unipress Corporation	5,273,000	6,781
		Tan Chong International Limited	111,999,972	2,965
		MITSUBA Corporation	1,742,729	2,558
		Tan Chong Motor Holdings Bhd.	37,333,324	1,892
		Mahindra & Mahindra Limited	243,333	814
		Terumo Corporation	150,000	580
		Nippon Amazon Aluminum Co., Ltd.	1,158,300	554
		Nissan Leasing Co., Ltd.,	20	436
		Tokyo Bay Crossing Road Company	6,720	335
		Other 56 companies	13,043,015	2,920
		Subtotal	209,160,200	43,986
Total			209,160,200	43,986

Detailed schedule of fixed assets

(Millions of yen)

Type of assets	Balance at end of the prior fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year	Balance at the end of the current fiscal year	Accumulated depreciation or amortization at the end of the current fiscal year	Depreciation or amortization for the current fiscal year	Carrying value at the end of the current fiscal year
Property, plant and equipment:							
Buildings	404,836	29,497	9,899	424,433	247,098	6,589	177,335
Structures	97,364	4,662	2,488	99,539	63,767	1,761	35,772
Machinery and equipment	913,746	64,045	72,292	905,500	678,992	33,808	226,507
Vehicles	31,201	11,368	4,521	38,048	13,649	3,289	24,399
Tools, furniture and fixtures	399,890	54,092	30,530	423,453	292,486	58,948	130,967
Land	144,289	1,406	12,851 (10,047)	132,844	—	—	132,844
Construction in progress	39,218	154,424	146,396 (381)	47,246	—	—	47,246
Total Property, plant and equipment	2,030,548	319,498	278,979 (10,429)	2,071,066	1,295,993	104,398	775,073
Intangible fixed assets							
Patents	102	137	—	239	102	5	136
Leaseholds	773	—	—	773	—	—	773
Trademark rights	79	3	—	82	53	5	29
Software	97,404	20,792	2,593 (97)	115,602	66,875	16,046	48,727
Utility rights	2,544	11	21	2,534	2,373	12	161
Total intangible fixed assets	100,903	20,944	2,615 (97)	119,232	69,405	16,070	49,827
Long-term prepaid expenses	49,777	3,493	612	52,658	27,259	7,074	25,399
Deferred charges							
Discounts on bonds	6,294	56	—	6,350	4,806	1,057	1,543
Total deferred assets	6,294	56	—	6,350	4,806	1,057	1,543

Notes: 1. The amounts in parentheses in the "Decrease in the current fiscal year" column represent impairment losses.

2. The major components of the increase/decrease in the current fiscal year are as follows.

Increase by asset type:

		Millions of yen
a) Machinery and equipment	Machine tools	14,018
	Metalworking machinery	13,321
	Metal cutting machines	10,645
	Transportation equipment	10,279
b) Tools, furniture and fixtures	Leased assets	26,698
c) Construction in progress	Machinery and equipment	21,460
	Buildings	17,147
	Tools, furniture and fixtures	10,184

Decrease by asset type:

		Millions of yen
a) Machinery and equipment	Metal cutting machines	21,357
	Metalworking machinery	17,273
	Transportation equipment	10,798
b) Tools, furniture and fixtures	Leased assets	13,738
c) Construction in progress	Machinery and equipment	20,360
	Buildings	14,213

Detailed schedule of capital and others

(Millions of yen)

Category		Balance at end of the prior fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year	Balance at end of the current fiscal year
Capital		605,813	—	—	605,813
Issued shares included in capital	Common stock (shares) Note 1	(4,520,715,112)	(—)	(—)	(4,520,715,112)
	Common stock	605,813	—	—	605,813
	Total (shares)	(4,520,715,112)	(—)	(—)	(4,520,715,112)
	Total	605,813	—	—	605,813
Capital surplus	(Capital surplus) Additional paid-in capital	804,470	—	—	804,470
	Total	804,470	—	—	804,470
Legal reserve and voluntary reserves	(Legal reserve)	53,838	—	—	53,838
	(Voluntary reserves) Reserve for reduction of replacement cost of specified properties Note 2	71,937	9,948	4,710	77,175
	Reserve for losses on overseas investments Note 2	3,031	—	1,559	1,471
	Reserve for special depreciation Note 2	573	334	219	687
	Total	129,381	10,282	6,489	133,174

Notes: 1. The number of treasury stock at the end of the current fiscal year was 122,100,582 shares.

2. The increase or decrease in the current fiscal year represents the provision or reversal made as the appropriations of retained earnings related to the prior fiscal year.

Detailed schedule of allowances

(Millions of yen)

Category	Balance at end of the prior fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year (used for intended purposes)	Decrease in the current fiscal year (others)	Balance at end of the current fiscal year
Allowance for doubtful accounts	30,907	4,827	47	(Note) 5,947	29,740
Accrued warranty costs	69,948	39,827	26,810	—	82,966

Note: This consisted of the reversal resulting from the collection of receivable for which the allowance was provided in the amount of ¥5,394 million and the reversal to reflect the historical loss on bad debt in the amount of ¥553 million.

(2) Details of major assets and liabilities

The major components of assets and liabilities at the end of the current fiscal year (March 31, 2006) were as follows.

① Cash on hand and in banks

Category	Amounts (Millions of yen)
Cash on hand	—
Cash in banks	
Savings accounts	148,508
Checking accounts	23
Total cash in banks	148,532
Total	148,532

② Trade notes receivable

Issuers	Amounts (Millions of yen)
Nissan Kushiro Sales Co., Ltd.	568
Fuji Technica Inc.	9
Total	577

Breakdown by maturity date

Maturity date	Amounts (Millions of yen)
April 2006	132
May 2006	237
June 2006	207
Total	577

③ Trade accounts receivable

Customers	Amounts (Millions of yen)
Nissan North America, Inc.	100,985
Autech Japan, Inc.	25,864
Nissan Middle East F.Z.E.	23,201
Nissan Europe S.A.S.	20,431
Dongfeng Motor Co., Ltd.	16,879
Others	99,305
Total	286,667

Generation, collection and retention of trade accounts receivable

Balance brought forward (Millions of yen) (A)	Generation in the current fiscal year (Millions of yen) (B)	Collection in the current fiscal year (Millions of yen) (C)	Balance carried forward (Millions of yen) (D)	Ratio of collection $\frac{(C)}{(A)+(B)}\times100$	Turnover $\frac{((A)+(D))/2}{(B)/365}$
311,098	3,990,160	4,014,591	286,667	93.34%	27.34 days

④ Inventories

Account	Components	Amounts (Millions of yen)
Finished products	Automobiles	52,228
	Parts	20,349
	Forklifts, motor engines and others	423
	Total	73,001
Raw materials	Raw materials	16,153
	Purchased parts and others	6,375
	Total	22,529
Work in process	Automobiles and parts	11,249
	Molds and jigs	15,066
	Total	26,316
Supplies	Supplemental materials	1,068
	Consumable tools and equipment	1,517
	Others	17,411
	Total	19,997

⑤ Short-term loans receivable from subsidiaries and affiliates

Borrowers	Amounts (Millions of yen)
Nissan Finance Co., Ltd.	632,145
Siam Motors And Nissan Co., Ltd.	2,450
Nissan Marine Co., Ltd.	160
Total	634,755

⑥ Investments in subsidiaries and affiliates

Investees	Number of shares held	Acquisition cost (Millions of yen)	Carrying value (Millions of yen)
Nissan Mexicana, S.A. de C.V.	17,056,379,112	361,090	361,090
Nissan North America, Inc.	17,917,472	287,387	287,387
Nissan Europe S.A.S.	16,263,700	202,397	202,397
NISSAN (CHINA) INVESTMENT CO., LTD.	—	114,037	114,037
JATCO Co., Ltd.	596,964	57,325	57,325
Others	—	781,942	427,765
Total	—	1,804,181	1,450,004

⑦ Trade notes payable

Vendors	Amounts (Millions of yen)
Kokusai Tekko K.K.	84
Nordson K.K.	24
Japan Machinery Company	24
Mihara Kensetsu K.K.	24
Ryokosha Corporation	18
Others	51
Total	225

Breakdown by maturity date

Maturity date	Amounts (Millions of yen)
April 2006	83
May 2006	66
June 2006	76
Total	225

⑧ Trade accounts payable

Vendors	Amounts (Millions of yen)
Nissan Shatai Co., Ltd.	90,636
Calsonic Kansei Corporation	45,017
JATCO Co., Ltd.	26,484
Hitachi, Ltd.	18,173
Aichi Machine Industry Co., Ltd.	15,903
Others	269,614
Total	465,828

⑨ Accrued expenses

Vendors	Amounts (Millions of yen)
Nissan Motor Insurance Corporation	30,429
Hakuhodo G1, Inc.	12,434
Nissan Technical Center North America, Inc	8,272
Nissan North America, Inc.	6,225
JATCO Co., Ltd.	4,625
Others	206,568
Total	268,556

⑩ Bonds

Please refer to the Schedule of bonds payable, which is included in the consolidated supplemental schedules.

(3) Other

Not applicable.

6. Information on Transfer and Repurchase of the Company’s Stock

Year end	March 31
General shareholders’ meeting	June
Cut-off date for dividend	March 31
Available types of share certificates	Certificates for 1 share, 10 shares, 50 shares, 100 shares, 500 shares, 1,000 shares, 5,000 shares, 10,000 shares, 100,000 shares and certificates representing number of shares less than 100 are issuable. However, certificates for shares totaling less than one unit are not issued except under certain limited situations such as a replacement of lost shares. (Note 1)
Cut-off date for interim dividend	September 30
Number of shares per unit of the Company’s stock	100 shares
Transfer of shares	
Address where transfers are processed	3-33-1, Shiba, Minato-ku, Tokyo The head office of The Chuo Mitsui Trust and Banking Co., Ltd.
Name of transfer agent	3-33-1, Shiba, Minato-ku, Tokyo The Chuo Mitsui Trust and Banking Co., Ltd.
Offices available for transfer	Each branch of The Chuo Mitsui Trust and Banking Co., Ltd. The head office and branch offices of Japan Securities Agent Co., Ltd.
Transfer charge	Free
Charge to issue new certificate	Equivalent of stamp duty applicable and the related consumption tax
Repurchase of shares less than one unit	
Address where repurchases are processed	3-33-1, Shiba, Minato-ku, Tokyo The head office of The Chuo Mitsui Trust and Banking Co., Ltd.
Name of transfer agent	3-33-1, Shiba, Minato-ku, Tokyo The Chuo Mitsui Trust and Banking Co., Ltd.
Offices available for repurchase	Each branch of The Chuo Mitsui Trust and Banking Co., Ltd. The head office and branch offices of Japan Securities Agent Co., Ltd.
Charges for repurchase	Handling charges as set by the securities companies designated by the Company for the repurchase plus the related consumption tax
Method of public notice	The *Nihon Keizai Shimbun* issued in Tokyo (Note 2)
Special benefits to shareholders	None

Notes

1. As a result of amendments to the Share Handling Regulations according to a resolution approved at a meeting of the Board of Directors held on May 17, 2006, the available types of share certificates is changed as follows:

   “Certificates for 100 shares, 500 shares, 1,000 shares, 5,000 shares, 10,000 shares, 100,000 shares and certificates representing a number of shares less than 100 are issuable. However, certificates for shares totaling less than one unit are not issued except under certain limited situations.”

2. As a result of amendments to the Articles of Incorporation according to a resolution approved at the 107th annual general meeting of the shareholders held on June 27, 2006, the method of public notice is changed as follows:

   “Public notice of the Company shall be given by electronic means; provided, however, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the *Nihon Keizai Shimbun.*

7. Reference Information on the Company

1. Information on the parent company or equivalent of the Company
The Company has no parent company or equivalent.

2. Other reference information

The Company filed the following documents between the beginning of the fiscal year ended March 31, 2006 and the date when this Securities Report *(Yukashoken-Hokokusho)* was filed.

(1)	Securities Registration Statement (Certificates of the 3rd Stock Subscription Rights) and Accompanying Documents			Submitted to the director of the Kanto Local Finance Bureau on April 15, 2005.
(2)	Amendment to Securities Registration Statement (Certificates of the 3rd Stock Subscription Rights)			Submitted to the director of the Kanto Local Finance Bureau on April 25, 2005.
(3)	Securities Report and Accompanying Documents	Fiscal Year (the 106th)	From April 1, 2004 To March 31, 2005	Submitted to the director of the Kanto Local Finance Bureau on June 22, 2005.
(4)	Supplemental Document to Shelf Registration Statement and Accompanying Documents			Submitted to the director of the Kanto Local Finance Bureau on May 20, 2005 and May 23, 2005.
(5)	Shelf Registration Withdrawal Statement			Submitted to the director of the Kanto Local Finance Bureau on October 13, 2005.
(6)	Shelf Registration Statement			Submitted to the director of the Kanto Local Finance Bureau on October 13, 2005.
(7)	Semi-Annual Securities Report	(During the 107th period)	From April 1, 2005 To September 30, 2005	Submitted to the director of the Kanto Local Finance Bureau on November 30, 2005.
(8)	Securities Registration Statement (Certificates of the 4th Stock Subscription Rights) and Accompanying Documents			Submitted to the director of the Kanto Local Finance Bureau on April 25, 2006.
(9)	Amendment to Securities Registration Statement (Certificates of the 4th Stock Subscription Rights)			Submitted to the director of the Kanto Local Finance Bureau on May 8, 2006.
(10)	Amended Shelf Registration Statements			Submitted to the director of the Kanto Local Finance Bureau on May 9, 2005, June 22, 2005 and November 30, 2005.
(11)	Reports on Purchase of Treasury Stock			Submitted to the director of the Kanto Local Finance Bureau on April 8, 2005, May 13, 2005, June 10, 2005 July 14, 2005 August 5, 2005 September 13, 2005 October 7, 2005 November 14, 2005 December 9, 2005 January 13, 2006 February 8, 2006 March 14, 2006 April 14, 2006 May 15, 2006 and June 15, 2006.

Part II Information on Guarantors for the Company

Not applicable

Report of Independent Auditors

June 21, 2005

The Board of Directors
Nissan Motor Co., Ltd.

Ernest & Young ShinNihon

Designated and Engagement Partner	Kazuo Suzuki
Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

Pursuant to Article 193-2 of the Securities and Exchange Law, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of capital surplus and retained earnings, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in "Financial Information" for the fiscal year from April 1, 2004 to March 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries at March 31, 2005, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As described in "Changes in Accounting Policies," the Company and certain consolidated subsidiaries have changed their classification of freight and shipping costs, reclassifying these as cost of sales instead of selling, general and administrative expenses.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

Report of Independent Auditors

June 27, 2006

The Board of Directors
Nissan Motor Co., Ltd.

Ernest & Young ShinNihon

Designated and Engagement Partner	Kazuo Suzuki
Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

Pursuant to Article 193-2 of the Securities and Exchange Law, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of capital surplus and retained earnings, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in "Financial Information" for the fiscal year from April 1, 2005 to March 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries at March 31, 2006, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

(1) As described in "Changes in Accounting Policies," effective the current fiscal year, the Company and its domestic consolidated subsidiaries changed their method of accounting for forward foreign exchange contracts relating to sales denominated in foreign currencies to the benchmark method from an allowed alternative method.

(2) As described in "Changes in Accounting Policies," effective the current fiscal year, a new accounting standard for the impairment of fixed assets was adopted.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

Report of Independent Auditors

June 21, 2005

The Board of Directors
Nissan Motor Co., Ltd.

Ernest & Young ShinNihon

Designated and Engagement Partner	Kazuo Suzuki
Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

Pursuant to Article 193-2 of the Securities and Exchange Law, we have audited the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of appropriations of retained earnings and the non-consolidated supplementary schedule of Nissan Motor Co., Ltd. included in "Financial Information" for the fiscal year from April 1, 2004 to March 31, 2005. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of Nissan Motor Co., Ltd. at March 31, 2005 and the non-consolidated results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As described in "Changes in Accounting Policies," the Company has changed its classification of freight and shipping costs, reclassifying these as cost of sales instead of selling, general and administrative expenses.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

Report of Independent Auditors

June 27, 2006

The Board of Directors
Nissan Motor Co., Ltd.

Ernest & Young ShinNihon

Designated and Engagement Partner	Kazuo Suzuki
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Designated and Engagement Partner	Yoji Murohashi
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Pursuant to Article 193-2 of the Securities and Exchange Law, we have audited the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of appropriations of retained earnings and the non-consolidated supplementary schedule of Nissan Motor Co., Ltd. included in “Financial Information” for the fiscal year from April 1, 2005 to March 31, 2006. These non-consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of Nissan Motor Co., Ltd. at March 31, 2006 and the non-consolidated results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

(1) As described in “Changes in Accounting Policies,” effective the current fiscal year, the Company changed its method of accounting for forward foreign exchange contracts relating to sales denominated in foreign currencies to the benchmark method from an allowed alternative method.

(2) As described in “Changes in Accounting Policies,” effective the current fiscal year, a new accounting standard for the impairment of fixed assets was adopted.

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