

Business and Other Risks

Due to changes in government regulations, information on risks involved in business operations has been disclosed in the Yukashoken-Houkokusho for the year ended March 31, 2005, as follows:

Economic Factors

The demand for products manufactured by Nissan is affected by the economic conditions in each country or market in which they are offered for sale. Nissan 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 Nissan 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 Nissan's financial position and results of operations.

International Activities and Overseas Expansion

Nissan's manufacturing and marketing activities outside Japan are conducted in the United States, in Europe, and in the developing and emerging markets of Asia. Nissan 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, political or economic turmoil due to terrorism, war or other destabilizing factors.

Research and Development

Nissan's technology must be "real world"—useful, pragmatic and easy to use. Nissan 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.

Product Defects

Nissan places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales. Although Nissan 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 Nissan were to implement strict product recalls for its customers, Nissan would incur significant additional expenses which could adversely affect its financial position and results of operations.

Fluctuation in Foreign Currency Exchange Rates

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

Derivatives

Nissan utilizes derivatives transactions for the purpose of hedging its exposure to fluctuation in foreign exchange rates, interest rates and commodity prices. While Nissan can hedge against these risks by using derivatives transactions, Nissan, 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, Nissan 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 Nissan's financial position and operating results.

Lawsuits and Claims

With respect to various lawsuits and claims which Nissan encounters, the possibility exists that the position defended by Nissan 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 Nissan's financial position and operating results.

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 Nissan expects these regulations to become increasingly stringent. In order to ensure compliance, it may be necessary for Nissan to make significant ongoing investments in these areas which would have an impact on its financial position and results of operations.

Intellectual Property Rights

Nissan owns a wide variety of proprietary technologies and has the expertise to differentiate Nissan's products making them unique from those of its competitors. These assets have proven their value in the growth of Nissan's business and will, no doubt, continue to be of value in the future. Nissan strives to protect its intellectual property assets; however, in certain markets, Nissan may encounter difficulty in fully protecting the proprietary rights to its own technologies. Cases may arise where Nissan finds itself unable to prohibit others from infringing on its intellectual property rights.

The Company has established the 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 the Nissan Brand.

Natural Disasters

Nissan'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. Nissan 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 begun to strengthen its manufacturing facilities with anti-seismic reinforcement. However, if a severe earthquake were to hit one of Nissan's key facilities causing a halt in production, this would adversely affect Nissan's financial position and results of operations.

Sales Financing Business Risk

Sales financing is an integral part of Nissan'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 Nissan's financial position and results of operations.

Counterparty Credit Risk

Nissan 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 Nissan's financial position and results of operations.

Employee Retirement Benefit Expenses and Obligations

The amount of Nissan's retirement benefit obligation and related expenses are calculated using various actuarial assumptions including the discount rate applied, the projected rate of return on plan assets, and so forth. If Nissan'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.

Purchase of Raw Materials and Parts

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

**Thank you for reading
Nissan's 2006 Sustainability Report.
We would like to hear from you.**

We have tried to make this report as easy to read and understand as possible, but we are well aware that there may be parts that are insufficient. So that we can continue to improve the content of our future reports and incorporate your feedback into our business activities, please fill out the questionnaire on the backside and return it to us by mail or fax. Thank you.

**Nissan Motor Co., Ltd.
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This questionnaire is also available online:

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

As of May 15, 2006, we have received feedback on the Sustainability Report 2005 published in June 2005 from 76 persons.

The opinions we have received are being used as important reference material both in the planning of this Sustainability Report and in Nissan's CSR activities in general. We thank you for your cooperation.

Regarding the use of personal information:

We will use your opinions and comments to make improvements to this report.

In this regard, we appropriately manage personal information and will use this information only to send the report to you and answer your questions.

Personal information will not be disclosed to any outside party.

Please provide us with your opinions and comments.

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Nissan Motor Co., Ltd.
Communications CSR Department
CSR Group

Sustainability Report 2006 Questionnaire

Q1 Please check the boxes that most accurately describe your impressions of this report. (select all that apply)

- Conveys Nissan's CSR philosophy in a clear and understandable way Makes a favorable impression Sincere
 Easy to read Has a sufficiently high level of information Presents relevant and specific examples
 Contains easy-to-understand graphs Well designed Contains quality photography

Q2 Please evaluate the following areas of the report:

- Nissan's thinking and stance regarding sustainability
 Very clear Somewhat clear Not clear
 Reason (_____)
- Level of interest High Average Low
 Reason (_____)
- Transparency of Nissan's actions Very transparent Somewhat transparent Somewhat unclear Unclear
 →Which parts were unclear? (_____)
- Technical terms and industry terminology
 Few were used, report easy to understand Some were used, report a little difficult to understand Too many were used, report difficult to understand
 →What parts were difficult to understand? (_____)
- Page length Long Appropriate Short
- Design Good Average Poor
 Reason (_____)

Q3 On the following list, please mark an "O" in the box next to those pages which you found particularly interesting and an "X" next to those that were uninteresting.

- Highlights and Performance Data (P01-02)
 Nissan's Approach to CSR (P03-06)
 CEO Statement (P07-08)
 CSR Dialogue (P09-12)

Performance and Corporate Governance

- Nissan Value-Up Update and Fiscal 2005 Financial Review (P15-18)
 Corporate Governance (P19-24)

Enhancing Value for Stakeholders

- For Our Customers (P27-32)
 With Our Shareholders and Investors (P33-34)
 With Our Employees (P35-40)
 With Our Business Partners (P41-46)
 With Society (P47-54)

Protecting the Environment

- A Symbiosis of People, Vehicles and Nature (P57-70)

Improving Safety

- Nissan's Commitment and Technology (P73-80)

Please let us know if you have any specific comments.

Q4 Please let us know if you have any opinions or suggestions on how we can improve our Sustainability Report.

Q5 From which standpoint did you read this report?

- Customer Shareholder or financial institution
 Resident of community where Nissan plant or office is located
 NPO or NGO Governmental institution Media
 Research institution Educational institution
 CSR or environmental representative from another company or organization
 Nissan business partner Nissan or Nissan Group employee or family member
 Other (_____)

Q6 How did you find out about this Sustainability Report?

- Nissan website Newspaper or magazine Seminar or lecture
 Friend or acquaintance Nissan employee Direct mailing from Nissan
 Other (_____)

(Optional) Please provide the following information:

Name	
Address	
Occupation	
Sex: M F	Tel.
Age:	E-mail

Thank you for your cooperation.

About the Pivo

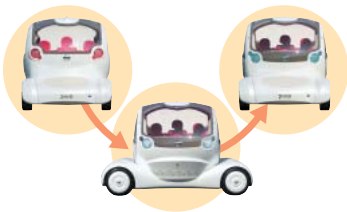
PIVO

The car on the cover of this year's Sustainability Report is the Nissan Pivo. This imaginative concept car, an electric three-seater, is envisioned as a compact city commuter vehicle.

The whimsical, revolutionary Pivo design came about when we gave our designers free rein to turn their dreams into reality.



There's no need to go into reverse when entering or leaving a parking space. Drive the Pivo straight in, and when it's time to leave, rotate the cabin 180 degrees and drive straight back out.



The Pivo met the world at the thirty-ninth Tokyo Motor Show, held in 2005.

●Scope of the Report

The focus of this report is on introducing Nissan's global policies and our approach to and activities toward sustainable development. Where we are describing regional efforts, we refer to the specific region name in the text.

●Period Covered

The report covers fiscal 2005 (April 2005–March 2006); content that describes efforts before or after this time period is indicated in the respective section.

●Third-Party Review

No globally accepted method for third-party reviews of sustainability reports has yet been established. Considering this situation, in which a review would not necessarily lead to the intended assurance of credibility, we have decided not to undertake a third-party review.

●Referenced Reporting Guidelines

This report uses the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2002 version) and the Environmental Reporting Guidelines (2003 version) of Japan's Ministry of the Environment as a reference. We also report on a number of other actions that are not covered by the guidelines.

This Sustainability Report contains forward-looking statements on Nissan's future plans and targets and related operating investment, product planning and production targets. Please note that there can be no assurance that these targets and plans will actually be achieved. Achieving them will depend on many factors, including not only Nissan's activities and development, but also the dynamics of the automobile industry worldwide, the global economy and changes in the global environment.

●Mistakes and typographical errors discovered after the report is published will be corrected and displayed at the URL below.

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

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