



Nissan: Enriching People's Lives

Annual Report 2011

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Year Ended March 31, 2011

NISSAN



Vision**Nissan: Enriching People's Lives****Mission****Nissan provides unique and innovative automotive products and services that deliver superior measurable values to all stakeholders* in alliance with Renault.**

* Our stakeholders include customers, shareholders, employees, dealers and suppliers, as well as the communities where we work and operate.

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This annual report presents financial results for the fiscal period ending March 31, 2011. The report also provides shareholders with insights into Nissan's management team. Through one-on-one interviews, various members of executive management, including President and Chief Executive Officer Carlos Ghosn, discuss the philosophy and direction of Nissan.

Reports**Annual Report**<http://www.nissan-global.com/EN/IR/LIBRARY/AR/>**Sustainability Report**<http://www.nissan-global.com/EN/COMPANY/CSR/LIBRARY/SR/>**Profile**<http://www.nissan-global.com/EN/IR/LIBRARY/PROFILE/>

This annual report contains forward-looking statements on Nissan's 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 Nissan's activities and development as well as the dynamics of the automobile industry worldwide and the global economy.

Financial Highlights

		2010 Mar. 31, 2011	2009 Mar. 31, 2010	2008 Mar. 31, 2009	2007 Mar. 31, 2008	2006 Mar. 31, 2007
Net sales ¹	Millions of yen	¥8,773,093	¥7,517,277	¥8,436,974	¥10,824,238	¥10,468,583
Operating income (loss)	Millions of yen	537,467	311,609	(137,921)	790,830	776,939
Ordinary income (loss)	Millions of yen	537,814	207,747	(172,740)	766,400	761,051
Net income (loss)	Millions of yen	319,221	42,390	(233,709)	482,261	460,796
Comprehensive income	Millions of yen	189,198	—	—	—	—
Net assets	Millions of yen	3,273,783	3,015,105	2,926,053	3,849,443	3,876,994
Total assets	Millions of yen	10,736,693	10,214,820	10,239,540	11,939,482	12,402,208
Net assets per share	Yen	703.16	663.90	644.60	860.17	862.29
Basic net income (loss) per share	Yen	76.44	10.40	(57.38)	117.76	112.33
Diluted net income per share ²	Yen	—	—	—	117.56	111.71
Net assets as a percentage of total assets	%	27.4	26.5	25.6	29.4	28.6
Return on equity	%	11.30	1.59	(7.62)	13.68	13.89
Price earnings ratio ³	Times	9.65	77.02	—	7.00	11.24
Cash flows from operating activities	Millions of yen	667,502	1,177,226	890,726	1,342,284	1,042,827
Cash flows from investing activities	Millions of yen	(331,118)	(496,532)	(573,584)	(867,623)	(1,114,587)
Cash flows from financing activities	Millions of yen	110,575	(663,989)	(135,013)	(307,002)	106,912
Cash and cash equivalents at end of year	Millions of yen	1,153,453	761,495	746,912	584,102	469,388
Net automotive interest-bearing debt	Millions of yen	(293,254)	29,658	387,882	(180,232)	(254,638)
Employees ^{4, 5}	Number	155,099	151,698	155,659	159,227	165,729
() represents the number of part-time employees not included in the above numbers		(27,816)	(17,600)	(20,107)	(21,308)	(20,607)
		159,398	157,624	160,422	163,099	169,299
		(28,089)	(17,908)	(20,649)	(21,686)	(21,177)

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

2. Diluted net income per share for the fiscal 2008 is not presented because a net loss per share was recorded although dilutive securities existed. Diluted net income per share for fiscal 2009 and fiscal 2010 is not presented because the Company had no securities with dilutive effects.

3. Price earnings ratio for fiscal 2008 is not presented because a net loss per share is recorded.

4. The number of part-time employees has been changed to present the average number of part-time employees for the fiscal 2008 compared with the year-end part-time employees for the previous fiscal years.

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

Nissan Power 88: Delivering the Full Potential of the Company

Nissan Power 88 is the roadmap for our company's profitable growth. As we accelerate our growth, we will bring more innovation and excitement to our products and services, as well as cleaner, more affordable cars for everyone around the world.

Carlos Ghosn President and Chief Executive Officer



Nissan Power 88

Nissan's new mid-term plan builds upon all the lessons learned, synergies developed and investments made since 1999. Then, Nissan was lacking a shared vision and plagued by a lack of focus on the crucial needs of its stakeholders. Today, Nissan has a clear, global vision, an established presence in all major markets and segments, and the resources and the will to achieve its challenging objectives and accelerate Nissan's growth.

The name of our new mid-term plan—Nissan Power 88—underscores our engagement to achieve our corporate goals. "Power" derives its significance from the strengths and efforts we will apply to our brands and sales. Our commitment is to renew our focus on the overall customer experience, elevating Nissan's brand power and ensuring quality excellence for every person who buys a Nissan or Infiniti vehicle. The measurable rewards from achieving our plan are denoted by "88." We aim to achieve a global market share of 8% and increase our corporate operating profit margin to a sustainable 8%.

As a six-year plan, Nissan Power 88 allows the benefit of long-term strategic planning and continuity in operational decisions. The plan's midpoint allows us to define measurable and precise priorities for the next three years, as we chart our progress. The key contents of our plan focus on developing leadership and profitability in growth markets worldwide, actively cultivating sustainable mobility through electric vehicles and technologies that reduce emissions, and advancing mobility for all.

An Extensive Product Plan

Nissan's product plan will deliver one new vehicle every six weeks, on average, during the next six years. We are broadening our range of models for both the Nissan and Infiniti brands and eliminating product overlaps. More dedicated vehicles for key growth markets, such as China, Brazil, Russia, India and Indonesia, will allow personal mobility to become more accessible to those consumers who need it.

Nissan's global product lineup is already wide and deep. During Nissan Power 88, we will launch a total of 51 new models. In 1999, Nissan had 49 vehicles in its global product range, covering 77% of markets and segments. Today we have 64 vehicles covering 80% of markets and segments. By 2016, Nissan will have 66 Nissan and Infiniti vehicles in its global portfolio, covering 92% of segments and markets worldwide. We will consolidate some models and add others. Our plan will also include the development of more than 90 new advanced technologies, averaging 15 per year.

We will deliver a complete renewal of our popular global growth models.

We will widen our portfolio of Infiniti products.

We will address specific needs of Chinese customers by offering a broader range of Nissan and Infiniti vehicles, and we are firm in our resolve to reach 10% market share in China.

Our versatile V-platform was designed to deliver stylish, high-quality, affordable vehicles to the global

marketplace. We will expand our V-platform range of global products to three models to help us reach more than 1 million units from this platform in 2016.

We are focusing more attention on the price-entry segment to serve a growing number of customers in the emerging markets, such as the BRICs and Indonesia.

Nissan's longstanding presence in the commercial vehicle segment is also gaining momentum. By fiscal 2016, Nissan will be the world's leading light commercial vehicle manufacturer.

Clear Strategic Direction

Nissan Power 88 identifies six strategies as levers we will use to achieve results according to plan.

Pillar 1: Brand power

To strengthen Nissan's brand power, we will expand our strengths in engineering and production to the sales, marketing and ownership experience. We will also raise the level of interaction with our customers to create a world-class standard of service that will help us build lasting relationships with every Nissan and Infiniti vehicle customer. We recognize that having a stronger brand will help close gaps with our top competitors in every measurable area, from revenue generation to overall opinion and purchase intention.

Pillar 2: Sales power

Sales power in the mid-term plan refers to fully grasping the needs of customers in each market and drastically raising sales volume and market share. Nissan currently has 6,000 major points of sales globally. We will expand our retail network to 7,500 outlets in the mid-term plan period.

Nissan is now the leading Japanese brand in China, Russia and Mexico and is on track to become the largest volume Asian brand in Europe by fiscal 2016. We are focusing our efforts to boost sales power in Japan and the United States, as well as in the ASEAN region.

Pillar 3: Enhancing quality

Nissan aims to make steady progress in improving product quality. During Nissan Power 88, our aim is to raise Nissan into the top group of global automakers in product quality and to elevate Infiniti to leadership status among peer luxury products by fiscal 2016.

Pillar 4: Zero-emission leadership

No other global automaker is as engaged in comprehensive activities to advance the entire system needed to make sustainable mobility a reality. Nissan is taking a leadership role in every aspect, from the development of batteries, chargers and a vehicle lineup to electric grid studies, battery recycling and the use of batteries for energy storage.

In 2011, Nissan will take the lead as the all-time volume leader in dedicated electric vehicle sales. The Renault-Nissan Alliance is bringing seven more all-electric models to follow the successful launch of the Nissan LEAF. The Alliance intends to put 1.5 million electric vehicles on roads worldwide by 2016.

Nissan's emphasis on sustainable mobility also encompasses the range of low-carbon and low-emission technologies that support PURE DRIVE. For example, our proprietary hybrid technology will be tailored to future Nissan and Infiniti models, and our next-generation Xtronic Continuously Variable Transmission (CVT) will increase fuel efficiency in future Nissan vehicles and maintain our status as the global leader in CVT technology.

Pillar 5: Business expansion

In 1999, Nissan's global market share was 4.6%. In 2010, Nissan achieved a record 5.8%. For fiscal 2016, we are targeting a global share of 8%, supported by a steady tempo of a new product launch on average every six weeks, a continued focus on growth markets, and the expansion of our Infiniti and light commercial vehicle businesses.

We will concentrate on increasing our presence in Brazil, India and Russia, as well as in the next wave of emerging markets, including the ASEAN 5—Indonesia, Thailand, Malaysia, the Philippines and Vietnam.

Nissan is the top Japanese car maker in China with a 6.2% market share, and China will continue to be Nissan's largest single global market into the plan. In 2012, we will have nearly doubled our

production capacity, to 1.2 million units, and we will further increase our capacity to be in line with our goal of 10% market share. With our partner Dong Feng, we will continue to invest in more products and dealers and together build our new local brand, Venucia.

In North America, we will invest to expand our manufacturing capacity and retain our number-one position in Mexico, where Nissan leads the market with a 23.1% share.

In Brazil, where we have 1.2% market share, we target a minimum of 5% market share. We will build a new plant in Brazil, with a capacity of 200,000 units as a first step.

In Europe, Nissan will become the largest volume Asian brand. In Russia, we aim to increase Nissan's market share to 7% by 2016.

In India, we will add five new models to be built in the new Alliance plant in Chennai, and we will continue to expand our dealer network.

In ASEAN, Nissan Motor Thailand now serves as a strategic industrial base and export hub, and we are concentrating on growth in Indonesia. We are increasing the annual production capacity of our plant near Jakarta from 50,000 to 100,000 units to meet local demand. We aim to increase our share in the ASEAN 5 from 5% today to 15% by 2016.

Pillar 6: Cost leadership

Since we implemented the Nissan Revival Plan, we have been successful in reducing costs by 5% annually, due mainly to cross-functional *monozukuri* activities involving our supplier base. As our production footprint is increasingly global, we will maintain this pace by enhancing and deepening these activities in every Nissan production base across the regions, particularly in North America, China, India and Russia.

By increasing the use of carry-over/carry-across parts and systems, we will further boost overall platform efficiency. Platform and product synergies will be developed with all our partners, especially in small and medium vehicle segments. And with the additional growth in volume, we expect to realize greater cost efficiency. Evaluating not only purchased parts but also logistics and in-house costs, we have set an objective to reduce the total cost by 5% each year.

In Japan, we will raise our yen revenue through increased vehicle sales and reduce our yen-based costs through greater localization of parts supply to overseas plants. Enhancing our *monozukuri* activities in Japan and across the regions is key to our cost-reduction efforts. Through these activities, we will maintain our commitment to produce 1 million vehicles per year in Japan.

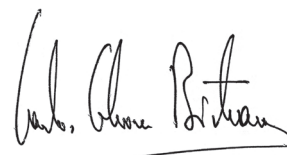
Leveraging Partner Strengths

Nissan's performance will be enhanced by leveraging 12 years of successful collaboration within the Renault-Nissan Alliance and its five established and productive partnerships. Through the Alliance's strategic cooperation with Daimler, Nissan will benefit from diesel engine and power train technologies, including a supply of Mercedes-Benz engines for Infiniti vehicles. With AvtoVAZ in Russia, the Alliance will take a 40% share in the Russian market, with investments in products and localized manufacturing and sourcing. Our partnership with Dong Feng is critical to our reaching 10% market share in China. With Ashok-Leyland in India, Nissan has a partner in the development and manufacture of light commercial vehicles. And with Mitsubishi, we expanded the scope of our cooperation to develop a new mini car joint venture.

The Right Plan for Nissan's Future

In the global automotive industry, Nissan leads in zero-emission mobility, we lead in many emerging markets and we lead in the number of stable, productive partnerships we have established to improve our competitive position. Going forward, our aim is to enhance our brand power, sales power and the quality of our products and services and to continue to lead the way in advancing sustainable mobility and mobility for all. This is what Nissan Power 88 is about, and we are eager to get started and to deliver the full potential of this company.

Carlos Ghosn
President and Chief Executive Officer



The Fusion of Management Power and *Gemba* Power

A massive earthquake and tsunami shook Japan in March 2011. The disaster deeply affected Nissan's operations, but the company has marshaled its forces in an all-out effort to restore normalcy quickly. We are displaying our *monozukuri* (manufacturing) excellence to pursue further growth.

Toshiyuki Shiga Chief Operating Officer



Shifting Gears from Recovery to Growth

Fiscal 2010 was a year in which Nissan intended to shift gears from recovery to growth. We accomplished a number of challenging goals. Some examples are full-fledged production of our global compact car, Nissan March, in Thailand, and the start-up of our Chennai Plant in India; the expansion of our PURE DRIVE lineup, including the introduction of the Fuga HEV equipped with our original hybrid technology; and the launch of the Nissan LEAF, representing our zero-emission leadership, in Japan, the United States and Europe. At the same time, we executed all the tasks defined in our Recovery Plan, such as promoting localization to increase resilience against a strong Japanese yen, cutting costs to counter raw material price hikes and improving the profitability of each product. As a result, we increased our market share in nearly all the regions and main markets that we operate in, and our global sales reached a record high of 4.185 million units.

Reacting Quickly to Unprecedented Natural Disaster

Natural calamity struck Japan on March 11, 2011, when the company was about to resume a growth trajectory after recuperating from the global financial and economic crisis that began in 2008. The impact of the catastrophe was far bigger than we initially imagined. We suffered the loss of five employees and associates in our group, including affiliates and dealers. Some 17% of our outlets in Japan were damaged in the Tohoku region where the quake was centered. Facilities collapsed or were damaged at the Tochigi Plant and the Iwaki Plant nearest to the epicenter.

Despite the phenomenal devastation, Nissan responded with swift and focused actions as we have done in the past. The disaster response simulations we have carried out regularly served us particularly well. By envisioning a full range of potential situations arising from a major disaster and preparing for them, we successfully enabled ourselves to take prompt actions when the time came.

At a time of disaster, it is essential to make speedy decisions while grasping the latest situation, including details on employees' safety and damage caused, and to take appropriate actions based on this. We launched the Global Disaster Control Headquarters just 15 minutes after the earthquake occurred. The team immediately gathered and assessed damage while overseeing restoration efforts at various facilities. The management power that Nissan has been building over the years was on full display in the initial stages. Hundreds of people from other plants were mobilized to take part in restoration work at affected facilities. Thanks to their hard work, we restarted production at all our vehicle plants in Japan one month after the earthquake. The Iwaki Plant, which was the hardest hit, resumed full operations on May 17, and is ready to produce at a pre-earthquake level as long as necessary parts are supplied.

The Global Disaster Control Headquarters gave guidance not only in Japan, but also to our operations in other regions around the world to promote necessary actions. Management power backed by speedy decision-making and the power of the *gemba*—the actual sites where we accomplish our jobs—were supported by all the individuals who fulfilled their duties. Their contributions came together at a global level and drove the recovery efforts.

Many challenges still lie ahead. Some parts suppliers have yet to restore their operations. Our supply chain requires rehabilitation. This experience has instructed us in the necessity of an actionable BCP (business continuity plan) that encompasses all our suppliers, including those in the second and third tiers. Development of a more robust supply chain and comprehensive risk management are imperative in making our business more sustainable.

True *Monozukuri* Excellence

The recent tragedy did more than confront us with challenges. It also let us rediscover Japanese strength. Through the impressive dedication of the people involved in the auto industry, I recognized the *monozukuri* power of Japan—the power of its craftsmanship. Every person focused single-mindedly on his or her responsibilities. This focus and organizational strength are at the heart of Japanese *monozukuri*.

Nissan's recovery is proving to be faster and stronger than initially expected. Despite a tough business climate in the fourth quarter of fiscal 2010, characterized by an exchange rate of ¥82.3 to the dollar and climbing raw material prices in addition to the earthquake's impact, our consolidated operating profit stood at ¥537.5 billion, a 72.5% increase year-on-year, and our operating margin grew to 6.1% for the full year. This is a true demonstration of Nissan's *monozukuri* power and the solidarity of its people.

Our restoration efforts are the very embodiment of the Nissan Way, "The power comes from inside." Swift initial action coupled with all-out efforts by each employee deserves commendation. Initiatives led by the Recovery Committee, which capitalized on its experience in mitigating the impact on our global business of the global financial and economic crisis from 2008 on, also served as a strong driver.

Further Leaps Forward

Nissan's main challenges in fiscal 2011 are the speedy restarting of full production and the pursuit of further growth. Total global industry volume is projected to reach 76 million units, an increase of 4.7% from fiscal 2010. Based on this assumption, we expect our global sales volume to reach 4.6 million units, a 9.9% year-on-year climb, and our global market share to climb to 6.1%.

Fiscal 2011 is the first year of our new mid-term plan, Nissan Power 88. We are coping with the aftermath of the earthquake with an effective crisis response. Our management power and *gemba* power manifested in face of the recent crisis are certain to drive the company forward toward growth at an accelerated pace. You can expect Nissan to continue to grow.

Toshiyuki Shiga
Chief Operating Officer





Colin Dodge
Chief Recovery Officer

Steps Toward Full Restoration

Nissan has been making companywide efforts to restore its business since the earthquake that struck northeastern Japan on March 11. Immediately after the disaster we launched our Global Disaster Control Headquarters to manage the recovery in Japan itself. Meanwhile, the Recovery Committee that I lead was tapped to coordinate our global recovery actions, in particular the work of optimizing the entire supply chain and making cost adjustments.

Soon after March 11 the Recovery Committee began holding weekly meetings. Here we made decisions on a number of key directions for the company to take toward the full recovery of its operations. For example, we are moving to a so-called push production stance. This means that we produce as many vehicles as we can with available supplies and take any necessary actions to avoid stoppage.

We are placing priority on the development of new products as we slow spending other than investment toward our recovery. To speed up the decision-making process on recovery-related spending, we have modified our DOA, or delegation of authority, rules for a limited period. And across the board we have moved to reduce expenses. All of these committee decisions have been swiftly broadcast throughout the Nissan organization.

Japan was, of course, the nation directly damaged by the March 11 disaster, but the impact on our business was felt in all regions. Nissan's manufacturing operations are thoroughly global in nature, and disruption to the supply structure in Japan spreads quickly through our supply chain all around the world. In the past months Nissan has been implementing countermeasures in every region where it does business.

In Europe, for example, where we maintain production bases in the United Kingdom, Spain and Russia, we took steps immediately after the quake to ensure supplies of needed parts. The European regional team worked closely with the Japan side to share information about the status of the Japan-sourced parts supply, swiftly reflecting these updates in the regional supply side. The level of depth and accuracy of this information sharing has been truly amazing. It has allowed us to constantly update our regional production forecast, so that we can align our production calendar with conditions in production sites in Japan.

Of course, any impact on production will have a direct effect on the sales side. For this reason, Nissan is making its best efforts to minimize expenses in all regions. In addition to reducing general and administrative spending, we immediately implemented cuts in service support expenses and overtime payments and froze new hiring. We also carefully reviewed the vehicle pipeline, reduced advertising and other fixed marketing expenses, and cut sales incentives on a per-model basis. Nissan's sales and marketing teams have been conducting various proactive measures, such as the "keep warm program" intended to retain customers during the lead time from order to delivery. As a fundamental approach, we continued to deliver information transparently on our situation after taking orders, keeping customers informed about our problems in production and about forecasts for vehicle delivery based on the latest situation. In addition to these delivery status updates, we also provided a variety of information on Nissan, thereby maintaining frequent contact with our customers to establish stronger relationships with them.

Nissan's thorough management of the supply chain and tight control of expenses are evident not just in Europe, but also in the United States and all the other regions where we operate. All our regional operations have worked together to produce very effective measures and implement them in a short timeframe. This has moved us steadily toward full recovery. We will continue working toward this goal and aiming for further growth in the future.



Moving Powerfully into Nissan's Future

Nissan was well positioned to recover from the financial crisis and recorded its best year ever in fiscal 2010. The company has responded swiftly and surely to the March 11 disaster, and is now positioned to fully transition from recovery mode to sustainable growth.

Joseph G. Peter Chief Financial Officer

A Year of Record Performance

Nissan's performance in fiscal 2010 was comprehensively solid. We made progress in all of the key metrics of our business. First, Nissan's global sales reached 4,185,000 units. This was up 19.1% from fiscal 2009 and represents an all-time record for our company. Another record was our full-year global market share of 5.8%, the highest level we have achieved since we began tracking this.

Even more encouraging was that our growth was broad based. We enjoyed double-digit growth or record share achievements in a number of individual markets around the world, including key ones like the United States and China—which last year became our single largest market, with more than a million units sold.

Turning specifically to the financial metrics, we saw consolidated net revenues reach ¥8.8 trillion, up 16.7% from the previous year. Operating profit stood at ¥537.5 billion, reflecting an operating profit margin of 6.1%, and was up 72.5% from fiscal 2009. Our net income was ¥319.2 billion, for a net income margin of 3.6%. This was fully ¥276.8 billion higher than in fiscal 2009. Additionally, we saw strong automotive free cash flow of ¥459.3 billion. As a result, we eliminated automotive net debt and moved to a net cash position of ¥293.3 billion.

It is important to note that none of these successes came at the expense of our longer-term priorities. During fiscal 2010, we remained committed to the launch of affordable zero-emission cars, our ongoing expansion in China, the rollout of low-emission PURE DRIVE technologies and expanded participation in affordable transportation segments in line with our strategy to offer mobility for all.

It was a very solid year for Nissan, and these results were all the more striking for being achieved in a very challenging business environment that included adverse foreign exchange movements, escalating raw material prices and, at the close of the year, the March 11 earthquake and tsunami that devastated northeastern Japan.

Sure-Footed Responses to March 11

Unfortunately, this natural disaster threw us back into "recovery mode." As we entered fiscal 2011, the priority for us was to re-establish normal operations as quickly as possible to maintain our positive momentum. Nissan is well positioned for success in this regard thanks to the DNA of our company, which has evolved and been enhanced through previous bouts of adversity. We naturally work in a collaborative manner, across both functional and regional boundaries, and we have a bias toward action.

Our actions after this latest crisis hit were no different. We were very focused and utilized people from across the organization. Immediately after the earthquake hit, Nissan's Global Disaster Control Headquarters, led by our COO, was convened to evaluate the impact on our operations and to oversee

the restoration activities. As a result of these actions, we were able to restart vehicle production at all our vehicle plants in Japan one month after the earthquake, on April 11, and our Iwaki engine plant—the hardest hit due to its proximity to the epicenter—achieved full production capability in mid-May. We have tackled supply chain disruptions by working closely with our suppliers, supporting their recovery actions and securing alternative sources for parts and components as needed, and we have proactively implemented companywide power conservation efforts in preparation for potential electricity shortages in Japan this summer.

I must stress that Nissan is not playing things by ear as it reacts to these all-new crisis conditions. Most of the steps we have taken in response to the March 11 disaster have been continuations of strategies, priorities and plans that were already in place.

One example of this is the localization strategy we have been pursuing to better balance our manufacturing and sourcing footprint to our sales footprint. Our actions in this area date back to the start of the financial crisis in 2008, when our primary objectives were to reduce volatility from foreign currency movements, particularly the appreciating yen, and to reduce cost. These strategies and initiatives are in various stages of implementation. For example, in fiscal 2010, we launched the localized production and sales of the V-platform global compact car in Thailand, India, China and Mexico. In January of this year, we made public our plan to increase the localized production mix of fully built-up units from approximately 69% in 2010 to 85% by 2015 in the Americas. This includes the shift of production of the next generation Rogue from Japan to Smyrna, Tennessee, in 2013, as well as production in Smyrna of the Nissan LEAF and the new Infiniti JX in 2012. We also announced that in North America, we will reduce by 50% the amount of bought-out parts coming from Japan by the end of fiscal 2013.

The second example relates to our focus on a strong balance sheet and sustained free cash flow generation. Nissan went into the post-3/11 phase on more solid footing than at the time of the 2008 financial crisis. Over the past two years, our actions to prioritize free cash flow, eliminate automotive net debt and reduce our reliance on short-term debt have provided a sound foundation for us to navigate the current challenge.

We are learning fresh lessons from the earthquake, too. Moving forward we will be modifying our purchasing process to enhance our business continuity plan at the parts level, particularly for critical components, and to mitigate potential supply risk concentration beyond the Tier 1 level. These are evolutionary *kaizen* changes, though, as opposed to fundamental shifts in our sourcing strategy.

Looking to a Powerful Future for Nissan

In fiscal 2011 we launch our new mid-term plan, Nissan Power 88. My main task will be to work with the leadership team to insure that Nissan continues to deliver exceptional business results. As we embark on this new plan, we have a tremendous opportunity to grow our business both through geographical expansion and from a product portfolio and new technology perspective. This will require continued investment in new products, factories and distribution networks, and a key part of my job is making sure we have the capital to continue growing our business.

In this regard, we will continue the actions pursued over the past two years to prioritize sustained free cash flow generation and to strengthen our balance sheet by increasing automotive net cash. These efforts will involve close cooperation among the company's leadership and its various teams to put in place a business model with appropriate operational efficiency objectives, thus ensuring profit growth and sustained positive free cash flow along with the expected volume and revenue growth.

The "88" in the new business plan's name refers to the results of achieving our plan. Our goals are to increase global market share to 8% and operating profit margin to a sustainable 8% as soon as possible. These are in no way contradictory; there is no question of balancing one against the other. We have to accept the premise that growth in our sales volume or market share must lead to higher profitability, if not immediately, then in the very near term—otherwise we should not invest to achieve that growth. At Nissan, we have implemented a very disciplined process to ensure that we carefully scrutinize our investments, proceeding only when we have confidence that they will enhance profitability and corporate value.

We also have a robust business planning process in which we review our strategies, as well as risks and opportunities, in the context of our changing business environment. This lets us identify areas in our plans that need increased focus and to identify opportunities for improvement. In this way, we can react to what is happening in our business on a real-time basis and respond quickly and effectively to

changing conditions. We have put this capability successfully to the test during the changes in the market and business environment following the financial crisis touched off in 2008 and, more recently, following the March 11 earthquake in Japan.

The ultimate barometer of any management team's performance is in the value it has created for shareholders. This is a responsibility that I take very seriously. The Nissan Power 88 strategies and objectives are designed to significantly enhance shareholder value through business growth that will drive increased revenue and profits, as well as strong sustained free cash flow generation, allowing us to continue to strengthen our balance sheet. Reflecting our confidence in this plan, we announced in June our intention to increase our fiscal 2011 dividend 100% from last year to ¥20 per share. Over the Power 88 period, Nissan's dividend policy will target a minimum payout ratio of 25% of net income, which encompasses our objectives to improve our credit rating and strengthen our balance sheet. Under this policy, we project that the dividend per share amount will increase during the course of Nissan Power 88.

Joseph G. Peter
Chief Financial Officer



Brand Power as a Pillar of Nissan's Success

Andy Palmer Executive Vice President

As Nissan moves into the Nissan Power 88 period, it is taking a fresh look at the importance of its brand and crafting a comprehensive strategy to make its brand work sustainably and interactively for the success of the company.



Accurate Takes on Customer Needs

Automotive customer perceptions and behaviors are constantly shifting, based on news and people's expectations for the future—particularly their financial stability. I believe that the strength of Nissan is its ability to predict and react quickly to those changes, modifying its products and communication to the new reality.

Our product planning process is robust, and today we have a compelling lineup of vehicles to offer to the market—and the market is responding strongly. We enjoyed tremendous sales in fiscal 2010 across the board. In China we recorded our first-ever year with more than a million units sold, and we gained market share in several other key global markets.

Now, with our aggressive new mid-term plan, Nissan Power 88, we are ready to take our success to the next stage. Nissan Power 88 includes ambitious but reachable targets including 8% global market share by 2016. There are many ways we intend to achieve this.

As one example of our ability to recognize new customer needs, we see a growing desire for luxury vehicles in emerging markets, and we will be launching sales of our luxury Infiniti brand in Indonesia, Malaysia, Singapore and Mexico. You will also see us establishing new markets, most profoundly with our electric vehicle (EV) offerings. Zero-emission mobility is set to be a key concept for us, and we will take this beyond the Nissan LEAF, introducing EV options in the commercial and luxury segments. We will be communicating this technology to consumers in profoundly new ways.

Luxury and Hospitality

One priority in the coming years will be to widen our Infiniti portfolio. The time is right for us to focus on Infiniti, and our work here will be intense and multifaceted.

First, we will strengthen the product portfolio in both body types and engine types. Our Infiniti offerings will include the world's first luxury all-electric sedan and we will enter the luxury compact segment. We will also launch a brand new family of engines, both diesel and gasoline, to deliver the environmental performance expected of a premium brand without sacrificing our "Inspired Performance."

Second, we will extend our reach to customers around the world, aggressively pursuing retail deployment in multiple new countries and extending our existing dealer networks. All new dealers will comply with a consistent global standard, ensuring that Infiniti brings uncompromising hospitality to the luxury car segment.

Ambitious growth needs to be funded by profitable vehicles. By 2016 we aim to grow Infiniti sales from the 2010 level of 150,000 to a 10% global market share among facing luxury segments, which would represent 500,000 vehicles. This will make the brand a powerful driver of profit for Nissan as well as a halo product line enhancing our overall image. I expect Infiniti to be a major force in the global luxury market and for many more customers to experience our hospitality and performance.

Poised for Global Growth

Every car we bring to the market is important. Nissan's brand positioning statement reflects cars for everyone. Our product portfolio will grow significantly over Nissan Power 88, with a new vehicle launching every six weeks on average for the next six years. We identify some of these products as

“global growth models,” and our intent is to make these the top sellers in their segments in all markets where they are sold. We dedicate more time, engineering resources and marketing power to ensure the success of these models. At the same time, by reducing vehicle complexity, we aim to bring more choice to the customer with lower overall investment per product.

The V-platform is emblematic of this direction toward efficiency in our product portfolio. We have launched the V-platform in all four of its mother markets: Thailand, India, China and Mexico. The March/Micra, produced in all four plants, has been launched locally and as an export model to Japan, the Middle East and Europe. We set ambitious targets for this platform and to date we have surpassed every one of them. Through 2011, I expect V-platform to be a major driver in our growth. As we add a third upper body to this platform, I expect that its success will become still more profound in the more developed markets. We have engineered V-platform from the ground up with cost consciousness in mind, limiting its scope to three distinct upper bodies. With these three options and over 1 million vehicles per year, we deliver profitable sales. In this way Nissan is showing that small vehicles can be profit drivers when executed smartly.

The Innovation Behind Our Brand

Over the past 12 months, the customer mindset toward Nissan has shown significant change. At the most basic level, we can see it in our market share performance. More subtly, we can also see customers recognize Nissan as a company of innovation, most vividly demonstrated by the launch and marketing of the all-electric Nissan LEAF. We are proud to have staked out a leadership role in this field, and we will not be letting up in our creation of brand value through zero-emission vehicles.

The Nissan LEAF is a quintessential product contributing to our brand, an adventurous exploration of new automotive areas. We have a similarly adventurous product in our GT-R supercar, with its raw excitement. As our branding efforts progress, we will make it clear that vehicles like these are a core part of what it is that makes us Nissan. Innovation is a fundamental part of our DNA, and the Nissan LEAF makes this clear.

Combine this with the excitement we bring through our products and the breadth of our product range and I believe that we will start to see a progressive recognition of what Nissan stands for—innovation and excitement for our customers. Throughout the Nissan Power 88 period, it is our commitment to improving the perception of our brand to a top level.

The Stories that We Tell

Creating a good brand relies on creating good products; but that is not all. In Nissan Power 88, we position brand improvement as one of the most critical points to support our growth and we will carry out a wide range of efforts to achieve this.

Internally, we have changed our organization, erasing the lines between our marketing and communications functions and integrating them tightly into the organization that executes our products. This structure allows the voice of the customer to directly shape our products and vice versa, allows our marketers to communicate the merits of the products more effectively. Today's customer sees marketing and communications as indistinguishable, thanks to digital and social media channels that merge companies' advertising outreach with the customer's ability to provide direct feedback. Consumers are also helping each other to shape company brands through peer-based communication. Brand is not just about television commercials: people are more sophisticated than that and marketing to them requires more sophisticated methods that build more lasting brand cachet.

Externally, meanwhile, we are focusing on telling engaging stories about our products and technologies. Our global website is now home to the Nissan Global Media Center, presenting information on all aspects of our business—stories on the individuals who drive our innovation, updates on our recovery from the March 11 earthquake and insight into all stages of the development process. We have plans to publish these stories in multiple languages going forward.

During the Nissan Power 88 period, we intend to strengthen our brand power in ways that clearly reflect the strengths of the products we bring to each segment and each market. This power will lead directly to performance for the company as a whole. Our intention during the mid-term plan is to position ourselves against the best brands in each segment. We will demonstrate results through our transaction prices and market share, ensuring that they reflect the strengths of the products we bring to each segment. I am confident that our concrete, well-defined actions toward these goals will build even more compelling Nissan and Infiniti brands.

Nissan's Sales Power Goals

Takao Katagiri Executive Vice President

In a period of expected worldwide expansion for the auto industry, Nissan aims to increase its sales volume and market share globally, responding appropriately to the varying needs of customers.



Strategically Responding to the Changing Market

Projected changes in the global auto industry in the next six years show that the total industry volume (TIV) in emerging markets is expected to grow not only in the BRICs, or Brazil, Russia, India and China, but also in ASEAN countries like Thailand and Indonesia, due to accelerated motorization in those countries.

In the mature markets, the TIV is estimated to remain unchanged in Japan and to recover in North America, one of our main markets, boosted by population growth. The TIV in the European market also seems to be on the rise due to the economic recovery and increased demand in Eastern European countries. Overall, the global auto market is expected to continuously expand.

Nissan has announced its new mid-term plan, Nissan Power 88, a roadmap for our growth from 2011 to 2016. In this plan, we aim to significantly increase our global market share from 5.8% in fiscal 2010 to 8%, grasping growing auto demand more effectively than our competitors.

One of our strategies to achieve this aggressive numerical target is increased sales power. This means expanding the sales force to get more Nissan vehicles in the hands of our customers, as well as increasing our service strength to boost customer satisfaction with their life with cars, and thereby to create and strengthen bonds between them and the Nissan brand. Specifically, we want to expand the sales network in terms of both quantity and quality and to provide people with more satisfying experiences in every aspect where they come into contact with the Nissan brand, while also responding adequately to the wide-ranging needs of customers in every market. It is essential in our strategy to secure both quantity and quality simultaneously to ensure our targeted growth.

Sales Network Quantity

In the next six years, automobile demand is projected to expand at an accelerated pace, mainly in the emerging markets. In order to quickly respond to changing market conditions, Nissan needs to create sales bases in regions where customer needs exist. It is also important to secure service facilities for vehicle inspection and repair, as well as human resources with customer service skills. We will expand the quantity of our sales network by increasing the number of dealer outlets and service facilities.

Nissan currently has 6,000 major sales locations around the world. We will expand our retail network to 7,500 outlets by 2016. To secure human resources to manage these dealerships, we will aggressively attract leading investors and business managers with experience and high motivation by showing them the potential of Nissan franchises. Utilizing our marketing and service know-how gained in mature markets, such as those in developed economies, we will also build a system to appropriately respond to customer needs.

Sales Network Quality

In pursuing improvements in the quality of our sales networks, Nissan will focus its efforts mainly in mature markets where the networks are already firmly established. Regarding every situation where the customer is involved in as an opportunity to improve quality, we will seek to provide a satisfying purchase experience. We will also offer after-sales service that helps enhance customers' feelings of safety and satisfaction as part of our development of a sales network that creates and strengthens bonds with customers so that they will choose Nissan again when it is time to replace a vehicle.

In mature markets like Japan and Europe, about 90% of the demand for new vehicles is replacement demand. For instance, there are about 6 million Nissan vehicles owned in Japan. It is important to make those current owners choose Nissan again the next time they replace their cars. For this reason, we have to strengthen the bond between them and the Nissan brand and to enhance their satisfaction through close communication and timely provision of service. For Nissan, the customer retention rate is an important metric for measuring the quality of the sales network.

Needless to say, our bond with customers is important in emerging countries, too. There is less replacement demand in these markets for the time being, but the number of customers' lifetime vehicle purchases is higher as buyers are younger on average. From a long-term viewpoint, it is therefore critical to increase the customer retention rate in emerging countries as well.

In order to go beyond our competitors in terms of quality improvement, we will have to pursue superiority in every element of our sales companies and dealers, including management capacity, human resources, financial power and facilities. Toward this end, we will increase our efforts to compile the network management know-how and quality improvement measures and systems developed specifically for various markets, sharing them and further enhancing them in all regions where we do business.

Nissan today is the No. 1 Japanese auto brand in China, Russia and Mexico. We will continue to move forward: our aim is to be the No. 1 Asian brand in Europe in terms of sales volume by fiscal 2016. We are also working on to significantly improving sales power in Japan, the United States and ASEAN countries.

The role of sales power in Nissan's mid-term plan is to ensure our medium- and long-term growth. We will accomplish this by significantly increasing our sales volume and market share through the expansion of our sales network in terms of both quantity and quality.



Nissan announced a wide-ranging, six-year business plan that will accelerate the company's growth across new markets and segments. The plan for fiscal years 2011 to 2016, called Nissan Power 88, is effective from June 2011.

The name of the plan emphasizes key corporate goals: Nissan will renew its focus on the overall customer experience through actions that elevate its brands' power and sales power. By the end of fiscal 2016, the company will aim to achieve a global market share of 8% and increase its corporate operating profit to a sustainable 8%.



Highlights of Nissan Power 88 reflect Nissan's clear, global vision and strategic direction through fiscal 2016:

- Nissan's extended new product plan will deliver, on average, an all-new vehicle every six weeks for six years. The company's global portfolio will have 66 vehicles and will cover 92% of all markets and segments.
- The emphasis on sustainable mobility will continue, encompassing zero-emission vehicles and low-emission technologies that support PURE DRIVE. Cumulative electric vehicle sales for the Renault-Nissan Alliance will reach 1.5 million units.
- "Mobility for all" will expand with dedicated new cars and light commercial vehicles (LCVs) developed for entry-level segments and emerging markets.
- Nissan will introduce more than 90 new, advanced technologies, averaging 15 per year.
- Nissan will increase investments in its brands and retail networks to enhance its customers' entire ownership experience.

Nissan Power 88 identifies six strategies as levers the company will use to achieve results according to plan. The six strategies are as follows.

Pillar 1 **Strengthening brand power**

To strengthen Nissan's brand power, the company will expand its strengths in engineering and production to the sales, marketing and ownership experience. Nissan will raise the level of interaction with its customers to create a world-class standard of service that will help build lasting relationships with every Nissan and Infiniti car owner.

Pillar 2 **Enhancing sales power**

Sales power in the mid-term plan refers to fully grasping the needs of customers in each market and drastically raising sales volume and market share.

Pillar 3 **Enhancing quality**

Nissan aims to make steady progress in improving product quality. During Nissan Power 88, its aim is to raise Nissan into the top group of global automakers in product quality and to elevate Infiniti to leadership status among peer luxury products by fiscal 2016.

Pillar 4 **Optimizing Nissan's zero-emission leadership**

Nissan will take the lead as the all-time volume leader in dedicated electric vehicle sales. The Alliance is bringing seven more all-electric models to follow the successful launch of the Nissan LEAF. Nissan's EV lineup will include a light commercial vehicle and an all-electric premium car, to be launched by Infiniti in 2014.

Pillar 5 **Accelerating growth through business expansion**

The fifth pillar of the plan relates to the company's strategies for business expansion.

In 1999, Nissan's global market share was 4.6%. In 2010, Nissan achieved a record 5.8%. For fiscal 2016, Nissan is targeting 8%.

Pillar 6 **Cost leadership**

Growth in any market is not possible without a high level of cost competitiveness, so the sixth pillar of the plan is cost leadership. Since Nissan implemented the Nissan Revival Plan, the company has been successful in reducing costs by 5% annually, due mainly to cross-functional *monozukuri* activities involving its supplier base.

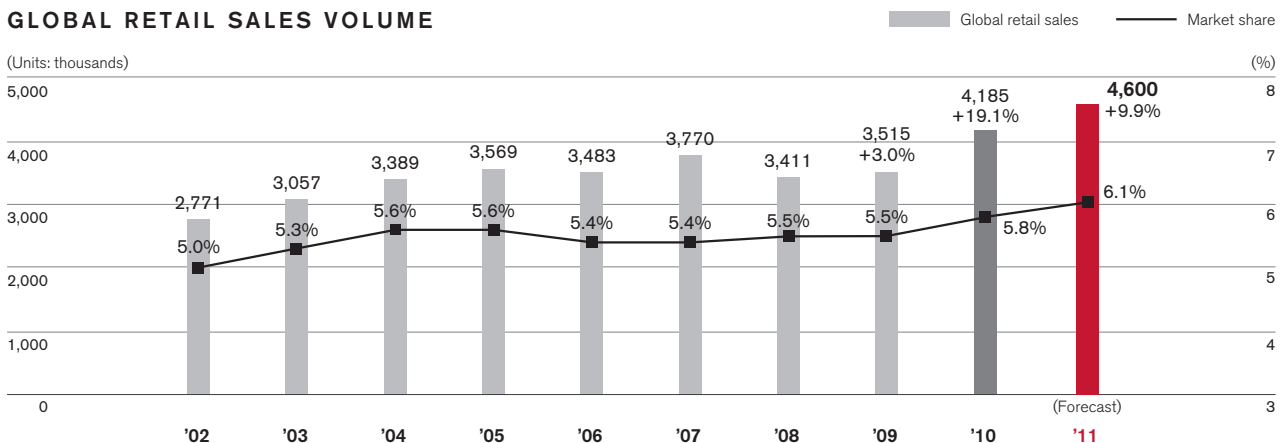
Fiscal 2010 Sales Performance

Fiscal 2010 Overview

Fiscal 2010 sales results came to 4,185,000 units, up 19.1% year-on-year. For the fourth quarter of fiscal 2010 alone, global sales totaled 1,170,000 units, which was an increase of 15.6% from the same period in fiscal year 2009. For the full fiscal year, Nissan's sales outperformed the 12.6% of global total industry volume (TIV) growth, which resulted in an overall market share of 5.8%.

In fiscal 2010, Nissan had a solid product offensive. The company launched ten all-new models globally, including its first zero-emission, affordable car, the Nissan LEAF. In particular, the Nissan LEAF received good evaluations from consumers, environmentalists and society in general, winning many awards such as the European Car of the Year 2011 and the 2011 World Car of the Year.

GLOBAL RETAIL SALES VOLUME



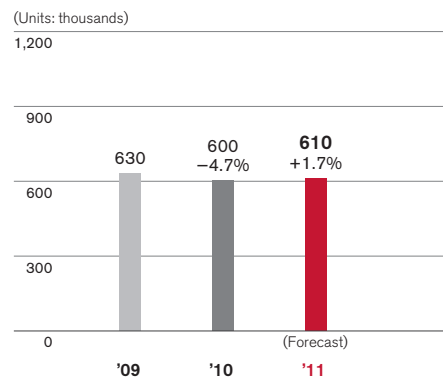
Japan

In Japan, Nissan's sales decreased 4.7% to 600,000 units, but market share increased 0.1% to 13.0%. In Japan, Nissan launched the new small SUV Juke in June 2010, the Serena in November 2010 and the Moco minicar in February 2011, all of which recorded good sales.



Serena

RETAIL SALES IN JAPAN



North America

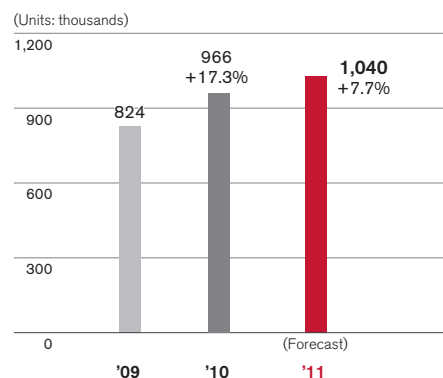
In North America, Nissan's total sales volume increased 16.6% to 1,245,000 units.

In the United States, sales volume increased by 17.3% to 966,000 units, and market share grew from 7.6% to 8.0%. For the fourth quarter of fiscal 2010 alone, sales volume in the United States increased 25.0% to 285,000, and market share reached 9.3%, a historical high for Nissan.



Quest

RETAIL SALES IN UNITED STATES



Sales in Mexico increased 20.2% to 195,000 units and sales in Canada increased 3.5% to 83,300 units.

Fuel-efficient models like the Rogue, Sentra and Altima contributed to sales in North America.

In the United States, the company launched the QX in June 2010, Nissan LEAF in December 2010, Quest in January 2011, and Murano CrossCabriolet and NV series in March 2011.

Europe

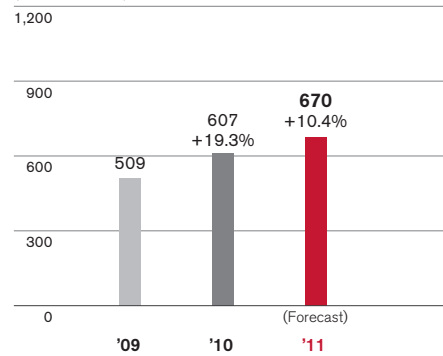
In Europe, Nissan's sales increased 19.3% to 607,000 units though the TIV decreased 0.5% in fiscal 2010. As a result, Nissan's market share reached 3.3%. Sales in Russia increased 84.9% to 102,500 units. Sales in Western Europe increased 10.6% due mainly to the Qashqai and the Juke, which was newly launched in September.



Juke

RETAIL SALES IN EUROPE

(Units: thousands)



China

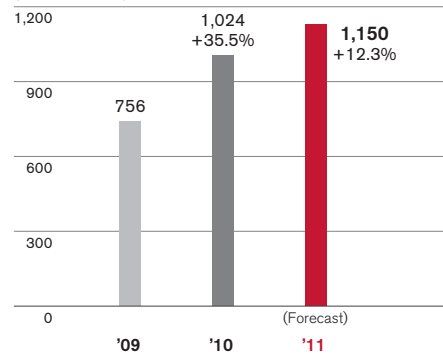
In China, Nissan sales volume grew 35.5% to 1,024,000 units, outperforming TIV growth of 31.6%, and Nissan's market share improved to 6.2%. Teana, Sylphy and Qashqai contributed to strong sales in China in fiscal 2010.



Sylphy

RETAIL SALES IN CHINA

(Units: thousands)



Other Markets

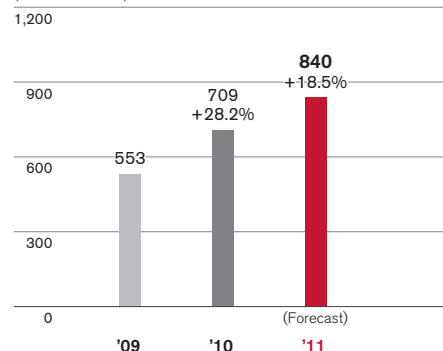
In other markets, sales increased 28.2% to 709,000 units. Sales in Latin America increased 65.7% to 169,000 units. Sales in Thailand increased 87.6% to 64,900 units and sales in Indonesia also increased 65.4% to 42,600 units. March/Micra sales in Thailand and India contributed to sales in other markets.



March/Micra

RETAIL SALES IN OTHER MARKETS

(Units: thousands)



Fiscal 2011 Overview

The company expects global sales to reach 4,600,000 units, an increase of 9.9% from the prior year. The assumption for global TIV is 76 million units. The company's market share is expected to rise 0.3 points to 6.1%.

In Japan, Nissan plans to sell 610,000 units in fiscal 2011, an increase of 1.7% from fiscal 2010. The Lafesta Highway STAR, which was launched in June, will contribute to sales in Japan.

In North America, Nissan assumes 6.8% growth in sales volume from the previous year, and 7.7% sales volume growth is expected in United States. We plan to launch new Infiniti model in the United States.

In Europe, Nissan plans for 10.4% sales volume growth though we assume 2.7% volume increase in TIV. Front-wheel and rear-wheel drive NV400 series will be launched in Europe.

In China, Nissan will get 12.3% sales volume growth though TIV growth is 9.4%. We will be able to increase market share in fiscal 2011.

Nissan plans to grow significantly by 18.5% in other regions.

(All figures are based on the forecast as of June 23, 2011.)



Lafesta Highway STAR



NV400



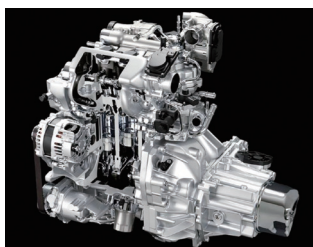
Tiida

New Technologies

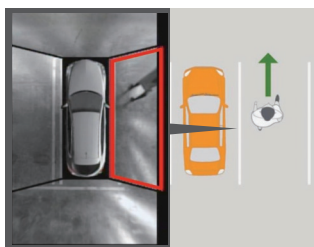
In fiscal 2011, we will introduce many new technologies.

- A new 3-cylinder downsized direct-injection engine equipped with a supercharger delivers the world's top-level fuel efficiency among gasoline-powered cars.
- Around View Monitor, which is well received by the market, is now enhanced to detect moving objects and notify the driver.
- A new technology named Back-up Collision Intervention assists when you are backing up the car by activating a brake when another vehicle gets in your way.
- An engine we jointly developed with Renault enjoys class-leading fuel economy and dynamic performance.

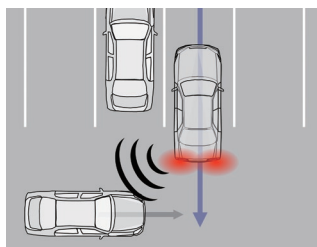
We are introducing a large number of innovative technologies and products.



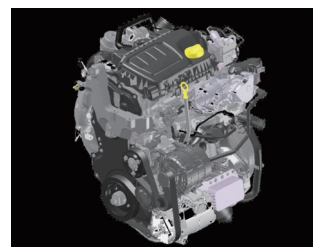
New 3-cylinder engine



Moving Object Detection



Back-up Collision Intervention



New diesel engine

Fiscal 2010 Financial Performance

Net sales

For fiscal year 2010, consolidated net revenues increased 16.7%, to ¥8.773 trillion, which reflected sales volume increase in spite of the strong yen.

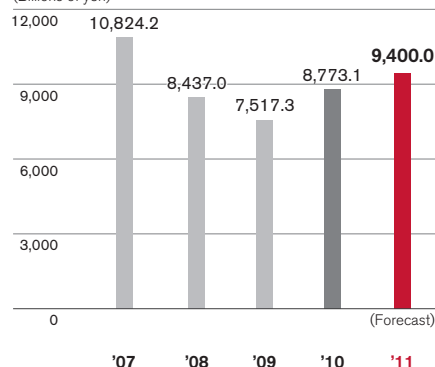
Operating profit

Consolidated operating profit totaled ¥537.5 billion, which was improved 72.5% from last year. In comparison to last year's consolidated operating profit, the variance was due to the following factors:

- Foreign exchange rate movements resulted in a ¥147.5 billion negative impact. By currency, the majority of this variance was due to the impact of the U.S. dollar at ¥117.3 billion, the Russian ruble at ¥17.7 billion and the Canadian dollar at ¥1.8 billion.
- Net purchasing cost reduction efforts were a positive ¥105.8 billion. This included the negative impact from the increase in raw material and energy cost by ¥85.2 billion.
- Volume and mix was a positive ¥433.1 billion due to the increase in global sales volume.
- The increase in marketing and sales expenses was a negative ¥191.5 billion. This mainly came from the sales incentive increase related to sales volume increase.
- R&D costs increased ¥18.5 billion.
- Sales financing contributed a positive ¥29.5 billion. This was due mainly to improved borrowing costs across the globe and lower credit loss ratio compared to fiscal year 2009.
- The remaining variance was a positive ¥15 billion, due mainly to the increase in profit from affiliated companies.

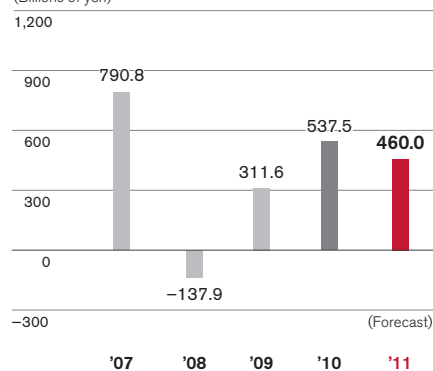
NET SALES

(Billions of yen)



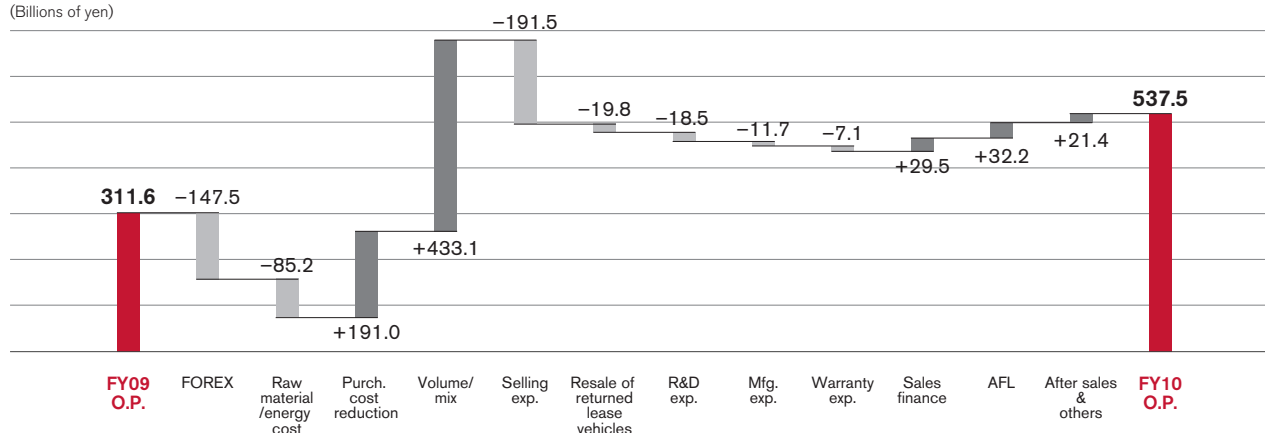
OPERATING PROFIT

(Billions of yen)



IMPACT ON OPERATING PROFIT

(Billions of yen)



Net income

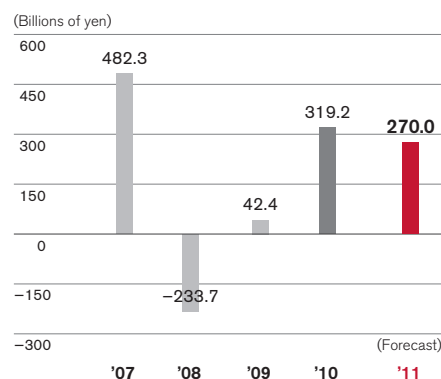
Net non-operating profit improved ¥104.2 billion from negative ¥103.9 billion to ¥0.3 billion in fiscal 2010. The positive impact came from the equity in earnings of affiliates by ¥93.6 billion, from negative ¥50.6 billion to positive ¥43.0 billion in fiscal 2010. As a result, ordinary profit totaled ¥537.8 billion, which was improved by ¥330.1 billion from ¥207.7 billion in fiscal 2009.

Net extraordinary losses totaled ¥57.7 billion, an improvement of ¥8.4 billion from the previous year's loss of ¥66.1 billion. This improvement was due mainly to the positive impacts such as sales/disposal of fixed assets (an increase of ¥16.8 billion), impairment loss on fixed assets (a decrease of ¥24.8 billion) and special addition to retirement benefits (a decrease of ¥11.1 billion), despite the negative impact of ¥39.6 billion from the earthquake impact in fiscal 2010.

Taxes totaled ¥132.1 billion, an increase of ¥40.6 billion from fiscal 2009. Minority interests had a negative contribution of ¥28.8 billion in fiscal 2010.

Net income reached ¥319.2 billion, an increase of ¥276.8 billion from fiscal 2009.

NET INCOME



Financial Position

Balance sheet

Current assets increased by 13.7% to ¥6,345.8 billion compared to March 31, 2010. This was mainly due to increases in cash on hand and in banks by ¥196.4 billion, sales finance receivables by ¥101 billion, securities by ¥107.4 billion and merchandise and finished goods by ¥100.6 billion.

Fixed assets decreased by 5.3% to ¥4,390.9 billion compared to March 31, 2010. This was mainly due to the decrease in machinery, equipment and vehicles, which was a net of ¥139.5 billion.

As a result, total assets increased by 5.1% to ¥10,736.7 billion compared to March 31, 2010.

Current liabilities increased by 13.6% to ¥4,380.5 billion compared to March 31, 2010. This was mainly due to increases in trade notes and accounts payable by ¥180.2 billion, short-term borrowing by ¥243.7 billion and current portion of long-term borrowings by ¥238.3 billion, offsetting the decrease of current portion of bonds by ¥319.9 billion. Long-term liabilities decreased by 7.8% to ¥3,082.4 billion compared to March 31, 2010. This was mainly due to a decrease in long-term borrowing by ¥369.5 billion.

Net assets increased by 8.6% to ¥3,273.8 billion, compared to ¥3,015.1 billion as of March 31, 2010. This was mainly due to net income of ¥319.2 billion and a negative change in translation adjustments by ¥173.1 billion.

Free cash flow and net debt (auto business)

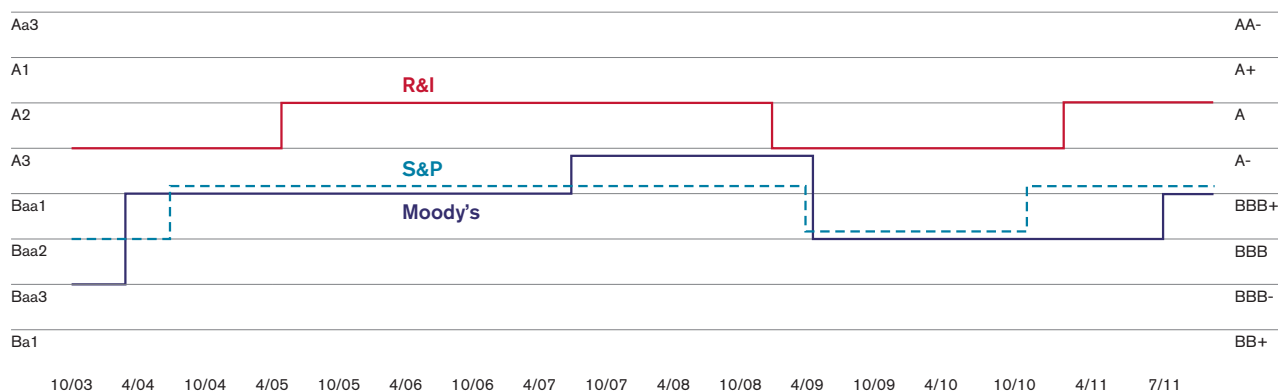
For fiscal year 2010, Nissan achieved a positive free cash flow of ¥459.3 billion. At the end of fiscal year 2010, our net automotive debt improved significantly from last year to a net cash of ¥293.3. The debt structure has also improved, since the company reduced its reliance on short-term borrowing.

We continue to maintain a close focus on our inventory of new vehicles. Inventory stood at 610,000 units at the end of fiscal 2010. The company continues to manage inventory carefully, in order to limit its impact on free cash flow.

Credit rating

Nissan's long-term credit rating with R&I is A with a stable outlook. S&P's long-term credit rating for Nissan is BBB+ with a stable outlook. Nissan's rating with Moody's is Baa1 with a positive outlook.

CORPORATE RATINGS



Sales finance

Due to the increase in retail sales, total financial assets of the sales finance segment increased by 1.3% to ¥4,414.3 billion from ¥4,355.9 billion in fiscal 2010. The sales finance segment generated ¥100.4 billion in operating profits in fiscal 2010, up from ¥77.5 billion in fiscal 2009. The improvement in profitability was due to improved borrowing rates and lower credit loss ratio compared to the prior year.

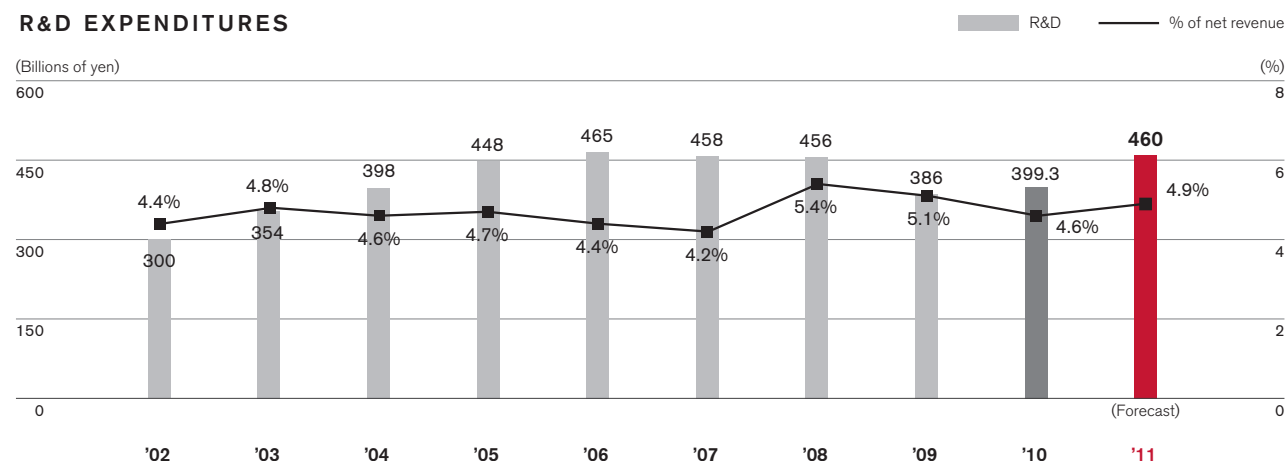
Investment policy

Capital expenditures totaled ¥312 billion, which was 3.6% of net revenue. Despite the economic crisis, the company used capital expenditures in order to ensure Nissan's future competitiveness. For fiscal year 2010, the company invested committed to strategic initiatives, such as the zero-emission Nissan LEAF electric vehicle and the V-platform Global Compact Car.

R&D expenditures totaled ¥399.3 billion. These funds were used to develop new technologies and products. One of the company's strengths is its extensive collaboration and development structure with Renault's R&D team, resulting from the Alliance.

Nissan plans more than 90 new advanced technologies, averaging 15 per year during our mid-term plan, by 2016.

R&D EXPENDITURES



Dividend

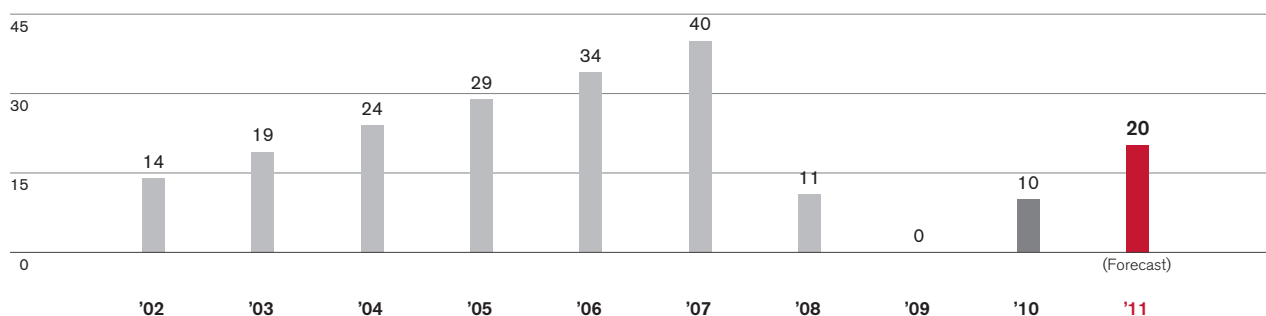
Nissan's strategic actions reflect not only its long-term vision as a global company that creates sustainable value but also show the company's commitment to maximizing total shareholder return. Based on the current state of the industry and weighing in the risks and opportunities for this year, Nissan reinstated dividend payments for fiscal year 2010 at ¥10 for the full year (¥5 for the interim and ¥5 at year-end).

Nissan plans to increase the fiscal 2011 dividend to ¥20 for the full year. Beyond fiscal 2011 and over the mid-term plan, our dividend policy will target a minimum payout ratio of 25% of net income.

DIVIDEND

(Dividend per share, in yen)

60



Fiscal 2011 Outlook

In light of the outlook for fiscal 2011, the company filed its forecast with the Tokyo Stock Exchange on June 23. Assumptions included retail unit sales of 4,600,000 units, which is an increase of 9.9% from the prior year, and foreign exchange rates of ¥80 to the dollar and ¥115 to the euro.

- Net revenues are expected to be ¥9,400 billion.
- Operating income is expected to be ¥460 billion.
- Net income is forecasted to be ¥270 billion.
- R&D expenses will amount to ¥460 billion.
- Capital expenditures are expected to be ¥410 billion.

The evolution in operating profit, compared to the fiscal 2010 results, is mainly linked to seven key factors:

- The unfavorable foreign exchange is expected to be a negative ¥135 billion.
- The increase in raw material and energy costs is expected to be a negative ¥155 billion.
- Marketing and Sales expenses are expected to be a negative ¥112 billion due to normalization of fixed expenses, such as advertising costs and the rise in incentives as volume increases.
- R&D expense is expected to increase as a negative impact of ¥62 billion.
- Purchasing cost reduction is expected to be a positive ¥200 billion.
- Volume and mix should be a positive of ¥190 billion due to the anticipated increase in sales volume.
- Others are a negative ¥3.5 billion, including several items.

In fiscal 2010, risks include raw material price hikes, global economic growth slowdown and electricity shortage in Japan. Opportunities include emerging market sales, Alliance synergies, and the mid-term plan.

(All figures for fiscal 2011 are forecasts, as of June 23, 2011.)

Consolidated Balance Sheets

(Millions of yen)

	Prior Fiscal Year <i>As of March 31, 2010</i>	Current Fiscal Year <i>As of March 31, 2011</i>
Assets		
Current assets		
Cash on hand and in banks	802,410	998,822
Trade notes and accounts receivable	641,154	738,950
Sales finance receivables	2,645,853	2,746,836
Securities	50,641	158,012
Merchandise and finished goods	540,407	641,055
Work in process	127,190	139,529
Raw materials and supplies	134,681	201,649
Deferred tax assets	229,093	283,789
Other	500,434	519,148
Allowance for doubtful accounts	(91,453)	(81,955)
Total current assets	5,580,410	6,345,835
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	679,829	645,414
Machinery, equipment and vehicles, net	1,980,991	1,841,480
Land	675,029	659,985
Construction in progress	125,792	98,663
Other, net	396,488	391,500
Total property, plant and equipment	3,858,129	3,637,042
Intangible fixed assets	143,911	133,769
Investments and other assets		
Investment securities	268,755	381,549
Long-term loans receivable	11,125	17,147
Deferred tax assets	133,666	69,711
Other	223,696	155,993
Allowance for doubtful accounts	(4,872)	(4,353)
Total investments and other assets	632,370	620,047
Total fixed assets	4,634,410	4,390,858
Total assets	10,214,820	10,736,693

Consolidated Balance Sheets

(Millions of yen)

	Prior Fiscal Year <i>As of March 31, 2010</i>	Current Fiscal Year <i>As of March 31, 2011</i>
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,001,287	1,181,469
Short-term borrowings	349,427	593,095
Current portion of long-term borrowings	695,655	933,976
Commercial papers	174,393	256,601
Current portion of bonds	407,130	87,280
Lease obligations	64,984	77,598
Accrued expenses	523,444	580,350
Deferred tax liabilities	114	116
Accrued warranty costs	76,816	85,688
Accrual for loss on disaster	—	12,128
Other	563,608	572,244
Total current liabilities	3,856,858	4,380,545
Long-term liabilities		
Bonds	507,142	640,850
Long-term borrowings	1,791,983	1,422,478
Lease obligations	86,552	67,135
Deferred tax liabilities	445,299	463,347
Accrued warranty costs	102,516	98,668
Accrued retirement benefits	175,638	182,155
Accrued directors' retirement benefits	1,303	914
Other	232,424	206,818
Total long-term liabilities	3,342,857	3,082,365
Total liabilities	7,199,715	7,462,910
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	804,470	804,470
Retained earnings	2,456,523	2,733,253
Treasury stock	(267,841)	(162,024)
Total shareholders' equity	3,598,966	3,981,513
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	1,045	20,862
Unrealized gain and loss from hedging instruments	(4,012)	1,904
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(13,945)
Unfunded retirement benefit obligation of foreign subsidiaries	1,115	—
Translation adjustments	(875,818)	(1,048,919)
Total accumulated other comprehensive income	(891,615)	(1,040,098)
Share subscription rights	2,387	2,415
Minority interests	305,367	329,953
Total net assets	3,015,105	3,273,783
Total liabilities and net assets	10,214,820	10,736,693

Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year From April 1, 2009 To March 31, 2010	Current Fiscal Year From April 1, 2010 To March 31, 2011
Net sales	7,517,277	8,773,093
Cost of sales	6,146,219	7,155,100
Gross profit	1,371,058	1,617,993
Selling, general and administrative expenses		
Advertising expenses	158,451	187,490
Service costs	63,031	52,865
Provision for warranty costs	81,764	93,842
Other selling expenses	87,378	118,304
Salaries and wages	337,872	333,824
Retirement benefit expenses	28,223	21,906
Supplies	5,177	6,369
Depreciation and amortization	65,289	56,860
Provision for doubtful accounts	45,984	21,425
Amortization of goodwill	6,221	5,786
Other	180,059	181,855
Total selling, general and administrative expenses	1,059,449	1,080,526
Operating income	311,609	537,467
Non-operating income		
Interest income	12,805	14,551
Dividends income	2,963	1,045
Equity in earnings of affiliates	—	43,022
Derivative income	—	14,102
Miscellaneous income	13,358	13,883
Total non-operating income	29,126	86,603
Non-operating expenses		
Interest expense	28,995	28,357
Equity in losses of affiliates	50,587	—
Amortization of net retirement benefit obligation at transition	10,905	10,671
Exchange loss	10,554	28,854
Derivative loss	11,251	—
Miscellaneous expenses	20,696	18,374
Total non-operating expenses	132,988	86,256
Ordinary income	207,747	537,814
Special gains		
Gain on sales of fixed assets	8,473	18,571
Gain on sales of investment securities	3,080	2,458
Gain on dilution resulting from restructuring of domestic dealers	3,921	—
Other	5,078	6,960
Total special gains	20,552	27,989
Special losses		
Loss on sale of fixed assets	2,469	4,164
Loss on disposal of fixed assets	17,439	8,957
Impairment loss	35,682	10,891
Write-down of investments and receivables	5,783	2,350
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	3,808
Loss on disaster	—	39,605
Special addition to retirement benefits	18,344	7,200
Other	6,962	8,687
Total special losses	86,679	85,662
Income before income taxes and minority interests	141,620	480,141
Income taxes-current	112,825	90,223
Income taxes-deferred	(21,285)	41,904
Total income taxes	91,540	132,127
Income before minority interests	—	348,014
Income attributable to minority interests	7,690	28,793
Net income	42,390	319,221

Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Fiscal Year <i>From April 1, 2009 To March 31, 2010</i>	Current Fiscal Year <i>From April 1, 2010 To March 31, 2011</i>
Cash flows from operating activities		
Income before income taxes and minority interests	141,620	480,141
Depreciation and amortization (for fixed assets excluding leased vehicles)	397,553	404,673
Depreciation and amortization (for other assets)	21,086	19,554
Depreciation and amortization (for leased vehicles)	242,375	208,221
Impairment loss	35,682	10,891
Loss on disaster	—	19,785
Increase (decrease) in allowance for doubtful receivables	(4,818)	(3,032)
Unrealized loss on investments	5,252	—
Provision for residual value risk of leased vehicles (net changes)	(31,594)	(14,291)
Interest and dividend income	(15,768)	(15,596)
Interest expense	108,179	80,933
Loss (gain) on sales of fixed assets	(6,004)	(14,407)
Loss on disposal of fixed assets	17,439	8,957
Loss (gain) on sales of investment securities	(2,092)	(2,422)
Loss (gain) on dilution resulting from restructuring of domestic dealers	(3,921)	—
Decrease (increase) in trade notes and accounts receivable	(196,302)	(131,116)
Decrease (increase) in sales finance receivables	5,079	(319,874)
Decrease (increase) in inventories	(16,425)	(208,924)
Increase (decrease) in trade notes and accounts payable	461,428	329,918
Amortization of net retirement benefit obligation at transition	10,905	10,671
Retirement benefit expenses	63,683	53,668
Retirement benefit payments made against related accrual	(83,917)	(33,675)
Other	92,673	(7,826)
Subtotal	1,242,113	876,249
Interest and dividends received	16,126	13,625
Interest paid	(107,529)	(81,641)
Income taxes (paid) refund	26,516	(140,731)
Net cash provided by operating activities	1,177,226	667,502
Cash flows from investing activities		
Net decrease (increase) in short-term investments	(77,979)	82,847
Purchases of fixed assets	(275,740)	(281,952)
Proceeds from sales of fixed assets	49,791	59,120
Purchase of leased vehicles	(498,933)	(601,702)
Proceeds from sales of leased vehicles	367,669	335,727
Payments of long-term loans receivable	(12,885)	(29,343)
Collection of long-term loans receivable	16,609	13,251
Purchase of investment securities	(19,104)	(12,221)
Proceeds from sales of investment securities	3,307	1,846
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	7,922	—
Net decrease (increase) in restricted cash	—	90,074
Other	(57,189)	11,235
Net cash used in investing activities	(496,532)	(331,118)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(773,286)	360,057
Proceeds from long-term borrowings	847,540	724,529
Proceeds from issuance of bonds	316,414	233,087
Repayment of long-term borrowings	(751,393)	(705,607)
Redemption of bonds	(216,936)	(394,147)
Proceeds from minority shareholders	1,937	4,116
Purchase of treasury stock	(54)	(13)
Repayment of lease obligations	(85,424)	(87,401)
Cash dividends paid	—	(20,922)
Cash dividends paid to minority shareholders	(2,787)	(3,124)
Net cash used in financing activities	(663,989)	110,575
Effects of exchange rate changes on cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	(2,239)	(60,315)
Cash and cash equivalents at beginning of the period	746,912	761,495
Increase due to inclusion in consolidation	149	5,314
Decrease due to exclusion from consolidation	(32)	—
Cash and cash equivalents at end of the period	761,495	1,153,453

Board of Directors and Auditors

Representative Board Members

Carlos Ghosn

President and Chairman

Toshiyuki Shiga**Hiroto Saikawa**

Board Members

Colin Dodge**Mitsuhiko Yamashita****Hidetoshi Imazu****Carlos Tavares****Jean-Baptiste Duzan****Katsumi Nakamura**

Auditors

Masahiko Aoki**Toshiyuki Nakamura****Mikio Nakura****Takemoto Ohto**

(As of June 29, 2011)

Executive Committee Members



Carlos Ghosn



Toshiyuki Shiga



Hiroto Saikawa



Colin Dodge



Mitsuhiko Yamashita



Hidetoshi Imazu



Andy Palmer



Joseph G. Peter



Takao Katagiri

Corporate Officers

President and Chief Executive Officer

Carlos Ghosn*

Chief Operating Officer

Toshiyuki Shiga*

External and Government Affairs
Intellectual Asset Management
Design
Corporate Governance
Global Internal Audit

Executive Vice Presidents

Hiroto Saikawa*

Region: Japan, Asia
Purchasing

Colin Dodge*

Region: AMIE (Africa, Middle East, India, Europe)
Region: Americas

Mitsuhiko Yamashita*

Research and Development
TCSX (Total Customer Satisfaction Function)

Hidetoshi Imazu*

Manufacturing and SCM

Andy Palmer*

Global Product Planning
Global Program Management
Global Market Intelligence
Global IS
Global Infiniti Business Unit
Global Marketing Communications
Global Corporate Planning (Incl. OEM Business)

Joseph G. Peter*

Finance
Control
IR
M&A Support
Global Sales Finance Business Unit

Takao Katagiri*

Global Sales
Global Aftersales
Global LCV Business Unit
Global Zero Emission Business Unit
Global Battery Business Unit
Global Strategic Price Entry Vehicle Business Unit
Japan Marketing & Sales

Senior Vice Presidents

Shiro Nakamura

Hitoshi Kawaguchi

Minoru Shinohara

Kazumasa Katoh

Atsushi Shizuta

Yasuhiro Yamauchi

Shigeaki Kato

Greg Kelly

Masaaki Nishizawa

Akira Sakurai

Corporate Vice Presidents

Asako Hoshino

Akira Sato

Shoichi Miyatani

Celso Guiotoko

Thomas Lane

Gilles Normand

Joji Tagawa

Toshifumi Hirai

Atsushi Hirose

Hideyuki Sakamoto

Shunichi Toyomasu

Tsuyoshi Yamaguchi

Makoto Yoshimoto

Takao Asami

Vincent Cobee

Shohei Kimura

John Martin

Hideto Murakami

Shuichi Nishimura

Toru Saito

Yusuke Takahashi

Hiroshi Karube

Toshiaki Otani

Hideaki Watanabe

Simon Sproule

Motohiro Matsumura

Norio Ota

Rakesh Kochhar

Fellows

Kimio Tomita

Haruyoshi Kumura

(As of June 29, 2011)

* Executive Committee Members

Maintaining Trust Through Transparency

Corporate governance is one of the important responsibilities of the Company's management, and its most important role is to clarify the duties and responsibilities of the members of the management team. At the Company, 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.

Internal Control Systems and Compliance

Internal Control Systems for Fair, Transparent Business

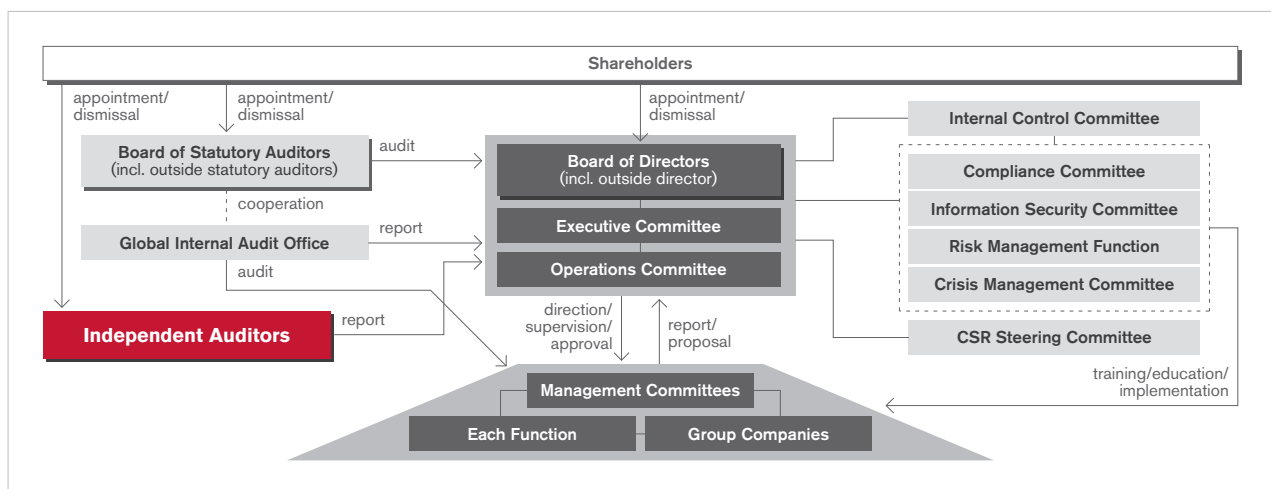
Nissan places high value on transparency, both internally and externally, in its corporate management. We focus consistently on the implementation of efficient management for the purpose of achieving clear and quantifiable commitments. In line with this principle, and in accordance with Japan's Company Law and its related regulations, the Board of Directors has decided on the Internal Control Systems to pursue these goals and on its own basic policy. The board continually monitors the implementation status of these systems and the policy, making adjustments and improvements as necessary. One board member has also been assigned to oversee the Internal Control Systems as a whole.

Nissan has adopted a system under which the Board of Statutory Auditors oversees the Board of Directors. The Statutory Auditors attend board and other key meetings, and also carry out interviews with board members to audit their activities. The Statutory Auditors regularly receive reports on the results of inspections and plans for future audits from independent accounting auditors, as well as exchange information to confirm these reports. The Statutory Auditors also receive regular reports from the Global Internal Audit Office, making use of this information for their own audits.

A Legal Framework Supporting Ethical Business Activities

Nissan's CSR approach is founded on compliance. We produced the Nissan Global Code of Conduct in 2001, outlining a set of guidelines for all employees of the Nissan Group worldwide. In addition, three regional Compliance Committees have been established as supports to a global system for preventing incidents of illegal and unethical behavior. The committees work together to maintain and promote our high compliance standards.

NISSAN'S INTERNAL GOVERNANCE SYSTEM



Global Educational Activities to Promote Compliance

As a means of fostering compliance awareness throughout the company, Nissan has established groups and placed officers in charge of promoting compliance policy in each region where it operates. We place special emphasis on education to ensure that all employees have a correct understanding of the Code of Conduct and, as a result, make fair, transparent judgments in the course of their duties.

To ensure full understanding of the code in Japan, all employees, including executives, take an e-learning or video training course based on the Japanese version of the Nissan Code of Conduct—“Our Promises,” instituted in April 2004—after which they sign an agreement to abide by it. We revised parts of the code in 2010 in response to legal amendments and have been retraining our employees since fiscal 2010 to further strengthen the spirit of compliance within the company.

Education programs to promote compliance are held regularly for all employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. Compliance-related training is also being carried out in the General Overseas Markets based on guidelines that take into account conditions in each of those countries. Moreover, all Group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct.

Additionally, we have created sets of internal regulations covering the global prevention of insider trading and the management of personal information. Nissan seeks to heighten awareness of compliance companywide through such measures as well as various education and training programs.

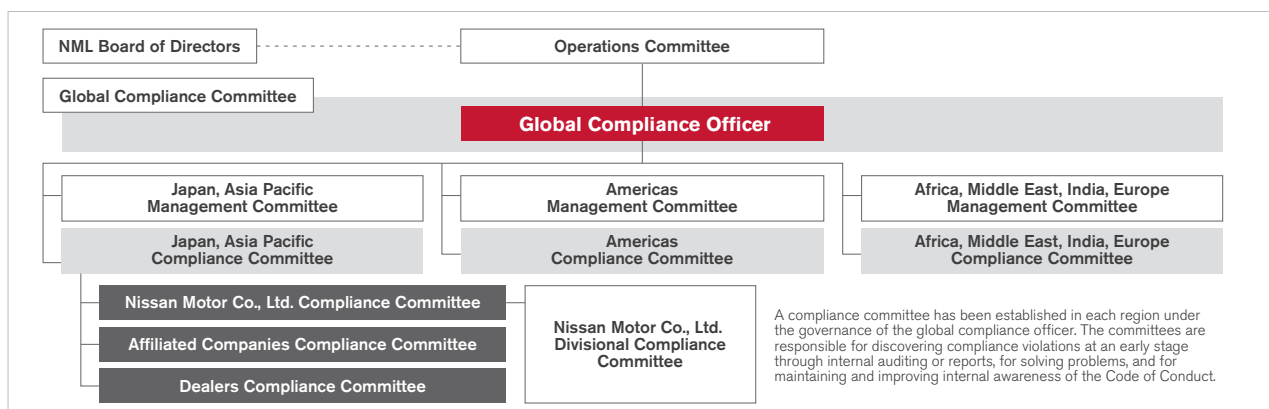
Our Stance Against Discrimination and Harassment

Item 6 of Nissan’s Global Code of Conduct, “Value Diversity and Provide Equal Opportunity,” is our requirement to accept, value and respect the diversity to be found among our employees, business partners, customers and communities where we do business, and to reject discrimination and harassment in all their forms, no matter how minor they may be. Nissan executives and employees must respect the human rights of others, and may not discriminate against nor harass others based on race, nationality, gender, religion, physical capability, age, place of origin or other reason; nor may they allow such a situation to go unchecked if discovered. We also work to ensure that all employees, both male and female, can work in an environment free from sexual and other forms of harassment.

Internal Reporting System for Corporate Soundness

Nissan employs the Easy Voice System to promote the spirit of compliance among employees and facilitate sound business practices. This internal reporting mechanism allows employees to submit opinions, questions or requests to the company. It has played an instrumental role in creating a self-managed, compliance-oriented corporate culture. This system, which offers full protection to any persons offering information in accordance with Japan’s Whistleblower Protection Act of April 2006, has been put in place in all Nissan Group companies in Japan. Similar systems have been put in place in other Nissan Group companies worldwide.

FISCAL 2011 GLOBAL COMPLIANCE COMMITTEE ORGANIZATION



Efficient, Independent Internal Audits

Nissan has established a global internal audit unit, an independent Department under the direct control of the Chief Operating Officer (COO), to handle internal auditing tasks. Under control of the Chief Internal Audit Officer (CIAO), audit teams set up in each region carry out efficient and effective auditing of Nissan’s activities on a group wide and global basis. Audits are implemented based on an audit plan approved by the Operations Committee and the results are reported to the COO and other related parties. Additionally, the audit plan and the results are also reported to Statutory Auditors on a regular basis.

Ensuring Personal Information Protection and Reinforcing Information Security

Aware of our social responsibility to properly handle customers' personal information, Nissan has set up internal systems, rules and procedures for handling personal data in full compliance with Japan's Personal Information Protection Act. All companies in Japan associated with Nissan are taking similar steps. Moreover, Nissan shares with Group companies worldwide its Information Security Policy as its basis to reinforce overall information security. We have also established an Information Security Committee, which implements measures as necessary to further strengthen information security to prevent information leaks and other such incidents. Furthermore, we regularly carry out various inhouse programs to thoroughly educate and motivate employees to uphold their responsibilities in this regard.

The Principle and Approach to Corporate Risk Management

For Nissan, the term *risk* refers to any factor that may prevent the Nissan Group from achieving its business objectives. By detecting risk as early as possible, examining it, planning the necessary measures to address it and implementing those measures, we work to minimize the materialization of risk and the impact of damage if it is realized. Risk management must be a real-world activity closely linked at all times with concrete measures. Based on its Global Risk Management Policy, Nissan carries out activities on a comprehensive, group wide basis.

In order to respond swiftly to changes in its business environment, Nissan set up the department in charge of risk management, which carries out annual interviews of corporate officers, carefully investigates various potential risks, evaluate impact, frequency and control level and revises the Corporate Risk Map. An executive-level committee makes decisions on corporate risks that should be handled at the corporate level and designates "risk owners" to manage the risk. Under the leadership of these owners, appropriate countermeasures are developed and implemented. Additionally, the board member in charge of internal controls (currently, the COO) regularly reports to the Board of Directors on progress being made.

With respect to individual business risks, each division is responsible for taking the preventive measures necessary to minimize the frequency of risk and its impact when realized as their own business activities. The divisions also prepare emergency measures to put in place when risk factors do materialize. Nissan Group companies in Japan and overseas are strengthening communication and sharing basic processes and tools for risk management, as well as related information, throughout the Group.

Additionally, a "Corporate Risk Management" website was launched on Nissan's intranet in 2009, which puts out risk management information to Nissan employees in regions including the United States and Europe and major subsidiaries in Japan.

Nissan continuously carries out measures including anti-seismic reinforcement of facilities, improvement of its business continuity plan (BCP) and simulation training. These measures helped us minimize physical damage of our facilities and smoothly start up the Global Disaster Control Headquarters following the March 11, 2011 earthquake in Japan. We constantly shared up-to-date information through the headquarters, conducting consistent actions throughout the company, thus helping the effective recovery of our value chain from suppliers to dealers. Furthermore, we are addressing the issue of how to manage the electricity shortages expected this summer and we aim to achieve both power saving and business continuity.

Risk Management Measures & Actions

1. Risks Related to Financial Market

1) Liquidity

Automotive

Liquidity risk is one of the major risks facing any business and the 2008–9 global credit crisis has heightened the importance of managing this risk. Nissan recognizes this risk and has put in place several countermeasures to manage this risk.

Automotive business must have adequate liquidity to provide for working capital needs of day-to-day normal operations, capital investment needs for future expansion and repayment of maturing debt. Liquidity can be secured through internal cash and cash equivalents or external borrowings. As of the end of fiscal year 2010 (March 31, 2011), Nissan's automotive business had ¥1,132.5 billion of cash and cash equivalents (compared with ¥746.5 billion as of March 31, 2010). Additionally, we had approximately ¥465.8 billion of committed lines available for drawing. As for external borrowings, Nissan raises financing through several sources including bonds issuance in capital markets, long- and short-term loans from banks, short-term commercial paper issuance and committed credit lines from banks.

Nissan has a liquidity risk management policy which is intended to ensure adequate liquidity for the business while at same time ensuring we mitigate liquidity risks such as unmanageable bunched maturities of debt. Target liquidity is defined objectively considering several factors including debt maturity, upcoming mandatory payments (such as dividends, investments, taxes) and peak operating cash needs. We also benchmark our liquidity targets with other major Japanese corporations and global auto companies to ensure we are reasonable in our assumptions.

Sales finance

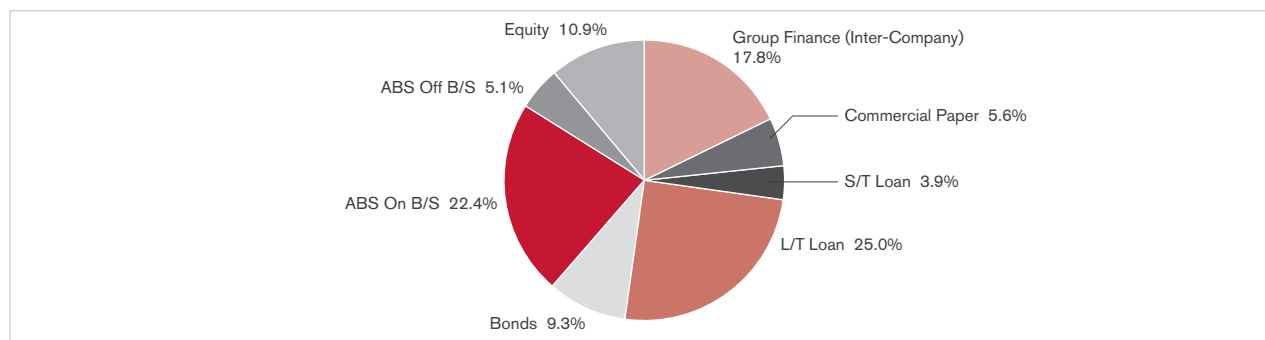
Nissan operates captive sales finance companies in Japan, United States, Canada, Mexico, China, Australia and Thailand. In these countries, banks and other financial institutions are also involved in providing financing solutions to Nissan's customers and dealers. Additionally, in Europe and other regions, RCI Banque and several other banks/financial institutions are providing financing to Nissan's customers and dealers. We monitor liquidity of sales finance companies on an ongoing basis to ensure we have adequate liquidity to meet maturing debt and continue operations. As a policy, we target to match maturity of liabilities with maturity of assets wherever possible. In some of the countries where we operate, long-term capital markets are not developed and thus it is not always possible to be perfectly match-funded. Match funding policy allows us to meet maturing debt obligations even in an environment in which we cannot raise additional debt due to the state of capital markets.

In addition to match funding, we manage liquidity risk at sales financing through several measures including keeping adequate liquidity in form of cash and unutilized committed lines, unencumbered assets (mainly vehicle loans and leases), liquidity support from auto operations to the extent we have excess cash in auto operations, diversified funding sources and geographical diversification of capital markets' access. As of March 31, 2011, sales finance companies' liquidity (cash and unutilized committed lines) was approximately ¥474 billion. Additionally, we have a healthy mix of secured (39%) and unsecured (61%) funding sources which ensure a stronger balance sheet and incremental liquidity through utilization of unencumbered assets.

The pie chart below describes our diversified funding sources in sales finance business. During fiscal year 2010, we were able to raise new financings through bank loans, asset securitization, asset-backed commercial paper, commercial paper and bonds reflecting our diversified access to financing instruments.

SALES FINANCE BUSINESS FUNDING SOURCES

(As of March, 2011)



2) Financial Market

Nissan is exposed to various financial market related risks, such as foreign exchange, interest rates and commodity prices. It is general policy of Nissan not to use derivative products as a primary tool to manage foreign exchange and commodity price risks, as it will not provide a permanent solution to mitigate the risks. In exceptional cases, Nissan does hedge select foreign exchange and commodity price risks. Nissan is taking the following measures to minimize financial market risks.

Foreign exchange

As a company engaged in export activities, Nissan is faced with various foreign currency exposures which results from currency of input cost being different from currency of sale to customer. In order to minimize foreign exchange risk on a more permanent basis, Nissan is working to reduce foreign currency exposure by such measures as shifting production overseas, and procurement of raw material and parts in foreign currencies. In the short term, Nissan may hedge risks in foreign exchange volatility within a certain range by using derivative products in accordance with the Company's "Policies and Procedures for Risk Management and Authority Regarding Derivative Transactions".

Interest rate

The interest rate risk management policy is based on two principles: long-term investments and permanent portion of working capital are financed at fixed interest rates while non-permanent portion of working capital and liquidity reserves are built at floating rates.

Commodity

Nissan purchases most of the raw materials in the form of parts provided by the suppliers, while certain raw materials are purchased directly. Therefore, risk of price fluctuation of the raw materials appears as the fluctuation of the price of the parts paid to the suppliers.

In that context, because Nissan reflects the fluctuation of the prices of the raw materials based on market-oriented price revision rules, Nissan is exposed to the price fluctuation risks of raw materials, no matter whether it is purchased directly or indirectly. For precious metals, which are used in catalysts, Nissan is making continuous efforts to reduce its usage by technological innovation, in order to minimize commodity risk. In the short term, Nissan manages commodity price volatility exposure through use of fixed rate purchase contracts where commodity price is fixed for a period of time and also Nissan may hedge risks in commodity price volatility within a certain range by use of derivative products in accordance with the Company's "Policies and Procedures for Risk Management and Authority Regarding Derivative Transactions".

3) Sales Finance

Interest rate risk management

The Sales financing business is exposed to interest rate risks. Interest rate risk is defined as the potential variance in the earnings of an entity or the fair value of the portfolio that would result from a fluctuation in the general level of market interest rates where funds with differing fixed-rate periods or differing terms are financed and invested.

Nissan measures the risks by using the sensitivity analysis with various interest rate scenarios and determines the risk tolerance level. Nissan controls the interest rate maturities of both assets and liabilities to maintain the risks within the acceptable tolerance level.

Sensitivity analysis mentioned above uses statistic models, such as a Monte Carlo Simulation Method. However, actual fluctuation of market interest rate and its impact may deviate significantly from the assumptions used in the model.

Nissan enters into interest rate derivative financial instruments to maintain the potential variability of interest rates at desired level of risk exposure. The main objective of these transactions is to mitigate the risks and not to pursue the speculative profit maximization.

Credit risks

Nissan is exposed to the risks of failure to recover the full value of financial receivables for auto credit and lease business with retail customers and for dealer finance business, due to changes in the economic situation and credit quality of customers. Nissan manages the credit risks closely by

establishing effective screening and collection systems and structures.

Credit applicants are all subject to credit assessments of their creditworthiness under a detailed scoring system. Based on the information directly obtained from applicants and from credit bureaus, loan authorization is made in a comprehensive manner by considering the following points: applicant's credit history; applicant's capacity to pay which is estimated by debt ratio, payment to income ratio and disposable income; applicant's stability; and loan condition including the loan collateral, loan advance and payment terms. In addition to carrying out this screening process, Nissan takes into account qualitative information by conducting field visits to customers or referring to past business records with Nissan, in accordance with characteristics of regional business practices and risks.

Dealer finance for inventory vehicle is authorized on the basis of an internal rating system that takes into account the financial position of dealers, and if necessary, personal guarantee and/or mortgage collateral are taken in pledge in addition to inventory vehicle collaterals. These scoring models are regularly reviewed and revised to keep them current with actual practice.

In some regions and products, Nissan also offers the different pricing depending on the applicant's credit score to compensate the risks.

As a matter of accounting policy, Nissan maintains an allowance for doubtful accounts and credit losses adequately to cover probable losses. Nissan makes best effort to recover the actual losses from bad debt accounts as quickly as possible by taking necessary actions, including flexible and effective organization change for collection and utilization of third-party collection services.

Residual value risks

Vehicles on operating leases and some balloon type credits, where Nissan is the lessor, are guaranteed end-of-term residual value by Nissan. Nissan is therefore exposed to the risks that sales value of the vehicle could fall below its contractual residual values when the financed vehicle is returned and sold in the used car market at the end of the contract term.

To mitigate the risks mentioned above, Nissan objectively sets contractual residual value by using the future end-of-term market value estimation by a third party such as Automotive Lease Guide in North America, and the estimation from statistical analysis with historical data of the used car market in Japan.

To support used car market value Nissan takes several strategic initiatives, including control of sales incentives for new car sales promotion, fleet sales volume control and introduction of the Certified Pre-owned program.

As a matter of accounting policy, Nissan evaluates the recoverability of carrying values of its vehicles for impairment on an ongoing basis. If impaired, Nissan recognizes allowance for potential residual value losses in a timely and adequate manner.

4) Counterparty

Nissan has a certain amount of exposures to counterparties in making financial transactions, such as bank deposits, investments and derivative contracts. While we work with competitive banking counterparties, Nissan manages its counterparty risk by using a certain evaluation system.

The evaluation system which Nissan uses is based on ratings of counterparties' long-term credit and financial strength, and the level of their shareholders' equity. The system is applied to Nissan as a group, and we set limits in terms of amount and term on a consolidated basis. By making the analysis monthly, we are able to take action on a timely basis when any concerns arise.

5) Pension

Nissan has defined benefit pension plans mainly in Japan, the United States and the United Kingdom. Funding policy for pension plans is to make periodic contributions as required by applicable regulations. Benefit obligations and pension costs are calculated using many different drivers, such as discount rate and rate of salary/wage increase.

Plan assets are exposed to financial market risks as they are invested in various types of financial assets including bonds and stocks. When the fair value of these assets declines, amount of the unfunded portion of pension plans increases, which could materially affect cashout and costs for Nissan in the form of future contribution to the pension plans.

As countermeasures to manage such risks, the investment policy of these pension plans is based upon liability profile of the plans, long term investment views and benchmark information regarding

asset allocation of other corporates' pension plans.

In addition, Nissan convenes Global Pension Committees on a periodic basis to review investment performance, manager performance, review asset allocations and discuss other issues related to pension assets.

2. Business Strategies, Keeping Competitive Edge

1) Product Strategy

To secure our profitability and sustainable growth based on our future product lineup plan, in our product strategy developing process, we are monitoring the impacts of some different types of risk scenarios such as global market changes and demand deteriorations to our future profitability (COP) based on our plan.

<Example of Risk Scenarios>

1. Drastic decline of total global demand, past examples as reference case.
2. A demand shift between vehicle segments drastically faster than our assumptions in our mid-term planning.
3. A demand shift from the matured markets to the emerging markets drastically faster than our assumptions in our mid-term planning.

We periodically monitor the impact of these scenarios to secure our future profitability and sustainable growth, and also update our future lineup plans periodically based on the results. To improve the robustness of our product lineup against these risks, we take the following countermeasures as our main direction when planning our product strategy.

Expand availability of individual products across markets to mitigate the risk of single market demand fluctuations.

Increase volume and efficiency per product through a consolidation and rationalization of the portfolio to lower the breakeven point and thereby reduce the profit risk of global Total Industry Volume declines.

Prepare a more balanced product portfolio meeting needs in a broader range of markets and segments reducing reliance on specific large markets.

2) Quality of Products & Services

Nissan is working on the corporate task named "Quality Leadership," aiming to be recognized as a top-level quality brand by fiscal 2016. In this project, actions are carried out with numerical targets for the following areas.

1. Perceived quality & attractiveness: Customers' impression of a vehicle's quality when customer looks at it in a dealer's showroom
2. Product quality: Quality of product itself based on the experiences as an owner of the vehicle
3. Sales & service quality: Quality related to behavior or attitude of sales staff or quality of service during inspection and maintenance

For example, the target for "Product quality" is to attain the top level in Most Influential Indicators (MIIs) in each region. In order to achieve the target, it is broken down to internal indicators by model which correlate with MIIs. Progress of all quality improvement activities is monitored with those internal indicators. All the actions are taken based on a rotating PDCA cycle: for example, the progress of activities are monthly and globally reviewed by a Quality Committee chaired by an EVP and necessary actions are decided.

Once a year, chaired by the COO, the Global Quality Meeting is held with persons responsible for global quality to confirm the progress of Nissan quality improvement globally.

With respect to new model projects, in order to achieve the quality target of each project, milestone meetings set each key process of design, prepare for production and production, confirm key check points, such as achievement of quality targets, adopt measures to prevent recurrence of past problems, and adopt measures for potential risks related to new technology and mechanisms and design changes.

Commercial production can be started after confirmation at the SOP (Start of Production) Judgment Meeting, which confirms all issues are solved and quality target can be achieved. Final decision that the model can be sold is made at the Delivery Judgment Meeting after confirmation of quality of commercial production and preparedness for service/maintenance.

As described above, Nissan is implementing thorough quality checks before new model launches. Nissan is advancing quality improvement activities also after launch by gathering quality information from markets and promptly deploying countermeasures. In case of occurrence of safety or compliance issues, necessary actions such as recalls are implemented with close cooperation with market side team based on a management decision reached by an independent process. Incidents are thoroughly investigated, analyzed and fed back to models on the way of production or development for prevention of recurrence. In addition to the above described activities, such as quality assurance at new model project and quality improvement activities on daily basis, the "Quality Risk Management" framework has been newly developed from fiscal 2009. This is a high-level system to ensure successful quality management for on-going and future projects. This includes assessment of quality related risks, evaluation of risk level, assignment of responsible persons based on the level and clarification of an organization for follow up. These processes are implemented by the Quality Risk Management Committee, chaired by an EVP twice a year.

3) Environment, Climate Change

The automotive industry is affected globally by various regulations related to the environment and safety, such as exhaust emissions, CO₂/fuel efficiency, noise and recycling, and these regulations are getting more stringent year by year. In this environment, one effective solution from a long-term perspective will be widespread use of zero-emission vehicles. Nissan has started sales of the Nissan LEAF, the world's first affordable, mass-produced EV, in 2010. As the Renault-Nissan Alliance, we have promoted partnership formation to develop a zero-emission society with national and local governments.

Additionally, Nissan will reduce CO₂ emissions by continuously developing technologies to improve fuel efficiency in internal combustion engines and bringing them widely into the market. In particular, we will promote low CO₂ output technologies named PURE DRIVE, such as our hybrid system, fuel efficient direct injection engine and continuously variable transmission (CVT).

Stricter controls on the environmental impact of substances are being sought in countries around the world. Nissan has steadily advanced efforts to meet these requirements. In an effort to reduce the potential release of environment-impacting substances, we have established voluntary standards to meet the environmental regulations enacted in countries where we do businesses.

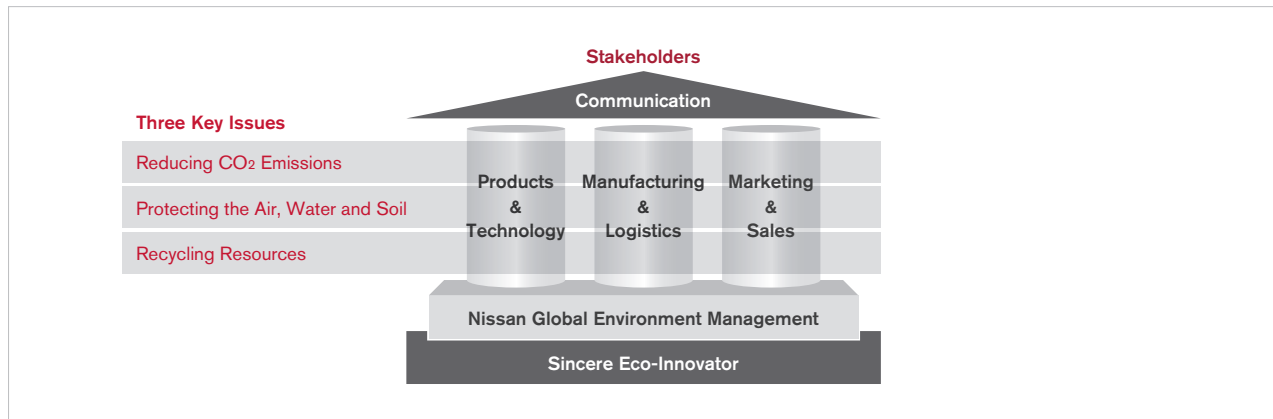
Demand for natural resources such as metals and oil is skyrocketing in response to the rapid economic growth of emerging countries. In addition to promoting reduced use of virgin natural resources through resource-saving and resource-recycling measures, it is becoming important to procure natural resources that have a lower impact on the Earth's ecosystems, not only from the standpoint that these resources are limited, but also considering the wide-ranging effects that resource extraction has on ecosystems. Nissan has targeted 100% resource recovery for end-of-life vehicles (ELVs), while also promoting design centered on the vehicle life cycle, waste reduction and promotion of expanded use of recycled materials.

The issue of water resources is becoming ever more serious with the retreat of glaciers and rainfall fluctuation due to climate change in addition to increasing water use due to the growing world population and economic development. Nissan, which uses water resources in its production process, deeply recognizes the importance of this issue and is working to preserve water resources, such as by reducing consumption and recycling water discharged in the production process.

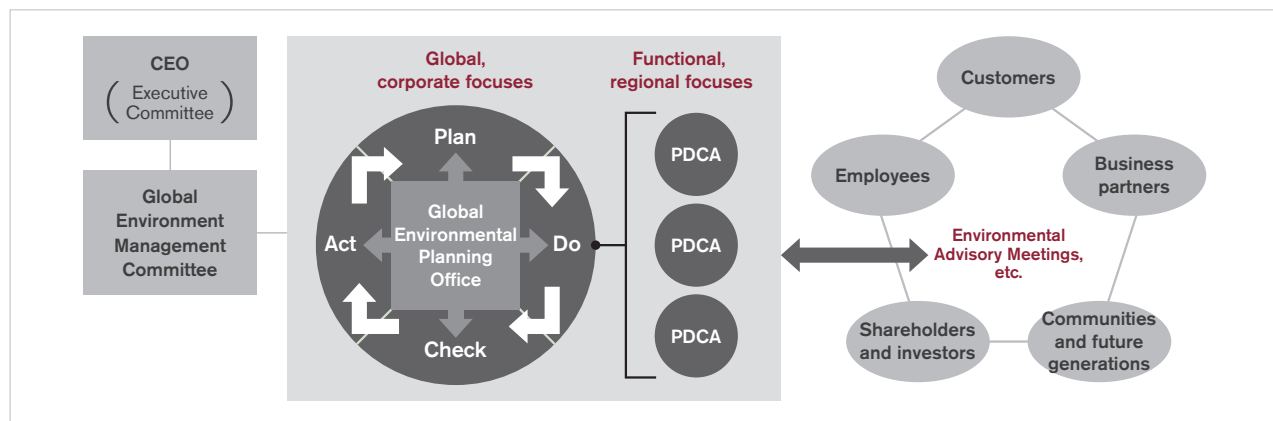
The purchasing divisions of Nissan and Renault carry out supply-chain management in a manner consistent with *The Renault-Nissan Purchasing Way*, a booklet outlining policies for dealing with suppliers, and the *Renault-Nissan CSR Guidelines for Suppliers*. With respect to environmental issues, we have set standards for the efforts of our automobile parts and material suppliers in the form of the Nissan Green Purchasing Guidelines. Through these purchasing guidelines we seek to share our environmental principles and action plans with our suppliers and to promote the reduction of environmental impact throughout the entire supply chain.

Thus, Nissan is working to achieve autonomous guidelines and targets as part of its corporate social responsibility as well as to comply with laws and regulations. In order to promote this environmental management on a global basis, the Global Environment Management Committee (G-EMC) chaired by the COO makes decisions on general direction and proposals to the Executive Committee. The Global Environmental Planning Office decides concrete actions for each function and conducts effective follow up of the progress based on PDCA (Plan-Do-Check-Act) management.

OUR FRAMEWORK FOR GLOBAL ENVIRONMENT MANAGEMENT



NISSAN'S GLOBAL ENVIRONMENT MANAGEMENT ORGANIZATION



4) Compliance and Reputation

As described above, Nissan produced the Nissan Global Code of Conduct for all employees of the Nissan Group worldwide. To ensure thorough understanding of the code, training and education programs such as e-learning are improved and the compliance situation is monitored by the Global Compliance Committee.

Nissan has also adopted the internal whistle blowing system (Easy Voice System). This allows any employees to submit opinions, questions, requests or suspected compliance issues directly to Nissan's management. Additionally, Nissan created sets of internal regulations covering the Global Prevention of Insider Trading and the management of personal information. Nissan makes efforts to prevent reputation risk to the company by continuous implementation of such measures as various education and training programs.

3. Business Continuity

1) Natural Disasters Measures

Earthquake

Nissan assumes earthquakes as the most critical catastrophe. In case of an earthquake whose intensity is 5-upper or over in Japan, a First Response Team (organized by the main functions of the Global Disaster Headquarters) will gather information and decide actions to be taken based on the information. If necessary, the Global Disaster Headquarters and Regional Disaster Headquarters are set up to gather information about employees' safety and the damage situation of facilities and to work for business continuity.

At the same time, efforts to develop a Business Continuity Plan (BCP) are being carried out with the involvement of suppliers. These include assessment of the priority of work by each and every function and development of countermeasures to continue priority work. The BCP will be reviewed annually in the process of the PDCA cycle.

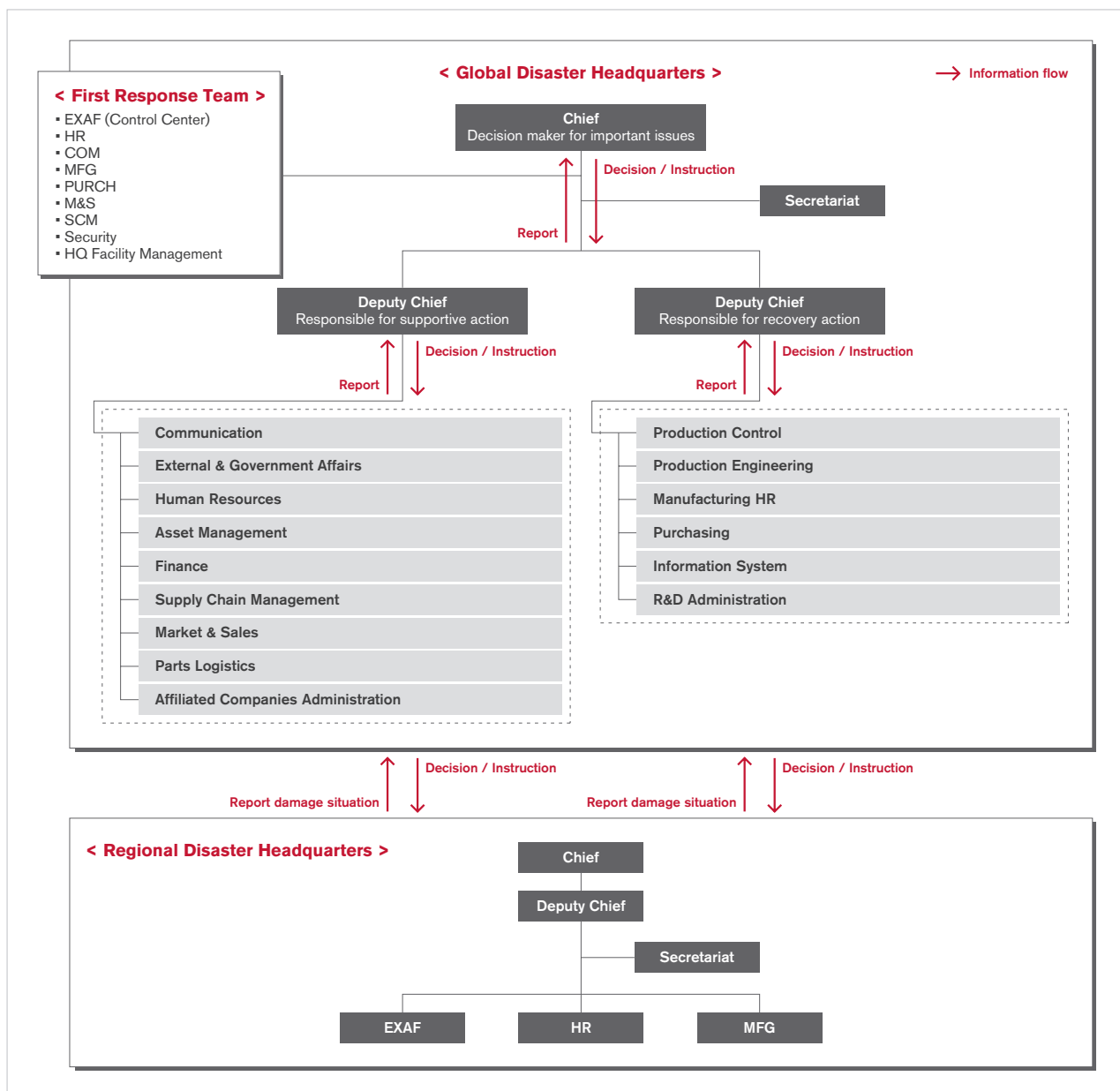
<Policy and Principles in Case of Earthquake>

1. The first priority is human life (utilization of employee safety confirmation system, earthquake preparedness cards to be carried on a daily basis)
2. Prevention of secondary disaster (in-house firefighting organization, stockpiling, provision of disaster information)
3. Speedy disaster recovery and business continuity (measures for hardware, improvement of contingency plan and development of BCP)
4. Contribution to local society (cooperation/mutual aid with neighboring communities, companies, local and central governments)

The Global Disaster Headquarters and Regional Disaster Headquarters conduct simulation training assuming a large earthquake to prepare for catastrophe. The drills test the effectiveness of this organization and contingency plan and clarify the issues to be improved. The contingency plan is reviewed based on the feedback.

In the aftermath of the March 11, 2011, disaster, our periodic simulation training helped to ensure the smooth launch of our Global Disaster Headquarters and Regional Disaster Headquarters on the initiative of the First Response Team. This also helped the completion of confirmation of employees' safety and checks on the extent of the damage.

ORGANIZATION FOR DISASTER RECOVERY (EARTHQUAKE)



Additionally, based on the policy of contribution to local society, we reacted rapidly to provide rest space to people who could not return home on March 11 and to support damaged areas.

At the stage of business recovery, Disaster Headquarters and project teams of each function continuously shared up-to-date information and were addressing the issues for production and business recovery with companywide cooperation. It was effective for quick recovery of our total supply chain including parts supply, production, logistics, sales and services.

The Global Headquarters building, where the Disaster Headquarters was set up (built in August 2009), has an earthquake-resistant structure using vibration-controlling brace dampers. Safety is assured even in case of a maximum-level earthquake at the site. Inspections after the shocks confirmed that the building has completely no trouble with its safety and functions.

2) Pandemic

In response to the outbreak of H1N1 type influenza in April 2009, Nissan established a global policy for infection prevention. Each region has organized a response team and has promoted concrete countermeasures based on the policy. Infection status can be monitored globally thanks to firmly developed reporting lines between the global response team and each regional team.

Nissan has promoted countermeasures based on three basic principles stated in the global policy, which are:

1. First priority on employees' health and lives
2. Prevention of infection spread
3. Continuity of business operation

As specific actions, Nissan established "guidelines for employees' action" which stipulated actions to be taken by employees, Sections and Companies, and kept employees informed.

Nissan also prepared by developing a Business Continuity Plan (BCP) in each business section, with several triggers to invoke the BCP depending on the infection ratio, to maintain continuity of business even under a high infection ratio.

Nissan will keep prepared for contingencies like H5N1 avian flu through its PDCA cycle, such as by updating response team members and the BCP, carrying out educational activities for infection prevention and stockpiling sanitary and medical goods. Additionally, as a system for work-at-home was already prepared as one pandemic countermeasure, it helped provide a quick solution for commuting problems due to train stoppages and gasoline shortages following the March 11 disaster in Japan.

3) Countermeasures for Production Continuity Risk

Nissan's production division has dealt with various risks related to production activity.

Countermeasures were taken by three elements of production as listed on the chart below.

Particularly for natural disasters, we have worked on continuous prevention countermeasures to hardware (reinforcement of buildings and machinery), development of recovery manuals in order to shorten recovery time after an earthquake and regularly conducted BCP simulations. Due to reinforcement measures continuously done from 2003, physical damage to Nissan facilities in the March 11 disaster was minimized. For damaged plants, recovery support teams suitable for the damage situation were quickly dispatched and recovery was achieved in a short time with support from business partners. As a result Nissan restarted production activity quickly.

On the other hand, we have recognized the necessity of reviewing assumptions in some areas. We will work on, in particular, tsunami countermeasures, risk evaluation of Tier-N and other suppliers and complementary production systems.

In addition to such countermeasures to natural disasters, it is absolutely important to manage quality risk of purchased parts from Leading Competitive Countries (LCCs) to improve quality level and prevent leakage of unsatisfactory products in order to expand markets globally. To deal with such risk, Nissan has been conducting risk assessment before making sourcing decisions, providing support for improvement activities after sourcing and implementing quality checks at key points in the production and logistics process.

In 2011, we will enhance the activities to minimize supply capacity risk from such LCC suppliers, as well as the activities with respect to quality risk, in order to secure global market expansion and growth.

3 elements of production Risk factor	HR/Workforce	Purchased parts/ Raw materials	Facilities/Equipment
Natural disasters (earthquakes)	<ul style="list-style-type: none"> ▪ Reinforcement of office buildings (completed) ▪ Development of earthquake response manual, implementation of evacuation drills (once/year) ▪ Activity to improve registration ratio to employees safety confirmation system 	<ul style="list-style-type: none"> ▪ Assessment of earthquake preparedness of major suppliers located in high quake-risk areas (FY08) ▪ Planning to adopt damage reporting system on web base (FY10) 	<ul style="list-style-type: none"> ▪ Reinforcement of buildings & machinery (continued) ▪ Improvement of facility recovery manual (FY09)
Fire	<ul style="list-style-type: none"> ▪ Risk assessment based on F-PES (Fire Prevention Evaluation System) (once/year) 	<ul style="list-style-type: none"> ▪ Same as on the left 	<ul style="list-style-type: none"> ▪ Same as on the left ▪ Revision of equipment standard based on the assessment result
Workplace injury	<ul style="list-style-type: none"> ▪ Risk assessment based on SES (Safety Evaluation System) (once/year) ▪ Assessment for health & safety management system (once/year) 	<ul style="list-style-type: none"> ▪ Same as on the left 	<ul style="list-style-type: none"> ▪ Same as on the left
Pandemic	<ul style="list-style-type: none"> ▪ Development of flu response manual (FY09) 	<ul style="list-style-type: none"> ▪ Requested suppliers to develop response manual coordinated with Nissan 	<ul style="list-style-type: none"> —
Demand fluctuation	<ul style="list-style-type: none"> ▪ Backup from other Nissan plants (as needed) ▪ Backup from other companies (as needed) ▪ Employment of short-term employees (as needed) 	<ul style="list-style-type: none"> ▪ Regular check of demand projection and supply capacity; implementation of measures 	<ul style="list-style-type: none"> ▪ Installation of flexible manufacturing system (completed) ▪ Regular check of demand projection and production capacity; implementation of measures ▪ Development of complementary production system for main power trains
Machinery breakdown	<ul style="list-style-type: none"> — 	<ul style="list-style-type: none"> — 	<ul style="list-style-type: none"> ▪ Share past incident experiences and reflect them in preventive maintenance ▪ Reflect them in equipment standards
Expanding LCC parts adoption	<ul style="list-style-type: none"> — 	<ul style="list-style-type: none"> ▪ Assessment of <i>monozukuri</i> ability before supplier sourcing and support for improvement activities after sourcing ▪ Quality assessment at production preparation phase ▪ Quality check at mass production phase (action "Gate 1-3") 	<ul style="list-style-type: none"> —
Decrease of skilled workers/experts	<ul style="list-style-type: none"> ▪ Plan to rebuilt of HR development System (FY10) 	<ul style="list-style-type: none"> — 	<ul style="list-style-type: none"> —

4) Supply Continuity

Control was enhanced as follows to prepare increase of suppliers' credit risk.

Risk assessment

In addition to the management that has been continuously done, such as control based on financial assessments of each supplier and management by the Suppliers Risk Management Committee (SRMC), monthly reports of suppliers' risk situations and expected extra expenses were started on a global basis. The establishment of a monitoring system has also started, allowing Nissan and Renault to monitor their suppliers' risk commonly and constantly on a global basis.

Contingency plan

In order to respond timely and agilely in case of contingency, a cross functional committee was formed and this enabled prompt decision making.

Development of decision making system

In addition to the current rules of the SRMC, a system for delegation of authority was developed to approve countermeasures and expenditures.

Following the March 11 disaster, we provided relief supplies to our suppliers in the stricken region. We also carried out active aid efforts for suppliers based on their requests in order to help restore the supply chain more quickly. We have now prepared measures with suppliers to address expected power shortages.

5) Risk Financing and Loss Prevention

Global Insurance Management Policy

Nissan manages hazard risk with risk financing techniques that combine self-retained risk with external risk transfer via insurance. In order to optimize the cost of risk, Nissan has introduced a risk management policy.

- Predictable risks with low impact and high frequency
 - Retained risks up to an acceptable level on a consolidated basis by the company
- Unpredictable risks with low frequency and high impact or shock value
 - Risks whose financial impact may exceed the acceptable level of self-retention are transferred outside the company via insurance

Global Insurance Program

In order to minimize the cost of hazard risks and manage risks occurring globally and interdependently in a concentrated manner, global insurance programs have been established for main lines of insurance. The Finance Department in the Global Headquarters decides insurance conditions and structures, and negotiates directly with insurance companies for these global programs. The insurance companies are decided in consideration of risk spread and financial solvency.

The following risks are covered in this way.

- Property damage and business interruption by accidents

Program covers risks not only for property damage but also for business interruption and contingent business interruption due to accidents, taking into consideration global expansion of supply chain for products and parts. Coverage limits are determined based on the probable maximum loss amount measured by third party experts.

We achieved further improvement and optimization of the insurance conditions by negotiating with insurance market together with our Alliance partner Renault from fiscal 2011.
- Transportation and storage of vehicles and products for sales

This program covers risks of transportation and the supply chain for parts and products globally. By covering risks spread geographically under a global program, we can manage loss data spread globally and ensure stability of insurance cost.

From fiscal 2011, this program was also combined with Renault's program for negotiating with insurance companies to achieve best possible results utilizing synergies of scale.
- Product liability

To manage this risk, we have insurance programs suitable for the legal systems and practices in each region. The programs are led by Global Headquarters in order to implement a consistent strategy globally.

Utilization of captive insurance company

For the purpose of more efficient self-retention on a consolidated basis, a captive insurance company (an insurance company of the Nissan Group) is utilized for these global insurance programs.

Nissan Global Reinsurance, established in Bermuda, reinsures a certain amount of risks for each of our global programs.

Utilization of a captive insurance company enables the following:

- Helps to reduce insurance cost by obtaining minimum necessary insurance in excess of self-retention on a consolidated basis
- Each group company can obtain necessary coverage
- Can gather and analyze loss data below self-retained limit

Loss prevention activities

Nissan conducts loss prevention activities to improve loss results and reduce the premium cost on an ongoing basis. After global insurance programs have been introduced, loss prevention activities are promoted more actively and globally to maintain low premium rates. Examples of Nissan's loss prevention activities include conducting risk engineering surveys and obtaining recommendations for safety from third-party experts, creating manuals for actions in the event of typhoons and constructing hail nets to prevent hail damage.

Financial Data

To obtain more detailed financial information,
please visit our IR website noted below.

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

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