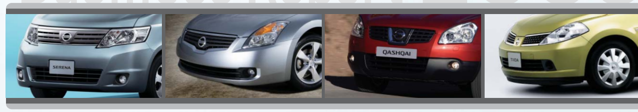
NISSAN

# Business Report 2008

Year Ended March 31, 2009





NISSAN MOTOR CO., LTD.

## Contents



Cover: Cube

# Letter from Management

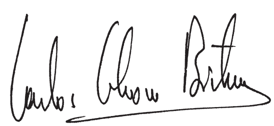
Nissan ended fiscal year 2008 with better-than-expected results, but the absolute numbers show that significant challenges remain. The financial crisis and economic recession are ongoing, and market conditions continue to be volatile. Nissan's recovery plan is fully engaged and has been embraced by all employees. The plan has two main objectives: to return to positive free cash flow and to positive consolidated operating profit as soon as possible.

Our priorities are clearly defined. We have specific action plans in place that will support our efforts to preserve cash and improve profitability as we manage through this global crisis.

Ten years ago, when the Renault-Nissan Alliance was formed, Nissan proved its capabilities in a crisis situation, and we are seeing the same kind of rapid-response effectiveness today. In the fourth quarter of fiscal 2008, we made a 400 billion yen improvement to net automotive debt and a 300 billion yen contribution to cash on hand. This accomplishment occurred in three months amid highly volatile conditions.

Nissan is adept at facing crises, but our abilities go far beyond crisis management. Our company has knowledge and skills that are being used to create innovative products, such as zero-emission vehicles and breakthrough global entry cars. We are building a presence in emerging markets and becoming more cost-efficient so we can offer greater value to our customers. We value the strengths that come from our diverse workforce and from our Alliance with Renault.

The effective execution of all these measures will not only make it possible for Nissan to weather the current crisis, but also to be ready for the future.

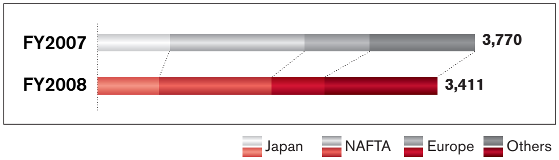


Carlos Ghosn
President and CEO

# Facts and Figures

## Global retail sales volume

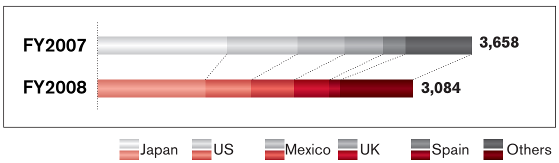
(Thousand units)




| | FY2008 | FY2007 |
|---|---:|---:|
| **Global retail** (Note 1, 2) | | (Thousand units) |
| Japan | 612 | 721 |
| NAFTA | 1,133 | 1,352 |
| Europe | 530 | 636 |
| Others | 1,136 | 1,061 |
| Total | 3,411 | 3,770 |

## Global vehicle production volume

(Thousand units)

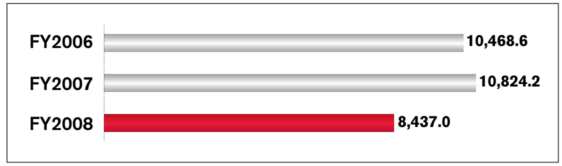



| | FY2008 | FY2007 |
|---|---:|---:|
| **Global production** (Note 2) | | (Thousand units) |
| Japan | 1,050 | 1,263 |
| US | 447 | 687 |
| Mexico | 421 | 464 |
| UK | 341 | 374 |
| Spain | 109 | 220 |
| Others (Note 3) | 716 | 650 |
| Total | 3,084 | 3,658 |

Notes: 1. Global retail sales includes sales of vehicles locally assembled with knock down parts.
2. Part of others are results of January-December.
3. Others include production in Taiwan, Thailand, Philippines, South Africa, Indonesia, China, Brazil and Malaysia.

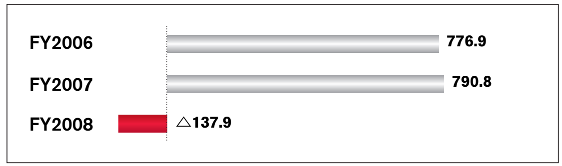
## Consolidated net sales

(Billions of yen)



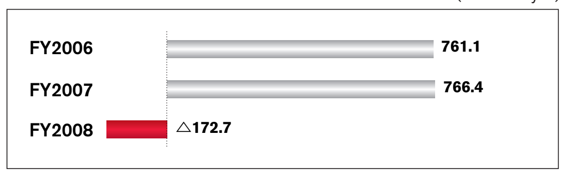

## Consolidated operating profit

(Billions of yen)



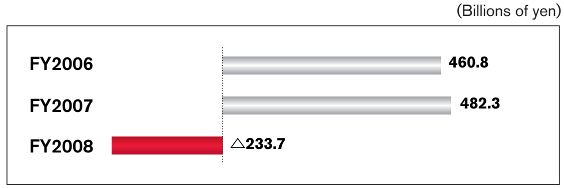

## Consolidated ordinary profit

(Billions of yen)




## Consolidated net income

(Billions of yen)



# 1. Jigyo-Houkoku

## 1. Business Review of the Fiscal Year 2008

### (1) Operations and results

**Fiscal 2008 Business Review**

Fiscal year 2008 was a challenging year in which Nissan, like all other global automakers, faced a triple threat from the financial crisis, a severe economic recession and the volatility of foreign exchange rates. Despite these threatening circumstances, Nissan ended fiscal year 2008 with results that were better than the forecast that was provided in February 2009. Consolidated net revenues of 8.437 trillion yen were higher than Nissan's third-quarter forecast, and the operating loss of 137.9 billion yen was lower than expected.

Nissan was quick to take actions to adapt to the financial crisis and economic recession. The company is fully mobilized and working toward the recovery of its performance.

**FY2008 performance**

Fiscal year 2008 sales results came to 3.411 million units, down 9.5% year-on-year.

Nissan had market share gains in North America and China, but losses in Japan and Europe, so overall global market share was stable at 5.5%.

Eight all-new models were launched globally in fiscal year 2008, including the new 370Z and Cube, and there were more than 14 regional product launches.

In Japan, the total industry volume dropped by 11.6% year-on-year as the market plunged in the second half. Sales reached 612,000 units, 15.1% below the previous year. Nissan's market share fell 0.6%, to 13.0%.

In the United States, the company's sales volume dropped by 19.1%, to 856,000 units, and its market share grew from 6.7% to 7.2%, primarily due to the sales of compact cars. Versa and the new 370Z ranked number 1 in market share in their segments.

In Europe, sales reached 530,000 units, decreasing by 16.7%, despite high volumes in Russia and strong sales of Qashqai. The Infiniti brand was introduced in Western Europe. Nissan's European market share fell 0.1%, to 2.7%.

In the General Overseas Markets, sales grew 7.1% to 1.136 million units. In China four new models contributed to record-high sales of 545,000 units.

Nissan introduced 11 important new technologies, including a clean diesel engine for lower $CO_2$ emissions that meet the world's most stringent emissions regulation, an ultra-low-precious-metal catalyst for lower costs and cleaner emissions, and the new STAR WINGS smart route-guidance navigation system in China.

**FY2008 financial performance**

Consolidated net revenues decreased 22.1%, to 8.437 trillion yen, due mainly to the negative impacts of volume and mix, foreign exchange and accounting changes.

Consolidated operating profit totaled a negative 137.9 billion yen, due mainly to yen appreciation, the inventory adjustment linked to total industry volume declines in all major markets and the full-year impact of raw material cost increases.

Net income was a negative 233.7 billion yen.

At the end of December 2008, Nissan's net automotive debt totaled 783.5 billion yen. Positive free cash in the fourth quarter led to a halving of net debt, to 387.9 billion yen.

Given the company's declining profitability, as announced at the end of the third quarter, the company will not propose a year-end dividend to its shareholders, resulting in a full-year dividend of 11 yen per share.

### (2) Capital Investment

Capital investment on a consolidated basis in fiscal year 2008 ended March 31, 2009, totaled 383.6 billion yen, concentrated on development of new products, safety and environmental technology and on efficiency improvement of the production system.

### (3) Funding Activities

Nissan's top priority has been to secure liquidity on a global basis, taking into account the possibility of utilizing all available funding sources, in order to respond to deterioration of global financial markets since the third quarter.

Automobile division covered its temporal working capital needs during the fiscal year using commercial paper and short-term loans, as well as implementing long-term loans from a broad range of banks, including syndicated loans, in order to secure stable funding.

In the sales finance division, Nissan issued long-term and short-term debts, taking their balance into consideration. Like automobile division, the sales finance division prioritized to secure liquidity, as it was also affected by the downturn of global financial markets. As such, Nissan actively utilized securitization of auto loan receivables, as well as straight bonds and bank loans, for long-term funding. Short-term funding was mainly through commercial paper, bank loans and asset-back securities.

### (4) Issues and Outlook for the Fiscal Year Ahead

Nissan's global sales are forecast to reach 3.08 million units, a 9.7% decrease from 2008. With a total industry volume assumption of 54 million units, a 13% decrease year-on-year, global market share is expected to rise 0.2% to 5.7%.

In fiscal year 2009, the company will launch eight all-new models globally, with 14 regional product launches. Seventeen new technologies will be commercialized.

In fiscal year 2009, risks involve foreign exchange, distressed suppliers, raw material price rebound and further deterioration of the total industry volume. Opportunities lie in exchange rates and in the hard synergies Nissan will develop with its Alliance partner, Renault.

With the ongoing crisis and volatility in market conditions, Nissan will continue to execute its recovery plan. The plan has two main objectives: to return to positive free cash flow and to positive consolidated operating profit as soon as possible.

Two clear indicators will define the end of the crisis for Nissan:

- when global market TIV decline stops; and
- when Nissan's net income after tax returns to positive and the forecast indicates that it will remain positive.

As long as there is a credit issue in the global economy, positive free cash flow will be the leading short-term indicator, but Nissan maintains its long-term vision for the future. The company is balancing short- and long-term objectives in order to maintain viable and prepare for the major evolutions that are occurring in the auto industry.

Nissan is moving forward with its zero-emission leadership strategy. Electric vehicle production plans are on track toward mass-marketing in fiscal year 2012. Nissan's zero-emissions strategy goes beyond the vehicle itself. Taking this new technology to mass production requires building up the necessary infrastructure and securing the economic conditions for success through partnerships with governments and other third parties. With Renault, Nissan is working aggressively to realize its vision for zero-emission mobility.

Quality leadership continues to be a corporate objective. Internal indicators show positive trends, and efforts to improve product and service quality are producing encouraging results in external surveys.

In addition to the normal product lineup renewal, Nissan continues to move forward with its plans for affordable, fuel-efficient entry cars. With the launch of the global entry car, Nissan will offer the space, technology and comfort of a B-segment vehicle with the fuel efficiency and overall cost of ownership of an A-segment vehicle. Nissan's first global entry car will be produced in Thailand at the end of fiscal year 2009.

Nissan will continue to focus on emerging markets and is well positioned to grow in those markets when economic growth resumes and demand rises.

- In Brazil, Nissan will introduce the whole Livina family as well as flex-fuel technology for Tiida and Sentra in 2009.
- The plant in St. Petersburg, Russia, will begin local production in June 2009, starting with Teana.
- In India, the Chennai plant will open in 2010 with the start of production of the global entry car.
- In China, Nissan's Light Commercial Business continues to expand. Production has begun at the new engine plant in Shiyan, the launch of the NT400 Cabstar will be in mid-2009, and the launch of a new assembly plant in Zhengzhou will come in 2010.
- In the Middle East, Nissan sales have grown by 12% in a market that was up 4%. With the new Patrol to be launched at the end of fiscal year 2009, Nissan will redefine the boundaries of the large SUV segment.

Nissan has a competitive advantage in the Alliance with Renault. Economies of scale are vital to enable companies to get through the crisis and still invest in tomorrow's technologies. Nissan and Renault have a solid partnership built upon 10 years in the Alliance, making it possible to go on to a new stage of strengthening and extending synergies between the two companies.

Against the backdrop of the current financial crisis and economic recession, the Alliance will be used as a priority lever to counter the crisis and prepare for the future. A plan is being developed to accelerate synergies that will generate 180 billion yen of free cash flow for the Alliance in 2009.

## (5) Financial Performance Highlights

(Billions of yen, except per share amounts)

| | FY2005 | FY2006 | FY2007 | FY2008 |
|---|---|---|---|---|
| Net sales | 9,428.3 | 10,468.6 | 10,824.2 | 8,437.0 |
| Net income | 518.1 | 460.8 | 482.3 | (233.7) |
| Net income per share [Yen] | 126.94 | 112.33 | 117.76 | (57.38) |
| Total assets | 11,481.4 | 12,402.2 | 11,939.5 | 10,239.5 |
| Net assets | 3,088.0 | 3,877.0 | 3,849.4 | 2,926.1 |
| Net assets per share [Yen] | 753.40 | 862.29 | 860.17 | 644.60 |

Notes: 1. ( ) indicates a loss.
2. Net income per share has been calculated on the basis of the average number of shares outstanding during each term; net assets per share have been calculated based on the total number of shares outstanding at each business year-end. The total number of shares outstanding has been deducted the amount corresponding to the equity of Renault shares held by the Company.

## (6) Principal Group Companies

| Company name / Main business | Location | Capital [millions] | % ratio of issued shares |
|---|---|---|---|
| Calsonic Kansei Corporation<br>Manufacture/sale of auto parts | Saitama Prefecture | ¥41,456 | 40.7 |
| JATCO Ltd.<br>Manufacture/sale of auto parts | Shizuoka Prefecture | ¥29,935 | 75.0 |
| Nissan Financial Services Co., Ltd.<br>Leasing and financing of vehicles | Chiba Prefecture | ¥16,388 | 100.0 |
| Aichi Machine Industry Co., Ltd.<br>Manufacture/sale of auto parts | Aichi Prefecture | ¥8,518 | 41.4 |
| Nissan Shatai Co., Ltd.<br>Manufacture/sale of vehicles and auto parts | Kanagawa Prefecture | ¥7,905 | 42.6 |
| Nissan Finance Co., Ltd.<br>Financial service for group companies | Tokyo | ¥2,491 | 100.0 |
| Nissan Kohki Co., Ltd.<br>Manufacture/sale of auto parts | Kanagawa Prefecture | ¥2,020 | 97.7 |
| Nissan Network Holding Co., Ltd.<br>Business management of the domestic sales network as well as selling, purchasing, leasing and entrusted management of real estate | Tokyo | ¥90 | (100.0) |
| Nissan Prince Osaka Motor Sales Co., Ltd.<br>Sale of vehicles and auto parts | Osaka | ¥90 | (100.0) |
| Nissan Prince Tokyo Motor Sales Co., Ltd.<br>Sale of vehicles and auto parts | Tokyo | ¥95 | (100.0) |
| Nissan North America, Inc.<br>Headquarters for North American operations<br>Manufacture/sale of vehicles and auto parts | USA | US$1,792 | 100.0 |
| Nissan Motor Acceptance Corporation<br>Retail and wholesale vehicle financing in the U.S. | USA | US$ 500 | (100.0) |
| Nissan Forklift Corporation, North America<br>Manufacture/sale of industrial machinery, industrial engines and parts | USA | US$ 34 | 100.0 |
| Nissan Technical Center North America, Inc.<br>Vehicle R&D, evaluation, certification | USA | US$ 16 | (100.0) |
| Nissan Canada, Inc.<br>Sales of vehicles and auto parts, Retails vehicle financing in Canada | Canada | C$ 68 | (100.0) |
| Nissan Mexicana, S.A. de C.V.<br>Manufacture/sale of vehicles and auto parts | Mexico | Peso 17,056 | (100.0) |
| Nissan Motor Manufacturing (UK) Ltd.<br>Manufacture/sale of vehicles and auto parts, vehicle R&D, evaluation, certification | UK | £ 250 | (100.0) |
| Nissan Motor (GB) Ltd.<br>Sales of vehicles and auto parts | UK | £ 136 | (100.0) |
| Nissan Europe S.A.S.<br>Holding company for European subsidiaries and pan-European operational support | France | Euro 1,626 | 100.0 |
| Nissan International, S.A.<br>Management of European sales and manufacturing operations | Switzerland | Euro 37 | (100.0) |
| Nissan Motor Ibérica, S.A.<br>Manufacture/sale of vehicles and auto parts | Spain | Euro 726 | (99.8) |
| Nissan Motor Co. (Australia) Pty. Ltd.<br>Sale of vehicles and auto parts | Australia | A$ 290 | (100.0) |

Notes: 1. ( ) indicates that the figure includes indirect ownership.
2. Nissan Network Holding Co., Ltd. is included in Principal Group Companies for its more materiality.
3. In considering domestic sales companies by net sales, Nissan Prince Osaka Motor Sales Co., Ltd. is included in Principal Group Companies and Aichi Nissan Motor Co., Ltd. is excluded from Principal Group Companies.
4. Capital of Nissan International, S.A. is increased by capital injection to reinforce its financial condition.
5. The company concludes a tie-up contract for broad automotive business alliance including capital participation with Renault.

## (7) Principal Business Operations

The Nissan group consists of Nissan Motor Co., Ltd, subsidiaries, affiliates and other associated companies.

Its main business includes sales and production of vehicles, forklifts, marine product and related parts. And also the Nissan group provides various services accompanying its main business, such as logistics and sales finance.

## (8) Principal Offices, Facilities and Factories

1) Nissan Motor Co., Ltd.

Registered Head Office: 2, Takara-cho, Kanagawa-ku, Yokohama, Kanagawa Prefecture

| Office / Facility / Factory | Location |
|---|---|
| Corporate Headquarters | Tokyo |
| Yokohama Plant | Kanagawa Prefecture |
| Oppama Plant, Wharf and Central Engineering Laboratories | Kanagawa Prefecture |
| Tochigi Plant | Tochigi Prefecture |
| Kyushu Plant and Kanda Wharf | Fukuoka Prefecture |
| Iwaki Plant | Fukushima Prefecture |
| Zama Operation Center | Kanagawa Prefecture |
| Nissan Technical Center | Kanagawa Prefecture |
| Hokkaido Proving Ground | Hokkaido |
| Sagamihara Parts Center | Kanagawa Prefecture |
| Honmoku Wharf | Kanagawa Prefecture |

2) Nissan Group Companies

For an outline of the Group Companies, please refer to (6) Principal Group Companies, stated above.

## (9) Employee Information

| Number of employees | Change from the end of the previous year |
|---|---|
| 155,659 (20,107)*1 | (3,568)*2 |

Notes: 1. Number of employees represents employee head count.
( )*1 indicates a part-time worker (not included in number of employees).
2. ( )*2 indicates a decrease.

## (10) Major Lenders

| | Amount of outstanding loan [¥ billions] |
|---|---|
| Mizuho Corporate Bank, Ltd. | 445.9 |
| Mitsui Sumitomo Banking Corporation | 169.1 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 161.2 |
| The Sumitomo Trust & Banking Co., Ltd. | 110.3 |
| Japan Bank for International Cooperation | 83.7 |
| Shinsei Bank, Limited | 79.8 |
| Mitsubishi UFJ Trust and Banking Corporation | 70.0 |
| Development Bank of Japan, Inc. | 60.5 |
| Resona Bank, Limited | 60.0 |

# 2. Share Data

## (1) Total number of shares authorized to be issued

6,000,000,000

## (2) Total number of shares to be issued

4,520,715,112

## (3) Number of shareholders 320,094

(an increase of 68,062 compared with the previous fiscal year-end)

## (4) Principal Shareholders

| | Number of shares [thousands] |
|---|---|
| Renault | 2,004,000 |
| Japan Trustee Services Bank Ltd. (Trust 4G) | 160,247 |
| Japan Trustee Services Bank Ltd. (Trust ) | 130,681 |
| The Master Trust Bank of Japan, Ltd. (Trust) | 93,164 |
| Nippon Life Insurance Company | 93,000 |
| Tokyo Marine Nichido Fire Insurance Company | 70,076 |
| Sompo Japan Insurance Inc. | 63,528 |
| The Dai-ichi Mutual Life Insurance Company | 44,500 |
| Mellon Bank N.A. as Agent for Its Client Mellon Omnibus US Pension | 43,878 |
| State Street Bank and Trust Company | 42,355 |

Note: Nissan Motor Co., Ltd. has held the treasury stock of 137,185 thousand shares.

## 3. Shinkabu-Yoyakuken (Stock Options)

### Status of Shinkabu-Yoyakuken to be granted during FY2008

Nissan Motor Co., Ltd. 7th Shinkabu-Yoyakuken

- Total number of Shinkabu-Yoyakuken
  36,200
- Type and number of shares to be issued upon exercise of Shinkabu-Yoyakuken
  3,620,000 shares of common stock of the Company
  (100 shares per Shinkabu-Yoyakuken)
- Issue price of Shinkabu-Yoyakuken
  Free
- Exercise price of Shinkabu-Yoyakuken
  97,500 yen per Shinkabu-Yoyakuken
- Exercise period of Shinkabu-Yoyakuken
  On and after May 17, 2010 (Japan Time) and up to April 23, 2018 (Japan Time)
- Conditions for exercise of Shinkabu-Yoyakuken
  1) The holder of Shinkabu-Yoyakuken (hereinafter "Shinkabu-Yoyakuken Holder") has been employed continuously by the Company, subsidiaries or affiliates of the Company or continuously retained a proxy relationship until the day when Shinkabu-Yoyakuken is exercisable.
  2) Shinkabu-Yoyakuken Holder has achieved individually established business targets, etc. Additionally, details of the above-mentioned conditions and other conditions shall be as stipulated in Shinkabu-Yoyakuken Allotment Agreement that is to be made and entered into by and between the Company and Shinkabu-Yoyakuken Holder pursuant to a resolution of the Board of Directors Meeting of the Company.
- Classification of the number of Shinkabu-Yoyakuken granted to the employees of the Company and the officers of the subsidiaries of the Company

| | Number of grantees of Shinkabu-Yoyakuken | Number of Shinkabu-Yoyakuken |
|---|---|---|
| Employees of the Company | 121 | 36,200 |

## 4. Directors and Statutory Auditors

### (1) List of Directors and Statutory Auditors

| Officer | Responsibilities and Representative Positions at Other Companies |
|---|---|
| **President and CEO** | |
| Carlos Ghosn* | President and Chief Executive Officer of Renault<br>Director of Alcoa, Inc.<br>President and Chairman of Renault-Nissan B.V. |
| **Directors** | |
| Toshiyuki Shiga* | External and Government Affairs, Intellectual Asset Management, Design, Brand Management, Corporate Governance, Global Internal Audit<br>Director of Nissan North America, Inc.<br>Director of Renault-Nissan B.V. |
| Hiroto Saikawa | Region: Japan, Asia Pacific, Industrial Machinery, Marine, Administration for AFLs, Purchasing, Sourcing breakthrough<br>Director of Renault<br>Chairman of Nissan (China) Investment Co., Ltd. |
| Mitsuhiko Yamashita | Research and Development, TCSX (Total Customer Satisfaction Function)<br>Chairman of Nissan Technical Center North America, Inc.<br>Director of Renault-Nissan B.V. |
| Carlos Tavares | Region: Americas<br>President and Chairman of Nissan North America, Inc.<br>Chairman of Nissan Design America, Inc. |
| Hidetoshi Imazu | Manufacturing, SCM, Supply Chain Breakthrough<br>Chairman of Nissan International, S.A.<br>Director of Renault-Nissan B.V. |
| Tadao Takahashi | Chairman of Aichi Machine Industry Co., Ltd. |
| Shemaya Levy | |
| Patrick Pelata | Chief Operating Officer of Renault<br>Director of Renault-Nissan B.V. |
| **Statutory Auditors** | |
| Masahiko Aoki# | Full time |
| Takeo Otsubo | Full time |
| Toshiyuki Nakamura | Full time |
| Takemoto Ohto# | |

Notes: 1. * indicates a representative director.
2. Shemaya Levy is outside director.
3. Takeo Otsubo, Toshiyuki Nakamura and Takemoto Ohto are outside statutory auditors.
4. # indicates Statutory Auditors newly elected at the 109th Ordinary General Meeting of Shareholders, held on June 25th, 2008.

5. During the fiscal year (FY2008) , the following Director and Statutory Auditors retired from the Company.

| Position at Time of Leaving | Name | Responsibilities at Time of Leaving | Date of Leaving |
|---|---|---|---|
| Director* | Itaru Koeda | | June 25, 2008 (resigned) |
| Statutory Auditor | Hisayoshi Kojima | Full time | June 25, 2008 (resigned) |
| Statutory Auditor | Haruo Murakami | | June 25, 2008 (expired) |

Note: * indicates a representative director.

## (2) Amount of Compensation Paid to Directors and Statutory Auditors

| | | |
|---|---|---|
| Directors | 10 members | 2,581 million yen (including 2 million yen paid to one Outside Director) |
| Statutory Auditors | 6 members | 91 million yen (including 65 million yen paid to four Outside Statutory Auditors) |

Notes: 1. In addition to the above, the Company paid 277 million yen to Director (1 person) who resigned during FY08, and 72 million yen to Statutory Auditors (2 persons, including 13 million yen paid to one Outside Statutory Auditor) who resigned during FY08, as retirement allowance based upon the resolution of the 108th Ordinary General Meeting of Shareholders held on June 20, 2007.

2. In addition to the above, the Company granted 6 Directors, based upon the resolution at the 108th Ordinary General Meeting of Shareholders on June 20, 2007, Share Appreciation Rights ("SAR") equivalent to 6,000,000 common shares of the Company within 6,000,000 shares equivalent rights approved by the above-mentioned resolution. (As a reference, the fair value of SAR are calculated to be 153 yen per share.) The number of exercising SAR would vary within the limit of 6,000,000 shares equivalent rights and will be finally determined based upon performance level of the grantees.

## (3) Information on Outside Officers

### 1) Concurrently service of Outside Officers of other companies

| | Company name | Position |
|---|---|---|
| Shemaya Levy, Director | Renault España (Spain)<br>Segula Technologies Group (France)<br>SAFRAN Group (France)<br>AEGON N.V. (Netherlands)<br>TNT N.V. (Netherlands) | Supervisory Board Member |

### 2) Principal Activities

| | Principal Activities |
|---|---|
| Shemaya Levy, Director | His attendance rate at Board of Directors' Meeting is 80% and has spoken at almost all of the meetings. |
| Takeo Otsubo, Statutory Auditor | He attended at all of Board of Directors' Meetings and all of Statutory Auditors' Meetings. At Board of Directors' Meetings, he has spoken as necessary. |
| Toshiyuki Nakamura, Statutory Auditor | He attended at all of Board of Directors' Meetings and all of Statutory Auditors' Meetings. At Board of Directors' Meetings, he has spoken as necessary. |
| Takemoto Ohto, Statutory Auditor | He attended at all of Board of Directors' Meetings and all of Statutory Auditors' Meetings after having taken office as Statutory Auditor. At Board of Directors' Meetings, he has spoken as necessary. |

The above four outside officers have entered into an agreement with the Company limiting their liability as prescribed in Article 423, Paragraph 1 of the Company Law and pursuant to said agreement the liability limit will be 5 million yen or the statutory minimum limit, whichever is higher.

## 5. Status of Independent Auditors

### (1) Name of independent auditors

Ernst & Young ShinNihon LLC

Note: Effective July 1, 2008, Ernst & Young ShinNihon became a Limited Liability Auditing Firm and changed firm's name to Ernst & Young ShinNihon LLC.

### (2) Fees paid to the independent auditors regarding the current business year

1) Fees paid to the independent auditors regarding the current business year

482 million yen

2) Of the amount shown in 1), fees for audits of the financial statements and other assurance services to be paid by the Company and subsidiaries to the independent auditors

1,154 million yen

Notes: 1. Because the audit engagement contract between the Company and the independent auditors does not separately specify the fees for i) audits required by the Company Law and ii) audits required by the Financial Instruments and Exchange Law, the total fees for those audits have been disclosed.
2. The company paid the fees to the independent auditors for the advice on the internal controls over the financial reporting that are not the services defined in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.

3) All the overseas subsidiaries included in “(6) Principal Group Companies” in “1. Business Review of the Fiscal Year 2008” are audited by audit firms other than Ernst & Young ShinNihon LLC.

### (3) Policy concerning the decision to dismiss or to deny reappointment of independent auditor

The Board of Statutory Auditors, by unanimous agreement, will dismiss the independent auditors, when confirmed that the independent auditors falls under any item of paragraph 1, Article 340 of the Company Law.

Additionally, in the event of other cases where his/her retention as independent auditors is deemed to be detrimental to the Company, the Board of Directors will propose, with the agreement of the Board of Statutory Auditors, or as requested by the Board of Statutory Auditors, to dismiss or deny reappointment to the Ordinary General Meeting of Shareholders.

## 6. Business Management Systems, Processes and Internal Controls

### ● Systems to ensure compliance of directors' activities to laws and articles of associations, and other systems to ensure proper and legitimate business activities

The Board of Directors of Nissan determined Nissan's systems and policies to ensure appropriate management and execution of Nissan's business, which is outlined below.

### (1) Systems to ensure efficient execution and management of business activities by the directors

1) Nissan has the Board of Directors, which decides material business activities of the company and checks on the activities of the individual directors. In addition, statutory auditors who comprise the board of auditors audit the activities of the directors.
2) Nissan's Board of Directors is relatively small, so it is structured with a transparent and logical system of delegation is implemented, by which the authority to perform business activities are properly delegated to corporate officers and other employees.
3) Nissan uses a proven system of Executive Committee where key issues such as business strategies, are reviewed and discussed, as well as Operations Committee where operational business decisions are reviewed and discussed.
4) For review and discussion of the regional and specific business area operations, Nissan utilizes Management Committees.
5) In order to promote cross functional activities, cross functional teams—CFTs—are organized. CFTs detect problems and challenges and propose solutions to line organizations.
6) Nissan implements an objective and transparent Delegation of Authority procedure for the purpose of speeding up and clarifying the decision making processes as well as ensuring consistent decisions.
7) Nissan ensures an efficient and effective management of its business by determining and sharing management policy and business direction

through establishment of the mid-term management plan and the annual business plan.

**(2) Systems to ensure compliance of employees' and directors' activities with laws and articles of associations**

1) Nissan implements "Global Code of Conduct", which explains acceptable behaviors of all employees working at Nissan group companies worldwide and promotes understanding by them.
2) In order to ensure rigorous and strict compliance with the code of conduct, Nissan and its group companies offer education programs such as the e-learning system.
3) With regard to members of the Board of Directors as well as corporate officers of Nissan, Nissan establishes "Guidance for Directors and Corporate Officers regarding Compliance", which explains the acceptable behaviors of the members of the Board of Directors and the corporate officers.
4) Nissan stands firm and take appropriate actions against anti-social forces or groups. If any director, officer or employee is approached by such forces or groups, the said individual shall promptly report such matter to his/her superiors and specific committee, and shall follow their instructions.
5) If any director, officer or employee is, directly or indirectly, exposed or threatened to commit an illegal or criminal action such as fraud or blackmail during the course of business activities, the said individual shall act resolutely against it, and he/she shall promptly report such matter to his/her superiors and specific committee, and shall follow their instructions.
6) For the purpose of monitoring and ensuring compliance with the code of conduct, Nissan establishes the "Global Compliance Committee".
7) Nissan implements the "Easy Voice System" by which the employees are able to submit their opinions, questions and requests freely and directly to Nissan management.
8) Nissan is committed to continually implementing relevant company rules. Examples include "Global Rules for the Prevention of Insider Trading" and the "Rules for the Protection of Personal Information". The company continually offers education programs to employees as part of its program to promote the understanding and compliance with such corporate rules.
9) Nissan is committed to improve and enhance the internal control systems to ensure accuracy and reliability of its financial reports in accordance with the Financial Instruments and Exchange Law together with its related rules and standards.
10) Nissan establishes a department specialized in internal audit for the purpose of regularly monitoring Nissan and group companies' business and their compliance with laws, articles of associations and corporate ethics.

**(3) Rules and systems for proper management of risk and loss**

1) Nissan minimizes the possibility of occurrence of risks and, if they occur, mitigate the magnitude of losses by sensing such risks as early as possible and implementing appropriate countermeasures. In order to achieve such objective, Nissan and its group companies implement the Global Risk Management Policy.
2) Management of material company-wide risks are assigned mainly to each of the members of the Executive Committee, who are responsible to monitor, manage and implement necessary measures such as preparing relevant risk management manuals.
3) Concerning the management of other specific business risks beyond those supervised directly by the Executive Committee, they are handled by each manager in the business function who will evaluate, prepare and implement the necessary measures to minimize such risks.

### (4) Systems to ensure accurate records and the retention of information of directors' execution of business

1) Nissan prepares full and accurate minutes of meetings of the Board of Directors in accordance with laws and the board regulations and ensures they are retained and managed in a secure environment.
2) In performing business activities by various divisions and departments, matters to be decided pursuant to Delegation of Authority are decided by either electronic system or written documents, and are stored and retained either electronically or in writing.
3) While the departments in charge are responsible for proper and strict retention and management of such information, directors, statutory auditors and others have access to any records as required for the purpose of performing their business activities.
4) In line with the Information Security Policy, Nissan endeavors to enhance proper and strict retention and management of information and to prevent improper use of information and unintended disclosure of such information.

### (5) Systems to ensure proper and legitimate business activities of the Group companies

1) Nissan establishes various Management Committees which are trans-group organizations in order to ensure proper, efficient and consistent group management.
2) In Management Committee meetings, Nissan provides group companies with important information and shares with them management policies; this ensures that the business decisions of all group companies are made efficiently and effectively.
3) The group companies implement an objective and transparent Delegation of Authority procedures.
4) Group companies implement each company's code of conduct in line with the Global Code of Conduct and establish compliance committee of each company and ensure full compliance with all laws and our corporate code of conduct. The Global Compliance Committee regularly monitors these companies and works to ensure further strict compliance with laws, articles of association and corporate behavior. In addition, group companies implement the easy voice system which ensures that employees are able to directly communicate to the group company or to Nissan directly their opinions, questions, and requests.
5) The internal audit department of Nissan periodically carries out local audits on the business of group companies for the purpose of monitoring and confirming legal compliance, relevant articles of association as well as management of business risks. Major group companies establishes their own internal audit departments and perform internal audits under the supervision of Nissan's internal audit department.
6) Nissan's statutory auditors and group companies' statutory auditors have periodic meetings to share information and exchange opinions from the viewpoint of consolidated management for the purpose of ensuring effective auditing of group companies.

### (6) Organization of employee(s) supporting statutory auditors, and systems showing their independence from the directors

1) Nissan has an auditors office to support the activities of the statutory auditors. Dedicated manager(s) is assigned and performs his/her duties under the supervision and responsibility of the statutory auditors.
2) The statutory auditors make appraisal of dedicated manager's performance, and his/her move to another department and his/her disciplinary action are subject to prior approval of the board of auditors.

### (7) Systems by which directors and employee report business issues to the statutory auditors

1) The statutory auditors determine their annual audit plan and perform their audit activities in accordance with that plan. The annual audit plan includes

schedules of reports by various divisions. Directors and employees make reports in accordance with the annual audit plan.

2) When directors and employees detect any incidents which gives or could give a materially negative impact to Nissan, they are required to immediately report such incidents to the statutory auditors.

3) In addition, directors and employees are required to make an ad-hoc report to the statutory auditors regarding the situation of business activities when so requested.

4) The internal audit department periodically reports to the statutory auditors its internal audit plan and the results of the internal audits performed.

### (8) System to ensure effective and valid auditing by the statutory auditors

1) At least 50% of the statutory auditors are external auditors to ensure effective and independent auditing. The statutory auditors hold periodical meetings in order to exchange and share information and their respective opinions. Ad-hoc meetings are also held whenever deemed necessary.

2) The statutory auditors have periodical meetings with representative directors (including the President) and exchange views and opinions.

## 2. Consolidated Balance Sheet

(As of March 31, 2009) (in millions of yen, ( ) indicates loss or minus)

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

| Accounts | Amount |
|---|---|
| **Assets** | |
| **Current assets** | |
| Cash on hand and in banks | 632,714 |
| Trade notes and accounts receivable | 429,078 |
| Sales finance receivables | 2,710,252 |
| Securities | 126,968 |
| Merchandise and finished goods | 498,423 |
| Work in process | 118,794 |
| Raw materials and supplies | 142,853 |
| Deferred tax assets | 226,516 |
| Other | 492,460 |
| Allowance for doubtful accounts | (98,676) |
| **Total current assets** | **5,279,382** |
| **Fixed assets** | |
| **Property, plant and equipment** | |
| Buildings and structures | 668,943 |
| Machinery, equipment and vehicles | 2,149,693 |
| Land | 688,704 |
| Construction in progress | 147,126 |
| Other | 455,581 |
| **Total property, plant and equipment** | **4,110,047** |
| **Intangible fixed assets** | **167,218** |
| **Investments and other assets** | |
| Investment securities | 300,577 |
| Long-term loans receivable | 23,045 |
| Deferred tax assets | 113,320 |
| Other | 251,951 |
| Allowance for doubtful accounts | (6,000) |
| **Total investments and other assets** | **682,893** |
| **Total fixed assets** | **4,960,158** |
| **Total assets** | **10,239,540** |
| **Liabilities** | |
| **Current liabilities** | |
| Trade notes and accounts payable | 621,904 |
| Short-term borrowings | 660,956 |
| Current portion of long-term borrowings | 770,494 |
| Commercial papers | 639,152 |
| Current portion of bonds | 220,884 |
| Lease obligations | 71,379 |
| Accrued expenses | 452,065 |
| Deferred tax liabilities | 198 |
| Accrued warranty costs | 79,881 |
| Other | 471,781 |
| **Total current liabilities** | **3,988,694** |
| **Long-term liabilities** | |
| Bonds | 595,309 |
| Long-term borrowings | 1,700,015 |
| Lease obligations | 105,539 |
| Deferred tax liabilities | 447,140 |
| Accrued warranty costs | 102,142 |
| Accrued retirement benefits | 185,012 |
| Accrued directors' retirement benefits | 1,971 |
| Other | 187,665 |
| **Total long-term liabilities** | **3,324,793** |
| **Total liabilities** | **7,313,487** |
| **Net assets** | |
| **Shareholders' equity** | |
| Common stock | 605,814 |
| Capital surplus | 804,470 |
| Retained earnings | 2,415,735 |
| Treasury stock | (269,540) |
| **Total shareholders' equity** | **3,556,479** |
| **Valuation, translation adjustments and others** | |
| Unrealized holding loss on securities | (2,622) |
| Unrealized loss from hedging instruments | (9,490) |
| Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting | (13,945) |
| Unfunded retirement benefit obligation of foreign subsidiaries | 1,337 |
| Translation adjustments | (906,126) |
| **Total valuation, translation adjustments and others** | **(930,846)** |
| **Share subscription rights** | **2,089** |
| **Minority interests** | **298,331** |
| **Total net assets** | **2,926,053** |
| **Total liabilities and net assets** | **10,239,540** |

# 3. Consolidated Statement of Income

(For the year ended March 31, 2009)

(in millions of yen, ( ) indicates loss or minus)

| Accounts | Amount |
|---|---|
| **Net sales** | **8,436,974** |
| **Cost of sales** | **7,118,862** |
| Gross profit | 1,318,112 |
| **Selling, general and administrative expenses** | **1,456,033** |
| **Operating loss** | **(137,921)** |
| **Non-operating income** | |
| Interest income | 18,663 |
| Dividends income | 4,048 |
| Exchange gain | 5,012 |
| Miscellaneous income | 10,398 |
| **Total non-operating income** | **38,121** |
| **Non-operating expenses** | |
| Interest expense | 33,798 |
| Equity in losses of affiliates | 1,369 |
| Amortization of net retirement benefit obligation at transition | 11,023 |
| Miscellaneous expenses | 26,750 |
| **Total non-operating expenses** | **72,940** |
| **Ordinary loss** | **(172,740)** |
| **Special gains** | |
| Gain on sales of fixed assets | 57,577 |
| Gain on sales of investment securities | 440 |
| Other | 4,139 |
| **Total special gains** | **62,156** |
| **Special losses** | |
| Loss on sales of fixed assets | 6,253 |
| Loss on disposal of fixed assets | 17,456 |
| Impairment loss | 19,649 |
| Write-down of investments and receivables | 3,449 |
| Loss on business restructuring of consolidated subsidiaries | 4,150 |
| Loss from change in measurement date for calculating retirement benefit obligation of subsidiaries in North America | 1,949 |
| Special addition to retirement benefits | 42,389 |
| Other | 12,892 |
| **Total special losses** | **108,187** |
| **Loss before income taxes and minority interests** | **(218,771)** |
| Income taxes-current | (18,348) |
| Income taxes-deferred | 55,286 |
| Total income taxes | 36,938 |
| **Loss attributable to minority interests** | **(22,000)** |
| **Net loss** | **(233,709)** |

# 4. Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2009)

(in millions of yen, ( ) indicates loss or minus)

| Accounts | Amount |
|---|---|
| **Shareholders' equity** | |
| Common stock | |
| Balance at the end of previous year | 605,814 |
| Balance at the end of current year | 605,814 |
| Capital surplus | |
| Balance at the end of previous year | 804,470 |
| Balance at the end of current year | 804,470 |
| Retained earnings | |
| Balance at the end of previous year | 2,726,859 |
| Changes at the beginning of current year due to application of PITF No.18 | 47,114 |
| Changes during the year | |
| Cash dividends year | (126,303) |
| Net loss | (233,709) |
| Increase due to merger | 147 |
| Changes in the scope of consolidation | (1,911) |
| Changes in the scope of equity method | 3,538 |
| Total changes during the year | (358,238) |
| Balance at the end of current year | 2,415,735 |
| Treasury stock | |
| Balance at the end of previous year | (269,003) |
| Changes during the year | |
| Purchases of treasury stock | (537) |
| Total changes during the year | (537) |
| Balance at the end of current year | (269,540) |
| Total shareholders' equity | |
| Balance at the end of previous year | 3,868,140 |
| Changes at the beginning of current year due to application of PITF No.18 | 47,114 |
| Changes during the year | |
| Cash dividends paid | (126,303) |
| Net loss | (233,709) |
| Purchases of treasury stock | (537) |
| Increase due to merger | 147 |
| Changes in the scope of consolidation | (1,911) |
| Changes in the scope of equity method | 3,538 |
| Total changes during the year | (358,775) |
| **Balance at the end of current year** | **3,556,479** |
| **Valuation, translation adjustments and others** | |
| Unrealized holding gain and loss on securities | |
| Balance at the end of previous year | 5,750 |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (8,372) |
| Total changes during the year | (8,372) |
| Balance at the end of current year | (2,622) |
| Unrealized gain and loss from hedging instruments | |
| Balance at the end of previous year | (8,471) |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (1,019) |
| Total changes during the year | (1,019) |
| Balance at the end of current year | (9,490) |
| Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting | |
| Balance at the end of previous year | 79,417 |
| Changes at the beginning of current year due to application of PITF No.18 | (93,362) |
| Balance at the end of current year | (13,945) |
| Land revaluation of foreign subsidiaries | |
| Balance at the end of previous year | 6,238 |
| Changes at the beginning of current year due to application of PITF No.18 | (6,238) |
| Balance at the end of current year | — |
| Unfunded retirement benefit obligation of foreign subsidiaries | |
| Balance at the end of previous year | (4,290) |
| Changes at the beginning of current year due to application of PITF No.18 | 5,636 |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (9) |
| Total changes during the year | (9) |
| Balance at the end of current year | 1,337 |
| Translation adjustments | |
| Balance at the end of previous year | (441,820) |
| Changes at the beginning of current year due to application of PITF No.18 | 6,072 |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (470,378) |
| Total changes during the year | (470,378) |
| Balance at the end of current year | (906,126) |
| Total valuation, translation adjustments and others | |
| Balance at the end of previous year | (363,176) |
| Changes at the beginning of current year due to application of PITF No.18 | (87,892) |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (479,778) |
| Total changes during the year | (479,778) |
| **Balance at the end of current year** | **(930,846)** |

(in millions of yen, ( ) indicates loss or minus)

| Accounts | Amount |
|---|---|
| **Shares subscription rights** | |
| Balance at the end of previous year | 1,714 |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | 375 |
| Total changes during the year | 375 |
| **Balance at the end of current year** | **2,089** |
| **Minority interests** | |
| Balance at the end of previous year | 342,765 |
| Changes at the beginning of current year due to application of PITF No.18 | (898) |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (43,536) |
| Total changes during the year | (43,536) |
| **Balance at the end of current year** | **298,331** |
| **Total net assets** | |
| Balance at the end of previous year | 3,849,443 |
| Changes at the beginning of current year due to application of PITF No.18 | (41,676) |
| Changes during the year | |
| Cash dividends paid | (126,303) |
| Net loss | (233,709) |
| Purchases of treasury stock | (537) |
| Increase due to merger | 147 |
| Changes in the scope of consolidation | (1,911) |
| Changes in the scope of equity method | 3,538 |
| Net changes in items other than those in shareholders' equity | (522,939) |
| Total changes during the year | (881,714) |
| **Balance at the end of current year** | **2,926,053** |

# 5. Notes to Consolidated Financial Statements

## Basis of Consolidated Financial Statements

**1. Number of Consolidated Subsidiaries and Companies Accounted for by the Equity Method**

(1) Consolidated subsidiaries; 202 companies (Domestic 82, Overseas 120)

Domestic Car Dealers, Parts Distributors
Aichi Nissan Motor Co., Ltd., Nissan Fleet Co., Ltd.
Nissan Prince Tokyo Sales Co., Ltd.
Nissan Chuo Parts Sales Co., Ltd.
and 57 other companies

Domestic Vehicles and Parts Manufacturers
Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corp. and 5 other companies

Domestic Logistics & Services Companies
Nissan Trading Co., Ltd., Nissan Financial Service Co., Ltd., Autech Japan, Inc. and 9 other companies

Overseas subsidiaries
Nissan North America, Inc., Nissan International SA
Nissan Motor Manufacturing (UK) Ltd.
Nissan Mexicana, S.A. de C.V. and 116 other companies

Unconsolidated Subsidiaries; 158 companies (Domestic 100, Overseas 58)
Domestic Nissan Marine Co., Ltd., Nissan Shatai Manufacturing Co., Ltd. and 98 other companies
Overseas Calsonic Kansei Spain, S.A. and 57 other companies

These unconsolidated subsidiaries are immaterial in terms of their total assets, sales, net income or loss, retained earnings and others, and do not have a significant effect on the consolidated financial statements.
As a result, they have been excluded from consolidation.

(2) Companies Accounted for by the Equity Method; 54 companies

Unconsolidated subsidiaries; 38 companies (Domestic 22, Overseas 16)
Nissan Marine Co., Ltd., Calsonic Kansei Spain, S.A. and 36 other companies
Affiliates; 16 companies (Domestic 15, Overseas 1)
Kinugawa Rubber Industrial Co., Tonichi Carlife Group Corporation and 14 other companies

Companies not Accounted for by the Equity Method; 166 companies
Unconsolidated subsidiaries; 120 companies
Nissan Shatai Manufacturing Co., Ltd. and 119 other companies
Affiliates; 46 companies
Tonox Co., Ltd. and 45 other companies

These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings or others.

(3) Change in the Scope of Consolidation and Equity Method of Accounting

The change in the scope of consolidation and equity method compared with that during the year ended March 31, 2009 was summarized as follows:

Number of companies newly included in the scope of consolidation;
12 subsidiaries (Nissan International Insurance Company, Nissan Manufacturing RUS LLC. and 10 other companies)

Number of companies excluded from the scope of consolidation; 4 subsidiaries
(Nissan Buhin Minamikyushu Hanbai Co., Ltd., Nissan Motor Insurance Holding Co., and 2 other companies)

Number of companies newly accounted for by the equity method; 10 companies
(Automotive Energy Supply Corporation, World Logistics Service (U.S.A.) Inc. and 8 other companies)

Number of companies ceased to be accounted for by the equity method of accounting; 3 companies
(Nissan Industrial Equipment Co., Nissan Hokkaidou Service Center Co., Ltd. and 1 other company)

The increase in the number of consolidated subsidiaries was primarily attributable to those newly established, acquired, or became material to the consolidated financial statements, and the decrease was mainly due to merger.

**2. Fiscal Period of Consolidated Subsidiaries**

(1) The fiscal year of the following consolidated subsidiaries is different from that of the Company (March 31)

December 31 year end Companies:

Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd., Nissan Mexicana, S.A. De C. V. and 35 other overseas subsidiaries

(2) Nissan Mexicana, S.A. De C. V. and 9 other consolidated subsidiaries whose fiscal year end is December 31 close their books of account at March 31 for consolidation reporting purpose.

With respect to Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd. and 26 other companies, the necessary adjustments were made in consolidation to reflect any significant transactions from January 1 to March 31.

**3. Significant Accounting Policies**

(1) Valuation methods for assets

1) Securities

▪ Held-to-maturity debt securities

Held-to-maturity debt securities are stated at amortized cost.

▪ Other securities

Marketable securities

Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets.

Cost of securities sold is calculated by the moving average method.

Non-marketable securities

Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

2) Derivative financial instruments

Derivative financial instruments are stated at fair value.

3) Inventories

Inventories are primarily stated at cost determined by the first-in and first-out method. Cost of Inventories is written-down when their carrying amounts become unrecoverable.

(2) Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated principally by straight-line method based on the estimated useful lives and economic residual value determined by the Company.

Depreciation of lease assets is calculated by the straight-line method base on the estimated useful lives or lease term and the estimated residual values.

(3) Basis for reserves and allowances

Allowance for doubtful accounts

Allowance for doubtful accounts is provided for possible bad debt at the amount estimated based on past bad debts experience for normal receivables plus uncollectible amounts determined by reference to the collectibilities of individual doubtful receivables.

Accrued warranty costs

Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.

Accrued retirement benefits

Accrued retirement benefits or prepaid pension costs are recorded principally at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.

The net retirement benefit obligation at transition is primarily being amortized over a period of 15 years by the straight-line method.

Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.

Accrued retirement benefits for directors and statutory auditors

Accrued retirement benefits for directors and statutory auditors are recorded at the amount which would have been required to be paid in accordance with the Company's internal rules if those directors and statutory auditors had resigned their offices as of the balance sheet date.

(4) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are charged or credited to income.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of net assets excluding minority interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and minority interests in its consolidated financial statements.

(5) Significant hedge accounting method

Hedge accounting

Primarily, deferred hedge accounting is applied for derivative instruments. Short-cut method, "Furiate-Shori," is applied for forward exchange contracts which are qualified for such treatment and related to the hedged items other than foreign currency denominated accounts receivables.

Special treatment, "Tokurei-Shori," is applied for interest rate swaps which are qualified for such treatment.

Hedging instruments and hedged items

▪ Hedging instruments—Derivative transactions

▪ Hedged items—Hedged items are primarily receivables and payables denominated in foreign currencies and others

Hedging policy

Based on the internal "Policies and Procedures for Risk Management" and "Delegation of Authorities" rules, expected risks such as fluctuations in foreign exchange and interest rate are hedged within certain extent

Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms are substantially same as those of hedging instruments.

(6) Consumption Tax

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

(7) Filing of consolidated tax returns

The Company and certain consolidated subsidiaries have been filing consolidated tax returns.

**4. Valuation of assets and liabilities of consolidated subsidiaries**

Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value at the time of acquisition.

**5. Amortization of goodwill and negative goodwill**

Goodwill and negative goodwill in consolidated subsidiaries and in companies accounted for by the equity method have been amortized over periods not exceeding 20 years determined based on their expected life. However, immaterial differences are charged or credited to income in the year of acquisition.

**6. Accounting changes**

(1)Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Effective April 1, 2008, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006) has been adopted.

The effect of this change was to decrease net sales by ¥160,145 million, gross profit by ¥147,683 million and increase operating loss by ¥2,649 million, but to decrease ordinary loss by ¥4,258 million, loss before income taxes and minority interests by ¥3,667 million and net loss by ¥2,349 million for the year ended March 31, 2009.

As a result of this change, as of April 1, 2008, total shareholders' equity increased by ¥47,114 million, total valuation, translation adjustments and others decreased by ¥87,892 million, minority interests decreased by ¥898 million and total net assets decreased by ¥41,676 million.

(2)Classification to record sales incentive

Until the year ended March 31, 2008, "sales incentive" was deducted from net sales for the consolidated subsidiaries in The United States of America and Mexico, whereas it was included in "Selling, general and administrative expenses" for the Company and other consolidated subsidiaries. The treatment of sales incentive for all the overseas consolidated subsidiaries was unified to the effect that the sales incentive is deducted from net sales pursuant to the adoption of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18 issued on May 17, 2006). As a result, effective April 1, 2008, the accounting for the sales incentive for the Company and domestic consolidated subsidiaries has been changed to that in which the sales incentive is deducted from net sales to unify the accounting principle among the consolidated subsidiaries and more appropriately present net sales.

As a result of this change, net sales and gross profit for the year ended March 31, 2009 decreased by ¥15,938 million compared with the corresponding amounts which would have been recorded if the previous method had been applied. However, as selling, general and administrative expenses decreased by the same amount, there was no effect on operating loss, ordinary loss, loss before income taxes and minority interests and net loss.

**7. Changes in presentation**

Main changes are as follows

(1)Until the year ended March 31, 2008, “Merchandise and finished goods”, “Work in process” and “Raw materials and supplies” were included in “Inventories”, whereas these were presented separately in the year ended March 31, 2009.

(2) Until the year ended March 31, 2008, “Current portion of long-term borrowings” and “Commercial papers” were included in “Short-term borrowings and current portion of bonds”, whereas these were presented separately in the year ended March 31, 2009.

## Notes to Consolidated Balance Sheet

1. Assets pledged as collateral:

| | (Millions of yen) |
|---|---|
| 1) Assets pledged as collateral | |
| Cash on hand and in banks | 113 |
| Sales finance receivables | 1,197,682 |
| Property, plant and equipment | 604,490 |
| Intangible fixed assets | 25 |
| Other non-current assets | 3,772 |
| Total | 1,806,082 |
| 2) Liabilities secured by the above collateral | |
| Short-term borrowings | 343,281 |
| Long-term borrowings (including the current maturities) | 1,078,778 |
| Total | 1,422,059 |

2. Accumulated depreciation of property, plant and equipment amounted to 4,182,020 million yen.
(The above amount includes depreciation of leased assets in the amount of 170,015 million yen.)

3. Contingent Liabilities
At March 31, 2009, the Company and its consolidated subsidiaries had the following contingent liabilities:

| | (Millions of yen) |
|---|---|
| (1) As guarantor of employees’ housing loans from banks and others | 131,393 |
| | (129,326 for employees, 2,067 for others) |
| (2) Commitments to provide guarantees of indebtedness of unconsolidated subsidiaries and affiliates at the request of lending banks | 716 |

| | (Millions of yen) |
|---|---|
| 4. Discounted notes receivable | 1,834 |

## Notes to Consolidated Statement of Changes in Net Assets

1. Shares issued and outstanding (as of March 31, 2009)
Common stock 4,520,715 thousand shares

2. Dividends

| Resolution | Type of shares | Cash dividends paid (millions of Yen) | Dividends per share (Yen) | Entitlement date | Effective date |
|---|---|---|---|---|---|
| Annual general meeting of shareholders on June 25, 2008 | Common stock | 81,496 | 20 | March 31, 2008 | June 26, 2008 |
| Meeting of the Board of Directors on October 31, 2008 | Common stock | 44,807 | 11 | September 30, 2008 | November 28, 2008 |
| Total | | 126,303 | | | |

(Note) Total dividends above have been obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

3. Type and number of shares to be issued upon the exercise of share subscription rights (as of March 31, 2009)
Common stock 31,602 thousand shares

## Notes to Amounts per share

| | |
|---|---|
| Net assets excluding share subscription rights and minority interests per share | 644.60 yen |
| Basic net loss per share | 57.38 yen |

## Other

Not applicable

Amounts less than one million yen are rounded off.

# 6. Non-Consolidated Balance Sheet

(As of March 31, 2009) (in millions of yen, ( ) indicates loss or minus)

| Accounts | Amount |
|---|---|
| **Assets** | |
| **Current assets** | |
| Cash on hand and in banks | 318,039 |
| Trade notes receivable | 348 |
| Trade accounts receivable | 158,413 |
| Finished goods | 51,346 |
| Work in process | 33,662 |
| Raw materials and Supplies | 57,871 |
| Advances paid | 13,595 |
| Prepaid expenses | 25,911 |
| Deferred tax assets | 75,233 |
| Short-term loans receivable from subsidiaries and affiliates | 612,432 |
| Other accounts receivable | 70,128 |
| Other | 4,100 |
| Allowance for doubtful accounts | (10,399) |
| **Total current assets** | **1,410,685** |
| **Fixed assets** | |
| **Property, plant and equipment** | |
| Buildings | 224,171 |
| Structures | 40,073 |
| Machinery & equipment | 266,099 |
| Vehicles | 26,271 |
| Tools, furniture and fixtures | 183,213 |
| Land | 136,237 |
| Construction in progress | 50,156 |
| **Total property, plant and equipment** | **926,225** |
| **Intangible fixed assets** | |
| Patent right | 81 |
| Leasehold right | 216 |
| Right of trademark | 115 |
| Software | 41,340 |
| Right of using facilities | 139 |
| **Total intangible fixed assets** | **41,892** |
| **Investments and other assets** | |
| Investment securities | 11,098 |
| Investments in subsidiaries and affiliates | 1,435,824 |
| Long-term loans receivable | 98,527 |
| Long-term loans receivable from employees | 80 |
| Long-term prepaid expenses | 24,236 |
| Deferred tax assets | 15,302 |
| Other | 4,955 |
| Allowance for doubtful accounts | (1,534) |
| **Total investments and other assets** | **1,588,491** |
| **Total fixed assets** | **2,556,608** |
| **Total assets** | **3,967,294** |

| Accounts | Amount |
|---|---|
| **Liabilities** | |
| **Current liabilities** | |
| Trade notes payable | 38 |
| Trade accounts payable | 256,388 |
| Short-term borrowings | 216,355 |
| Current portion of long-term borrowings | 51,900 |
| Commercial papers | 305,000 |
| Current portion of bonds | 50,000 |
| Lease obligations | 56,856 |
| Other accounts payable | 26,051 |
| Accrued expenses | 208,444 |
| Income taxes payable | 26,144 |
| Advances received | 11,398 |
| Deposits received | 41,958 |
| Employees' saving deposits | 63,025 |
| Unearned revenue | 592 |
| Accrued warranty costs | 24,761 |
| Other | 1,313 |
| **Total current liabilities** | **1,340,228** |
| **Long-term liabilities** | |
| Bonds | 297,975 |
| Long-term borrowings | 571,215 |
| Lease obligations | 73,510 |
| Accrued warranty costs | 41,168 |
| Long-term deposits received | 406 |
| Other | 7,244 |
| **Total long-term liabilities** | **991,519** |
| **Total liabilities** | **2,331,748** |
| **Net assets** | |
| **Shareholders' equity** | |
| **Common stock** | **605,813** |
| **Capital surplus** | |
| Additional paid-in capital | 804,470 |
| **Total capital surpluses** | **804,470** |
| **Retained earnings** | |
| Legal reserve | 53,838 |
| Other retained earnings | |
| Reserve for reduction of replacement cost of specified properties | 77,914 |
| Reserve for special depreciation | 795 |
| Unappropriated retained earnings | 241,787 |
| **Total earned surpluses** | **374,336** |
| **Treasury stock** | **(154,059)** |
| **Total shareholders' equity** | **1,630,561** |
| **Valuation, translation adjustments and others** | |
| **Unrealized holding gain on securities** | **3,455** |
| **Unrealized loss from hedging instruments** | **(560)** |
| **Total valuation, translation adjustments and others** | **2,894** |
| **Share subscription rights** | **2,088** |
| **Total net assets** | **1,635,545** |
| **Total liabilities and net assets** | **3,967,294** |

## 7. Non-Consolidated Statements of Income

(For the year ended March 31, 2009)

(in millions of yen, ( ) indicates loss or minus)

| Accounts | Amount |
|---|---|
| **Net sales** | **3,053,312** |
| **Cost of sales** | **2,976,552** |
| Gross profit | 76,760 |
| **Selling, general and administrative expenses** | **306,696** |
| **Operating loss** | **(229,935)** |
| **Non-operating income** | |
| Interest income | 7,567 |
| Dividends income | 350,827 |
| Rent income | 1,578 |
| Miscellaneous income | 929 |
| **Total non-operating income** | **360,903** |
| **Non-operating expenses** | |
| Interest expenses | 8,354 |
| Interest on bonds | 4,156 |
| Interest on commercial papers | 3,836 |
| Interest on leased payable | 1,539 |
| Foreign exchange loss | 26,742 |
| Amortization of net retirement benefit obligation at transition | 8,054 |
| Miscellaneous expenses | 16,328 |
| **Total non-operating expenses** | **69,011** |
| **Ordinary income** | **61,956** |
| **Special gains** | |
| Gain on sales of fixed assets | 50,537 |
| Gain on sales of investment securities | 390 |
| Reversal of allowance for doubtful accounts | 1,472 |
| Other | 4,263 |
| **Total special gains** | **56,664** |
| **Special losses** | |
| Loss on sales of fixed assets | 208 |
| Loss on disposal of fixed assets | 7,403 |
| Impairment loss | 1,931 |
| Write-down of investments and receivables | 87,877 |
| Other | 6,395 |
| **Total special losses** | **103,816** |
| **Income before income taxes** | **14,804** |
| Income taxes-current | 27,058 |
| Income taxes-deferred | (4,867) |
| Total income taxes | 22,190 |
| **Net loss** | **(7,385)** |

## 8. Non-Consolidated Statements of Changes in Net Assets

(For the year ended March 31, 2009)

(in millions of yen, ( ) indicates loss or minus)

| Accounts | Amount |
|---|---|
| **Shareholders' equity** | |
| Common stock | |
| Balance at the end of previous year | 605,813 |
| Balance at the end of current year | 605,813 |
| Capital surplus | |
| Legal capital surplus | |
| Balance at the end of previous year | 804,470 |
| Balance at the end of current year | 804,470 |
| Total capital surplus | |
| Balance at the end of previous year | 804,470 |
| Balance at the end of current year | 804,470 |
| Retained earnings | |
| Legal reserve | |
| Balance at the end of previous year | 53,838 |
| Balance at the end of current year | 53,838 |
| Other retained earnings | |
| Reserve for reduction of replacement cost of specified properties | |
| Balance at the end of previous year | 84,875 |
| Changes during the year | |
| Reversal of reserve for reduction entry of replaced property | (6,960) |
| Total changes during the year | (6,960) |
| Balance at the end of current year | 77,914 |
| Reserve for special depreciation | |
| Balance at the end of previous year | 892 |
| Changes during the year | |
| Provision of reserve for special depreciation | 94 |
| Reversal of reserve for special depreciation | (191) |
| Total changes during the year | (96) |
| Balance at the end of current year | 795 |
| Unappropriated retained earnings | |
| Balance at the end of previous year | 378,006 |
| Changes during the year | |
| Cash dividends paid | (135,890) |
| Provision of reserve for special depreciation | (94) |
| Reversal of reserve for reduction entry of replaced property | 6,960 |
| Reversal of reserve for special depreciation | 191 |
| Net loss | (7,385) |
| Total changes during the year | (136,218) |
| Balance at the end of current year | 241,787 |
| Total retained earnings | |
| Balance at the end of previous year | 517,613 |
| Changes during the year | |
| Cash dividends paid | (135,890) |
| Net loss | (7,385) |
| Total changes during the year | (143,276) |
| Balance at the end of current year | 374,336 |
| Treasury stock | |
| Balance at the end of previous year | (154,024) |
| Changes during the year | |
| Purchase of treasury stock | (34) |
| Total changes during the year | (34) |
| Balance at the end of current year | (154,059) |
| Total shareholders' equity | |
| Balance at the end of previous year | 1,773,872 |
| Changes during the year | |
| Cash dividends paid | (135,890) |
| Net loss | (7,385) |
| Purchase of treasury stock | (34) |
| Total changes during the year | (143,310) |
| **Balance at the end of current year** | **1,630,561** |

(in millions of yen, ( ) indicates loss or minus)

| Accounts | Amount |
|---|---|
| **Valuation, translation adjustments and others** | |
| Unrealized holding gain and loss on securities | |
| Balance at the end of previous year | 6,026 |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (2,570) |
| Total changes during the year | (2,570) |
| Balance at the end of current year | 3,455 |
| Unrealized gain and loss from hedging instruments | |
| Balance at the end of previous year | — |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (560) |
| Total changes during the year | (560) |
| Balance at the end of current year | (560) |
| Total valuation, translation adjustments and others | |
| Balance at the end of previous year | 6,026 |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | (3,131) |
| Total changes during the year | (3,131) |
| **Balance at the end of current year** | **2,894** |
| **Shares subscription rights** | |
| Balance at the end of previous year | 1,714 |
| Changes during the year | |
| Net changes in items other than those in shareholders' equity | 374 |
| Total changes during the year | 374 |
| **Balance at the end of current year** | **2,088** |
| **Total net assets** | |
| Balance at the end of previous year | 1,781,612 |
| Changes during the year | |
| Cash dividends paid | (135,890) |
| Net loss | (7,385) |
| Purchase of treasury stock | (34) |
| Net changes in items other than those in shareholders' equity | (2,757) |
| Total changes during the year | (146,067) |
| **Balance at the end of current year** | **1,635,545** |

# 9. Notes to Non-Consolidated Financial Statements

## Significant Accounting Policies

### 1. Valuation of Assets

(1) Securities

1) Held-to-maturity debt securities
Held-to-maturity debt securities are stated at amortized cost (Straight-line method).

2) Equity securities issued by subsidiaries and affiliates
Equity securities issued by subsidiaries and affiliates are carried at cost determined by the moving average method.

3) Other securities

a) Marketable securities:
Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold is calculated by the moving average method.

b) Non-marketable securities:
Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

(2) Derivative financial instruments
Derivative financial instruments are stated at fair value.

(3) Inventories
Inventories are stated at cost determined by the first-in and first-out method. Cost of Inventories is written-down when their carrying amounts become unrecoverable.

### 2. Depreciation and amortization of fixed assets

(1) Property, plant and equipment
Depreciation of property, plant and equipment is calculated by straight-line method based on the estimated useful lives and economic residual value determined by the Company.

(2) Intangible assets
Amortization of intangible assets is calculated by the straight-line method. Amortization of software for internal use is calculated by the straight-line method over the estimated useful lives (5 years).

(3) Lease Asset
Depreciation of lease assets is calculated by the straight-line method base on the estimated useful lives or lease terms and the estimated residual values.

### 3. Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and the differences arising from the translation are included in the statement of operations.

### 4. Basis for reserves and allowances

(1) Allowance for doubtful accounts
The allowance for doubtful accounts is provided for possible bad debt at the amount estimated based on the past bad debts experience for normal receivables plus uncollectible amounts determined by reference to the collectibilities of individual doubtful receivables.

(2) Accrued warranty costs
Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.

(3) Accrued retirement benefits
Accrued retirement benefits or prepaid pension costs are provided for payment of retirement benefits at the amount calculated based on the retirement benefit obligation and the fair value of pension plan assets at the end of this fiscal year.
The net retirement benefit obligation at transition is being amortized over a period of 15 years on a straight-line method.
Prior service cost is being amortized as incurred by the straight-line

method over the periods which are shorter than the average remaining years of service of the eligible employees.
Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.

**5. Other significant accounting policies**

(1) Significant hedge accounting method

1) Hedge accounting
Primarily, deferred hedge accounting is applied for derivative instruments.
Short-cut method, "Furiate-Shori," is applied for forward exchange contracts which are qualified for such treatment and related to the hedged items other than foreign currency denominated accounts receivables.
Special treatment, "Tokurei-Shori," is applied for interest rate swaps which are qualified for such treatment.

2) Hedging instruments and hedged items
Hedging instruments—Derivative transactions
Hedged items—Mainly receivables and payables denominated in foreign currencies, and other.

3) Hedging policy
Based on internal "Policies and Procedures for Risk Management" and "Delegation of Authorities" rules, risks for foreign exchange and interest rate fluctuations are hedged within the certain extent.

4) Assessment of hedge effectiveness
The assessment of hedge effectiveness is omitted when the terms of transaction are substantially same as those of hedging instruments.

(2) Consumption Tax
Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.

(3) Filing of consolidated tax returns
The Company has been filing consolidated tax returns.

**6. Accounting changes**

(Classification to record sales incentive)
Until the year ended March 31, 2008, "sales incentive" was included in "Selling, general and administrative expenses" for the Company. The treatment of sales incentive for all the overseas consolidated subsidiaries was unified to the effect that the sales incentive is deducted from net sales pursuant to the adoption of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18 issued on May 17, 2006). As a result, effective April 1, 2008, the accounting for the sales incentive for the Company has been changed to that in which the sales incentive is deducted from net sales to unify the accounting principle among the consolidated subsidiaries and more appropriately present net sales.
As a result of this change, net sales and gross profit decreased by 40,254 million compared with the corresponding amounts which would have been recorded if the previous method had been applied. However, as selling, general and administrative expenses decreased by the same amount, there was no effect on operating loss, ordinary income, income before income taxes and net loss.

**7. Changes in presentation**

Main changes are as follows

(1) Until the year ended March 31, 2008, "Raw materials" and "Supplies" were presented separately, whereas these were merged in "Raw materials and supplies" in the year ended March 31, 2009.

(2) Until the year ended March 31, 2008, "Interest on bonds", "Interest on commercial papers" and "Interest on leased payable" were included in "Interest expense", whereas these were presented separately in the year ended March 31, 2009.

(3) Until the year ended March 31, 2008, "Write-down of investments and receivables" was included in "Other" in Special losses, whereas this was presented separately in the year ended March 31, 2009.

## Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment amounted to 1,257,290 million yen.
(The above amount includes depreciation of leased assets in the amount of 93,815 million yen.)

2. Guarantees given and other items

- Guarantees given

| | |
|---|---|
| Employees | 118,166 million yen |
| Nissan Motor Manufacturing (UK) Ltd. | 6,980 million yen |
| Nissan South Africa (Pty) Ltd. | 3,268 million yen |
| Nissan North America, Inc. | 1,243 million yen |
| Others | 9,107 million yen |
| Total | 138,766 million yen |

- Commitments to provide guarantees of indebtedness

| | |
|---|---|
| Hibikinada Development Co., Ltd. | 716 million yen |

- Keepwell Agreements

Provided for the following companies

| | |
|---|---|
| Nissan Motor Acceptance Corp. | 2,044,184 million yen |
| Nissan Financial Services Co., Ltd. | 763,000 million yen |
| Nissan Leasing (Thailand) Co., Ltd. | 22,314 million yen |
| Total | 2,829,499 million yen |

3. Monetary receivables from and payables to subsidiaries and affiliates:
(except for separately disclosed)

| | |
|---|---|
| Short-term monetary receivables: | 161,256 million yen |
| Long-term monetary receivables: | 98,015 million yen |
| Short-term monetary payables: | 345,835 million yen |
| Long-term monetary payables: | 6,468 million yen |

4. As endorser of documentary export bills discounted with banks:
3,481 million yen

## Notes to Non-Consolidated Statements of Income

Transactions with subsidiaries and affiliates

| | |
|---|---|
| Sales to subsidiaries and affiliates: | 2,614,174 million yen |
| Purchases from subsidiaries and affiliates: | 1,148,775 million yen |
| Transactions with subsidiaries and affiliates other than operating transactions: | 363,035 million yen |

## Note to Non-Consolidated Statements of Changes in Net Assets

Treasury stock (as of March 31, 2009) Common stock 137,185 thousand shares

## Note relating to deferred tax assets and liabilities

Deferred tax assets mainly consisted of those deriving from accrued retirement benefits, accrued warranty costs and others.
Deferred tax liabilities mainly consisted of those deriving from reserves under special Taxation Measures Law, unrealized holding gain on securities and others.
Valuation allowance provided against deferred tax assets amounted to 65,387 million yen.

## Note relating to related party transaction

Subsidiaries, affiliates and others

(in millions of yen)

| Attribute | Name | Percentage of voting right held by the company | Relation | Nature of transactions | Amount of the transactions | Account | Balance at the end of fiscal year |
|---|---|---|---|---|---|---|---|
| Subsidiary | Nissan North America, Inc. | Ownership Directly100% | • Purchasing products manufactured by NML<br>• Concurrent positions held by directors | Sales<br>Dividend income | 678,826<br>332,693 | Trade accounts receivable | 26,084 |
| Subsidiary | Nissan International SA | Ownership Indirectly 100% | • Purchasing products manufactured by NML<br>• Concurrent positions held by directors | Sales | 307,117 | Trade accounts receivable | 9,004 |
| Subsidiary | Nissan Finance Co., Ltd. | Ownership Directly100% | • Making loans to domestic subsidiaries | Making loans | 590,164 | Short-term loans receivable from subsidiaries and affiliates | 590,164 |
| Subsidiary | Nissan International Finance Singapore Pte. Ltd. | Ownership Directly100% | • Making loans to NML | Borrowing loans | 86,355 | Short-term borrowings | 86,355 |
| Subsidiary | Nissan Motor Acceptance Corp. | Ownership Indirectly 100% | • Providing sales finance services for vehicles manufactured by the company | Making loans<br>Guarantees given and other (Keepwell Agreements) | 98,015<br>2,044,184 | Long-term loans receivable<br>— | 98,015<br>— |
| Subsidiary | Nissan Financial Services Co., Ltd. | Ownership Directly100% | • Lease of car | Guarantees given and other (Keepwell Agreements) | 763,000 | — | — |
| Subsidiary | Nissan Shatai Co., Ltd. | Ownership Directly 42.91% Indirectly 0.03% | • Manufacturing certain products on behalf of NML | Purchases | 287,434 | Trade accounts payable<br>Advances paid<br>Accrued expenses | 43,491<br>4,424<br>5,235 |

Terms and conditions of transactions and policies on deciding terms and conditions

(1) Sales of products and parts are decided considering market prices and total costs.

(2) Purchase of products is decided after investigation and negotiation considering bidding prices, existing prices, and market price of our products.
Parts provided to subcontractors are offset against the purchase costs, and after negotiation, at the amount which is decided based on the price calculated using the cost.

Others

(1) The Company provides guarantees to the borrows of its subsidiaries.
In addition, the Company provides keepwell agreements, as a part of guarantee, in order to enhance the credits.

(2) The Company has borrowings and lendings with its group companies. The interest rate is determined by reference to market rates.

(3) Dividend income from subsidiaries of which the Company has all voting rights are decided considering its financial condition.

### Notes to Amounts per share

| | |
|---|---|
| Net assets excluding share subscription rights per share | 372.63 yen |
| Basic net loss per share | 1.68 yen |

### Other

Not applicable

Amounts less than one million yen have been omitted.

## 10. Copy of Consolidated Independent Auditors' Report

### Report of Independent Auditors

May 12, 2009

To the Board of Directors
Nissan Motor Co., Ltd.

**Ernst & Young ShinNihon LLC**

/s/ Yasunobu Furukawa (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Kenji Ota (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Yoji Murohashi (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Takeshi Hori (seal)
Designated and Engagement Partner
Certified Public Accountant

Pursuant to Article 444, Section 4 of the Company Law, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Nissan Motor Co., Ltd. (the "Company") applicable to the fiscal year from April 1, 2008 through March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Nissan Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2009 in conformity with accounting principles generally accepted in Japan.

*Supplemental Information*

(1) As described in Note 6 of "Basis of Consolidated Financial Statements," effective April 1, 2008, the Company adopted a new practical guideline with respect to unification of accounting policies applied by foreign subsidiaries in the preparation of consolidated financial statements.
(2) As described in Note 6 of "Basis of Consolidated Financial Statements," effective April 1, 2008, the sales incentive for the Company and domestic consolidated subsidiaries has been deducted from net sales, whereas it was included in selling, general and administrative expenses in the previous years.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

## 11. Copy of Independent Auditors' Report

### Report of Independent Auditors

May 12, 2009

To the Board of Directors
Nissan Motor Co., Ltd.

**Ernst & Young ShinNihon LLC**

/s/ Yasunobu Furukawa (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Kenji Ota (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Yoji Murohashi (seal)
Designated and Engagement Partner
Certified Public Accountant

/s/ Takeshi Hori (seal)
Designated and Engagement Partner
Certified Public Accountant

Pursuant to Article 436, Section 2, Paragraph 1 of the Company Law, we have audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Nissan Motor Co., Ltd. (the "Company") applicable to the 110th fiscal year from April 1, 2008 through March 31, 2009. These financial statements and the related supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit.

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

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Nissan Motor Co., Ltd. applicable to the 110th fiscal year ended March 31, 2009 in conformity with accounting principles generally accepted in Japan.

*Supplemental Information*

As described in Note 6 of "Significant accounting policies," effective April 1, 2008, the sales incentive for the Company has been deducted from net sales, whereas it was included in selling, general and administrative expenses in the previous years.

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

## 12. Copy of Audit Report of Board of Statutory Auditors

**Audit Report**

Regarding the performance of duties by directors for the 110th business year beginning April 1, 2008, and ending March 31, 2009, the Board of Statutory Auditors hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective statutory auditors, as follows:

1. Methods and Contents of Audit by the Statutory Auditors and the Board of Statutory Auditors

The Board of Statutory Auditors determined, among other things, the auditing policies; received reports regarding the status of execution of audit and its results from each statutory auditor; received reports from directors, other relevant employees and independent auditors concerning the performance of their duties; and, when necessary, requested them to provide explanations.

In accordance with the statutory auditors' auditing standards specified by the Board of Statutory Auditors and in conformity with auditing policies, each statutory auditor ensured to communicate effectively with directors, employees in the internal audit division and other relevant employees; made efforts to collect necessary information and improve auditing environment; attended the meetings of the Board of Directors and other important meetings; received reports from directors and relevant employees regarding the performance of their duties; requested them to provide explanations when necessary; examined important decision documents and associated information; and studied the operations and financial conditions at the head office as well as other principal offices and plants. Moreover, the statutory auditors monitored and verified the contents of resolutions of the Board of Directors regarding the implementation of systems required to be implemented to ensure the proper operations of corporations under Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Corporate Law including a system to ensure that the performance of duties by directors is in compliance with the laws, regulations and the Articles of Incorporation, and the status of the system (internal control system) implemented according to such resolutions. With respect to internal control systems for preparing financial reports, the statutory auditors regularly received reports regarding status of implementation, evaluation and auditing of the internal control systems concerned from directors and relevant employees as well as Ernst & Young ShinNihon LLC, and requested them to provide explanations when necessary. As for the subsidiaries, the statutory auditors ensured to communicate effectively with directors, statutory auditors and other personnel of subsidiaries and to exchange information therewith, and, when necessary, received reports from the subsidiaries regarding their business. Based on the above methods, the statutory auditors examined the business report and supplementary schedules for this business year.

In addition, the statutory auditors monitored and verified whether the independent auditors were maintaining their independence and properly performing audits; received reports from the independent auditors on the performance of their duties; and, when necessary, requested them to provide explanations. The statutory auditors also received from the independent auditors a notice confirming that "the system to ensure proper performance of duties" (matters stipulated in each paragraph of Article 131 of Corporate Calculation Regulations) was properly implemented according to the "Standards on Quality Control for Audit" (October 28, 2005, Business Accounting Deliberation Council) and other relevant standards, and, when necessary, requested them to provide explanations. Based on the aforementioned methods, the statutory auditors examined the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements) and supplementary schedules as well as consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements).

2. Audit Results

(1) Audit results concerning business reports, etc.

1. In our opinion, the business reports and supplementary schedules fairly represent the Company's conditions in accordance with the related laws and regulations, and the Articles of Incorporation.
2. With regard to the performance of duties by the directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of the Articles of Incorporation.
3. In our opinion, resolutions of the meetings of the Board of Directors regarding the internal control system are fair and reasonable. Furthermore, we have found no matters to remark regarding the performance of duties by directors in relation to the internal control system.
In addition, we have received from directors and relevant employees as well as Ernst & Young ShinNihon LLC reports stating no material defects was found in the internal control systems for preparing financial reports.

(2) Audit results concerning non-consolidated financial statements and supplementary schedules

In our opinion, the methods and results employed and rendered by the independent auditors, Ernst & Young ShinNihon LLC, are fair and reasonable.

(3) Audit results concerning consolidated financial statements

In our opinion, the methods and results employed and rendered by the independent auditors, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 19, 2009

| | | |
|---|---|---|
| Nissan Motor Co., Ltd. | | Board of Statutory Auditors |
| Full-time Statutory Auditor | | Masahiko Aoki |
| Full-time Statutory Auditor | (Outside Statutory Auditor) | Takeo Otsubo |
| Full-time Statutory Auditor | (Outside Statutory Auditor) | Toshiyuki Nakamura |
| Statutory Auditor | (Outside Statutory Auditor) | Takemoto Ohto |

—That's all.—

## Shareholder Memo

| | |
|---|---|
| **Fiscal Year-End** | March 31 |
| **Record Date** | March 31<br>(for interim dividends: September 30) |
| **General Shareholders' Meeting** | June |
| **Proxy Record Date** | March 31 |
| **Transfer Agent and Register** | The Chuo Mitsui Trust & Banking Co., Ltd.<br>33-1, Shiba 3-chome, Minato-ku<br>Tokyo 105-8574 Japan |
| **Business Office of Transfer Agent** | The Chuo Mitsui Trust & Banking Co., Ltd.<br>Stock Transfer Agency Department<br>8-4, Izumi 2-chome, Suginami-ku<br>Tokyo 168-0063 Japan<br>Tel: 0120-78-2031 |

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**Company Name:** NISSAN MOTOR CO., LTD.

**Registered Head Office:** 2, Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa 220-8623 Japan

**Corporate Headquarters:** 17-1, Ginza 6-chome, Chuo-ku, Tokyo 104-8023 Japan Tel: (03)3543-5523

**Corporate Information Website**

http://www.nissan-global.com/EN/HOME/

Investor Relations
**http://www.nissan-global.com/EN/IR/**