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May 12, 2016

Company Name Nissan Motor Co., Ltd.
Code No. 7201
Inquiry IR Department
(TEL 045-523-5523)

**Announcement regarding Signing of Basic Agreement
with respect to Investment and Strategic Alliance**

On May 12, 2016, the Company resolved that (i) it enters into the Basic Agreement with Mitsubishi Motors Corporation (“MMC”) to negotiate for formation of a strategic alliance between the Company and MMC (the “Alliance”) and (ii) it will acquire new shares of MMC in form of a third party allotment (the “New Share Issuance”) as follows:

1. Purpose of Alliance

Since the Company and MMC agreed that MMC would manufacture small commercial cars for the Company on an OEM basis in 2003, MMC has supplied small commercial cars to the Company. In December 2010, the Company and MMC agreed to expand our business corporation. Since then, the Company and MMC have strengthened our cooperation, such as the formation of a joint venture company (Kabushiki Kaisha NMKV) with respect to small commercial cars in Japan between the Company and MMC in 2011. To further strengthen our relationship, in October 2015, the Company, MMC and NMKV signed a basic agreement with respect to planning and development of next generation small cars. However, the Company asked MMC to investigate an issue with respect to development of next generation cars and, following that, the Company and MMC jointly retested fuel consumption of the cars on the market and discovered the false data issue. We are aware that investors are concerned that this issue may undermine our cooperative relationship and have an adverse effect on MMC’s management strategies.

We expect that the Alliance will lead us to establish a constructive alliance in the medium and long term. We also expect that becoming a member of the Renault-Nissan alliance will help MMC maintain its business opportunities and significantly restore its credibility about competitiveness in such medium and long term strategies.

Since the primary responsibility for the compliance issues of MMC is in the product development department of MMC, it is necessary to reform the corporate culture and awareness mainly in the development department. We expect that MMC could proceed with such reform of its product development department with human resources and technological support from the Company.

MMC’s brand image and credibility has been significantly damaged by the false data issue. Following changes in the surrounding circumstances, it is also necessary for MMC to strengthen its purchasing effectiveness by measures such as effective utilization of limited development resources and introduction of high-value-added products. It is expected that MMC could restore its brand image and credibility as a member of the Renault-Nissan alliance through the New Share Issuance and a strong alliance relationship including the capital relationship. It is also expected that if MMC’s product and technology development functions are managed uniformly as part of the Renault-Nissan alliance and effectively utilize development resources, MMC could manufacture more competitive products, and strengthen its effectiveness in purchasing high-value-added parts and other parts.

Taking these factors into consideration, the Company decided to enter into the Basic Agreement with MMC and acquire MMC’s new shares.

2. Details of Alliance

(a) Investment

MMC will issue 506,620,577 common shares (the “New MMC Shares”) to the Company and the Company will acquire such shares in form of a third party allotment. Such shares amount to 34.0% of the total voting rights on a post-issuance basis and 34.0% of the total issued shares on a post-issuance basis. Following the New Share Issuance, the Company will become a Major Shareholder, the Top Shareholder and a Related Company for disclosure purposes. For details of the New Share Issuance, please see the announcement of “Announcement regarding Signing of Basic Agreement with respect to Strategic Alliance, Shelf-Registration of New Share Issuance and Change of a Major Shareholder, the Top Shareholder and a Related Company” disclosed by MMC on the date hereof.

(b) Strategic Alliance

The Company and MMC agreed to form a strategic alliance in the following areas. Both parties will discuss details of the alliance.

- Management exchange between the two companies
- Cross sharing of engineering assets.
- Mini development will continue
- Collaboration in ASEAN region
- Powertrain sharing: ICE and eV
- Production facility utilization
- Purchasing synergies
- Financial services and after sales

(c) Details of Basic Agreement and Alliance

The Company and MMC entered into the Basic Agreement today. Under the Basic Agreement, the parties agreed that MMC will issue to the Company and the Company will acquire from MMC the New MMC Shares subject to the conditions to be set forth in the Alliance Agreement. Under the Basic Agreement, the parties agreed to negotiate in good faith the terms and conditions of the Alliance Agreement with the objective to complete and sign it by May 25, 2016. The Company and MMC agreed to set forth the following in the Alliance Agreement:

- A. Certain conditions, including the following, must be satisfied prior to the closing: (i) all applicable antitrust approvals, foreign exchange approvals and other regulatory approvals for the Alliance have been obtained and the applicable waiting periods have expired; (ii) Nissan’s and the MMC special investigation committee’s due diligence concerning the MMC group and the MMC business shall not have uncovered any fact or event that could reasonably be expected to have a material adverse effect; (iii) the Company, Mitsubishi Heavy Industries, Ltd., Mitsubishi Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. shall enter into a shareholder agreement in which the parties agree to collectively maintain majority ownership of MMC and support the strategic alliance.
- B. Following the closing, (i) the MMC Board shall be reduced to eleven (11) directors; (ii) the MMC Board shall propose for election as directors of MMC the number of qualified persons nominated by Nissan that is proportionate to its voting rights (the “Nissan Directors”); and (iii) if acceptable to a majority of the MMC Board, one of the Nissan Directors shall be elected by the MMC Board as Chairman of MMC.
- C. Either party may terminate the Alliance Agreement if the investment has not occurred within one year after the signing date of the Alliance Agreement; provided that the termination date

shall be automatically extended for up to an additional six months if the closing is delayed due to regulatory approvals or mandatory waiting periods.

- (d) Acquisition Price
¥ 237,362 million in total (¥468.52 per share)

3. Details of MMC

(As of September 30, 2015)

(i)	Name	Mitsubishi Motors Corporation		
(ii)	Location	33-8, Shiba 5-chome, Minato-ku, Tokyo Japan		
(iii)	Title and Name of Representative	Tetsuro Aikawa, President and COO		
(iv)	Type of Business	Development, manufacturing and sales relating to cars and their component parts, and financing business		
(v)	Stated Capital	JPY 165,701 million		
(vi)	Date of Incorporation	April 22, 1970		
(vii)	Major Shareholders and Shareholding Ratio	Mitsubishi Heavy Industries, Ltd.	12.63%	
		Mitsubishi Corporation	10.06%	
		MHI Automotive Capital. LLC 1	3.92%	
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.91%	
		MHI Automotive Capital. LLC 2	3.45%	
		Japan Trustee Services Bank, Ltd. (Trust account)	2.23%	
		The Master Trust Bank of Japan, Ltd. (Trust account)	1.80%	
		JP MORGAN CHASE BANK 385632 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department)	1.67%	
		THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1.31%	
		CBNY-GOVERNMENT OF NORWAY (Standing proxy: Citibank Japan Ltd.)	1.24%	
(viii)	Relationship between the Company and MMC	Capital Relationship	There is no capital relationship between the Company and MMC that must be disclosed. There is no capital relationship between any affiliates of the Company and MMC that must be disclosed.	
		Personal Relationship	There is no personal relationship between the Company and MMC that must be disclosed. There is no personal relationship between any affiliates of the Company and MMC that must be disclosed.	
		Business Relationship	MMC supplies small cars to the Company. The Company sells cars, such as Delica Van, Dignity, Proudia and Lancer Cargo, to MMC. The Company and MMC entered into a 50/50 joint venture agreement to form the joint venture company (Kabushiki Kaisha NMKV), which engages in product planning and development with respect to small commercial cars in Japan. The Company, MMC and Suzuki Motor Corporation entered into a shareholders agreement with respect to Jatco Ltd.	
		Status as a Related Party	MMC or its affiliates do not constitute a related party to the Company.	
(ix)	Consolidated Business Results and Consolidated Financial Conditions in the past three years			
	Fiscal Year	FY 2013 (March 2014)	FY 2014 (March 2015)	FY 2015 (March 2016)*
	Consolidated Net Assets	JPY 550,009 million	JPY 670,766 million	JPY 701,856 million
	Consolidated Total Assets	JPY 1,543,890 million	JPY 1,582,802 million	JPY 1,433,725 million

Consolidated Net Assets per Share	JPY 549.63	JPY 669.74	JPY 699.25
Consolidated Net Sales	JPY 2,093,409 million	JPY 2,180,728 million	JPY 2,267,849 million
Consolidated Operating Income	JPY 123,434 million	JPY 135,913 million	JPY 138,377 million
Consolidated Ordinary Income	JPY 129,472 million	JPY 151,616 million	JPY 141,027 million
Consolidated Net Income	JPY 104,664 million	JPY 118,170 million	JPY 89,094 million
Consolidated Net Income per Share	JPY 156.60	JPY 120.16	JPY 90.59
Cash Dividend per Share	JPY 25.00	JPY 16.00	JPY 16.00

* The FY2015 figures are based on the Summary of Consolidated Financial Results [Japan GAAP] for FY 2015 Full Year disclosed by Mitsubishi Motors Corporation on April 27, 2016 and these figures are not audited. The cash dividend amount per share in FY2015 includes the year-end dividend of JPY 8 per share that is expected to be approved at MMC's annual shareholders meeting.

4. Target Schedule

May 12, 2016: Board approval at the Company and MMC

May 12, 2016: sign Basic Agreement (completed)

May 25, 2016: sign Alliance Agreement

August 2016: Nissan due diligence completed

October 2016: Closing (Note: The Company will make payment within 10 business days after all conditions precedent are satisfied.)

5. Prospect

To achieve the Alliance, the Company and MMC will negotiate the conditions of the Alliance Agreement with the objective to complete and sign it by May 25, 2016. With respect to details of the Alliance, if any matter that is required to be disclosed comes up, the Company will immediately disclose such matter.