

Performance and Corporate Governance

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Aiming for Sustainable and Profitable Growth





Nissan Value-Up Update and Fiscal 2005 Financial Review

Making Steady Progress Toward Our Commitments



Our Three-Year Plan: Nissan Value-Up Update

Nissan looks to the future with an even more ambitious plan: Nissan Value-Up. This three-year plan, like the Nissan Revival Plan and Nissan 180 before it, carries a clear message of its intentions, backed by strong commitments to achieving them. Nissan Value-Up has been implemented since April 2005, with three commitments:

- To maintain the top level of operating profit margin among global automakers for each of the three years of the plan;
- To achieve global sales of 4.2 million units in fiscal 2008; and
- To achieve a 20% return on invested capital on average over the course of the plan, excluding cash on hand.

Under Nissan Value-Up, we are pursuing four major breakthroughs. These new frontiers for Nissan are:

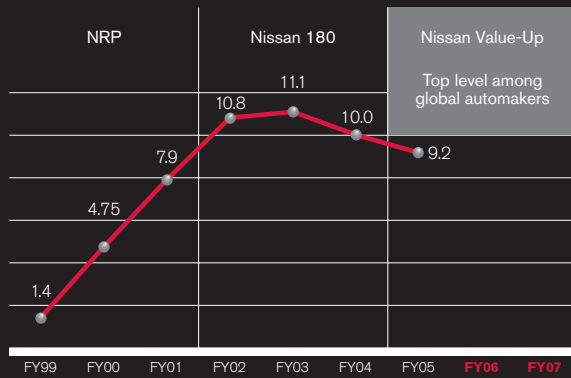
- Building Infiniti into a globally recognized luxury brand.
- Building a new and significant global presence in light commercial vehicles.
- Developing new supply sources in what we call “leading competitive countries” for parts, machinery and equipment, vendor tooling and services.
- Expanding our geographic presence in markets such as China, India, Thailand, Russia, Eastern Europe, the Gulf countries and Egypt.

Within this framework for action in this plan, we will create more value for more stakeholders in more world markets than ever before.

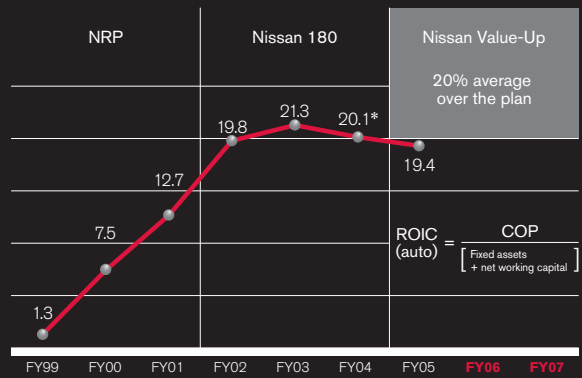
Nissan Value-Up Commitments

- Profit commitment
Top level operating profit margin among global automakers in FY05–FY07
- Volume commitment
4.2 million sales in FY08
- Return on invested capital
20% average ROIC over the plan

● Consolidated Operating Profit Margin (%)

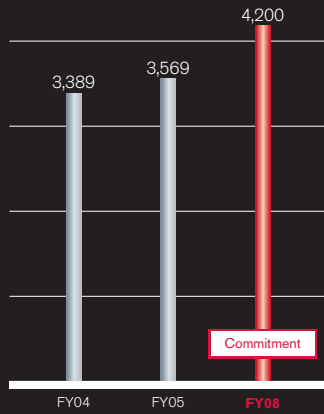


● Return on Invested Capital (Auto) (%)

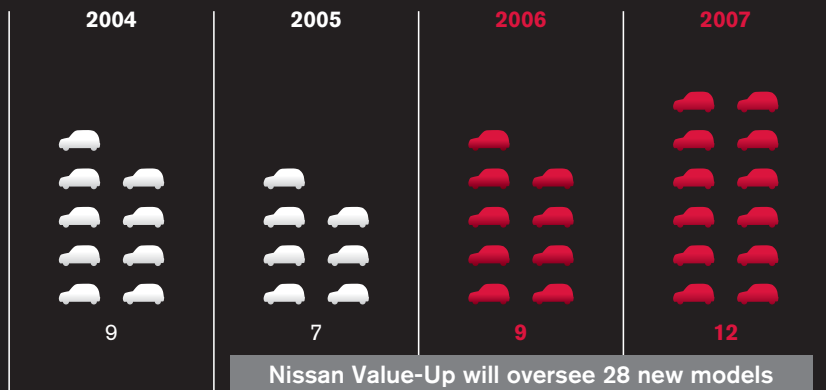


*Same scope of consolidation as P&L, excluding change of cash compared to FY03

● Global Sales Volume (thousand units)



● Model Launch Schedule, Fiscal 2004–2007



Fiscal 2005 Financial Review

Fiscal 2005 was a year of transition for Nissan. As we successfully completed our revival by fully delivering on the three commitments of Nissan 180, the next phase of sustainable and profitable growth through Nissan Value-Up was already well underway.

It was also a year of headwinds and turbulence as the costs of energy, raw materials, regulations and interest rates increased significantly. Because of the fiercely competitive environment, we had to absorb most of these additional costs. This has negatively impacted the increase in our profitability and slowed our growth in a low year of our product cycle—the year when we have the lowest number of new product launches during Nissan Value-Up.

Despite this, Nissan has lived up to those challenges with record earnings and an operating profit margin that continues to lead the global automakers.

Fiscal 2005 sales performance: Global sales reached a record level of 3,569,000 units, an increase of 5.3%. In various markets around the world, we released seven all-new models.

Fiscal 2005 financial performance: Consolidated net revenues amounted to ¥9.4 trillion, up 9.9% from last year. Movements in foreign exchange rates produced a positive impact of ¥301.0 billion. Changes in the scope of consolidation—such as the inclusion of Calsonic Kansei—had a positive impact of ¥117.8 billion on revenues.

Consolidated operating profit improved by 1.2% to a record ¥871.8 billion. As a percentage of net revenue, our operating profit margin came to 9.2%.

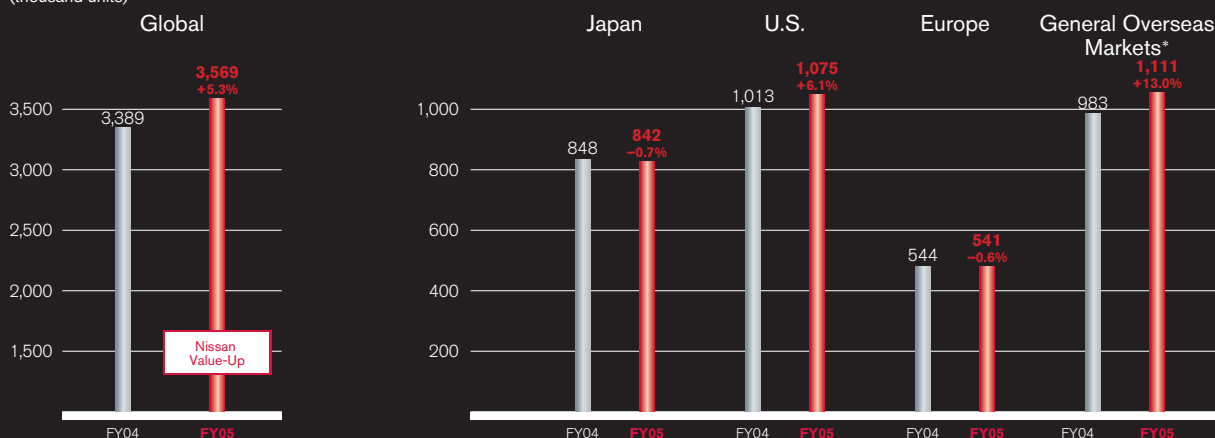
Fiscal 2005 Financial Performance

(billion yen, unless otherwise indicated)

	FY04	FY05	Change
Consolidated net revenue	8,576.3	9,428.3	+9.9%
Consolidated operating profit	861.2	871.8	+1.2%
Operating margin	10.0%	9.2%	-0.8 points
Non-operating loss	-5.5	-25.9	-20.4
Ordinary profit	855.7	845.9	-1.1%
Net extraordinary loss	-62.4	-369	+25.5
Income before taxes	793.3	809.0	+2.0%
Taxes	-258.1	-254.4	+37
Tax rates	32.5%	31.4%	-1.1 points
Minority interest	-22.9	-36.5	-13.6
Net income	512.3	518.1	+1.1%
CAPEX	477.5	475.0	-0.5%
R&D	398.1	447.6	+12.4%
Depreciation	257.4	307.1	+19.3%
Net cash (auto business)	205.8	372.9	+167.1

FOREX for FY05 ¥113.3/\$1
¥136.9/€1**Fiscal 2005 Sales Performance**

(thousand units)



*Including Mexico and Canada

Corporate Governance



Securing Sustainable Growth Through High Transparency

A robust corporate governance policy is a cornerstone of Nissan's corporate social responsibility. We place particular emphasis on transparency in our corporate governance, presenting clear business guidelines and goals to our stakeholders and releasing information on our results and our progress toward those goals as early as possible. Nissan believes that maintaining this transparency in its operations is the key to building a firm foundation of trust for its relationships with stakeholders.

The Nissan Way A path toward further growth

Nissan is a company that creates value through the coexistence and diversity of cultures; this distinguishing quality is what sets us apart as a progressive company. Our synergistic Alliance with Renault, moreover, engenders philosophies, activities and mindsets that are in keeping with an age of increased globalization.

The core principles guiding our operations today are the Nissan Way. It reinforces concepts like the "cross-functional approach" and "stretch" of the Nissan Management Way—which we implemented and assimilated to revive our corporate performance—and it represents a new asset for Nissan. Starting in fiscal 2006 the activities of all Nissan employees will

be guided by these principles, which entail continually creating value by giving full attention to our customers and basing our activities on their concerns. This is the path that will lead to improved results.

The Nissan Way is centered on people and is deeply rooted in the places where productive activities take place, and it comprises five mindsets ("cross-functional and cross-cultural," "transparent," "learner," "frugal" and "competitive") and action values ("motivate," "commit and target," "perform," "measure" and "challenge"). In an environment characterized by diversity, achieving results and winning the trust of our partners is of great importance. We also need to learn from other people and companies, deepen cooperation with them, and generate innovative new ideas. The notion of inner power—strength from our people—is precisely what it takes to achieve these aims. We thus strive to further reinforce the Nissan Way and emerge as an even better company. We are convinced that the concept "power comes from inside" is truly meaningful in creating sustainable and universal values, not only for corporate management but also for a rapidly changing society and international community.

By embracing the diversity underpinning the Nissan Way, we are committed to evolving with the customer to become the world's top automaker in terms of quality, brand strength, profitability, business results and user- and eco-friendliness.



Executive Committee members: (from left) Alain-Pierre Raynaud, Senior Vice President; Mitsuhiro Yamashita, Executive Vice President; Tadao Takahashi, Executive Vice President; Toshiyuki Shiga, Chief Operating Officer; Carlos Ghosn, President and Chief Executive Officer; Itaru Koeda, Executive Vice President and Co-Chairman; Hiroto Saikawa, Executive Vice President; Carlos Tavares, Executive Vice President

A Focus on Compliance Sharing information and applying it to management

Compliance is a foundation for all our CSR efforts. In 2001 the company established the Nissan Global Code of Conduct, setting forth guidelines for employees working in the Nissan Group all over the world. The same year saw the launch of the Global Compliance Committee. This organization carries out ongoing checks of the compliance situation, working to strengthen the company's legal and ethical functions and to prevent lapses in these areas before they take place. Committees in charge of Japan, the Americas, Europe and the General Overseas Markets work together to enforce compliance policy.

Nissan's clearly defined Code of Conduct takes on its true significance only when all the company's employees internalize its content and reflect that content in their actions. For this reason Nissan is focusing on communication activities to deepen awareness. In North America, regular education programs are in place for all employees using the company intranet to help to increase compliance with the code. Efforts in Europe have included development of a unified set of guidelines for all countries in the region. In the General Overseas Markets, meanwhile, which include the fast-growing markets of Asia, Africa and Latin America, we are putting together similar compliance guidelines. Nissan does business in countries with widely differing conditions, and we pay close attention to those differences in our activities, setting up compliance offices and placing promotion officers in each location to manage our activities and boost awareness in this field.

Global Code of Conduct for Nissan Group

Principle

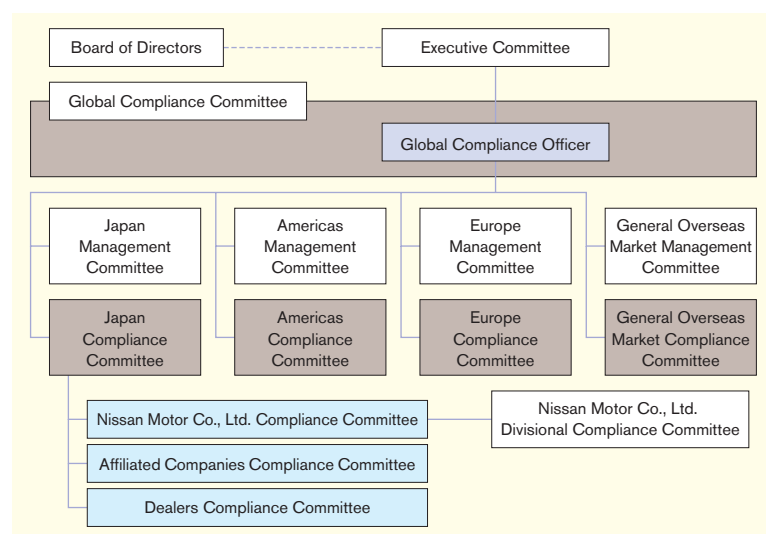
Nissan shall consistently treat customers, employees, shareholders, suppliers and communities with honesty, integrity, fairness and respect.

The following standards apply to all employees in Nissan Group companies. Each member of the company is charged with the responsibility to uphold and extend this Code of Conduct.

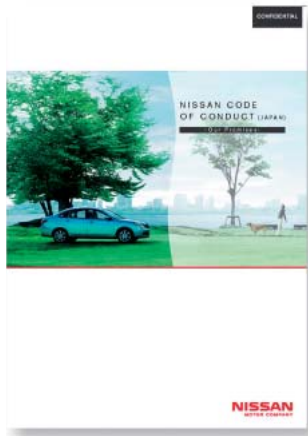
Global Code of Conduct

1. Comply with All Laws and Rules
2. Avoid Conflicts of Interest
3. Preserve Company Assets
4. Be Impartial and Fair
5. Be Transparent and Accountable
6. Value Diversity and Provide Equal Opportunity
7. Be Environmentally Responsible
8. Be Active; Report Violations

Global Compliance Committee Organization



A compliance committee has been or will be established in each region under the governance of the global compliance officer. The committees are responsible for discovering compliance violations at an early stage through internal auditing or reports, for solving problems, and for maintaining and improving internal awareness of the Code of Conduct.



Nissan Code of Conduct



In Japan, Nissan Motor Co., Ltd. has established a comprehensive education system to increase understanding of compliance issues. The Japanese version of the Code of Conduct, titled "Our Promises," is the subject matter for a course that all employees must take via e-learning or videotape before signing agreements to abide by the code. Other companies in Japan that are part of the Nissan Group have introduced their own codes of conduct based on the Nissan document to supplement its content.

In 2002 we deployed our Easy Voice System to facilitate internal reporting on violations. This system allows employees to freely communicate their opinions, questions and requests directly to a dedicated department. Similar reporting systems have also been introduced in Nissan Group companies throughout Japan. The EVS is compliant with the personal information privacy requirements of the Whistleblower Protection Act that went into effect in Japan in April 2006.

Pooling Our Strengths Maintaining independence in pursuit of growth

The Renault-Nissan Alliance, signed on March 27, 1999, was the first such agreement between Japanese and French companies. At the core of this relationship is an agreement to fully respect the brand identities and corporate cultures of both Alliance partners while pursuing a joint strategy for profitable growth and mutual benefits.

Our Alliance Vision

In March 2004, to mark the fifth anniversary of the Renault-Nissan Alliance, the two companies released a statement titled "Alliance Vision: Destination." In this document we reconfirmed the values and principles we hold in concert with one another, while announcing our determination to continue propelling the Alliance forward.

Messages for Our Stakeholders



Yoshiko Tanegashima

Compensation and Benefit Group
Human Resources Department
Nissan Motor Co., Ltd. (Japan)

From a Culture of Obedience to a Culture of Duty

In response to a spate of corporate scandals, companies are required to conduct their business in strict adherence to the laws and social norms.

Nissan is strengthening its compliance system with the cooperation of all group companies at home and abroad. However, internal regulations and a code of conduct are not enough. The system does not work without a sense of awareness among employees. We must understand that we do business in society and our work contributes to society. Therefore, we should go about our activities with pride and responsibility.

In addition to employees' individual efforts to enhance their compliance awareness, it is also

important for management to communicate to employees about its sustainable vision for society, and to take steps to achieve that vision, while fully respecting the laws and regulations that guide us.

When Nissan established the compliance system, the CEO delivered a message to employees that their awareness "promotes a corporate culture where duty matters more than obedience." As he says, we employees need to realize our duty to shareholders, customers, suppliers and colleagues, and fulfill it actively.

I hope to see our activities, based on moral awareness and strong respect for the rules, earn the trust of society.



Alliance Convention



Alliance communications

Alliance Vision: Destination

The Renault-Nissan Alliance, a group of global companies linked by cross-shareholding, is unique for its successful pursuit of the following characteristics:

- Renault and Nissan are united through a coherent strategy and common goals and principles. Through results-driven synergies and shared best practices, the companies pool their strengths to achieve top goals.
- At the same time, Renault and Nissan respect their respective identities and brands, working constantly to reinforce them.

I. The Principles of the Alliance

The Alliance is based on trust and mutual respect. Through its transparent organization, it seeks to ensure clear decision-making for speed, accountability and a high level of performance. It maximizes efficiency by making full use of the strengths of both companies and developing synergies through common organizations, cross-company teams and shared platforms and components.

The Alliance provides employees with attractive working conditions and challenging opportunities, allowing it to attract

and retain the best talent and develop workers' global vision and entrepreneurial mindset.

The Alliance generates attractive returns for the shareholders of both companies and implements the world's best standards of corporate governance.

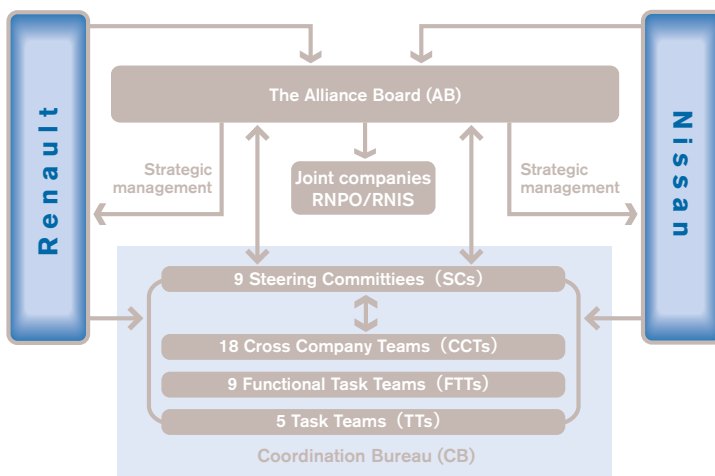
The Alliance contributes to global sustainable development—development that harmonizes economic growth with environmental concerns and companies' social responsibilities.

II. Objectives

The Alliance develops and implements a strategy for profitable growth. It has set itself the following three objectives:

1. To be recognized by customers as being among the best three automotive groups in the quality and value of its products and services in each region and market segment.
2. To be among the best three automotive groups in key technologies, each partner being a leader in specific domains of excellence.
3. To consistently generate a total operating profit among the top three automotive groups in the world by maintaining a high operating profit margin and pursuing growth.

A new Alliance organization



AB: The Alliance Board steers the Alliance's medium- and long-term strategy and coordinates joint activities on a worldwide scale.

SC: Steering committees. Coordinate the activities of the CCT, FTTs and TTs, making operational decisions going beyond the CCT level and reporting to the AB.

CCT: Cross-company teams. Explore opportunities for Alliance synergies, and proposing, planning and monitoring joint projects.

FTT: Functional task teams. Assist the CCTs and contribute to Alliance synergies through process, standards, management, information tools and other support functions.

TT: Task teams. Assigned to address and solve specific issues as they arise.

CB: The Coordination Bureau (with offices at Renault in Paris and Nissan in Tokyo) provides functional support to the SCs, CCTs, FTTs and TTs and prepares the meetings of the Alliance Board.



Alliance Rendez-Vous

A new Alliance organization

In fall 2005 Renault and Nissan launched a new organization for the Alliance. This encompasses nine steering committees, 18 cross-company teams, nine functional task teams and five task teams. It also includes two joint companies, the Renault-Nissan Purchasing Organization and Renault-Nissan Information Services. Executive and senior vice presidents from the two companies head the steering committees, which coordinate the activities of the CCTs, FTTs and TTs placed under them in the organization and deal with issues that go beyond what those teams can address. The activities of the SCs are limited to actual operational details; overall strategy issues are discussed and determined by the Alliance Board at the apex of this structure.

Alliance Convention

In October 2005 Tokyo hosted the third Alliance Convention, which was attended by 300 people including directors from both companies and members of the SCs, CCTs, FTTs and TTs. Participants formed teams to carry out workshop-style discussions on a range of issues: the Alliance's organization and decision-making processes, its achievements in its first six years and the "Alliance Vision: Destination" document, for instance. The convention closed with a panel discussion between CEO Carlos Ghosn and board members from both companies addressing the proposals and questions produced during the workshop sessions.

Alliance Rendez-Vous

Nissan held its first Alliance Rendez-Vous on November 28, 2005. Started by Renault in 2003, these events aim to share information on the Alliance within the hosting company. Four hundred employees gathered at the headquarters in Tokyo and the Technical Center in Atsugi, Kanagawa Prefecture. The theme of this gathering was "R&D Activities." A speech from Nissan COO Toshiyuki Shiga kicked off the event, which featured presentations on Alliance activities from Renault and

Nissan directors in charge of research and development. The day's discussions were broadcast live to a number of Nissan locations in Japan, and a video summary of the event was later distributed around the world to share the latest Alliance information as broadly as possible. Renault and Nissan will hold regular Rendez-Vous events with participation from executives from both companies.

Risk Management Nissan's view and approach

Nissan defines risk as factors that may prevent the company from achieving its business goals. Our approach takes several forms: we analyze the potential for risk, we detect risk as early as possible, we evaluate it and craft appropriate measures to address it and we seek to minimize its incidence and the damage caused when it does arise. Our transparency as an organization is central to these efforts: we believe there must be no concealment of problems.

Nissan evaluates risk in itself and throughout the Nissan Group from a variety of perspectives, and has devoted considerable energy to designing methods and systems for managing risk. The risk management team established in 2004 within our Financial Department works together with the relevant sections of the company around the world, identifying risks arising from Nissan's activities and prioritizing them on the basis of their frequency, damage and control level. This team notes risks requiring attention and delegates those issues to the responsible directors for action. Beginning in fiscal 2005, the concrete measures produced by this approach have been applied to broader risks impacting Nissan's business strategy and processes. The company sections in charge of managing risk share information on their activities via reporting lines, and members of the Executive Committee, the body in charge of Nissan's overall strategy and business decisions, directly monitor risks that must be controlled at the corporate level.

Smooth communications with the Nissan Meeting Way

A large organization, Nissan is the scene of numerous meetings, a vital part of its day-to-day operations and a foundation for its global and cross-functional activities on a grand scale. Increasing these meetings' efficiency and the quality of their output is therefore a key task. To increase the value of these activities, Nissan has defined a unified set of rules for use around the globe: the Nissan Meeting Way.

These rules define the logistics of meetings, which are whenever possible to

be paperless, to require as little movement of people as possible, and to take only one hour per topic of discussion. Tools like WIN (Workforce Integration @ Nissan), our globally integrated intranet, and video teleconferencing help us increase the value of our meetings. Nissan Motor Co., Ltd. started implementing this streamlined system in October 2005, and Nissan operations in North America and Europe are next on the list.



Internal Control Systems Key tools to monitor our progress

Nissan's Board of Directors makes decisions on the company's business operations. As it handles its tasks, the board is subject to oversight of our Statutory Audit Committee. In this system the auditors attend all board and other key meetings; they also carry out interviews with the directors to gauge their performance in all areas on an ongoing basis.

Members of the Statutory Audit Committee meet regularly with the independent financial auditors, who report on results of inspections and plans for future audits. These meetings also allow the teams to exchange information and make decisions on whether their oversight is at a suitable level. The committee also receives regular reports from the internal audit teams throughout Nissan's organization, making use of this data as it crafts its approach. This information exchange at all levels of Nissan's auditing system helps us to make the system more robust.

Another oversight unit is the Domestic Internal Audit Office. This independent group, under the direct control of the CEO, oversees the business activities at Nissan Motor Co., Ltd. and at other affiliated companies, both in Japan and overseas.

Meanwhile, regional audit teams focusing on Nissan's foreign subsidiaries report to the CIAO, or chief internal audit officer, who maintains efficient, effective oversight of all of Nissan's activities on a groupwide and global basis.

Protecting Privacy Measures to protect personal information

In April 2005 Japan's Personal Information Protection Act came into full force. Nissan Motor Co., Ltd. is bolstering its groupwide systems for proper handling of personal information and educating its employees to heighten awareness of the need for data security.

Nissan Financial Services Co., Ltd., which handles credit and leases related to auto sales in Japan, has a special responsibility in this area, dealing as it does with the financial information of Nissan customers. NFS has been strengthening its systems for protecting this data since well before the Personal Information Protection Act came into effect. In March 2006 this company gained Privacy Mark certification, awarded only to companies doing business in Japan with proper systems in place for handling personal information.

Messages for Our Stakeholders



Pierre Sevaistre
Chief Internal Audit Officer
Global Internal Audit
Nissan Motor Co., Ltd. (Japan)

Our Mission: Bring Value to the Company

Like all internal audit functions, our field of action is the reinforcement of internal controls that contribute to better governance, transparency and efficiency of our group.

Internal controls are not an aim by themselves, but a means to bring value to Nissan. Therefore, with all our assignments (operational processes, information systems, financial accuracy, regulatory compliance and fraud investigation), we take the utmost care to answer any concerns from management. Our contribution is assessed according to the value we brought in terms of assurance, risk reduction or process improvement.

Globally we report directly to the CEO and our audit teams are distributed in all the main regions and entities, close to the business. To ensure both independence and expertise of the teams, we have established a strong functional relation and share methods and knowledge through a closely linked network. We also maintain close contact with Renault's Internal Audit.

Since 2005, we have also exerted a risk coordination role, ensuring that major corporate risks have an assigned owner and are managed. This is another way for us to contribute to Nissan's sustainability.