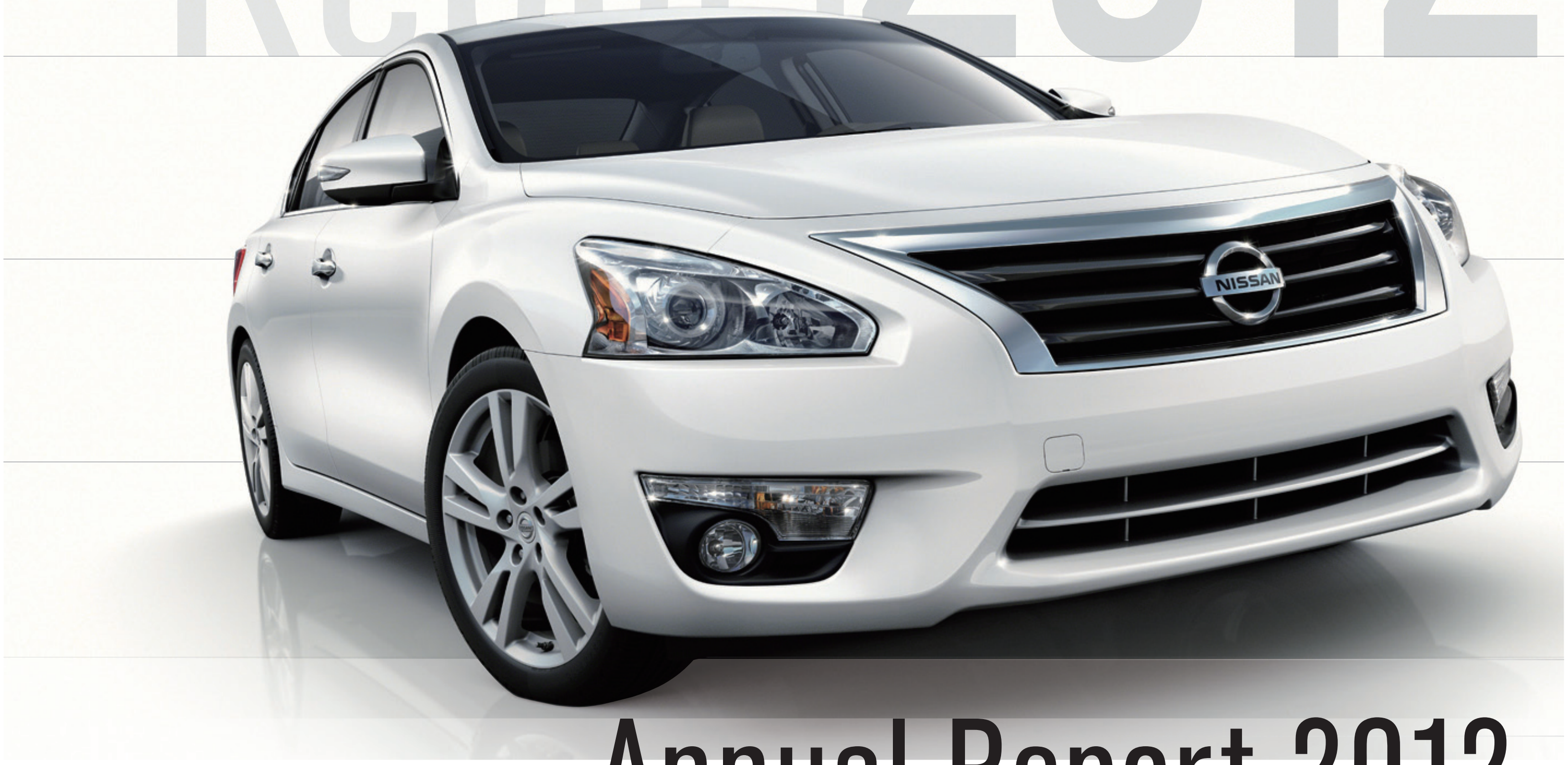


Annual Report 2012

Year Ended March 31, 2012

NISSAN

INFINITI

Vision
Nissan: Enriching People's Lives

Mission
Nissan provides unique and innovative automotive products and services that deliver superior measurable values to all stakeholders* in alliance with Renault.

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

Contents

This annual report presents financial results for the fiscal period ending March 31, 2012. The report also provides shareholders with insights into Nissan's management team. Through one-on-one interviews, various members of executive management, including President and Chief Executive Officer Carlos Ghosn, discuss the philosophy and direction of Nissan.

Report

Annual Report
http://www.nissan-global.com/EN/IR/LIBRARY/AR/

Sustainability Report
http://www.nissan-global.com/EN/COMPANY/CSR/LIBRARY/SR/

Profile
http://www.nissan-global.com/EN/IR/LIBRARY/PROFILE/

This annual report contains forward-looking statements on Nissan's plans and targets, and related operating investment, product planning and production targets. Please note that there can be no assurance that these targets and plans will actually be achieved. Achieving them will depend on many factors, including Nissan's activities and development as well as the dynamics of the automobile industry worldwide and the global economy.

Financial Highlights

	For the years ended	2011 Mar. 31, 2012	2010 Mar. 31, 2011	2009 Mar. 31, 2010	2008 Mar. 31, 2009	2007 Mar. 31, 2008
Net sales[1]	Millions of yen	**¥9,409,026**	¥8,773,093	¥7,517,277	¥8,436,974	¥10,824,238
Operating income (loss)	Millions of yen	**545,839**	537,467	311,609	(137,921)	790,830
Ordinary income (loss)	Millions of yen	**535,090**	537,814	207,747	(172,740)	766,400
Net income (loss)	Millions of yen	**341,433**	319,221	42,390	(233,709)	482,261
Comprehensive income	Millions of yen	**290,600**	189,198	—	—	—
Net assets	Millions of yen	**3,449,997**	3,273,783	3,015,105	2,926,053	3,849,443
Total assets	Millions of yen	**11,072,053**	10,736,693	10,214,820	10,239,540	11,939,482
Net assets per share	Yen	**750.77**	703.16	663.90	644.60	860.17
Basic net income (loss) per share	Yen	**81.67**	76.44	10.40	(57.38)	117.76
Diluted net income per share[2]	Yen	**—**	—	—	—	117.56
Net assets as a percentage of total assets	%	**28.4**	27.4	26.5	25.6	29.4
Return on equity	%	**11.22**	11.30	1.59	(7.62)	13.68
Price earnings ratio[3]	Times	**10.79**	9.65	77.02	—	7.00
Cash flows from operating activities	Millions of yen	**696,297**	667,502	1,177,226	890,726	1,342,284
Cash flows from investing activities	Millions of yen	**(685,053)**	(331,118)	(496,532)	(573,584)	(867,623)
Cash flows from financing activities	Millions of yen	**(308,457)**	110,575	(663,989)	(135,013)	(307,002)
Cash and cash equivalents at end of year	Millions of yen	**840,871**	1,153,453	761,495	746,912	584,102
Net automotive interest-bearing debt	Millions of yen	**(619,863)**	(293,254)	29,658	387,882	(180,232)
Employees[4, 5] ( ) represents the number of part-time employees not included in the above numbers	Number	**157,365** **(34,775)** **161,513** **(35,099)**	155,099 (27,816) 159,398 (28,089)	151,698 (17,600) 157,624 (17,908)	155,659 (20,107) 160,422 (20,649)	159,227 (21,308) 163,099 (21,686)

Notes: 1. Net sales are presented exclusive of consumption tax.
2. Diluted net income per share for the fiscal 2008 is not presented because a net loss per share was recorded although dilutive securities existed. Diluted net income per share for fiscal 2009, fiscal 2010 and fiscal 2011 is not presented because the Company had no securities with dilutive effects.
3. Price earnings ratio for fiscal 2008 is not presented because a net loss per share is recorded.
4. The number of part-time employees has been changed to present the average number of part-time employees for the fiscal 2008 compared with the year-end part-time employees for the previous fiscal years.
5. Staff numbers, which are presented as the lower numbers in the "Employees" line, include those of unconsolidated subsidiaries accounted for by the equity method as reference data.

Message from the CEO

Firing on All Cylinders: Nissan Power 88 Gains Momentum

In fiscal 2011 we launched our mid-term business roadmap, Nissan Power 88, and made solid progress toward achieving the milestones it sets for us. Our robust partnerships and our work to enhance Nissan's brand and sales power are paving the way for further growth.

Carlos Ghosn President and Chief Executive Officer

Moving Ahead with Power

Fiscal 2011 was a record year for Nissan in terms of sales and growth. Despite natural disasters and currency exchange headwinds, we demonstrated our ability to manage successfully through crisis, quickly focusing on the actions required to protect the company and to ensure business continuity. Against a turbulent environment caused by factors out of our control, we made substantial progress across many fronts during 2011. In June, we unveiled a comprehensive, structured mid-term business plan: Nissan Power 88, a six-year program for growth.

The word Power symbolizes our goals for brand and sales development, combined with greater focus on the overall customer experience. The numerals 88 represent our targets of 8% global market share and a sustainable 8% operating profit margin. The six-year timeframe reflects our confidence to make the necessary strategic investments in products, technologies and geographic growth that will benefit the company far beyond the end of the plan.

Nissan made progress on multiple fronts during 2011. We made new investments to expand our global manufacturing footprint and we further utilized our Alliance with Renault and our growing network of partners. In China, Nissan's largest global market, we started production of the Tiida hatchback at the second Huadu plant. Huadu is now our largest manufacturing facility worldwide, with annual production capacity of 600,000 units, illustrating the strength of our joint venture with Dongfeng, our Chinese partner. In Brazil and Mexico, we announced new manufacturing plants in Resende and Aguascalientes, respectively. These investments will contribute to production capacity in the Americas of 2,000,000 units by 2014, up from 1,200,000 units last year (2011).

In March, we announced the return of Datsun. We are now preparing for the return of this iconic brand in India, Indonesia and Russia starting in 2014, bringing modern, high-value and robust products to the rapidly expanding middle classes in these important growth markets. In 2011, our light commercial vehicle business passed a significant milestone with sales exceeding 1,000,000 vehicles for the first time and keeping us on track to make Nissan the world's largest LCV manufacturer by 2016.

Partnerships and Global Reach

Nissan has the most enduring and successful network of global partners. This network extends from our Alliance with Renault to our growing strategic cooperation with Daimler, Ashok Leyland, Mitsubishi and now AvtoVAZ. At a time when many manufacturers are just starting to work together, Nissan has a proven track record of managing successful relationships with other automakers.

In 2011, valuable progress was achieved with our current partners, and new partnership were established. Together with Renault, we delivered an incremental €1.75 billion of additional synergies. As part of our growing partnership with Russian partner AvtoVAZ, we invested €400 million to produce five vehicles across three brands at the Togliatti facility. The Alliance announced an all-new entry Infiniti model to be created using Daimler's latest vehicle architecture, and we will manufacture engines for Mercedes and Infiniti at Nissan's Decherd engine plant in the United States.
In partnership with Ashok Leyland, we started production of the Dost, a compact and affordable pickup truck that will help us grow our LCV presence in the Indian market. And with Mitsubishi, Nissan established a new joint venture to lead the design and engineering of an all-new mini car in Japan.

During 2012, Nissan will completely renew three large-volume global models. The first is the new Altima, which was revealed in April at the New York International Auto Show. In total, we will launch 10 all-new vehicles in 2012 including the Pathfinder, Sylphy/Sentra, NV350 Caravan and a long wheelbase version of the Infiniti M sedan.

Of the 90 new technologies we will launch during Nissan Power 88, 15 will start this year, including an expanded multi-sensing system built on our Around View Monitor image processing technology. We will also launch our next-generation XTRONIC continuously variable transmission (CVT). Nissan is the recognized global leader in CVTs, and this latest generation provides a fuel-economy benefit of up to 10% compared to the current model. Fuel-saving technologies are part of our Blue Citizenship program that guides our environmental, safety and philanthropic actions. During Nissan Power 88 we will invest 70% of our advanced R&D budget into environmental technologies, including those focused on delivering zero-emission leadership.

We will continue our expansion into new and emerging markets during 2012. We are launching the first product from our new Chinese local brand, Venucia, which allows us to compete for the first time in the four million strong entry segment of the Chinese market. In Russia, together with our partners Renault and AvtoVAZ, Nissan is working toward a 40% share. We expanded our relationship with AvtoVAZ last May (2012), and in the second half of this year (2012), we will launch our first entry-level car built locally at the AvtoVAZ plant in Togliatti, the Almera.

At the same time, by no means are we neglecting our premium business. We opened the new global headquarters for Infiniti in Hong Kong in May 2012. In the same year, we will add new markets for Infiniti, such as Chile and Australia, as we drive toward our sales target of 500,000 units across 70 markets by 2016.

A Bright Future for the Nissan Brand

Under Nissan Power 88, we have made both brand power and sales power specific focuses for the company. A strong brand helps our business in every measurable area of the sales and marketing process, from overall opinion to purchase intention to the revenue we generate from every vehicle sold. We will also focus on enhancing overall opinion. Based on the high statistical correlation between overall opinion and market share, this measurement, combined with revenue growth, is the most cost-effective yardstick for growing our market share. Our efforts are being recognized: last year Nissan was named both a top 100 global brand and the most improved brand by the influential Interbrand Group. This year, we rolled out our first-ever global brand campaign in locations like major international airports, reaching hundreds of millions of people with the same consistent message.

Our focus on sales power is driving the expansion of our dealer network in high-growth and emerging markets, using a proven, scientific geomarketing strategy to optimize dealer coverage and increase customer convenience. This year, we will expand our global network by opening 750 new dealer locations, the largest annual increase during Nissan Power 88. We will also increase our sales per outlet, as it is a key measure of operational efficiency.

As we start the new fiscal year, Nissan stands as a company unleashed for success and ready to accelerate growth in all core markets its growth. Together with a stronger brand, investments in products, technologies and global capacity, we have the tools to achieve Nissan Power 88 and beyond. You can continue to expect the best from Nissan.

Carlos Ghosn
President and Chief Executive Officer

Message from the COO

The Power We Need in Volatile Times

Nissan addressed great challenges in the first year of its new mid-term business plan. With a focus on geographic and consumer diversity, as well as environmentally friendly mobility options, it epitomized the Nissan Way: "The power comes from inside."

Toshiyuki Shiga Chief Operating Officer

Strong Performance in a Tough Year

The 3/11 earthquake and tsunami inflicted enormous damage, mainly in Japan's Tohoku region. The catastrophe took numerous lives and deprived people of their normal, everyday life. Nissan runs operations in the affected areas, and the company has been taking various actions to support the disaster-stricken regions while restoring its business. Our support includes implementing humanitarian aid, providing Nissan LEAF electric vehicles (EVs) and 4WD Patrols, and dispatching a mobile library for children in the affected areas.

The disaster damaged our Tochigi and Iwaki Plants, and we had to suspend some operations for two months because of the disrupted supply chain. Even in this state of emergency, a number of actions helped us resume production and mitigate the effects on our operations outside Japan. This is a fruit of our swift, companywide cross-functional/cross-regional initiatives based on the Nissan Way: "The power comes from inside." Our guiding principle for all employees, the Nissan Way has been fostered through our business operations. It proved its worth again in addressing such challenges as the strengthening yen and flooding in Thailand and helping to lessen their impacts on us.

Despite a number of difficulties beyond our control, Nissan's sales hit an all-time high in fiscal 2011, while profit grew year-on-year. We were put to the test, but we fulfilled our potential and surmounted the challenges. This success has not made us complacent, the business environment remains volatile, and global competition is intensifying every day. We are increasing our competitive edge to adapt to the changes. Let me describe the changes we face and what we are doing to adjust to them.

A Focus on Diversity

Needless to say, many manufacturers including automakers in Japan are struggling in cutthroat competition in the global market. These companies share a common challenge: the Japanese yen is at a historic high. Against this backdrop, We believe that retaining a certain amount of R&D and manufacturing activities in Japan is critical to continue growing and competing in the global arena.

For example, the March, our compact car for the Japanese market, was produced previously in our Oppama Plant in Japan but has been relocated to our consolidated entity in Thailand. The 100% all-electric Nissan LEAF is now produced at our Oppama Plant. Our creation of Nissan Motor Kyushu, which capitalizes on its convenient location to import cost-competitive parts from other Asian countries, is another undertaking.

Nissan is making moves to counter the effect of the strong yen. Production entities in Japan are expected to play the role of “mother plants” with state-of-the-art, value-added *monozukuri* (manufacturing excellence), and to keep on building strong technologies and skills. Meanwhile, facilities in other regions are delivering regionally optimal products and services to customers at competitive prices through regionally optimal sourcing. This is mandatory to succeed in the competition with today’s rapidly advancing players, and Nissan is globally directing all its energies to these initiatives.

Nissan is also making efforts to adapt to diversifying customer needs. We are seeing significant growth in emerging markets, in particular the BRICs (Brazil, Russia, India and China) and neighboring countries. Accordingly, diversification of customer needs is increasingly visible. We have clear strategies for working on these new markets. One example is offering products and services that cater to the needs of first-time buyers who drive car demand in emerging markets. Nissan will reintroduce Datsun as a new brand for those customers and a counterpart to Infiniti, our premium brand already available for luxury customers. By combining these with the Nissan brand, we are actively developing an organization that grasps different market needs in more detail, enriching our product line-up and extending market coverage.

Taking the Green Way Forward

Another Nissan initiative is our diversification of green technologies. Diesel engines and downsized engines are in the mainstream in Europe, whereas plug-in hybrid electric vehicles (HEVs) and fuel-efficient gasoline engines are gaining popularity in Japan and the United States. Needs are diverse in emerging markets, meanwhile, spanning everything from ethanol engines to Thailand’s eco-car project and Indonesia’s green car program. Our technological pillars are zero-emission technologies represented by EVs and our PURE DRIVE technologies including clean diesel, the XTRONIC continuously variable transmission and HEVs. The benefits of Nissan LEAF are not limited to vehicle functions. We are also working on the “LEAF to Home” power supply system, which lets users store electricity in batteries during the low-demand night and supply it to their household in the peak daytime hours.

It is not easy to develop diverse green technologies, including zero emission and PURE DRIVE, on our own. Our Alliance with Renault and our other partnerships play an important role in this aspect. Nissan has been fostering a successful win-win relationship since the start of the Renault-Nissan Alliance in 1999. In addition to economies of scale, we have obtained excellent results in strategic joint operations and other areas that benefit both parties. We enjoy a strong network of partnerships around the world, including our joint venture with Dongfeng in China, a joint operation with Ashok Leyland in India and a capital alliance between the Renault-Nissan Alliance and AvtoVAZ in Russia. This network enables us to adapt to growing emerging markets, diversifying customer needs and demand for a full range of green technologies.

The spirit of the Nissan Way informs all of our efforts to tackle the challenges of disaster recovery and global competition. It is no exaggeration to say that the essence of what it takes to accomplish the goals of Nissan Power 88, our new mid-term business plan, lies in the Nissan Way. As this spirit makes itself felt throughout the organization, it is increasingly bearing fruit. We will continue evolving as a carmaker with both flexibility and robust fundamentals, offering distinctive and innovative products and services that delight our customers. “The power comes from inside” at Nissan, and we intend to share it with the world.

Toshiyuki Shiga
Chief Operating Officer

Message from the CFO

Growing Yet Ready to Address Any Situation

Nissan wrapped up the first year of its mid-term business plan with solid performance across the board. The company is positioned well to continue pursuing the ambitious goals it set for itself in Nissan Power 88, and is looking forward to further growth in market share and profitability as the plan moves forward.

Joseph G. Peter Chief Financial Officer

What changes did Nissan implement in response to last year's disaster, and what did you learn?

Broadly speaking, we did not fundamentally shift our strategy, plans or business model as a result of last year's disasters. Frankly, our experience during these events validated our existing plans—for the most part, our responses were continuations of strategies, priorities and plans already in place.

In our localization strategy, for example, we have been working to better balance our manufacturing and sourcing footprint to our sales footprint since the start of the financial crisis in 2008. Our goals at that time were to reduce foreign currency volatility and cost. Today, we also see benefit in terms of reducing supply-chain risk arising from production interruptions. These strategies and initiatives are in various stages of implementation. In fiscal 2010, we began local production and sales of the V-platform global compact car in Thailand, India, China and Mexico, and in January 2011, we announced a plan to increase local production of fully built-up units from approximately 69% in 2010 to 85% by 2015 in the Americas. This includes production in Smyrna, Tennessee, of the new Infiniti JX and Nissan LEAF in 2012, as well as the production shift of the next-generation Rogue from Japan to Smyrna in 2013.

A second example relates to our focus on a strong balance sheet and sustained free cash flow generation. Our actions in recent years to prioritize free cash flow, eliminate automotive net debt and reduce reliance on short-term debt greatly helped us to handle last year's disasters. We now have a much stronger automotive balance sheet and liquidity position—we continue to benefit from this even today as we face renewed market volatility related to the euro-zone crisis.

Perhaps the key change we did make as a result of our experience during the disasters of 2011 was to modify our purchasing process to enhance business continuity plans at the parts level, particularly for critical components, and to mitigate certain supply concentration risks. These modifications, though, are more evolutionary *kaizen* changes rather than fundamental overhauls to our sourcing strategy.

How do you evaluate the first year of the mid-term plan?

The past year has certainly been challenging as we worked to overcome the impacts of the natural disasters in Japan and Thailand and the unrelenting strength of the yen. Notwithstanding the adverse environment, I think it is fair to say that Nissan had a solid start to Nissan Power 88, making progress in all of the key metrics of our business.

In fiscal 2011, Nissan's global sales reached 4,845,000 units, a 15.8% increase from fiscal 2010 and an all-time record. We achieved another record with full-year global market share of 6.4%, up 0.6 points year on year. Our positive sales performance continued to be geographically broad based as we enjoyed strong growth in many of the world markets.

Looking at the financial metrics, consolidated net revenues reached 9.4 trillion yen, up 7.2% from the previous year. Operating profit stood at 545.8 billion yen and our net income was 341.4 billion yen—both of these measures are above the fiscal 2010 levels despite the significant negative year-on-year impact of the strong yen. Additionally, we generated strong automotive free cash flow of 379.5 billion yen. As a result, we increased our automotive net cash position to 619.8 billion yen. These results are all the more striking when viewed in the context of the performance of the other significant Japanese automotive companies during the same timeframe.

What are the main areas of your focus to ensure success for the plan?

Primarily, I will continue to work with Nissan's leadership so that we can deliver exceptional results. Nissan Power 88 represents an opportunity to grow our business, both geographically and in terms of our products and technology. An important part of my job is making sure we have the capital for this growth, which requires investment in new products, factories, distribution networks and sales finance activities. In this regard, we will continue actions to sustain our free cash flow generation and to strengthen our balance sheet.

Additionally, I will work with the management team to drive the achievement of benchmark efficiency throughout our value chain. This involves close cooperation among Nissan's leadership and its teams to establish business models with clear objectives that will ensure that we meet our mid-term goals.

How do you balance growth in market share and operating margin?

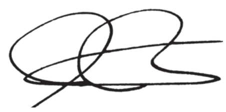
From my perspective, our goals of 8% market share and 8% operating profit margin are not things to balance one against the other. When we pursue growth in sales volume or market share in the right way, our premise is that it will lead to improved profitability. At Nissan, we have a disciplined process in which investments are carefully scrutinized. We also have a robust business planning process in which we review our strategies and investments, as well as risks and opportunities, in the context of our changing business environment which allows us to identify parts of our plans that need increased focus and ways to improve them. In this way, we can react to changing business conditions in real time—a capability that has been successfully tested following the financial crisis touched off in 2008 and in the wake of the natural disasters of 2011.

What are your thoughts on shareholder value?

The strategies and objectives of our mid-term business plan are designed to significantly enhance shareholder value through business growth that drives higher revenue and profits as well as strong sustained free cash flow generation. In this way we will enhance enterprise value while at the same time maintaining a strong balance sheet and providing shareholders an attractive dividend.

Reflecting our confidence in the plan, and in spite of the current volatile and fragile global economic environment, in May this year (2012) we announced our intention to increase the fiscal 2012 dividend by 25% to 25 yen per share. Over the Nissan Power 88 period, we have targeted a minimum dividend payout ratio of 25% of net income, and we will continue to work to improve our credit rating and strengthen our balance sheet further. Under this policy and our current outlook for the Power 88 period, we project that the dividend per share will rise over the course of the mid-term plan.

Joseph G. Peter
Chief Financial Officer



About Mid-term Plan

Nissan is operating its business based on the mid-term plan, Nissan Power 88 for the fiscal years 2011 to 2016. "Power" derives its significance from the strengths and efforts we will apply to our brands and sales. Our commitment is to renew our focus on the overall customer experience, elevating Nissan's brand power and ensuringquality excellence for every person who buys a Nissan car. "88" denotes the measurable rewards from achieving our plan. We aim to achieve a global market share of 8% from 5.8% in 2010, and we will increase our corporate operating profit to a sustainable 8% from 6.1% in 2010.

Nissan is implementing 6 tactics under Nissan Power 88:

1. Brand power

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

2. Sales power

Sales power in the mid-term plan refers to fully grasping the needs of customers in each market and drastically raising sales volume and market share. In emerging markets, we will focus on building a robust dealer network with market positioning and staffing optimized to meet the needs of local Nissan customers. In mature markets, where our dealer network is already established, we will take a strategic approach to improve customer loyalty and improve sales efficiency by increasing sales volume per outlet.

3. Enhancing quality

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

4. Zero-emission leadership

Nissan has taken the lead as the all-time volume leader in dedicated electric vehicle sales. Nissan's EV lineup will include a light commercial vehicle and an all-electric premium car, to be launched by Infiniti in the near future. Together with our alliance partner Renault, we intend to put 1.5 million EVs on roads worldwide by 2016. In addition, Nissan continues to take a leadership role in every aspect from the development of batteries, chargers and vehicle lineup to electric grid studies, battery recycling and the use of batteries for energy storage, so that we will contribute to the establishment of sustainable mobility.

5. Business expansion

Regarding the 8% market share objective under Nissan Power 88, we estimate that 35% of the growth in volume will come from mature markets and 65% will come from emerging markets. We will achieve this through a steady tempo of new product launches averaging every six weeks, a continued focus on growth markets and the expansion of our Infiniti and light commercial vehicle businesses. Investments in manufacturing capacity expansion, particularly in China, North America, Brazil, Russia and India, will enable us to increase sales volume.

6. Cost leadership

We have been successful in reducing costs by 5% annually, due mainly to our cross-functional monozukuri activities involving our supplier base. As our production footprint is increasingly globally, we will maintain this pace by enhancing and deepening these activities in every Nissan production base across the regions. Moreover, evaluating not only purchasing costs but also logistics and in-house costs, we have set an objective to reduce total costs by 5% each year.

Together with a stronger brand, investments in products, technologies and global capacity, we aim to achieve Nissan Power 88 and grow further beyond.

Message from Palmer EVP

Fastest Growing Brand in the Industry

Andy Palmer Executive Vice President

Both internal indicators and external measurements show marked increases in Nissan's brand strength over the past year. With its market leadership in the EV segment and its new Infiniti global headquarters in Hong Kong, Nissan is delivering a powerful, unified message of innovation and excitement to consumers around the globe.

Can you provide your thoughts on the current status of the Brand?

There's no doubt that the Nissan brand is improving, but how do you measure brand strength? It's very simple. If you can improve market share at the same time that you can improve your transaction price, your brand has to be improving. It's easy to increase volume with incentives or to increase the price and let the volume drop. But if you can raise both at the same time, the only explanation is that your brand has become stronger.

We've moved over the past 12 months from not being on Interbrand's 100 Best Global Brands list to 90th place in 2011. The list also shows us as the fastest-growing brand in the industry. Likewise, in the BrandZ measurement, for the first time in many years, we have moved in the right direction.

This year will be very pivotal with a lot of new products coming out. Can you give a rundown on the LEAF, Altima, and other models? How will this be tied in with the brand?

The impact of Nissan LEAF on the brand has been amazing. If we go back three or four years, people weren't talking about Nissan as the brand of innovation. But now we're at the front of the discussion about electric cars. Nissan LEAF has put us on the technology map and on the tip of people's tongues. And the other new cars that are coming clearly represent an opportunity to reinforce the fact that Nissan stands for "Innovation and Excitement for Everyone."

One of our most important launches this year is the Altima. It's in the big-volume segment in the United States and represents our biggest opportunity for improvement. The previous Altima was number two in the US market, and with the new model, which has been designed with everything we know about motorcars, we will have an opportunity to go for number one, which will also boost the brand.

The other new cars that are coming include the Sylphy, Note and Sentra. All of these launches started with the question, how does this car contribute to "Innovation and Excitement for Everyone"? Having great products is one thing, but having compelling stories to tell and having people buy into those stories is another. Traditionally, that has been the job of Marketing and Communications. A year and a half ago, we took the decision to combine these two organizations and to bring them closer to the Product Planning and upstream organizations so that we could grasp the voices of the customer much earlier. This also enabled the telling of stories about new car development in a more compelling manner.

An example of such storytelling is the "WHAT IF_" brand campaign we have currently launched in around 30 airports around the world. Some 750 million people will walk in front of our advertising every year and get a single message each time: that Nissan stands for "Innovation and Excitement for Everyone".

We have the science to make great products, so if you can tell compelling stories and make sure your sales operation has the power to back up the stories, you have a very powerful car company.

The new Infiniti has been attracting a great deal of attention and appears to be moving to a new level.

When you look across the industry, there are two types of luxury brands: those like BMW and Mercedes, whose livelihood depends on selling luxury cars, and the rest, where the luxury line is part of a major car company. Most of the latter are at the 100,000-unit level, one exception being Audi, which appears to have a degree of autonomy from the Volkswagen Group.

So in looking at what we need to do with Infiniti, the first thing is to give it oxygen—give it space from the Nissan brand so it can develop in its own way. Since space is geography, we decided to move the head office. We looked at Europe, the United States, and Southeast Asia, and the perfect position was Hong Kong. It's the gateway to China and Southeast Asia, it's only four hours flying time from Japan, the English spoken there makes it easy to communicate with Europe and the United States, and it has a major airport.

Secondly, we need talent. Selling in the premium and luxury market is very different from selling in the mass market. So having been able to recruit Johan De Nysschen to head our Infiniti operations which started on July 1 certainly brings credibility.

The final component is products that meet with the brand definition of "The Fusion of Inspired Performance and Hospitality". That will start with the JX, a product that is absolutely on fire in our sales operations. Hopefully, we'll break out of the 100,000-plus mire of brands and reach the 200,000 mark in FY12. Then, we can start to break away from the pack and close in on the German premium and luxury brands.

What makes Infiniti different from the German luxury brands?

One key point to keep in mind is that once people reach a certain age and buy into German luxury, they tend to continue to buy into it. So you need to catch your customer much earlier. These "Young Premium Customers" are looking for something different from what their fathers are driving. If the German brands are representatives of old luxury with conservative straight line design, we want to be about modern luxury with curves and sexy designs. On a performance axis, we need to be equal to the Germans, but we don't want Infiniti to be performance "machines," as one of the makers are calling themselves. We want to be much more soulful, much more human and hospitable.

Also, we are not shying away from our Japanese heritage. Equally important to the Brand is hospitality, which draws on our Japanese and Asian roots and describes how you should feel when you get into one of our cars or step into one of our dealerships. The purchasing of an Infiniti should be a pleasure. And I think that *omotenashi*—hospitality in terms of the design, the accommodating nature of the vehicle, the design of our dealerships and the behavior of our salesmen and women—will set us apart.

Nissan's latest mid-term plan is the first to focus on Brand, rather than on the company's "recovery."

Nissan Power 88 is the first mid-term plan we have gone into without a handicap. We have great products in the pipeline and we have strong financials. So what are the remaining weaknesses? They are Brand power and Sales power. So our latest mid-term plan is all about addressing those "last weaknesses" of the company. If we do, the consequence will be the "88" in the plan's name: 8% global market share and 8% operating profit. But they are not the goals. The real goal is "Power"—that is, Brand and Sales power.

So how do you elevate people's perceptions about your brand to the levels the vehicles themselves deserve? Marketing is not art, it's science, and we have to put science into place that allows us to manage the brand, to take actions and to be able to see the reactions.

How do you achieve customer loyalty and get people to keep coming back to Nissan?

More and more, it is hard to convince people by pure, "above-the-line" advertising alone. They are referencing shared experiences through periodicals they trust like *ADAC, What Car?* and *Consumer Reports*. Experiences shared online are also becoming vitally important. Last week (June 2012), we opened a digital listening center in Chennai to listen for all the Internet chatter about Nissan or Infiniti, sorting it into categories, and allowing us to react to the real and instantaneous voice of the customer. If someone tweets something about Nissan, we're listening, and hopefully we'll react to that. The quicker the reaction, the more you can reinforce that the Brand is very trustful.

How has Nissan LEAF contributed to brand strength?

Nissan LEAF is an absolute example of stand-out innovation. By 2050, 70% of the world's population will be living in a city*1. If we look at units in operation per 1,000 people in 2009, the U.S. figure is 774 cars. In India, it's only 31, and China is only 47. So there is going to be a huge rise in the number of vehicles in these emerging markets in the next 20 years. Most of the rise is going to be in the city, so something has got to give.

Nissan thus created the electric car. I'm not saying that every car should be electric, but about 10% of the population naturally should drive an electric car. Why spend so much money on gasoline when you can use a car that runs on much cheaper electricity? If 10% of the population moves to electric, a lot of pollutants and carbon dioxide will come out of the air.

The World Health Organization estimates that 235 million people currently suffer from asthma. In the U.K. for example, it has increased five times over the past 25 years. One of the causes is pollutants, some of which are caused by motorcars. With more people living in cities, more efforts are needed to keep pollutants out. Electric cars don't expel pollutants, and the more of them we use in the city, the cleaner the air will be for our children.

More than 80% of vehicle owners in the United States own more than one car. Interestingly, we're finding with our Nissan LEAF customers that in most instances they buy Nissan LEAF believing it to be their second car, but they wind up using it as the first car. It is only for the occasional long journeys that they use the second car, which they thought was the first.

We will have four electric cars in the first generation, the first and foremost being Nissan LEAF. We've subsequently unveiled the e-NV200, an electric commercial vehicle. The third car is the Infiniti LE, which is a genuine premium car that looks, feels and smells like an Infiniti. The fourth car, which has yet to be unveiled, is going to be an entry car.

These four cars cover a full spectrum, and they all look like traditional cars. But in the second generation, they won't necessarily have to conform to traditional concepts. The engine doesn't need to be sitting in front, and you do not need the gas tank behind the rear seat. So as we start of thinking towards the future, we'll start to explore the freedom that the electric car gives to the designers and engineers.

Other so-called environmentally friendly cars like hybrids took three generations to take root. Nissan LEAF is remarkable in the fact that it is taking root in its first generation. We've sold over 32,000 Nissan LEAFs so far*2, and we are looking to sell 40,000 in 2012. This puts Nissan LEAF in the top 25% of all cars sold on the market. So Nissan LEAF is not niche. And being the EV gold medalist in front of so many customers is a real driver of brand value.

*1 from "World Urbanization Prospects The 2009 Revision" by United Nations
*2 as of June 2012

Nissan's Electric Vehicle History

Nissan is committed to leadership in the field of zero-emission mobility. Toward this goal, we have engaged in a wide range of activities over the years. Nissan LEAF, the world's first mass-produced 100% electric vehicle (EV), has already received numerous awards in Japan and around the world. Today its technologies and the philosophy behind it are recognized by many of our customers, and the car is a force propelling the Nissan brand value.

Below we introduce the history of Nissan's efforts in the EV field to date.

Nissan LEAF's History

2009

- 10/2009 Displayed at Tokyo Motor Show

2010

- 8/2010 First inverter comes off line at Zama
- 10/2010 First motor comes off line at Yokohama Plant
- 12/2010 First Nissan LEAF comes off line at Oppama Plant

- 12/2010 Nissan LEAF officially unveiled; sales start in Japan and U.S.

2011

- 3/2011 Nissan LEAF; Sales start in Europe
- 9/2011 New quick charger unit goes on sale

2012

- 5/2012 New services launched using Nissan LEAF drive information
- 5/2012 "LEAF to Home" system for powering residences announced

Awards Won

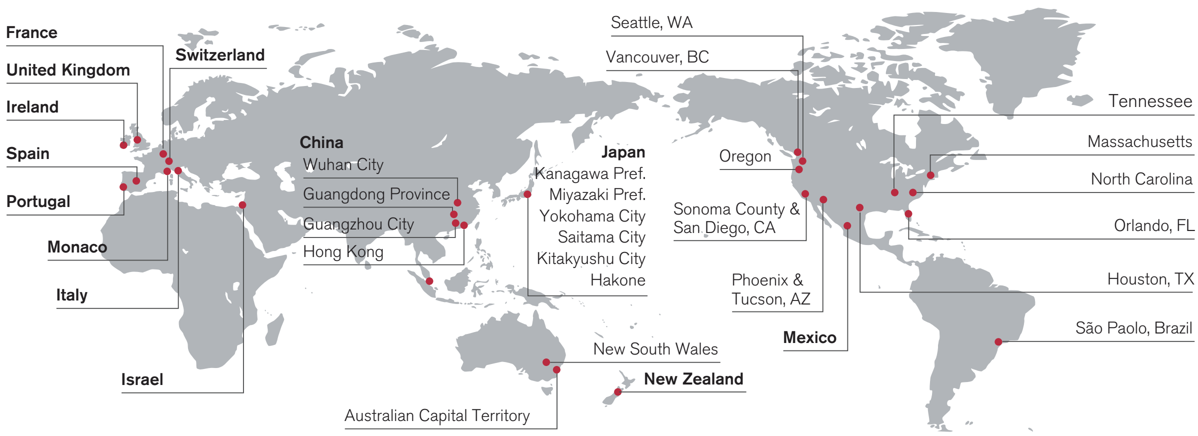
- 2010 Good Design Gold Award (for "Holistic approach to promote zero-emission vehicle [Nissan LEAF] and zero-emission mobility")
- 2011 European Car of the Year
- 2011 World Car of the Year
- 2012 RJC Car of the Year
- Car of the Year Japan 2011–2012

Our Concept EVs

1970	Nissan City	Tokyo Motor Show
1991	FEV	Tokyo Motor Show
1995	FEV II	Tokyo Motor Show
2000	Hypermini	Tokyo Motor Show
2005	PIVO	Tokyo Motor Show
2007	Mixim	Frankfurt International Motor Show
2007	PIVO 2	Tokyo Motor Show
2008	NUVU	Paris Motor Show
2009	Land Glider	Tokyo Motor Show
2010	Townpod	Paris Motor Show
2011	New Mobility Concept	APEC Summit
2011	Esflow	Geneva International Motor Show
2011	PIVO 3	Tokyo Motor Show
2012	e-NV200 Concept	North America International Auto Show
2012	Infiniti Emerge-E	Geneva International Motor Show
2012	Infiniti LE	New York International Auto Show
2012	Venucia e-concept	Beijing Auto Show

Growing Worldwide Partnerships

Nissan is pursuing the goal of zero-emission mobility together with its Alliance partner Renault. To achieve new forms of mobility, it is vital to cooperate with national and regional governments, electric utility companies and other firms all around the world. The Renault-Nissan Alliance has forged partnerships in these areas aimed at the penetration of zero-emission mobility.



Please see our website for more information on our zero-emission activities. http://www.nissan-zeroemission.com/EN/
For information on our EVs, please see our website (Japanese language only). http://ev.nissan.co.jp/

Fiscal 2011 Sales Performance

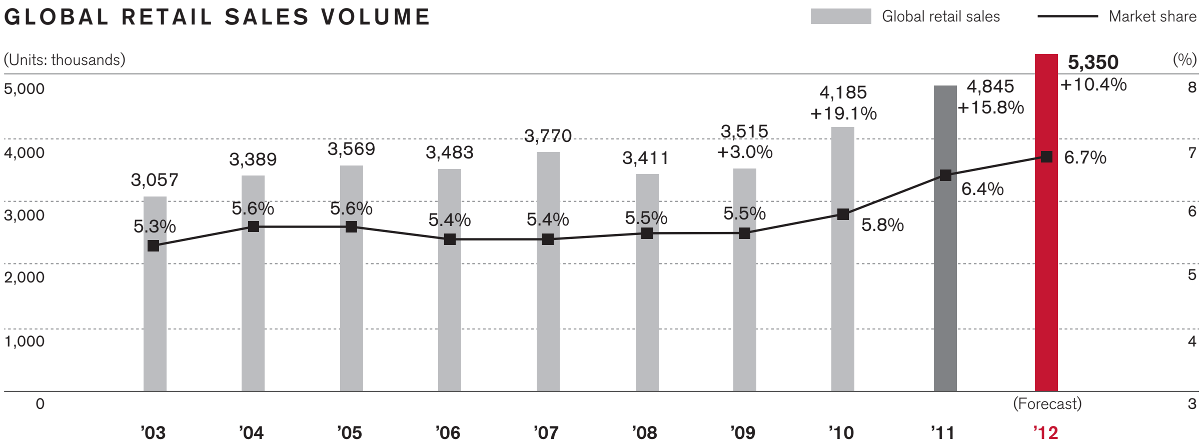
Fiscal 2011 Overview

Fiscal 2011 sales results came to 4,845,000 units, up 15.8% year-on-year. For the full fiscal year, Nissan's sales were overachieved 4.2% of global total industry volume ("TIV") growth, which resulted in an overall market share of 6.4%, 0.6 points up from fiscal 2010.

In fiscal 2011, we launched five new models globally: the Tiida in China, the Lafesta Highway Star in Japan, front-drive and rear-drive versions of the NV400 commercial van in Europe and the Infiniti JX in the United States.

During fiscal 2011, the Nissan LEAF passed the sales milestone to make it the world's most successful electric vehicle. In total, we sold 23,000 units in fiscal 2011.

GLOBAL RETAIL SALES VOLUME

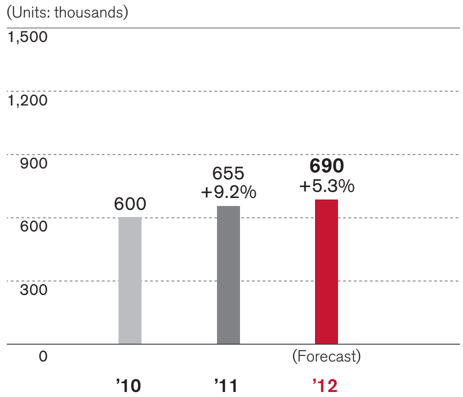


Japan

In Japan, TIV increased 3.3% year-on-year. Our sales in fiscal 2011 reached 655,000 units, 9.2% above the prior year. Nissan's market share rose 0.8 points to 13.8%. Strong sales of the Serena and Juke contributed to our share gains, while sales of the Nissan LEAF reached 8,700 units.


Serena

RETAIL SALES IN JAPAN

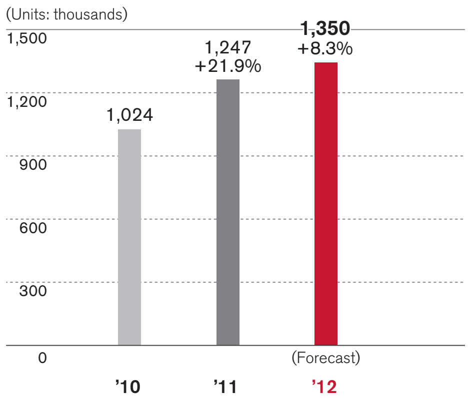


China

In China, TIV increased 3.3% to 17.2 million units. Our sales grew 21.9% to 1,247,000 units. Our market share was 7.3%, up 1.1 points from the prior year. Five models, Sunny, Teana, Sylphy, Qashqai and Tiida, achieved annual sales of more than 100,000 units each.


Sunny

RETAIL SALES IN CHINA



North America

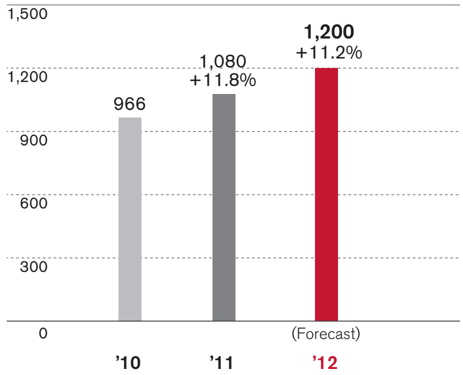
In North America, Nissan's total sales volume increased 12.7% to 1,404,000 units.

In the United States, TIV increased 8.9% to 13.2 million units. We sold 1,080,000 units, up 11.8% from the previous year. Our market share increased two-tenths of a percentage point, to 8.2%, driven by strong demand for Altima, Rogue and Versa. The Nissan LEAF also contributed to this growth with total sales of 11,000 units. In Mexico, Nissan maintained its market leadership with a share improvement of 2.2 points to 25.3% and sales increasing 20.7% to 235,300 units. In Canada, sales were up 5% to 87,500 units.

Altima

RETAIL SALES IN UNITED STATES

(Units: thousands)



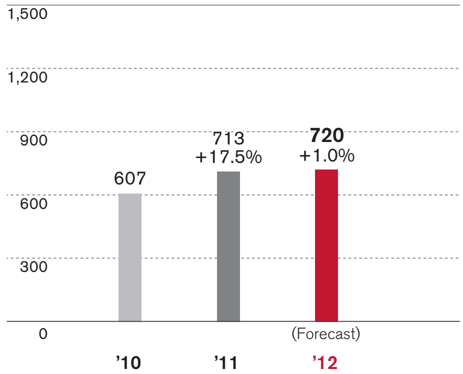
Europe

In Europe, TIV increased 1.7%. Nissan sold 713,000 units, up 17.5% from the prior year, and bringing our market share to 3.9%. European sales excluding Russia increased 9.4% to 552,000 units, while sales in Russia increased 57.3% to 161,000 units.

Juke

RETAIL SALES IN EUROPE

(Units: thousands)



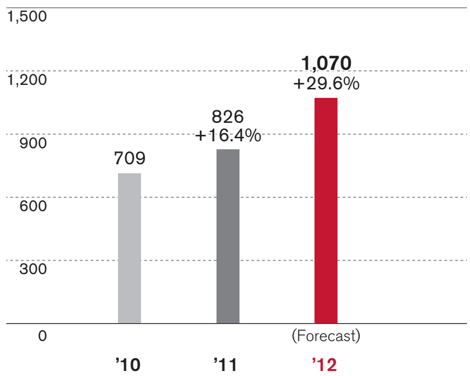
Other Markets

In other markets – including Africa, Latin America and the ASEAN region – our sales volumes were up 16.4% to 826,000 units. In those markets, Latin America increased 33.2% to 225,600 units, with a particularly strong performance in Brazil where sales rose by 94.8% to 81,000 units. Sales in Indonesia also increased sharply, up 41.8% to 60,400 units, while sales in India more than doubled to 31,300 units.

March/Micra

RETAIL SALES IN OTHER MARKETS

(Units: thousands)



Fiscal 2012 Sales Outlook and New Technologies

Fiscal 2012 Overview

We expect our global sales to reach 5,350,000 units, an increase of 10.4%, which is another record level for Nissan. With a TIV assumption of 79,700,000 units, a 5.3 % increase year-on-year, our global market share is expected to grow from 6.4% to 6.7%.

During fiscal 2012, we will completely renew three of our large volume global models. The first was the new Altima which had been revealed at the New York International Auto Show in April 2012. In total, we will launch ten all-new vehicles in fiscal 2012 including the Pathfinder, Sylphy/Sentra, NV350 and a long wheelbase version of the Infiniti M sedan.

In Japan, Nissan plans to sell 690,000 units in fiscal 2012, which will be increase of 5.3% from fiscal 2011.

Fifth generation Cima was launched in April.

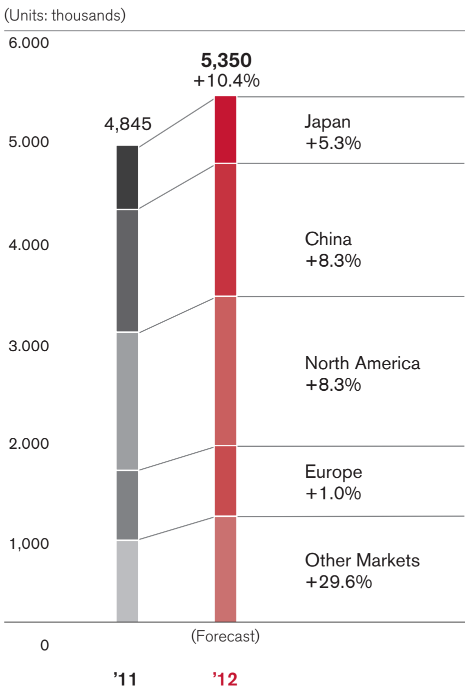
In China, Nissan will get 1,350,000 units sales, 8.3% sales volume growth in fiscal 2012. In addition to all-new Sylphy and our new Chinese local brand model, Venucia D50 were launched. Another Venucia model will be launched.

In North America, Nissan assume 1,520,000 units sales, 8.3% growth of sales volume from prior year.

In Europe, Nissan will plan 1.0% sales volume growth with 720,000 units sales.

Nissan plan to grow up significantly in other regions. 29.6% growth, 1,070,000 units sales is planed in other regions.

FY2012 SALES OUTLOOK



(All figures are based on the forecast as of May 11th 2012)


Cima


Sylphy

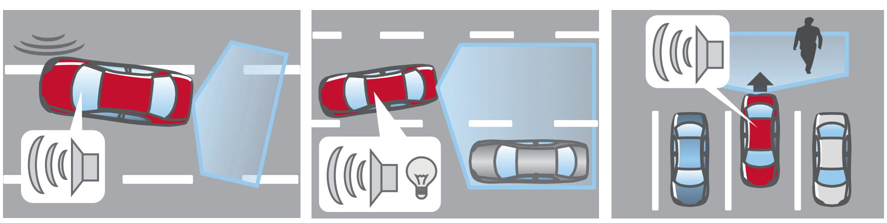

Altima

New Technologies

In fiscal year 2012, we will introduce 15 new technologies. Examples of new technologies are as following.

- Multi-Sensing System which is built on the Around View Monitor image processing technology is now advanced to detect moving objects and notify the driver.
- Next generation XTRONIC CVT. Nissan is the recognized global leader in CVTs and this latest generation provides a fuel-economy benefit of up to 10% compared to the current model.

We are introducing a large number of innovative technologies.


Multi Sensing System


Next Generation XTRONIC CVT

Financial Review

Fiscal 2011 Financial Performance

Net sales

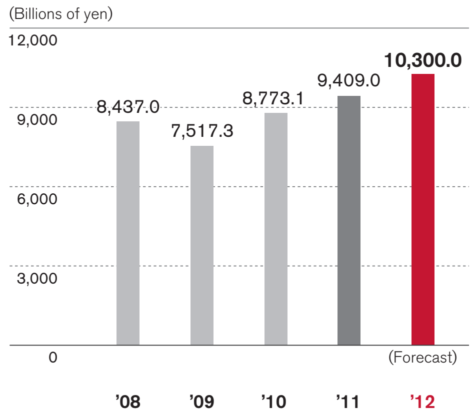
For fiscal year 2011, consolidated net revenues increased 7.2%, to 9.409 trillion yen, which reflected by sales volume increase in spite of the strong yen.

Operating profit

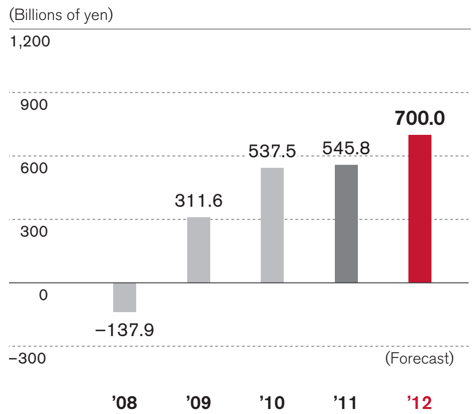
Consolidated operating profit totaled 545.8 billion yen, which was improved 1.6% from last year. In comparison to last year's consolidated operating profit, the variance was due to the following factors:

- The 170 billion yen negative impact from foreign exchange came mainly from the appreciation of the yen against the U.S. dollar.
- The increase in energy and raw material costs was a negative 115.6 billion yen.
- Purchasing cost reduction efforts resulted in a saving of 200.1 billion yen.
- Volume and mix produced a positive impact of 223.6 billion yen.
- The increase in selling expenses resulted in a 151.3 billion yen negative movement.
- R&D expenses increased by 33.1 billion yen.
- Sales financing contributed 49.8 billion yen.
- Other items produced a positive impact of 4.8 billion yen.

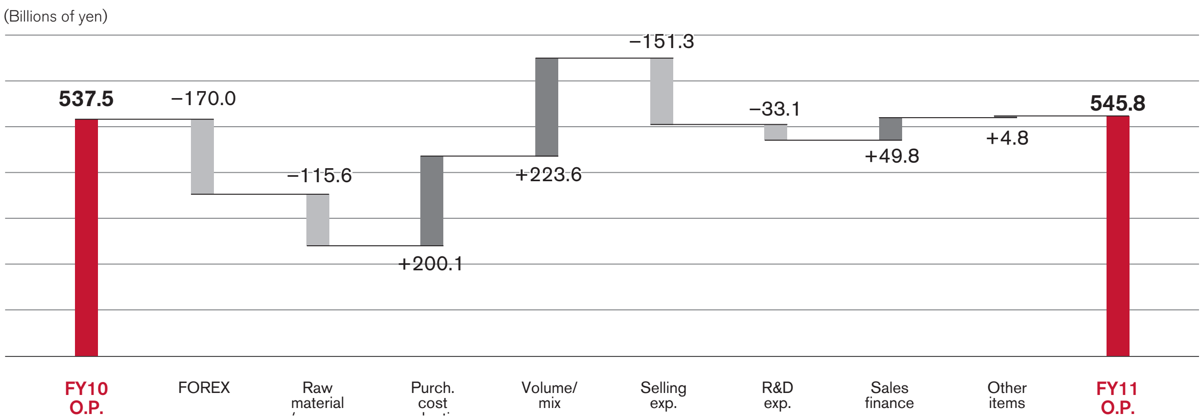
NET SALES



OPERATING PROFIT



IMPACT ON OPERATING PROFIT



Net income

Net non-operating profit deteriorated 11 billion yen from positive 0.3 billion yen to negative 10.7 billion yen in fiscal 2011. The negative impact came from the equity in earnings of affiliates by 23.9 billion yen, from 43 billion yen to 19.1 billion yen in fiscal 2011. As a result, ordinary profit totaled 535.1 billion yen, which was deteriorated by 2.7 billion yen from 537.8 billion yen in fiscal 2010.

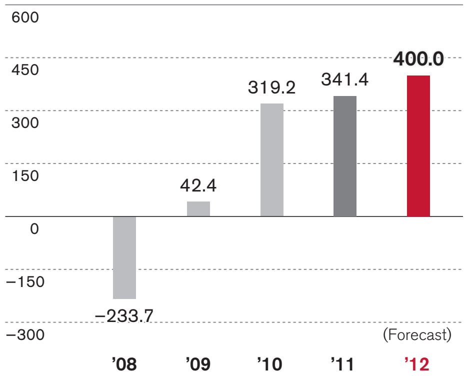
Net extraordinary losses totaled 5.8 billion yen, an improvement of 51.9 billion yen from the previous year's loss of 57.7 billion yen. This improvement was due mainly to the positive impacts such as decrease of loss on disaster by 9.7 billion yen, gain on negative goodwill by 24.1 and gain on sales of investment securities by 8.1 billion yen.

Taxes totaled 151.5 billion yen, an increase of 19.4 billion yen from fiscal 2010. Minority interests had a negative contribution of 36.4 billion yen in fiscal 2011.

Net income reached 341.4 billion yen, an increase of 22.2 billion yen from fiscal 2010.

NET INCOME

(Billions of yen)



Financial Position

Balance sheet

Current assets have increased by 4.2% to 6,610.1 billion yen compared to March 31, 2011. This was mainly due to an increase in trade notes and accounts receivable by 81.1 billion yen, sales finance receivables by 463.5 billion yen respectively, despite a decrease in cash on hand and in banks by 233.4 billion yen.

Fixed assets have increased by 1.6% to 4,462.0 billion yen compared to March 31, 2011. This was mainly due to an increase in construction in progress by 156.7 billion yen.

As a result, total assets have increased by 3.1% to 11,072.1 billion yen compared to March 31, 2011.

Current liabilities have decreased by 5.4% to 4,145.2 billion yen compared to March 31, 2011. This was mainly due to a decrease in short-term borrowings by 348.5 billion yen, commercial papers by 218.2 billion yen respectively, despite an increase in trade notes and accounts payable by 195.8 billion yen.

Long-term liabilities have increased by 12.8% to 3,476.8 billion yen compared to March 31, 2011. This was mainly due to an increase in long-term borrowings by 455.5 billion yen.

As a result, total liabilities have increased by 2.1% to 7,622.1 billion yen compared to March 31, 2011.

Net assets have increased by 5.4% to 3,450 billion yen compared to 3,273.8 billion yen as of March 31, 2011. This was mainly due to net income of 341.4 billion yen, despite an increase in translation adjustments (loss) by 72.1 billion yen.

Free cash flow and net cash (auto business)

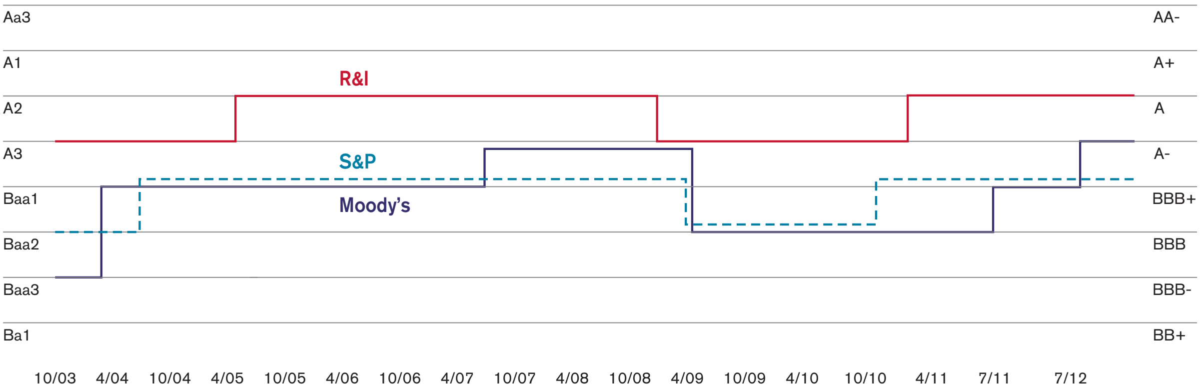
For fiscal year 2011, Nissan achieved a positive free cash flow of 379.5 billion yen. At the end of fiscal year 2011, our net automotive debt improved significantly from last year to a net cash position of 619.8billion yen. The debt structure has also improved, since the company reduced its reliance on short-term borrowing.

We continue to maintain a close focus on our inventory of new vehicles. Inventory stood at 770,000 units at the end of fiscal 2011. The company continues to manage inventory carefully, in order to limit its impact on free cash flow.

Credit rating

Nissan's long-term credit rating with R&I is A with a positive outlook. S&P's long-term credit rating for Nissan is BBB+ with a stable outlook. Nissan's rating with Moody's is A3 with a stable outlook.

CORPORATE RATINGS



Sales finance

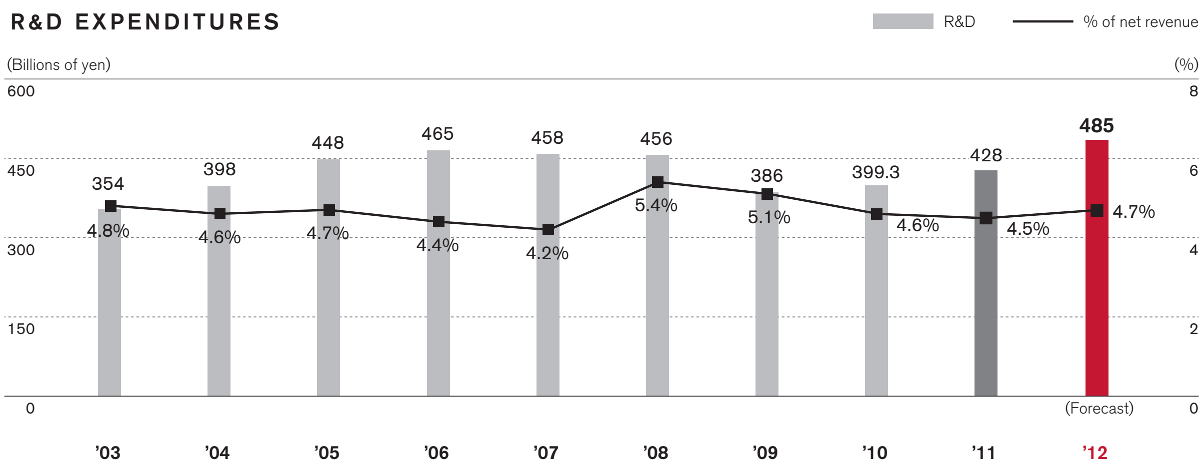
Due to the increase in retail sales, total financial assets of the sales finance segment increased by 13.6 % to 5,014.9 billion yen from 4,414.3 billion yen in fiscal 2011. The sales finance segment generated 140.1 billion yen in operating profits in fiscal 2011 from 100.4 billion yen in fiscal 2010.

Investment policy

Capital expenditures totaled 406.4 billion yen, which was 4.3% of net revenue. Despite the natural disaster, the company used capital expenditures in order to ensure Nissan's future competitiveness.

R&D expenditures totaled 428 billion yen. These funds were used to develop new technologies and products. One of the company's strength is its extensive collaboration and development structure with Renault's R&D team, resulting from the Alliance.

R&D EXPENDITURES



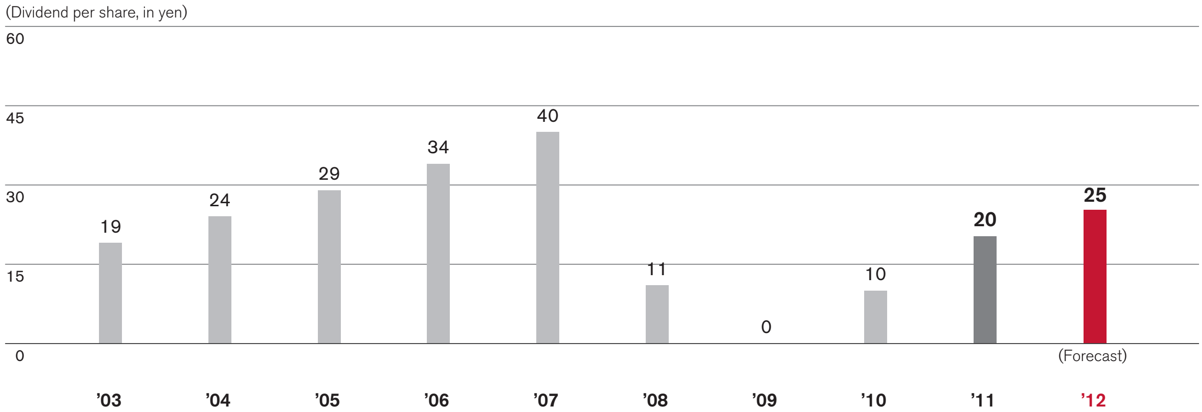
Dividend

Nissan's strategic actions reflect not only its long-term vision as a global company to create sustainable value but also the company's commitment to maximizing total shareholder return.

We paid year-end cash dividends of 10 yen per share for fiscal year 2011. As a result, total dividend payment for fiscal year 2011, combined with the 10 yen dividend for the interim, was 20 yen per share.

The dividend payment plan for fiscal year 2012 is to be 25 yen per share, considering the business condition, risks and opportunities for the year.

DIVIDEND



Fiscal 2012 Outlook

In light of the outlook for fiscal 2012, the company filed its forecast with the Tokyo Stock Exchange on May 11, 2012. Assumptions included retail unit sales of 5,350,000 units, which is an increase of 10.4 % from the prior year, and foreign-exchange-rates of 82 yen to the dollar and 105 yen to the euro.

- Net revenue is forecast to be 10.3 trillion yen.
- Operating profit is expected to be 700 billion yen.
- Net income is forecast to be 400 billion yen.
- Capital expenditures are expected to reach 550 billion yen.
- R&D expenses will amount to 485 billion yen.

The evolution in operating profit, compared to the fiscal 2011 results, is mainly linked to below key factors:

- The impact from foreign exchange is a positive 40 billion yen, with the U.S. dollar and Russian ruble accounting for the majority of this variance.
- The net result of the increase in raw materials/energy costs and our purchasing cost reduction efforts is a positive 180 billion yen.
- Volume and mix will produce a positive impact of 175 billion yen as a result of the growth in global sales volume.
- The increase in selling expenses is a negative 125 billion yen mainly due to the increase in volumes.
- Sales finance is a negative 17 billion yen.
- Cost for future growth and others are negative 98.8 billion yen, due mainly to the increase in R&D and expenses for capacity expansion such as our new plants in Brazil and Mexico.

(All figures for fiscal 2012 are forecasts, as of May 11, 2012.)

Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	Prior Fiscal Year As of March 31, 2011	Current Fiscal Year As of March 31, 2012
Assets		
Current assets		
Cash on hand and in banks	998,822	765,423
Trade notes and accounts receivable	738,950	820,008
Sales finance receivables	2,746,836	3,210,342
Securities	158,012	77,476
Merchandise and finished goods	641,055	665,262
Work in process	139,529	153,228
Raw materials and supplies	201,649	200,476
Deferred tax assets	283,789	266,540
Other	519,148	506,947
Allowance for doubtful accounts	(81,955)	(55,630)
Total current assets	**6,345,835**	**6,610,072**
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	645,414	615,921
Machinery, equipment and vehicles, net	1,841,480	1,874,277
Land	659,985	649,509
Construction in progress	98,663	255,333
Other, net	391,500	336,206
Total property, plant and equipment	3,637,042	3,731,246
Intangible fixed assets	133,769	120,114
Investments and other assets		
Investment securities	381,549	371,259
Long-term loans receivable	17,147	5,617
Deferred tax assets	69,711	92,378
Other	155,993	144,605
Allowance for doubtful accounts	(4,353)	(3,238)
Total investments and other assets	620,047	610,621
Total fixed assets	**4,390,858**	**4,461,981**
Total assets	**10,736,693**	**11,072,053**

Consolidated Balance Sheets

(Millions of yen)

	Prior Fiscal Year As of March 31, 2011	Current Fiscal Year As of March 31, 2012
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,181,469	1,377,254
Short-term borrowings	593,095	244,582
Current portion of long-term borrowings	933,976	822,268
Commercial papers	256,601	38,437
Current portion of bonds	87,280	187,198
Lease obligations	77,598	38,190
Accrued expenses	580,350	660,369
Deferred tax liabilities	116	136
Accrued warranty costs	85,688	85,535
Accrual for loss on disaster	12,128	–
Other	572,244	691,259
Total current liabilities	**4,380,545**	**4,145,228**
Long-term liabilities		
Bonds	640,850	584,962
Long-term borrowings	1,422,478	1,877,997
Lease obligations	67,135	34,584
Deferred tax liabilities	463,347	486,699
Accrued warranty costs	98,668	100,431
Accrued retirement benefits	182,155	159,369
Accrued directors' retirement benefits	914	544
Other	206,818	232,242
Total long-term liabilities	**3,082,365**	**3,476,828**
Total liabilities	**7,462,910**	**7,622,056**
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	804,470	804,470
Retained earnings	2,733,253	3,009,090
Treasury stock	(162,024)	(149,542)
Total shareholders' equity	**3,981,513**	**4,269,832**
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	20,862	16,979
Unrealized gain and loss from hedging instruments	1,904	(5,108)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(13,945)
Translation adjustments	(1,048,919)	(1,121,059)
Total accumulated other comprehensive income	**(1,040,098)**	**(1,123,133)**
Share subscription rights	2,415	2,415
Minority interests	329,953	300,883
Total net assets	**3,273,783**	**3,449,997**
Total liabilities and net assets	**10,736,693**	**11,072,053**

Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year From April 1, 2010 To March 31, 2011	Current Fiscal Year From April 1, 2011 To March 31, 2012
Net sales	8,773,093	9,409,026
Cost of sales	7,155,100	7,772,832
Gross profit	1,617,993	1,636,194
Selling, general and administrative expenses		
Advertising expenses	187,490	203,650
Service costs	52,865	66,181
Provision for warranty costs	93,842	77,278
Other selling expenses	118,304	141,508
Salaries and wages	333,824	333,745
Retirement benefit expenses	21,906	24,630
Supplies	6,369	5,445
Depreciation and amortization	56,860	48,718
Provision for doubtful accounts or reversal of provision for doubtful accounts	21,425	(8,127)
Amortization of goodwill	5,786	5,251
Other	181,855	192,076
Total selling, general and administrative expenses	**1,080,526**	**1,090,355**
Operating income	**537,467**	**545,839**
Non-operating income		
Interest income	14,551	17,174
Dividends income	1,045	5,776
Equity in earnings of affiliates	43,022	19,103
Exchange gain	—	14,756
Derivative income	14,102	—
Miscellaneous income	13,883	12,343
Total non-operating income	**86,603**	**69,152**
Non-operating expenses		
Interest expense	28,357	32,892
Amortization of net retirement benefit obligation at transition	10,671	10,146
Exchange loss	28,854	—
Derivative loss	—	20,816
Miscellaneous expenses	18,374	16,047
Total non-operating expenses	**86,256**	**79,901**
Ordinary income	**537,814**	**535,090**
Special gains		
Gain on sales of fixed assets	18,571	8,716
Gain on negative goodwill	—	24,086
Gain on sales of investment securities	2,458	10,643
Gain on contribution of securities to retirement benefit trust	—	7,048
Other	6,960	5,498
Total special gains	**27,989**	**55,991**
Special losses		
Loss on sale of fixed assets	4,164	1,924
Loss on disposal of fixed assets	8,957	7,106
Impairment loss	10,891	12,117
Write-down of investments and receivables	2,350	1,218
Loss on adjustment for changes of accounting standard for asset retirement obligations	3,808	-
Loss on disaster	39,605	29,867
Special addition to retirement benefits	7,200	4,200
Other	8,687	5,320
Total special losses	**85,662**	**61,752**
Income before income taxes and minority interests	**480,141**	**529,329**
Income taxes-current	90,223	115,185
Income taxes-deferred	41,904	36,321
Total income taxes	**132,127**	**151,506**
Income before minority interests	**348,014**	**377,823**
Income attributable to minority interests	**28,793**	**36,390**
Net income	**319,221**	**341,433**

Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Fiscal Year From April 1, 2010 To March 31, 2011	Current Fiscal Year From April 1, 2011 To March 31, 2012
Cash flows from operating activities		
Income before income taxes and minority interests	480,141	529,329
Depreciation and amortization (for fixed assets excluding leased vehicles)	404,673	364,122
Depreciation and amortization (for other assets)	19,554	20,852
Depreciation and amortization (for leased vehicles)	208,221	195,370
Impairment loss	10,891	12,117
Loss on disaster	19,785	8,245
Gain on contribution of securities to retirement benefit trust	—	(7,048)
Gain on negative goodwill	—	(24,086)
Increase (decrease) in allowance for doubtful receivables	(3,032)	(23,968)
Provision for residual value risk of leased vehicles (net changes)	(14,291)	10,095
Interest and dividend income	(15,596)	(22,950)
Interest expense	80,933	87,890
Loss (gain) on sales of fixed assets	(14,407)	(6,792)
Loss on disposal of fixed assets	8,957	7,106
Loss (gain) on sales of investment securities	(2,422)	(10,624)
Decrease (increase) in trade notes and accounts receivable	(131,116)	(89,495)
Decrease (increase) in sales finance receivables	(319,874)	(432,957)
Decrease (increase) in inventories	(208,924)	(70,615)
Increase (decrease) in trade notes and accounts payable	329,918	317,945
Amortization of net retirement benefit obligation at transition	10,671	10,146
Retirement benefit expenses	53,668	55,141
Retirement benefit payments made against related accrual	(33,675)	(62,695)
Other	(7,826)	(2,051)
Subtotal	**876,249**	**865,077**
Interest and dividends received	13,625	23,070
Interest paid	(81,641)	(85,398)
Income taxes paid	(140,731)	(106,452)
Net cash provided by operating activities	**667,502**	**696,297**
Cash flows from investing activities		
Net decrease (increase) in short-term investments	82,847	1,597
Purchases of fixed assets	(281,952)	(400,623)
Proceeds from sales of fixed assets	59,120	27,458
Purchase of leased vehicles	(601,702)	(625,646)
Proceeds from sales of leased vehicles	335,727	317,211
Payments of long-term loans receivable	(29,343)	(4,222)
Collection of long-term loans receivable	13,251	22,816
Purchase of investment securities	(12,221)	(17,340)
Proceeds from sales of investment securities	1,846	6,124
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	—	537
Payments for restructuring of domestic dealers	—	(927)
Net decrease (increase) in restricted cash	90,074	17,336
Other	11,235	(29,374)
Net cash used in investing activities	**(331,118)**	**(685,053)**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	360,057	(536,782)
Proceeds from long-term borrowings	724,529	1,379,490
Proceeds from issuance of bonds	233,087	135,329
Repayment of long-term borrowings	(705,607)	(1,034,056)
Redemption of bonds	(394,147)	(88,459)
Proceeds from minority shareholders	4,116	2,606
Purchase of treasury stock	(13)	(9,015)
Repayment of lease obligations	(87,401)	(81,118)
Cash dividends paid	(20,922)	(62,748)
Cash dividends paid to minority shareholders	(3,124)	(13,704)
Net cash provided by (used in) financing activities	**110,575**	**(308,457)**
Effects of exchange rate changes on cash and cash equivalents	**(60,315)**	**(15,630)**
Increase (decrease) in cash and cash equivalents	**386,644**	**(312,843)**
Cash and cash equivalents at the beginning of the period	761,495	1,153,453
Increase due to inclusion in consolidation	5,314	261
Cash and cash equivalents at the end of the period	**1,153,453**	**840,871**

Executives

Board of Directors and Auditors

Representative Board Members

Carlos Ghosn
President and Chairman

Toshiyuki Shiga

Hiroto Saikawa

Greg Kelly

Board Members

Colin Dodge

Mitsuhiko Yamashita

Hidetoshi Imazu

Jean-Baptiste Duzan

Katsumi Nakamura

Auditors

Masahiko Aoki

Toshiyuki Nakamura

Mikio Nakura

Shigetoshi Ando

(As of June 26, 2012)

Executive Committee Members


Carlos Ghosn


Toshiyuki Shiga


Hiroto Saikawa


Colin Dodge


Mitsuhiko Yamashita


Hidetoshi Imazu


Andy Palmer


Joseph G. Peter


Takao Katagiri

Corporate Officers

President and Chief Executive Officer

Carlos Ghosn*

Chief Operating Officer

Toshiyuki Shiga*
External and Government Affairs
Intellectual Asset Management
Design
Corporate Governance
Global Internal Audit
TCSX(Total Customer Satisfaction Function)

Executive Vice Presidents

Hiroto Saikawa*
Region: Japan, Asia
Purchasing

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

Mitsuhiko Yamashita*
Research and Development

Hidetoshi Imazu*
Manufacturing
SCM (Supply Chain Management)

Andy Palmer*
Global Product Planning
Global Program Management
Global Market Intelligence
Global IS
Global Infiniti (& Luxury) Business Unit
Global Marketing Communications
Global Corporate Planning (Incl. OEM Business)
Vehicle Information Technology
Performance Program Director

Joseph G. Peter*
Finance
Control
IR
M&A Support
Global Sales Finance Business Unit

Takao Katagiri*
Global Sales
Global Aftersales
Global LCV Business Unit
Global Zero Emission Business Unit
Global Battery Business Unit
Global Datsun Business Unit
Japan Marketing & Sales

* Executive Committee Members

Senior Vice Presidents

Shiro Nakamura
Hitoshi Kawaguchi
Minoru Shinohara
Atsushi Shizuta
Yasuhiro Yamauchi
Shigeaki Kato
Greg Kelly
Masaaki Nishizawa
Akira Sakurai
Hideyuki Sakamoto
Toshiaki Otani
Trevor Mann
Johan De Nysschen

Corporate Vice Presidents

Asako Hoshino
Celso Guiotoko
Joji Tagawa
Toshifumi Hirai
Atsushi Hirose
Shunichi Toyomasu
Tsuyoshi Yamaguchi
Makoto Yoshimoto
Takao Asami
Vincent Cobee
Shohei Kimura
Hideto Murakami
Shuichi Nishimura
Yusuke Takahashi
Hiroshi Karube
Hideaki Watanabe
Simon Sproule
Motohiro Matsumura
Norio Ota
Rakesh Kochhar
Toru Hasegawa
Keno Kato
Jun Seki
Noboru Tateishi

Fellows

Kimio Tomita
Haruyoshi Kumura

(As of June 26, 2012)

Maintaining Trust Through Transparency

Corporate governance is one of the important responsibilities of the Company's management, and its most important role is to clarify the duties and responsibilities of the members of the management team. At the Company, clear management objectives and policies are published for the benefit of the shareholders and investors, and achievements and results are announced early and with as much transparency as possible. The enhancement of corporate governance by full and fair disclosure is the responsibility of management.

Internal Control Systems and Compliance

Internal Control Systems for Fair, Transparent Business

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

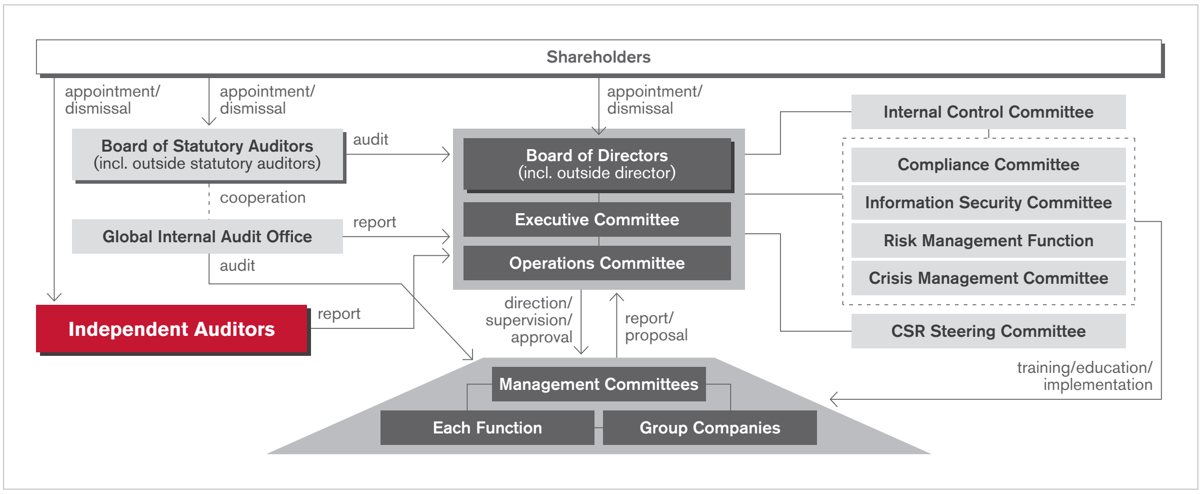
Nissan has adopted a system under which the Board of Statutory Auditors oversees the Board of Directors. The Statutory Auditors attend board and other key meetings, and also carry out interviews with board members to audit their activities. The Statutory Auditors regularly receive reports on the results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

A Legal Framework Supporting Ethical Business Activities

Nissan's CSR approach is founded on compliance. We produced the Nissan Global Code of Conduct in 2001, outlining a set of guidelines for all employees of the Nissan Group worldwide. We also produced guidance for directors and corporate officers regarding compliance, and we hold regular seminars and educational activities to ensure strict adherence to the rules.

In addition, three regional Compliance Committees have been established under the oversight of our Global Compliance Committee to form a system for preventing incidents of illegal and unethical behavior worldwide. The committees work together to maintain and promote our high compliance standards.

NISSAN'S INTERNAL GOVERNANCE SYSTEM



Global Educational Activities to Promote Compliance

To foster compliance awareness throughout the company, Nissan has established groups and placed officers in charge of promoting compliance policy in each region where it operates. We focus particulary on education to give that all employees correct understanding of the Code of Conduct and, as a result, make fair, transparent judgments in the course of their duties.

To ensure full understanding of the code in Japan all employees, including executives, take an e-learning or video training course based on the Japanese version of the Nissan Code of Conduct—"Our Promises," revised most recently in 2010 – after which they sign an agreement to abide by it. In this way we seek to ensure across the board understanding, making all our people most aware of compliance issues.

A number of education programs to promote compliance are held regularly for all employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. Compliance-related training is also being carried out in other regions and markets based on guidelines that take into account conditions in each of those countries. Moreover, all Group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct. The code is reviewed every three years, and the latest version was updated in fiscal 2010. Additionally, we have created sets of internal regulations globally covering the prevention of insider trading, personal information management, records management and prevention of bribery and corruption. With these regulations in place, Nissan is working to prevent compliance infractions.

Our Stance Against Discrimination and Harassment

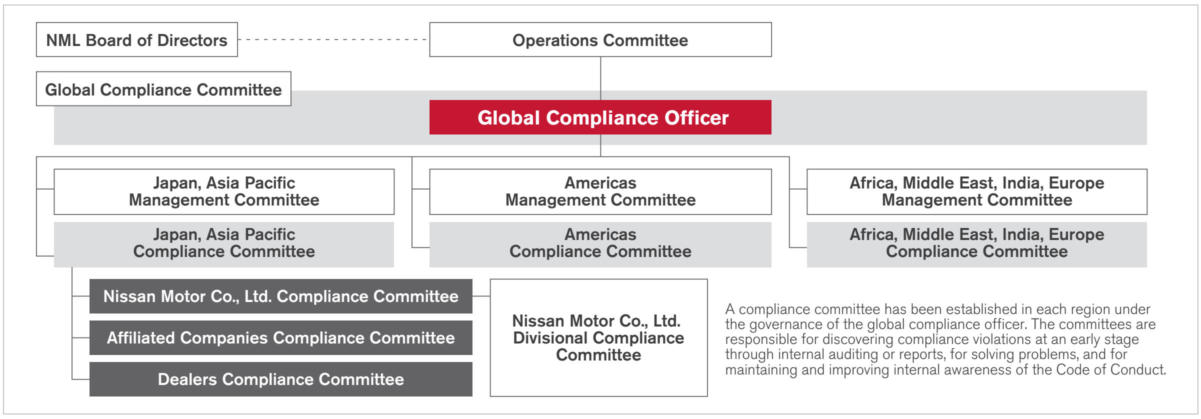
Item 6 of Nissan's Global Code of Conduct, "Value Diversity and Provide Equal Opportunity," is our requirement to accept, value and respect the diversity to be found among our employees, business partners, customers and communities where we do business, and to reject discrimination and harassment in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

Internal Reporting System for Corporate Soundness

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

Nissan has established a global internal audit unit, an independent department under the direct control of the Chief Operating Officer (COO), to handle internal auditing tasks. Under the control of the Chief Internal Audit Officer (CIAO), audit teams set up in each region carry out efficient and effective auditing of Nissan's activities on a group-wide and global basis.

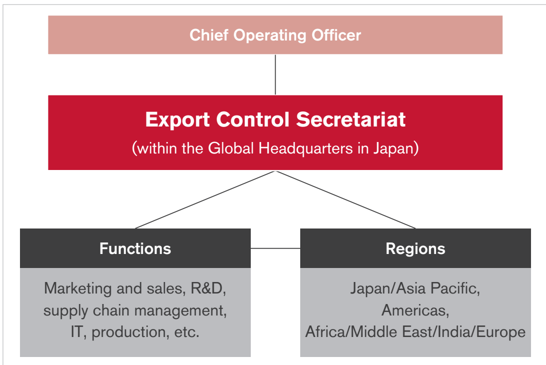
FISCAL 2011 GLOBAL COMPLIANCE COMMITTEE ORGANIZATION



Security-Related Export Controls

Nissan thoroughly complies with the laws and regulations of Japan and the other countries where it does business, giving full consideration to the requirements of the international community. Part of this effort includes the company's initiatives aimed at contributing to global peace and security. Nissan has established export control rules to prevent the proliferation of weapons of mass destruction, conventional weapons and any products or technologies used for their development. In line with these rules, Nissan implements export controls under an independent system headed by the company's chief operating officer. Affiliated companies also strictly adhere to the same export control rules, thereby enhancing the entire Nissan Group's level of compliance.

GLOBAL EXPORT CONTROL POLICY FRAMEWORK



Ensuring Personal Information Protection and Reinforcing Information Security

Nissan recognizes social responsibility to properly handle customers' personal information, in full compliance with Japan's Personal Information Protection Act. We have set up internal systems, rules and procedures for handling personal data. All group companies in Japan are fully enforcing these processes. Moreover, Nissan shares with Group companies worldwide its Information Security Policy as its basis to reinforce overall information security. We have also established an Information Security Committee, which implements measures as necessary to further strengthen information security to prevent information leaks and other such incidents. Furthermore, we regularly carry out various in-house programs to thoroughly educate and motivate employees to uphold their responsibilities in this re-gard.

The Principle and Approach to Corporate Risk Management

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

In order to respond swiftly to changes in its business environment, Nissan set up a department in charge of risk management, which carries out annual interviews of corporate officers, carefully investigates various potential risks, and revising the company's "risk map" in line with impact, frequency and control level. An executive-level committee makes decisions on risk issues that must be handled at the corporate level and designates "risk owners" to manage the risk. Under the leadership of these owners, the company designs appropriate countermeasures. Finally, the board member in charge of internal controls (currently, the COO) regularly reports to the Board of Directors on progress being made.

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

Additionally, a "Corporate Risk Management" website has been put in place as part of our corporate intranet system, which puts out risk management information to Nissan employees in Japan, North America, Europe and other overseas regions, as well as to important affiliated companies.

In October 2011, when major flooding occurred in Thailand, Nissan's local plant was forced to halt operations in that area for four weeks due to the impact on the supply chain. However, using the experience we had gained after the Great East Japan Earthquake in March that year, we were able to minimize the operation suspension period and avoid undue impact on other factories. Nissan treats these events as valuable lessons and have shared the subsequent review with the entire company. New scenarios have been incorporated into the drills implemented in March 2012 by the Global Disaster Control Headquarters. We have made our drills more challenging and have checked the efficacy of the various measures we have planned with the aim of creating a more effective overall system.

Risk Management Measures and Actions

1. Risks Related to Financial Market

1) Liquidity

Automotive

The automotive business must have adequate liquidity to provide for the working capital needs of day-to-day normal operations, capital investment needs for future expansion and repayment of maturing debt. Liquidity can be secured through internal cash and cash equivalents or external borrowings. As of the end of fiscal year 2011 (March 31, 2012), Nissan's automotive business had 781 billion yen of cash and cash equivalents (compared with 1,133 billion yen as of March 31, 2011). Cash and cash equivalents balance was exceptionally high as of the end of fiscal year 2010, as Nissan raised cash following the Great East Japan Earthquake as a countermeasure against an uncertain environment. In addition to cash, Nissan had approximately 469 billion yen of committed lines available for drawing as of March 31, 2012.

As for external borrowings, Nissan raises financing through several sources, including bonds issuance in capital markets, long and short-term loans from banks, commercial paper issuance and committed credit lines from banks. Nissan has a liquidity risk management policy which is intended to ensure adequate liquidity for the business while at the same time ensuring we mitigate liquidity risks, such as unmanageable bunched maturities of debt.

Target liquidity is defined objectively considering several factors, including debt maturity, upcoming mandatory payments (such as dividends, investments, taxes) and peak operating cash needs. We also benchmark our liquidity targets with other major Japanese corporations and global auto companies to ensure we are reasonable in our assumptions.

Sales finance

Nissan operates captive sales finance companies in Japan, the United States, Canada, Mexico, China, Australia and Thailand. In these countries, banks and other financial institutions are also involved in providing financing solutions to Nissan's customers and dealers. Additionally, in Europe and other regions, RCI Banque and several other banks / financial institutions are providing financing to Nissan's customers and dealers.

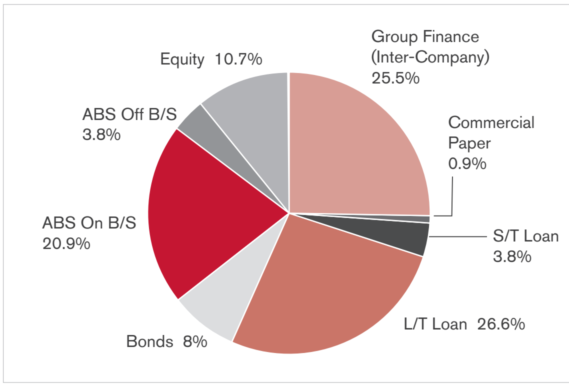
We monitor the liquidity of sales finance companies on an ongoing basis to ensure we have adequate liquidity to meet maturing debt and continue operations. As a policy, we target to match the maturity of liabilities with the maturity of assets wherever possible. In some of the countries where we operate, long-term capital markets are not developed, and thus it is not always possible to be perfectly match-funded. Match funding policy allows us to meet maturing debt obligations even in an environment in which we cannot raise additional debt due to the state of capital markets.

In addition to match funding, we manage liquidity risk at sales financing through several measures, including keeping adequate liquidity in the form of cash and unutilized committed lines, unencumbered assets (mainly vehicle loans and leases), liquidity support from auto operations to the extent we have excess cash in auto operations, diversified funding sources and geographical diversification of capital markets' access. As of March 31, 2012, sales finance companies' liquidity (cash and unutilized committed lines) was approximately 860 billion yen. Additionally, we have a healthy mix of secured (24.7%) and unsecured and other (75.3%) funding sources which ensure a stronger balance sheet and incremental liquidity through utilization of unencumbered assets.

The pie chart below describes our diversified funding sources in the sales finance business. During fiscal year 2011, we were able to raise new financings through bank loans, asset-backed securities, asset-backed commercial paper, commercial paper and bonds reflecting our diversified access to financing instruments.

SALES FINANCE BUSINESS FUNDING SOURCES

(As of March, 2012)



2) Financial Market
Nissan is exposed to various financial-market-related risks, such as foreign exchange, interest rate and commodity price. It is Nissan's general policy not to use derivative products as a primary tool to manage foreign exchange and commodity price risks, as it will not provide a permanent solution to mitigate the risks. In some cases, Nissan does hedge select currencies and commodity price risks. Nissan is taking the following measures to minimize financial market risks.

Foreign exchange
As a company engaged in export activities, Nissan is faced with various foreign currency exposures which results from the currency of input cost being different from the currency of sale to customer. In order to minimize foreign exchange risk on a more permanent basis, Nissan is working to reduce foreign currency exposure by such measures as shifting production to the countries where vehicles are sold, and procurement of raw material and parts in foreign currencies. In the short term, Nissan may hedge risks in foreign exchange volatility within a certain range by using derivative products in accordance with the internal policies and procedures for risk management and operational rules regarding derivative transactions.

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

Commodity price
Nissan purchases raw materials in the form of parts provided by suppliers, as well as direct purchases. Nissan is exposed to the price fluctuation risks of raw materials, no matter whether it is purchased directly or indirectly.

For precious metals, which are used as catalyst, Nissan is making continuous efforts to reduce their usage through technological innovation, in order to minimize commodity price risks. In the short term, Nissan manages commodity price volatility exposure through the use of fixed rate purchase contracts where the commodity price is fixed for a period of time, and Nissan may also hedge risks in commodity price volatility within a certain range by the use of derivative products in accordance with the internal policies and procedures for risk management and operational rules regarding derivative transactions.

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

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

The sensitivity analysis mentioned above uses statistical models, such as the Monte Carlo simulation method. However, actual fluctuations of market interest rates and their impact may deviate significantly from the assumptions used in the model.

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

Credit risks
Nissan is exposed to the risks of failure to recover the full value of financial receivables in its auto credit and lease business with retail customers and its dealer finance business, due to changes in the economic situation and the credit quality of customers. Nissan manages the credit risks closely by establishing effective screening and collection systems and structures.

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

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

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

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

Residual value risks

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

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

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

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

4) Counterparty

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

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

5) Pension

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

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

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

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

2. Risks related to Business Strategies and Maintenance of Competitiveness

1) Product Strategy

To secure our profitability and sustainable growth based on our future product lineup plan, in our product strategy developing process, we monitor the impact of various risk scenarios, such as global market changes and demand deteriorations, to our future profitability (COP) based on our plan.

<Example of Risk Scenarios>

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

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

- Expand availability of individual products across markets to mitigate the risk of single market demand fluctuations.
- Increase volume and efficiency per product through a consolidation and rationalization of the portfolio to lower the breakeven point and thereby reduce the profit risk of global Total Industry Volume declines.
- Prepare a more balanced product portfolio meeting needs in a broader range of markets and segments reducing reliance on specific large markets.

2) Quality of Products and Services

Nissan is making a companywide effort toward “Enhancing Quality,” one of the six areas of focus defined by Nissan Power 88, our mid-term business plan through fiscal 2016. Under this plan, actions are being carried out with numerical targets for the following areas.

- Product quality: Quality of our products based on the customer’s actual experiences as an owner of the vehicle
- Perceived quality and attractiveness: Customers’ impressions of a vehicle’s quality when they look at and touch it in a dealer’s showroom

For example, the target for “product quality” is to attain the top level in the Most Influential Indicators (MIIs) in each region. In order to achieve the target, internal indicators for each model correlating with the MIIs have been established. Progress of all quality improvement activities is monitored on an ongoing basis with those internal indicators.

With respect to new model projects, in order to achieve quality targets, milestone meetings are held for processes from design, production preparation and production, at which key check points are confirmed, such as achievement of quality targets, prevention of recurring problems, and adoption of measures for potential risks related to new technology and mechanisms and design changes. Commercial production can be started after confirmation at the Start of Production (SOP) Judgment Meeting, which confirms all issues are solved and quality target can be achieved. Final decision that the model can be sold is made at the Delivery Judgment Meeting after confirmation of the quality of commercial production and preparedness for service/maintenance.

As described above, Nissan is implementing thorough quality checks before new model launches. Nissan is advancing quality improvement activities after launch as well by constantly gathering quality information from markets and promptly deploying countermeasures if problems arise. In case safety or compliance issues do occur, necessary actions such as recalls are implemented with close cooperation with market side team based on a management decision reached by an independent process. Incidents are thoroughly investigated and analyzed, and the lessons are applied to existing or upcoming models to prevent a recurrence.

In addition to the above described activities, such as quality assurance at new model project and quality improvement activities on daily basis, the “Quality Risk Management” framework has been newly developed from fiscal 2009. While quality-related risks have been assessed and dealt with for new models, as described above, the new framework represents a higher-level system to ensure successful quality management for both on-going and future projects. It involves an objective evaluation of whether risk exists and the level of such risk for the Company and the assignment of responsible persons based on the level for follow-up activities. These processes are implemented by the Quality Risk Management Committee, chaired by an EVP twice a year.

3) Environment, Climate Change
The automotive industry is affected globally by various regulations related to the environment and safety, such as exhaust emissions, CO_2/fuel efficiency, noise and recycling, and these regulations are getting more stringent year by year. In this context, one effective solution from a long-term perspective will be widespread use of zero-emission vehicles. Nissan started sales of the Nissan LEAF, the world's first affordable, mass-produced EV, in 2010. As the Renault-Nissan Alliance, we have promoted partnership formation to develop a zero-emission society with national and local governments.

Additionally, Nissan will reduce CO_2 emissions by continuously developing technologies to improve fuel efficiency in internal combustion engines and bringing them widely into the market. In particular, we will promote low CO_2 output technologies named PURE DRIVE, such as our hybrid system, fuel efficient direct injection engine and continuously variable transmission (CVT).

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

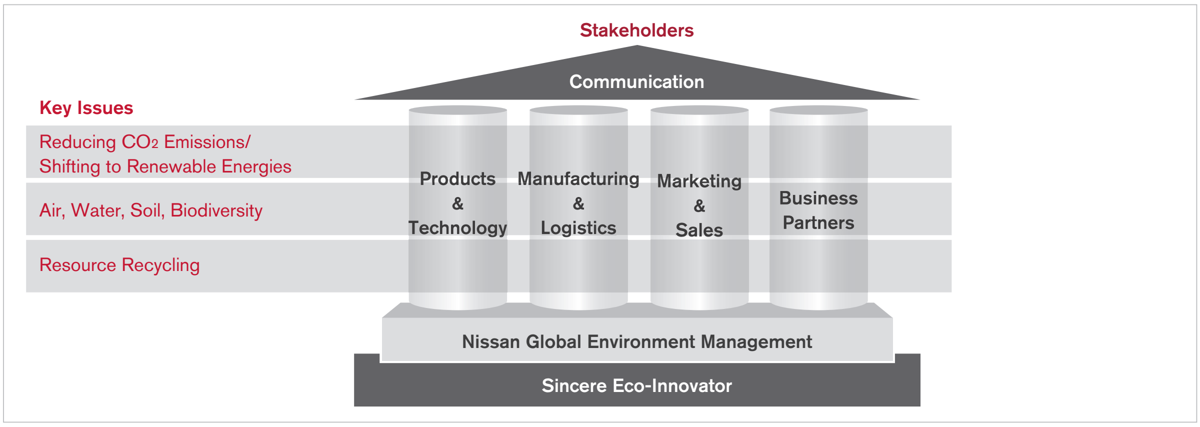
Demand for natural resources such as metals and oil steadily increases in response to the rapid economic growth of emerging countries. In addition to promoting reduced use of virgin natural resources through resource-saving and resource-recycling measures, it is becoming important to procure natural resources that have a lower impact on the Earth's ecosystems, not only from the standpoint that these resources are limited, but also considering the wide-ranging effects that resource extraction has on ecosystems. In the Nissan Green Program 2016—an environmental mid-term action plan announced in 2011—Nissan has raised to 25% the target for the use of recovered material in new vehicles by 2016. To achieve this, we will promote design centered on the vehicle life cycle, reduce waste and promote expanded use of recycled materials.

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

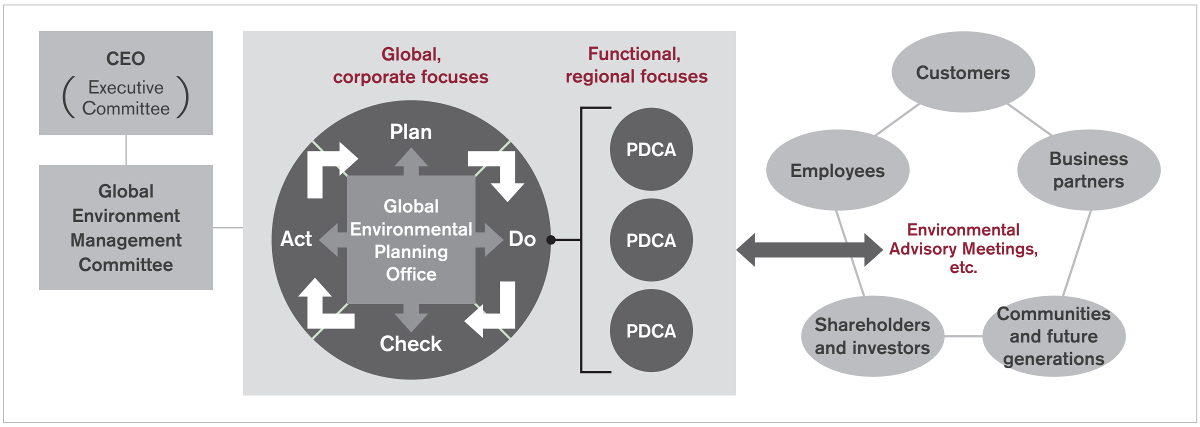
The purchasing divisions of Nissan and Renault carry out supply-chain management in a manner consistent with The Renault-Nissan Purchasing Way, a booklet outlining policies for dealing with suppliers, and the Renault-Nissan CSR Guidelines for Suppliers. With respect to environmental issues, we began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

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

OUR FRAMEWORK FOR GLOBAL ENVIRONMENT MANAGEMENT



NISSAN'S GLOBAL ENVIRONMENT MANAGEMENT ORGANIZATION



4) Compliance and Reputation

As described above, Nissan produced the Nissan Global Code of Conduct for all employees of the Nissan Group worldwide. To ensure thorough understanding of the code, training and education programs such as e-learning are improved and the compliance situation is monitored by the Global Compliance Committee. Nissan has also adopted the internal whistle blowing system (Easy Voice System). This allows any employees to submit opinions, questions, requests or suspected compliance issues directly to Nissan's management.

Additionally, we have created sets of internal regulations globally covering the prevention of insider trading, personal information management, records management and prevention of bribery and corruption. Nissan makes efforts to prevent reputation risk to the company by continuous implementation of various education and training programs.

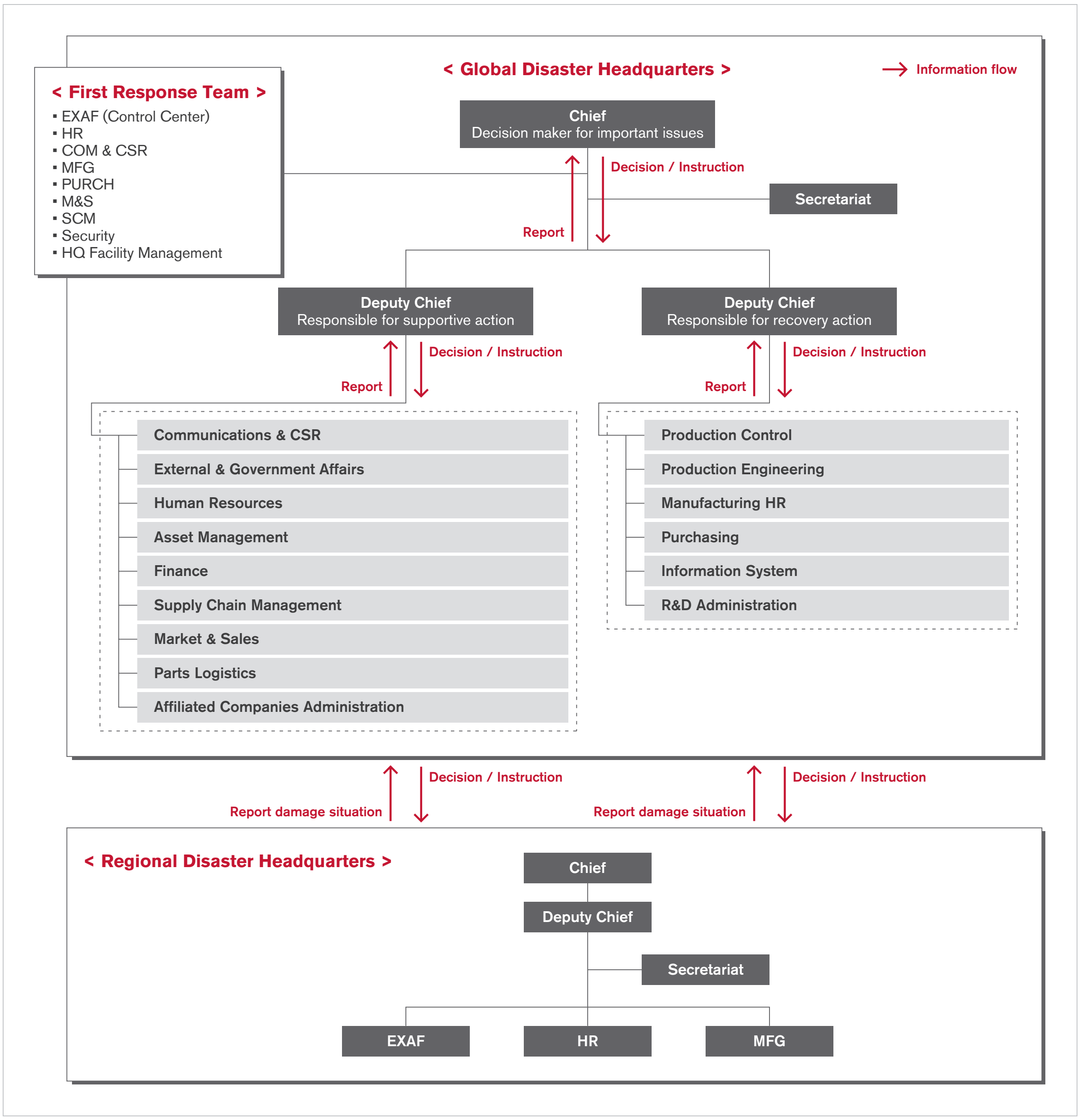
3. Business Continuity

1) Natural Disasters Measures

In case of an earthquake measuring 5-upper or higher on the Japanese seismic intensity scale or other natural disasters causing heavy damage affecting Nissan's business activities, a First Response Team (organized by the main units of the Global Disaster Headquarters) will gather information and decide actions to be taken based on the information. If necessary, the Global Disaster Headquarters and Regional Disaster Headquarters will be set up to gather information about employees' safety and the damage situation of facilities and to work for business continuity.

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

ORGANIZATION FOR DISASTER RECOVERY (EARTHQUAKE)



<Policy and Principles in Case of Earthquake>
1. The first priority is human life (utilization of employee safety confirmation system)
2. Prevention of secondary disaster (in-house firefighting organization, stockpiling, provision of disaster information)
3. Speedy disaster recovery and business continuity (measures for hardware, improvement of contingency plan and development of BCP)
4. Contribution to local society (cooperation/mutual aid with neighboring communities, companies, local and central governments)

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

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

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

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

The response to the March 2011 disaster was reviewed during fiscal 2011 to identify issues that came to light on a function-by-function basis and to consider countermeasures. In March 2012, simulation training was conducted based on a new scenario incorporating the review findings, and the new measures were verified.

Utilizing the PDCA cycle, disaster measures will be advanced to address additional issues raised during training and in response to recent changes in the government's anticipated seismic scale announcements. The Global Headquarters building, where the Disaster Headquarters has been set up (built in August 2009), has an earthquake-resistant structure using vibration-controlling brace dampers. Safety is assured even in the case of a maximum-level earthquake at the site. Inspections after the earthquake confirmed that the building had no problems whatsoever with its safety and functions.

2) Pandemic

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

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

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

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

Nissan also developed a Business Continuity Plan (BCP) for each business section, with several triggers to invoke the BCP depending on the infection ratio, to maintain business continuity even under a high infection situation.

Nissan will keep prepared for contingencies like avian flu through its PDCA cycle, such as by updating response team members and the BCP, carrying out educational activities for infection prevention and stockpiling sanitary and medical goods.

3) Countermeasures for Production Continuity Risk

Nissan's production division has dealt with various risks related to the three elements of production, as listed in the chart below. Particularly for natural disasters, we have worked over the years on continuous prevention countermeasures to physical infrastructure (quakeproofing and reinforcement of buildings and other facilities), maintained an operations recovery manual to shorten recovery time and regularly executed BCP simulation drills. Learning from the lessons of the Great East Japan Earthquake and the floods in Thailand, we are reviewing and strengthening our activities. More specifically, we have set the period after which production is to be resumed following a large-scale disaster to two weeks, and we have clarified necessary measures and produced action plans so that this can be achieved. In each business facility, the operations recovery manual has been improved with the addition of more practical content. We have begun regular audits of the manuals to confirm that they are in the proper condition to be executed as written.

In addition to such countermeasures to natural disasters, it is absolutely important to manage risks associated with parts procured from Leading Competitive Countries (LCCs) in order to expand markets globally. To deal with such risk, Nissan has been conducting risk assessment before making sourcing decisions, providing support for improvement activities after sourcing, implementing quality checks at key points in the production and logistics process to prevent the production and utilization of imperfect parts and enhancing activities to minimize supply capacity risk in order to secure global market expansion and growth.

3 elements of production / Risk factor	HR/Workforce	Purchased parts/ Raw materials	Facilities/Equipment
Natural disasters (earthquakes)	• Reinforcement of office buildings (completed) • Development of earthquake response manual, implementation of evacuation drills (once/year) • Conducting of disaster prevention drills (once/year or more)	• Assessment of earthquake preparedness of major suppliers located in high quake-risk areas (FY08) • Planning to adopt damage reporting system on web base (FY10) • Confirmation of BCPs to be implemented at time of disaster by suppliers in high quake-risk areas (FY11)	• Reinforcement of buildings & machinery (continued) • Review of facility recovery manual (FY11) • Regular audits of each business facility
Fire	• Risk assessment based on F-PES (Fire Prevention Evaluation System) (once/year)	• Same as on the left	• Same as on the left • Revision of equipment standard based on the assessment result
Workplace injury	• Risk assessment based on SES (Safety Evaluation System) (once/year) • Assessment for health & safety management system (once/year)	• Same as on the left	• Same as on the left
Pandemic	• Development of flu response manual (FY09)	• Requested suppliers to develop response manual coordinated with Nissan	—
Demand fluctuation	• Backup from other Nissan plants (as needed) • Backup from other companies (as needed) • Employment of short-term employees (as needed)	• Regular check of demand projection and supply capacity; implementation of measures	• Installation of flexible manufacturing system (completed) • Regular check of demand projection and production capacity; implementation of measures • Development of complementary production system for main power trains
Machinery breakdown	—	—	• Share past incident experiences and reflect them in preventive maintenance • Reflect them in equipment standards
Electric power shortage	—	—	• Thoroughgoing energy conservation efforts • Flexibility in plant operations and working hours in response to requests from the government or power companies
Expanding LCC parts adoption	—	• Assessment of *monozukuri* ability before supplier sourcing and support for improvement activities after sourcing • Quality assessment at production preparation phase • Quality check at mass production phase (action “Gate 1-3”)	—
Decrease of skilled workers/ experts	• Planning and implementation of training program at each plant to develop skilled workers (FY10) • Global development of human resources through the Global Pilot Plant program (FY11) • Development of experts to teach technical skills (planning and implementation from FY12)	—	—

4) Supply Chain Continuity
Control was enhanced as follows to prepare for increased supplier risk.

Response to suppliers' financial risk
(1) Risk assessment (annual)
- Work with Alliance partner Renault to conduct financial assessments of suppliers based on the latest data on a global basis.

(2) Prompt decision on risk aversion
- Prompt decision making by a cross functional committee based on risk assessment findings
- Thoroughgoing monthly management of risks for each supplier and anticipated expenditures
- Steady implementation of the above operational process

Response to suppliers' disaster risk
(1) Ensuring business continuity
In fiscal 2011, cooperation with suppliers was an essential factor in the recovery from natural disasters like the Great East Japan Earthquake and the floods in Thailand. The fruits of such efforts included support for affected suppliers and early restart of production. Some of the major initiatives are as follows:
- Sharing of information relating to production recovery with suppliers frequently and from an early stage
- Soliciting of feedback from suppliers in advance of the rolling blackouts and weekend operations during the summer period, enabling the provision of support for power shortages as necessary
- Establishment of a BCP for the supply chain (for both Japan and Thailand).

(2) BCPs for overseas operations
In fiscal 2012, Nissan plans to introduce measures taken in Japan to overseas operations besides Thailand and to establish similar BCPs for those regions.

5) Risk Financing and Loss Prevention
Global Insurance Management Policy
Nissan manages hazard risk on a global basis with risk financing techniques that combine self-retained risk with external risk transfer via insurance.

In order to minimize the cost of risk, Nissan adheres to the following global insurance management policy. This policy has provided appropriate coverage for damage resulting from the unpredictable and massive disasters that the world has seen in recent years.

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

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

The following risks are covered in this way.

- Property damage and business interruption by accidents
  The program covers risks not only for property damage but also for business interruption and contingent business interruption due to accidents, taking into consideration the global expansion of the supply chain for products and parts. Coverage limits are determined based on the probable maximum loss amount measured by third-party experts.
  We achieved further improvement and optimization of insurance conditions by negotiating with insurance companies together with our Alliance partner Renault from fiscal 2011.

- Transportation and storage of vehicles and products for sales
  This program covers risks relating to transportation and the supply chain for parts and products globally. By covering risks spread geographically under a global program, we can manage loss data on a global basis and ensure stability of insurance costs.
  From fiscal 2011, this program was also combined with Renault's program for negotiating with insurance companies to achieve best possible results utilizing synergies of scale.

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

Utilization of Captive Insurance Company

For the purpose of more efficient self-retention on a consolidated basis, Nissan Global Reinsurance, a Bermuda-based captive insurance company (an insurance company of the Nissan Group) is utilized to reinsure a certain amount of risk for each of our global programs.

Utilization of a captive insurance company enables the following:

- Helps to reduce insurance costs by obtaining the minimum necessary insurance
- Each group company can obtain necessary coverage
- Can gather and analyze loss data below self-retained limit

Loss Prevention Activities

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

Information

Financial Data

To obtain more detailed financial information,
please visit our IR website noted below.
http://www.nissan-global.com/EN/IR/

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