ANNUAL REPORT 2013

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NISSAN MOTOR COMPANY

CONTENTS

This annual report presents the results of Nissan Motor Company's business activities for fiscal 2012. It is also provides an opportunity for investors to deepen their understanding of the Nissan management team. President and CEO Carlos Ghosn and other executives share their vision of Nissan's philosophy and the direction the company is heading today.

Cover photo: Infiniti Q50

Viewing this Report

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■ Financial Data
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website

■ 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.

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VISION

Nissan: Enriching People’s Lives

Nissan has a clear vision for the future, and – with our Alliance partner, Renault – we are working with passion to achieve it. Our mission is to enrich people's lives, building trust with our employees, customers, dealers, partners, shareholders and the world at large.

1935 Datsun 14

In April 1935, less than two years after Nissan's establishment, the first small “Datsun 14” passenger car rolled off the assembly line at the Yokohama Plant. The plant had just been newly built as Japan's first mass production facility for automobiles.

1957 Datsun 1000 Sedan 210

Datsun 1000 Sedan (210) was released in 1957. The following year it was entered in the 1958 Australian Rally, an exceptionally grueling international rally. In its first competition, the Datsun 1000 won its class championship to make the Datsun name famous internationally.

That feat provided the impetus for initiating the company's first vehicle exports to the United States later that year. It also led to the launch of Nissan's first overseas production in Taiwan in 1959. The Datsun 1000 was instrumental in paving the way for Nissan's subsequent advance into overseas markets.

1969 Datsun Z S30

The S30 was the first-generation Z car. It was created by transforming a light open-top sports car into a Grand Touring (GT) car with a closed body, reflecting the changing trends of the times. The graceful styling of the S30 with its lower, longer and wider dimensions captivated car fans the world over.

1982 March/Micra K10

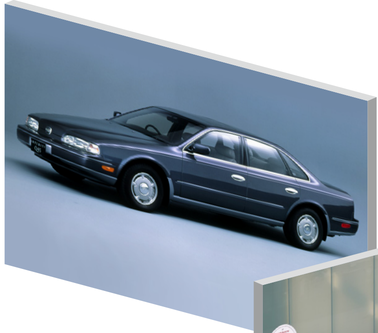
The March embodied a variety of concepts unprecedented in Japanese cars. For example, a model life of approximately ten years was envisioned from the outset. Outstanding levels of basic performance were attained though extensive weight savings. And the styling was intended to have timeless appeal. The current generation of the March continues to provide these same values today.

80 years of moving people
NISSAN MOTOR COMPANY

Founded in December 1933, Nissan will celebrate its 80th anniversary at the end of this year. We will continue providing our unique and innovative products and services to the world as we move into our future.

1989 Infiniti Q45 G50

In autumn 1989 Nissan launched its new Infiniti brand in the United States with the Q45 as its flagship model. Presented as a “Japan original,” this large, luxurious sedan was an expression of Japan's unique aesthetics and detailed attention to passenger comfort. The Q45 attracted considerable attention in the target U.S. market, as well as in its home country of Japan.



2010 Nissan LEAF ZE0

Nissan LEAF is a newly developed EV designed for the mass market, offering new mobility for a sustainable zero-emission society. Achieving outstanding environmental performance as a zero-emission vehicle with no tailpipe emissions, including CO_2, Nissan LEAF is powered by a lithium-ion battery and an electric motor. It provides an unique driving experience, delivering strong, smooth acceleration performance and quietness comparable to luxury vehicles in every speed range. It also offers superior handling stability realized by its excellent weight balance.

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.

4,914,000 Vehicles

Total Global Retail Volume

During fiscal 2012 we rolled out 10 new models and achieved our highest sales ever.

¥9,629.6 Billion

Net Sales

Growth in vehicle sales numbers and easing of the strong yen brought about a 2.3% increase from the previous year.

¥523.5 Billion Operating margin **5.4** %

Operating Profit

We aim to achieve a sustainable operating margin of 8% by the end of fiscal 2016.

6.2 %

Global Market Share

Our goal is to achieve 8% global market share by the end of fiscal 2016.

160,530 People

Employees (consolidated basis)

We have production facilities in 20 countries and regions worldwide and offer our products and services in more than 160.

(As of March 31, 2012 excluding employees number)

R&I **A+** S&P **BBB+** MOODY'S **A3**

Long-term Credit Ratings

During fiscal 2012 we saw improvement in our ratings from R&I and Moody's.

KEY FIGURES

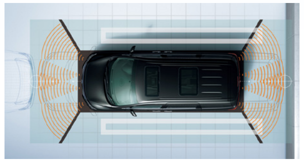
Nissan's goal is to offer customers all around the world innovative products and services while achieving further growth. Here are some figures that show just where we are today on the road to this destination.

*Note: All figures cover the fiscal year ending March 31, 2013, and are current as of that date.

NISSAN'S FOUR STRATEGIC TECHNOLOGY DEVELOPMENT FIELDS

Safety

Realizing zero-fatality mobility.
Toward a world with virtually no accidents leading to death or serious injury.

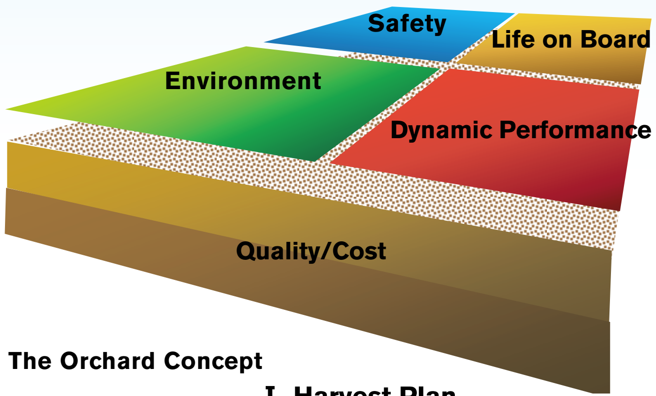


Our goal is to continue advancing automotive safety features and improving them across the board as a global leader in the safety field. By bringing innovative new technologies into being, we are progressing toward this goal.

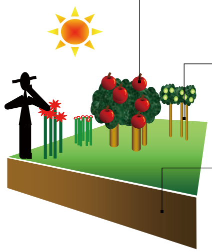
Environment

Realizing zero-emission society.

To reduce overall global CO_2 emissions to as low a level as possible, we are pursuing the long-term goal of zero-emission mobility through our development and popularization of electric and fuel-cell vehicles. In the shorter term, we are also striving to improve the efficiency of our gasoline-powered vehicles to the greatest possible extent to reduce fuel consumption and CO_2 emissions.



The Orchard Concept



I. Harvest Plan

- Developing a plan to market new technologies, capabilities and functions
- Choosing the ideal timing for their introduction

II. Seeding & Growth

- Identifying core technologies to drive development in preparation for harvest
- Formulating strategies to boost development efforts

III. Soil Enrichment

- Nurturing sustainable competencies required for harvest, seeding & growth efforts
- Advancing the basic research that will lead to future harvests

Life on Board

Providing new experiences and values for every moment spent in the vehicle.

From seats that offer near fatigue-free comfort throughout a long drive to vehicle interiors that give the pleasure of ownership to our customers, we aim to provide unprecedented values and experiences in all phases of driving: from the moment people enter the car through the actual driving and right up to when they get out at the end of the trip.

Dynamic Performance

Giving drivers the experience they desire.

We analyze how people perceive, judge and operate their cars from a variety of angles. In this way we produce numerical data and insightful observations even on subjective concepts like driving sensations and habits. With this input to guide our development efforts, we use the knowledge gained to polish our vehicles' dynamic performance.

Quality/Cost

TECHNOLOGY

We pursue technological development in four areas: Safety, Environment, Dynamic Performance and Life on Board. Based on the "Orchard Concept," we set clear goals in each of these areas and direct our development efforts toward achieving them.

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Click here for information on the new technologies developed in fiscal 2013.

FINANCIAL HIGHLIGHTS

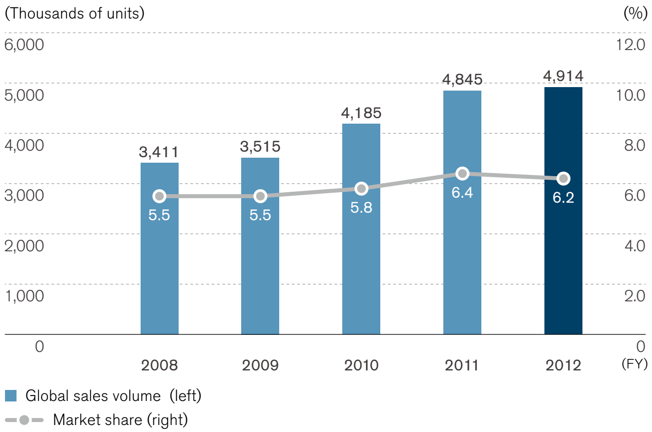
		2012	2011	2010	2009	2008
	For the years ended	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009
Net sales[*1]	Millions of yen	**¥9,629,574**	¥9,409,026	¥8,773,093	¥7,517,277	¥8,436,974
Operating income (loss)	Millions of yen	**523,544**	545,839	537,467	311,609	(137,921)
Ordinary income (loss)	Millions of yen	**529,320**	535,090	537,814	207,747	(172,740)
Net income (loss)	Millions of yen	**342,446**	341,433	319,221	42,390	(233,709)
Comprehensive income	Millions of yen	**734,657**	290,600	189,198	—	—
Net assets	Millions of yen	**4,073,993**	3,449,997	3,273,783	3,015,105	2,926,053
Total assets	Millions of yen	**12,805,170**	11,072,053	10,736,693	10,214,820	10,239,540
Net assets per share	yen	**890.73**	750.77	703.16	663.90	644.60
Basic net income (loss) per share	yen	**81.70**	81.67	76.44	10.40	(57.38)
Net assets as a percentage of total assets	%	**29.2**	28.4	27.4	26.5	25.6
Return on equity	%	**9.95**	11.22	11.30	1.59	(7.62)
Price earnings ratio[*2]	Times	**11.08**	10.79	9.65	77.02	—
Cash flows from operating activities	Millions of yen	**390,897**	696,297	667,502	1,177,226	890,726
Cash flows from investing activities	Millions of yen	**(957,137)**	(685,053)	(331,118)	(496,532)	(573,584)
Cash flows from financing activities	Millions of yen	**455,627**	(308,457)	110,575	(663,989)	(135,013)
Cash and cash equivalents at end of year	Millions of yen	**798,361**	840,871	1,153,453	761,495	746,912
Net cash (Auto business)	Millions of yen	**915,861**	619,863	293,254	(29,658)	(387,882)
Employees[*3 *4]	Number	**160,530**	157,365	155,099	151,698	155,659
		(36,449)	(34,775)	(27,816)	(17,600)	(20,107)
( ) represents the number of part-time employees not included in the above numbers		**166,881**	161,513	159,398	157,624	160,422
		(37,314)	(35,099)	(28,089)	(17,908)	(20,649)

Notes:
[*1] Net sales are presented exclusive of consumption tax.
[*2] Price earnings ratio for fiscal 2008 is not presented because a net loss per share is recorded.
[*3] 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.
[*4] 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.

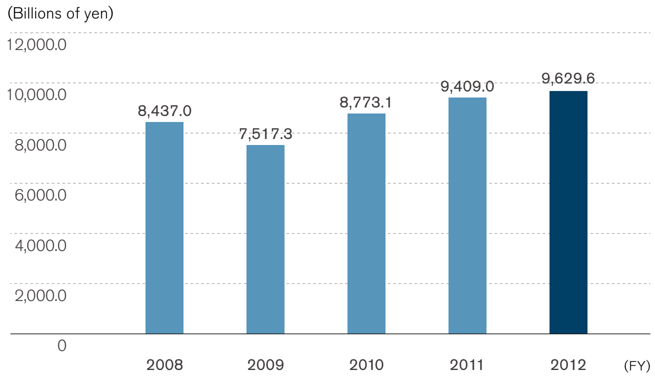
Key figures for fiscal 2012

Global industry demand in fiscal 2012 reached 79.33 million vehicles, up 4.8% from fiscal 2011. Nissan's global sales volume climbed 1.4% to 4.914 million vehicles, an all-time high, and global market share declined 0.2 points to 6.2%.
Net sales climbed 220.6 billion yen for the year to reach 9,629.6 billion yen. Operating profit was 523.5 billion yen, for a profit margin of 5.4%.

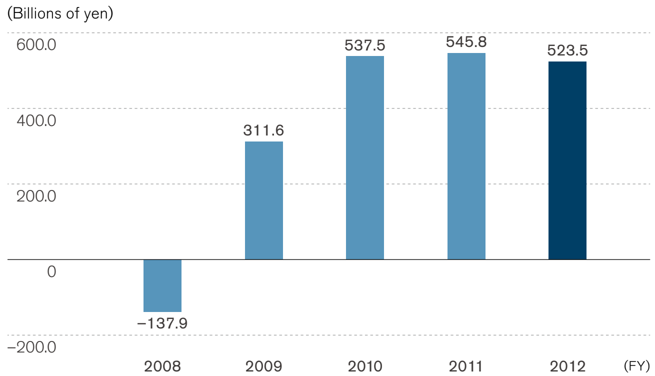
Global Sales Volume/Market Share



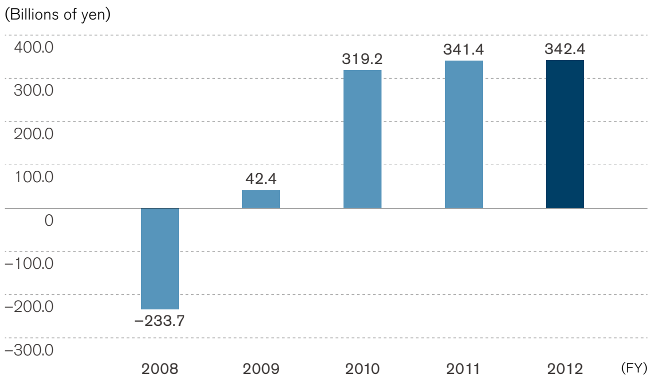
Net Sales



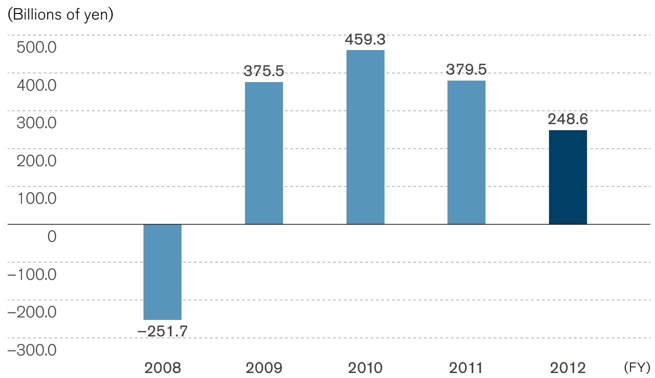
Operating Income (loss)



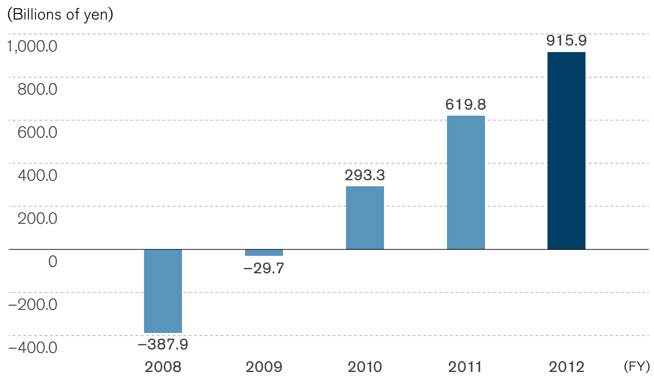
Net Income (loss)



Free Cash Flow (Auto business)



Net Cash (Auto business)



MANAGEMENT MESSAGES
To our stakeholders

Carlos Ghosn
President and Chief Executive Officer

Toshiyuki Shiga
Chief Operating Officer

Joseph G. Peter
Chief Financial Officer

In pursuit of our mid-term business plan goals:

Global Market Share

FY2012 5.8% ▶ FY2016 8.0%

Operating Margin

FY2010 6.1% ▶ FY2016 8.0%

Six tactics under Nissan Power 88

- Strengthening brand power
- Enhancing sales power
- Enhancing quality
- Zero-emission leadership
- Business expansion
- Cost leadership

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Click here for more information on Nissan Power 88.

MESSAGE FROM THE CEO

Nissan continued progress under Nissan Power 88, our mid-term plan, during fiscal year 2012 despite a range of challenges. The company delivered net income in line with its full-year guidance and generated significant automotive free cash flow while strengthening its balance sheet. However, the company struggled to meet its goal for full-year operating profit. The company's results reflect a number of achievements, which we will build upon in 2013, and they highlight opportunities for progress. We continue to pursue our goals of achieving 8% global market share and a sustainable 8% operating profit margin by fiscal year 2016.

In 2012, our products generated positive recognition. The Note was crowned the RJC Car of the Year for 2013 in our important home market of Japan. Meanwhile, in China, the new Sylphy was named Car of the Year in the country's overall automobile awards ceremony. And the Venucia R50 took home the award for "most economical vehicle." Separately, the worldwide visibility of the Nissan brand was recognized when we achieved our highest-ever ranking on Interbrand's Global Top 100 brands.

In the 16th Nikkei Environmental Management Survey, Nissan was named first among automotive companies and second overall. And Nissan has dramatically increased its ranking among "Best Global Green Brands"—being named 5th among 50 top brands. Nissan has now sold more zero-emission vehicles than any other automaker. Since we introduced Nissan LEAF in December 2010, we've sold about 70,000 worldwide as of the end of June 2013. Nissan LEAF also ranked first in the influential Kelley Blue Book list of Best Green Cars of 2013.

The fighting spirit is very much alive within Nissan, and we are prepared to seize the opportunities.

Carlos Ghosn
President and Chief Executive Officer

Another area where we saw significant growth in the last fiscal year was with our Infiniti premium brand. In 2012, we achieved a new sales record of 173,000 units, an increase of 12% from the previous fiscal year. We also initiated sales in Chile, the Dominican Republic, South Africa and Australia. In December, Infiniti announced that the Sunderland plant in the United Kingdom will manufacture an all-new premium compact car in 2015. To further increase brand awareness, for the Formula One 2013 season, we have significantly expanded our partnership with Red Bull Racing, to become title sponsor and technical collaborator.

FIRMLY FOCUSED ON OUR GOALS

We also further leveraged our industry partnerships to increase sales and set the stage for further sales growth in the years ahead. The 14-year-old Alliance between Nissan and Renault continues to be a model partnership and one where both companies benefit from combined investment, reduced costs and overall operational efficiencies. In 2012, we expanded the Alliance to include AVTOVAZ, Russia's largest carmaker. The Alliance aims to secure a 40% share in the fast-growing Russian market. Earlier this year, we announced a fuel-cell technology collaboration among Nissan, Daimler and Ford. Our goal is to accelerate the launch of the world's first affordable, mass-market fuel-cell electric vehicle by as early as 2017.

Each of these achievements is in line with our Nissan Power 88 goals, which start with producing and selling world-class products. As part of the Nissan Power 88 strategy, we are committed to delivering one new vehicle every six weeks, on average, for all six years of the Nissan Power 88 term. In 2012, we fulfilled this goal and introduced 10 innovative new models, including three global growth models, Altima, Note and Sentra, in markets worldwide.

Our activities were especially strong in several high-growth markets, including Thailand, Australia and Brazil, where we saw significant improvements over last year. To continue expanding and maximizing our operations in global growth markets, we invested a record amount to increase production capacity during 2012.

For fiscal year 2013, we will continue to execute our Nissan Power 88 strategy. I want to note that, in 2013, our capacity-building investments will exceed 2012's record levels. And we'll continue to focus these investments in high-growth markets.

PREPARED FOR FUTURE CHALLENGES

Nissan faced a number of challenges during fiscal year 2012. Like other Japanese automakers operating in China, the company was negatively impacted by political tensions and demonstrations surrounding the islands dispute. When the islands dispute began last summer, it had a swift and significant impact. In the second week of September, showroom traffic suddenly declined by 57% and retail sales dropped by more than 50%. While activity has since improved, the challenges we faced in 2012 have not been fully overcome and won't be for some time.

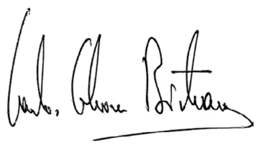
However, we anticipate that Nissan and Venucia product launches will boost sales, especially the introduction of the new Teana, which is the flagship of the Nissan brand in China. We also plan to increase dealer network coverage by opening 40 new Nissan dealers and 20 new Venucia dealers. In addition we will increase the number of Infiniti outlets from 60 to 66.

In the United States last year we confronted supply issues surrounding new models, when important design changes ended up slowing down the supply chain. These issues have been almost solved, and we've improved the supply process to prevent future problems.

We view fiscal year 2013 as an opportunity to grow again in the U.S. market. We are in the midst of launching six core models over a 15-month period. This started with the Altima, Pathfinder and Sentra during fiscal year 2012. This year we will launch four new products, including the Nissan Versa Note and Rogue. We also have appointed a number of new leaders in the Americas region to ensure that our operations are fully aligned to exceed customer expectations. A key to increasing momentum in this market is implementation of the "Right Car, Right Place, Right Price" strategy, which was developed by the new team and aims to improve the number of times that a Nissan vehicle appears during a customer's new car internet search and to let us better project what models and what equipment will be in demand by region.

Globally, Nissan will launch seven "global growth" models, including the two previously noted in the Americas and the Note and Qashqai in Europe, the Teana in China, and the X-TRAIL throughout Asia. We also are preparing for the introduction of the Datsun brand. It has been more than 30 years since the company offered Datsun models, and the brand returns with all-new products that will first go on sale in India beginning in early 2014. Datsun models will be offered in as many as three additional countries shortly after the India launch, including Indonesia, Russia and South Africa. We will support our growth plans across all brands by expanding the global dealer network from 9,100 outlets to 9,600 outlets by the end of fiscal year 2013.

As you can see, the fighting spirit is very much alive within Nissan. Although we faced unanticipated challenges during fiscal year 2012, we learned valuable lessons. The company has identified the necessary countermeasures in order to strengthen performance during fiscal year 2013, and we are prepared to seize the many opportunities that lie ahead.



Carlos Ghosn
President and Chief Executive Officer
Nissan Motor Co., Ltd.

MESSAGE FROM THE COO

As we celebrate the 80th anniversary of our founding, we work to achieve even greater success.

Toshiyuki Shiga
Chief Operating Officer

A YEAR OF RECORD GLOBAL SALES

Let me begin by expressing my deepest thanks to all of our stakeholders, whose understanding and support for Nissan's activities underpin the growth and development that the company has achieved.

During fiscal 2012 Nissan faced difficult conditions on many fronts, including sluggish demand due to the sovereign debt crisis in Europe and the impact on Japanese automakers of the islands issue that broke out with China in September. Despite this, we were able to create positive cash flow and build an even healthier balance sheet for Nissan. Our global sales also hit an all-time high of 4.91 million vehicles during the year.

Ever since the financial and economic crisis touched off in late 2008, Nissan has faced numerous trials. All our people have come together as one and shown unwavering dedication to get us through this tumultuous period. We have reduced our costs to cope with rising fuel and raw material prices and shifted production to other markets to cope with an overvalued yen. At the same time, we have taken steps in Japan to enhance our technological competitiveness over the longer term by maintaining our *monozukuri* (manufacturing) excellence and our "mother factory" functions here. Nissan's strength has repeatedly been tested as we supported recovery and got our business locations back online in the region affected by the 2011 Great East Japan Earthquake, responded to the flooding that took place in Thailand later that year, and addressed the setbacks arising from the islands issue with China. In each case, by leveraging our know-how and considering all options, we came up with swift, detailed countermeasures and minimized the impact of these issues to overcome them and even thrive despite the challenges.

Nissan learned much in the course of tackling these crises. We now have deeper capabilities in both management and at the *genba* level of the business frontlines, thanks to our people's efforts to think about what needs to be done and then carry it through. Nissan has evolved into a more flexible, muscular corporation as a result.

LEAPING AHEAD AROUND THE WORLD

Even when facing harsh conditions, Nissan does not focus solely on resolving the short-term issues before it. The company invests continuously in its people, brands, products and technologies to ensure sustainable growth over the longer term as well. There will be more trials in the future, but also opportunities for growth and further achievements. During fiscal 2013 we will put our hard-won knowledge and experience to work to produce solid results and propel ourselves toward the targets of Nissan Power 88, our mid-term business plan.

The business environment is in constant flux, though, and global competition continues to grow fiercer. Nissan's task is to address this change flexibly as it hones its competitive edge and produces steady results. Today we are grappling with a range of challenges, using the diversity and cross-functional approach we have fostered over time to pursue sustainable growth.

In Japan, approximately 40% of the automotive market is *kei* light vehicles, an increasingly important category as Nissan seeks to maintain stable sales numbers. Providing a steady supply of more attractive, competitive products to our customers is a vital task. Toward this end we established NMKV, a joint venture with Mitsubishi Motors Corp., and in June 2013 launched the all-new DAYZ, the first *kei* vehicle with Nissan involvement from the product planning stage. Strengthening our product lineup in this area will increase our share of the Japanese market.

In China and the United States, Nissan's largest markets, the company will accelerate efforts to expand sales. The new Teana, launched in March as a flagship vehicle for the Nissan brand in China, is selling well; as of April 2013, monthly retail vehicle sales have recovered to surpass the year-on-year figures. In the United States, during fiscal 2013 we aim to improve market share and profitability with an enhanced product lineup including four new models, such as the new Rogue. We are also actively investing in emerging markets, where growth is strongest. Nissan is constructing new and expanding existing plants in Brazil, Mexico, Thailand, Indonesia, India and China in order to dramatically grow business there.

OUR ZERO-EMISSION DUTY

Since going on sale in December 2010, the 100% electric Nissan LEAF has sold about 70,000 units (as of the end of June 2013), making Nissan the world leader in the EV market. As an automaker, it is our responsibility to help realize a sustainable mobility society through our zero-emission efforts. Nissan is moving forward with deep conviction to achieve fuller penetration of EVs, which use no fossil fuels and produce no emissions in operation.

For Infiniti, our premium luxury brand, we will roll out a new Q50, our top-selling sedan model, in major global markets to enhance the brand's power and achieve solid growth. Meanwhile, to reach customers in the rising middle classes of booming emerging markets, we will release vehicles under the relaunched Datsun brand in early 2014 in India, followed by Indonesia and Russia and, at the end of the year, South Africa.

Nissan is a global company that provides uniquely innovative products and services to customers all around the world. It is also a quintessentially Japanese firm, with all the dedication to manufacturing excellence, human-resource fostering and hospitality that this represents. By combining our two sets of traits at a high level—our diversity as a global actor and our strengths as a Japanese company—we aim to lead the industry as a truly global firm born in Japan. The foundation for these efforts is the Nissan Way. This is crystallized in the mindsets and actions of all employees who create value for the company. The Nissan Way is the genesis of our corporate culture and a way to win the universal trust of customers in our brand. Nissan's goals are to constantly create future-oriented innovation from within and to foster a robust corporate organization that produces steady results.

Fiscal 2013 is a key year for Nissan. In December we celebrate the 80th anniversary of the company's founding. While turning our eyes to the legacy of whose who have handed the company down to us, we maintain the entrepreneurial spirit of a young company. We bring together the drive of each of our employees, our management skills and our *genba* capabilities to provide value going beyond our customers' expectations, to contribute to society and to achieve even greater success for Nissan.

I look forward to your kind support as we continue working toward these goals.

Toshiyuki Shiga
Chief Operating Officer
Nissan Motor Co., Ltd.

NISSAN WAY

website

Click here for more information on the Nissan Way.

MESSAGE FROM THE CFO

A STRONG YEAR DESPITE CHALLENGES

Fiscal year 2012, the second of our mid-term business plan, was a year of progress for Nissan. This progress was made despite some significant challenges. From an external perspective, the weak European market—and more significantly, the negative impacts on our China business due to political tensions between Japan and China related to disputed territorial claims—meaningfully limited our unit sales and profit potential in the year. Internally, we struggled with the ramp-up of important new product launches, the Altima and Pathfinder, in the key U.S. market, which constrained product availability. While the availability issue in the United States is now largely behind us, it did also negatively impact our sales performance and profit potential during the 2012 fiscal year.

Notwithstanding these challenges, Nissan delivered solid business performance by continuing to focus on and executing the strategies and initiatives of the Nissan Power 88 mid-term plan. Nissan's global sales in fiscal 2012 reached 4,914,000 units, an all-time record. Looking at the fiscal 2012 financial metrics, consolidated net revenues reached 9.6 trillion yen, up 2.3% versus the previous year. Operating profit stood at 523.5 billion yen and our net income was 342.4 billion yen —this is slightly above last year's net income level even after comprehending the negative impacts on our China business income due to the Japan/China islands dispute.

We generated solid automotive free cash flow of 248.6 billion yen even as we continued to invest in capacity expansions in markets such as Brazil, Mexico, Russia, China, India and ASEAN, which offer significant future business growth opportunities. With this solid free cash flow generation, we continued to strengthen our balance sheet, increasing our Automotive net cash position to 915.9 billion yen, an all-time high.

Our mid-term business plan is designed to significantly enhance shareholder value through business growth.

Joseph G. Peter
Chief Financial Officer

The solid business results and improvement in our balance sheet is recognized by external rating agencies—in this regard, during the year we received rating upgrades from both Moody's and R&I and we now carry an A3 and A+ long-term credit rating with each, respectively.

LOOKING AHEAD WITH CONFIDENCE

As we look forward to fiscal 2013, we expect the global automotive industry to set yet another volume record, growing to over 81 million units. Based on the continued execution of our Power 88 mid-term plan strategies and initiatives and our strong product offerings, we project Nissan unit sales to grow to 5,300,000 units for the year.

In terms of financial management, we will continue to focus on ensuring cost efficiency, generating positive automotive free cash flow even with the increased capital investments supporting capacity expansions in growing markets worldwide and maintaining a strong balance sheet with sufficient liquidity. The chart below summarizes the pro-forma key financial metrics of our 2013 full-year forecast. I use the term “pro-forma” as we have maintained the use of proportional consolidation of our China JV in these financial metrics for ease in comparison to the fiscal 2012 results. Under revised accounting rules that are effective with the beginning of the 2013 fiscal year, we will no longer account for our China JV using proportional consolidation but rather will switch to equity method accounting.

Fiscal 2013 Management Pro-Forma Outlook (billion yen)

		FY12 actual (A)	FY13 pro-forma outlook (B)*	Vs. FY12 (B–A)	Change vs. FY12 (B/A)
Net revenue		**9,629.6**	11,200.0	+1,570.4	+16.3%
Operating profit		**523.5**	700.0	+176.5	+33.7%
OP margin		**5.4%**	6.3%	+0.9%	
Ordinary profit		**529.3**	665.0	+135.7	+25.6%
Net income		**342.4**	420.0	+77.6	+22.6%
Net income ratio		**3.6%**	3.8%	+0.2%	
CAPEX		**524.5**	570.0	+45.5	+8.7%
Sales ratio		**5.4%**	5.1%	–0.3%	
R&D		**469.9**	520.0	+50.1	+10.7%
Sales ratio		**4.9%**	4.6%	–0.3%	
FX rate assumptions	JPY/USD	**82.9**	95.0	+12.1	
	JPY/EUR	**106.8**	122.0	+15.2	

* Based on continuation of proportional consolidation of China JV

In brief, on a pro-forma basis (with continued use of proportional consolidation for our China JV), net revenue is forecast to grow 16.3% to 11.2 trillion yen; operating profit is forecast to grow over 33% to 700 billion yen, representing an operating profit margin of 6.3%; and net income is forecast to grow 23% to 420 billion yen, reflecting a 3.8% net margin. Please note that applying the new equity accounting methodology for our China JV would reduce the forecast pro-forma net revenue by 830 billion yen. Operating profit would be 90 billion yen lower and ordinary profit would be reduced by 20 billion yen, while the net income amount would remain unchanged.

In closing, our mid-term business plan is designed to significantly enhance shareholder value through business growth that drives higher revenue, profits and strong sustained free cash flow generation. We will enhance enterprise value, maintain a strong balance sheet and provide shareholders an attractive dividend.

Reflecting confidence in our mid-term plan and based on our outlook for 2013 including continued positive Free Cash Flow generation, we announced in May 2013 our intention to increase the fiscal 2013 dividend by 20% to 30 yen per share.

Joseph G. Peter
Chief Financial Officer
Nissan Motor Co., Ltd.

ABOUT THE MID-TERM PLAN

NISSAN POWER 88

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 ensuring quality 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 aim to increase our corporate operating profit to a sustainable 8% from 6.1% in 2010.

Nissan is implementing six tactics under Nissan Power 88:

website

Click here for more information on Nissan Power 88.

SIX TACTICS UNDER NISSAN POWER 88

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

EV TOPICS

Zero Emission

As the industry leader in zero-emission mobility, Nissan is committed to the penetration of electric vehicles (EVs) in the market.

Nissan LEAF is the world's first mass-produced 100% electric vehicle and the world's best-selling EV. Since Nissan LEAF first went on sale in December 2010, about 70,000 units have been sold globally as of the end of June 2013. Through further improvements in vehicle performance and cost reductions, as well as efforts to enhance charging infrastructure, Nissan is committed to helping bring about a society where customers can use EVs with full peace of mind.

Here is the latest information on the company's activities in the zero-emission field:

Nissan LEAF

1 Updated LEAF

In November 2012 we released a minor model change to Nissan LEAF that incorporates improvements based on feedback collected from purchasers since the first Nissan LEAF went on sale in December 2010.

The vehicle's driving range on a single full charge has been extended thanks to a overhauled electric power train, enhanced regenerative braking system, new energy-efficient heating system, substantial weight reduction and other improvements.

An affordable S-grade Nissan LEAF has been introduced to help bring the vehicle to even more customers.

In each market, the company is reviewing vehicle options and other factors to make Nissan LEAF even more convenient to use.

2 Localized Production of Nissan LEAF Begins

In addition to our Oppama Plant in Japan—where we manufacture the Nissan LEAF body—and the Automotive Energy Supply Corporation (AESC) plant in Zama—a joint venture launched by Nissan and NEC Corporation, where Nissan LEAF batteries are made—we have now started Nissan LEAF body and battery production in the United States and United Kingdom.

United States

In January 2013, Nissan ramped up LEAF assembly at our U.S. manufacturing plant in Smyrna, Tennessee. Prior to this, in December 2012, our Smyrna automotive battery plant began making batteries for Nissan LEAF. When fully tooled, this plant has the capacity to produce battery modules for up to 200,000 vehicles a year to match market demand.

Smyrna automotive battery plant

Europe

In March 2013, Nissan LEAF production began at our U.K. manufacturing plant in Sunderland. The vehicles manufactured there all contain lithium-ion batteries manufactured at Nissan's U.K. battery plant, which commenced operation in Sunderland in 2012.

Sunderland automotive battery plant

3 A New Organization to Promote Charging Infrastructure

In April 2013 we set up a new organization to promote charging infrastructure in Japan, the United States and Europe. To build range confidence we have been cooperating with relevant companies, local authorities and national governments to propose the installation of charging points in appropriate locations and to share information on how to install charging stations inexpensively. Nissan is engaging in various efforts with a wide range of partners to accelerate the installation of charging infrastructure.

4 Promoting New Advantages to Electric Vehicles

Combining Nissan LEAF with our power control system makes it possible to use the vehicle's 24 kWh high-capacity battery as a storage device to supply power to a home. It is even possible to charge the vehicle's battery at night, when electricity usage is low, and draw power from it during the day, thereby reducing peak demand on the grid. The EV is also a potential backup electricity supply in emergencies, and can be run on electricity generated from renewable sources, such as solar power.

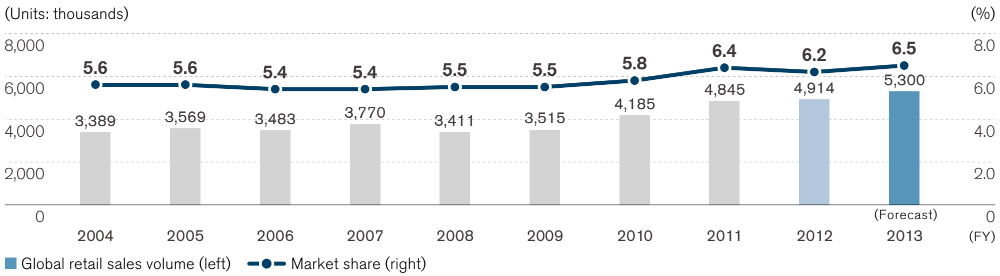
About 1,500"LEAF to Home" systems have already been sold in Japan as of the end of June2013. The system won the Ministry of Economy, Trade and Industry (METI) Minister's Prize in the Grand Prize for Excellence in Energy Efficiency and Conservation program.

LEAF to Home

FISCAL 2012 SALES PERFORMANCE

Fiscal 2012 sales results came to 4,914,000 units, up 1.4% year-on-year. Overall market share resulted 6.2%, 0.2 points down from fiscal 2011.

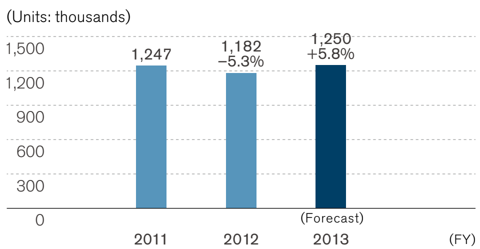
Global Retail Sales Volume / Market Share



China

In China, total industry volume rose 6.1% to 18.21 million units. Largely due to the islands dispute, Nissan's sales decreased by 5.3% to 1.182 million units. Our market share decreased by 0.8 points to 6.5%.

Retail Sales in China



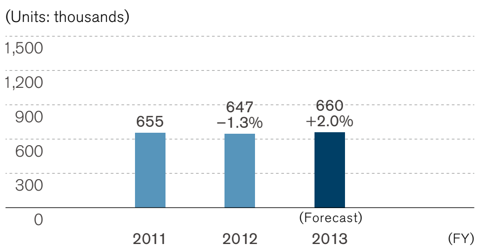
Sylphy

Japan

In Japan, total industry volume increased 9.6% to 5.21 million units. Our retail sales decreased by 1.3% to 647,000 units, and our market share decreased 1.4 points to 12.4%. This was due to a lack of supply in the mini-car market and the introduction of the new Note coinciding with the end of a government subsidy program for eco-friendly vehicle purchases. However, in the fourth quarter, we increased market share by 0.5 points to 13.9%.

Note

Retail Sales in Japan

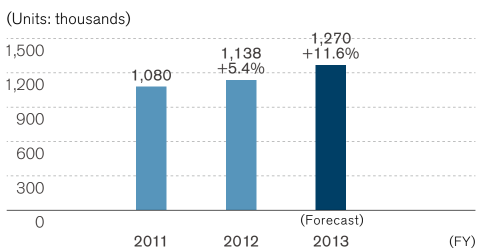


North America

In the United States, total industry volume increased 11.6% to 14.71 million units. Nissan's sales increased 5.4% to 1.138 million units.

In Mexico, Nissan maintained its number-one market share position, with 24.8% of total industry volume and sales of 248,000 units.

Retail Sales in the United States



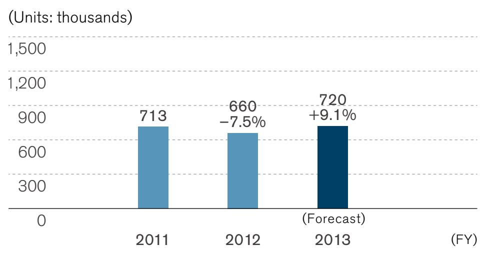
Altima

Europe

In Europe, including Russia, total industry volume fell by 6.4% to 17.18 million units. Our retail sales declined 7.5% to 660,000 units, reflecting the state of the market.

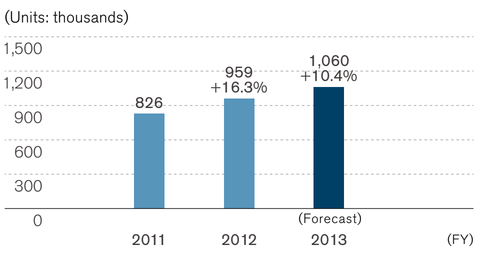
The ongoing euro-zone debt crisis — combined with an escalation of incentives — were primary reasons for this. We also were affected by the absence of any new product launches in the last two years in Europe. Despite the tough selling environment, we fought to maintain market share — and it remained unchanged at 3.9%, with record share performances in Spain, the United Kingdom, and France.

Qashqai



Other markets

In other markets — including Asia & Oceania, Africa, Latin America, and the Middle East — our sales volume rose by 16.3% to 959,000 units. Nissan continued to outperform the industry in many of these markets, with our overall sales growth almost double that of the industry as a whole. For example, in Thailand, Nissan sales increased 80.4% to 138,000 units. In Brazil, sales were up by 18.4% to 96,000 units, and in the Middle East, sales were up 20.8% to 184,700 units.



March

MARKET FOCUS: ASEAN

The ASEAN region is essential to the progress of the Nissan Power 88 mid-term business plan. The region has a population of 600 million and motorization accompanying economic growth is steadily increasing overall demand. We can anticipate further growth in the future.

Nissan is implementing various measures in the ASEAN 5 nations (Thailand, Indonesia, Malaysia, the Philippines and Vietnam) to achieve our mid-term plan targets of 500,000 annual unit sales and 15% market share. To meet increasing demand in the ASEAN region, we plan to raise our annual production capacity from 350,000 units to 700,000 units. As part of this, our second plant in Thailand is scheduled to commence operation in August 2014.

During fiscal 2012 we sold 259,876 units in the ASEAN 5, a year-on-year increase of 47.7%. In particular, sales in Thailand increased 80.4% to 138,020 units, including 67,168 units for the Almera.

We will maintain our focus on the rapidly growing ASEAN region.

FISCAL 2013 SALES OUTLOOK

In fiscal 2013 we will continue to execute our Nissan Power 88 strategy. Based on projections that total industry volume will reach 81.1 million units this year, we forecast record sales of 5,300,000 units, up 7.8% from fiscal 2012—which would give Nissan a global market share of 6.5%.

The Rogue and Infiniti Q50 are among several new vehicles we will launch during fiscal year 2013. This product offensive includes the new Note and Qashqai in Europe. And we are preparing for the first new model of the iconic Datsun brand, with sales beginning in early 2014 in India—to be followed soon by Indonesia, Russia and, by the end of 2014, South Africa.

Our outlook by region is as follows.

In Japan, Nissan plans to sell 660,000 units, an increase of 2.0% from fiscal 2012. In June we launched the DAYZ, a new *kei* (light) car, and a new sedan is also scheduled for launch later in the year.

In China, we forecast sales growth of 5.8% to 1,250,000 units. We are working hard to recover from the impact of the islands dispute, and we anticipate that Nissan and Venucia product launches will boost sales—especially the introduction of the new Teana.

In the United States, Nissan projects 1,270,000 unit sales, 11.6% growth in sales volume from the prior year. To gain share and improve profitability in the U.S. market, we are strengthening the flow of our products. We will launch four new products in the United States, including the all-new Rogue and Infiniti Q50. (For North America as a whole we project sales of 1,610,000 units, or 9.8% growth.)

In Europe including Russia, sales are forecasted to grow 9.1% to 720,000 units. The new Note and new Qashqai will support the sales volume.

In other markets, sales are expected to increase 10.4% to 1,060,000 units.

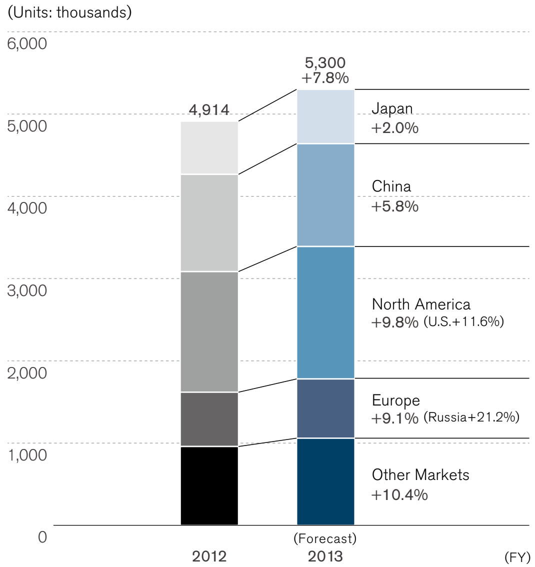
(All figures are based on forecasts as of May 10, 2013.)

DAYZ

Teana

Infiniti Q50

Fiscal 2013 Sales Outlook

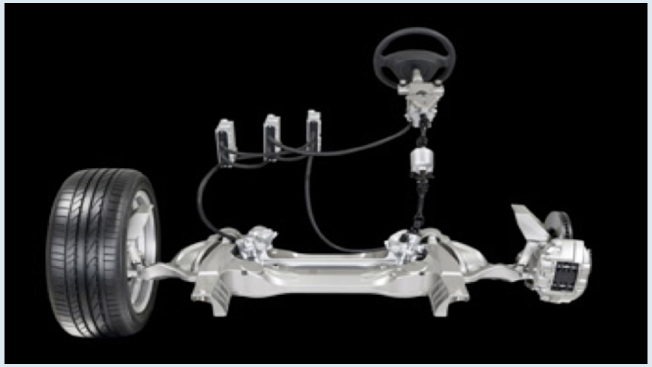


NEW TECHNOLOGIES IN FISCAL 2013

NISSAN PLANS TO COMMERCIALIZE 90 NEW TECHNOLOGIES DURING THE NISSAN POWER 88 PERIOD, WHICH WILL RUN THROUGH FISCAL 2016. HERE ARE THE MAIN TECHNOLOGIES THAT WE WILL COMMERCIALIZE IN FISCAL 2013.

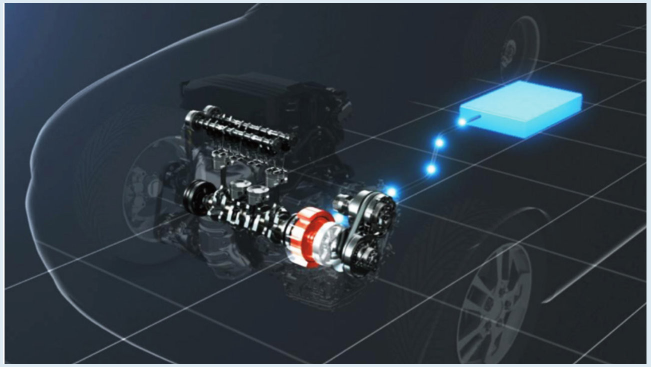
DIRECT ADAPTIVE STEERING

This next-generation system reads the driver's steering inputs and converts them to electronic signals to direct the vehicle's tires. It transmits the driver's steering inputs to the wheels even faster than a mechanical system, providing the driver with more easily understood feedback on road surface conditions and improving the sensation of direct control over the vehicle. The system also enables the vehicle to reduce unnecessary road-generated disturbances and insulate the driver from them, thus communicating only essential information to the driver through the steering wheel.



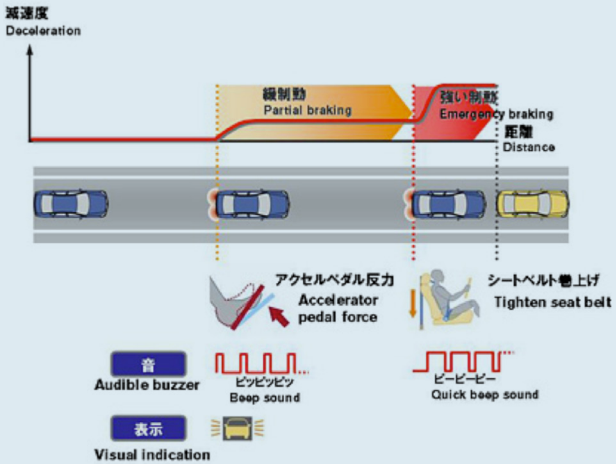
FF-HYBRID SYSTEM

Nissan's FF (front engine, front wheel drive) Hybrid system utilizes a unique one motor, two clutch configuration. It is combined with a highly efficient new continuously variable transmission (CVT) and a compact engine, with the optional addition of a supercharger for models that require more power. In combination with a high-power, rapid charge/discharge lithium-ion battery, it provides powerful and responsive acceleration in a lightweight and compact hybrid system.



FORWARD EMERGENCY BRAKING

Using a highly sensitive radar sensor, the system monitors the distance from the vehicle in front and its relative speed. When the system judges that a collision may occur and deceleration is necessary, it generates a visual and audible warning to encourage the driver to slow the vehicle down. At the same time, it pushes the accelerator pedal up and smoothly applies gentle braking to assist the driver in slowing down. If there is still a possibility of collision the system will automatically apply stronger braking. It will also tighten the vehicle's seatbelts to hold the driver and passengers more securely.



WE WILL INTRODUCE 20 NEW TECHNOLOGIES, INCLUDING THE ABOVE, IN CERTAIN VEHICLES RELEASED DURING FISCAL 2013.

RENAULT NISSAN

ESTABLISHMENT OF THE NISSAN RESEARCH CENTER SILICON VALLEY

In February 2013 the Renault-Nissan Alliance established a new research facility in Sunnyvale, California. The Nissan Research Center Silicon Valley (NRC-SV) will undertake part of our global research activities as one of our main overseas research facilities. Its work includes research into network-connected cars, human-machine interfaces and autonomous vehicles.

Autonomous vehicle technology in particular is an example of an advanced technology with key potential for our customers around the world.

AWARDS RECEIVED IN FISCAL 2012

CORPORATE AWARDS

Brand Ranking

Nissan achieved its highest-ever ranking on Interbrand's Global Top 100 brands, being named 73rd[*1].

The company earned its first-ever place among Interbrand's Best Global Green Brands, ranking 21st among 50 top brands. (In fiscal 2013 Nissan climbed to 5th on this list.)

Environment Management Survey

Nikkei Environmental Management Survey

In the 16th Nikkei Environmental Management Survey, Nissan was named first among automotive companies and second overall.

Diversity

In the area of diversity, we were recognized with three awards. The Tokyo Stock Exchange selected Nissan for its "Nadeshiko" themed investment list of brands making active use of women. The NPO J-Win presented the company with first prize in the J-Win Diversity Awards 2013[*2]. And Nissan was named to the Diversity Management Selection 100, a list compiled by the Japanese Ministry of Economy, Trade and Industry (METI).

PRODUCT AWARDS

Car of The Year

In Japan, the new Note was crowned the Automotive Researchers' and Journalists' Conference of Japan (RJC) Car of the Year for 2013[*3]. This is the second consecutive year for Nissan to receive this award, which went to Nissan LEAF in fiscal 2012.

In China, the new Sylphy was named Car of the Year by the country's main automotive press association, while the Venucia R50 took home the award for Most Economical Vehicle.

[*1] Founded in 1974 in London, Interbrand is a leading global brand consultancy.
[*2] J-Win (the Japan Women's Innovative Network) is an NPO established to promote and enhance diversity in the workplace.
[*3] The RJC (Automotive Researchers' and Journalists' Conference of Japan) is an NPO consisting of automotive critics and journalists, as well as researchers working on automotive technologies.

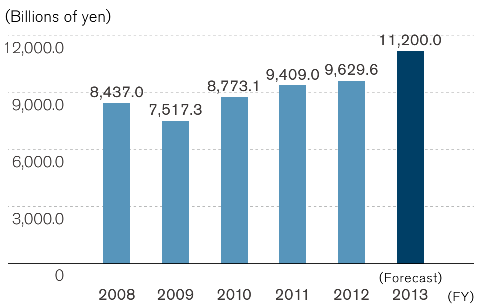
FISCAL 2012 FINANCIAL REVIEW

FISCAL 2012 FINANCIAL PERFORMANCE

Net Sales

For fiscal year 2012, consolidated net sales increased 2.3%, to 9.630 trillion yen.

Net Sales

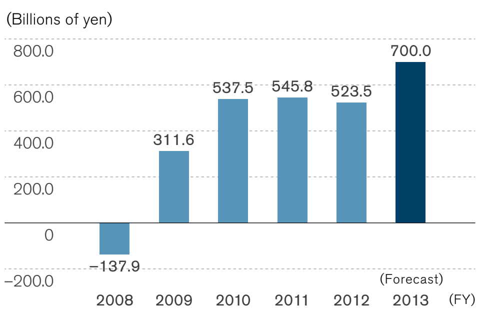


Operating Profit

Consolidated operating profit totaled 523.5 billion yen, a decrease of 4.1% from last year. In comparison to last year's consolidated operating profit, the variance was due to the following factors:

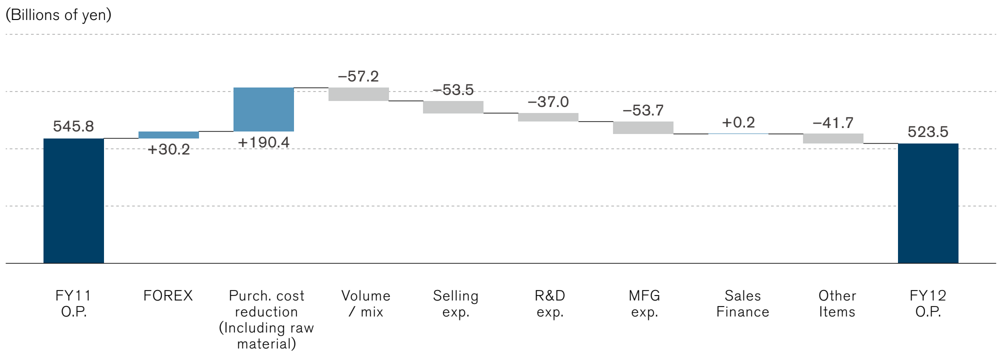
- The 30.2 billion yen positive impact from foreign exchange came mainly from the US dollar.
- Purchasing cost reduction efforts including raw material costs resulted in a net savings of 190.4 billion yen.
- Volume and mix produced a negative impact of 57.2 billion yen.
- The increase in selling expenses resulted in a 53.5 billion yen negative movement.
- R&D expenses increased by 37.0 billion yen.
- Manufacturing expenses increased by 53.7 billion yen.
- Sales financing profit increased slightly by 0.2 billion yen.
- Other items, which consisted primarily of a decrease in profits from affiliated companies and Japan Dealer Companies, lower remarketing gains, and higher importation costs in Brazil due to changes in the Brazil-Mexico Free Trade Agreement, resulted in a negative impact of 41.7 billion yen.

Operating Profit (loss)



* Based on continuation of proportional consolidation of China JV

Impact on Operating Profit



Net income

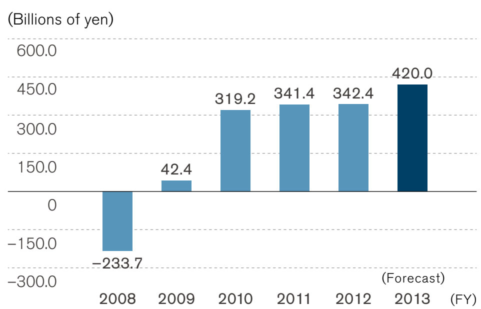
Net non-operating profit improved 16.5 billion yen from negative 10.7 billion yen to positive 5.8 billion yen in fiscal 2012. The positive impact came from derivative loss by 14.4 billion yen, from negative 20.8 billion yen to 6.4 billion yen in fiscal 2012. As a result, ordinary profit totaled 529.3 billion yen, which was deteriorated by 5.8 billion yen from 535.1 billion yen in fiscal 2011.

Net extraordinary losses totaled 12.6 billion yen, a deterioration of 6.8 billion yen from the previous year's loss of 5.8 billion yen. This deterioration was due mainly to the negative impacts such as decrease in gain on negative goodwill by 24.0 billion yen and in gain on sales of investment securities by 9.0 billion yen, despite the positive impact in decrease of loss on disaster by 29.9 billion yen.

Taxes totaled 146.3 billion yen, a decrease of 5.2 billion yen from fiscal 2011. Minority interests had a negative contribution of 28.0 billion yen in fiscal 2012.

Net income reached 342.4 billion yen, an increase of 1.0 billion yen from fiscal 2011.

Net income (loss)



FINANCIAL POSITION

Balance sheet

Current assets have increased by 14.9% to 7,597.1 billion yen compared to March 31, 2012. This was mainly attributable to an increase in Sales finance receivables by 951.6 billion yen, despite a decrease in Trade notes and accounts receivable by 107.8 billion yen.

Fixed assets have increased by 16.7% to 5,208.1 billion yen compared to March 31, 2012. This was mainly attributable to an increase in Machinery, equipment and vehicles, net by 452.4 billion yen.

As a result, Total assets have increased by 15.7% to 12,805.2 billion yen compared to March 31, 2012.

Current liabilities have increased by 10.0% to 4,560.2 billion yen compared to March 31, 2012. This was mainly due to an increase in Short-term borrowings by 274.6 billion yen and Commercial papers by 181.0 billion yen.

Long-term liabilities have increased by 20.0% to 4,170.9 billion yen compared to March 31, 2012. This was mainly due to an increase in Long-term borrowings by 474.5 billion yen.

As a result, Total liabilities have increased by 14.6% to 8,731.2 billion yen compared to March 31, 2012.

Net assets have increased by 18.1% to 4,074.0 billion yen compared to 3,450.0 billion yen as of March 31, 2012. This was mainly due to Net income of 342.4 billion yen and a decrease in Translation adjustments by 341.0 billion yen.

Free cash flow and net cash (auto business)

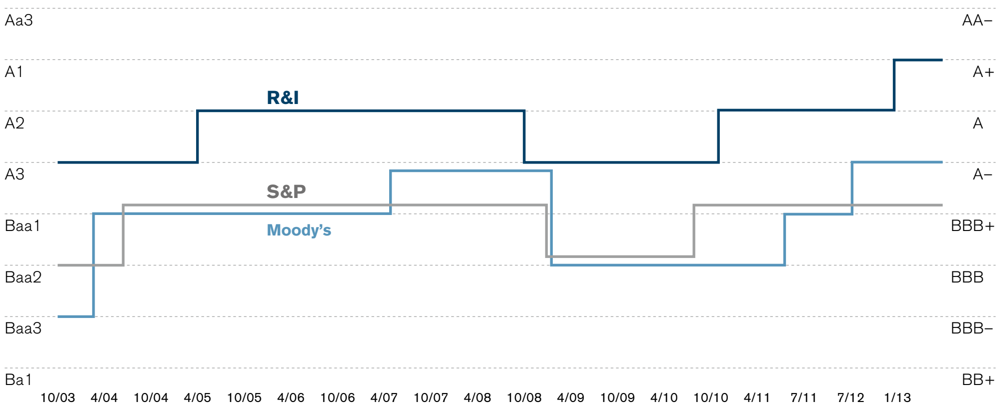
For fiscal year 2012, Nissan achieved a positive free cash flow of 248.6 billion yen. At the end of fiscal year 2012, our net automotive cash improved significantly from last year to 915.9 billion yen.

We continue to maintain a close focus on our inventory of new vehicles. Inventory stood at 830,000 units at the end of fiscal 2012. The company continues to manage inventory carefully, in order to limit its impact on free cash flow.

Long-term credit rating

Nissan's long-term credit rating with R&I is A+ with a stable outlook. S&P's long-term credit rating for Nissan is BBB+ with a stable outlook. Nissan's credit 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 25.8 % to 6,310.8 billion yen from 5,014.9 billion yen in fiscal 2012. The sales finance segment generated 146.1 billion yen in operating profits in fiscal 2012 from 140.1 billion yen in fiscal 2011.

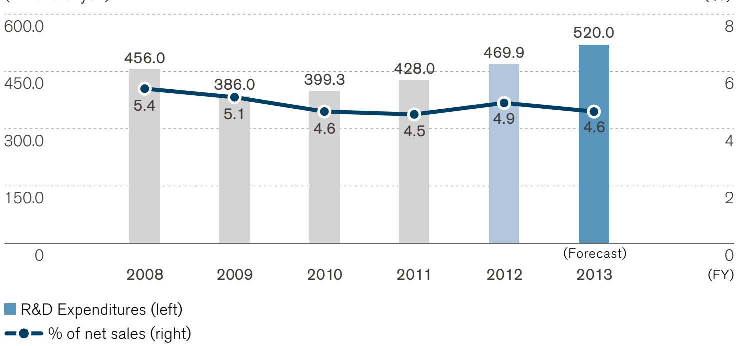
Investment policy

Capital expenditures totaled 524.5 billion yen, which was 5.4% of net sales. The company used capital expenditures in order to ensure Nissan's future competitiveness.

R&D expenditures totaled 469.9 billion yen. These funds were used to develop new technologies and products. One of the company's strengths is its extensive collaboration and development structure with Renault's R&D team, resulting from the Alliance.

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

R&D Expenditures



* Based on continuation of proportional consolidation of China JV

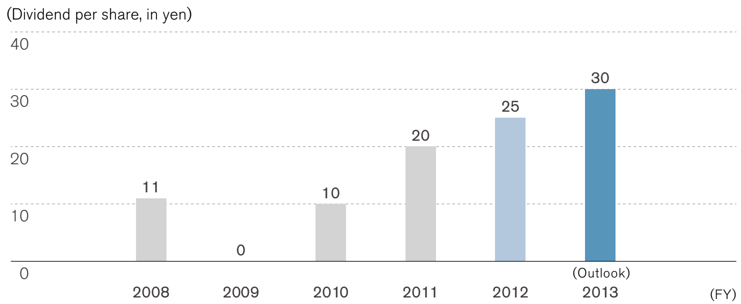
Dividend

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 12.5 yen per share for fiscal year 2012. As a result, total dividend payment for fiscal year 2012, combined with the 12.5 yen dividend for the interim, was 25 yen per share. Please note that the year-end dividend payment for fiscal year 2012 is to be resolved at the annual general shareholders meeting.

The dividend payment plan for fiscal year 2013 is to be 30 yen per share, considering the business condition, risks and opportunities for the year.

Dividend



FISCAL 2013 OUTLOOK

In our outlook for fiscal year 2013, we expect our global sales to reach 5.3 million units, an increase of 7.8%, which is another record level for Nissan.

With a total industry volume assumption of 81.1 million units, a 2.2 % increase year on year, our global market share is expected to grow from 6.2% to 6.5%.

In consequence of our plan, financial forecast is as follows. We have used a foreign exchange rate assumption of 95 yen to the dollar and 122 yen to the euro:

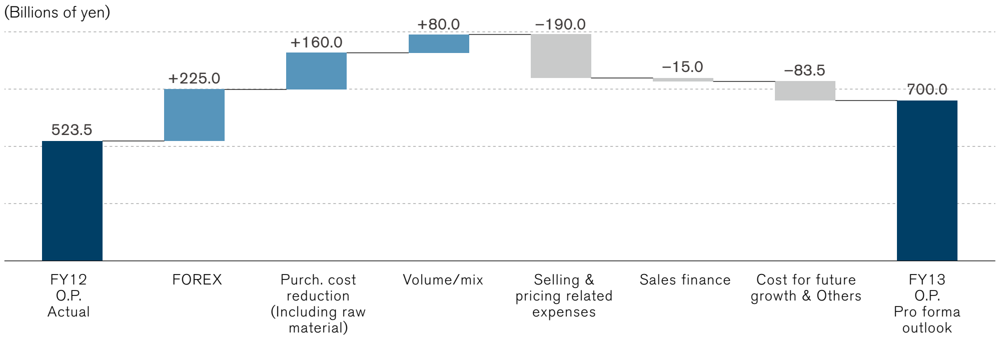
<FY 2013 Nissan`s pro forma outlook>

- Net sales 11.2 trillion yen
- Operating income 700.0 billion yen
- Net income 420.0 billion yen

Nissan is on track to grow by 386,000 units during fiscal year 2013 – which will move us toward our objective of an 8% global market share by fiscal year 2016 to achieve Nissan Power 88. In support of this growth plan, necessary investments in R&D and capital expenditures are being made to support the long-term expansion of the company.

With these factors included, the expected variance in operating profit between 2012 and 2013 is broken down as follows:

Impact on Operating Profits (FY2013 Pro Forma Outlook)



* Based on continuation of proportional consolidation of China JV

Operating profit variance analysis

- The positive impact from foreign exchange is forecast at 225 billion yen, with the U.S. dollar accounting for the majority of this variance.
- The result of the purchasing cost reduction (including raw material) efforts is expected to be a positive 160 billion yen.
- Volume and mix are expected to produce a positive impact of 80 billion yen as a result of the growth in global sales volume.
- We anticipate the increase in selling and pricing-related expenses to be a negative 190 billion yen.
- Sales finance is expected to be a negative 15 billion yen.
- Costs allocated for future growth and other items are expected to be a negative 83.5 billion yen.

Under the forecast of consolidated operating results for fiscal year 2013, the consolidation method of Dongfeng Motor Co., Ltd. is changed from a proportionate consolidation to equity method in comparison with the results until fiscal year 2012 by the adoption of IFRS 11. This change has no impact on net income though there are effects on net sales, operating income and ordinary income.

<FY 2013 Outlook – Tokyo Stock Exchange filling base>

- Net sales 10.37 trillion yen
- Operating income 610.0 billion yen
- Net income 420.0 billion yen
- Capital expenditures 520.0 billion yen
- R&D expenses 508.0 billion yen

Through the adoption of IFRS 11, operating income is expected to be decreased by 90.0 billion yen.

(All figures for fiscal 2013 are forecasts, as of May 10, 2013.)

FINANCIAL STATEMENTS

Consolidated balance sheets

(Millions of yen)

	FY2011 As of March 31, 2012	FY2012 As of March 31, 2013
Assets		
Current assets		
Cash on hand and in banks	765,423	690,817
Trade notes and accounts receivable	820,008	712,165
Sales finance receivables	3,210,342	4,161,925
Securities	77,476	107,651
Merchandise and finished goods	665,262	711,402
Work in process	153,228	104,259
Raw materials and supplies	200,476	309,460
Deferred tax assets	266,540	244,133
Other	506,947	608,588
Allowance for doubtful accounts	(55,630)	(53,296)
Total current assets	**6,610,072**	**7,597,104**
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	615,921	641,915
Machinery, equipment and vehicles, net	1,874,277	2,326,711
Land	649,509	644,656
Construction in progress	255,333	313,243
Other, net	336,206	436,088
Total property, plant and equipment	3,731,246	4,362,613
Intangible fixed assets	120,114	121,698
Investments and other assets		
Investment securities	371,259	448,862
Long-term loans receivable	5,617	13,111
Deferred tax assets	92,378	103,200
Other	144,605	161,296
Allowance for doubtful accounts	(3,238)	(2,714)
Total investments and other assets	610,621	723,755
Total fixed assets	**4,461,981**	**5,208,066**
Total assets	**11,072,053**	**12,805,170**

(Millions of yen)

	FY2011 As of March 31, 2012	FY2012 As of March 31, 2013
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,377,254	1,336,234
Short-term borrowings	244,582	519,180
Current portion of long-term borrowings	822,268	779,881
Commercial papers	38,437	219,453
Current portion of bonds	187,198	181,336
Lease obligations	38,190	32,678
Accrued expenses	660,369	659,970
Deferred tax liabilities	136	116
Accrued warranty costs	85,535	87,424
Other	691,259	743,973
Total current liabilities	**4,145,228**	**4,560,245**
Long-term liabilities		
Bonds	584,962	678,585
Long-term borrowings	1,877,997	2,352,450
Lease obligations	34,584	22,795
Deferred tax liabilities	486,699	555,249
Accrued warranty costs	100,431	93,519
Accrued retirement benefits	159,369	164,503
Accrued directors' retirement benefits	544	395
Other	232,242	303,436
Total long-term liabilities	**3,476,828**	**4,170,932**
Total liabilities	**7,622,056**	**8,731,177**
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	804,470	804,470
Retained earnings	3,009,090	3,254,206
Treasury stock	(149,542)	(149,549)
Total shareholders' equity	**4,269,832**	**4,514,941**
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	16,979	20,897
Unrealized gain and loss from hedging instruments	(5,108)	(8,578)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(13,945)
Translation adjustments	(1,121,059)	(780,013)
Total accumulated other comprehensive income	**(1,123,133)**	**(781,639)**
Share subscription rights	2,415	2,415
Minority interests	300,883	338,276
Total net assets	**3,449,997**	**4,073,993**
Total liabilities and net assets	**11,072,053**	**12,805,170**

Consolidated statement of income

(Millions of yen)

	FY2011 (From April 1, 2011 To March 31, 2012)	FY2012 (From April 1, 2012 To March 31, 2013)
Net sales	9,409,026	9,629,574
Cost of sales	7,772,832	8,022,658
Gross profit	1,636,194	1,606,916
Selling, general and administrative expenses		
Advertising expenses	203,650	229,067
Service costs	66,181	55,099
Provision for warranty costs	77,278	71,320
Other selling expenses	141,508	131,660
Salaries and wages	333,745	329,771
Retirement benefit expenses	24,630	11,855
Supplies	5,445	4,544
Depreciation and amortization	48,718	48,361
Provision for doubtful accounts or reversal of provision for doubtful accounts	(8,127)	6,199
Amortization of goodwill	5,251	4,612
Other	192,076	190,884
Total selling, general and administrative expenses	**1,090,355**	**1,083,372**
Operating income	**545,839**	**523,544**
Non-operating income		
Interest income	17,174	14,866
Dividends income	5,776	4,846
Equity in earnings of affiliates	19,103	11,643
Exchange gain	14,756	19,388
Miscellaneous income	12,343	15,279
Total non-operating income	**69,152**	**66,022**
Non-operating expenses		
Interest expense	32,892	27,471
Amortization of net retirement benefit obligation at transition	10,146	9,947
Derivative loss	20,816	6,360
Miscellaneous expenses	16,047	16,468
Total non-operating expenses	**79,901**	**60,246**
Ordinary income	**535,090**	**529,320**

(Millions of yen)

	FY2011 (From April 1, 2011 To March 31, 2012)	FY2012 (From April 1, 2012 To March 31, 2013)
Special gains		
Gain on sales of fixed assets	8,716	10,998
Gain on sales of investment securities	10,643	1,597
Gain on negative goodwill	24,086	110
Gain on contribution of securities to retirement benefit trust	7,048	—
Insurance income	—	1,082
Gain on transfer of business	—	8,070
Other	5,498	1,753
Total special gains	**55,991**	**23,610**
Special losses		
Loss on sale of fixed assets	1,924	1,597
Loss on disposal of fixed assets	7,106	8,247
Impairment loss	12,117	12,352
Loss on disaster	29,867	—
Other	10,738	14,020
Total special losses	**61,752**	**36,216**
Income before income taxes and minority interests	**529,329**	**516,714**
Income taxes-current	115,185	105,659
Income taxes-deferred	36,321	40,692
Total income taxes	**151,506**	**146,351**
Income before minority interests	**377,823**	**370,363**
Income attributable to minority interests	**36,390**	**27,917**
Net income	**341,433**	**342,446**

Consolidated statement of cash flows

(Millions of yen)

	FY2011 (From April 1, 2011 To March 31, 2012)	FY2012 (From April 1, 2012 To March 31, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	529,329	516,714
Depreciation and amortization (for fixed assets excluding leased vehicles)	364,122	352,376
Depreciation and amortization (for other assets)	20,852	18,836
Depreciation and amortization (for leased vehicles)	195,370	219,155
Impairment loss	12,117	12,352
Loss on disaster	8,245	—
Gain on contribution of securities to retirement benefit trust	(7,048)	—
Gain on negative goodwill	(24,086)	(110)
Increase (decrease) in allowance for doubtful receivables	(23,968)	(6,112)
Provision for residual value risk of leased vehicles(net changes)	10,095	12,378
Interest and dividend income	(22,950)	(19,712)
Interest expense	87,890	85,183
Loss (gain) on sales of fixed assets	(6,792)	(9,401)
Loss on disposal of fixed assets	7,106	8,247
Loss (gain) on sales of investment securities	(10,624)	(1,564)
Loss (gain) on transfer of business	—	(8,070)
Decrease (increase) in trade notes and accounts receivable	(89,495)	123,816
Decrease (increase) in sales finance receivables	(432,957)	(561,046)
Decrease (increase) in inventories	(70,615)	10,408
Increase (decrease) in trade notes and accounts payable	317,945	(147,345)
Amortization of net retirement benefit obligation at transition	10,146	9,947
Retirement benefit expenses	55,141	30,324
Retirement benefit payments made against related accrual	(62,695)	(46,178)
Other	(2,051)	(33,152)
Subtotal	**865,077**	**567,046**
Interest and dividends received	23,070	20,143
Interest paid	(85,398)	(87,798)
Income taxes paid	(106,452)	(108,494)
Net cash provided by operating activities	**696,297**	**390,897**

(Millions of yen)

	FY2011 (From April 1, 2011 To March 31, 2012)	FY2012 (From April 1, 2012 To March 31, 2013)
Cash flows from investing activities		
Net decrease (increase) in short-term investments	1,597	24
Purchase of fixed assets	(400,623)	(526,818)
Proceeds from sales of fixed assets	27,458	60,255
Purchase of leased vehicles	(625,646)	(709,995)
Proceeds from sales of leased vehicles	317,211	323,615
Payments of long-term loans receivable	(4,222)	(8,439)
Collection of long-term loans receivable	22,816	239
Purchase of investment securities	(17,340)	(34,155)
Proceeds from sales of investment securities	6,124	2,332
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	537	15,106
Net decrease (increase) in restricted cash	17,336	(14,722)
Payment for transfer of business	—	(56,644)
Other	(30,301)	(7,935)
Net cash used in investing activities	**(685,053)**	**(957,137)**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(536,782)	377,439
Proceeds from long-term borrowings	1,379,490	1,122,914
Proceeds from issuance of bonds	135,329	242,754
Repayment of long-term borrowings	(1,034,056)	(952,145)
Redemption of bonds	(88,459)	(182,877)
Proceeds from minority shareholders	2,606	9,942
Purchase of treasury stock	(9,015)	(7)
Repayment of lease obligations	(81,118)	(52,944)
Cash dividends paid	(62,748)	(94,306)
Cash dividends paid to minority shareholders	(13,704)	(15,143)
Net cash provided by (used in) financing activities	**(308,457)**	**455,627**
Effects of exchange rate changes on cash and cash equivalents	**(15,630)**	**67,723**
Increase (decrease) in cash and cash equivalents	**(312,843)**	**(42,890)**
Cash and cash equivalents at beginning of the period	1,153,453	840,871
Increase due to inclusion in consolidation	261	548
Decrease due to exclusion in consolidation	—	(168)
Cash and cash equivalents at end of the period	**840,871**	**798,361**

EXECUTIVES

DIRECTORS OF THE BOARD AND AUDITORS

Representative Directors

Carlos Ghosn
President and Chairman

Toshiyuki Shiga
Hiroto Saikawa
Greg Kelly

Directors

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

Auditors

Masahiko Aoki
Toshiyuki Nakamura
Mikio Nakura
Shigetoshi Ando

(As of June 25, 2013)

EXECUTIVE COMMITTEE MEMBERS


Carlos Ghosn


Toshiyuki Shiga


Hiroto Saikawa


Colin Dodge


Mitsuhiko Yamashita


Hidetoshi Imazu


Andy Palmer


Joseph G. Peter


Takao Katagiri


Trevor Mann

CORPORATE OFFICERS

**Chief Executive Officer
Chairman of Board
President
Representative Director**

Carlos Ghosn*

**Chief Operating Officer
Representative Director**

Toshiyuki Shiga*

External and Government Affairs
Intellectual Asset Management
Design
Corporate Governance
Zero Emission Vehicle Planning Strategy
Global Battery Business Unit

**Executive Vice President
Chief Competitive Officer
Representative Director**

Hiroto Saikawa*

Region: Asia (Japan, China, ASEAN, Oceania and other Asian Regions)
Purchasing
TCSX (Total Customer Satisfaction)
Sourcing Steering Committee
TdC competitiveness promotion

**Executive Vice President
Chief Performance Officer
Director**

Colin Dodge*

Region: Americas (North America and Latin America)

**Executive Vice President
Director**

Mitsuhiko Yamashita*

Research and Development

**Executive Vice President
Director**

Hidetoshi Imazu*

Manufacturing
SCM (Supply Chain Management)

Executive Vice President

Andy Palmer*

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

Chief Financial Officer

Joseph G. Peter*

Finance
Control
IR
M&A Support
Global Sales Finance Business Unit
Administration for Affiliated Companies, Marine Administration Office

Executive Vice President

Takao Katagiri*

Global Sales
Global Aftersales
Global LCV Business Unit
Global Datsun Business Unit
Japan Marketing & Sales

Executive Vice President

Trevor Mann*

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

Senior Vice Presidents

Shiro Nakamura
Hitoshi Kawaguchi
Atsushi Shizuta
Yasuhiro Yamauchi
Shigeaki Kato
Greg Kelly
Akira Sakurai
Hideyuki Sakamoto
Toshiaki Otani
Johan de Nysschen
Takao Asami

Corporate Vice Presidents

Asako Hoshino
Celso Guiotoko
Joji Tagawa
Toshifumi Hirai
Atsushi Hirose
Shunichi Toyomasu
Tsuyoshi Yamaguchi
Makoto Yoshimoto
Vincent Cobee
Shohei Kimura
Hideto Murakami
Shuichi Nishimura
Yusuke Takahashi
Hiroshi Karube
Simon Sproule
Motohiro Matsumura
Norio Ota
Rakesh Kochhar
Toru Hasegawa
Keno Kato
Noboru Tateishi
Roel De Vries
Tony Laydon
Kunio Nakaguro

Fellows

Kimio Tomita
Haruyoshi Kumura

(As of June 25, 2013)

* Executive Committee Members

CORPORATE GOVERNANCE

NISSAN'S APPROACH TO CORPORATE GOVERNANCE & INTERNAL CONTROL

Nissan's approach to corporate governance is founded on three cornerstones: compliance built on the high ethical standards of all employees, efforts to bolster information security and an effective and appropriate risk management system. Our offices and factories around the world work together to support educational activities, ensuring that all employees are properly trained and understand the issues involved.

FISCAL 2012 PERFORMANCE

- Global implementation of information security training, including a self-evaluation program at the Global Headquarters
- Update of the statement on security-related export controls
- Establishment of Global Anti-bribery Policy and implementation of employee training

FUTURE MEASURES

- Strengthening of corporate governance & internal control on a global basis

INTERNAL CONTROL SYSTEMS AND COMPLIANCE

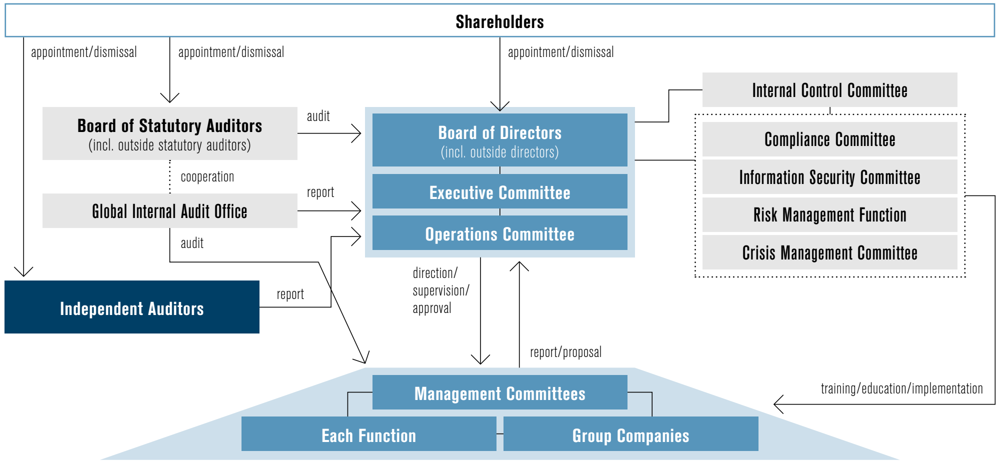
Compliance built on the high ethical standards of all employees is integral to promoting CSR. To foster compliance awareness throughout the company, Nissan has established specialized departments and placed officers in charge of promoting compliance policy in each region where it operates.

Internal Control Systems

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.

Nissan's Internal Governance System

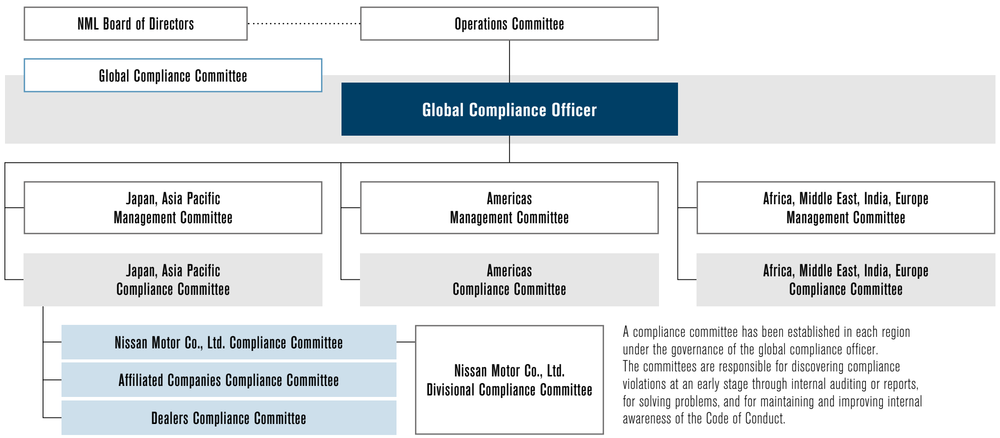


Legal Compliance Framework

Nissan's CSR approach is founded on compliance with a strong sense of ethics held by each and every employee. We produced the Nissan Global Code of Conduct in 2001 outlining a set of guidelines for employees to put into practice, and it is being applied at all Nissan Group companies 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. Under the oversight of our Global Compliance Committee, we have established three regional compliance committees to form a system for preventing illegal and unethical behavior worldwide. To enhance legal and ethical compliance, we are working with all regions and bases of operation to ensure full awareness of compliance issues and engage in prevention of illegal activities. Nissan deals severely with any employee who violates or infringes upon the Global Code of Conduct or the laws.

FY2013 Global Compliance Committee Organization

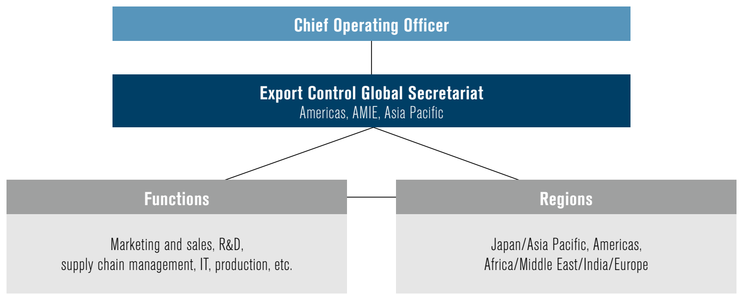


Security-Related Export Controls

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 in line with Japanese and other countries' laws and regulations to prevent the proliferation of weapons of mass destruction, conventional weapons and any goods 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.

Specifically, the Export Control function sets the process of monitoring and validating the exports which is strictly applied in operations. In order to fully implement and improve the level of internal management, the Export Control function and related business functions at Nissan conduct employee training on export control. 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



Promoting Thoroughgoing Compliance

We have established a Global Code of Conduct and have identified sections and officers at each of our operations responsible for promoting compliance measures.

To ensure full understanding of the code, employees in Japan 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 October 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 more deeply aware of compliance issues. A number of education programs to promote compliance are held regularly for employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. We are also carrying out compliance-related training in other regions based on guidelines that take into account conditions in each country. Moreover, all group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct.

Additionally, we have created sets of internal regulations globally covering the prevention of insider trading, personal information management, information security, prevention of bribery and corruption and use of social media. With these regulations in place, Nissan is working to prevent compliance infractions.

Global Code of Conduct for Nissan Group

Principle

The following standards apply to all employees in Nissan Group companies (collectively herein referred to as "Nissan" or "Company"). Each member of the Company is charged with responsibility to uphold and extend this code of conduct.

Global Code of Conduct

1. Comply with All Laws and Rules
   Nissan employees will abide by all laws of the country, and all regulations of the Company, in which they work.
2. Avoid Conflict of Interest
   The best interests of Nissan are expected to be foremost in the minds of employees. It is prohibited to behave, act or use information in a way conflicting with Company interests.
3. Preserve Company Assets
   Nissan employees are personally accountable for preserving and safeguarding Company assets. Unauthorized use or diversion of Company assets, including funds, information and intellectual property, is prohibited.
4. Be Impartial and Fair
   Nissan employees must maintain impartial and fair relationships with business partners, including dealers, parts suppliers and other third parties.
5. Be Transparent and Accountable
   Nissan employees shall make fair, transparent, timely and appropriate disclosure of the Company's business activities to our stakeholders, including stockholders, customers, other employees and local communities.
6. Value Diversity and Provide Equal Opportunity
   We value and respect the diversity of our employees, suppliers, customers and communities. Discrimination or harassment, in any form or degree, will not be tolerated.
7. Be Environmentally Responsible
   Nissan employees shall strive, within the business objectives of Nissan, to consider environmental protection when developing products and services, to promote recycling and to conserve materials and energy.
8. Be Active; Report Violations
   Nissan employees are expected to carry out their work in accordance with the Code of Conduct. Employees who suspect that a violation of the Code of Conduct has occurred are obligated to report it as soon as possible, and such employees shall be protected from retaliation.

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 or 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

To promote thorough understanding of compliance among all employees worldwide and to facilitate sound business practices, Nissan employs a variety of internal reporting mechanisms. These allow employees to submit opinions, questions or requests to the company, thereby improving workplaces and operations as well as fostering a compliance-oriented corporate culture. In Japan our Easy Voice System, which offers full protection to any persons offering information in accordance with Japan's Whistleblower Protection Act of April 2006, has become an integral part of operations in all Nissan Group companies in the country.

Independent Internal Audits

Nissan has established a global internal audit unit, an independent department to handle internal auditing tasks. Under the control of the chief internal audit officer, audit teams set up in each region carry out efficient, effective auditing of Nissan's activities on a groupwide and global basis.

RISK MANAGEMENT

At Nissan, we define risk as anything that might prevent us from achieving our business goals. 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.

Principles for and Approach to Corporate Risk Management

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, groupwide basis.

In order to respond swiftly to changes in its business environment, Nissan has set up a department in charge of risk management that carries out annual interviews of corporate officers, carefully investigating various potential risks and revising the company's "risk map" in line with impact, frequency and control level.

The Executive Committee makes decisions on risk issues that must be handled at the corporate level and designates "risk owners" to manage the risks. Under the leadership of these owners, the company designs appropriate countermeasures. Finally, the board member in charge of internal controls (currently the chief operating officer) 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 in order to share basic processes and tools for risk management, as well as related information, throughout the group.

In addition, we have created an area on our intranet called "Companywide Risk Management." Information relating to risk management is also distributed to subsidiaries in Japan, North America, Europe and other overseas regions, and to important affiliated companies.

Nissan is currently engaged in meeting the goals of the Nissan Power 88 mid-term business plan. To achieve the ambitious goals of raising both global market share and operating profit margins, we need to fully utilize our existing production capacity in countries around the world so that new spending can be curtailed, and we also need a highly efficient production setup so production can be restored quickly in case a plant is forced to shut down due to unforeseen circumstances.

To support the mid-term business plan from a risk-management perspective, our efforts will also be expanded worldwide and throughout the supply chain by incorporating the important lessons learned from the March 2011 earthquake and tsunami in east Japan and the 2011 flooding in Thailand.

The Current State of Nissan's Risk Management

Below we present some of our efforts to address Nissan's corporate risks.

1 Risks Related to Financial Market

1) Automotive

1. Liquidity

An 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, internal cash flow generation and external borrowings.

As of the end of fiscal year 2012 (March 31, 2013), Nissan's automotive business had ¥771 billion of cash and cash equivalents (compared with ¥781 billion as of March 31, 2012). In addition to cash, Nissan had approximately ¥480 billion of committed lines available for drawing as of March 31, 2013.

As for external borrowings, Nissan raises financing through several sources including bond 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 that is intended to ensure adequate liquidity for the business while at the same time ensuring mitigation of liquidity risks such as unmanageable bunched maturities of debt. In the policy, Minimum Required Liquidity is defined, objectively considering several factors including debt maturity, upcoming mandatory payments (such as dividends, investments and 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.

2. Financial Market

Nissan is exposed to various financial-market-related risks, such as foreign exchange, interest rates and commodity prices. It is the general policy of Nissan not to use derivative products as a primary tool to manage foreign exchange and commodity price risks as it does not provide a permanent solution to mitigate these 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 that result from the currency of input cost being different from the currency of sale to customers. 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 materials 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 rates

The interest rate risk management policy is based on two principles: long-term investments and the 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 prices

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

For precious metals, which are used in catalysts, Nissan is making continuous efforts to reduce its usage by technological innovation in order to minimize commodity price risk. In the short term, Nissan manages commodity price volatility exposure through the use of fixed-rate purchase contracts in which commodity prices are fixed for a period of time; 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.

● Marketable securities

The Company may hold marketable securities for certain reasons including strategic holding, relationship management and cash management. There are risks of price fluctuation for these securities. Therefore, price fluctuations in the stock and bond markets could adversely affect the company's business performance and financial position. The Company defines the authority for decision concerning such transactions within the internal policies and procedures for risk management. The company also takes measures for these risks including mandatory periodical reporting with fair value of such financial transactions.

3. Counterparties

The Group does business with a variety of local counterparties including suppliers, sales companies and financial institutions in different regions around the world. Should unprecedented conditions such as bankruptcies be triggered by a global economic crisis, the resulting interruption to business operations from production interruption and/or troubles on any other production activity at the procurement side, and any significant default by a counterparty at the sales side or financial institutions, would adversely affect the Group's financial position and business performance.

The Group assesses its own counterparty credit risks by conducting comprehensive ongoing reviews of suppliers', sales companies' and financial institutions' financial condition based on their latest available financial information. Based on such assessment, the Group is prepared to take necessary actions for risk avoidance or mitigation in a prompt manner.

4. Pensions

Nissan has defined benefit pension plans mainly in Japan, the United States and the United Kingdom. The 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 the 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 increase required cash pension contributions and pension expenses.

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 global corporations' pension plans.

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

2) Sales Finance

1. Liquidity

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 also provide 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 maturity of liabilities with maturity of assets wherever possible. In some of the countries where we operate, long-term capital markets are not developed and thus it is not always possible to be perfectly match-funded. Match-funding policy allows us to meet maturing debt obligations even in an environment in which we cannot raise additional debt due to the state of capital markets.

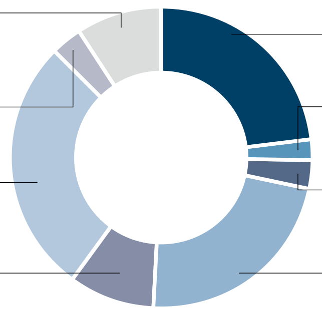
In addition to match-funding, we manage liquidity risk in sales financing through several measures including keeping adequate liquidity in the form of cash and unutilized committed lines, unencumbered assets (mainly vehicle loans and leases), liquidity support from auto operations to the extent we have excess cash in auto operations, diversified funding sources and geographical diversification of capital market access.

As of March 31, 2013, sales finance companies' liquidity (cash and unutilized committed lines) was approximately ¥538 billion. Additionally, we have a healthy mix of secured (30.8%) and unsecured and other (69.2%) funding sources, which ensure a stronger balance sheet and incremental liquidity through utilization of unencumbered assets.

The pie chart below describes our diversified funding sources in sales finance business.

During fiscal year 2012, we were able to raise new funding 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 2013)



2. Interest Rate Risk Management

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

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

The sensitivity analysis mentioned above uses statistical models, such as the Monte Carlo Simulation Method. However, the actual fluctuation of market interest rates and its impact may deviate significantly from the assumptions used in the models. Nissan enters into interest rate derivative financial instruments to maintain the potential variability of interest rates at the desired level of risk exposure. The main objective of these transactions is to mitigate the risks and not to pursue speculative profit maximization.

3. Credit Risks

Nissan is exposed to the risks of failure to recover the full value of financial receivables for its Auto credit and Lease business with retail customers and for its Dealer finance business, due to changes in the economic situation and credit quality of customers. Nissan manages the credit risks closely by establishing an effective screening and collection system and structure. 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, whenever required, 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 pledges of inventory vehicle collateral. These scoring models are regularly reviewed and revised to keep them adequate in actual practice.

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

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

4. 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 risk that the sale value of the vehicle could fall below its contractual residual value 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 third parties such as the Automotive Lease Guide in North America, and the estimation from statistical analysis of historical data on 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 a 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.

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, on our future profitability based on our plan.

Risk Scenario Examples:

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 mature markets to 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 plan periodically based on the results. To improve the robustness of our product lineup against these risks, our main approach is to take the following countermeasures 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 (TIV) 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 targets can be achieved. The 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 the marketing side 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 for new model projects and quality improvement activities on a daily basis, the "Quality Risk Management" framework has been newly developed from fiscal 2009. While quality-related risks have hitherto been assessed and dealt with for new models, 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 executive tasked with heading this activity, 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, chemical substances and recycling, and these regulations are getting more stringent year by year. To comply with these regulations and to meet society's expectations, Nissan formulates an environmental strategy based on materiality assessments of management risk factors, analyzing the Company's potential issues and opportunities and identifying issues that are crucial for both Nissan and its stakeholders.

In this context, we believe that one effective solution from a long-term perspective will be the widespread use of zero-emission vehicles. Nissan started sales of Nissan LEAF, the world's first affordable, mass-produced EV, in 2010. The Renault-Nissan Alliance, moreover, has a goal of becoming a leader in zero-emission vehicles and is considering partnering with national and local governments to promote zero-emission mobility and to help build a supporting infrastructure.

Additionally, Nissan will help to 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 highly fuel-efficient, low CO_2 emitting vehicles named PURE DRIVE, equipped with such technologies as our hybrid system, fuel efficient direct injection engine and continuously variable transmission (CVT).

Stricter controls on the environmental impact of substances are being implemented in countries around the world. In accordance with a globally uniform policy on reducing the use of environment-impacting substances, Nissan is strengthening the management of such substances, adhering to a well-planned schedule for their reduction and advancing the use of alternative substances. We voluntarily enforce stricter standards than those required by the domestic laws of the countries where we operate in restricting the use of substances scientifically recognized as being hazardous or carrying high hazard risks, as well as those that advisory NGOs have pointed out as being dangerous. Based on this policy, we have developed internal engineering standards restricting the use of designated substances. The standards identify the chemicals whose use is either prohibited or controlled, and they are applied in selecting the materials, parts and articles for Nissan vehicles from the stage of initial development.

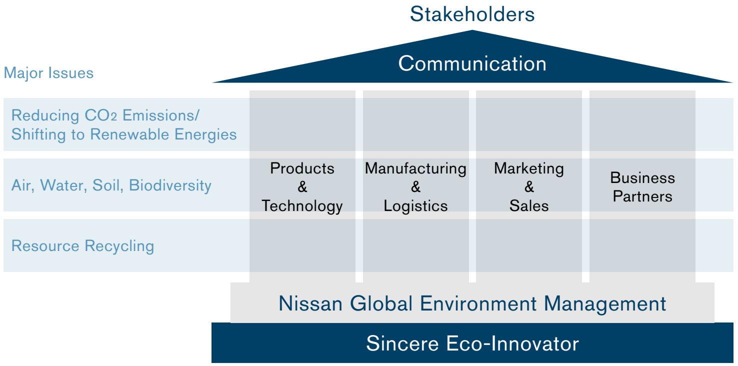
Demand for mineral resources and fossil fuels has steadily increased in response to the economic growth of emerging countries. In addition to promoting reduced use of virgin natural resources through resource-saving and resource-recycling measures, it is becoming important to procure natural resources that have a lower impact on the Earth's ecosystems, not only from the standpoint that these resources are limited but also considering the wide-ranging effects that resource extraction has on ecosystems. Nissan has raised to 25% the target for the use of recycled material in new vehicles by 2016. To achieve this, we will promote design centered on the vehicle lifecycle, reduce the use of scarce resources, 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 at plants around the world, such as by reducing consumption and recycling water discharged in the production process.

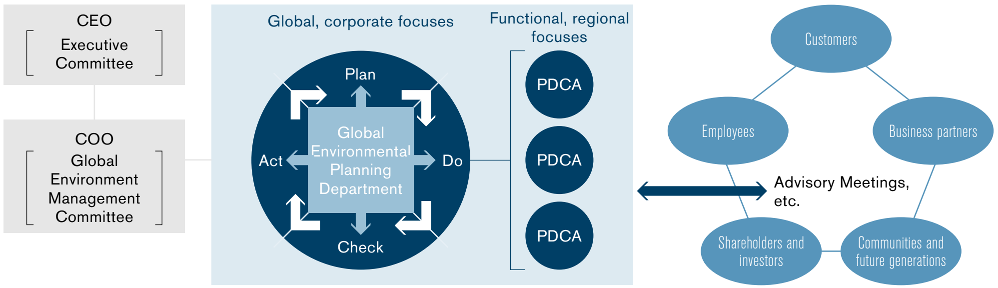
The purchasing divisions of Nissan and Renault carry out supply-chain management in a manner consistent with The Renault-Nissan Purchasing Way, a booklet outlining policies for dealing with suppliers, and the Renault-Nissan CSR Guidelines for Suppliers. With respect to environmental issues, we have set standards for the efforts of our automobile parts and material suppliers in the form of the Nissan Green Purchasing Guidelines. In fiscal 2012 we added a number of environment-related criteria in selecting our suppliers to coordinate our efforts to reduce environmental impact; we now ask suppliers to furnish data regarding their CO_2 emission levels and energy use and also consider their management of environment-impacting substances, recycling of resources and water-conservation efforts.

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 Department within the Corporate Planning and Business Development Division 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

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 our compliance with laws and ethical standards is monitored by the Global Compliance Committee. Nissan has also adopted an 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, information security and prevention of bribery and corruption. Nissan makes efforts to prevent compliance infractions and reputation risk to the company by continuous implementation of various education and training programs.

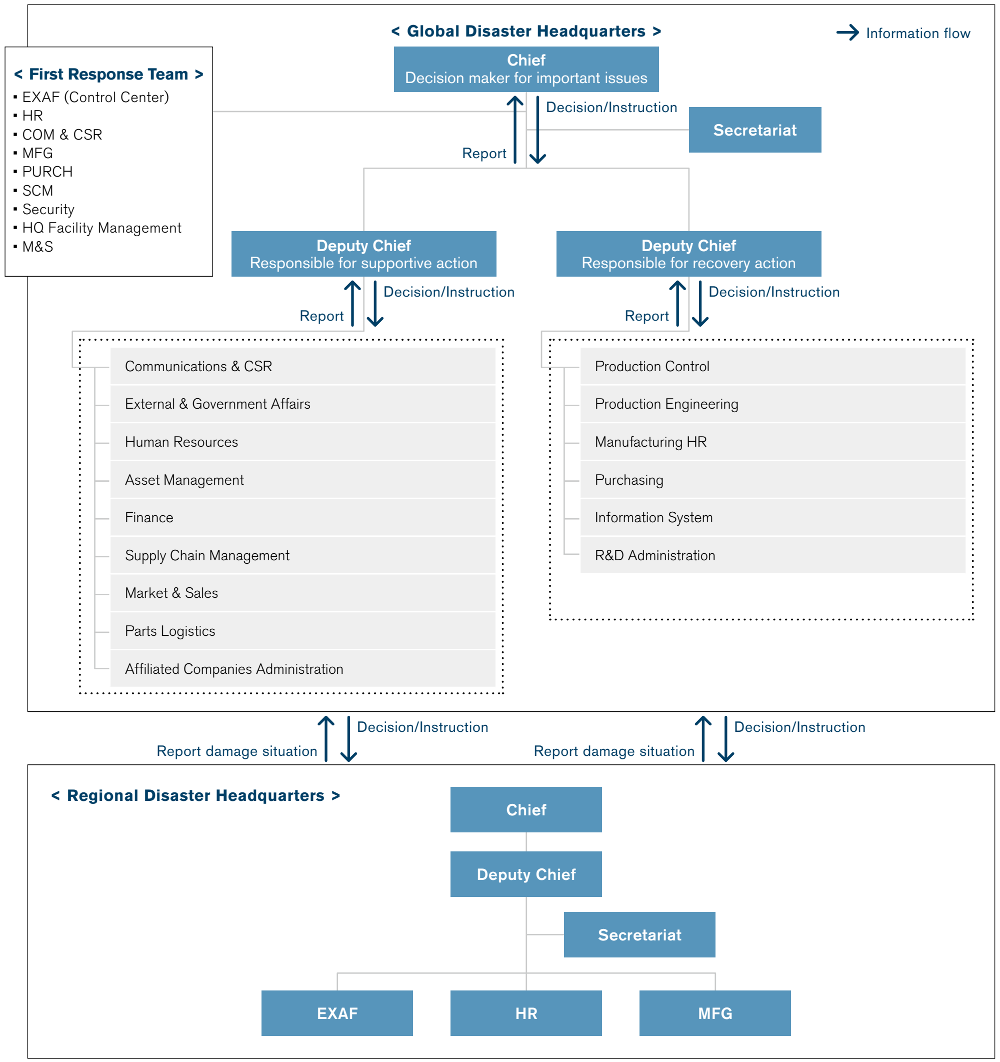
3 Business Continuity

1) Natural Disaster 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, we are working with our suppliers to develop a Business Continuity Plan (BCP). This includes 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 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.

Simulation training continued in fiscal 2012 in an effort to enhance our response to earthquake damage. Based on a scenario of a consolidated Tokai, Tonankai and Nankai earthquake, we confirmed our preparedness for issues that came to light during drills held the preceding fiscal year, such as responses to wide-area disruptions to our logistics network and fuel shortages. During the fiscal year, we also worked to enhance responsiveness to earthquake disasters through advance risk estimates carried out by each of the Company's divisions.

In the face of our expanding global operations and the need to enhance the natural disaster response of our overseas facilities, we are undertaking horizontal development of best practices at each facility and inviting overseas personnel to observe the simulation training held in Japan. In addition, we conducted communication training (four times during fiscal 2012) among our overseas facilities based on a scenario of a major disaster in various regions of the world.

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 March 2011 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 at right. Particularly for natural disasters, we have identified the measures needed to restart production within our established goal of two weeks following a large-scale disaster. 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. We are also strengthening the resilience of our global production network by establishing a BCP for parts exports to enable continued operations at our overseas plants.

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 undertaking activities to confirm and help improve supply capacity in order to secure global market expansion and growth. Specifically, in addition to existing organizations to manage supplier risk in North America, Europe and Japan, new bodies are being created in Thailand, China and India to reinforce our global efforts to prevent risks associated with the supplies of parts.

Risk factor / 3 elements of production	HR/Workforce	Purchased parts/ Raw materials	Facilities
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) • BCP for parts exports to continue production at overseas plants (FY12)	• Reinforcement of buildings & machinery (continued) • Regular audits of each business facility • Review of facility recovery manual (FY11)
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 powertrains
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
Expansion of LCC-manufactured parts	—	• 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") • Establishment of organization for supplier risk management at operations in major LCCs (FY12)	—
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 avoidance
   - 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 2012, major efforts to cope with disaster risk in the supply chain that were continued from the preceding year included:

- Promoting visualization of the supply chain (enabling smooth initial response by ascertaining in advance the links between parts and the vehicles produced, as well as the attendant risks, through research of supply chain conditions)
- Following up on the BCP established for suppliers
- Implementing checks of suppliers' initial response process (making revisions through coordination among production, development and purchasing divisions)

2. BCPs for overseas operations

In fiscal 2012, Nissan introduced measures taken in Japan to overseas operations besides Thailand (North America, Europe, China and India) and started to work on supply chain BCPs for those regions.

5) Risk Financing and Loss Prevention

1. 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

2. Global Insurance Programs

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.
- Indemnity liability for unanticipated accidents during operations or caused by owned or managed facilities (general liability)
  While keeping in mind the legal systems and compensation criteria of various countries, a globally uniform program is being implemented to ensure consistent worldwide coverage and to achieve lower insurance costs.

3. Utilization of Captive Insurance Company

For the purpose of more efficient self-retention on a consolidated basis for insurance programs other than general liability, 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

4. 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 SECURITY

Nissan shares its Information Security Policy with group companies worldwide and implements necessary measures through the Information Security Committee, bolstering its capability to prevent information leaks and other such incidents. Furthermore, we carry out various in-house programs every year to thoroughly educate and motivate employees to uphold their responsibilities in this regard.

Protecting Personal Data and Reinforcing Information Security

Nissan recognizes its 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. Our Information Security Committee implements measures as necessary to further strengthen information security in order to prevent information leaks and other such incidents. To thoroughly educate and motivate employees to uphold their responsibilities in this regard, we institute regular in-house educational programs every year.