# ANNUAL REPORT 2014



NISSAN MOTOR CORPORATION

# CONTENTS

This annual report presents the results of Nissan Motor Corporation's business activities for fiscal 2013. 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: Rogue

## Viewing this Report

This Annual Report is an interactive PDF. You can use the navigation tabs and buttons to access the information you need.

### Section Tabs

CONTENTS | CORPORATE FACE TIME | CEO MESSAGES

Click the tabs to jump to the top page of each section.

### Navigation Buttons

- Go back one page
- Return to previously viewed page
- Go forward one page

### Link Buttons

- Jump to linked page
- Jump to information on the web

■ Financial Data
To obtain more detailed financial information, please visit our IR website.
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.

■ For further information, please contact:
Nissan Motor Co., Ltd. Investor Relations Department
1-1, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa 220-8686, Japan
Tel: 81 (0)45-523-5520
Fax: 81 (0)45-523-5771
E-mail: nissan-ir@mail.nissan.co.jp

Global Corporate Communications Department
Global Communications Division

Tel: 81 (0)45-523-5552
Fax: 81 (0)45-523-5770

# VISION & MISSION

## 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.

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.

# 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.

**5,188,000** Vehicles
**Total Global Retail Volume**
During fiscal 2013 we rolled out 10 new models

**6.2** %
**Global Market Share**
Our goal is to achieve 8% global market share by the end of fiscal 2016.

**¥11,434.8** Billion
**Net Sales (Management pro forma basis*)**
Growth in vehicle sales numbers and easing of the strong yen brought about an 18.7% increase from the previous year.

**142,925** People
**Employees (China JV equity basis)**
We have production facilities in 20 countries and regions. (As of March 31, 2013 excluding employees number)

**¥605.7** Billion   Operating margin **5.3** %
**Operating Profit (Management pro forma basis*)**
We aim to achieve a sustainable operating margin of 8% by the end of fiscal 2016.

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

**Long-term Credit Ratings**
No change from FY 2012


Note: All figures cover the fiscal year ending March 31, 2014, and are current as of that date.
* Based on continuation of proportionate consolidation of China JV

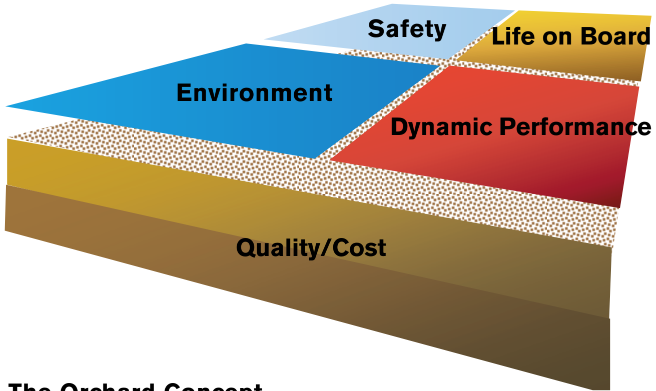
# TECHNOLOGY

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.

page_21

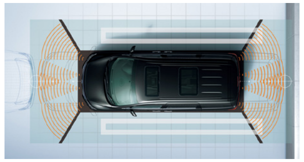
Click here for information on new technologies.

## 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.



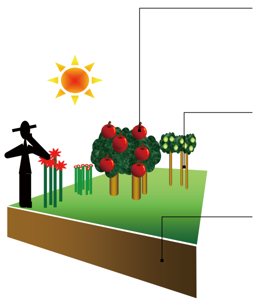
Our goal is to continue advancing automotive safety features and improving them across the board as a global leader in the safety field. By bringing innovative new technologies into being, we are progressing toward this goal.

### 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

# FINANCIAL HIGHLIGHTS

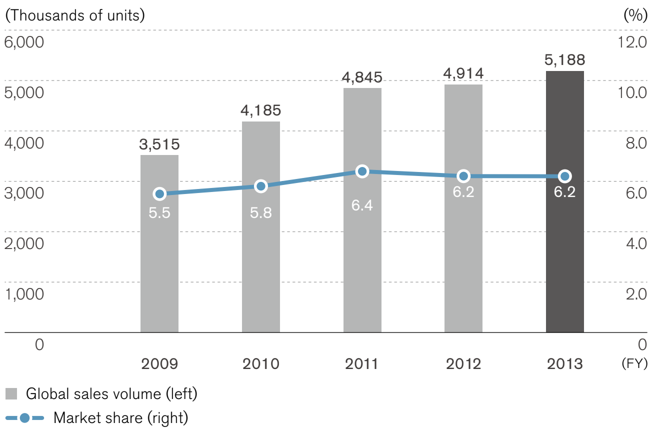
| | | 2013 | 2012[*2] | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| | For the years ended | Mar. 31, 2014 | Mar. 31, 2013 | Mar. 31, 2012 | Mar. 31, 2011 | Mar. 31, 2010 |
| Net sales[*1] | Millions of yen | **10,482,520** | 8,737,320 | 9,409,026 | 8,773,093 | 7,517,277 |
| Ordinary income | Millions of yen | **527,189** | 504,421 | 535,090 | 537,814 | 207,747 |
| Net income | Millions of yen | **389,034** | 341,117 | 341,433 | 319,221 | 42,390 |
| Comprehensive income | Millions of yen | **796,533** | 721,860 | 290,600 | 189,198 | — |
| Net assets | Millions of yen | **4,671,528** | 4,036,030 | 3,449,997 | 3,273,783 | 3,015,105 |
| Total assets | Millions of yen | **14,703,403** | 12,442,337 | 11,072,053 | 10,736,693 | 10,214,820 |
| Net assets per share | Yen | **1,035.06** | 890.38 | 750.77 | 703.16 | 663.90 |
| Basic net income per share | Yen | **92.82** | 81.39 | 81.67 | 76.44 | 10.40 |
| Diluted net income per share[*3] | Yen | **92.82** | — | — | — | — |
| Net assets as a percentage of total assets | % | **29.5** | 30.0 | 28.4 | 27.4 | 26.5 |
| Return on equity | % | **9.64** | 9.92 | 11.22 | 11.30 | 1.59 |
| Price earnings ratio | Times | **9.91** | 11.08 | 10.79 | 9.65 | 77.02 |
| Cash flows from operating activities | Millions of yen | **728,123** | 412,257 | 696,297 | 667,502 | 1,177,226 |
| Cash flows from investing activities | Millions of yen | **(1,080,416)** | (838,047) | (685,053) | (331,118) | (496,532) |
| Cash flows from financing activities | Millions of yen | **396,925** | 433,817 | (308,457) | 110,575 | (663,989) |
| Cash and cash equivalents at end of fiscal year | Millions of yen | **832,716** | 711,901 | 840,871 | 1,153,453 | 761,495 |
| Employees [*4] | Number | **142,925** | 130,274 | 157,365 | 155,099 | 151,698 |
| | | **(21,750)** | (22,442) | (34,775) | (27,816) | (17,600) |
| ( ) represents the average number of part-time employees not included in the above numbers | | **147,939** | 136,625 | 161,513 | 159,398 | 157,624 |
| | | **(22,642)** | (23,307) | (35,099) | (28,089) | (17,908) |

Notes:
[*1] Net sales are presented exclusive of consumption tax.
[*2] Effective from fiscal 2013, International Financial Reporting Standards (IFRS) 11 Joint Arrangements, which was released on May 12, 2011, and International Accounting Standards (IAS) 19 Employee Benefits, which was released on June 16, 2011, have been applied in some foreign subsidiaries and affiliates, and key financial data and trends for fiscal 2012 are adjusted.
[*3] Diluted net income per share for fiscal 2009, fiscal 2010, fiscal 2011 and fiscal 2012 is not presented because the Company had no securities with dilutive effects.
[*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.

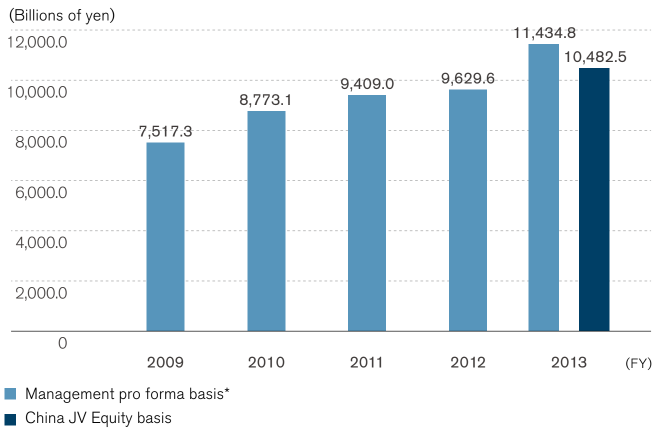
## Key figures for fiscal 2013
**(Management pro forma basis*)**

Global demand in fiscal 2013 reached 83.11 million vehicles, up 4.8% from fiscal 2012. Nissan's global sales volume climbed 5.6% to 5.188 million vehicles and global market share was 6.2%.
Net sales climbed 1,805.2 billion yen for the year to reach 11,434.8 billion yen. Operating profit was 605.7 billion yen, for a profit margin of 5.3%.

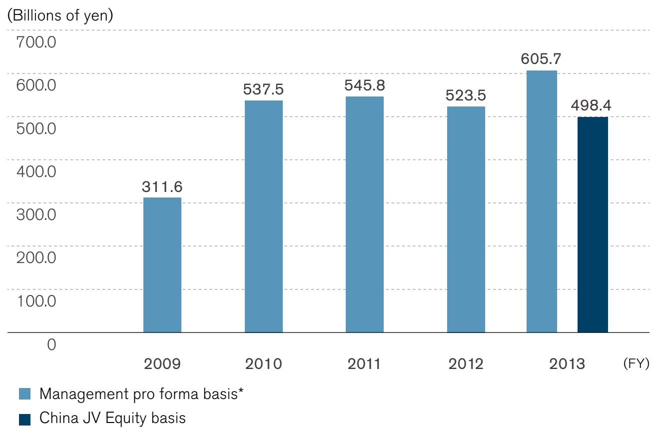
### Global Sales Volume/Market Share



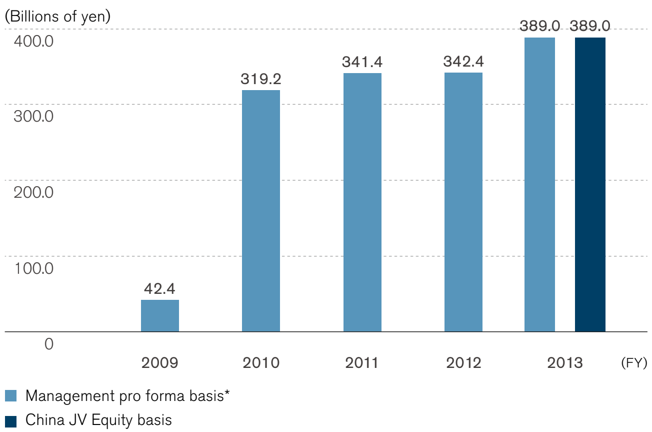

### Net Sales



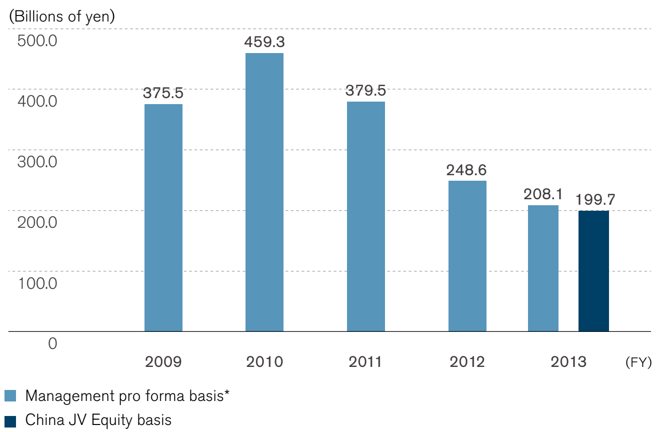

### Operating Profit



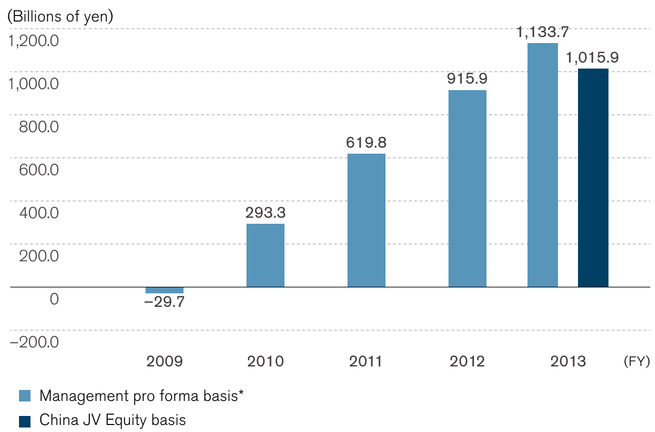

### Net Income




### Free Cash Flow（Auto business）




### Net Cash（Auto business）




* Based on continuation of proportionate consolidation of China JV

# MESSAGE FROM THE CEO

## To our stakeholders

The past fiscal year was one of progress, defined by solid financial results and the achievement of important operational goals in several parts of our business.

The latest 12-month period, covered in this Annual Report, saw Nissan deliver a 20% increase in net sales to 10.48 trillion yen and a 14% increase in net income to 389 billion yen*.

This is a creditable result at the mid-point of Power 88, our six-year strategic plan. As part of that plan, Nissan remains committed to achieving an operating profit margin of 8% in 2016.

We are making encouraging progress towards that goal, particularly against a backdrop of intense global competition, sluggish conditions in Europe and volatile demand in emerging markets. During the past year, we also strengthened our management structure; set new convergence targets for the Renault-Nissan Alliance; brought new manufacturing capacity onstream; unveiled breakthrough products; and continued to pioneer new technologies.

But we have more to do. Nissan is not yet operating to its full potential. So we are accelerating efforts to build competitiveness, contain costs and improve our brand power.

* China JV Equity basis

**Carlos Ghosn**
**President and Chief Executive Officer**

### Power 88 Delivery

Those efforts will reinforce our delivery of the Power 88 plan.

As part of that plan, we last year enhanced our brand presence in every segment from premium Infiniti to entry-level Datsun – where new models including Q50 and GO were launched. The Nissan brand saw the all-new Qashqai and X-Trail introduced to widespread acclaim. In total, Nissan brought 10 new vehicles and 22 new technologies to market in the past year, and will continue its product offensive in the current fiscal period.

In another pillar of Power 88, Nissan continued to champion zero-emissions with the all-electric LEAF car and introduction of the e-NV200 van and wagon. The LEAF now commands almost 50% share of the global market for EVs, with aggregate sales surpassing 110,000 units. Nissan is contributing to wider EV adoption by supporting a wider recharging infrastructure and EV fleet-penetration – not just in developed countries such as Japan but in growth markets including Bhutan.

Our brand-power and zero-emissions strategies are aligned with the Power 88 goal of increased sales power. Nissan bolstered its sales presence by implementing a new six-region sales organization during the year. We expect this new structure to accelerate the growth achieved in fiscal 2013, when unit sales rose by 5.6% to 5.19 million, equivalent to global market share of 6.2%.

A strengthened senior management team also began work to implement efforts to improve competitiveness, productivity and sales. Hiroto Saikawa took on the new role of Chief Competitive Officer, charged with improving Nissan competitiveness and reducing our total delivered cost per vehicle. Trevor Mann, was appointed Chief Performance Officer with responsibility for this new market organization. Andy Palmer was also named Chief Planning Officer, adding responsibility for our zero emission strategy and global products to his planning and marketing roles. This team is focused on turning the Power 88 goals into reality.

## Alliance

Our growth potential also reflects benefits from the Renault-Nissan Alliance, which achieved combined sales of 8.3 million units last year. We are committed to extracting further benefits from the Alliance. We marked the 15th anniversary of the Alliance by accelerating convergence in four key functions Engineering, Manufacturing & Supply Chain Management, Purchasing, and Human Resources.

Convergence in these four key business functions will result in an immediate increase in efficiency and leverage our size to achieve competitive economies of scale. The synergies will then enable us to deliver higher-value vehicles to customers and stay at the leading edge of innovation. Together, these projects aim to deliver annualized synergies of at least €4.3 billion by 2016.

In parallel, we are continuing to develop Alliance partnerships such as joint-engine development with Daimler, mini cars with Mitsubishi, with Ashok Leyland in commercial vehicles and, importantly, with AvtoVAZ in the promising Russian market.

## Technology

Our Alliance ambitions coincide with a deep commitment to technological innovation. Nissan remains at the forefront of autonomous driving, which has the potential to revolutionize our industry. Nissan has pledged to bring commercially viable autonomous drive vehicles by 2020. This initiative forms part of Nissan's commitment to zero fatalities, and we have become the first Japanese automaker to road-test autonomous-drive vehicles.

## Year ahead

Looking forward, we anticipate continued sales growth in the current fiscal year, benefiting from further product launches and the impact of new capacity coming on-stream in markets including Mexico and Brazil. Nissan is launching 10 new vehicles this year, including the new Murano, the new Pulsar C-segment hatchback in Europe, the new zero-emissions e-NV200 in Japan and Europe, a number of Datsuns, a new one-ton pick-up truck and long-wheel-base Infiniti models in China. Nissan will also continue to innovate and expand in key areas such as light commercial vehicles, zero emissions and aftersales.

This innovation-focus and product-launch schedule will enable Nissan to capitalize on market conditions as they improve around the world. We continue to see improvements in our US performance. Europe is showing signs of recovery. We remain positive about the Russian market. Sales are also forecast to grow healthily this year in China, where we will begin production of a Venucia-branded electric car, as well as two Infiniti models, whilst also opening our fourth plant in Dalian. Together, such trends should help offset any impact from the sales tax increase in Japan, which could dampen consumer demand.

## Conclusion

As detailed in this report, Nissan is making satisfactory progress. We are moving in the right direction, reflected by our financial results and sales figures. In a further sign of confidence, we have increased the dividend pay-out ratio from a minimum target of 25% to 30% for the remainder of the plan.

Nissan is a company committed to exceeding expectations: for customers, for suppliers, for employees and for shareholders alike. We will relentlessly pursue growth opportunities and continue to focus on quality and cost competitiveness, sales power, sustainability and innovation. Nissan is on the move. Please join us for the journey.

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

# EXECUTIVE PROFILE

**"Tight control on TdC is the key for us to connect all of our costreduction efforts to the bottom-line and improve profitability."**

Hiroto Saikawa
Chief Competitive Officer

**"My role is to extract the best out of the company with our teams while championing the interests of the customer."**

Andy Palmer
Chief Planning Officer

**"We have got a plan to deliver. It's my job to execute that plan to hold the organization to account. It's exciting."**

Trevor Mann
Chief Performance Officer

**"When we look at the strength of the balance sheet and the cash flow we've generated in our business over the course of the plan, we think that increasing the pay-out ratio is the right thing to do."**

Joseph G. Peter
Chief Financial Officer

## Hiroto Saikawa
**Chief Competitive Officer**

**Hiroto Saikawa applies the principles of *Monozukuri* to four global functions that he leads at Nissan: research and development, purchasing, manufacturing and supply chains, and quality.**

In his role as Chief Competitive Officer, he seeks to improve the competitiveness in each of these areas. As part of that wide-ranging task, he is also responsible for delivering Nissan's platform strategy, its powertrain plans, the expansion of the Group's manufacturing footprint and global sourcing activities.

Saikawa assumed these responsibilities following a high-level re-organization last November. Additionally, the company expanded the regional management committees from three to six, each reporting to Chief Performance Officer Trevor Mann, and named Andy Palmer Chief Planning Officer with duties to include new growth-market opportunities, branding, pricing and marketing.

Saikawa, Mann and Palmer - together with Chief Financial Officer Joseph Peter – comprise the senior four-man executive team charged with executing Nissan's overall strategy and reporting to Group Chief Executive Carlos Ghosn.

"Together we co-ordinate and implement the day-to-day operations in an efficient and effective manner," says Saikawa. "Our duty is to support the CEO and deliver the company's objectives."

The Chief Competitive Officer is no stranger to the weight of responsibility. Before last year's reorganization, he already had global oversight for purchasing as well as leading the Nissan management team throughout Asia, including the major markets of Japan and China. Now, delivering the Group-wide strategy, he is focusing particularly on cost-management.

Significant action is underway to lower Nissan's Total delivered Cost, or 'net TdC' for every vehicle. This metric aims to reduce the unit-costs at Nissan in every part of the business from production and planning to technology, feature enhancements, raw materials and regulatory costs. By lowering such costs, Nissan should see a significant and immediate impact on its profit margins.

"We are now driving to an ideal TdC, seeking an optimum level of cost control in areas including localized production, manufacturing efficiency, raw material sourcing and the entire efficiency of the supply chain, including tier two and three suppliers," according to Saikawa. "Of course *Monozukuri*-efficiency is the key, but to achieve total cost evolution, we must perform well in other areas such as product-feature costs, regulatory costs, and warranty costs."

A network of TdC leaders has been put in place to make sure these costs are properly controlled in every part of the business, focused on more than 20 different areas of activity. This group-wide scrutiny is also being applied to individual model programs, ensuring that every product is cost-competitive.

It is a major challenge given the costs associated with the constant need to enrich and refresh Nissan products, to meet regulatory requirements, and to provide customer value. "We are working intensively on product quality, improving overall [customer] opinions of our models, further cost reductions and tighter net revenue management," says Saikawa.

The Chief Competitive Officer is determined to maintain tight management of such costs, knowing that every 1% improvement in TdC is worth 70 billion yen to Nissan. That is why he regards cost-control – and thereby improved competitiveness – as central to the Nissan Power 88 program.

"During the first half of Power 88, we made progressive strategic investments in product development, technology and business expansion," he adds. "We now must harvest the fruits of these investments."

Those investments included new plants in Mexico and Brazil, expanded operations in Russia and India, as well as production in Vietnam. Investment costs, which peaked in the first half of the six-year mid-term plan, are now expected to be flat or falling over the next three years. This will enable Nissan to improve its return on investments, feeding through to new growth opportunities.

The disciplined approach to costs and investment extends beyond Nissan to the wider Renault-Nissan Alliance. Saikawa expects greater Alliance integration to provide huge opportunities to improve efficiency and cost competitiveness.

To reduce duplication, the Alliance has announced that is converging four key business areas: R&D, manufacturing including supply-chain management, purchasing and human resources. "Converging those functions, putting both Renault and Nissan resources under a single leader will give us much greater efficiency and effectiveness in research and development; higher efficiency and flexibility in industrial strategy and sourcing; and benefits from common module or vehicle architecture at much higher volume."

Nissan's Chief Competitive Officer says Nissan is already reaping rewards from the Alliance's common module family (CMF), reflected in the launch and customer acclaim for the new Rogue in North America, the award-winning Qashqai in Europe and the X-Trail in Japan and China. "They have been well accepted by customers, and from our viewpoint, they have been showing the significant benefit of CMF approach in terms of competitiveness and investment efficiency.

"Now under a new alliance structure, we are extending this approach from the C-D segment to A and B segments as well. This will definitely provide huge benefit of scale and a further sharpened competitive edge to our coming new products."

Deeper integration between Nissan and Renault – while preserving the distinct market tactics, product designs and cultures of the two brands – is part of a far-reaching drive on competitiveness.

In pursuing that goal, Saikawa is imposing a strict 'PDCA cycle' on every cost in the business. This is the discipline of 'Plan, Do, Check, Action' in seeking cost reductions.

"Tight control on TdC is the key for us to connect all of our cost-reduction efforts to the bottom-line and improve profitability," he concludes. "It will be one of the determining factors for our competitiveness in the market."

# Andy Palmer
## Chief Planning Officer

**Andy Palmer has emerged as Nissan's customer champion. The Chief Planning Officer (CPLO) who heads global sales and marketing – along with product and corporate planning – is working to strengthen Nissan's customer appeal around the world.**

"For every car we design we must have a specific customer target in mind," says CPLO. "We have to embed the customer in every project: in how we position our brands, in how we use technology, in how we enhance our sales experience and how we plan for the future."

Palmer's relentless customer focus reflects two of the key priorities for the Power 88 mid-term strategic plan: to enhance both the brand and sales power of Nissan. There is a clear business imperative to his work. By improving the company's overall brand appeal, Nissan aims to enhance transaction prices, lower incentive spending and continue to build market share.

In the past year, signs have begun to emerge that the strategy is working. The company has sharply reduced marketing expenses, especially the use of incentives, which has resulted in improved transaction pricing in the key markets of the U.S. and Europe.

This improvement follows the adoption last year of the "revenue control-tower", a tracking mechanism by which Nissan uses mathematical formula to adjust sales & marketing costs, mix and transaction prices.

"Each improvement has a measurable effect on the bottom line," says Palmer. Palmer continues to push for more. He sees his role as part of "the pivot" between product development and customer sales, he says *monozukuri* theory – the ability to maximize efficiency in production processes – must now also be applied to Nissan sales and marketing strategy.

This approach has led to five areas of brand and sales focus. First, the company is using better market intelligence to track customer trends and determine demand for different types of vehicles, ensuring that Nissan offers models relevant to each territory or product segment. Where Nissan doesn't currently have technologies or product offerings that customers want, it will either invest in creating them or turn to alliance partners—such as using four-cylinder engines from its partners at Daimler, or collaborating with Mitsubishi on *kei-cars* (minicars in Japan).

Secondly, the company is strengthening the brand marketing and advertising campaigns for Nissan, Datsun, and Infiniti. In brand terms, Nissan is gaining credit for its more customer-focused approach, with a global advertising campaign promising "innovation that excites." This message is resonating with customers, according to independent sources. Nissan is steadily climbing the Interbrand global ranking for leading brands. It is currently ranked 65th in the influential survey. Just four years ago, Nissan was not even among the Top 100 brands.

In the third area of strategic focus, Palmer is placing further emphasis on improving the customer experience in dealers. A consistent dealer network is vital to maintaining positive sentiment about the Nissan brand. Nissan is building what it calls a "prototype model dealership" in Japan, where the company is piloting new customer sales techniques and data analysis that could be used by different dealer group's. The goal is for every dealership to match the brand values and messaging portrayed in Nissan's advertising campaigns. By doing so, dealers hope to secure better customer loyalty, enhancing their transaction pricing and reducing per-vehicle incentives.

Achieving that goal also depends on a steady stream of new, award-winning products. This is the fourth priority area for Palmer.

Since the start of the Power 88 mid-term plan, Nissan has launched more than two dozen new products, including vehicles such as the Sentra, Note, DAYZ and Altima that are core to Nissan's brand appeal. The next generation of products, including the new Rogue and Qashqai, have been designed to reinforce the company's brand power in markets such as North America and Western Europe, where they are highy accoladed. The product offensive also reflects benefits from the longstanding Renault-Nissan Alliance, which enables both Nissan and Renault to achieve greater economies of scale in product development, procurement and engineering. The next-generation Micra, for example, will be assembled at a Renault plant in northern France and will utilize components from the Renault-Nissan common module family. To ensure such vehicles meet customer expectations, Palmer has created a team of "chief vehicles assessment specialists." Behaving like the most demanding customers, the team tests every new product during its development process to ensure the new-generation cars deliver on their promised performance. "They represent the most demanding customers," he adds. "It's the next step to ensure we build our brand appeal."

As part of this product planning strategy, Nissan is continuing to press ahead with innovations in electric vehicles, development of autonomous drive models and other advanced technologies that will position the company to meet long-term changes in customer demand. Pioneering technologies in zero-emissions and autonomous drive systems are expected to help Nissan address a future marketplace in which customers expect greater automation, improved connectivity, reduced environmental impact and different forms of ownership.

Palmer cites the LEAF as an example of Nissan innovating in advance of consumer demand. He points out that global LEAF sales have exceeded the most successful hybrid vehicles at the same point of its life cycle. He predicts that electric vehicles will become the inevitable solution to the pollution threats in the world's growing number of mega-cities.

In the fifth and final focus area in his portfolio, Palmer is concentrating on developing Infiniti as the first truly premium brand conceived and built in Asia, serving worldwide markets. Palmer says the brand is emerging as a viable competitor to European leaders in the luxury-premium segment with a model range that will appeal to a wide range of customers.

Looking across the three brands, Palmer acknowledges each is at a different stage of development. He expects the core Nissan brand to reach an inflection point in 2014, harnessing its improving brand and sales power to lift both volumes and margins. Infiniti's brand and product strategy – described as "a 10-year journey" – is expected to deliver results towards the end of the Power 88 plan. Datsun, by comparison, is just starting to build a global presence among the rising group of aspirational motorists in high growth markets. "All this will not be achieved overnight, but we are making progress," Palmer concludes. "My role is to extract the best out of the company with our teams while championing the interests of the customer. It's not just my passion – it's a passion of Nissan."

# Joseph G. Peter
## Chief Financial Officer

**As Nissan embarks on the second half of its Power 88 business plan, Joseph Peter remains focused on the key financial metrics, cost discipline and free cash flow that is central to the company's mid-term strategy.**

Marking his fifth year as Chief Financial Officer (CFO), Joseph Peter says: "We know what we need to do in terms of product, quality, revenue management, and in the cost side of the business. Our margin-objective is within our line of sight, and we are moving forward."

That forward momentum was reflected in the last fiscal year. On a pro-forma basis, Nissan reported consolidated net sales up 18.7% to 11.43 trillion yen for the 12 months to March 31, 2014. Operating profit increased by 15.7% to 605.7 billion yen, and net income rose 13.6% to 389 billion yen*.

Auto business free cash flow was a positive 208.1 billion yen for the fiscal period, contributing to a year-end net cash position of 1.13 trillion yen in Nissan's automotive business. The CFO regards the generation of free cash flow and the creation of a strong balance sheet as some of the highlights of his tenure. Since Peter assumed the role, Nissan's credit rating has been upgraded and the company has moved from a net debt to a strong net cash position.

"As we began the Power 88 plan, we were focused on solid free cash flow," Peter recalls. "We had an objective to generate 1.5 trillion yen over the period of the plan. Over the first three years we are more than 50% there."

It is a creditable performance given some of the headwinds that Nissan has faced since the start of the plan. "We started our Power 88 mid-term plan with the stress of natural disasters, first in Japan and then in Thailand," says Peter. "We were able to recover faster than others because of the teamwork by Nissan's members across multiple disciplines."

Since then, the company has benefited from a correction in the value of the yen, although Peter maintains it remains overvalued compared to the average historic exchange rate against the US dollar. Nissan, moreover, has not enjoyed the same "bounce" from the yen correction as some other Japanese carmakers.

Peter argues that there are better indicators of business strength than favorable currency movements. "When you look at the measure of out-performance attributed to other companies, you need to be clear what is driving that performance.

"At Nissan our sales performance has exceeded that of our key competitors in key markets around the world, particularly the US and China.

"From a financial perspective, the impact of the yen-correction has been less favorable for Nissan than others. That is because we previously took steps to realign our cost and revenue footprint. We have been shifting production to important markets — it's better in the long term to have more products manufactured where they are sold."

* Since the beginning of fiscal 2013, Nissan has reported figures calculated under the equity method accounting for its joint venture with Dongfeng in China. Although net income reporting remains unchanged under this accounting method, the equity-accounting income statements no longer include Dongfeng-Nissan's results in revenues and operating profit. Under the equity accounting method, Nissan reported revenues up 20% to 10.48 trillion yen for the 12 months to March 31 2014, and operating profit increased by a healthy 13.6% at 498.4 billion yen.

The plant investments associated with this strategy will enable Nissan to adjust capacity to local demand, particularly serving fast-growing emerging markets.

Peter explains: "In the second half of the Power 88 plan, we will begin to leverage these investments, which should close the gap in profit margins against the competitor set." A solid financial return on those new investments is also expected to coincide with improved cost controls in mature markets such as North America. The CFO admits: "We had some difficulties in 2012 in the US with regards to new vehicle launches and quality. So our first priority was to reignite the US market. We have done that, and we have grown at two-to-three times the pace of some competitors. Now we are venturing into a strategic timeframe in which the 'flywheel' has been reset. The focus is now on transforming our market momentum into improved business performance through revenue-management and cost efficiency."

As part of that exercise, Nissan is paying particular attention to the total delivered cost of its vehicles: seeking efficiencies that will enhance per-unit margins even in a tough competitive market. Alongside that initiative, Nissan is pursuing further synergies from its long-running alliance with Renault of France. Under a recently announced convergence plan, the Renault-Nissan Alliance now aims to lift annualized synergies to at least €4.3 billion by 2016.

This gives the CFO confidence that Nissan can meet its 8% commitment to a sustainable operating profit margin, calculated on the company's pro-forma consolidated earnings including contributions from its Chinese joint venture operations. Nissan is also continuing to target 8% global market share – a goal that Peter describes as "the north star for us." He adds: "When we think about the action we're taking on brand and sales power, and the potential of the product portfolio, coupled with our leadership in electric vehicles, expansion in emerging markets and adoption of new technologies – then we believe the potential for 8% market share is there."

He acknowledges that the company's targets could be disrupted by market volatility, as was evident in several emerging countries in the past fiscal year, or policy changes such as Japan's decision to increase its sales tax. But the CFO is confident that such issues will not deflect Nissan from its strategic course.

"When we look at the Japanese market over the first couple of months of the current fiscal year, we have seen some negative impact on unit sales. But the amount of reduction is less than we anticipated."

The modest impact of such moves, combined with improving revenue-management, demand for new products and better cost controls, is expected to contribute to net sales of 10.79 trillion yen for the current fiscal year. The company has also predicted an operating profit of 535 billion yen – representing a margin of 5% – based on a financial outlook for the 12 months to March 31, 2015 (calculated under the equity accounting method for Nissan's Chinese joint venture).

This forecast and further generation of automotive free cash flow has enabled the company to increase its outlook for the fiscal 2014 full-year dividend by 10% to 33 yen per share. Over the balance of the Power 88 mid-term plan, the company has also increased the minimum targeted pay out ratio from 25% to 30% of net income.

After five years of managing Nissan's balance sheet, improving its liquidity and enhancing financial controls, the CFO indicates that shareholders should also share in the benefits. He concludes: "When we look at the strength of the balance sheet and the cash flow we've generated in our business over the course of the plan, we think that increasing the pay out ratio is the right thing to do."

## Trevor Mann
### Chief Performance Officer

**Trevor Mann is the performance specialist at the heart of Nissan. After almost a quarter of a century working in key operations around the company, the Chief Performance Officer (CPO) is utilizing that experience to drive a relentless efficiency program in each of Nissan's six global regions.**

"I'm the conduit to check that the Nissan machine is operating to maximum efficiency. Each region must deliver on the strategy set at the center," he says.

Each month, Mann visits two operating regions to check on performance. The schedule means he tours the worldwide business every quarter. When Mann arrives — this week it might be the Resende plant in Brazil, next week Canadian sales operations in Toronto — there is usually something to fix. If the problem is serious, he may bring his team of specialists, either from headquarters or another part of the world, to ensure that each part of the organization is working properly.

Part chief engineer, part organizational motivator: Mann relishes the tension that his role creates. Those tensions, which he insists are positive, intensified last year when Nissan replaced its far-flung three-region operating structure with a six-region organization designed to impose greater management focus on each market.

"When I am in the region I review, challenge and help manage the performance of the whole business including sales and marketing functions within the regions," according to the CPO. "The leaders of the global functions set the targets and strategic direction of our operations. But in the different regions around the world, the execution of those functions and strategic delivery is undertaken by our regional heads, whom I manage."

The system is designed to ensure that Nissan delivers on its targets in a range of areas, from manufacturing efficiency to sales and marketing, and from product launches to dealer relations, supplier arrangements, pricing and quality controls.

Under the old structure, regions composed of disparate territories were overseen by executives who had other prime responsibilities. Management resources may have been stretched too thin, leading to launch delays, quality glitches, and insufficient cost control. Sometimes, manageable issues became serious problems.

Mann vows to change that. As part of the reorganization announced in November 2013, the CPO was entrusted with managing the new six-region structure. Reporting to him are six dedicated regional chairmen, each one responsible for multiple functions in their geographies — spanning R&D, plant efficiency, purchasing, logistics, sales and marketing, and brand development. There lies the tension: for managers in some of these functions must also satisfy the demands of executives such as Chief Competitive Officer Hiroto Saikawa or Chief Planning Officer Andy Palmer when it comes to pricing and market share. "I'm the tension between the regions and the function," says Mann. "It needs a coordinator, a disciplinarian who ensures that we standardize best practice."

He is paying close attention to a couple of regions currently: North America and China. “If they sneeze, everybody catches a cold,” Mann explains. If North America accounts for almost a quarter of Nissan’s total annual sales volume “it needs a level of attention” that ensures the market delivers on its potential. The same is true of China, which Mann describes as the company’s next most important market.

The CPO claims the challenge is clear-cut, although he admits the management challenge is complex, reflecting the multi-function organization and sheer range of markets to cover. “We all know what we’ve got to do. If you look at the financial results we know where we are today. Our operating margin was 5.3% at year-end; we are targeting a sustainable 8% [operating profit] margin by the end of the plan.”

According to the executive with performance in his job title, Nissan has to accelerate its performance in a range of areas. That will be achieved by reducing the company’s total delivered cost per vehicle and improving sales and marketing efficiencies. This means extractive efficiencies in every part of the business before a vehicle reaches the showroom. Efficiencies are being pursued in purchasing, manufacturing, logistics and revenue-management – among other areas.

In manufacturing, for example, Mann has to ensure that new factories such as Resende and Aguascalientes are operating efficiently. But he warns: “We can’t run our business from inside the factories. We have to manage the markets smartly, and launch good products with good brand power, and efficient sales and marketing – and then we will have busy factories.”

Mann says this formula, ensuring that different functions are synchronized more effectively, “will build volumes and justify the investment we’ve made in the factories.” He adds that the performance program at Nissan extends far beyond *Monozukuri* – the art of manufacturing efficiency. “I cut across all disciplines. It is part of a creative tension throughout the business and its region, which ensures that we are striving always for greater efficiency.”

Nissan is already benefiting from the additional scrutiny of its different group functions by the performance—team led by the CPO. This is ensuring, for example, that the roll out of Datsun is maximizing the brand’s potential in emerging markets.

Mann feels the organization is making progress. “We are doing a good job but we’ve got to question the whole time exactly what is being done throughout the company - and to what effect,” he adds. “We must look for options; we must identify risks and deal with them.”

At an internal meeting in May 2014, the executive management at Nissan assessed the level of risk in the organization and whether it was performing against expectations. The executive group reaffirmed its commitments to the Power 88 mid-term strategic plan, reflecting the management’s confidence in the latest performance measures.

In pursuit of those commitments, Mann will this year continue travelling across the organization: questioning, diagnosing, suggesting remedies. “I go through all of the business functions on each trip. We focus on whether we are achieving our cost-reduction targets, our quality targets, our market and segment share and managing all this within our expected selling expenses.

"We ask each function whether they are performing to their potential. We challenge the regions, and we challenge the functions to ensure we deliver on the plan.

“We are now entering the second half of Power 88, and there are a number of hotspots that we must focus on such as ASEAN, China and the US.

“But the opportunities far outweigh the risks,” says the CPO. “We have got a plan to deliver. It’s my job to execute that plan to hold the organization to account. It’s exciting. I’m not daunted, I’m energized.”

# 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 strategies under Nissan Power 88:

website

Click here for more information on Nissan Power 88.

## SIX STRATEGIES 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.

## ZERO–EMISSION LEADERSHIP

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

**x100,000**

### NISSAN LEAF GLOBAL SALES SURPASS 100,000 UNITS

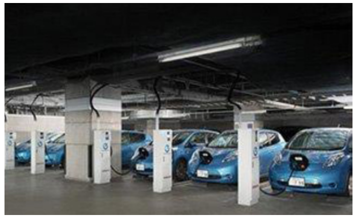
The 100,000th all-electric Nissan LEAF was bought by a customer in the United Kingdom. The Nissan LEAF, the world's first mass-produced zero emissions vehicle, remains the best-selling EV in history, with a 45% market share. Since its launch in December 2010 Nissan has seen the pace of sales increase consistently, and 2013 was a record year. The LEAF is now available to customers in 35 countries on four continents. In Norway, the Nissan LEAF topped sales charts, out-selling conventional gasoline powered vehicles in October 2013.

Sales of the Nissan LEAF in Japan passed the 30,000 unit milestone in October 2013.


All-electric Nissan LEAF

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

## NISSAN LEAFS CAN NOW POWER THE OFFICE, AS WELL AS THE HOME



"Vehicle-To-Building" allows up to six Nissan LEAFs to be connected to a building's power distribution board. Charging is phased during the day so at peak hours, when electricity is most expensive, the building draws power from the cars. When electricity is cheaper it flows the other way. The system ensures the Nissan LEAFs are fully charged by the end of the working day for their owners to drive home.

"Vehicle-To-Building" has been in use at the Nissan Advanced Technology Center in Atsugi City, Japan, since July.


## NISSAN AND CITY OF YOKOHAMA LAUNCH JAPAN'S FIRST-EVER CAR SHARING PROGRAM WITH ULTRA-COMPACT EVs

Choimobi Yokohama is a combined effort between Nissan Motor Co., Ltd. and the City of Yokohama as part of the Yokohama Mobility Project ZERO program (YMPZ). The YMPZ program is aimed at increasing low-emission transportation options for residents of the city. The Choimobi Yokohama plan is designed to be a one-way car sharing service that enables EVs to be rented from and returned to any of 45 car pickup/return stations that will be located in the downtown core in Yokohama.

## NISSAN INTRODUCES ITS FIRST ALL-ELECTRIC COMMERCIAL VEHICLE "e-NV200"

Nssan's first all-electric, zero-emissions commercial vehicle, the e-NV200, will go on sale in October 2014 at Nissan dealers throughout Japan.

The e-NV200 is Nissan's second mass-market, all-electric model available globally, following the Nissan LEAF, which has now sold more than 100,000 (as of Jan.2014) units worldwide. Compared to commercial vehicles that use internal combustion engines, the e-NV200 reduces operating costs and contributes to improving the company's environmental image thanks to the vehicle's zero exhaust emissions as well as a reduction in noise pollution. The Nissan LEAF is fun to drive, offering smooth, strong acceleration, great handling and a quiet interior with no engine noise.

With the inclusion of a hydraulic brake system, the vehicle's regenerative braking can work more effectively, enabling a driving range of 185 to 190 km on a full charge (on JC08 mode).

## TOYOTA, NISSAN, HONDA AND MITSUBISHI TO PROVIDE FINANCIAL ASSISTANCE FOR ELECTRIC VEHICLE CHARGING INFRASTRUCTURE IN JAPAN

Toyota Motor Corporation, Nissan Motor Co., Ltd., Honda Motor Co., Ltd., and Mitsubishi Motors Corporation jointly announced their agreement to work together to promote the installation of chargers for electric-powered vehicles (PHVs, PHEVs, EVs) and build a charging network service that offers more convenience to drivers in Japan. They also established a new company, Nippon Charge Service, LLC.

This company has the following goals:

1. Promote installation of chargers in Japan
2. Promote charger installation by temporarily bearing part of the installation and maintenance costs
3. Build a charging infrastructure network which enables customers to use their PHVs, PHEVs and EVs more conveniently
4. Work with government agencies and local governments

## NISSAN AND BHUTAN PARTNER ON BREAKTHROUGH NATIONAL EV STRATEGY

Nissan has pledged its support for the Kingdom of Bhutan's transition to an electric vehicle fleet. Nissan has entered into an agreement with the Royal Government of Bhutan with the shared goal of achieving the nation's eco-friendly vision for the future. Bhutan's government is targeting EVs as a key strategy to achieve its goal of becoming a zero emissions nation. As a first step in the cooperation, Nissan will deliver Nissan LEAFs for use in the government fleet, and as taxis, as well as demonstration units for the national rollout of EVs. Quick chargers will also be supplied to implement the government's plan for infrastructure covering the entire Himalayan nation. Feasibility studies for further technical cooperation are included in the details of the agreements.

# NISSAN'S TECHNOLOGY DEVELOPMENT AND NEW TECHNOLOGIES IN FISCAL 2014

## AUTONOMOUS DRIVING TECHNOLOGY

### Overview of Nissan's Autonomous Drive

Nissan Motor Co., Ltd. recently announced that the company will be ready with multiple, commercially-viable Autonomous Drive vehicles by 2020.

Nissan's autonomous driving technology development is an extension of its Safety Shield philosophy, which promotes the creation of a virtual 360-degree sensing capability around a vehicle to help detect risks, offer warnings to the driver and takes action if necessary.

Nissan's prototype Autonomous Drive vehicles equipped with laser scanners and five cameras continually monitor their surroundings in every direction. If they come close to other vehicles or other objects, artificial intelligence selects the appropriate action based on the information stored in its knowledge database. The goal is development of an Autonomous Drive vehicle that can correctly assess situations, make decisions and drive safely even in complex traffic environments, such as at crossroads with no traffic lights or when passing parked vehicles.

A revolutionary concept like autonomous drive will have implications throughout the design and construction of cars. For example, collision-avoidance by machines with the capability to react more rapidly and with more complex movements than a human driver will place new demands on the chassis and traction control. Nissan is leveraging 80 years of research and development expertise to create a complete solution for autonomous drive.

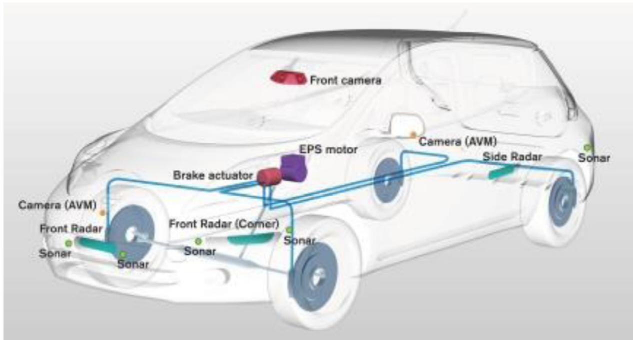
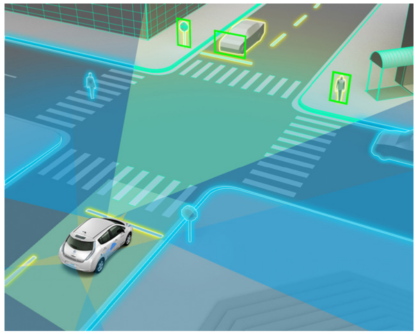
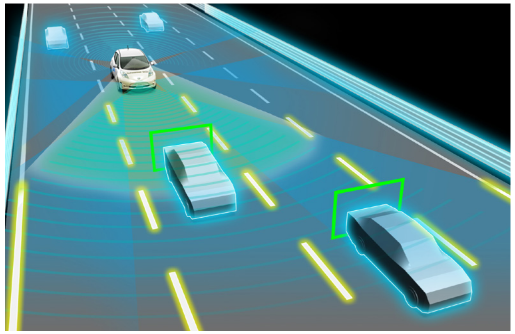




Image of Autonomous Drive





### Various scenes of Autonomous driving


### Road test of an Autonomous Drive vehicle

Nissan conducted the first public road test of an Autonomous Drive vehicle on the Sagami Expressway in Kanagawa (southwest of Tokyo) with the support of Kanagawa prefectural authorities.

The Nissan LEAF used for this test drive was the first vehicle equipped with autonomous driving technologies to be granted a license plate in Japan (September 2013). Autonomous driving technologies detect road and traffic conditions as well as control handling and braking. From entrance to exit, the prototype vehicle is fully automatic on the highway.

In order to realize an autonomous driving system and provide additional benefit to our customers, Nissan continues to develop technologies intended to enhance safety and reliability. We plan to continue to incorporate a variety of core technologies related to automated driving, including camera recognition technology and control automation technology, in our mass-produced models.

### The following are a few choice examples of how these technologies are used.

**■ Around View Monitor**

This technology offers drivers a virtual bird's-eye view around their vehicle, enhancing visibility and making parking easier. Many of our models already feature this technology, and we plan to deploy it in more models in the future.

**■ Forward Emergency Braking**

This technology is able to bring a vehicle to a halt when it senses a potential collision with a vehicle ahead. Drivers have given us positive feedback about the technology , and we plan to continue to expand our offerings of this feature.

**■ Intelligent Parking Assist**

This is a new advanced technology for Nissan. The technology makes it easier for drivers to park their car, even those with little experience, by helping them park their car in garages and when parallel parking through automated assistive steering.

**■ Smart Rearview Mirror**

Announced at the Geneva Motor Show in March 2014, the Smart Rearview Mirror is a world-first technology that allows drivers to switch between a normal rearview mirror and an LCD display with rear-facing camera. The driver is presented with a clear view behind their vehicle under various driving conditions, making driving a more pleasurable experience. The Smart Rearview Mirror gives the driver a broader and unobstructed view behind the vehicle.

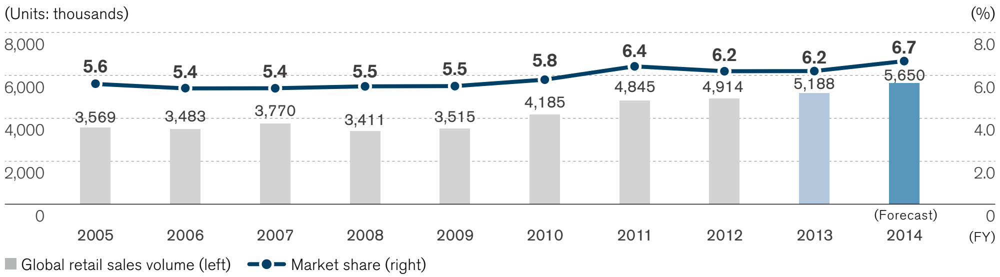
## NEW TECHNOLOGIES IN FISCAL 2014

**In fiscal 2014, Nissan brought to market five new technologies, including the FF mid-size hybrid system and the advanced driving assistance display.**

# FISCAL 2013 SALES PERFORMANCE

Fiscal 2013 sales results came to 5,188,000 units, up 5.6% year-on-year. Overall market share was 6.2%, equal to fiscal 2012.

### Global Retail Sales Volume / Market Share

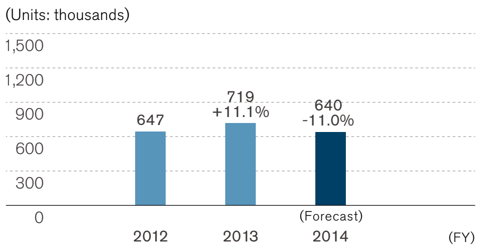



## Japan

In Japan, total industry volumes rose by 9.2% to 5.7 million units. Nissan out-performed the market with unit sales up 11.1% to 719,000, representing a market share of 12.6%. This improvement was driven by strong sales of our DAYZ series, as well as strong demand for our first CMF model and the new X-Trail. It is important to note that the sales volume increase, particularly in the fourth quarter, was impacted by Japanese consumers making purchases prior to the consumption tax hike.

X-Trail

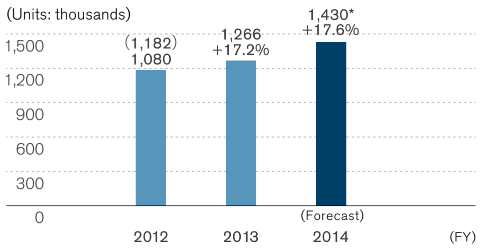
### Retail Sales in Japan




## China

In China, Nissan out-performed overall market growth. The total industry in China was up 14.0% to 20.75 million units, while Nissan sales increased 17.2% to 1.27 million units. Although our performance was impacted by the islands dispute in the first half, demand has since improved. The Qashqai and the all-new Sylphy, along with new models from Venucia and Infiniti, contributed to this improvement.

### Retail Sales in China




* After adjustment of CV spin off ( ): Before adjustment of CV spin off

Qashqai

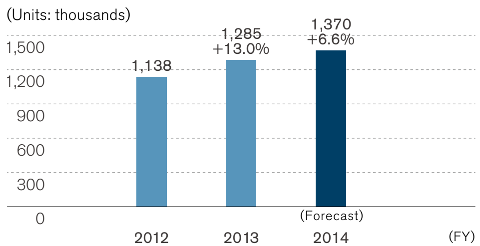
## North America

In North America, Nissan achieved significant sales growth. The total industry in the U.S. was up 6.4% at 15.65 million units, while Nissan sales volume increased by 13.0% to 1.29 million units amid strong demand for the new Rogue and the Altima.

In Canada, Nissan outperformed the market as unit sales jumped 20.9% to 96,000 units, compared with the industry which was up 4.6% at 1.75 million units. In Canada, the new Rogue added to the sales momentum.

In Mexico, Nissan has maintained its number one position with a market share of 24.9% and unit sales of 265,000. Nissan accounts for five of the top ten models in Mexico and ranks first in customer satisfaction.

### Retail Sales in the United States




Rogue

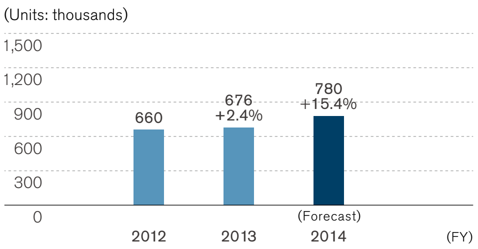
# FISCAL 2014 SALES OUTLOOK

## Europe

In Europe, including Russia, Nissan's sales rose 2.4% to 676,000 units, compared with a 1.8% rise in the overall market. Nissan's market share was steady at 3.9%.

Qashqai

Retail Sales in Europe



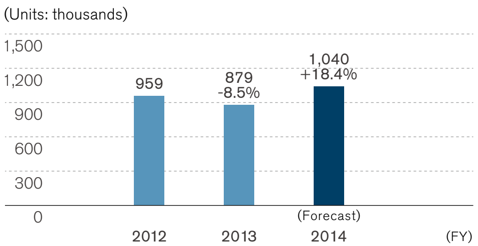

## Other markets

Our sales in other markets declined by 8.5% to 879,000 units. In Asia and Oceania sales declined 17.8%, to 363,000 units. Latin America fell 16.1% to 186,000 units. These reductions were partly offset by a 22.5% increase in the Middle East to 226,000 units.

Nevertheless, Nissan enjoyed the first signs of success in other emerging markets. In India, we began selling the all-new Datsun GO, and consumers are reacting positively to the new Terrano.

Datsun GO

Retail Sales in Other Markets



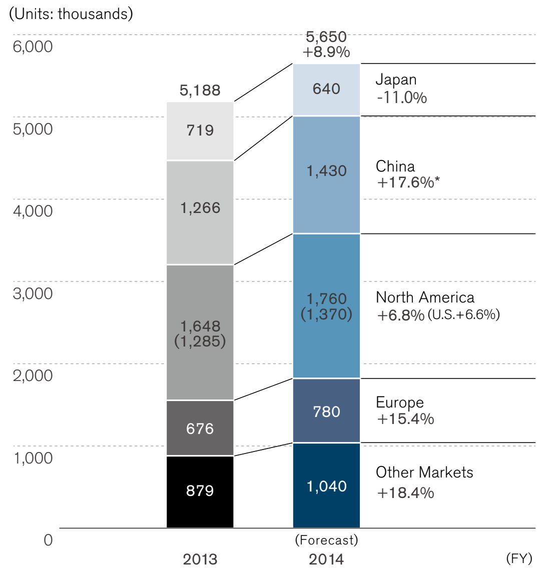

For fiscal 2014, Nissan anticipates total industry volumes will rise by 1.6% to 84.42 million units. In that period, we expect Nissan to improve significantly with retail volumes reaching 5.65 million units. This would equate to a record global market share of 6.7%.

In Japan, we expect continued pressure on consumers due to the recent consumption tax increase. This will be more than offset by sales growth in China, North America and in Europe. We also forecast improvement in other markets, which were depressed through all of fiscal 2013.

We will launch 10 new vehicles over the coming 12 months. These include the new Murano in the U.S., a number of all-new Datsun vehicles in India, Russia, Indonesia and South Africa and the new zero-emissions e-NV200 in Japan and Europe. The ongoing product offensive will also feature an all-new global pick-up truck NP300 Navara and the long-wheel-base variants of the Infiniti Q50 and QX50 in China.

(All figures are based on forecasts as of May 12, 2014.)

Fiscal 2014 Sales Outlook




* After adjustment of CV spin off

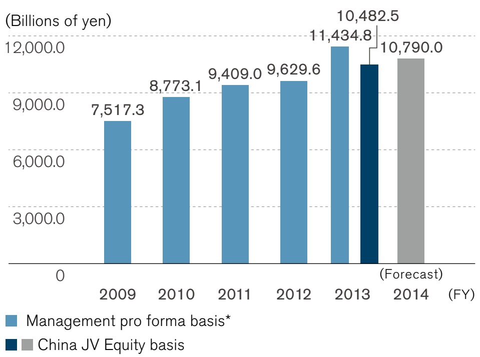
# FISCAL 2013 FINANCIAL REVIEW

## FISCAL 2013 FINANCIAL PERFORMANCE

### Net Sales (Management pro forma basis*)

For fiscal 2013, consolidated net sales increased 18.7%, to 11.43 trillion yen.

Net Sales

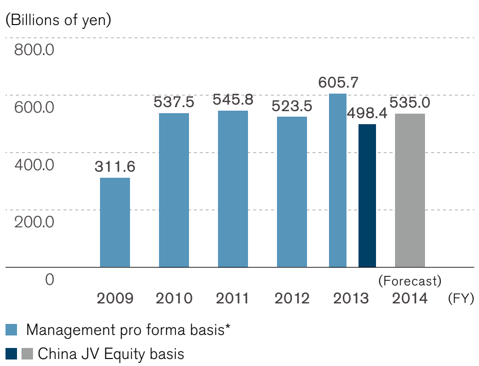



### Operating Profit (Management pro forma basis*)

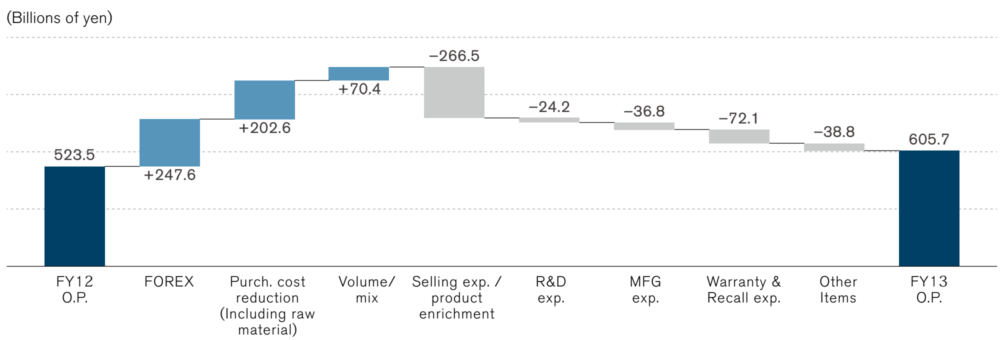
Consolidated operating profit totaled 605.7 billion yen, an increase of 15.7% from previous year. In comparison to previous year's consolidated operating profit, the variance was due to the following factors:

- The 247.6 billion yen foreign exchange impact reflects mainly the correction of the yen against the U.S. dollar.
- Purchasing cost reduction efforts, including raw materials, resulted in savings of 202.6 billion yen.
- Volume and mix produced a positive impact of 70.4 billion yen
- The increase in selling expenses, including product enrichment costs, resulted in a 266.5 billion yen negative movement.
- R&D expenses increased by 24.2 billion yen.
- Manufacturing expenses increased by 36.8 billion yen.
- Warranty and recall expenses increased by 72.1 billion yen.
- Other items including remarketing had a negative impact of 38.8 billion yen.

Operating Profit




Impact on Operating Profit (Management pro forma basis*)




### Net income (Management pro forma basis*)

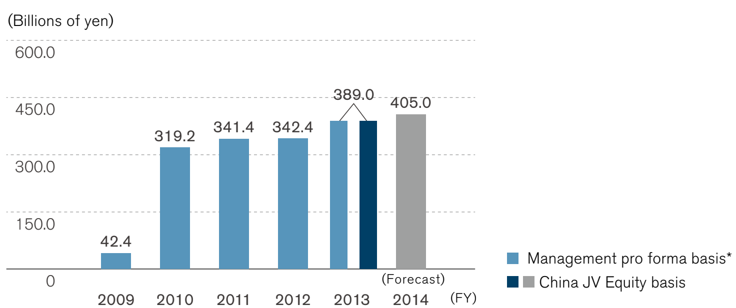
Net non-operating income amounted to 53.3 billion yen for the current fiscal year, decreasing by 59.1 billion yen due to a 32.4 billion yen decrease in FX loss and 30.0 billion yen decrease in profit loss under the equity method.

Net special gain was 26.0 billion yen, an increase of 38.6 billion yen. This was primarily attributable to a 16.3 billion yen gain on sale of the CV business and a 12.2 billion yen gain on contribution of securities to retirement benefit trust.

Income taxes for the current fiscal year increased by 3.5 billion yen from the previous fiscal year to 149.8 billion yen.

Consolidated net income increased by 46.6 billion yen from 342.4 billion yen for the previous fiscal year to 389.0 billion yen for the current fiscal year.

Net income




* Based on continuation of proportionate consolidation of China JV

## FINANCIAL POSITION

### Balance sheet (China JV Equity basis)

Total assets have increased by 18.2% to 14,703.4 billion yen compared to March 31, 2013.

Current assets have increased by 19.3% to 8,609.3 billion yen compared to March 31, 2013. This was mainly attributable to an increase in Sales finance receivables by 871.6 billion yen.

Fixed assets have increased by 16.6% to 6,094.1 billion yen compared to March 31, 2013. This was mainly attributable to an increase in Machinery, equipment and vehicles, net by 393.8 billion yen and an increase in investment securities by 212.7 billion yen.

Current liabilities have increased by 22.0% to 5,187.2 billion yen compared to March 31, 2013. This was mainly due to increase in note payable and account payable by 343.3 billion yen and Short-term borrowings by 186.8 billion yen.

Long-term liabilities have increased by 16.7% to 4,844.6 billion yen compared to March 31, 2013. This was mainly due to increase in Long-term borrowings by 330.2 billion yen and bonds by 247.1 billion yen.

Net assets have increased by 15.7% to 4,671.5 billion yen compared to 4,036.0 billion yen as of March 31, 2013. This was mainly due to Net income of 389.0 billion yen and a decrease in Translation adjustments by 310.9 billion yen.

### Free cash flow and net cash (auto business) (Management pro forma basis*)

For fiscal 2013, Nissan achieved a positive free cash flow of 208.1 billion yen. At the end of fiscal 2013, our net automotive cash improved from the previous fiscal year to 1,133.7 billion yen.

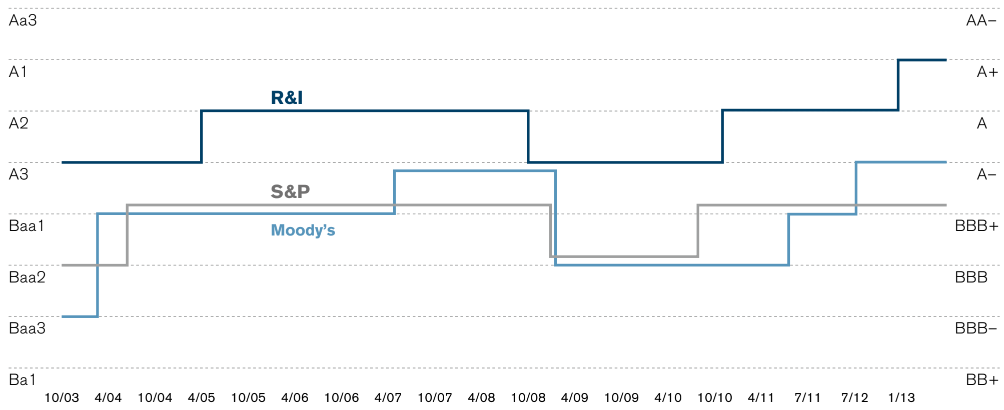
We continue to maintain a close focus on our inventory of new vehicles. Inventory stood at 970,000 units at the end of fiscal 2013. The company continues to manage inventory carefully, in order to limit its impact on free cash flow.

* Based on continuation of proportionate consolidation of China JV

### 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 (China JV Equity basis)

Due to the increase in retail sales, total financial assets of the sales finance segment increased by 21.7% to 7,682.1 billion yen from 6,310.8 billion yen in fiscal 2013. The sales finance segment generated 164.7 billion yen in operating profits in fiscal 2013 from 142.3 billion yen in fiscal 2012.

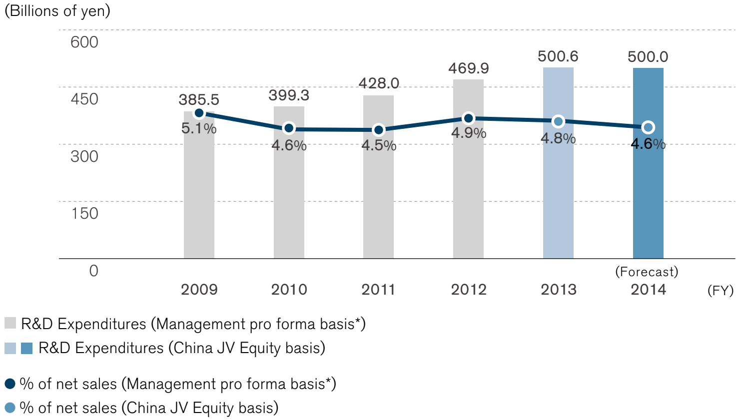
## Investment policy (China JV Equity basis)

Capital expenditures totaled 536.3 billion yen, which was 5.1% of net sales. The company used capital expenditures in order to ensure Nissan's future competitiveness.

R&D expenditures totaled 500.6 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 proportionate consolidation of China JV

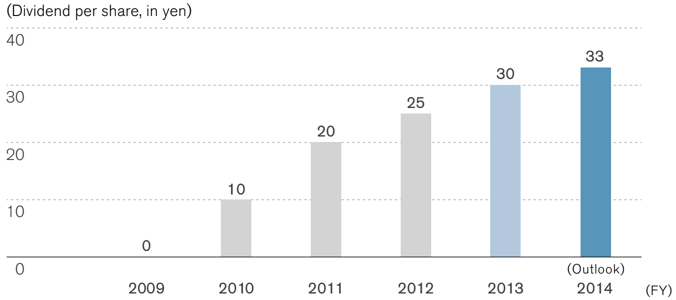
## Dividend

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 returns.

We paid year-end cash dividends of 15 yen per share for fiscal 2013. As a result, total dividend payment for fiscal 2013, combined with the 15 yen dividend for the interim period, was 30 yen per share.

The dividend payment plan for fiscal year 2014 is to be 33 yen per share, considering the business condition, risks and opportunities for the year.

### Dividend



## FISCAL 2014 OUTLOOK (CHINA JV EQUITY BASIS)

In our outlook for fiscal 2014, we expect our global sales to reach 5.65 million units, an increase of 8.9%.

With a total industry volume assumption of 84.42 million units, a 1.6 % increase year on year, our global market share is expected to grow from 6.2% to 6.7%.

In consequence of our plan, financial forecast is as follows. We have used a foreign exchange rate assumption of 100 yen to the dollar and 140 yen to the euro:

<FY 2014 Nissan's Outlook>

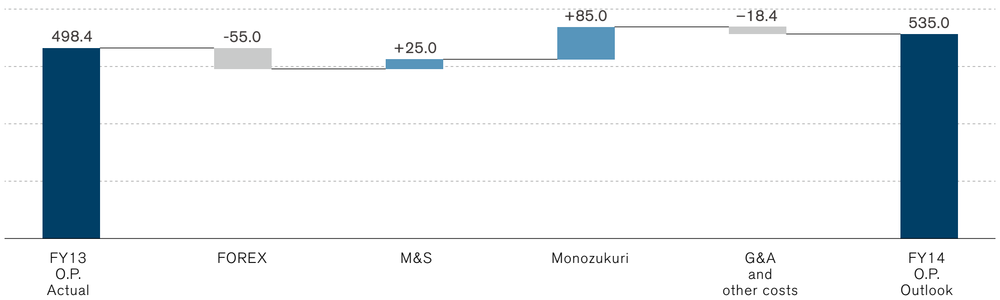
- Net sales 10.79 trillion yen
- Operating income 535.0 billion yen
- Net income 405.0 billion yen

Nissan is on track to grow to 5.65 million units during fiscal year 2014 – 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 2013 and 2014 is broken down as follows:

Impact on Operating Profits (FY2014 Outlook) (China JV Equity basis)

(Billions of yen)




### Operating profit variance analysis

- A negative foreign exchange movement of 55 billion yen;
- An improvement in sales and marketing of 25 billion yen;
- An 85 billion yen improvement in monozukuri;
- And an increase in G&A and other costs of 18.4 billion yen.

Under the forecast of consolidated operating results for fiscal 2014, the consolidation method of Dongfeng Motor Co., Ltd. is changed from a proportionate consolidation to the equity method in comparison with the results until fiscal 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.

(All figures for fiscal 2014 are forecasts, as of May 12, 2014.)

# FINANCIAL STATEMENTS

## Consolidated balance sheets (China JV Equity basis)

(Millions of yen)

| | FY2012 As of March 31, 2013 | FY2013 As of March 31, 2014 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash on hand and in banks | 604,357 | 822,863 |
| Trade notes and accounts receivable | 583,112 | 785,954 |
| Sales finance receivables | 4,161,925 | 5,033,558 |
| Securities | 107,652 | 13,470 |
| Merchandise and finished goods | 663,889 | 769,676 |
| Work in process | 97,952 | 94,386 |
| Raw materials and supplies | 283,418 | 287,789 |
| Deferred tax assets | 244,133 | 210,395 |
| Other | 511,744 | 650,143 |
| Allowance for doubtful accounts | (43,664) | (58,956) |
| Total current assets | **7,214,518** | **8,609,278** |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 600,336 | 615,127 |
| Machinery, equipment and vehicles, net | 2,265,006 | 2,658,776 |
| Land | 644,656 | 642,932 |
| Construction in progress | 250,858 | 337,635 |
| Other, net | 421,482 | 503,568 |
| Total property, plant and equipment | 4,182,338 | 4,758,038 |
| Intangible fixed assets | 75,446 | 92,334 |
| Investments and other assets | | |
| Investment securities | 717,555 | 930,293 |
| Long-term loans receivable | 13,052 | 13,529 |
| Deferred tax assets | 83,705 | 117,437 |
| Other | 158,420 | 185,047 |
| Allowance for doubtful accounts | (2,697) | (2,553) |
| Total investments and other assets | 970,035 | 1,243,753 |
| Total fixed assets | **5,227,819** | **6,094,125** |
| Total assets | **12,442,337** | **14,703,403** |

(Millions of yen)

| | FY2012 As of March 31, 2013 | FY2013 As of March 31, 2014 |
|---|---|---|
| **Liabilities** | | |
| Current liabilities | | |
| Trade notes and accounts payable | 1,168,584 | 1,511,910 |
| Short-term borrowings | 519,796 | 706,576 |
| Current portion of long-term borrowings | 779,856 | 910,546 |
| Commercial papers | 219,453 | 151,175 |
| Current portion of bonds | 181,336 | 226,590 |
| Lease obligations | 32,673 | 32,838 |
| Accrued expenses | 598,890 | 693,438 |
| Deferred tax liabilities | 116 | 316 |
| Accrued warranty costs | 80,311 | 93,151 |
| Other | 672,245 | 860,709 |
| Total current liabilities | **4,253,260** | **5,187,249** |
| Long-term liabilities | | |
| Bonds | 671,693 | 918,783 |
| Long-term borrowings | 2,352,170 | 2,682,381 |
| Lease obligations | 22,795 | 23,580 |
| Deferred tax liabilities | 555,249 | 605,140 |
| Accrued warranty costs | 89,021 | 105,884 |
| Accrued retirement benefits | 164,672 | — |
| Net defined benefit liability | — | 216,583 |
| Other | 297,447 | 292,275 |
| Total long-term liabilities | **4,153,047** | **4,844,626** |
| Total liabilities | **8,406,307** | **10,031,875** |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 605,814 | 605,814 |
| Capital surplus | 804,470 | 804,485 |
| Retained earnings | 3,252,876 | 3,526,646 |
| Treasury stock | (149,549) | (149,315) |
| Total shareholders' equity | **4,513,611** | **4,787,630** |
| Accumulated other comprehensive income | | |
| Unrealized holding gain and loss on securities | 20,897 | 81,630 |
| Unrealized gain and loss from hedging instruments | (8,578) | (7,015) |
| Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting | (13,945) | (13,945) |
| Translation adjustments | (780,137) | (469,202) |
| Remeasurements of defined benefit plans | — | (40,444) |
| Total accumulated other comprehensive income | **(781,763)** | **(448,976)** |
| Share subscription rights | 2,415 | 2,401 |
| Minority interests | 301,767 | 330,473 |
| Total net assets | **4,036,030** | **4,671,528** |
| Total liabilities and net assets | **12,442,337** | **14,703,403** |

## Consolidated statement of income (China JV Equity basis)

(Millions of yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|---|---|---|
| Net sales | 8,737,320 | 10,482,520 |
| Cost of sales | 7,289,987 | 8,636,063 |
| Gross profit | 1,447,333 | 1,846,457 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 214,076 | 289,098 |
| Service costs | 50,671 | 100,255 |
| Provision for warranty costs | 68,363 | 107,480 |
| Other selling expenses | 129,337 | 204,953 |
| Salaries and wages | 311,139 | 354,908 |
| Retirement benefit expenses | 11,306 | 25,174 |
| Supplies | 3,581 | 3,637 |
| Depreciation and amortization | 46,031 | 43,515 |
| Provision for doubtful accounts | 6,248 | 31,869 |
| Amortization of goodwill | 2,104 | 1,814 |
| Other | 165,654 | 185,389 |
| Total selling, general and administrative expenses | **1,008,510** | **1,348,092** |
| Operating income | **438,823** | **498,365** |
| Non-operating income | | |
| Interest income | 11,276 | 17,064 |
| Dividends income | 4,672 | 6,013 |
| Equity in earnings of affiliates | 80,186 | 78,815 |
| Exchange gain | 19,092 | — |
| Miscellaneous income | 8,796 | 9,254 |
| Total non-operating income | **124,022** | **111,146** |
| Non-operating expenses | | |
| Interest expense | 26,312 | 28,677 |
| Amortization of net retirement benefit obligation at transition | 9,947 | 9,075 |
| Derivative loss | 6,359 | 18,166 |
| Exchange loss | — | 13,063 |
| Miscellaneous expenses | 15,806 | 13,341 |
| Total non-operating expenses | **58,424** | **82,322** |
| Ordinary income | **504,421** | **527,189** |

(Millions of yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|---|---|---|
| Special gains | | |
| Gain on sales of fixed assets | 10,775 | 9,168 |
| Gain on sales of investment securities | 1,549 | 3,774 |
| Gain on contribution of securities to retirement benefit trust | — | 12,175 |
| Other | 2,945 | 2,011 |
| Total special gains | **15,269** | **27,128** |
| Special losses | | |
| Loss on sales of fixed assets | 1,020 | 1,694 |
| Loss on disposal of fixed assets | 8,247 | 11,456 |
| Impairment loss | 12,280 | 2,130 |
| Special addition to retirement benefits | 789 | 4,744 |
| Other | 10,021 | 4,915 |
| Total special losses | **32,357** | **24,939** |
| Income before income taxes and minority interests | **487,333** | **529,378** |
| Income taxes-current | 86,065 | 131,990 |
| Income taxes-deferred | 38,229 | (16,939) |
| Total income taxes | **124,294** | **115,051** |
| Income before minority interests | **363,039** | **414,327** |
| Income attributable to minority interests | **21,922** | **25,293** |
| Net income | **341,117** | **389,034** |

## Consolidated statement of cash flows (China JV Equity basis)

(Millions of yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 487,333 | 529,378 |
| Depreciation and amortization (for fixed assets excluding leased vehicles) | 329,459 | 364,926 |
| Depreciation and amortization (for long term prepaid expenses) | 18,836 | 24,086 |
| Depreciation and amortization (for leased vehicles) | 219,155 | 288,276 |
| Impairment loss | 12,280 | 2,130 |
| Gain on contribution of securities to retirement benefit trust | — | (12,175) |
| Increase (decrease) in allowance for doubtful receivables | (6,283) | 12,160 |
| Provision for residual value risk of leased vehicles(net changes) | 12,378 | 11,633 |
| Interest and dividend income | (15,948) | (23,077) |
| Interest expense | 84,025 | 101,451 |
| Equity in losses (earnings) of affiliates | (80,186) | (78,815) |
| Loss (gain) on sales of fixed assets | (9,755) | (7,474) |
| Loss on disposal of fixed assets | 8,247 | 11,456 |
| Loss (gain) on sales of investment securities | (1,520) | (3,774) |
| Decrease (increase) in trade notes and accounts receivable | 104,140 | (173,228) |
| Decrease (increase) in sales finance receivables | (550,158) | (587,060) |
| Decrease (increase) in inventories | (14,804) | (38,057) |
| Increase (decrease) in trade notes and accounts payable | (93,228) | 334,367 |
| Amortization of net retirement benefit obligation at transition | 9,947 | 9,075 |
| Retirement benefit expenses | 31,767 | 37,701 |
| Retirement benefit payments made against related accrual | (44,287) | — |
| Payments made against net defined benefit liability | — | (36,658) |
| Other | (2,804) | 38,523 |
| Subtotal | **498,594** | **804,844** |
| Interest and dividends received | 15,814 | 20,654 |
| Proceeds from dividends income from affiliates accounted for by equity method | 59,966 | 98,907 |
| Interest paid | (86,847) | (99,861) |
| Income taxes paid | (75,270) | (96,421) |
| Net cash provided by operating activities | **412,257** | **728,123** |

(Millions of yen)

| | FY2012 (From April 1, 2012 to March 31, 2013) | FY2013 (From April 1, 2013 to March 31, 2014) |
|---|---|---|
| Cash flows from investing activities | | |
| Net decrease (increase) in short-term investments | (25) | (3,360) |
| Purchase of fixed assets | (455,703) | (551,808) |
| Proceeds from sales of fixed assets | 59,714 | 79,578 |
| Purchase of leased vehicles | (709,995) | (1,004,141) |
| Proceeds from sales of leased vehicles | 323,615 | 465,501 |
| Payments of long-term loans receivable | (8,439) | (1,292) |
| Collection of long-term loans receivable | 239 | 254 |
| Purchase of investment securities | (33,628) | (37,617) |
| Proceeds from sales of investment securities | 2,200 | 2,223 |
| Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation | 15,106 | (1,321) |
| Proceeds (parchase) from purchase of subsidiaries' shares resulting in changes in the scope of consolidation | — | 972 |
| Net decrease (increase) in restricted cash | (22,727) | (8,628) |
| Other | (8,404) | (20,777) |
| Net cash used in investing activities | **(838,047)** | **(1,080,416)** |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 354,254 | (19,920) |
| Proceeds from long-term borrowings | 1,122,914 | 1,373,644 |
| Proceeds from issuance of bonds | 236,311 | 444,666 |
| Repayments of long-term borrowings | (952,033) | (1,058,838) |
| Redemption of bonds | (182,877) | (181,628) |
| Proceeds from minority shareholders | 9,514 | 9,599 |
| Purchase of treasury stock | (7) | (11) |
| Proceeds from sales of treasury stock | — | 127 |
| Repayments of lease obligations | (52,941) | (44,312) |
| Cash dividends paid | (94,306) | (115,265) |
| Cash dividends paid to minority shareholders | (7,012) | (11,137) |
| Net cash provided by financing activities | **433,817** | **396,925** |
| Effects of exchange rate changes on cash and cash equivalents | **50,550** | **74,850** |
| Increase (decrease) in cash and cash equivalents | **58,577** | **119,482** |
| Cash and cash equivalents at beginning of the period | 652,944 | 711,901 |
| Increase due to inclusion in consolidation | 548 | 1,333 |
| Decrease due to exclusion from consolidation | (168) | — |
| Cash and cash equivalents at end of the period | **711,901** | **832,716** |

# EXECUTIVES

## DIRECTORS OF THE BOARD AND AUDITORS

**Representative Directors**

Carlos Ghosn
President and Chairman

Hiroto Saikawa
Toshiyuki Shiga
Greg Kelly

**Directors**

Hideyuki Sakamoto
Fumiaki Matsumoto
Mitsuhiko Yamashita
Jean-Baptiste-Duzan
Bernard Rey

**Auditors**

Hidetoshi Imazu
Toshiyuki Nakamura
Motoo Nagai
Shigetoshi Andoh

(As of June 24, 2014)

## EXECUTIVE COMMITTEE MEMBERS


Carlos Ghosn


Hiroto Saikawa


Andy Palmer


Joseph G. Peter


Trevor Mann


Takao Katagiri


Jose Munoz


Kimiyasu Nakamura


Hideyuki Sakamoto


Fumiaki Matsumoto

## CORPORATE OFFICERS

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

**Chief Competitive Officer**
Hiroto Saikawa*

**Chief Planning Officer**
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
Global Sales

**Chief Financial Officer**
Joseph G. Peter*
Finance
Control
IR
M&A Support
Global Sales Finance Business Unit
Administration for Affiliated Companies,
Marine Administration Office

**Chief Performance Officer**
Trevor Mann*
Responsible for 6 management committees
Global Aftersales
Global Datsun Business Unit

**Executive Vice President**
Takao Katagiri*
Region: Japan, Asia, Oceania
Japan Marketing & Sales

**Executive Vice President**
Jose Munoz*
Region : North America

**Executive Vice President**
Kimiyasu Nakamura*
TCSX
(Total Customer Satisfaction Function)

**Executive Vice President**
Hideyuki Sakamoto*
Product Engineering

**Executive Vice President**
Fumiaki Matsumoto*
Manufacturing & SCM Operations

**Executive Vice President**
TsuyoshiYamaguchi
Alliance Technology Development

**Executive Vice President**
Shohei Kimura
Alliance MFG Engineering & SCM

**Vice Chairman**
Toshiyuki Shiga
External and Government Affairs
Intellectual Asset Management
Corporate Governance

**Senior Vice Presidents**
Shiro Nakamura
Hitoshi Kawaguchi
Yasuhiro Yamauchi
Greg Kelly
Akira Sakurai
Takao Asami
Jun Seki
Jose Luis Valls
Takashi Hata
Paul Willcox

**Corporate Vice Presidents**
Asako Hoshino
Celso Guiotoku
Joji Tagawa
Toshifumi Hirai
Atsushi Hirose
Shunichi Toyomasu
Vincent Cobee
Yusuke Takahashi
Hiroshi Karube
Norio Ota
Rakesh Kochhar
Toru Hasegawa
Keno Kato
Noboru Tateishi
Roel De Vries
Tony Laydon
Kunio Nakaguro
Mitsuro Antoku
Arun Bajaj
Naoya Fujimoto
Toshihiro Hirai
Hari Nada
Hiroshi Nagaoka
Akihiro Otomo
Atul Pasricha
Nobuya Uranishi
Philippe Guerin-Boutaud

**Fellows**
Haruyoshi Kumura

(As of Aug 1, 2014)

* Executive Committee Members

# CORPORATE GOVERNANCE & INTERNAL CONTROL

Details of this section are provided in full in the Company's Sustainability Report.


## CORPORATE GOVERNANCE SYSTEM

Nissan believes that enhancing its corporate governance is one of its most important business issues. Ensuring clear management responsibility is a key way to achieve this. Nissan announces clear management targets and policies to all its stakeholders and discloses its performance promptly with a high degree of transparency.

Information regarding the following is provided in the Company's Sustainability Report.

- Corporate Governance System in Detail
- Internal Control Systems
- Independent Internal Audits

## COMPLIANCE

In promoting corporate social responsibility (CSR), it is essential that each employee practices compliance with high ethical standards. In order to raise compliance awareness throughout the company, Nissan has established specialized departments and appointed officers to promote compliance policy in each region where it operates.

Information regarding the following is provided in the Company's Sustainability Report.

- Employees and Compliance
- Security-Related Export Controls
- Promoting Thorough Compliance
- Nissan's Stance Against Discrimination and Harassment
- Internal Reporting System for Corporate Soundness

## RISK MANAGEMENT

Nissan defines risks as anything that might prevent it from achieving its business goals. By detecting risks as early as possible, examining them, planning the necessary measures to address them and implementing those measures, the company works to minimize the materialization of risks as well as the impact they cause.

Information regarding the following is provided in the Company's Sustainability Report.

- Principles for and Approach to Corporate Risk Management
- Protecting Personal Data and Reinforcing Information Security
- Risks Related to Financial Market
- Risks Related to Business Strategies and Maintenance of Competitiveness
- Business Continuity

website

Please see Sustainability report 2014 p. 96 for more information on Corporate governance & Internal control

website

Please see Sustainability report 2014 p. 108 for more information on risk management.