Annual Report 2008

Year Ended March 31, 2008

Nissan: Enriching People's Lives

NISSAN

INFINITI

CONTENTS

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.

VISION

Nissan: Enriching People's Lives

MISSION

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

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

This annual report presents financial results for the fiscal period ending March 31, 2008. The report also provides shareholders with insights into Nissan's management team. Through one-on-one interviews, various members of executive management, including President and Chief Executive Officer Carlos Ghosn, discuss the philosophy and direction of Nissan.

Reports

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

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

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

Our Websites

Corporate Information
http://www.nissan-global.com/EN/COMPANY/

IR Information
http://www.nissan-global.com/EN/IR/

Product Information (by Country)
http://www.nissan-global.com/EN/GLOBAL/

Product Information (Japan)
http://www.nissan.co.jp/

Environmental Activities
http://www.nissan-global.com/EN/ENVIRONMENT/

Corporate Citizenship Activities
http://www.nissan-global.com/EN/CITIZENSHIP/

Quality Initiatives
http://www.nissan-global.com/EN/QUALITY/

Safety Activities
http://www.nissan-global.com/EN/SAFETY/

Latest Technologies
http://www.nissan-global.com/EN/TECHNOLOGY/

Design Activities
http://www.nissan-global.com/EN/DESIGN/

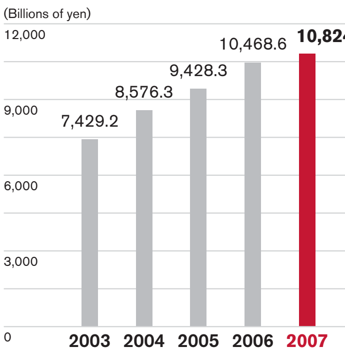
FINANCIAL HIGHLIGHTS

Nissan Motor Co., Ltd. and Consolidated Subsidiaries
Fiscal years 2007, 2006, 2005, 2004 and 2003

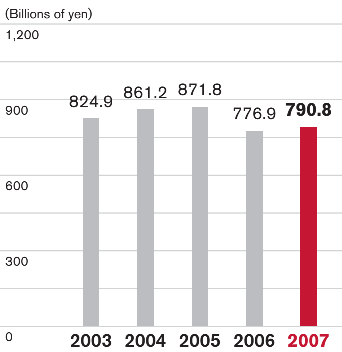
	Millions of yen (except per share amounts and number of employees)					Millions of U.S. dollars (Note 1) (except per share amounts)
For the years ended	**2007** **Mar. 31, 2008**	2006 Mar. 31, 2007	2005 Mar. 31, 2006	2004 Mar. 31, 2005	2003 Mar. 31, 2004	**2007** **Mar. 31, 2008**
Net sales	**¥10,824,238**	¥10,468,583	¥9,428,292	¥8,576,277	¥7,429,219	**$108,242**
Operating income	**790,830**	776,939	871,841	861,160	824,855	**7,908**
Net income	**482,261**	460,796	518,050	512,281	503,667	**4,823**
Net income per share (Note 2)	**117.76**	112.33	126.94	125.16	122.02	**1.18**
Cash dividends paid (Note 3)	**151,725**	131,064	105,661	94,236	74,594	**1,517**
Net assets (Note 4)	**¥3,849,443**	¥3,876,994	—	—	—	**$38,494**
Shareholders' equity (Note 4)	**—**	—	¥3,087,983	¥2,465,750	¥2,023,994	**—**
Total assets	**11,939,482**	12,402,208	11,481,426	9,848,523	7,859,856	**119,395**
Net automotive interest-bearing debt (Note 5)	**(180,232)**	(254,638)	(372,893)	(205,791)	13,603	**(1,802)**
Number of employees	**180,535**	186,336	183,356	183,607	123,748	**—**

Notes: 1. Unless indicated otherwise, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at ¥100=$1, the approximate exchange rate on March 31, 2008.
2. Net income per share amounts are based on the weighted average number of shares of common stock outstanding during each year. Figures for net income per share are in exact yen and U.S. dollars.
Number of shares outstanding as of March 31, 2008: 4,520,715,112.
3. Cash dividends during the full year by subsidiary companies to non-Nissan minority shareholders are not included.
4. Effective April 1, 2006, the company adopted a new accounting standard for presentation of net assets in the balance sheet and related implementation guidance. Under the new accounting standard, net assets represent aggregate of previous shareholders' equity, share subscription rights and minority interests.
5. Net automotive interest-bearing debt is calculated by subtracting cash and cash equivalents from interest-bearing debt in the automobile and eliminations segment. A negative figure represents that the ending balance of cash and cash equivalents exceeds that of interest-bearing debt.

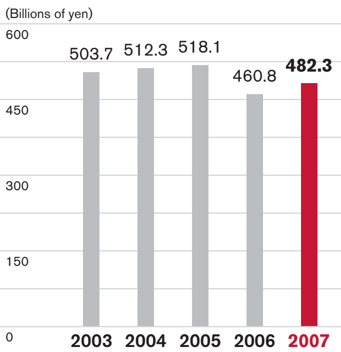
NET SALES



OPERATING INCOME



NET INCOME




NISSAN
picture by mattphoto.co.uk

In fiscal 2007 Nissan delivered solid results during one of the most challenging years in recent memory. Our performance reflected the capabilities of people throughout our company. We have had many opportunities to stretch and learn while competing on a rapidly changing world stage.

As we look ahead, we expect our capabilities to continue to be tested.

The automotive market is in a period of significant recession in nearly every developed market, and demand is stabilizing in emerging markets. Uncertainty is echoed in the global financial system, which has been disturbed by institutional collapses, decreased credit availability and massive bank rescue measures. Many market watchers expect the fallout from this serious economic crisis to last through 2010, acknowledging that the risk is unpredictable and difficult to measure.

What is Nissan's position amid the turmoil? Our responsibility is to steer a course through the storm, with focused, disciplined management, and to be poised to grow when economic conditions improve.

Our course is outlined in our new business plan, NISSAN GT 2012, which emphasizes growth and trust. NISSAN GT 2012 combines our plans for growth with our desires for sustainable development, and its three major corporate commitments identify our priorities for the next five years.

The first commitment is to quality, which is essential for a world-class automaker and the integrity of its brands. We are working to set the industry standard in quality in our products, services, brands, management and overall operations. With no difference between our performance and any category leader, our performance should enhance the relationships of trust we have with our customers and other stakeholders.

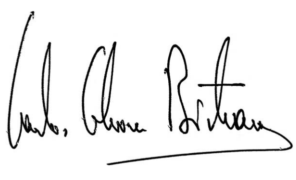
The second commitment is for Nissan to become a global leader in zero-emission vehicles, along with Renault. We will launch all-electric cars in the United States and Japan in 2010, and we will mass-market them globally in 2012. Nissan will provide an automotive answer to today's most pressing environmental issues, delivering more pleasure of mobility with next-generation technologies.

NISSAN GT 2012's third commitment is to achieve 5 percent revenue growth on average between fiscal 2008 and fiscal 2012. Our product plan will support revenue growth, delivering a steady cadence of passenger vehicle launches, as well as an accelerated global release of light commercial vehicles starting in 2010.

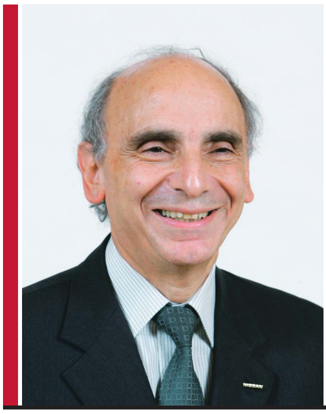
The Alliance with Renault continues to be a vital growth pillar for Nissan, and we have taken strategic steps forward on many fronts. We have made major investments in new manufacturing complexes in India and Morocco. We are preparing the Alliance ultra-low-cost car, one that will allow many people to have access to transportation they could not have afforded otherwise. We are exploring opportunities through Renault's partnership with Avtovaz in Russia. We are working together to mass-market electric vehicles and achieve zero-emission leadership in the global automobile industry. The Renault-Nissan Alliance is becoming more proactive, creating value both in familiar markets and in new, growing markets.

As we begin to implement NISSAN GT 2012, market conditions are presenting serious challenges for every automaker, but these conditions are not expected to last forever. Our senior leadership team will act prudently to protect Nissan's results and our cash flow in fiscal 2008 and to support our performance in fiscal 2009 and 2010. We will be aided by Nissan's strategic decisions and actions from the past few years, which have resulted in better focus on our customers, improved brand strength and stronger financial health. When growth resumes, Nissan will be ready with the right products, the right technologies and the right performance.

With NISSAN GT 2012, we have a clear direction for the next five years. Despite current headwinds, we are excited about the possibilities we see for growth in developing markets and for a new era of sustainable mobility. Growth and trust are much more than business plan themes; they are essential imperatives on which Nissan's future will be sustained.



Carlos Ghosn
President and Chief Executive Officer



ALAIN DASSAS
Chief Financial Officer

Some wonder why Nissan required a CFO after four years without one. Simply put, we are expanding in multiple markets, becoming a more global entity, and a CFO is there to ensure that the company possesses the resources to continue that growth. Having a CFO also lends the finance function a more visible profile, both internally and externally.

My background and experience have been strongly related to the automotive and finance industries. I covered the global car industry for a large New York bank before joining Renault's financial team. While serving as the finance services director at Renault, I worked on all of the company's M&A transactions, including Nissan, of course, but also Mack Trucks, Volvo, Dacia, Samsung, Avtovaz in Russia, and even the repurchase of the Benetton Formula One racing team. I have been involved with Nissan since discussions commenced with Renault in June of 1998, and I was a member of the Nissan Diesel board until 2004.

At Nissan, the CFO oversees the treasury functions, investor relations, tax and customs issues and the newly created Sales Finance Business Unit. We share the M&A function with corporate planning, buying, selling and restructuring companies and assets, including our internal affiliates. Our office also participates in the examination and evaluation of potential new partnerships in the global auto industry.

Operating profit, which has been a major Nissan objective for years, reflects how well we sell our cars, and how profitable we are. While certain shareholders and other external observers often focus on operating profit, this measure tells only part of the story. We believe free cash flow is a better gauge, because it encompasses every facet of the company. In addition to operating margin, free cash flow also shows how we manage our balance sheet: the efficiency of our investments, appropriate levels of inventory and accounts receivable, and so on. Our previous financial indicator—Return on Invested Capital (ROIC)—is still a valid measure. However, the explanation of ROIC can become overtly complex and technical at times. Cash, on the other hand, is an easy notion to understand.

Free cash flow is also an important external indicator that is closely monitored by investors, analysts and banks, as it measures our ability to pay our shareholders and debtholders. Nissan benefits from a strong balance sheet with a large equity base. Maintaining availability of cash is of the utmost importance when the automotive industry is facing so many risks: volatile raw material prices, steep declines and changes in demand and product mix in mature markets, adverse foreign exchange rate movements, and a rapid decline in the lending capacity of banks and financial markets.

Controlling costs is not enough to overcome the risk of raw material prices. We also need to adjust our retail prices upward, and this is what we did worldwide.

The second risk I had mentioned is equally powerful. With a wide range and mix of smaller SUVs and passenger cars, we are probably in a better position than European and U.S. manufacturers. To adapt to this new demand, we can rely on our manufacturing flexibility—a consistent strong point for Nissan. Despite our good product mix and a higher market share in many countries, the present worldwide downturn will put pressure on our sales volumes.

We are countering foreign exchange rate fluctuations by manufacturing where we sell whenever possible, since the best way to hedge is to keep your costs in the same currency as your revenues. That also reduces logistics-related expenses and custom duties, which are very significant for an international company like Nissan. Developing our manufacturing facilities in Russia, China and India also serves the same purpose.

Sharing investments costs with our Alliance partner optimizes capital expenditures. Renault is investing in Morocco, for example, and we benefit. We are investing in Mexico, to Renault's benefit. Now, we are sharing capacity, engineering, and development on the Alliance ultra-low-cost car in a new country for both of us—India. This reduces capital expenditures, which makes both companies leaner and more efficient.

Investors putting their money into Nissan appreciate our dividend policy. As we announced, our 2008 dividend will be 42 yen per share. We are also taking care of our other stakeholders—customers, employees, and suppliers. Safeguarding the environment is another priority, and why we are focusing strongly on electric vehicles, sharing related investment and research and development costs with Renault.

The liquidity risk is probably the most dangerous one of all. Today, it's even more pronounced, and it can quickly become a factor that determines survival. To hedge this risk, we have external resources—including unused credit facilities from our major banks—and internal resources, represented by our cash flow generating capacity.

The major components of cash flow are operating profit, capital expenditures, and changes in working capital. With our fiscal 2008 operating capital under pressure, we have to rely on tight controls of our capital expenditures and limit our investment to key core projects. We also need to ensure that each component of working capital is under constant control and optimization. These components include accounts receivable, or what our customers owe us; accounts payable, what we owe to our suppliers; and every type of inventory, from new vehicles to used cars to parts and components. The present worldwide liquidity crisis makes the monitoring of our cash flow absolutely mandatory, because it is a clear imperative for our survival.

Alain Dassas
Chief Financial Officer

EXECUTIVES


Carlos Ghosn


Toshiyuki Shiga


Hiroto Saikawa


Mitsuhiko Yamashita


Carlos Tavares


Hidetoshi Imazu


Junichi Endo


Colin Dodge


Alain Dassas

EXECUTIVE COMMITTEE MEMBERS

BOARD OF DIRECTORS AND AUDITORS

Representative Board Members

Carlos Ghosn
President and CEO

Toshiyuki Shiga

Board Members

Hiroto Saikawa
Mitsuhiko Yamashita
Carlos Tavares
Hidetoshi Imazu
Tadao Takahashi
Shemaya Lévy
Patrick Pélata

Auditors

Masahiko Aoki
Takeo Otsubo
Toshiyuki Nakamura
Takemoto Ohto

EXECUTIVE COMMITTEE MEMBERS

Carlos Ghosn
Toshiyuki Shiga
Hiroto Saikawa
Mitsuhiko Yamashita
Carlos Tavares
Hidetoshi Imazu
Junichi Endo
Colin Dodge
Alain Dassas

(As of August 1, 2008)

The Principles of the Alliance

The Alliance is a partnership based on trust and mutual respect. The transparency of the organization ensures clear decision-making for speed, accountability and high standards of performance. Weaving the strengths of Nissan and Renault together creates synergies through common structures, cross-company teams, shared platforms and components.

To pull in and retain the best talent, the Alliance offers superior working conditions and challenging opportunities, encouraging employees to adopt an entrepreneurial approach open to the world at large. The Alliance also generates attractive returns for the shareholders of both companies, complies with recognized best practices in corporate governance, and faithfully upholds the principles of sustainable development.

Objectives

The Alliance pursues a strategy of profitable growth with three primary objectives in mind:

- Win customer recognition as one of the top three automotive groups for the quality and value of its products and services, in every business region and market segment
- Rank among the top three automotive groups in critical technologies, with each partner taking the lead in specific domains of excellence
- Keep operating margins high and maintain strong growth rates, and consistently generate total operating profit that places it among the top three automotive groups in the world

The core strategy of the Alliance has proven its worth. Renault and Nissan sold a total of 6,160,046 vehicles in 2007, attaining a global market share of 9.1 percent and setting a new annual sales record.

Cooperation and synergies

The Alliance continues to grow through both its existing operations and significant new investments. In May 2008, Renault and Nissan announced an Alliance partnership with the Indian auto manufacturer Bajaj Motors that will develop and market an ultra-low-cost car from 2011.

In Russia, the plant Nissan is building in St. Petersburg is scheduled to open in 2009, while Renault has continued operations with Avtoframos and launched a strategic partnership with Avtovaz that will reinforce the Alliance presence in Russia and offer added capacity of over 750,000 cars a year.

Alliance manufacturing facilities currently under construction—one in Chennai, India, and another in Tangiers, Morocco—will eventually produce 400,000 vehicles a year for their respective regions. The Alliance has also agreed to mass-market electric vehicles, and has already signed agreements with nations and states such as Israel, Denmark, Portugal and Tennessee.

Both companies in the Alliance will continue to grow through innovative collaboration, leveraging the expertise of this uniquely successful partnership for mutual progress and profit.

RENAULT NISSAN

The Renault Laguna (left) and Nissan Teana

PERFORMANCE

Solid in Tough Times

In fiscal 2007, the global automotive industry faced many serious challenges in a tough environment. Nissan, however, was able to stay on track and make gains on several fronts.

Fiscal 2007 sales performance

Nissan released eleven all-new models globally during fiscal 2007. These outstanding models included the GT-R supercar, Rogue and Infiniti G37 coupe. Our global sales increased 8.2 percent from the previous year to 3,770,000 units.

In Japan, sales reached 721,000 units. Although that represented a 2.5 percent decrease, the industry as a whole was down 5.3 percent, so Nissan's market share actually increased to 13.6 percent.

In North America, sales totaled 1,352,000 units, up 1.3 percent in a market that fell 3.5 percent. In Europe, sales increased 17.9 percent to 636,000 units, and Nissan's market share there rose to 2.9 percent.

In the General Overseas Markets, sales rose 22.1 percent to 1,061,000 units. In the Middle East, sales jumped 36.4 percent to 198,000 units. Sales in China climbed 26.0 percent to 458,000 units, while our market share increased by 22 percent.

Fiscal 2007 financial performance

For the purposes of comparison with fiscal 2006, fiscal 2007 excludes the one-time fifth-quarter inclusion made in 2006 to harmonize the fiscal years of overseas subsidiaries such as Europe and Mexico.

- For fiscal 2007, Nissan's consolidated net revenues increased 11.6 percent to ¥10 trillion, 824.2 billion.
- Consolidated operating profit was ¥790.8 billion, compared to ¥755.5 billion in fiscal 2006, up 4.7 percent. The increase in operating profit was the result of significant volume growth.
- As a percentage of net revenue, Nissan's operating profit margin came to 7.3 percent.
- Net income reached ¥482.3 billion, up 7.4 percent, compared to ¥449.2 billion in fiscal 2006.
- Nissan had a net cash position of ¥180.3 billion at the close of fiscal 2007 and generated free cash flow of ¥456.7 billion.

NISSAN Value-Up summary

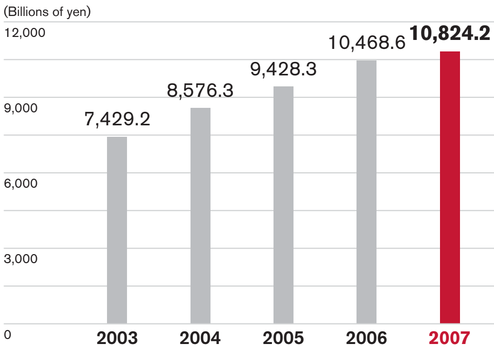
The NISSAN Value-Up business plan that began in fiscal 2005 set three key commitments for the company:

1. Top-level operating profit margin among global automakers from fiscal 2005 to 2007
2. Sales of 4.2 million in fiscal 2008
3. A 20 percent average return on invested capital

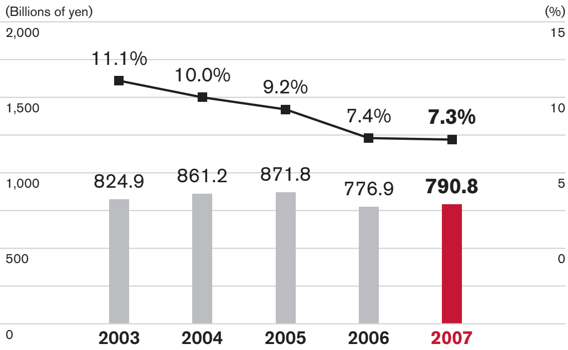
We pursued four breakthroughs during NISSAN Value-Up designed to sustain and build upon the foundations laid during the Nissan Revival Plan and NISSAN 180. While NISSAN Value-Up did not earn a full score, it did achieve high marks.

The first commitment was to deliver a top-level operating profit margin. Although our operating profit was not as high as we had hoped, Nissan continues to maintain a margin at the upper range of the industry. The second commitment—4.2 million units in sales—was transferred to fiscal 2009, becoming a milestone in the new NISSAN GT 2012 plan. Finally, Nissan's return on invested capital averaged 17 percent over the plan's three years. Although that result was below our 20 percent goal, it still placed the company in the top echelon among global automakers.

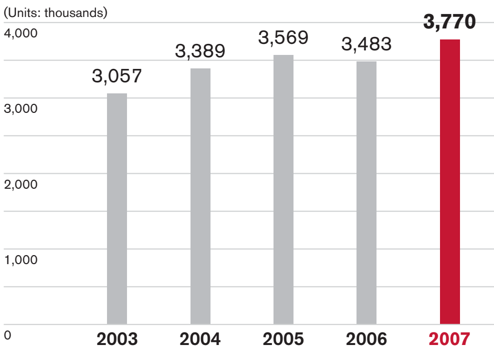
CONSOLIDATED NET REVENUE



CONSOLIDATED OPERATING PROFIT/MARGIN



GLOBAL RETAIL SALES



NISSAN VALUE-UP'S THREE COMMITMENTS

Consolidated Operating Profit Margin	
2005	9.2%
2006	7.4%
2007	7.3%

Global Sales Volume	(Units: thousands)
2005	3,569
2006	3,483
2007	3,770

Return on Invested Capital (Auto)	
2005	19.4%
2006	15.3%
2007	16.0%

$$\text{ROIC (auto)} = \frac{\text{COP}}{\text{[Fixed assets + net working capital]}}$$

Note: Same scope of consolidation as P&L

Nissan reported increases during fiscal 2007 in revenue, operating profit and net income. In a challenging year for the entire automotive industry, our employees performed at high levels, keeping the company on track despite facing powerful headwinds.

When comparing the results of fiscal 2007 with fiscal 2006, please note that we exclude an additional one-time "fifth quarter" used in the latter. This fifth quarter was added to harmonize the calendar-year results of overseas subsidiaries, such as Europe and Mexico, with fiscal-year results for Nissan Motor Co., Ltd. The impact of this fifth quarter in fiscal 2006 was ¥767.6 billion in revenues, ¥21.4 billion in operating profits and ¥11.6 billion in net income.

Net sales

For fiscal 2007, Nissan's consolidated net sales came to ¥10,824.2 billion, up 11.6 percent from last year. This positive variance was mainly due to gains in sales volume. Favorable changes in foreign exchange rates for currencies such as the euro also contributed to this improvement.

Operating profit

Our consolidated operating profit increased 4.7 percent to ¥790.8 billion, compared to ¥755.5 billion in fiscal 2006. As a percentage of net revenue, operating profit margin came to 7.3 percent.

The variance in consolidated operating profit between the fiscal 2007 total of ¥790.8 billion and the unaudited figure of ¥755.2 billion during fiscal 2006—the latter adjusted for the same period as fiscal 2007 at each subsidiary to avoid the impact of fiscal year period differences—was the result of the following factors:

- Purchasing-cost reductions generated a positive contribution of ¥172.9 billion
- Price, volume and mix had a positive impact of ¥75.0 billion
- A decrease in warranty expenses resulted in a positive contribution of ¥7.6 billion
- Increased raw material and energy costs had a negative impact of ¥84.7 billion
- Product enrichment, including regulatory costs, lowered profits by ¥52.2 billion
- Selling expenses had a ¥38.1 billion negative impact
- Higher general, administrative and other expenses had negative impact of ¥18.0 billion
- Foreign exchange rate movements had a negative effect of ¥16.2 billion. This was primarily the result of unfavorable movements by the U.S. dollar, which averaged ¥114.4 compared to ¥117.0 the previous year. The euro moved to ¥161.6 from ¥146.2.
- Increased manufacturing expenses had a negative effect of ¥9.2 billion
- Higher R&D expenses created a negative impact of ¥1.5 billion

Net income

Negative foreign exchange rates were primarily responsible for pushing our net non-operating expenses up from last year's ¥12.9 billion to ¥24.4 billion.

Net extraordinary items contributed a positive ¥1.6 billion, representing a significant improvement over a negative ¥60.8 billion in fiscal 2006. This positive variance came from a combination of this year's gain on sale of fixed assets—mainly in Japan—and last year's one-time losses, which included headcount reduction programs.

Pre-tax income was ¥768.0 billion, and taxes totaled ¥262.7 billion, representing an effective consolidated tax rate of 34.2 percent.

Minority interests, which are profits from fully consolidated companies that Nissan does not own outright, such as Calsonic Kansei, Aichi Kikai and Nissan Shatai, amounted to ¥23.0 billion. Net income increased 7.4 percent to ¥482.3 billion, versus ¥449.2 billion in fiscal 2006.

FINANCIAL POSITION

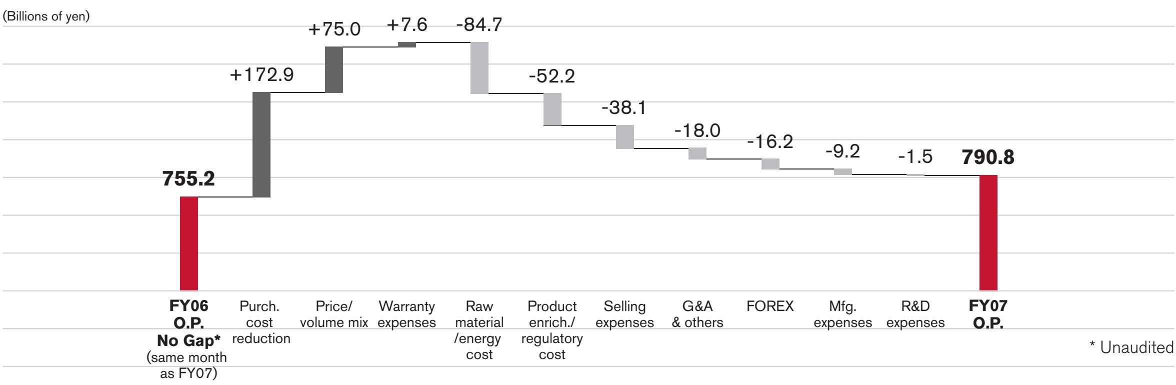
Balance sheet

In fiscal 2007, Nissan's total consolidated assets decreased 3.7 percent to ¥11,939.5 billion. Current assets decreased 3.1 percent to ¥6,294.2 billion. The main reason was a ¥322.8 billion decrease in finance receivables, which was offset by a ¥112.3 billion increase in cash on hand and in banks. Fixed assets decreased to ¥5,645.3 billion, representing a 4.5 percent decline.

Current liabilities decreased 6.0 percent to ¥5,242.6 billion, the result of a ¥340.4 billion decrease in short-term borrowing. Total long-term liabilities decreased 3.5 percent to ¥2,847.4 billion, mainly the result of a ¥116.9 billion decrease in long-term borrowing.

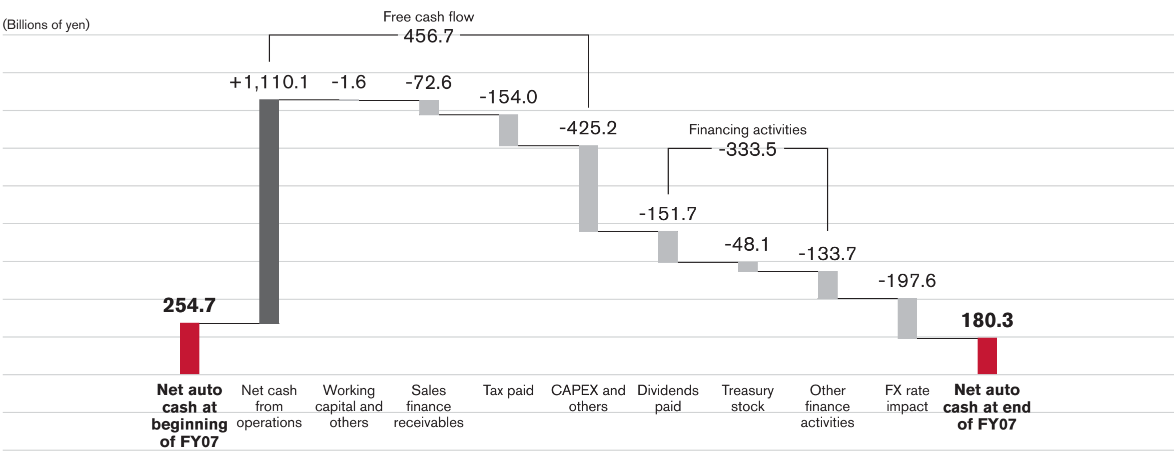
Net assets decreased 0.7 percent to ¥3,849.4 billion, compared to ¥3,877.0 billion in fiscal 2006. This was mainly due to changes of ¥332.6 billion in foreign currency translation adjustments and ¥151.7 billion in dividends paid, which were offset by the ¥482.3 billion of increased net income mentioned above.

IMPACT ON OPERATING PROFIT



* Unaudited

NET CASH FLOW (AUTO)



Automotive net cash change

Cash generated by automotive operations totaled ¥1,110.1 billion. Free cash flow equaled ¥456.7 billion, thanks primarily to improvement in working capital. Cash used for financing activities totaled ¥333.5 billion, including ¥151.7 billion for dividend payments.

Nissan had a net cash position of ¥180.3 billion at the end of fiscal 2007, representing a decrease of ¥74.4 billion compared to the beginning of the fiscal year. This was the combined result of an increase in cash used in financing activities and a decrease in the effect of exchange rate changes of ¥197.6 billion, which were offset by the increase in free cash flow.

Credit rating

Moody's upgraded Nissan's rating from Baa1 to A3 on September 5, 2007. As of May 16, 2006, R&I was listing Nissan's long-term credit rating as A, while S&P upgraded the company's rating from BBB to BBB+ on July 20, 2004.

Investment policy

Our capital expenditures totaled ¥428.9 billion, equal to 4.0 percent of net revenue, including funds used to launch eleven all-new models during the course of fiscal 2007. R&D expenditures were ¥457.5 billion. These funds were used to develop new technologies and products. Nissan launched ten new technologies in fiscal 2007. We will continue this trend with ten new technologies in fiscal 2008, and over fifteen new technologies in 2009 and the years beyond. Our strength is the extensive collaborative development structure Nissan enjoys with Renault's R&D team through the Alliance.

Payout policy

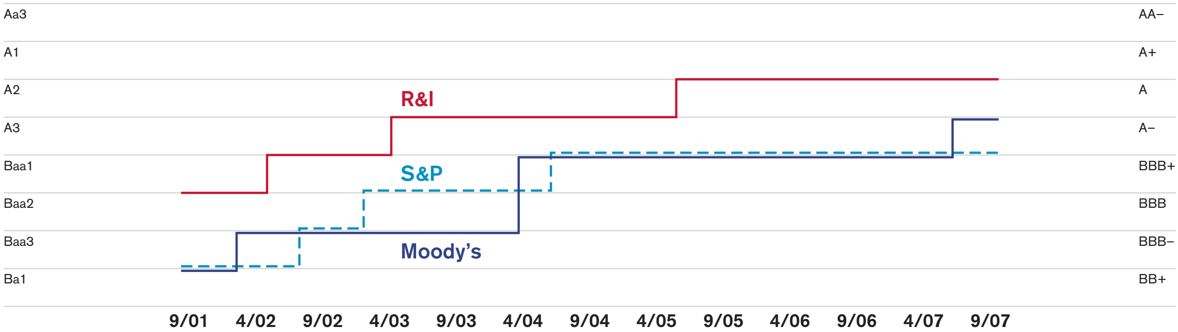
At the annual general shareholders meeting that followed on June 25, 2008, the company proposed an increase in its annual dividend from ¥34 per share in 2006 to ¥40 per share in fiscal 2007.

In addition to announcing the new NISSAN GT 2012 midterm plan, Nissan revealed a new dividend plan on May 13, 2008. Nissan will propose a dividend of ¥42 per share in fiscal 2008, ¥44 per share in fiscal 2009, and ¥46 per share in fiscal 2010. The company will propose dividend payouts for fiscal 2011 and 2012 during fiscal 2010.

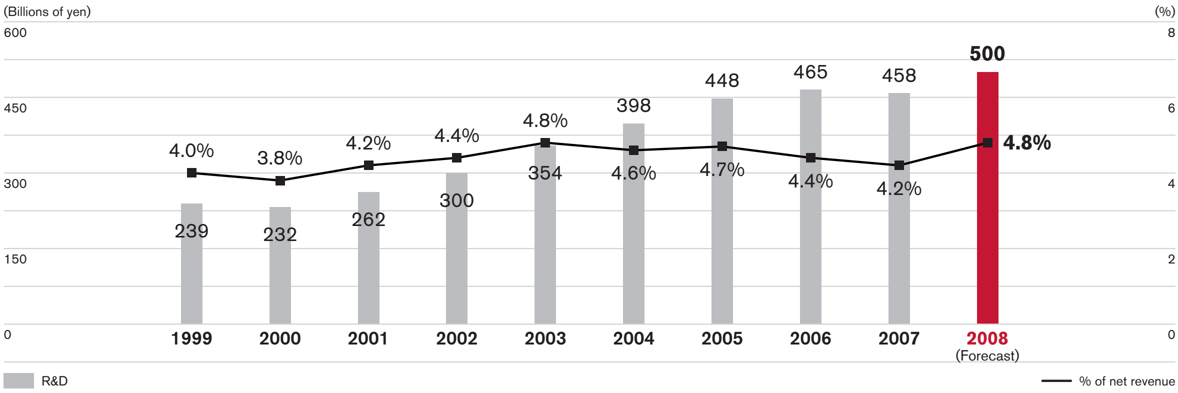
Change to free cash flow from return on invested capital

At the end of fiscal 2007, Nissan's return on invested capital (ROIC) was 16.0 percent. The ROIC average for the NISSAN Value-Up period (fiscal 2005 to 2007) was 17 percent. While that ranks us at the top level among global automakers, it was below our commitment of 20 percent. To optimize profit and investment during NISSAN GT 2012, Nissan has changed its internal objective from ROIC to maximizing free cash flow, since the latter covers a wider range of income statement and balance sheet items.

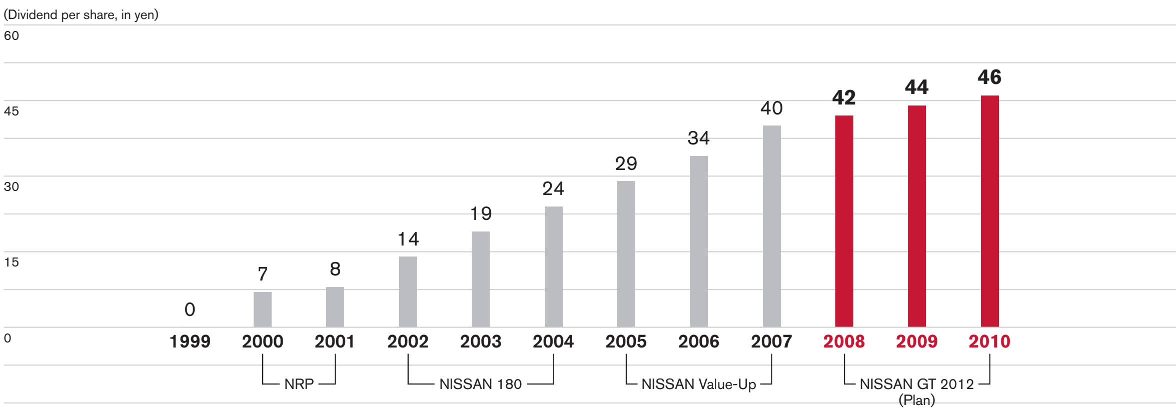
CORPORATE RATINGS



R&D EXPENDITURES



DIVIDEND



Sustainable Growth

Sales targets and new model launches

During fiscal 2008, Nissan's sales are forecast to reach 3.9 million units, a 3.5 percent rise from 2007. The growth will come from our General Overseas Markets (GOM) and Eastern Europe, particularly Russia. Regional sales forecasts are as follows:

- Japan—720,000 units, the same as fiscal 2007
- North America—1,350,000 units, the same as 2007
- Europe—650,000 units, a 2.1 percent increase over 2007
- GOM—1,180,000 units, an 11.3 percent increase from 2007

In fiscal 2008, the company will launch nine all-new models. They are as follows:

- Teana in Russia, Japan and China
- Infiniti FX in the U.S.
- Maxima in the U.S.
- Qashqai+2 in Europe
- NP200 in GOM
- Kix in Japan
- Cube in Japan
- Fairlady Z in Japan and the U.S.
- Infiniti G37 convertible in the U.S.

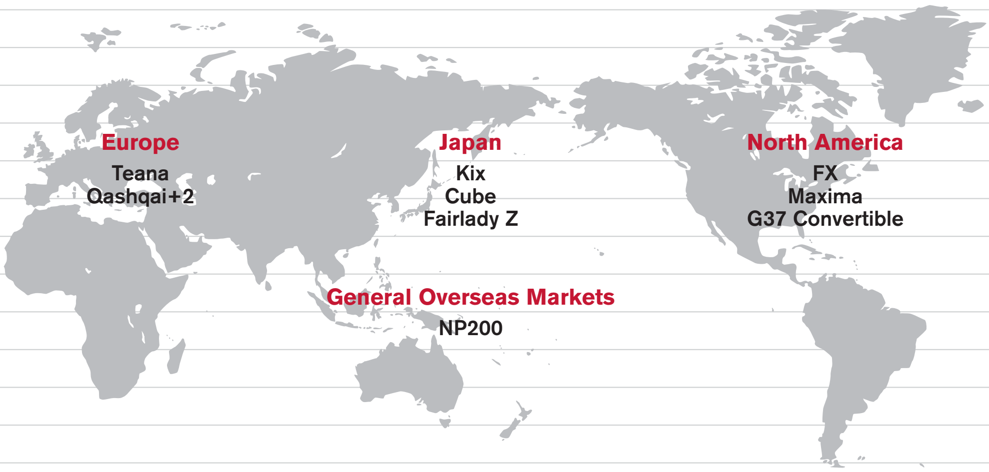
Financial outlook

In fiscal 2008, the global auto industry will face even more relentless headwinds than those encountered in 2007. The escalating costs of raw materials and energy, the weakening U.S., European and Japanese economies, and unfavorable foreign exchange rates will continue to affect the industry. Considering this environment, Nissan has established the following forecast based on a projected foreign exchange rate of 100 yen per dollar:

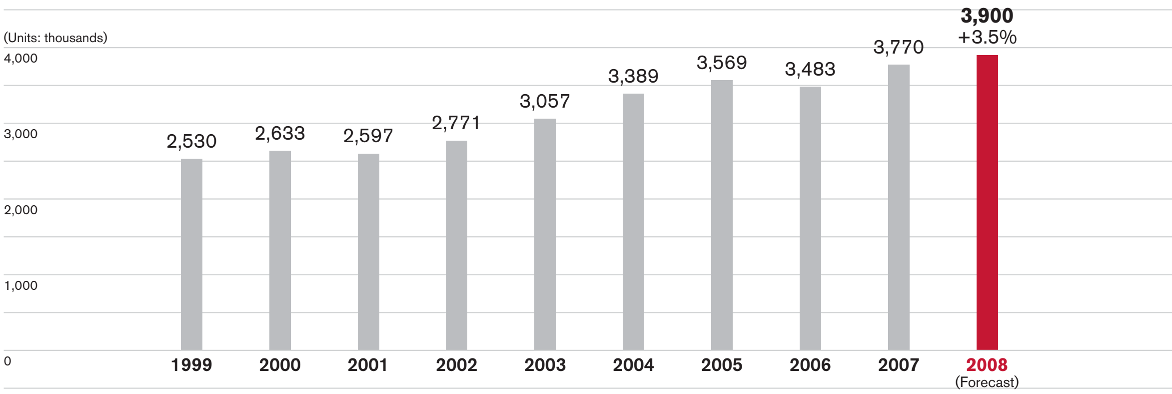
- Net revenue is predicted to reach ¥10.35 trillion
- Operating profit is estimated to be ¥550 billion
- Ordinary profit is expected to reach ¥545 billion
- Net income is estimated to be ¥340 billion
- Capital expenditures are expected to reach ¥470 billion
- R&D expenses are expected to reach ¥500 billion

(All figures of fiscal 2008 are forecast as of May 13, 2008)

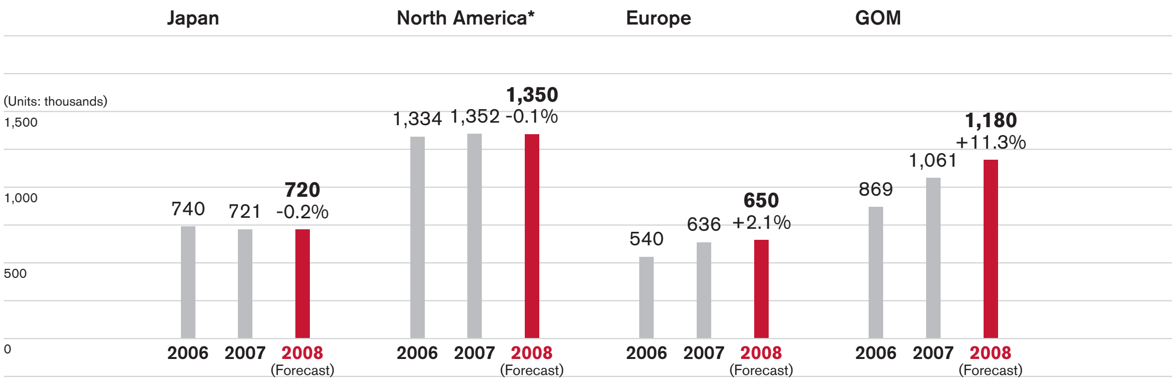
FISCAL 2008 ALL-NEW PRODUCT LAUNCHES



GLOBAL RETAIL SALES VOLUME

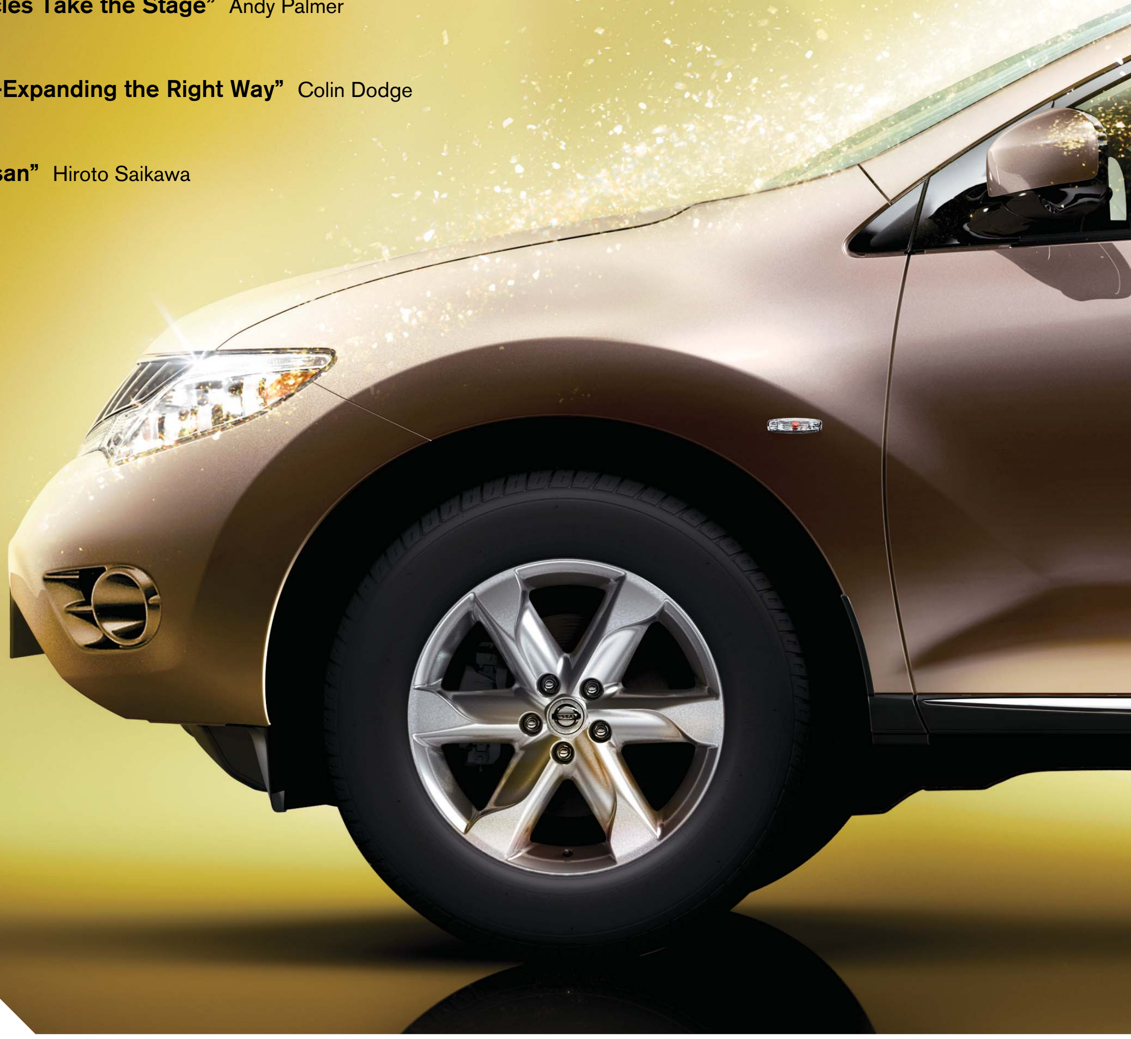


RETAIL SALES BY REGION



* Including Mexico and Canada

NISSAN GT 2012



NISSAN GT 2012

Our new business plan, known as NISSAN GT 2012, begins in fiscal 2008. The "GT" in the name stands for growth and trust. We are emphasizing both during this five-year plan, which differs from our previous three-year plans. NISSAN GT 2012 will focus the company's efforts on long-term performance and our responsibility to stakeholders as Nissan becomes a truly global business.

NISSAN GT 2012 is built around three corporate commitments and five business breakthroughs. The three commitments are:

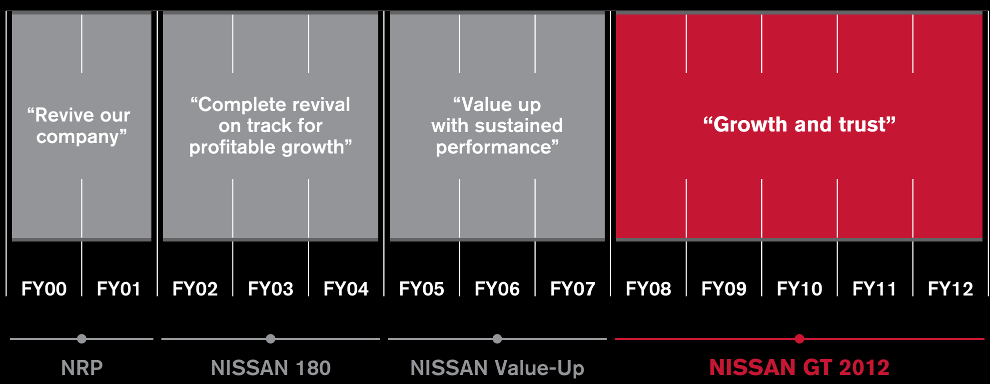
- Quality leadership: In addition to focusing on product quality, the company will accelerate actions to improve the quality in service, brand and management.
- Zero-emission leadership: Nissan will introduce an all-electric vehicle in the U.S. and Japan in 2010, and then mass-market vehicles globally in 2012.
- Five percent revenue growth on average over five years (fiscal 2008 to fiscal 2012): Revenue growth will be supported by a product plan that will launch 60 all-new models in the next five years and more than fifteen new technologies per year from 2009.

The three commitments of NISSAN GT 2012 will be backed by five business breakthroughs:

- Quality leadership
- Zero-emission leadership
- Business expansion: Infiniti, light commercial vehicles and global entry cars
- Market expansion: India, Middle East, Brazil, Russia and China
- Cost leadership

NISSAN GT 2012 reflects the company's determination to play a major role in the development of a sustainable mobile society. There's a balance to be sought between the potential growth in world markets and the demand for a cleaner planet. The company believes that the mass availability of affordable zero-emission vehicles is the most significant breakthrough the industry could deliver. Together with Renault, Nissan intends to be the leader.

NISSAN'S BUSINESS PLANS



TOSHIYUKI SHIGA
Chief Operating Officer

While I have been involved in generating four midterm plans for Nissan, I've developed a particular attachment to our latest business plan, NISSAN GT 2012. The reason goes back to our bitter experience with the profit decline we suffered in fiscal 2006, the first downturn in the seven years since we initiated the Nissan Revival Plan (NRP).

Why did Nissan hit a bump after completing the revival and growing constantly during both the NRP and NISSAN 180 periods? While developing NISSAN GT 2012, we asked ourselves hard questions about our performance at the time. How thoroughly had we discussed our "stretched" objectives? Were those objectives and the action plans associated with them broken down into regional and functional actions, and translated effectively into day-to-day operations? NISSAN GT 2012 is the result of many rounds of review and reflection. We have learned from the setbacks we experienced, and have begun to transform those lessons into sources of progress.

One characteristic that makes the NISSAN GT 2012 plan different from those that came before is its duration. This is a five-year business plan, whereas the previous plans were geared for three years of rehabilitation, revival and growth, transforming Nissan into a better company one measured step at a time.

By contrast, NISSAN GT 2012 sets bold targets that are meant to boost Nissan's competitiveness over a longer span and project strategies farther into the future. We will be developing competitive advantages in the realms of quality and environmental responsibility, and building a strong bond of trust with all stakeholders, including our customers. Based on this, we will accelerate our growth yet keep it sustainable. This is the core concept of NISSAN GT 2012.

The second characteristic we are particularly focused on developing is the capability to take on long-term, high-level objectives. For example, in addition to improving the quality of our products, sales and service and their perceived quality and attractiveness, we are determined to make the quality of our management the best in the industry.

Management quality is monitored through the annual employee survey. "The power comes from inside" was our fundamental management concept during the NRP comeback years, and it is still the foundation of the Nissan Way. With our people as our driving force, we aim to push management quality far up the scale.

When we keep employee motivation high, our efficiency and effectiveness rise to match. We are challenging ourselves to do this in every segment of our business, and in every region. As we refine our management operations, Nissan will continue to grow, bolstered by the trust of our customers and other stakeholders. We are ready to challenge the ambitious goals of NISSAN GT 2012.

Toshiyuki Shiga
Chief Operating Officer

Achieving Quality That Inspires Growth and Trust

Our NISSAN GT 2012 midterm business plan focuses on building growth and trust, which is what the "GT" in the name represents. We are committed to establishing industry leadership in quality because we believe that is the best way to convince customers to choose Nissan cars and grow with the brand.

We will pursue leadership in four areas: product quality, perceived quality and attractiveness, sales and service quality, and quality of management. To accomplish this ambitious goal, we have formed what we call Nissan Excellence Program (NEP) teams. There are five NEP teams overseeing product quality, two dedicated to sales and service quality, and two cross-functional teams working on perceived quality and attractiveness. Each team has an executive responsible for directing and promoting its activities.

During NISSAN Value-Up, for example, the Infiniti channel ranked second in the overall nameplate ranking in the U.S. 2008 Initial Quality Study conducted by J. D. Power and Associates, an internationally recognized industry arbiter of quality. The study ranked the Infiniti EX and Infiniti M at the top of each segment, and the Infiniti G, QX56 and Quest second. Our Tochigi factory also received a silver medal for assembly plant quality in the Asia-Pacific region.

Our aim in overall product quality is to be the industry leader by fiscal 2012, as measured in the quality indices produced by independent organizations such as Consumer Reports in the U.S. and ADAC in Germany. These ratings are influential and have a major impact on consumer buying behavior.

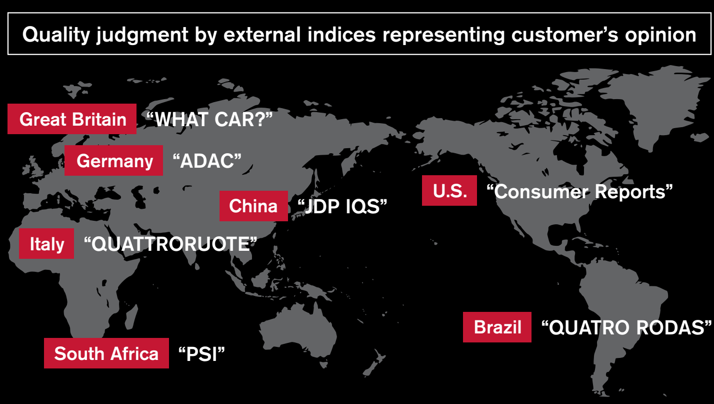
Activities related to product quality are divided into two areas: design and production. We are strengthening our system of evaluating design quality and dealing with technical problems, and applying technology for the betterment of both. We are also educating more and more in-house design review experts, who conduct reviews as a way of radically improving the quality of how we draw and design vehicles.

We are expanding our measurement facilities to both upgrade quality levels during the production phase and reduce the number of anomalies. In addition, we are increasing the number of personnel who perform quality assurance on the parts we purchase from supplier-partner companies, and working with our suppliers to improve quality levels at the source.

For problems occurring in the markets, our goal is to cut the claim incidence rate in three months of service by half. To handle problems related to quality on a regional level, we have four Field Quality Centers or FQCs—one in Japan, one in Europe, and two in the U.S. The FQCs investigate and analyze market quality in cooperation with the development and production divisions and our suppliers. These centers of quality control operate according to what we refer to as the "three *gen*" principle: *genba* (local operating conditions), *genjitsu* (fact-based data), and *genbutsu* (actual parts). When problems occur, we quickly collect the problem parts from the surrounding area. The quality professionals then

QUALITY LEADERSHIP GOALS

MOST INFLUENTIAL INDICATORS (MII)



KAZUMASA KATOH
Senior Vice President

investigate and analyze the problems using the latest technology and available data. After the FQCs were established, the number of parts collected for this purpose nearly quadrupled, providing an even more reliable statistical base.

The process of delving into quality issues is known as Field Quality Investigation and Analysis, or FQIA. FQIA involves collecting both problem parts and non-defective ones in large quantities, analyzing them, and then duplicating the operating conditions under which the problem occurred. These highly reliable methods have allowed us to pinpoint the root cause and take the necessary measures for improvement. The overall objective here is to make improvements so quickly that we exceed our customers' expectations.

Representatives of our suppliers stationed at our FQCs work alongside staff from various functions within Nissan—including development, production, market quality improvement, and quality assurance—to investigate the problems and take appropriate and immediate countermeasures. By studying actual problem parts gathered in the field together, they are able to come up with the optimal solution in the shortest period of time. One specific goal we have is to cut the time needed to process claims by half.

Car buyers place a great deal of emphasis on how their peers perceive the quality and attractiveness of a particular vehicle. This will involve revamping and upgrading our product planning process. Our target for enhancing perceived quality and attractiveness is to have more than half of our new models earning top ratings from customers.

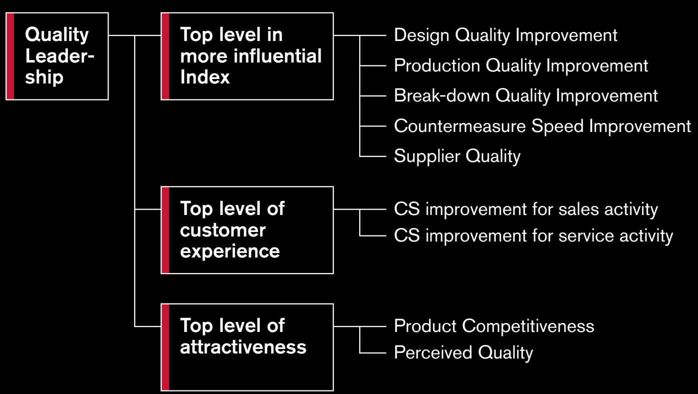
To achieve a top customer satisfaction rating in sales and service quality in Japan, the U.S., Europe and four main GOM regions, we are establishing a global sales and service quality department. To ensure superior customer service, we are introducing the Nissan Sales and Service Way into 7,000 dealerships and providing 130,000 staff with high-quality training around the world.

In addition, we set up the Nissan Customer Service Center (NCSC) to enhance the total customer experience. Our support hotline, after-sales support at sales companies, and technical support service were once separate in Japan. Now they all operate under the NCSC umbrella, and share information from customers as well as product failure analysis data. Aided by the digitalization of product information and the introduction of a new call-handling process, the customer support hotline provides better response to inquiries and reduces waiting time for customers. Certain roles and specified after-sales support functions from each of the seven Area Technical Centers are also now consolidated under the NCSC. This consolidation has quickened our after-sales team's response time.

Our goal for upgrading management quality is to bring the results of the annual employee survey up to the highest levels in the industry.

Over the course of NISSAN GT 2012, we hope to further deepen the loyalty of our employees as we become a leader in the realm of quality, win the trust of consumers, and transform ourselves into a company with the proven ability to grow in a sustainable manner.

NISSAN EXCELLENCE PROGRAM (NEP) TEAMS



QUALITY EXPERT REINFORCEMENT FOR DESIGN REVIEW PROMOTION

Breakthrough Technologies on the Way

We will be introducing more than 15 new technologies a year from 2009 and continuing over the course of the NISSAN GT 2012 midterm business plan. These technologies will be in four major growth areas: safety, dynamic performance, life on board and the environment. Following are some of our current and upcoming advances.

Our safety theme is "accident free." The ultimate aim here is to engineer vehicles that are accident-free. According to our "Safety Shield" safety technology concept, this means a vehicle that helps protect people. More specifically, the vehicle activates multiple barriers to help protect people from potential risks coming from every direction.

An inflection point exists between the rate of fatal/serious injury and vehicle speed, and our approach is to help decrease fatal and serious injuries to as close to zero as possible. This approach has two aspects. One is to reduce speed to a minimal level to help avoid collisions and minimize risks. The second is to enhance protection for the occupants, as well as pedestrians, cyclists and others outside the vehicle when a crash is unavoidable.

We released several such innovations last year, including major upgrades of our Distance Control Assist, Lane Departure Prevention, and Around View Monitor technologies. We are extending the innovations to monitor the cars behind and next to you as well—incorporating "Back-up Collision Prevention" and "Side Collision Prevention"—to provide 360-degree coverage. Our new Smart Auto Headlight and GPS Mobile ITS for Pedestrian Safety will help reduce the risk of crashes, and the Intelligent Seatbelt will help improve occupant restraint during abrupt maneuvers and skid situations.

Nissan cars already are renowned in the realm of dynamic performance for their acceleration, deceleration, braking and handling, such as the new GT-R we launched last year. The evolution to realize innovative dynamic control for an exhilarating driving experience is ongoing. A combination of IT/ITS and vehicle dynamics control, for example, will allow us to achieve highly balanced riding comfort and handling.

"Life on board" refers to everything that occurs between the time you enter a vehicle and when you get out. Our goals are to make vehicles easier to own and operate, to be more pleasant places to inhabit, and to make data from the outside world more accessible. One example is the Scratch Shield, an innovation with both aesthetic and practical appeal. The shield actually repairs fine scratches, restoring surfaces to virtually their original state in anywhere from a day to a week. We are expanding the use of the Scratch Shield globally.

As stated in our NISSAN GT 2012 commitment, our goal is to become the industry leader in zero-emission vehicles. Therefore, we're excited about and focused on the environment. Our environmental technology development has three aspects: promote the use of clean energies, create innovative energy-storage solutions, and enhance vehicle energy efficiency.

Electric vehicles and fuel cell vehicles will contribute to the use of clean energies. Our newly developed laminated lithium-ion (Li-ion) battery will enable us to come up with better energy-storage technologies. Nissan's original hybrid vehicle, Eco-pedal eco-driving support system and advanced engine technologies, including homogeneous-charge compression ignition (HCCI), will improve vehicle energy efficiency.

EVs will be our core technology and environmental contribution to the world. We will introduce EVs in the United States and Japan in 2010 and to the mass market two years later.

In addition to EVs, there are many technological advances for internal combustion engines, hybrids, clean diesels and fuel-cell vehicles.

Our original hybrid vehicle, which will debut in North America and Japan in 2010, is another huge advance. While typical hybrids produce smooth, continuous power, our simpler system provides Nissan's dynamic driving performance and conserves fuel.

Our clean diesels will offer the maximum power response for a two-liter diesel engine, produce very little noise, and meet the tough Euro4 standard on exhaust emissions. We developed a clean diesel for the X-TRAIL in Japan to meet the tough Post New

MITSUHIKO YAMASHITA
Executive Vice President

Long-term emission regulations, which set one of the most stringent emissions requirement to date here.

In 2003, Nissan leased examples of fuel cell vehicles (FCVs) to government authorities in Japan. The latest prototype is enjoying a favorable reception at demonstrations in Europe. Renault's prototype features our FCV powertrain including fuel-cell stack. A new-generation fuel cell stack has been developed with power density two times higher than the current prototype vehicles.

A key EV component is its Li-ion battery, a technology we have been developing since 1992. We started a joint venture with NEC called Automotive Energy Supply Corporation (AESC) to develop and produce batteries for a wide range of automotive applications. EV batteries capable of running a vehicle over 100 kilometers per charge are still expensive and huge, weighing over 200 kilos. Our goal is a light, high-capacity battery that can be mass-produced close to the assembly line and target market so that economies of scale make them affordable for everybody.

One key attribute of the battery is its reliability. Incidents involving computer and cellular phone batteries have some people thinking lithium-ion batteries are dangerous. But the structure and materials of our batteries are quite different from those. We are confident that even under severe conditions these power cells are stable.

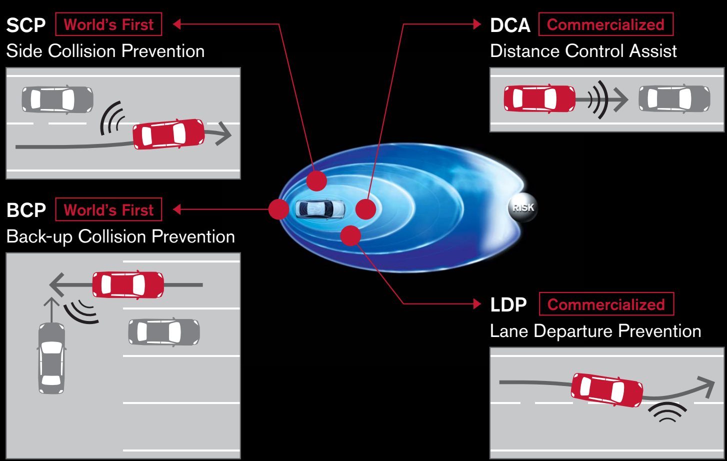
To devise the next-generation battery, we are investigating new chemicals and new materials. Smaller, lighter batteries that can be installed anywhere obviously would extend driving range and make modular construction of vehicles more feasible.

Three key factors will ultimately determine our EV success and zero-emission leadership status. Continuously upgrading battery power, capacity and durability will contribute to the evolution of two of those factors—driving range and vehicle price. If we rated battery capacity around the year 2000 as one, we are now around double that. This capacity will allow our EVs to travel much further than current EVs. By simply maintaining that range, we can reduce prices and make our cars available to more customers.

The third factor is "EV appeal." EVs offer a smooth, extremely quiet ride and powerful acceleration. Using in-wheel motors and a by-wire system would also allow unprecedented vehicle control and far greater mobility than gasoline and diesel engines with conventional transmissions.

Even though the technological competition is intensifying, we already are reaching levels of performance that our competitors cannot match. Meanwhile, some say that if the batteries reach ten times the capacity of the 2000 version, EVs will become a true zero-emissions mobility option. We are working to make that a practical reality, as rapidly as possible.

ALL-AROUND COLLISION-FREE PROTOTYPE



NEWLY-DEVELOPED LAMINATED LI-ION BATTERY

High-capacity type for electric vehicles

High-output type for hybrid vehicles

Battery module

Capitalizing on a Changing Automotive Landscape

Our growth plans reflect three global trends: 1) the demand for more affordable mobility; 2) fuel efficiency with lower CO_2 emissions; and 3) the desire from luxury customers for a more personalized driving experience.

We have a comprehensive strategy for affordable mobility that starts with our new A-platform. Vehicles built on this platform are being designed to cost less than $10,000 and be sold worldwide. In fact, we say the A-platform is "designed to cost" and "designed to localize." Accordingly, we will produce several models in India, Thailand and other countries with full LCC sourcing.

The small car market is a critical component of our product portfolio. This segment is expected to grow at 7 percent annually in the next five years—more than twice the overall industry rate. Additionally, we anticipate that in the long term these customers will buy C-segment cars. By fiscal 2012, we expect the A-platform to contribute significantly to our revenues and profitability.

In addition to the A-platform, we are developing the Alliance ultra-low-cost car (AULC) with Renault and our Indian partner Bajaj. The AULC is a global car that will serve as an attractive alternative to two-wheel mobility in emerging economies. Some question why we are pursuing the AULC. First of all, this project leverages unique strengths of Nissan: our global culture, respect for diversity, and the Alliance, which emphasizes "win-win" partnerships. Fundamentally, we see the skills, cost-consciousness and customer insights from the AULC having applications across the portfolio, strengthening Nissan's long-term competitiveness.

As fuel efficiency becomes a greater priority, we are responding with the ultimate commitment: electric vehicles (EVs). This switch to zero-emission mobility is both an exciting challenge and a fundamental strategic move. Zero-emission vehicles will alter the industry forever, and ensure that Nissan both delivers value to customers and leads the industry's efforts to combat climate change.

Consumers have legitimate concerns about EVs, including driving range, performance and ease of charging. Nissan's approach goes far beyond simply developing the vehicle itself. We will deliver a complete EV solution that includes steady improvements in driving range beyond the initial level of 160 km. Our EVs will also offer a compelling level of performance compared to conventional vehicles. Finally, we are forming partnerships that are rapidly building the quick-charge networks of the future.

Thinking creatively, we can envision a world where we "fill up" an EV with energy in a matter of minutes while shopping at a supermarket or relaxing at a coffee shop. Onboard navigation systems would quickly direct the driver to such locations for maximum convenience. Fortunately, we are enjoying strong support for this vision from governments around the world. Partnerships are already in place with Kanagawa Prefecture in Japan, Portugal and the state of Tennessee.

It is worth noting that our EV strategy is not about a single model, but rather a portfolio of vehicles. We can expect that as more EV models come online, we will begin substituting them for models in our conventional portfolio. We can also foresee that vehicles would be sold with or without a battery. In some cases a customer might prefer to purchase an energy package from a mobility service company, including a battery lease and access to the charging network.

Beyond affordable mobility and zero-emission mobility, we have a growth engine in the luxury market. During NISSAN GT 2012, we will double our Infiniti volume from 150,000 units to 300,000 units. Key drivers of this plan include exceptional products, a relentless focus on quality, and expansion into new markets.

Infiniti is the ultimate expression of modern Japanese luxury: both graceful and hospitable, while setting bolder and more inspired standards for automotive performance. Infiniti offers an alternative to stereotypes, a brand with an independent spirit, appealing to self-confident, uncompromising consumers.

For Infiniti, we are targeting the number one spot in quality among Tier 1 luxury brands by fiscal 2012. We were heartened recently when J. D. Power ranked Infiniti number two in its influential 2008 Initial Quality Survey in the United States. The goal of

CARLOS TAVARES
Executive Vice President

number one is clearly in sight, and we will continue to measure our progress against all of the influential indicators in all of our key markets.

The growth of Infiniti is supported by expanding market coverage, including entering Europe—traditionally the toughest Tier 1 luxury market. Russia, for example, will have 22 new showrooms open over the next two years covering every major city in the country.

Affordable mobility, an attractive EV portfolio and a luxury push will require enormous resources. We also need to take care not to fragment our portfolio. I am confident on both counts. We are creating an elite and rationalized family of products with global appeal and positive environmental qualities. They will generate greater volumes and cost efficiencies in the years to come.

Light Commercial Vehicles Take the Stage

ANDY PALMER
Corporate Vice President

Light commercial vehicles are a major pillar of our NISSAN GT 2012 strategy. The LCV sector is extremely complex, with multiple segments in multiple markets. Our portfolio presently covers around 73 percent of those segments globally. We will launch 13 new models between now and 2012, giving us 94 percent coverage and essentially doubling our turnover.

We have come a long way since 2002. We were OEM buyers then, and planned to sell just 163,000 units. In 2007, we sold 520,000 LCVs in a total market of 8.2 million units by our count, and we have now become OEM suppliers—a business we will continue with Dongfeng in China, Ashok Leyland in India and other customers such as Renault Trucks.

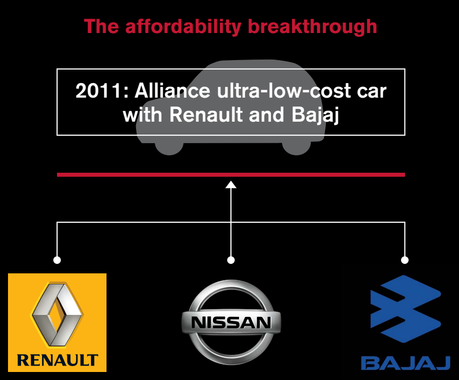
We did major surgery in 2002 and 2003 to make our LCV business profitable, adopting what we call the "Meccano strategy"—using stock and carryover parts and systems on new vehicles whenever possible. By 2012 we will also cut the number of unique LCV platforms from eleven to two, boosting our average volume per platform and gaining significant economies of scale.

We expect TIV in emerging markets like China, India, Southeast Asia, and South America to increase rapidly, pumping up the total market by about 20 percent. We are calling four of our most crucial new markets "URIC"—meaning the United States, Russia, India and China.

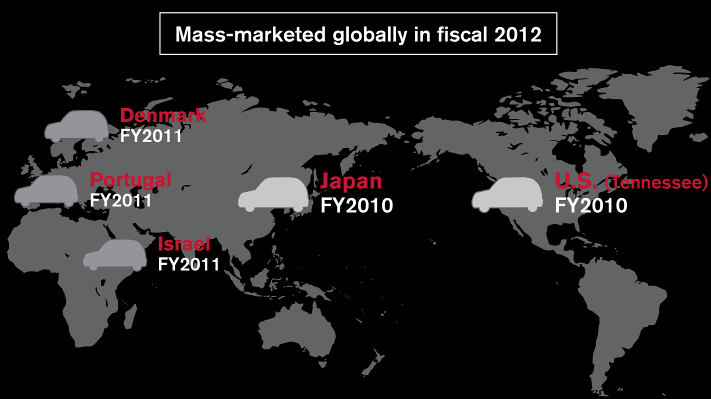
Nissan remains the only Japanese maker with a significant LCV presence in China. To ensure sufficient specialized LCV capacity, we are building production facilities in Morocco and Chennai, India. The Morocco plant will begin supplying mainland Europe with vehicles from 2010.

This autumn we launch two vehicles in Russia, and plan to grow the network there and roll out the entire range by 2012. We are investing 118 million dollars in our U.S. factory in Canton to produce three LCVs for our American market debut in 2010. To meet our NISSAN GT 2012 goals, we are going after both conquest and organic growth.

THE ALLIANCE ULTRA-LOW-COST CAR (AULC)



ELECTRIC VEHICLES (EVs)



Global Market Stretch—Expanding the Right Way

The market expansion drive outlined in our NISSAN GT 2012 midterm plan focuses on countries such as China and Russia—where we already have a 5 percent market share or greater—and breakthrough markets like India and Brazil, where we are nowhere now but rapidly establishing a presence. Then there is the Middle East, where our market share was 8 percent in 2007 but should be closer to 13 percent because our lineup is so strong.

We sold 458,000 passenger vehicles and LCVs in China during fiscal 2007. For fiscal 2012, our target is over 800,000 units, or around 8 percent of the market. To reach that figure, we are upgrading the efficiency of our current dealers and expanding the network by 40 percent. Fortunately we are working with a powerful partner in China, Dongfeng.

In Russia, where we have been operating alone, our constraints are similar—network development and coverage. We also need to tweak the lineup. Our initial strategy was to introduce the Infiniti brand and set up in metropolitan areas first, because over 50 percent of luxury imports are sold in St. Petersburg and Moscow. We are already strong in this region as a result, but with the entry-level cars arriving soon a rapid expansion of our eastern network is essential.

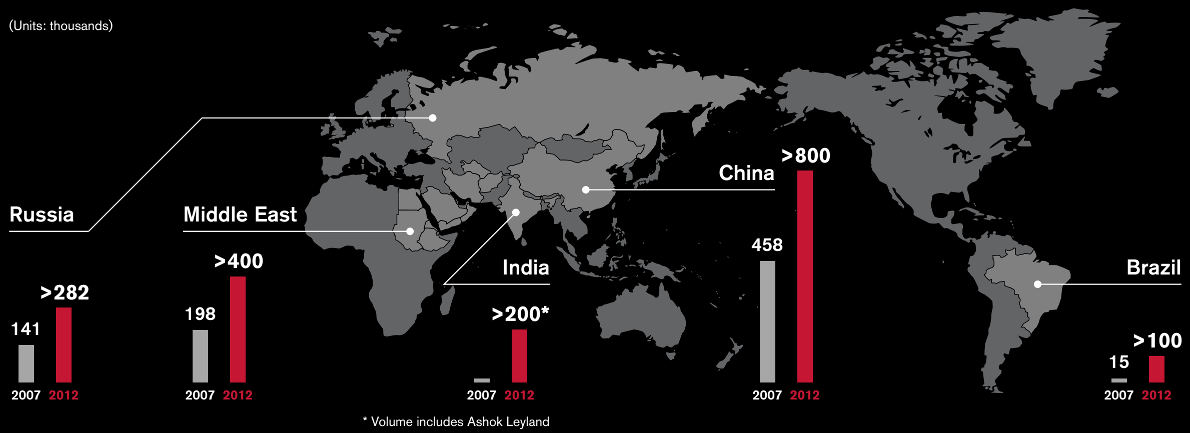
India is a different proposition. You cannot produce vehicles outside the country and have a legitimate presence here because of the 130-percent duty on imports. We have no local production facility here yet, but we are building one in Chennai that will start up in 2010. That factory—and our arrangement with Ashok Leyland for LCVs, the Alliance partnership with Bajaj Motors for the Alliance ultra-low-cost cars, and contract with Hover for sales and marketing service—will put us solidly in the market. Our partners understand the market in ways we do not, and also possess massive distribution systems. In fiscal 2012, we will be a major player in India, selling 200,000 units annually.

While India demands a manufacturing-based solution, Brazil requires a more market-focused lineup and wider coverage. Our 2007 sales there totaled just 15,000 units, which represents a tremendous opportunity.

We have two weaknesses here. First, we lack an entry-level offering. Second, some cities are hundreds of miles away from a Nissan outlet. Our response to the latter will be to quickly expand our network in partnership with market-savvy Brazilian entrepreneurs. Bringing in entry-level vehicles will solve the former and solidly establish the brand. In fiscal 2012, we plan to be moving over 100,000 units annually and holding 5 percent of the market.

In both Brazil and India we are essentially outsourcing segments of the Nissan business process to entities that are extremely competent at handling them. For example, Nissan has just five outlets in India. In order to reach our 200,000-unit target, we are working with Hover to recruit dealers and develop the network, with the aim of establishing 55 dealers by 2012.

MARKET EXPANSION



COLIN DODGE
Senior Vice President

The issues we have in the Middle East revolve around our distribution system and network quality. We already have the right products, and simply need to market them more effectively. By fiscal 2012, we expect to double sales here to more than 400,000 units.

Entry-level vehicles are in huge demand everywhere, and the three A-platform vehicles will be one of our answers for all markets. We will be producing in five countries, including India and Thailand. In India, customers who cannot afford an A-platform vehicle will find the Alliance ultra-low-cost car an attractive and affordable alternative.

To find the right network partners, we use an evaluation system that measures performance against a set of sophisticated KPIs and criteria that distill the attributes of superior dealers and sales companies. We are inviting those top-rated performers to expand either geographically or within their own markets. Some of our Infiniti dealers in Europe, for example, come from the Middle East, and will become our partners in the Gulf region.

Many of these hot markets do pose risks. In India, for example, the primary hazard is the infrastructure—power utilities, the roads and rail system. There are simply not enough roads to run the cars on. In Brazil, the boom-and-bust nature of economic growth is the worry. Gas, oil and capitalism are fueling Russia, but the eastern half of the country is progressing at a much slower pace than the St. Petersburg and Moscow areas.

Fortunately I anticipate no risk in China as long as we offer high-quality products and good value. And in the Middle East, the only impediment is our ability to supply the right product at the right time.

The Alliance is vital to these expansion efforts in several respects. We will invest in our new passenger vehicle plant in Chennai on an equal basis with Renault, which immediately reduces our fixed costs and infrastructure expenditures, and keeps us from spreading our resources too thin. Renault's diesel engine is also very competitive and gives us a powerful alternative to our gas engines. We share a plant in Brazil, where Renault is bigger and better established than Nissan. Our new Alliance-led partnership with Avtovaz in Russia—a company with thirty years of local market experience—should also prove invaluable.

With the exception of Renault-Nissan, the auto industry is littered with failed alliances that have lost millions and billions of dollars in value. Only the Alliance has actually created value. We maintain a healthy sense of individuality and corporate autonomy, yet we enjoy virtually the same synergies a completely integrated company would.

We have a knack for making durable, profitable partnerships with strong companies. Nissan now has a reliable history of localizing management, staying flexible and understanding local culture and needs. We have learnt that an arrogant and dictatorial approach destroys value and relationships. This is one reason we believe our drive to expand globally will be successful.

MARKET EXPANSION: INDIA

Cost Leadership at Nissan

We made a significant improvement in our purchase cost competitiveness during the Nissan Revival Plan (NRP), NISSAN 180 and NISSAN Value-Up years. Strong value-added activities with our suppliers—known as 3-3-3 activity—have supported all three plans. Approximately half of the cost reductions made were the result of this type of activity.

Our Alliance with Renault has been another major driver through our common purchase organization, the Renault Nissan Purchasing Organization (RNPO). The RNPO has increased its coverage from 30 percent of the total purchase amount 2001 to 70 percent in 2004. That rose to 90 percent in April 2008, and this organization now covers all parts and materials. We can now enjoy the huge economies of scale that come from the Alliance's combined production of over six million vehicles throughout most of our scope of purchase activity.

During the NISSAN Value-Up period, we made strong efforts to develop sourcing from leading competitive countries (LCCs). We have also increased competitive localization to more than 60 percent in our major LCC manufacturing operations, and we expanded purchases from LCCs for our manufacturing operations in high-cost countries from 12 to 24 percent during that three-year period.

Economic environment and outlook

LCC sourcing development has been closely associated with the rapid growth and evolution of the automotive industry in those emerging countries in recent years. We see this evolution itself as a huge business opportunity in terms of both market expansion and also competitive industrial base development. At the same time, however, we have been hit by sizable increases in raw material and energy costs over the last three years—as much as 300 billion yen on a global basis.

Those two clear and correlating trends—combined with the continuous economic growth of emerging countries, natural resource-oriented inflationary pressures on material costs, and the sluggishness of mature markets such as the U.S., Western Europe and Japan—will be factors for at least the first several years of NISSAN GT 2012.

Under these circumstances, it is obvious that optimizing cost reductions will be a crucial element to protect our healthy business growth in coming years. We are devising a plan to boost our cost reduction pace to 5 percent per annum. I believe this is the minimum level of performance needed in the present business environment.

NISSAN GT 2012's five challenges

To achieve the reductions mentioned, we need to boost productivity and 3-3-3 activity to the maximum level, which will require strong support from our suppliers. Observing the magnitude of the task at hand, I am convinced that we must radically improve the efficiency of our whole manufacturing and supply chain system. I would like to share with you our main challenges in this regard.

The first is to radically increase our production volume per part or part number, which will provide significant cost efficiency to supplier operations. This volume increase will have two sources. One is our planned business growth in Russia and GOM. The second will be a reduction in part complexity and product diversity. We are aiming to double our production volume per part, which will place us at the industry's top level of efficiency. The Alliance figures into this prominently, and we are already working with Renault teams on related aspects.

The next challenge is deeper localization with suppliers in the LCCs—the second step in our LCC sourcing challenge. We are aiming for 90 percent localization, and the same level for tier 2 and tier 3 components and materials. We will achieve this by generating design specifications that can be easily met in local markets. This activity will cover raw material specifications as well.

An important milestone related to this activity occurs in 2010, when we launch our newly developed small-platform vehicles. Our current plan is to have five LCC manufacturing sites covering worldwide markets, including mature markets. In that regard, superior quality is a mandatory condition for success on top of cost competitiveness.

HIROTO SAIKAWA
Executive Vice President

The third challenge is to reduce inbound logistics costs. We are focusing on improving supply chain efficiency, from packaging to transport distance, assembly site location, and production volume fluctuations. We also want to eliminate double handling by suppliers and our plants. We plan to reduce transport distance in our Xianghan plant in China by 40 percent and at our Mexico plant by 45 percent through localization, near-site supplier parks, and supplier onsite enhancement.

The next element is the cost of raw materials. We will tackle all aspects of this, from material usage reduction, scrap recycling expansion to material specifications. We see this challenge is becoming more and more important under the current economic circumstances.

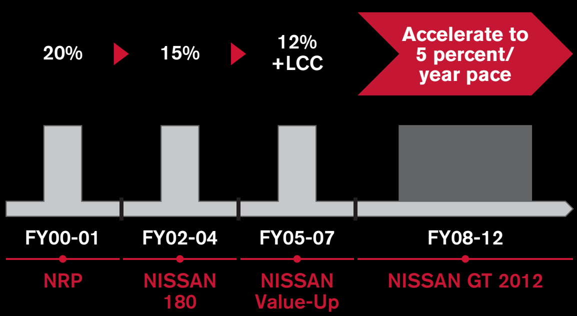
Beyond these improvements in operational efficiency, we are also working hard on technical breakthroughs. We have already made major reductions in the precious metals used in our catalytic converters, and our usage of precious metals as catalysts per vehicle will be cut in half by 2010. We are also focusing on recycle and re-use policies to cope with the volatile and inflationary levels of raw material prices.

The last challenge is to optimize the specifications themselves. We will do this during the planning phase of projects—and the preparatory phase as well—to avoid any over-specification or "cost creep" resulting from specification changes in the middle of project preparation.

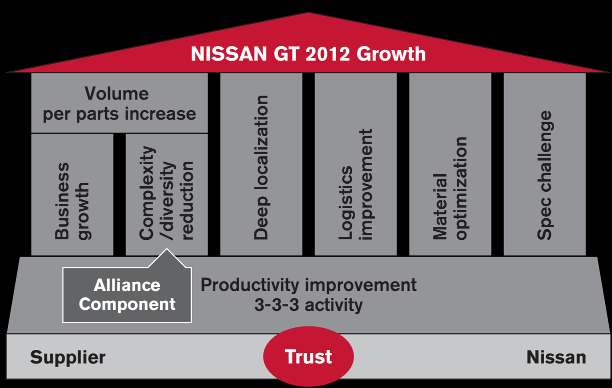
That summarizes our major challenges during NISSAN GT 2012 related to cost leadership. We began all the activities mentioned with our suppliers last year in preparation for the launch of this midterm plan, and we are running at full speed to deliver the projected results from the first year onward. We are even extending its scope to all expenditures—including sales and marketing expenditures and G&A expenses—to reap the full benefit of this strategy.

Finally, I must stress that our activities should all start from genba—the operational area or supplier floor. The steps include identifying the problems and issues, extracting opportunities for improvement, pushing breakthroughs in Nissan's system, returning to the genba with viable solutions, and then ensuring the improvements are made. I am convinced that staying with this principle—and using transparent processes and clear, timely communications—will reinforce mutual trust with our suppliers and be a driver for Nissan's success.

COST LEADERSHIP: PURCHASING COST REDUCTIONS



A-platform vehicle launched in 2010: 30% lower costs than current March (Micra)



REGIONAL HIGHLIGHTS

Stimulating the Market to Create a Positive Growth Cycle

TOSHIYUKI SHIGA
Chief Operating Officer

Japan's auto market is facing an unprecedented drought. Starting in fiscal 2006, total demand fell by nearly 540,000 units.

Beyond the demographic and market changes—including an aging populace, low birthrate, and the growing diversification in consumer tastes—the surge in gasoline prices has decreased demand. The shift to mini-vehicles has also accelerated the decrease, resulting in sales of just 3.43 million registered vehicles during fiscal 2007—the lowest level since 1974. Every automaker is launching more new models in an attempt to reenergize the market, which has led to more relentless competition.

As the market grows increasingly harsh, maintaining sales and production and boosting profitability are essential to keeping Japan globally competitive. Now is the time to introduce innovative changes that will revitalize the market and shift business into a positive growth cycle. The Japan Performance Revival Plan, a project we launched in fiscal 2007, one year before NISSAN GT 2012, is our engine for accomplishing that goal. The plan's four pillars promote makeovers in every area, including manufacturing, sales, and administration.

The first pillar is to bring more attractive products and technologies to market. We are reacting to the radical shifts in consumer values by accelerating our efforts to provide innovative vehicles that excite drivers. We believe our market presence is growing stronger as a result. Sales of new models in fiscal 2007 exceeded our estimates, and vehicles updated with minor changes such as the Serena have been selling steadily. During the next five years, Nissan plans to launch 60 new models globally—33 of them in Japan—and we will continue to anticipate changing market needs and offer striking cars with exceptional performance.

The second pillar is to refine our marketing skills. As announced in March 2007, the objective of our network strategy is to bolster dealer operations, focusing on the quality of our sales interactions, including higher productivity and more effective customer-handling skills. Our fully incorporated regional companies began these reforms in the Tokai area in 2007, followed by the greater Tokyo metropolitan and Kinki regions in June 2008. They are sharing operational know-how and best practices of top-performing outlets.

Cost structure reform is the third pillar of our plan. We have been revamping our sales network and production system since the Nissan Revival Plan years. As the Japanese market shrinks and production becomes both more globalized and localized, domestic sales and production volumes have dropped drastically.

To reinforce our operational base here, we must seize every opportunity for cost efficiency and optimization. One recent initiative is the "in-plant challenge," which promotes low-cost automation, further integrating onsite manufacturing ability and the technical skills of our engineers. Starting at the Oppama plant, we are introducing this at all our factories here. Our aim is to have the best, most cost-competitive plants in the world.

The last pillar is to expand our value-chain business. Nissan's share of new vehicle sales in Japan was 13.6 percent in fiscal 2007. In the broadest sense, we supplied around half of all new vehicles. This includes expanding segments—such as the rental car business—where we can become more prominent. During a period in which we expect less demand for new vehicles from consumers, enlarging the value chain will supplement sales and stabilize our earnings.

That, in turn, will build Nissan's business base and spur a rise in our investments in human resources and outlets, benefiting the greater value chain that exists outside our company. In this way, Nissan will help energize and activate a positive growth cycle in Japan's marketplace.

Staying on the Road in America

BRIAN CAROLIN
Senior Vice President
Nissan North America, Inc.

I oversee sales and marketing for both the Nissan and Infiniti brands in North America. Until April, I held a similar position in Nissan Europe. I've noticed three key differences between the two regions. First, the United States is a single, fairly homogeneous market, which makes marketing here more straightforward. In Europe, I dealt with more than thirty different markets and many languages.

Second, the product lineups of the two are quite different. The U.S. is primarily a gasoline market, whereas diesel dominates in Europe. It has also had a much higher mix of trucks, with pickups and SUVs outselling passenger cars. Recent increases in U.S. gas prices, however, have significantly affected both total market demand and the product mix. By European standards, four dollars a gallon is cheap, but the shock is severe enough that Americans are cutting back on driving, postponing purchases and migrating to smaller passenger vehicles and crossovers.

The third difference is the dealer network and distribution system. Dealers are much larger here, and customers expect to buy from stock. In Europe, people are prepared to place an order and wait for the car of their choice.

Our key achievement in fiscal 2007 was earning a record market share. In a market that fell 4 percent, our share rose from 6.3 to 6.7 percent, and we once again sold over a million vehicles. We owe that to our strong lineup of smaller sedans and crossovers. Nissan and Infiniti offer two of the freshest lineups around, and we are far less dependent on trucks than many other makers, leaving us better able to cope with the recent market shift.

We saw strong performances from several volume products during the first quarter of fiscal 2008. The Versa was up 21 percent, for example, the Sentra gained 8 percent, and the Altima—our best-selling vehicle—rose 23 percent. The new Infiniti G37 Coupe has been doing especially well, and the Rogue is the right car when people are downsizing and searching for fuel economy.

We also welcomed the GT-R into the Nissan range. This halo car has attracted huge media interest. The new Murano and Maxima debuted recently as well, and the 370Z rolls out at the end of fiscal 2008. We launched the all-new Infiniti FX, and the G37 convertible will arrive late in fiscal 2008.

Nissan has never sold LCVs in the U.S., but that changes in 2010. We have brand-new vehicles in the pipeline that I am sure will suit the American commercial user. We will soon appoint a number of Nissan dealers to run dedicated LCV outlets.

The three headline commitments of NISSAN GT 2012 promise a great deal for both Nissan and Infiniti. We will be refreshing and replacing existing models, extending our market coverage with all-new vehicles and carrying out a product onslaught during this five-year stretch. With the race on to upgrade fuel efficiency, we will refine powertrain and engine performance, offering exciting new technologies like the V6 diesel on the Maxima and our own hybrid in 2010.

The zero-emission-vehicle strategy is a key breakthrough, and we will launch an electric vehicle in the U.S. in 2010. Finally, the key commitment to quality leadership will enhance the trust factor any strong brand requires. We are already seeing positive feedback on this in third-party quality surveys. We are primed to build on our past successes despite a challenging market environment in North America.

Maxima

Russia

Stepping Up the Pace

TORU SAITO
Senior Vice President
Nissan International SA

My territory is Eastern Europe, and basically every market I oversee—including Russia, the Ukraine, Poland, Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Turkey—is growing. My mission is to capitalize on that growth.

Russia is our big driver. In fiscal 2007 we sold 141,000 units there, up from 85,000 the year before, overachieving our target by more than 20,000 units and raising market share from 4.3 to 5.1 percent. Political stability, foreign investment and a hot economy are fueling this market growth, particularly sales of oil, gas, precious metals and so on. The buying power of Russian consumers is rising, bringing more expensive vehicles within reach.

We launched several new cars in Russia during fiscal 2007. Qashqai debuted in the spring, and is performing phenomenally there and throughout Europe—over 15,000 units are on back order in Russia. We brought out the new X-TRAIL in Europe in August, and buyer response in Russia has been particularly strong. The Tiida compact sedan and hatchback, introduced in October, have been a pleasant surprise. Fiscal 2007 was also the first full year for the Infiniti brand here. Despite having only two dealerships in Moscow and one in St. Petersburg, and just three models—the FX, G and M—we sold 5,500 units.

We will be expanding our Russian sales network from 55 outlets in 2007 to 160 by 2012, and rapidly spreading east. Our Russian partners are strong, both financially and in their car retailing expertise. With the luxury market growing, we will also add Infiniti outlets in Moscow and St. Petersburg, and open new dealerships in all major regional cities during the next few years.

Our nationwide consumer credit program, Nissan Finance, is another potent factor, providing area coverage our competitors do not. In a mature market a credit program is nothing special, but in Russia—where most customers pay in cash—it attracts new business. Our brand image here is solid as well, thanks to years of effort. Competition is intensifying, however, so we are spending heavily on media, PR and communications.

Although our fiscal 2008 goal is to maintain the current market share, we could increase it if we have more supply. Furthermore, in the fall we will introduce the Qashqai+2—a great-looking new crossover with better utility—and an all-new Murano. And although domestic brands currently rule Russia's LCV space, we will be challenging that in 2008, starting with our NP300 pickup, then Cabstar in September and eventually a full range of Nissan LCVs. LCV buyers are mostly corporate customers who expect special treatment, so we are setting up a separate LCV dealer network.

Nissan's policy is to manufacture close to markets where we have critical mass. Our new St. Petersburg plant will begin producing the new Teana next February, followed by X-TRAIL. Competitors currently dominate the luxury saloon car segment, but this next-generation Teana will be quite competitive. The Alliance tie-up with Avtovaz also has great potential.

If conditions remain essentially unchanged, I predict that Russia will become Europe's second-biggest market after Germany. The current forecast is for a TIV of 3.3 million units in fiscal 2008, up from 2.8 million last year. We are confident that we can be a dominant player in this key market.

The groundbreaking ceremony for the new St. Petersburg plant

Infiniti

Going After Premium Status in Europe

JIM WRIGHT
Vice President
Nissan International SA

I lead Infiniti Europe—the sales company for the entire continent—and my task is to launch the brand here effectively across all facets of the business.

We chose to introduce Infiniti in the European market now for two reasons. First, we are hitting a sweet spot in the product cycle, including the refreshment of the G lineup, FX and the new EX, which is a smaller vehicle very suitable for Europe. The second and principal reason is the Alliance-produced V6 diesel engine that will debut in this diesel-centric market in March 2010.

We are investing a great deal to match our cars to European requirements and tastes. We have made around five hundred changes to the FX, for example, including interior touchpoints and the car's suspension and brakes, the latter primarily because Europeans drive at higher average speeds than U.S. drivers do.

We start selling in October 2008, in a market-by-market phased launch. We will offer four models at first: the G, G Coupe, EX and FX, all petrol only. In 2009, we bring out the G convertible, and in 2010 the diesel models will arrive. To enhance our brand recognition and differentiate ourselves, we will be focusing on our crossover models.

We will establish nine sites in France, Spain, Italy and other eastern European markets. By spring 2010 there will be approximately eighty sites across the network spanning 24 countries, including the two biggest markets, Germany and the UK. This strategy reflects the availability of two things: diesel models, which improve the business case for our dealers, and property, which takes longer to secure.

Our network strategy reflects our product lineup. We offer V6 models exclusively, so we occupy a market segment concentrated in large metropolitan areas. Under our lean and centralized wholesale organization, those eighty sites will provide around 65 percent market coverage while offering our dealer-partners a stable business opportunity and a profitable return on their investment. Although the coverage is relatively low, from a dealer perspective it is more attractive. They have a larger potential market and thus more profit potential. We are, after all, asking them to invest heavily—as a new brand, we must tell customers who and what we are, and premium facilities in the right locations involve significant commitments. From our side, having dedicated sales networks and fewer entities to deal will help us enormously from a logistical perspective and give us a lean, cost-effective structure.

Customer service is another decisive aspect. Our research indicates that many Tier 1 brand customers in Europe do not feel well served. They are buying luxury cars but receiving the same levels of service mass-market customers do. We want Infiniti customers to feel special, and our customer service approach will be something quite different from the industry norm.

We carried out benchmarking with assorted luxury premium brands, goods, and services to ensure this, and hired key team members from various premium brands outside the car industry. They possess the intellectual ability, insights and motivation to support Infiniti in a fresh and creative way. We are also hiring more experienced personnel to handle our customer contact center. By the end of the NISSAN GT 2012 midterm plan, I expect to see Infiniti recognized as a credible premium brand in Europe, with customer service to match.

An Infiniti dealer showroom in Russia

China

The China Factor in GOM

KIMIYASU NAKAMURA
President
Dongfeng Motor Co., Ltd.

China represented 43 percent of our total sales in GOM in fiscal 2007, making this a tremendously important market for Nissan. This first year of our new midterm business plan is therefore a very challenging time for us.

I run Dongfeng Motor Co., Ltd. (DFL), a joint venture owned equally by Dongfeng and Nissan that is the only JV in China to offer a comprehensive lineup. In 2004, DFL began implementing a strategic business plan here called Plan 2^3 (Plan Two Cubed) to build our foundation. "Two Cubed" refers to our three goals of doubling sales volume and revenue, double-digit operating profit, and making this joint venture a learning organization between two companies—Dongfeng and Nissan.

The plan worked. Between 2003 and 2007, DFL surpassed its sales goal, jumping from 298,000 units to 610,000 units annually. Operating profit rose 69 percent between 2004 and 2007. Staff from the two entities also successfully united cross-culturally and cross-functionally under the Dongfeng Nissan Management Way, and we became a learning organization in many areas. One example: we doubled our productivity between 2003 and 2007, a direct result of efforts by our motivated employees and management.

That set the stage for Plan 1^3 (Plan One Cubed), our new five-year business plan. One Cubed lays out a strategy for building a strong base in China and global competitiveness atop three pillars: significant growth; operational enrichment through first-class quality; and becoming the most trusted car company in China.

We are seeking one million in sales and 100 billion yuan in revenue by 2012. To achieve this ambitious target, we will launch more than ten new passenger vehicle models and more than five new LCVs. Four new models have already debuted this year—Qashqai, Livina C-Gear, an all-new Teana, and X-TRAIL.

To serve customers better, we are widening our sales network. By 2012, we will have 420 outlets for passenger vehicles, up 40 percent from 2007. We are also boosting production capacity to sustain our growth curve. DFL already has an annual capacity of 860,000 units, and we are investing a billion yuan in our new Zhengzhou Nissan plant, which starts operations in 2010 with a capacity of over 120,000 units.

Operational enrichment entails becoming first class in cost-competitiveness and the quality of products, sales and service. Accelerating localization is critical to that effort, so in 2006 we established an R&D center in Guangzhou. By 2012, we intend to increase local content in our passenger vehicles from the current level of 70 percent to 90 percent. We also built a training center for dealers in Guangzhou to enhance CS and started an auto finance company in Shanghai to offer customers more payment options.

Protecting the environment is one way of gaining stakeholder respect and becoming a trusted company. The new Teana offers a smart navigation system that enables drivers to avoid congested roads by plotting the shortest possible route. A test of the system in Beijing showed that a 30 percent utilization rate has the potential to cut CO_2 by up to 27 percent.

Although this is my first year as DFL's president, I have been a board member since the beginning and know the company well. DFL has already achieved a great deal, and I am confident that we have many more opportunities for sustainable growth.

Teana

Middle East, Africa, Latin America and the Caribbean

Gaining Momentum in the New New World

GILLES NORMAND
Corporate Vice President

Sales in our region of GOM—what I call "the new new world"—remain very hot. We moved over 384,000 units in the Middle East, Africa, Latin America and the Caribbean in fiscal 2007, a rise of nearly 22 percent and a rate 4 percent higher than 2006. Our market share is growing everywhere. GOM's relative weight within Nissan has also nearly doubled since 2000, rising from 15 percent to 28 percent last year.

China, Japan and other economic powers are driving our sales up as they invest heavily in Latin American, African and Middle Eastern nations rich in energy and raw materials. In turn, those countries are using the revenues to build their infrastructure, which creates a powerful demand for workhorse vehicles such as 4X4s and pickups. The striking and sustainable growth has inspired us to invest more in these territories.

As the regional motoring market expands, it is exhibiting a dual personality. While some customers naturally desire the latest models and features, inflation worries steer many people to earlier models that still offer great value and quality. In effect, we are doubling our offering in certain lineups and simultaneously extending the lifespan of successful products. As an example, we launched the new Navara pickup truck across the whole region but retained the D22, a price-competitive pickup that appeals to fleet customers and working people. We also sell the new X-TRAIL alongside its predecessor, the X-TRAIL Classic, in several markets.

A notable characteristic of this region is that 60 percent of the people in many GOM countries are under thirty. That translates into big families, so in 2007 we launched two models of our new Livina family of global cars in multiple markets. They have proven tremendously popular—Livina won the best MPV station wagon award in South Africa, and even in that otherwise slow market we are unable to satisfy demand. In 2008, we will introduce the Livina family throughout the region, including a new Livina, the sporty new X-Gear hatchback.

We are also rolling out the new Murano and Teana in several markets, and introducing segment-busting cars like the Tiida, which offers a huge interior for a compact. Our latest compact crossover, the Qashqai, is massively successful wherever we bring it to market. In Saudi Arabia, the Altima was again named editor's choice for best Japanese sedan, and the GT-R won Car of the Year even before its Dubai Motor Show debut.

At the high end, Infiniti is the fastest-growing luxury brand in the Middle East, up 43 percent last year. We are opening standalone Infiniti outlets in 2008, especially in the Gulf—starting in Kuwait, Oman, Dubai, and likely doing the same in Jiddah—and launching the much-anticipated new Infiniti FX50.

We are nurturing this spectacular growth and basing our distribution strategy on "champions"—influential distributors with years of outstanding results. They are closely connected to the market and community and cognizant of buying trends. Instead of Nissan pushing them to sell, they are pulling us.

Although our brand has proven itself globally, we still often underestimate our potential. Mr. Ghosn challenges us constantly on this score, so we are becoming more aggressive in our planning. Case in point: we have set a minimum regional sales target of 400,000 units in the Middle East, from 198,000 in fiscal 2007, to meet one of NISSAN GT 2012's expansion breakthroughs.

Turning Tide: GT-R revealed in Dubai Motor Show was the first outside Japan.

FINANCIAL SECTION

CONTENTS

FINANCIAL INFORMATION

The English translation of financial section in the “Yukashoken-Houkokusho” for the year ended March 31, 2008.

BASIS OF PRESENTATION

The consolidated financial statements for the current fiscal year (from April 1, 2007 to March 31, 2008) and the prior fiscal year (from April 1, 2006 to March 31, 2007) have been prepared in accordance with accounting principles generally accepted in Japan, as required by the Financial Instruments and Exchange Law of Japan and the Securities and Exchange Law of Japan, respectively, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

NISSAN
ZBD 163

Accounts	Notes	Prior Fiscal Year (As of March 31, 2007) Amounts (Millions of yen)		Ratio (%)	Current Fiscal Year (As of March 31, 2008) Amounts (Millions of yen)		Ratio (%)
Assets							
I. Current assets							
1. Cash on hand and in banks	*3		457,925			570,225	
2. Trade notes and accounts receivable	*3 *6		679,119			688,300	
3. Sales finance receivables	*3		3,557,223			3,234,433	
4. Securities			28,255			24,643	
5. Finished goods			712,696			709,798	
6. Other inventories			291,975			295,367	
7. Deferred tax assets			324,979			299,306	
8. Other			536,797			552,061	
9. Allowance for doubtful accounts			(96,083)			(79,909)	
Total current assets			6,492,886	52.4		6,294,224	52.7
II. Fixed assets							
1. Property, plant and equipment	*1 *3						
(1) Buildings and structures		713,159			709,149		
(2) Machinery, equipment and vehicles	*2	2,726,338			2,517,838		
(3) Land		733,651			720,370		
(4) Construction in progress		152,829			153,909		
(5) Other		551,211	4,877,188	39.3	525,286	4,626,552	38.7
2. Intangible fixed assets	*3 *4		185,313	1.5		186,346	1.6
3. Investments and other assets							
(1) Investment securities	*5	386,212			452,169		
(2) Long-term loans receivable		26,322			24,555		
(3) Deferred tax assets		157,495			94,420		
(4) Other		281,204			266,009		
(5) Allowance for doubtful accounts		(4,412)	846,821	6.8	(4,793)	832,360	7.0
Total fixed assets			5,909,322	47.6		5,645,258	47.3
Total assets			12,402,208	100.0		11,939,482	100.0

Accounts	Notes	Prior Fiscal Year (As of March 31, 2007) Amounts (Millions of yen)	Ratio (%)	Current Fiscal Year (As of March 31, 2008) Amounts (Millions of yen)	Ratio (%)
Liabilities					
I. Current liabilities					
1. Trade notes and accounts payable	*6	1,103,186		1,119,430	
2. Short-term borrowings	*3	1,056,319		988,342	
3. Current portion of long-term borrowings	*3	974,695		666,844	
4. Commercial paper		965,238		951,843	
5. Current portion of bonds		101,159		149,998	
6. Lease obligations		50,421		75,554	
7. Accrued expenses		589,337		563,672	
8. Deferred tax liabilities		9,064		1,501	
9. Accrued warranty costs		92,279		91,151	
10. Other		633,621		634,281	
Total current liabilities		5,575,319	44.9	5,242,616	43.9
II. Long-term liabilities					
1. Bonds		729,707		772,725	
2. Long-term borrowings	*3	1,167,814		1,050,889	
3. Lease obligations		59,140		85,389	
4. Deferred tax liabilities		507,600		461,792	
5. Accrued warranty costs		130,111		112,522	
6. Accrued retirement benefits		194,494		177,485	
7. Accrued directors' retirement benefits		—		3,883	
8. Other		161,029		182,738	
Total long-term liabilities		2,949,895	23.8	2,847,423	23.9
Total liabilities		8,525,214	68.7	8,090,039	67.8
Net assets					
I. Shareholders' equity					
1. Common stock		605,814	4.9	605,814	5.1
2. Capital surplus		804,470	6.5	804,470	6.7
3. Retained earnings		2,402,726	19.4	2,726,859	22.8
4. Treasury stock		(226,394)	(1.9)	(269,003)	(2.2)
Total shareholders' equity		3,586,616	28.9	3,868,140	32.4
II. Valuation, translation adjustments and others					
1. Unrealized holding gain on securities		5,826	0.1	5,750	0.0
2. Unrealized gain and loss from hedging instruments		1,817	0.0	(8,471)	(0.1)
3. Adjustments for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting		68,923	0.6	79,417	0.7
4. Land revaluation of foreign subsidiaries		5,095	0.0	6,238	0.1
5. Unfunded retirement benefit obligation of foreign subsidiaries		(13,826)	(0.1)	(4,290)	0.0
6. Translation adjustments		(109,214)	(0.9)	(441,820)	(3.7)
Total valuation, translation adjustments and others		(41,379)	(0.3)	(363,176)	(3.0)
III. Share subscription rights		2,711	0.0	1,714	0.0
IV. Minority interests		329,046	2.7	342,765	2.8
Total net assets		3,876,994	31.3	3,849,443	32.2
Total liabilities and net assets		12,402,208	100.0	11,939,482	100.0

Accounts	Notes	Prior Fiscal Year [From April 1, 2006 To March 31, 2007] Amounts (Millions of yen)		Ratio (%)	Current Fiscal Year [From April 1, 2007 To March 31, 2008] Amounts (Millions of yen)		Ratio (%)
I. Net sales			10,468,583	100.0		10,824,238	100.0
II. Cost of sales	*1		8,027,186	76.7		8,407,398	77.7
Gross profit			2,441,397	23.3		2,416,840	22.3
III. Selling, general and administrative expenses	*1						
1. Advertising expenses		274,833			275,857		
2. Service costs		76,481			73,236		
3. Provision for warranty costs		115,490			95,408		
4. Other selling expenses		415,269			395,095		
5. Salaries and wages		381,284			381,673		
6. Retirement benefit expenses		33,491			35,719		
7. Supplies		8,395			7,527		
8. Depreciation and amortization		73,045			75,742		
9. Provision for doubtful accounts		38,282			43,776		
10. Amortization of goodwill		6,337			7,565		
11. Other		241,551	1,664,458	15.9	234,412	1,626,010	15.0
Operating income			776,939	7.4		790,830	7.3
IV. Non-operating income							
1. Interest income		24,313			25,343		
2. Dividend income		1,233			2,862		
3. Equity in earnings of affiliates		20,187			37,217		
4. Exchange gain		5,796			—		
5. Miscellaneous income		14,385	65,914	0.7	16,405	81,827	0.8
V. Non-operating expenses							
1. Interest expense		30,664			36,118		
2. Amortization of net retirement benefit obligation at transition		10,928			11,009		
3. Loss on the net monetary position due to restatement		12,211			6,902		
4. Exchange loss		—			28,991		
5. Miscellaneous expenses		27,999	81,802	0.8	23,237	106,257	1.0
Ordinary income			761,051	7.3		766,400	7.1
VI. Special gains							
1. Gain on sales of fixed assets	*2	31,973			80,089		
2. Gain on sales of investment securities		15,714			3,715		
3. Prior period adjustments		5,193			—		
4. Gain on implementation of a defined contribution plans		19,285			1,076		
5. Other		1,522	73,687	0.7	3,258	88,138	0.8
VII. Special losses							
1. Loss on sales of fixed assets	*2	3,475			1,538		
2. Loss on disposal of fixed assets		25,402			21,754		
3. Impairment loss	*3	22,673			8,878		
4. Loss on sales of investment securities		6,234			240		
5. Write-down of investments and receivables		2,252			2,934		
6. Loss on dilution resulting from restructuring of domestic dealers		5,914			—		
7. Prior period adjustments		4,689			—		
8. Loss on business restructuring of consolidated subsidiaries		3,824			5,414		
9. Loss on implementation of a defined contribution plans		503			220		
10. Loss on relocation of the headquarters of a subsidiary in North America		10,827			1,895		
11. Special addition to retirement benefits		31,933			14,350		
12. Directors' retirement benefits payable due to discontinuance of the benefits system		—			6,533		
13. Other		19,580	137,306	1.3	22,824	86,580	0.8
Income before income taxes and minority interests			697,432	6.7		767,958	7.1
Corporate, inhabitants' and enterprise taxes		202,328			190,690		
Income taxes deferred		9,834	212,162	2.0	72,018	262,708	2.4
Income attributable to minority interests			24,474	0.3		22,989	0.2
Net income			460,796	4.4		482,261	4.5

Prior fiscal year (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	605,814	804,470	2,116,825	(249,153)	3,277,956
Changes during the period:					
Cash dividends paid	—	—	(131,064)	—	(131,064)
Bonuses to directors and statutory auditors	—	—	(560)	—	(560)
Net income for the period	—	—	460,796	—	460,796
Disposal of treasury stock	—	—	(3,477)	33,134	29,657
Purchases of treasury stock	—	—	—	(10,375)	(10,375)
Changes due to merger	—	—	361	—	361
Change in the scope of consolidation	—	—	(3,728)	—	(3,728)
Change in the scope of equity method	—	—	(763)	—	(763)
Net changes in items other than those in shareholders' equity (Note)	—	—	(35,664)	—	(35,664)
Total changes during the period	—	—	285,901	22,759	308,660
Balance as of March 31, 2007	605,814	804,470	2,402,726	(226,394)	3,586,616

(Millions of yen)

	Valuation, translation adjustments and others									
	Unrealized holding gain on securities	Unrealized gain from hedging instruments	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Land revaluation of foreign subsidiaries	Unfunded retirement benefit obligation of foreign subsidiaries	Translation adjustments	Total valuation, translation adjustments and others	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2006	14,340	—	—	—	—	(204,313)	(189,973)	3,144	285,893	3,377,020
Changes during the period:										
Cash dividends paid	—	—	—	—	—	—	—	—	—	(131,064)
Bonuses to directors and statutory auditors	—	—	—	—	—	—	—	—	—	(560)
Net income for the period	—	—	—	—	—	—	—	—	—	460,796
Disposal of treasury stock	—	—	—	—	—	—	—	—	—	29,657
Purchases of treasury stock	—	—	—	—	—	—	—	—	—	(10,375)
Changes due to merger	—	—	—	—	—	—	—	—	—	361
Change in the scope of consolidation	—	—	—	—	—	—	—	—	—	(3,728)
Change in the scope of equity method	—	—	—	—	—	—	—	—	—	(763)
Net changes in items other than those in shareholders' equity (Note)	(8,514)	1,817	68,923	5,095	(13,826)	95,099	148,594	(433)	43,153	155,650
Total changes during the period	(8,514)	1,817	68,923	5,095	(13,826)	95,099	148,594	(433)	43,153	499,974
Balance as of March 31, 2007	5,826	1,817	68,923	5,095	(13,826)	(109,214)	(41,379)	2,711	329,046	3,876,994

Note: As a result of the adoption of the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Accounting Standard for Statement of Changes in Net Assets, ¥35,664 million, which had been included in Retained earnings at the end of the fiscal year ended March 31, 2006, has been reclassified to Valuation, translation adjustments and others.

	(Millions of yen)
Adjustments for revaluation of accounts of consolidated subsidiaries based on general price level accounting	49,915
Revaluation of land of foreign subsidiaries	5,134
Unfunded retirement benefit obligation of foreign subsidiaries	(19,385)
Total amount reclassified from Retained earnings to Valuation, translation adjustments and others	35,664

Current fiscal year (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	605,814	804,470	2,402,726	(226,394)	3,586,616
Changes during the period:					
Cash dividends paid	—	—	(151,725)	—	(151,725)
Net income for the period	—	—	482,261	—	482,261
Disposal of treasury stock	—	—	(6,033)	38,732	32,699
Purchases of treasury stock	—	—	—	(81,341)	(81,341)
Changes due to merger	—	—	21	—	21
Change in the scope of consolidation	—	—	(391)	—	(391)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	324,133	(42,609)	281,524
Balance as of March 31, 2008	605,814	804,470	2,726,859	(269,003)	3,868,140

(Millions of yen)

	Valuation, translation adjustments and others									
	Unrealized holding gain on securities	Unrealized gain and loss from hedging instruments	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Land revaluation of foreign subsidiaries	Unfunded retirement benefit obligation of foreign subsidiaries	Translation adjustments	Total valuation, translation adjustments and others	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2007	5,826	1,817	68,923	5,095	(13,826)	(109,214)	(41,379)	2,711	329,046	3,876,994
Changes during the period:										
Cash dividends paid	—	—	—	—	—	—	—	—	—	(151,725)
Net income for the period	—	—	—	—	—	—	—	—	—	482,261
Disposal of treasury stock	—	—	—	—	—	—	—	—	—	32,699
Purchases of treasury stock	—	—	—	—	—	—	—	—	—	(81,341)
Changes due to merger	—	—	—	—	—	—	—	—	—	21
Change in the scope of consolidation	—	—	—	—	—	—	—	—	—	(391)
Net changes in items other than those in shareholders' equity	(76)	(10,288)	10,494	1,143	9,536	(332,606)	(321,797)	(997)	13,719	(309,075)
Total changes during the period	(76)	(10,288)	10,494	1,143	9,536	(332,606)	(321,797)	(997)	13,719	(27,551)
Balance as of March 31, 2008	5,750	(8,471)	79,417	6,238	(4,290)	(441,820)	(363,176)	1,714	342,765	3,849,443

Accounts	Notes	Prior Fiscal Year [From April 1, 2006 To March 31, 2007] Amounts (Millions of yen)	Current Fiscal Year [From April 1, 2007 To March 31, 2008] Amounts (Millions of yen)
I. Cash flows from operating activities			
Income before income taxes and minority interests		697,432	767,958
Depreciation and amortization (for fixed assets excluding leased vehicles)		441,703	463,730
Depreciation and amortization (for other assets)		24,118	24,744
Depreciation and amortization (for leased vehicles)		305,402	340,698
Impairment loss		22,673	8,878
(Decrease) increase in allowance for doubtful receivables		9,996	(2,552)
Unrealized loss on investments		459	1,597
Interest and dividend income		(25,546)	(28,205)
Interest expense		145,547	159,285
Gain on sales of property, plant and equipment		(28,485)	(78,551)
Loss on disposal of fixed assets		25,403	21,754
Gain on sales of investment securities		(3,566)	(3,475)
Increase in trade notes and accounts receivable		(114,960)	(44,245)
(Increase) decrease in sales finance receivables		44,341	(78,851)
Increase in inventories		(88,765)	(40,581)
Increase in trade notes and accounts payable		54,368	103,123
Amortization of net retirement benefit obligation at transition		10,928	11,009
Retirement benefit expenses		55,438	52,260
Retirement benefit payments made against related accrual		(157,821)	(53,303)
Other		12,118	12,108
Subtotal		1,430,783	1,637,381
Interest and dividends received		24,622	27,770
Interest paid		(143,650)	(157,974)
Income taxes paid		(268,928)	(164,893)
Net cash provided by operating activities		1,042,827	1,342,284
II. Cash flows from investing activities			
Net decrease in short-term investments		7,210	6,311
Purchases of fixed assets		(546,848)	(469,236)
Proceeds from sales of property, plant and equipment		72,308	131,183
Purchase of leased vehicles		(957,356)	(862,066)
Proceeds from sales of leased vehicles		304,912	393,418
Increase in long-term loans receivable		(12,625)	(13,900)
Decrease in long-term loans receivable		4,211	10,561
Purchase of investment securities		(17,117)	(35,820)
Proceeds from sales of investment securities		36,486	7,272
Purchase of subsidiaries' stock resulting in changes in the scope of consolidation	*2	(1,391)	(16,032)
Proceeds from sales of subsidiaries' stock resulting in changes in the scope of consolidation		1,308	1,664
Other		(5,685)	(20,978)
Net cash used in investing activities		(1,114,587)	(867,623)
III. Cash flows from financing activities			
Net increase in short-term borrowings		492,538	25,397
Increase in long-term borrowings		969,461	834,160
Increase in bonds		123,730	236,875
Repayment of long-term borrowings		(1,102,015)	(1,023,072)
Redemption of bonds		(190,515)	(101,888)
Proceeds from minority shareholders		260	47
Purchase of treasury stock		(10,375)	(81,341)
Proceeds from sales of treasury stock		29,087	33,203
Repayment of lease obligations		(66,775)	(72,762)
Cash dividends paid		(131,064)	(151,725)
Cash dividends paid to minority shareholders		(7,453)	(6,291)
Other		33	395
Net cash provided by (used in) financing activities		106,912	(307,002)
IV. Effects of exchange rate changes on cash and cash equivalents		16,640	(52,978)
V. Increase in cash and cash equivalents		51,792	114,681
VI. Cash and cash equivalents at beginning of the year		404,212	469,388
VII. Increase due to inclusion in consolidation		13,384	33
VIII. Cash and cash equivalents at end of the year	*1	469,388	584,102

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
1. Scope of consolidation (1) Number of consolidated companies 188 ▪ Domestic companies 94 Sales companies for vehicles and parts Aichi Nissan Motor, Nissan Fleet Sales, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 71 other sales companies Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and 4 other companies Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 8 other companies ▪ Foreign companies 94 Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 90 other companies The newly established Nissan Business Service has been consolidated. Nissan Center Europe and another company have been consolidated through the acquisition of their stocks. Nissan Nordic Europe and 8 other companies, which were unconsolidated subsidiaries in the prior year, have been consolidated since their importance has increased. In addition, Tokyo Nissan Motor and 4 other companies have been dissolved following their mergers. Nissan Swaziland (Pty) Ltd. and 3 other companies were liquidated. Reicomsa, S. A. and another company have been excluded from consolidation following the sale of their shares. As a result of the reorganization of domestic dealers during the year ended March 31, 2007, 52 consolidated subsidiaries have been split into 52 companies each for sales and asset management. The 52 asset management companies were then dissolved following their merger with Nissan Real Estate Development Co., Ltd., which was then renamed Nissan Network Holdings Co., Ltd.	1. Scope of consolidation (1) Number of consolidated companies 194 ▪ Domestic companies 80 Sales companies for vehicles and parts Aichi Nissan Motor, Nissan Fleet Sales, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 57 other sales companies Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and 4 other companies Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 8 other companies ▪ Foreign companies 114 Nissan North America, Inc., Nissan International SA, Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 110 other companies The newly established Tokai Nissan Motor Co., Ltd., and 3 other companies have been consolidated. Atlet AB and another company have been consolidated through the acquisition of their stocks. Due to the consolidation of Atlet AB, its 16 subsidiaries have also been consolidated. Nissan International SA and 2 other companies, which were unconsolidated subsidiaries in the prior year, have been consolidated since their importance has increased. Meanwhile, NR Wholesales Mexico, S.A. De C.V., and 10 other companies ceased to exist due to mergers. Sunny Osaka Service Co., Ltd., and 6 other companies were dissolved. Bocho Nissan Motor Co., Ltd., has been excluded from consolidation following the sale of its shares.
(2) Unconsolidated subsidiaries 174 ▪ Domestic companies 115 Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others ▪ Foreign companies 59 Nissan Industrial Equipment Co. and others These unconsolidated subsidiaries are small in terms of their total assets, sales, net income or loss, retained earnings and others, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.	(2) Unconsolidated subsidiaries 167 ▪ Domestic companies 106 Nissan Marine Co., Ltd., Shinwa Kogyo Co., Ltd. and others ▪ Foreign companies 61 Nissan Industrial Equipment Co. and others These unconsolidated subsidiaries are small in terms of their total assets, sales, net income or loss, retained earnings and others, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
2. Equity method (1) Companies accounted for by the equity method 47 ▪ Unconsolidated subsidiaries 32 (20 domestic and 12 foreign companies) Nissan Marine Co., Ltd., Nissan Industrial Equipment Co. and others Alliance Inspection Management Holdings and 5 other companies, which were subsidiaries not accounted for by the equity method in the prior year, have become unconsolidated subsidiaries accounted for by the equity method because their importance has increased. Meanwhile, Nissan Hanshin Service Center Co., Ltd. and 2 other companies have been dissolved following their mergers. ▪ Affiliates 15 (14 domestic and 1 foreign companies) Kinugawa Rubber Industrial Co., Ltd. and others Siam Metal Technologies and another company have been excluded from the scope of the equity method, following the sale of their shares. Nissan Vehicle Distributors has been liquidated. (2) Companies not accounted for by the equity method 182 ▪ Unconsolidated subsidiaries 142 Nissan Human Resources Development Center Inc. and others ▪ Affiliates 40 Tonox Co., Ltd. and others These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others. (3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.	2. Equity method (1) Companies accounted for by the equity method 47 ▪ Unconsolidated subsidiaries 31 (19 domestic and 12 foreign companies) Nissan Marine Co., Ltd., Nissan Industrial Equipment Co. and others Nissan Fukuoka Service Center Co., Ltd., which was an unconsolidated subsidiary and accounted for by the equity method in the prior year, ceased to exist due to a merger. ▪ Affiliates 16 (15 domestic and 1 foreign companies) Kinugawa Rubber Industrial Co., Ltd., Tonichi Carlife Group Corporation and others Tonichi Carlife Group Corporation has been included in the scope of the equity method after it became an affiliate through the purchase of its shares. (2) Companies not accounted for by the equity method 180 ▪ Unconsolidated subsidiaries 136 Shinwa Kogyo Co., Ltd. and others ▪ Affiliates 44 Tonox Co., Ltd. and others These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others. (3) Same as the prior fiscal year.

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
3. Accounting period of consolidated subsidiaries (1) The following consolidated companies close their books of account at: December 31: Nissan Mexicana, S.A. de C.A. NR Finance Mexico, S.A. de C.V. NR Wholesales Mexico, S.A. de C.V. ESARA, S.A. De C.V Nissan Europe S.A.S. and its 14 subsidiaries Nissan Forklift Europe B.V. Nissan do Brasil Automoveis Ltda JATCO Mexico, S.A. de C.V Yulon Nissan Motor Co., Ltd. NISSAN (CHINA) INVESTMENT CO., LTD. Dongfeng Motor Co., Ltd. Calsonic Kansei Mexicana, S.A. de R.L. de C.V., and its 2 subsidiaries Calsonic Kansei (Thailand) Co., Ltd. Calsonic Kansei (Shanghai) Corp. Calsonic Kansei (China) Holding Company (2) Of these 31 companies, the financial statements of Nissan Europe S.A.S., Nissan Mexicana, S.A. de C.A., and 20 other subsidiaries are consolidated by using their financial statements as of the parent fiscal year end which are prepared solely for consolidation purposes. For Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd., and 7 other subsidiaries are consolidated by using their financial statements as of their respective fiscal year end, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.	3. Accounting period of consolidated subsidiaries (1) The following consolidated companies close their books of account at: December 31: Nissan Mexicana, S.A. de C.A. NR Finance Mexico, S.A. de C.V. NR Finance Service S.A. de C.V. Nissan Motor (GB) Ltd. Nissan Motor Manufacturing (UK) Ltd. Aprite (Gb) Ltd. Nissan Design Europe Ltd. Nissan Motor RUS Ltd. Nissan Motor Ukraine Company Nissan Kaz Limited Liability Partnership Nissan International SA Nissan do Brasil Automoveis Ltda JATCO Mexico, S.A. de C.V Yulon Nissan Motor Co., Ltd. NISSAN (CHINA) INVESTMENT CO., LTD. Dongfeng Motor Co., Ltd. Calsonic Kansei Mexicana, S.A. de R.L. de C.V., Calsonic Kansei (Thailand) Co., Ltd. Calsonic Kansei (Shanghai) Corp. Calsonic Kansei (China) Holding Company Calsonic Kansei (Guangzhou) Corp. Atlet AB and its 16 subsidiaries (2) Of these 38 companies, the financial statements of Nissan Mexicana, S.A. de C.A., and 12 other subsidiaries are consolidated by using their financial statements as of the parent fiscal year end which are prepared solely for consolidation purposes. For Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd., and 23 other subsidiaries are consolidated by using their financial statements as of their respective fiscal year end, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.
4. Significant accounting policies (1) Valuation methods for assets 1) Securities Held-to-maturity securities: Held-to maturity securities are stated at amortized cost Other securities: Marketable securities: Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving average method. Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method. 2) Derivatives Derivatives financial instruments are stated at fair value. 3) Inventories Inventories are stated principally at the lower of cost or market, cost being determined by the first-in, first-out method.	4. Significant accounting policies (1) Valuation methods for assets 1) Securities Held-to-maturity securities: Same as the prior fiscal year. Other securities: Marketable securities: Same as the prior fiscal year. Non-marketable securities: Same as the prior fiscal year. 2) Derivatives Same as the prior fiscal year. 3) Inventories Same as the prior fiscal year.

Prior fiscal year [From April 1, 2006 / To March 31, 2007]	Current fiscal year [From April 1, 2007 / To March 31, 2008]
(2) Depreciation of property, plant and equipment Depreciation of property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company.	(2) Depreciation of property, plant and equipment Same as the prior fiscal year.
(3) Basis for significant reserves 1) Allowance for doubtful accounts Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty.	(3) Basis for significant reserves 1) Allowance for doubtful accounts Same as the prior fiscal year.
2) Accrued warranty costs Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.	2) Accrued warranty costs Same as the prior fiscal year.
3) Accrued retirement benefits Accrued retirement benefits or prepaid pension costs are recorded principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year. The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees	3) Accrued retirement benefits Same as the prior fiscal year.
―――――――	4) Accrued directors' retirement benefits Accrued directors' retirement benefits are provided at an amount to be required at the year-end according to internal regulations.
(4) Foreign currency translation Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statement of operations. The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and minority interests in net assets.	(4) Foreign currency translation Same as the prior fiscal year.
(5) Lease accounting Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.	(5) Lease accounting Same as the prior fiscal year.

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
(6) Hedge accounting 1) Hedge accounting Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred. 2) Hedging instruments and hedged items · Hedging instruments...... Derivative transactions · Hedged items...................... Hedged items are primarily forecast sales denominated in foreign currencies. 3) Hedging policy It is the Company's policy that all transactions denominated in foreign currencies are to be hedged. 4) Assessment of hedge effectiveness Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same. 5) Risk management policy with respect to hedge accounting The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management." (7) Accounting for consumption tax Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax. ――――― (8) Accounting policies adopted by foreign consolidated subsidiaries The financial statements of the Company's subsidiaries in Mexico and other countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in those countries in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in valuation, translation adjustments and others.	(6) Hedge accounting 1) Hedge accounting Same as the prior fiscal year. 2) Hedging instruments and hedged items · Hedging instruments...... Derivative transactions · Hedged items...................... Hedged items are primarily forecast sales denominated in foreign currencies, and receivables and payables denominated in foreign currencies. 3) Hedging policy Same as the prior fiscal year. 4) Assessment of hedge effectiveness Same as the prior fiscal year. 5) Risk management policy with respect to hedge accounting Same as the prior fiscal year. (7) Accounting for consumption tax Same as the prior fiscal year. (8) Adoption of consolidated taxation system The Company and some of its subsidiaries adopted the consolidated taxation system effective from the fiscal year ended March 31, 2008. (9) Accounting policies adopted by foreign consolidated subsidiaries The financial statements of the Company's consolidated subsidiaries in Mexico have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in Mexico in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in valuation, translation adjustments and others.
5. Valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value at the time of acquisition.	5. Valuation of assets and liabilities of consolidated subsidiaries Same as the prior fiscal year.
6. Amortization of goodwill and negative goodwill Goodwill and negative goodwill have been amortized evenly over periods not exceeding 20 years, determined based on their materiality. However, immaterial goodwill and negative goodwill are charged or credited to income in the year of acquisition.	6. Amortization of goodwill and negative goodwill Goodwill and negative goodwill have been amortized evenly over periods not exceeding 20 years, during which their effect can be recognized, determined based on their materiality. However, immaterial goodwill and negative goodwill are charged or credited to income in the year of acquisition.
7. Cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.	7. Cash and cash equivalents in the consolidated statements of cash flows Same as the prior fiscal year.

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
Accounting standard for share-based payment Effective April 1, 2006, the Company adopted the Accounting Standard for Share-based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-based Payment (ASBJ Guidance No. 11 issued on May 31, 2006). The effect of this change was to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥1,037 million for the year ended March 31, 2007, compared with the corresponding amounts which would have been recorded if the previous method had been followed. The effect of this change on Segment Information is explained in the applicable notes.	**Accounting for Directors' Retirement Benefits** Until the year ended March 31, certain subsidiaries expensed retirement benefits for directors and statutory auditors to income when general shareholders' meetings approved resolutions for the payment of those benefits. In April 2007, a new position paper was issued by the Japanese Institute of Certified Public Accountants to clarify the accounting treatment for retirement benefits for directors and statutory auditors. In this connection, certain subsidiaries began to record an accrual for the retirement benefits for the directors and statutory auditors at the amount which would have been required to be paid in accordance with their respective internal rules if those directors and statutory auditors had resigned their offices as of the balance sheet date in order to establish a sound financial position. The effect of this change was to increase selling, general and administrative expenses by ¥441 million, to decrease operating income and ordinary income each by ¥441 million, and to decrease income before income taxes and minority interests by ¥1,569 million for the year ended March 31, 2008, compared with the corresponding amounts that would have been recorded under the previous method. The effect of this change on Segment Information is explained in the applicable notes. "Accrued directors' retirement benefits" recognized on balance sheets by some of the Company's consolidated subsidiaries were previously included in "Accrued retirement benefits." Following the aforementioned change, however, they are separately reported effective from the fiscal year ended March 31, 2008.
Accounting standard for presentation of net assets in the balance sheet Effective April 1, 2006, the Company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005). Shareholders' equity under the previous presentation method amounted to ¥3,543,420 million as of March 31, 2007. Net assets in the consolidated balance sheet as of March 31, 2007 have been presented in accordance with the revised "Regulations for Consolidated Financial Statements." **Change of Closing Dates of Consolidated Subsidiaries** Until the year ended March 31, 2006, since the difference between the fiscal year end of the parent company and those of 55 consolidated subsidiaries was within three months, the operating results of those subsidiaries were consolidated by using their financial statements as of their respective fiscal year ends. Effective the year ended March 31, 2007, 22 consolidated subsidiaries have been consolidated by using their financial statements as of the parent's fiscal year end prepared solely for consolidation purposes instead of those as of their respective fiscal year end. This change was made, upon the completion of the internal reporting systems which allow those subsidiaries to accelerate their financial statement closing process, in order to make the disclosures of the consolidated financial statements more meaningful by unifying the fiscal year. In addition, 33 consolidated subsidiaries have also changed their fiscal year end to March 31 for the same reason. As a result, the financial statements of the 55 consolidated subsidiaries described above were prepared for the 15-month period from January 1, 2006 to March 31, 2007. The effect of this change was to increase consolidated net sales by ¥767,606 million, operating income by ¥21,443 million, ordinary income by ¥18,483 million, net income before income taxes and minority interests by ¥15,661 million, and net income by ¥11,589 million compared with the corresponding amounts which would have been recorded if the previous method had been followed. This change was made during the second half of the fiscal year, because the subsidiaries' internal systems to accelerate their financial statements closing processes were completed during that period. The effect of this change on Segment Information is explained in the applicable notes.	

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
Consolidated balance sheets In the presentation of "Current liabilities," "Commercial paper" has been presented separately from "Short-term borrowings" due to its increased materiality. "Commercial paper" in the amount of ¥366,998 million is included in "Short-term borrowings" for the prior fiscal year. **Consolidated statements of income** Beginning with the year ended March 31, 2007, the Company has combined "amortization of goodwill"—a component of the "Other" account—and "Amortization of excess of cost over net assets acquired" and has presented these as "Amortization of goodwill" in accordance with the revised Regulations for Consolidated Financial Statements. "Amortization of goodwill" for the year ended March 31, 2007 includes "Amortization of excess of cost over net assets acquired" in the amount of ¥5,663 million and "amortization of goodwill" in the amount of ¥674 million.	**Consolidated statements of income** (1) A gain on prior period adjustments was presented as a separate account until the prior fiscal year. Due to its minor importance, however, this account, in the amount of ¥1,383 million for the current fiscal year, has been included in "Other" under "Special gains." (2) A loss on prior period adjustments was presented as a separate account until the prior fiscal year. Due to its minor importance, however, this account, in the amount of ¥1,637 million for the current fiscal year, has been included in "Other" under "Special losses."

Additional information

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
————	**Accrued Retirement Benefits for Directors and Statutory auditors** Until the year ended March 31, 2007, the Company expensed retirement benefits for directors and statutory auditors to income when general shareholders' meetings approved resolutions for the payments of those benefits. However, a resolution was approved at the general shareholders' meeting held on June 20, 2007 that retirement benefits for directors and statutory auditors in response to the discontinuation of such system to be paid to the relevant directors and statutory auditors when they retire. Accordingly, the Company recognized the amount of expected payments for this purpose as a special loss and included the outstanding balance in "Other long-term liabilities" for the fiscal year ended March 31, 2008.

(For consolidated balance sheets)

(Millions of yen)

Prior fiscal year (As of March 31, 2007)	Current fiscal year (As of March 31, 2008)
1. *1 Accumulated depreciation of property, plant and equipment ¥4,349,349 The above amount includes accumulated depreciation of leased assets in the amount of ¥160,851 million.	1. *1 Accumulated depreciation of property, plant and equipment ¥4,355,940 The above amount includes accumulated depreciation of leased assets in the amount of ¥197,954 million.
2. *2 Machinery, equipment and vehicles included certain items in the amount of ¥1,796,072 million leased to others under lease agreements.	2. *2 Machinery, equipment and vehicles included certain items in the amount of ¥1,598,643 million leased to others under lease agreements.
3. *3 These assets included the following assets pledged as collateral: (1) Assets pledged as collateral: Trade notes and accounts receivable ¥ 741 Sales finance receivables 1,378,045 Property, plant and equipment 1,057,988 Intangible fixed assets 445 Total ¥2,437,219	3. *3 These assets included the following assets pledged as collateral: (1) Assets pledged as collateral: Cash on hand and in banks ¥ 1,993 Trade notes and accounts receivable 2,662 Sales finance receivables 1,230,097 Property, plant and equipment 851,998 Intangible fixed assets 200 Total ¥2,086,950
(2) Liabilities secured by the above collateral: Short-term borrowings ¥ 612,193 Long-term borrowings (including the current portion) 1,422,841 Total ¥2,035,034 In addition to the above, sales finance receivables totaling ¥55,066 million, which were eliminated in consolidation, were pledged as collateral for short-term borrowings of ¥54,957 million.	(2) Liabilities secured by the above collateral: Short-term borrowings ¥ 602,105 Long-term borrowings (including the current portion) 1,073,726 Total ¥1,675,831
4. Notes receivable discounted with banks outstanding as of March 31, 2007 ¥5,229	4. Notes receivable discounted with banks outstanding as of March 31, 2008 ¥5,473

Prior fiscal year (As of March 31, 2007)

5. Guarantees and others

(1) Guarantees

Guarantees	Balance of liabilities guaranteed	Description of liabilities guaranteed
Employees	* ¥160,182	Guarantees for employees' housing loans and others
593 foreign dealers and 6 other companies	51,403	Guarantees for loans
Total	¥211,585	

* Allowance for doubtful accounts is provided for these loans mainly based on past experience.

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	¥1,064	Commitments to provide guarantees for loans

(3) Outstanding balance of installment receivables sold with recourse ¥6,076

Current fiscal year (As of March 31, 2008)

5. Guarantees and others

(1) Guarantees

Guarantees	Balance of liabilities guaranteed	Description of liabilities guaranteed
Employees	* ¥142,926	Guarantees for employees' housing loans and others
196 foreign dealers and 10 other companies	36,948	Guarantees for loans and others
Total	¥179,874	

* Allowance for doubtful accounts is provided for these loans mainly based on past experience.

(2) Commitments to provide guarantees

Guarantees	Balance of commitments to provide guarantees	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	¥847	Commitments to provide guarantees for loans

(3) Outstanding balance of installment receivables sold with recourse ¥3,470

(Millions of yen)

Prior fiscal year (As of March 31, 2007)	Current fiscal year (As of March 31, 2008)
6. *4 ¥83,705 million of goodwill is included in "Intangible fixed assets."	6. *4 ¥83,466 million of goodwill is included in "Intangible fixed assets."
7. *5 Investments in unconsolidated subsidiaries and affiliates Investments in stock of unconsolidated subsidiaries and affiliates ¥362,407	7. *5 Investments in unconsolidated subsidiaries and affiliates Investments in stock of unconsolidated subsidiaries and affiliates ¥430,064 (Investments in stock of joint ventures included:) ¥784
8. *6 Notes maturing at the end of the Company's current fiscal year Notes maturing at the end of the Company's current fiscal year have been eliminated at the date of clearing. The end of the Company's current fiscal year was a holiday for financial institutions, so the following notes are included in the consolidated balance sheet. Notes receivable ¥2,534 Notes payable 163	———
9. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows: Total credit lines of overdrafts and loans ¥229,767 Loans receivable outstanding 63,039 Unused credit lines ¥166,728 Since many of these facilities expire without being utilized and the related borrowings are sometimes subject to a review of the borrowers' credibility, any unused amount will not necessarily be utilized at the full amount.	8. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows: Total credit lines of overdrafts and loans ¥226,375 Loans receivable outstanding 70,756 Unused credit lines ¥155,619 Since many of these facilities expire without being utilized and the related borrowings are sometimes subject to a review of the borrowers' credibility, any unused amount will not necessarily be utilized at the full amount.

(For consolidated statements of income)

(Millions of yen)

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
1. *1 Total research and development costs Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥464,839	1. *1 Total research and development costs Research and development costs included in manufacturing costs and selling, general and administrative expenses ¥457,482
2. *2 Gain and loss on sales of property, plant and equipment primarily resulted from the sale of land and buildings in the amount of ¥30,536 million and ¥1,753 million, respectively.	2. *2 Gain and loss on sales of property, plant and equipment primarily resulted from the sale of land and buildings in the amount of ¥78,742 million and ¥1,013 million, respectively.
3. *3 The following loss on impairment of fixed assets was recorded for the current fiscal year.	3. *3 The following loss on impairment of fixed assets was recorded for the current fiscal year.

Prior fiscal year:

Usage	Type	Location	Amount
Idle assets	Land Buildings Structures Machinery and equipment	Yatsuo-city, Osaka Prefecture, and 93 other locations	¥9,298
Assets to be sold	Land Buildings and Structures	Kita-ku, Tokyo, and 14 other locations	¥1,078
Assets to be disposed of	Land Buildings Structures	Kyoto-city, Kyoto Prefecture, and 106 other locations	¥12,297

The Group bases its grouping for assessing the impairment loss on fixed assets on its business segments (automobiles and sales finance) and geographical segments. However, the Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of.

The Company and some of its domestic consolidated subsidiaries have recognized an impairment loss on idle assets and assets to be disposed of due to a significant decline in their market value by reducing their net book value to the respective recoverable value of each asset. Such loss amounted to ¥22,673 million has been recorded as a special loss in the accompanying consolidated statements of income. This impairment loss consisted of losses of ¥9,298 million on idle assets (land - ¥6,907 million and building and structures - ¥2,305 million, and machinery and equipment - ¥86 million) and losses of ¥1,078 million on assets to be sold (land - ¥467 million and buildings and structures - ¥611 million), and losses of ¥12,297 million on assets to be disposed of (land - ¥7,476 million and buildings and structures - ¥4,821 million).

The recoverable value of these assets was measured with their net sale value, which was estimated based on an appraisal value for the idle assets and those to be disposed of, or a sales contract for the assets to be sold.

Current fiscal year:

Usage	Type	Location	Amount
Idle assets	Land Buildings Structures Machinery and equipment and others	Ota-ku, Tokyo, and 65 other locations	¥4,274
Assets to be sold	Land Buildings and Structures	Brandenburg, Germany, and 5 other location	¥263
Assets to be disposed of	Land Buildings Structures Machinery and equipment and others	Numazu-city, Shizuoka Prefecture, and 51 other locations	¥4,341

The Group bases its grouping for assessing the impairment loss on fixed assets on its business segments (automobiles and sales finance) and geographical segments. However, the Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of.

The Company and some of its consolidated subsidiaries have recognized an impairment loss on idle assets and assets to be disposed of due to a significant decline in their market value by reducing their net book value to the respective recoverable value of each asset. Such loss amounted to ¥8,878 million has been recorded as a special loss in the accompanying consolidated statements of income. This impairment loss consisted of losses of ¥4,274 million on idle assets (land - ¥1,628 million, building and structures - ¥1,450 million, machinery and equipment - ¥666 million, and others - ¥530 million) and losses of ¥263 million on assets to be sold (land - ¥34 million and buildings and structures - ¥229 million), and losses of ¥4,341 million on assets to be disposed of (land - ¥2,554 million, buildings and structures - ¥1,146 million, machinery and equipment - ¥147 million, and others - ¥494 million).

The recoverable value of these assets was measured with their net sale value, which was estimated based on an appraisal value for the idle assets and those to be disposed of, or a sales contract for the assets to be sold.

(For consolidated statement of changes in net assets)

For the year ended March 31, 2007

1. Shares issued and outstanding / Treasury stock

(Thousands of shares)

Types of share	Number of shares at the end of the prior fiscal year	Increase	Decrease	Number of shares at the end of the current fiscal year
Shares issued: Common stock	4,520,715	—	—	4,520,715
Treasury stock: Common stock	422,763	16,193	29,659	409,297

Notes: 1. Details of the increase are as follows:

	(Thousands of shares)
Increase in stocks held by affiliates accounted for by the equity method	8,337
Increase due to purchase of the stocks	7,810
Increase due to purchase of the stocks of less than standard unit	46

2. Details of the decrease are as follows:

Decrease due to exercising share subscription rights	29,657
Decrease in stocks held by affiliates accounted for by the equity method	2

2. Share subscription rights

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands): At the end of the prior fiscal year	Increase	Decrease	At the end of the current fiscal year	Balance at the end of the current fiscal year (Millions of yen)
Parent company	Euro-yen bonds with warrants due 2007	Common stock	15,937	—	15,937	—	—
	Euro-yen bonds with warrants due 2008	Common stock	44,703	—	11,625	33,078	1,674
	Subscription rights as stock options	—					1,037
	Total	—					2,711

Notes: 1. The decrease of Euro-yen bonds with warrants due 2007 reflects the exercise of the warrants.
2. The decrease of Euro-yen bonds with warrants due 2008 reflects the exercise of some of the warrants.

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2006	Common stock	61,329	15	March 31, 2006	June 28, 2006
Meeting of the Board of Directors on October 26, 2006	Common stock	69,735	17	September 30, 2006	November 28, 2006

Note: Total dividends have been adjusted by the portion of dividends paid to Renault.

(2) Dividends, which the cutoff date was in the year ended March 31, 2007, and the effective date of which will be in the year ending March 31, 2008

Resolution	Type of shares	Total dividends (Millions of yen)	Resources of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 20, 2007	Common stock	69,894	Retained earnings	17	March 31, 2007	June 21, 2007

Note: Total dividends have been adjusted by the portion of dividends paid to Renault.

For the year ended March 31, 2008

1. Shares issued and outstanding / Treasury stock

(Thousands of shares)

Types of share	Number of shares at the end of the prior fiscal year	Increase	Decrease	Number of shares at the end of the current fiscal year
Shares issued: Common stock	4,520,715	—	—	4,520,715
Treasury stock: Common stock	409,297	70,746	34,048	445,995

Notes: 1. Details of the increase are as follows: (Thousands of shares)

Increase due to purchase of the stocks	70,692
Increase due to purchase of the stocks of less than standard unit	51
Increase in stocks held by affiliates accounted for by the equity method	3

2. Details of the decrease are as follows:

Decrease due to exercising share subscription rights	33,908
Decrease in stocks held by affiliates accounted for by the equity method	140

2. Share subscription rights

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands)				Balance at the end of the current fiscal year (Millions of yen)
			At the end of the prior fiscal year	Increase	Decrease	At the end of the current fiscal year	
Parent company	Euro-yen bonds with warrants due 2008	Common stock	33,078	—	33,078	—	—
Parent company	Subscription rights as stock options	—					1,714
	Total	—					1,714

Note: The decrease of Euro-yen bonds with warrants due 2008 reflects the exercise of the warrants and the forfeit of unexercised warrants.

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 20, 2007	Common stock	69,921	17	March 31, 2007	June 21, 2007
Meeting of the Board of Directors on October 26, 2007	Common stock	81,804	20	September 30, 2007	November 27, 2007

Note: Total dividends have been adjusted by the portion of dividends paid to Renault.

(2) Dividends, which the cutoff date was in the year ended March 31, 2008, and the effective date of which will be in the year ending March 31, 2009

Resolution	Type of shares	Total dividends (Millions of yen)	Resources of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 25, 2008	Common stock	81,496	Retained earnings	20	March 31, 2008	June 26, 2008

Note: Total dividends have been adjusted by the portion of dividends paid to Renault.

(For consolidated statements of cash flows)

(Millions of yen)

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
*1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows: As of March 31, 2007: Cash on hand and in banks ¥457,925 Time deposits with maturities of more than three months (14,356) Cash equivalents included in securities (*) 25,819 Cash and cash equivalents ¥469,388 * This represents short-term, highly liquid investments readily convertible into cash held by foreign subsidiaries.	1.*1 Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows: As of March 31, 2008: Cash on hand and in banks ¥570,225 Time deposits with maturities of more than three months (10,394) Cash equivalents included in securities (*) 24,271 Cash and cash equivalents ¥584,102 * This represents short-term, highly liquid investments readily convertible into cash held by foreign subsidiaries.
————	2.*2 Major components of the assets and liabilities of the companies that have been consolidated by acquiring their shares The following assets and liabilities have been consolidated as a result of consolidating Atlet AB and its 16 subsidiaries through the acquisition of their shares. The relation between the acquisition value of these shares and the net disbursement due to the acquisition is as follows. Current assets ¥26,596 Fixed assets 14,158 Goodwill 5,063 Current liabilities (12,186) Long-term liabilities (17,634) Minority interests 0 Acquisition value of shares 15,997 Cash and cash equivalents (1,642) Net disbursement due to the acquisition ¥14,355

(For lease transactions)

(Millions of yen)

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
(Lessees' accounting) Operating lease transactions Future minimum lease payments subsequent to March 31, 2007 are summarized as follows: Due in one year or less ¥ 7,098 Due after one year 25,470 Total ¥32,568	(Lessees' accounting) Operating lease transactions Future minimum lease payments subsequent to March 31, 2008 are summarized as follows: Due in one year or less ¥ 7,109 Due after one year 19,985 Total ¥27,094
(Lessors' accounting) Operating lease transactions Future minimum lease income subsequent to March 31, 2007 is summarized as follows: Due in one year or less ¥382,028 Due after one year 418,280 Total ¥800,308	(Lessors' accounting) Operating lease transactions Future minimum lease income subsequent to March 31, 2008 is summarized as follows: Due in one year or less ¥343,764 Due after one year 349,479 Total ¥693,243

(For securities)

(Millions of yen)

Prior fiscal year

Securities

1. Marketable held-to-maturity debt securities

(As of March 31, 2007)

Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)
(Securities whose fair value does not exceed their carrying value)			
Government bonds	¥294	¥294	—
Corporate bonds	59	59	—
Total	¥353	¥353	—

2. Marketable other securities

(As of March 31, 2007)

Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
(Securities whose carrying value exceed their acquisition cost)			
Stock	¥3,508	¥14,613	¥11,105
Bonds:			
Government bonds	—	—	—
Others	2,704	2,751	47
Subtotal	6,212	17,364	11,152
(Securities whose carrying value does not exceed their acquisition cost)			
Stock	926	708	(218)
Bonds:			
Government bonds	20	20	—
Others	1,869	1,868	(1)
Subtotal	2,815	2,596	(219)
Total	¥9,027	¥19,960	¥10,933

3. Other securities sold during the current fiscal year

(From April 1, 2006 to March 31, 2007)

Sales proceeds	Total gain	Total loss
25,700	11,996	—

4. Carrying value of major securities whose fair value is not available is as follows:

(As of March 31, 2007)

Other securities:	
Unlisted domestic stocks (excluding those traded on the over-the-counter market)	¥8,170
Unlisted foreign stocks	2,357
Unlisted foreign investment trusts	21,199

5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities

(As of March 31, 2007)

Types of securities	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Bonds:				
Government bonds	¥314	—	—	—
Corporate bonds	—	—	59	—
Total	¥314	—	¥59	—

Current fiscal year

Securities

1. Marketable held-to-maturity debt securities

(As of March 31, 2008)

Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)
(Securities whose fair value does not exceed their carrying value)			
Government bonds	¥77	¥77	—
Corporate bonds	—	—	—
Total	¥77	¥77	—

2. Marketable other securities

(As of March 31, 2008)

Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
(Securities whose carrying value exceed their acquisition cost)			
Stock	¥4,464	¥16,226	¥11,762
Bonds:			
Government bonds	—	—	—
Others	—	—	—
Subtotal	4,464	16,226	11,762
(Securities whose carrying value does not exceed their acquisition cost)			
Stock	1,834	1,049	(785)
Bonds:			
Government bonds	—	—	—
Others	4,902	4,846	(56)
Subtotal	6,736	5,895	(841)
Total	¥11,200	¥22,121	¥10,921

3. Other securities sold during the current fiscal year

(From April 1, 2007 to March 31, 2008)

Sales proceeds	Total gain	Total loss
4,823	801	(2)

4. Carrying value of major securities whose fair value is not available is as follows:

(As of March 31, 2008)

Other securities:	
Unlisted domestic stocks (excluding those traded on the over-the-counter market)	¥3,915
Unlisted foreign stocks	1,209
Unlisted foreign investment trusts	19,425

5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities

(As of March 31, 2008)

Types of securities	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Bonds:				
Government bonds	¥77	—	—	—
Corporate bonds	—	179	4	—
Total	¥77	¥179	¥4	—

(For derivative transactions)

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
1. Derivative transactions (1) Policies The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, interest rates on interest-bearing debt and market prices on commodity, but does not enter into such transactions for speculative or trading purposes. An internal management rule on financial market risk (the "Rule") prescribes that the Group's financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary can initiate a hedge position without the prior approval of, and regular reporting back to the Company.	1. Derivative transactions (1) Policies Same as the prior fiscal year.
(2) Types and purpose of transactions: 1) Forward foreign exchange contracts Forward foreign exchange contracts are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables arising from importing and exporting products and others.	(2) Types and purpose of transactions: 1) Forward foreign exchange contracts Same as the prior fiscal year.
2) Currency option In the same manner as forward foreign exchange contracts, currency options are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables.	2) Currency option Same as the prior fiscal year.
3) Interest rate swaps Interest rate swaps are utilized primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.	3) Interest rate swaps Same as the prior fiscal year.
4) Currency swaps Currency swaps are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates and interest rates on foreign currency denominated receivables and payables.	4) Currency swaps Same as the prior fiscal year.
5) Interest rate options Interest rate options are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.	5) Interest rate options Same as the prior fiscal year.
6) Stock option Stock options are used primarily to hedge against the adverse impact of fluctuations in the share prices.	6) Stock option Same as the prior fiscal year.
7) Commodity futures contracts Commodity futures contracts are used primarily to hedge against the adverse impact of fluctuations in the market prices of precious metal (used as catalyst for emission gas purifier of automobiles).	7) Commodity futures contracts Commodity futures contracts are used primarily to hedge against the adverse impact of fluctuations in the market prices of precious metal (used as catalyst for emission gas purifier of automobiles) and base metal (automobile material).

(For derivative transactions)

<table>
<tr><th>Prior fiscal year
[From April 1, 2006
To March 31, 2007]</th><th>Current fiscal year
[From April 1, 2007
To March 31, 2008]</th></tr>
<tr><td>(3) Description of risks relating to derivative transactions
1) Market risk
Although derivative transactions are used for the purpose of hedging risks on assets and liabilities recorded in the consolidated balance sheet, there remain the risk of foreign currency exchange fluctuations on currency transactions, the risk of interest rate fluctuations on interest rate transactions and the risk of market price fluctuations on commodity transactions.</td><td>(3) Description of risks relating to derivative transactions
1) Market risk
Same as the prior fiscal year.</td></tr>
<tr><td>2) Credit risk
The Group is exposed to the risk that a counterparty to its financial transactions could default and jeopardize future profits. We believe that this risk is insignificant as the Group enters into derivative transactions only with financial institutions which have a sound credit profile. The Group enters into these transactions also with Renault Finance S.A. ("RF"), a specialized financial subsidiary of the Renault Group which, the Company believes, is not subject to any such material risk. This is because RF enters into derivative transactions to cover such derivative transactions with the Group only with financial institutions of the highest caliber carefully selected by RF based on its own rating system.</td><td>2) Credit risk
Same as the prior fiscal year.</td></tr>
<tr><td>3) Legal risk
The Group is exposed to the risk of entering into a financial agreement which may contain inappropriate terms and conditions as well as the risk that an existing contract may be affected by revisions to the relevant laws and regulations. The Group's Legal Department and Finance Department make every effort to minimize legal risk by reviewing any new agreements of significance and by reviewing the related documents which are retained on file in a central location.</td><td>3) Legal risk
Same as the prior fiscal year.</td></tr>
</table>

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
(4) Risk management for derivative transactions All risk hedge operations of the Group are carried out pursuant to the Rule which stipulates the Group's basic policies for derivative transactions, management policies, management items, procedures, criteria for the selection of counterparties, and the reporting system, and so forth. The Rule prescribes that the Group's financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary is permitted to initiate a hedging operation without the prior approval of, and regular reporting back to the Company. The basic hedge policy is subject to the approval of the Monthly Hedge Policy Meeting attended by the corporate officer in charge of the Treasury Department. Execution and management of all deals are to be conducted pursuant to the Rule. Derivative transactions are conducted by a special section of the Finance Department and monitoring of the balance of all open positions and confirming balances are the responsibility of the Accounting Section and the Risk Management Section. Commodity futures contracts are to be handled by Finance Department under guidelines which are to be drawn up by the MRMC (Materials Risk Management Committee). The MRMC is chaired by the corporate officer in charge of the Purchasing Department and the CFO and it will meet approximately once every six months. The status of derivative transactions is reported on a daily basis to the corporate officer in charge of Finance Department and on an annual basis to the Board of Directors. Credit risk is monitored quantitatively using RF's rating system based principally on the counterparties' long-term credit ratings and on their shareholders' equity. The Finance Department sets a maximum upper limit on positions with each of the counterparties for the Group and monitors the balances of open positions every day.	(4) Risk management for derivative transactions All risk hedge operations of the Group are carried out pursuant to the Rule which stipulates the Group's basic policies for derivative transactions, management policies, management items, procedures, criteria for the selection of counterparties, and the reporting system, and so forth. The Rule prescribes that the Group's financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary is permitted to initiate a hedging operation without the prior approval of, and regular reporting back to the Company. The basic hedge policy is subject to the approval of the Monthly Hedge Policy Meeting attended by the corporate officer in charge of the Treasury Department. Execution and management of all deals are to be conducted pursuant to the Rule. Derivative transactions are conducted by a special section of the Finance Department and monitoring of the balance of all open positions and confirming balances are the responsibility of the Accounting Section and the Risk Management Section. Commodity futures contracts are to be handled by Finance Department under guidelines which are to be drawn up by the RMC (Raw Material Committee). The RMC is chaired by the corporate officer in charge of the Purchasing Department and the CFO and it will meet approximately once every six months. The status of derivative transactions is reported on a daily basis to the corporate officer in charge of Finance Department and on an annual basis to the Board of Directors. Credit risk is monitored quantitatively using RF's rating system based principally on the counterparties' long-term credit ratings and on their shareholders' equity. The Finance Department sets a maximum upper limit on positions with each of the counterparties for the Group and monitors the balances of open positions every day.
(5) Supplemental explanation on quantitative information 1) The fair value and unrealized gain or loss on derivative transactions are estimates which are considered appropriate based on the market at the balance sheet date and, thus, fair value is not necessarily indicative of the actual amounts which may be realized or settled in the future. 2) The notional amounts of the swaps are not a direct measure of the Company's risk exposure in connection with its swap transactions.	(5) Supplemental explanation on quantitative information 1) Same as the prior fiscal year. 2) Same as the prior fiscal year.

2. Fair value of derivative transactions

Notional amounts, fair value and unrealized gain or loss

(1) Currency-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2007)				Current fiscal year (As of March 31, 2008)			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)	Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange contracts:								
	Sell:								
	USD	¥ 12,849	—	¥ 12,928	¥ (79)	¥ 7,895	—	¥ 7,521	¥ 374
	EUR	1,064	—	1,080	(16)	1,100	—	1,104	(4)
	ZAR	695	—	694	1	—	—	—	—
	GBP	22	—	22	0	9	—	8	1
	THB	—	—	—	—	8,937	—	8,878	59
	Others	12	—	12	0	—	—	—	—
	Buy:								
	EUR	757	—	763	6	1,172	—	1,183	11
	USD	3,483	—	3,477	(6)	2,104	—	2,040	(64)
	Others	10	—	10	0	403	—	388	(15)
	Swaps:								
	EUR	¥ 59,657	—	¥ (269)	¥ (269)	¥ 66,854	—	¥ (39)	¥ (39)
	USD	20,816	10,064	424	424	9,000	8,541	1,491	1,491
	AUD	1,291	—	(29)	(29)	—	—	—	—
	CAD	4,353	4,353	(42)	(42)	3,694	3,694	(380)	(380)
	ZAR	—	—	—	—	4,631	—	268	268
	THB	25,513	—	(81)	(81)	37,378	—	146	146
Total		—	—	—	¥ (91)	—	—	—	¥ 1,848

Notes: 1. Calculation of fair value
Calculation of fair value is based on the discounted cash flows and others.
2. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(2) Interest-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2007) Notional amounts	Prior: Portion due after one year included herein	Prior: Fair value	Prior: Unrealized gain (loss)	Current fiscal year (As of March 31, 2008) Notional amounts	Current: Portion due after one year included herein	Current: Fair value	Current: Unrealized gain (loss)
Non-market transactions	Swaps:								
	Receive floating/ pay fixed	¥203,495	¥188,583	¥ 108	¥ 108	¥198,869	¥198,869	¥(2,787)	¥(2,787)
	Receive fixed/ pay floating	251,648	195,483	280	280	202,060	202,060	2,288	2,288
	Options								
	Caps sold	¥460,851	¥286,928			¥546,622	¥183,007		
	(Premium)	(—)	(—)	¥(1,558)	¥(1,558)	(—)	(—)	¥(2,923)	¥(2,923)
	Caps purchased	460,851	286,928			546,622	183,007		
	(Premium)	(—)	(—)	1,558	1,558	(—)	(—)	2,923	2,923
Total		—	—	—	¥ 388	—	—	—	¥ (499)

Notes: 1. Calculation of fair value
Calculation of fair value is based on the discounted cash flows and others.
2. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(3) Commodity-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2007) Notional amounts	Prior: Portion due after one year included herein	Prior: Fair value	Prior: Unrealized gain (loss)	Current fiscal year (As of March 31, 2008) Notional amounts	Current: Portion due after one year included herein	Current: Fair value	Current: Unrealized gain (loss)
Non-market transactions	Forward contract								
	Buy:								
	Aluminum	—	—	—	—	¥49,563	—	¥55,375	¥5,812
Total		—	—	—	—	—	—	—	¥5,812

Notes: 1. Calculation of fair value
Calculation of fair value is based on the discounted cash flows and others.
2. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(For retirement benefits)

1. Description of retirement benefit plans

   The Nissan Group (consisting of the Company and its consolidated subsidiaries) has several defined-benefit and defined-contribution pension plans. The Company and certain consolidated subsidiaries have adopted both defined-benefit and defined-contribution pension plans, whereas certain other consolidated subsidiaries have either defined-benefit or defined-contribution pension plans. The defined-benefit pension plans adopted by the Company and certain domestic subsidiaries include lump-sum payment plans, defined-benefit corporate pension plans, welfare pension fund plans and tax-qualified plans. Certain employees may be entitled to additional special retirement benefits, depending on the conditions for the termination of their employment. Certain consolidated subsidiaries have transferred a part of their previous defined-benefit pension plans to defined-contribution ones during the current fiscal year.

2. The following table sets forth the funded status of retirement benefit plans:

(Millions of yen)

	Prior fiscal year (As of March 31, 2007)	Current fiscal year (As of March 31, 2008)
a. Retirement benefit obligation	¥(1,273,725)	¥(1,174,330)
b. Plan assets at fair value	1,008,771	905,475
c. Unfunded retirement benefit obligation (a+b)	(264,954)	(268,855)
d. Unrecognized net retirement benefit obligation at transition	89,822	78,297
e. Unrecognized actuarial gain or loss	81,493	106,478
f. Unrecognized prior service cost (a reduction of liability)	(54,049) (Note 2)	(47,523) (Note 2)
g. Net retirement benefit obligation recognized in the consolidated balance sheet (c+d+e+f)	(147,688)	(131,603)
h. Prepaid pension costs	46,806	45,882
i. Accrued retirement benefits (g–h)	¥ (194,494)	¥ (177,485)

Prior fiscal year
(As of March 31, 2007)

Notes:
1. The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.
2. Effective April 1, 2001, the Company discontinued to provide certain benefits under the welfare pension fund plan for future services. As a result, prior service cost (a reduction of liability) was incurred.
3. Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.
4. In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized and has been included in "Accrued expenses" in the accompanying consolidated balance sheet.
5. The effects of a partial transition from the tax-qualified and lump-sum payment plans to defined contribution plans are as follows.

(Millions of yen)

Decrease in retirement benefit obligation	¥29,285
Decrease in plan assets at fair value	(4,493)
Unrecognized net retirement benefit obligation at transition	718
Unrecognized actuarial gain or loss	(6,202)
Unrecognized prior service cost	(526)
Decrease in accrued retirement benefits	18,782

The amount of plan assets transferred to defined contribution plans amounted to ¥4,493 million, which was fully transferred in the current fiscal year.

Current fiscal year
(As of March 31, 2008)

Notes:
1. The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.
2. Effective April 1, 2001, the Company discontinued to provide certain benefits under the welfare pension fund plan for future services. As a result, prior service cost (a reduction of liability) was incurred.
3. Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.
4. In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized and has been included in "Accrued expenses" in the accompanying consolidated balance sheet.
5. The effects of a partial transition from the tax-qualified, lump-sum payment and welfare pension fund plans to defined contribution plans are as follows.

(Millions of yen)

Decrease in retirement benefit obligation	¥7,715
Decrease in plan assets at fair value	(7,352)
Unrecognized net retirement benefit obligation at transition	(32)
Unrecognized actuarial gain or loss	322
Unrecognized prior service cost	203
Decrease in accrued retirement benefits	856

The amount of plan assets transferred to defined contribution plans amounted to ¥7,352 million, which was fully transferred in the current fiscal year.

3. The components of retirement benefit expenses were as follows:

(Millions of yen)

	Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
a. Service cost	¥ 51,696 (Note 2)	¥ 50,119 (Note 2)
b. Interest cost	41,209	41,855
c. Expected return on plan assets	(39,625)	(42,332)
d. Amortization of net retirement benefit obligation at transition	11,147	11,244
e. Amortization of actuarial gain or loss	9,031	9,006
f. Amortization of prior service cost	(6,925) (Note 3)	(7,377) (Note 3)
g. Other	3,732	6,511
h. Retirement benefit expenses (a+b+c+d+e+f+g)	¥ 70,265	¥ 69,026
i. Gain (Loss) on implementation of defined contribution plans	(18,782)	(856)
Total	¥ 51,483	¥ 68,170

Prior fiscal year
[From April 1, 2006
To March 31, 2007]

Notes: 1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥34,297 million were accounted for as a special loss for the year ended March 31, 2007.

2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.

3. Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 to the table setting forth the fund status.

4. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in a. "Service cost."

5. The pension assets in the multi-employer welfare pension fund plans allocated to the Company and the domestic consolidated subsidiaries based on their share of the contributions amounted to ¥39,703 million.

Current fiscal year
[From April 1, 2007
To March 31, 2008]

Notes: 1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥17,575 million were accounted for as a special loss for the year ended March 31, 2008.

2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.

3. Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 to the table setting forth the fund status.

4. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in a. "Service cost."

4. Assumptions used in accounting for the retirement benefit obligation

	Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
a. Attribution of retirement benefit obligation	The straight-line method over the estimated years of service of the eligible employees	Same as the prior fiscal year.
b. Discount rates	Domestic companies: 2.1% – 2.3% Foreign companies: 2.8% – 6.2%	Same as the prior fiscal year.
c. Expected rate of return on plan assets	Domestic companies: mainly 3.0% Foreign companies: 2.8% – 9.0%	Same as the prior fiscal year.
d. Amortization period of prior service cost	Prior service cost is being amortized as incurred by the straight-line method over periods (principally 9 years through 15 years) which are shorter than the average remaining years of service of the eligible employees.	Same as the prior fiscal year.
e. Amortization period of actuarial gain or loss	Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 9 years through 18 years) which are shorter than the average remaining years of service of the eligible employees. Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.	Same as the prior fiscal year.
f. Amortization period of net retirement benefit obligation at transition	Mainly 15 years	Same as the prior fiscal year.

(For share-based payments)

For the year ended March 31, 2007 (from April 1, 2006 to March 31, 2007)

1. The account and the amount of stock options charged as expenses for the year:

Salaries and wages in Selling, general and administrative expenses ¥1,037 million

2. Description of stock options/Changes in the size of stock options

(1) Description of stock options

Company name	The Company	The Company	The Company	The Company
	2003 Stock Options	2004 Stock Options	2005 Stock Options	2006 Stock Options
Category and number of people to whom stock options are granted	The Company's employees: 548 Directors of the Company's subsidiaries: 101 Employees of the Company's subsidiaries: 5 Total: 654	The Company's employees: 590 Directors of the Company's subsidiaries: 96 Employees of the Company's subsidiaries: 4 Total: 690	The Company's employees: 620 Directors of the Company's subsidiaries: 88 Employees of the Company's subsidiaries: 4 Total: 712	The Company's employees: 456 Directors of the Company's subsidiaries: 72 Total: 528
Type and number of shares	Common stock 12,405,000 shares	Common stock 12,770,000 shares	Common stock 13,150,000 shares	Common stock 13,075,000 shares
Grant date	May 7, 2003	April 16, 2004	April 25, 2005	May 8, 2006
Vesting conditions	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.
Vesting period	From May 7, 2003 to May 7, 2005	From April 16, 2004 to April 16, 2006	From April 25, 2005 to April 25, 2007	From May 8, 2006 to May 8, 2008
Exercise period	From May 8, 2005 to May 8, 2010	From April 17, 2006 to June 19, 2013	From April 26, 2007 to June 23, 2014	From May 9, 2008 to June 20, 2015

Company name	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.
	2002 Stock Options	2003 Stock Options	2004 Stock Options
Category and number of people to whom stock options are granted	The company's directors: 9 The company's employees: 37 Directors of the company's affiliates: 24 Total: 70	The company's directors: 10 The company's employees: 35 Directors of the company's affiliates: 26 Person specially designated by the company: 1 Total: 72	The company's directors: 3 The company's employees: 53 Directors of the company's affiliates: 21 Person specially designated by the company: 1 Total: 78
Type and number of shares	Common stock 1,500,000 shares	Common stock 1,780,000 shares	Common stock 1,700,000 shares
Grant date	August 1, 2002	August 18, 2003	August 31, 2004
Vesting conditions	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The company must achieve its targeted results. (3) The holders must achieve their respective targets.
Vesting period	From August 1, 2002 to June 30, 2004	From August 18, 2003 to June 30, 2005	From August 31, 2004 to June 30, 2006
Exercise period	From July 1, 2004 to June 30, 2007	From July 1, 2005 to June 30, 2008	From July 1, 2006 to June 30, 2009

Company name	Calsonic Kansei Corporation	Calsonic Kansei Corporation	Calsonic Kansei Corporation
	2003 Stock Options	2004 Stock Options	2005 Stock Options
Category and number of people to whom stock options are granted	The company's directors: 9 The company's employees: 103 Directors of the company's subsidiaries: 14 Total: 126	The company's directors: 9 The company's employees: 148 Directors of the company's subsidiaries: 15 Employee of the company's subsidiaries: 1 Total: 173	The company's directors: 9 The company's employees: 164 Directors of the company's subsidiaries: 15 Employee of the company's subsidiaries: 1 Total: 189
Type and number of shares	Common stock 1,304,000 shares	Common stock 1,954,000 shares	Common stock 1,985,000 shares
Grant date	August 6, 2003	October 6, 2004	December 5, 2005
Vesting conditions	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.
Vesting period	From August 6, 2003 to June 30, 2005	From October 6, 2004 to June 30, 2006	From December 5, 2005 to June 30, 2007
Exercise period	From July 1, 2005 to June 30, 2010	From July 1, 2006 to June 30, 2011	From July 1, 2007 to June 30, 2012

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the year ended March 31, 2007. The number of stock options is translated into the number of shares.

1) Number of stock options

Company name	The Company	The Company	The Company	The Company
	2003 Stock Options	2004 Stock Options	2005 Stock Options	2006 Stock Options
Share subscription rights which are not yet vested (shares):				
As of March 31, 2006	—	10,078,000	13,150,000	—
Granted	—	—	—	13,075,000
Forfeited	—	—	4,728,000	75,000
Vested	—	10,078,000	—	—
Balance of options not vested	—	—	8,422,000	13,000,000
Share subscription rights which have already been vested (shares):				
As of March 31, 2006	8,655,500	—	—	—
Vested	—	10,078,000	—	—
Exercised	1,434,100	690,400	—	—
Forfeited	20,000	109,500	—	—
Balance of options not exercised	7,201,400	9,278,100	—	—

Company name	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.
	2002 Stock Options	2003 Stock Options	2004 Stock Options
Share subscription rights which are not yet vested (shares):			
As of March 31, 2006	—	—	1,336,000
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	1,336,000
Balance of options not vested	—	—	—
Share subscription rights which have already been vested (shares):			
As of March 31, 2006	10,000	184,000	—
Vested	—	—	1,336,000
Exercised	—	74,000	—
Forfeited	—	—	—
Balance of options not exercised	10,000	110,000	1,336,000

Company name	Calsonic Kansei Corporation	Calsonic Kansei Corporation	Calsonic Kansei Corporation
	2003 Stock Options	2004 Stock Options	2005 Stock Options
Share subscription rights which are not yet vested (shares):			
As of March 31, 2006	—	1,940,000	1,977,000
Granted	—	—	—
Forfeited	—	—	30,000
Vested	—	1,940,000	—
Balance of options not vested	—	—	1,947,000
Share subscription rights which have already been vested (shares):			
As of March 31, 2006	1,254,000	—	—
Vested	—	1,940,000	—
Exercised	45,000	1,000	—
Forfeited	48,000	81,000	—
Balance of options not exercised	1,161,000	1,858,000	—

2) Per share prices

Company name	The Company	The Company	The Company	The Company
	2003 Stock Options	2004 Stock Options	2005 Stock Options	2006 Stock Options
Exercise price (Yen)	932	1,202	1,119	1,526
Average price per share upon exercise (Yen)	1,386	1,403	—	—
Fair value per share at grant date (Yen)	—	—	—	222.30

Company name	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.
	2002 Stock Options	2003 Stock Options	2004 Stock Options
Exercise price (Yen)	317	421	759
Average price per share upon exercise (Yen)	—	665	—
Fair value per share at grant date (Yen)	—	—	—

Company name	Calsonic Kansei Corporation	Calsonic Kansei Corporation	Calsonic Kansei Corporation
	2003 Stock Options	2004 Stock Options	2005 Stock Options
Exercise price (Yen)	737	844	759
Average price per share upon exercise (Yen)	856	770	—
Fair value per share at grant date (Yen)	—	—	—

3. Method for estimating per share fair value of stock options
The per share fair value of the 2006 stock options granted during the fiscal year ended March 31, 2007 was estimated as follows.

1) Technique of estimation used: Binomial model

2) Basic factors taken into account for the estimation:

	2006 Stock Options
Expected volatility of the share price (Note 1)	21.00%
Expected life of the option (Note 2)	5 years and 6 months
Expected dividend (Note 3)	¥40
Risk-free interest rate (Note 4)	1.50%

Notes: 1. The volatility of the share price for the expected life of the option is estimated by taking into account the volatility of the entire stock market, the characteristics of the Company's stock and the fair value of the stock options, while drawing upon the actual share prices in the past.
2. Because there is not enough data to make a reasonable estimation, Expected life of the option is based on the assumption that the options are evenly exercised on every March 1, June 1, September 1 and December 1 during the exercise period.
3. According to the estimation for the year ending March 31, 2008 of the Nissan Value Up dividend policy.
4. Risk-free interest rate is the yield on government bonds for the period that corresponds to the remaining life of the option.

4. Estimation of the number of stock options vested
Because it is difficult to reasonably estimate the number of options that will expire in the future, historical data is reflected for the options that have not yet been vested, and the number of options that have actually forfeited is reflected for the options that have already been vested.

For the year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)

1. The account and the amount of stock options charged as expenses for the year:

Salaries and wages in Selling, general and administrative expenses ¥676 million

2. Description of stock options/Changes in the size of stock options

(1) Description of stock options

Company name	The Company	The Company	The Company
	2003 Stock Options	2004 Stock Options	2005 Stock Options
Category and number of people to whom stock options are granted	The Company's employees: 548 Directors of the Company's subsidiaries: 101 Employees of the Company's subsidiaries: 5 Total: 654	The Company's employees: 590 Directors of the Company's subsidiaries: 96 Employees of the Company's subsidiaries: 4 Total: 690	The Company's employees: 620 Directors of the Company's subsidiaries: 88 Employees of the Company's subsidiaries: 4 Total: 712
Type and number of shares	Common stock 12,405,000 shares	Common stock 12,770,000 shares	Common stock 13,150,000 shares
Grant date	May 7, 2003	April 16, 2004	April 25, 2005
Vesting conditions	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.
Vesting period	From May 7, 2003 to May 7, 2005	From April 16, 2004 to April 16, 2006	From April 25, 2005 to April 25, 2007
Exercise period	From May 8, 2005 to May 8, 2010	From April 17, 2006 to June 19, 2013	From April 26, 2007 to June 23, 2014

Company name	The Company	The Company	The Company
	2006 Stock Options	2007 Stock Options [1st]	2007 Stock Options [2nd]
Category and number of people to whom stock options are granted	The Company's employees: 456 Directors of the Company's subsidiaries: 72 Total: 528	The Company's employees: 23	The Company's employees: 12
Type and number of shares	Common stock 13,075,000 shares	Common stock 680,000 shares	Common stock 360,000 shares
Grant date	May 8, 2006	May 8, 2007	December 21, 2007
Vesting conditions	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the Company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The Company must achieve its targeted results. (3) The holders must achieve their respective targets.
Vesting period	From May 8, 2006 to May 8, 2008	From May 8, 2007 to May 8, 2009	From December 21, 2007 to March 31, 2010
Exercise period	From May 9, 2008 to June 20, 2015	From May 9, 2009 to June 26, 2016	From April 1, 2010 to June 19, 2017

Company name	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.
	2002 Stock Options	2003 Stock Options	2004 Stock Options
Category and number of people to whom stock options are granted	The company's directors: 9 The company's employees: 37 Directors of the company's affiliates: 24 Total: 70	The company's directors: 10 The company's employees: 35 Directors of the company's affiliates: 26 Person specially designated by the company: 1 Total: 72	The company's directors: 3 The company's employees: 53 Directors of the company's affiliates: 21 Person specially designated by the company: 1 Total: 78
Type and number of shares	Common stock 1,500,000 shares	Common stock 1,780,000 shares	Common stock 1,700,000 shares
Grant date	August 1, 2002	August 18, 2003	August 31, 2004
Vesting conditions	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The company must achieve its targeted results. (3) The holders must achieve their respective targets.	(1) Those who hold share subscription rights (hereinafter "the holders") must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period. (2) The company must achieve its targeted results. (3) The holders must achieve their respective targets.
Vesting period	From August 1, 2002 to June 30, 2004	From August 18, 2003 to June 30, 2005	From August 31, 2004 to June 30, 2006
Exercise period	From July 1, 2004 to June 30, 2007	From July 1, 2005 to June 30, 2008	From July 1, 2006 to June 30, 2009

Company name	Calsonic Kansei Corporation	Calsonic Kansei Corporation	Calsonic Kansei Corporation
	2003 Stock Options	2004 Stock Options	2005 Stock Options
Category and number of people to whom stock options are granted	The company's directors: 9 The company's employees: 103 Directors of the company's subsidiaries: 14 Total: 126	The company's directors: 9 The company's employees: 148 Directors of the company's subsidiaries: 15 Employee of the company's subsidiaries: 1 Total: 173	The company's directors: 9 The company's employees: 164 Directors of the company's subsidiaries: 15 Employee of the company's subsidiaries: 1 Total: 189
Type and number of shares	Common stock 1,304,000 shares	Common stock 1,954,000 shares	Common stock 1,985,000 shares
Grant date	August 6, 2003	October 6, 2004	December 5, 2005
Vesting conditions	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.
Vesting period	From August 6, 2003 to June 30, 2005	From October 6, 2004 to June 30, 2006	From December 5, 2005 to June 30, 2007
Exercise period	From July 1, 2005 to June 30, 2010	From July 1, 2006 to June 30, 2011	From July 1, 2007 to June 30, 2012

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the year ended March 31, 2008. The number of stock options is translated into the number of shares.

1) Number of stock options

Company name	The Company	The Company	The Company
	2003 Stock Options	2004 Stock Options	2005 Stock Options
Share subscription rights which are not yet vested (shares):			
As of March 31, 2007	—	—	8,422,000
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	8,422,000
Balance of options not vested	—	—	—
Share subscription rights which have already been vested (shares):			
As of March 31, 2007	7,201,400	9,278,100	—
Vested	—	—	8,422,000
Exercised	646,300	38,200	273,500
Forfeited	36,000	51,000	60,000
Balance of options not exercised	6,519,100	9,188,900	8,088,500

Company name	The Company	The Company	The Company
	2006 Stock Options	2007 Stock Options [1st]	2007 Stock Options [2nd]
Share subscription rights which are not yet vested (shares):			
As of March 31, 2007	13,000,000	—	—
Granted	—	680,000	360,000
Forfeited	5,063,200	—	—
Vested	—	—	—
Balance of options not vested	7,936,800	680,000	360,000
Share subscription rights which have already been vested (shares):			
As of March 31, 2007	—	—	—
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Balance of options not exercised	—	—	—

Company name	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.
	2002 Stock Options	2003 Stock Options	2004 Stock Options
Share subscription rights which are not yet vested (shares):			
As of March 31, 2007	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Balance of options not vested	—	—	—
Share subscription rights which have already been vested (shares):			
As of March 31, 2007	10,000	110,000	1,336,000
Vested	—	—	—
Exercised	10,000	91,000	869,000
Forfeited	—	—	—
Balance of options not exercised	—	19,000	467,000

Company name	Calsonic Kansei Corporation	Calsonic Kansei Corporation	Calsonic Kansei Corporation
	2003 Stock Options	2004 Stock Options	2005 Stock Options
Share subscription rights which are not yet vested (shares):			
As of March 31, 2007	—	—	1,947,000
Granted	—	—	—
Forfeited	—	—	13,000
Vested	—	—	1,934,000
Balance of options not vested	—	—	—
Share subscription rights which have already been vested (shares):			
As of March 31, 2007	1,161,000	1,858,000	—
Vested	—	—	1,934,000
Exercised	—	—	—
Forfeited	60,000	136,000	140,000
Balance of options not exercised	1,101,000	1,722,000	1,794,000

2) Per share prices

Company name	The Company	The Company	The Company	The Company	The Company	The Company
	2003 Stock Options	2004 Stock Options	2005 Stock Options	2006 Stock Options	2007 Stock Options [1st]	2007 Stock Options [2nd]
Exercise price (Yen)	932	1,202	1,119	1,526	1,333	1,205
Average price per share upon exercise (Yen)	1,258	1,288	1,284	—	—	—
Fair value per share at grant date (Yen)	—	—	—	222.30	136.29	205.43

Company name	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.	Nissan Shatai Co., Ltd.
	2002 Stock Options	2003 Stock Options	2004 Stock Options
Exercise price (Yen)	317	421	759
Average price per share upon exercise (Yen)	615	786	887
Fair value per share at grant date (Yen)	—	—	—

Company name	Calsonic Kansei Corporation	Calsonic Kansei Corporation	Calsonic Kansei Corporation
	2003 Stock Options	2004 Stock Options	2005 Stock Options
Exercise price (Yen)	737	844	759
Average price per share upon exercise (Yen)	—	—	—
Fair value per share at grant date (Yen)	—	—	—

3. Method for estimating per share fair value of stock options
   The per share fair value of the 2007 stock options granted during the fiscal year ended March 31, 2008 was estimated as follows.
   1) Technique of estimation used: Binomial model
   2) Basic factors taken into account for the estimation:

	2007 Stock Options [1st]	2007 Stock Options [2nd]
Expected volatility of the share price (Note 1)	22.80%	28.50%
Expected life of the option (Note 2)	5 years and 6 months	5 years and 10 months
Expected dividend (Note 3)	¥40	¥40
Risk-free interest rate (Note 4)	1.30%	1.14%

Notes: 1. The volatility of the share price for the expected life of the option is estimated by taking into account the volatility of the entire stock market, the characteristics of the Company's stock and the fair value of the stock options, while drawing upon the actual share prices in the past.
2. Because there is not enough data to make a reasonable estimation, Expected life of the option is based on the assumption that the options are evenly exercised on every March 1, June 1, September 1 and December 1 during the exercise period.
3. According to the Nissan Value Up dividend policy.
4. Risk-free interest rate is the yield on government bonds for the period that corresponds to the remaining life of the option.

4. Estimation of the number of stock options vested
   Because it is difficult to reasonably estimate the number of options that will expire in the future, historical data is reflected for the options that have not yet been vested, and the number of options that have actually forfeited is reflected for the options that have already been vested.

(For income taxes)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2007)	Current fiscal year (As of March 31, 2008)
Deferred tax assets:		
Net operating loss carry forwards	¥ 56,141	¥ 54,802
Accrued retirement benefits	128,515	102,744
Accrued warranty costs	70,364	62,511
Other	499,960	460,939
Total gross deferred tax assets	754,980	680,996
Valuation allowance	(72,601)	(83,519)
Total deferred tax assets	682,379	597,477
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law, etc.	(451,404)	(401,535)
Difference between cost of investments and their underlying net equity at fair value	(78,917)	(79,241)
Unrealized holding gain on securities	(4,166)	(4,562)
Other	(182,082)	(181,706)
Total deferred tax liabilities	(716,569)	(667,044)
Net deferred tax assets	¥ (34,190)	¥ (69,567)

Note: Net deferred tax assets as of March 31, 2007 and 2008 are reflected in the following accounts in the consolidated balance sheets:

	Prior fiscal year (As of March 31, 2007)	Current fiscal year (As of March 31, 2008)
	(Millions of yen)	
Current assets—deferred tax assets	¥ 324,979	¥ 299,306
Fixed assets—deferred tax assets	157,495	94,420
Current liabilities—deferred tax liabilities	9,064	1,501
Long-term liabilities—deferred tax liabilities	507,600	461,792

2. The reconciliation between the effective tax rates reflected in the consolidated financial statements and the statutory tax rate is summarized as follows:

	Prior fiscal year (As of March 31, 2007)	Current fiscal year (As of March 31, 2008)
Statutory tax rate of the Company	40.6%	40.6%
(Reconciliation)		
▪ Different tax rates applied to foreign subsidiaries	(5.4)%	(5.9)%
▪ Tax credits	(2.8)%	(1.6)%
▪ Change in valuation allowance	(0.0)%	1.6%
▪ Equity in earnings of affiliates	(1.2)%	(2.0)%
▪ Other	(0.8)%	1.5%
Effective tax rates after adoption of tax-effect accounting	30.4%	34.2%

(Segment Information)

Business segment information

Prior fiscal year (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Automobile	Sales financing	Total	Eliminations	Consolidated
I. Sales and operating income					
(1) Sales to third parties	9,790,484	678,099	10,468,583	—	10,468,583
(2) Inter-segment sales and transfers	28,767	16,613	45,380	(45,380)	—
Total sales	9,819,251	694,712	10,513,963	(45,380)	10,468,583
Operating expenses	9,171,272	618,959	9,790,231	(98,587)	9,691,644
Operating income	647,979	75,753	723,732	53,207	776,939
II. Assets, depreciation, impairment loss, and capital expenditures					
Total assets	7,910,116	5,910,380	13,820,496	(1,418,288)	12,402,208
Depreciation	447,924	323,299	771,223	—	771,223
Impairment loss	22,673	—	22,673	—	22,673
Capital Expenditure	578,363	925,841	1,504,204	—	1,504,204

Notes: 1. Businesses are segmented based on their proximity in terms of the type, nature and markets of their products.

2. Main products of each business segment

(1) Automobile.................. passenger cars, trucks, buses, forklifts, manufacturing parts for oversea production, etc.

(2) Sales financing......... credit, lease, etc.

3. Changes in accounting policies

(1) Accounting standard for share-based payments

Effective April 1, 2006, the Company adopted the Accounting Standard for Share-Based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-Based Payment (ASBJ Guidance No. 11 issued on May 31, 2006).
The effect of this change was to decrease the operating income of the Automobile segment by ¥1,037 million.

(2) Change of closing dates of consolidated subsidiaries

As described in "Changes in Accounting Policies," effective this fiscal year, 22 subsidiaries have been consolidated by using their financial statements as of the parent's fiscal year end which were prepared solely for consolidation purposes. In addition, 33 consolidated subsidiaries have changed their fiscal year end to March 31.
The effect of this change was to increase net sales by ¥759,391 million for the Automobile segment, ¥9,586 million for the Sales financing segment and ¥1,371 million for Eliminations, compared to the results that would have been obtained under the former method of consolidation. This change also brought increases in operating income of ¥18,785 million for the Automobile segment, ¥1,796 million for the Sales financing segment, and ¥862 million for Eliminations.

4. Consolidated financial statements by business segment

- The sales financing segment consists of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA), NR Finance Mexico (Mexico), NR Wholesale Mexico (Mexico), ESARA, S.A. De C.V. (Mexico), Nissan Leasing (Thailand) Co., Ltd. (Thailand) and the sales finance operations of Nissan Canada Inc. (Canada).
- The financial data on Automobile & Eliminations represent the differences between the consolidated figures and those for the Sales Financing segment.

(1) Summarized consolidated balance sheets by business segment

(Millions of yen)

	Prior fiscal year (As of March 31, 2007)		
Accounts	Automobile & Eliminations	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	450,916	7,009	457,925
Notes and accounts receivable	679,087	32	679,119
Sales finance receivables	(209,718)	3,766,941	3,557,223
Inventories	986,150	18,521	1,004,671
Other current assets	588,138	205,810	793,948
Total current assets	2,494,573	3,998,313	6,492,886
II. Fixed assets			
Property, plant and equipment, net	3,097,369	1,779,819	4,877,188
Investment securities	384,337	1,875	386,212
Other fixed assets	515,549	130,373	645,922
Total fixed assets	3,997,255	1,912,067	5,909,322
Total assets	6,491,828	5,910,380	12,402,208
Liabilities			
I. Current liabilities			
Notes and accounts payable	1,076,607	26,579	1,103,186
Short-term borrowings	(295,103)	3,392,514	3,097,411
Lease obligations	49,819	602	50,421
Other current liabilities	1,187,862	136,439	1,324,301
Total current liabilities	2,019,185	3,556,134	5,575,319
II. Long-term liabilities			
Bonds	349,689	380,018	729,707
Long-term borrowings	39,863	1,127,951	1,167,814
Lease obligations	59,140	—	59,140
Other long-term liabilities	612,435	380,799	993,234
Total long-term liabilities	1,061,127	1,888,768	2,949,895
Total liabilities	3,080,312	5,444,902	8,525,214
Net assets			
I. Shareholders' equity			
Common stock	513,167	92,647	605,814
Capital surplus	773,623	30,847	804,470
Retained earnings	2,092,036	310,690	2,402,726
Treasury stock	(226,394)	—	(226,394)
Total shareholders' equity	3,152,432	434,184	3,586,616
II. Valuation, translation adjustments and others			
Adjustments for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	68,887	36	68,923
Translation adjustments	(137,380)	28,166	(109,214)
Other	(1,486)	398	(1,088)
Total valuation, translation adjustments and others	(69,979)	28,600	(41,379)
III. Share subscription rights	2,711	—	2,711
IV. Minority interests	326,352	2,694	329,046
Total net assets	3,411,516	465,478	3,876,994
Total liabilities and net assets	6,491,828	5,910,380	12,402,208

Notes: 1. The sales finance receivables of Automobile & Eliminations represents the amount eliminated for intercompany transactions related to wholesale finance made by the Sales financing segment.

2. The borrowings of Automobile & Eliminations represent the amount after deducting internal loans receivable from the Sales financing segment amounting to ¥1,013,908 million.

(2) Summarized consolidated statements of income by business segment

(Millions of yen)

	Prior fiscal year (From April 1, 2006 to March 31, 2007)		
Accounts	Automobile & Eliminations	Sales financing	Consolidated total
Net sales	9,773,871	694,712	10,468,583
Cost of sales	7,498,350	528,836	8,027,186
Gross profit	2,275,521	165,876	2,441,397
Operating income as a percentage of net sales	7.2%	10.9%	7.4%
Operating income	701,186	75,753	776,939
Financial income/expenses—net	(5,664)	546	(5,118)
Other non-operating income/expenses—net	(11,520)	750	(10,770)
Ordinary income	684,002	77,049	761,051
Income before income taxes and minority interests	621,236	76,196	697,432
Net income	413,529	47,267	460,796

(3) Summarized consolidated statements of cash flows by business segment

(Millions of yen)

	Prior fiscal year (From April 1, 2006 to March 31, 2007)		
Accounts	Automobile & Eliminations	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes and minority interests	621,236	76,196	697,432
Depreciation and amortization	447,924	323,299	771,223
Decrease (increase) in finance receivables	(22,914)	67,255	44,341
Others	(528,386)	58,217	(470,169)
Net cash provided by operating activities	517,860	524,967	1,042,827
II. Cash flows from investing activities			
Proceeds from sales of investment securities	37,794	—	37,794
Proceeds from sales of property, plant and equipment	72,308	0	72,308
Purchases of fixed assets	(537,129)	(9,719)	(546,848)
Purchases of leased vehicles	(41,234)	(916,122)	(957,356)
Proceeds from sales of leased vehicles	7,253	297,659	304,912
Others	(35,804)	10,407	(25,397)
Net cash used in investing activities	(496,812)	(617,775)	(1,114,587)
III. Cash flows from financing activities			
Net increase in short-term borrowings	418,824	73,714	492,538
Net change in long-term borrowings and redemption of bonds	(215,299)	(107,770)	(323,069)
Increase in bonds	—	123,730	123,730
Others	(186,460)	173	(186,287)
Net cash provided by financing activities	17,065	89,847	106,912
IV. Effect of exchange rate changes on cash and cash equivalents	16,775	(135)	16,640
V. Increase (decrease) in cash and cash equivalents	54,888	(3,096)	51,792
VI. Cash and cash equivalents at beginning of the year	392,505	11,707	404,212
VII. Increase due to inclusion in consolidation	12,571	813	13,384
VIII.Cash and cash equivalents at end of the year	459,964	9,424	469,388

Notes 1. The net increase in short-term borrowings of Automobile & Eliminations includes the amount of ¥16,522 million eliminated for increase in internal loans receivable from the Sales financing segment.

2. The net change in long-term borrowings and redemption of bonds of Automobile & Eliminations includes the amount of ¥25,073 million eliminated for increase in internal loans receivable from the Sales financing segment.

Current fiscal year (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Automobile	Sales financing	Total	Eliminations	Consolidated
I. Sales and operating income					
(1) Sales to third parties	10,070,983	753,255	10,824,238	—	10,824,238
(2) Inter-segment sales and transfers	33,264	9,163	42,427	(42,427)	—
Total sales	10,104,247	762,418	10,866,665	(42,427)	10,824,238
Operating expenses	9,441,785	685,481	10,127,266	(93,858)	10,033,408
Operating income	662,462	76,937	739,399	51,431	790,830
II. Assets, depreciation, impairment loss, and capital expenditures					
Total assets	7,815,997	5,337,998	13,153,995	(1,214,513)	11,939,482
Depreciation	471,565	357,607	829,172	—	829,172
Impairment loss	8,878	—	8,878	—	8,878
Capital Expenditure	488,288	843,014	1,331,302	—	1,331,302

Notes: 1. Businesses are segmented based on their proximity in terms of the type, nature and markets of their products.

2. Main products of each business segment

(1) Automobile.................. passenger cars, trucks, buses, forklifts, manufacturing parts for oversea production, etc.

(2) Sales financing......... credit, lease, etc.

3. Until the prior fiscal year, some of the Company's consolidated subsidiaries charged directors' retirement benefits to expense when so approved at the annual general meetings of shareholders. As stated in "Changes in accounting policies," however, they adopted the method of reporting an amount of directors' retirement benefits to be required at the year-end in accordance with the relevant internal regulations as accrued directors' retirement benefits, effective from the year ended March 31, 2008.
The effect of this change was to increase operating expenses by ¥441 million and to decrease operating income by ¥441 million for the Automobile segment, compared with the results that would have been obtained under the former method.

4. Consolidated financial statements by business segment
- The Sales financing segment consists of Nissan Financial Services Co., Ltd. (Japan), Nissan Motor Acceptance Corporation (USA), NR Finance Mexico (Mexico) and 5 other companies and the sales finance operations of Nissan Canada Inc. (Canada).
- The financial data on Automobile & Eliminations represent the differences between the consolidated figures and those for the Sales financing segment.

(1) Summarized consolidated balance sheets by business segment

(Millions of yen)

	Current fiscal year (As of March 31, 2008)		
Accounts	Automobile & Eliminations	Sales financing	Consolidated total
Assets			
I. Current assets			
Cash on hand and in banks	561,900	8,325	570,225
Notes and accounts receivable	688,104	196	688,300
Sales finance receivables	(136,871)	3,371,304	3,234,433
Inventories	978,472	26,693	1,005,165
Other current assets	582,973	213,128	796,101
Total current assets	2,674,578	3,619,646	6,294,224
II. Fixed assets			
Property, plant and equipment, net	3,028,503	1,598,049	4,626,552
Investment securities	450,776	1,393	452,169
Other fixed assets	447,627	118,910	566,537
Total fixed assets	3,926,906	1,718,352	5,645,258
Total assets	6,601,484	5,337,998	11,939,482
Liabilities			
I. Current liabilities			
Notes and accounts payable	1,083,524	35,906	1,119,430
Short-term borrowings	(170,345)	2,927,372	2,757,027
Lease obligations	74,827	727	75,554
Other current liabilities	1,174,600	116,005	1,290,605
Total current liabilities	2,162,606	3,080,010	5,242,616
II. Long-term liabilities			
Bonds	348,208	424,517	772,725
Long-term borrowings	54,903	995,986	1,050,889
Lease obligations	85,203	186	85,389
Other long-term liabilities	565,439	372,981	938,420
Total long-term liabilities	1,053,753	1,793,670	2,847,423
Total liabilities	3,216,359	4,873,680	8,090,039
Net assets			
I. Shareholders' equity			
Common stock	511,543	94,271	605,814
Capital surplus	773,623	30,847	804,470
Retained earnings	2,352,336	374,523	2,726,859
Treasury stock	(269,003)	—	(269,003)
Total shareholders' equity	3,368,499	499,641	3,868,140
II. Valuation, translation adjustments and others			
Adjustments for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	79,374	43	79,417
Translation adjustments	(412,364)	(29,456)	(441,820)
Other	8,550	(9,323)	(773)
Total valuation, translation adjustments and others	(324,440)	(38,736)	(363,176)
III. Share subscription rights	1,714	—	1,714
IV. Minority interests	339,352	3,413	342,765
Total net assets	3,385,125	464,318	3,849,443
Total liabilities and net assets	6,601,484	5,337,998	11,939,482

Notes: 1. The sales finance receivables of Automobile & Eliminations represents the amount eliminated for intercompany transactions related to wholesale finance made by the Sales financing segment.

2. The borrowings of Automobile & Eliminations represent the amount after deducting internal loans receivable from the Sales financing segment amounting to ¥900,614 million.

(2) Summarized consolidated statements of income by business segment

(Millions of yen)

	Current fiscal year (From April 1, 2007 to March 31, 2008)		
Accounts	Automobile & Eliminations	Sales financing	Consolidated total
Net sales	10,061,820	762,418	10,824,238
Cost of sales	7,820,372	587,026	8,407,398
Gross profit	2,241,448	175,392	2,416,840
Operating income as a percentage of net sales	7.1%	10.1%	7.3%
Operating income	713,893	76,937	790,830
Financial income/expenses—net	(8,190)	277	(7,913)
Other non-operating income/expenses—net	(16,169)	(348)	(16,517)
Ordinary income	689,534	76,866	766,400
Income before income taxes and minority interests	691,996	75,962	767,958
Net income	418,524	63,737	482,261

(3) Summarized consolidated statements of cash flows by business segment

(Millions of yen)

	Current fiscal year (From April 1, 2007 to March 31, 2008)		
Accounts	Automobile & Eliminations	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes and minority interests	691,996	75,962	767,958
Depreciation and amortization	471,565	357,607	829,172
Increase in finance receivables	(72,550)	(6,301)	(78,851)
Others	(209,086)	33,091	(175,995)
Net cash provided by operating activities	881,925	460,359	1,342,284
II. Cash flows from investing activities			
Proceeds from sales of investment securities	8,936	—	8,936
Proceeds from sales of property, plant and equipment	131,169	14	131,183
Purchases of fixed assets	(456,876)	(12,360)	(469,236)
Purchases of leased vehicles	(31,412)	(830,654)	(862,066)
Proceeds from sales of leased vehicles	3,253	390,165	393,418
Others	(80,282)	10,424	(69,858)
Net cash used in investing activities	(425,212)	(442,411)	(867,623)
III. Cash flows from financing activities			
Net increase in short-term borrowings	20,489	4,908	25,397
Net change in long-term borrowings and redemption of bonds	(131,805)	(158,995)	(290,800)
Increase in bonds	99,759	137,116	236,875
Others	(278,663)	189	(278,474)
Net cash used in financing activities	(290,220)	(16,782)	(307,002)
IV. Effect of exchange rate changes on cash and cash equivalents	(51,527)	(1,451)	(52,978)
V. Increase (decrease) in cash and cash equivalents	114,966	(285)	114,681
VI. Cash and cash equivalents at beginning of the year	459,964	9,424	469,388
VII. Increase due to inclusion in consolidation	33	—	33
VIII. Cash and cash equivalents at end of the year	574,963	9,139	584,102

Notes 1. The net increase in short-term borrowings of Automobile & Eliminations includes the amount of ¥5,747 million eliminated for increase in internal loans receivable from the Sales financing segment.

2. The net change in long-term borrowings and redemption of bonds of Automobile & Eliminations includes the amount of ¥34,113 million eliminated for increase in internal loans receivable from the Sales financing segment.

Geographical segment information

Prior fiscal year (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Sales and operating income: Sales: 1. Sales to third parties	2,478,549	4,550,498	2,038,026	1,401,510	10,468,583	—	10,468,583
2. Inter-segment sales and transfers	2,205,469	138,945	128,388	27,528	2,500,330	(2,500,330)	—
Total	4,684,018	4,689,443	2,166,414	1,429,038	12,968,913	(2,500,330)	10,468,583
Operating expenses	4,411,824	4,329,427	2,084,112	1,370,801	12,196,164	(2,504,520)	9,691,644
Operating income	272,194	360,016	82,302	58,237	772,749	4,190	776,939
II. Total assets	6,031,316	6,085,485	1,482,333	1,070,801	14,669,935	(2,267,727)	12,402,208

Notes: 1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

2. Major countries and areas which belong to segments other than Japan are as follows:

(1) North America........................ The United States, Canada, and Mexico

(2) Europe... France, The United Kingdom, Spain and other European countries

(3) Other.. Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

3. Changes in accounting policies

(1) Accounting standard for share-based payments

Beginning with the year ended March 31, 2007, the Company adopts the Accounting Standard for Share-Based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-Based Payment (ASBJ Guidance No. 11 issued on May 31, 2006).

The effect of this change was to decrease the operating income for Japan by ¥1,037 million.

(2) Change of closing dates of consolidated subsidiaries

As described in “Changes in Accounting Policies,” effective the fiscal year ended March 31, 2007, 22 subsidiaries have been consolidated by using their financial statements as of the parent’s fiscal year end which were prepared solely for consolidation purposes. In addition, 33 consolidated subsidiaries have changed their fiscal year end to March 31.

The effect of this change was to increase net sales by ¥62,479 million for Japan, ¥219,878 million for North America, ¥454,769 million for Europe, ¥87,087 million for other foreign countries and ¥56,607 million for Eliminations, compared to the results that would have been obtained under the former method of consolidation. This change also brought increases in operating income of ¥1,586 million for Japan, ¥21,403 million for North America, ¥2,744 million for Europe and ¥210 million for other foreign countries, and a decrease in operating income of ¥4,500 million for Eliminations.

Current fiscal year (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Sales and operating income:							
Sales:							
1. Sales to third parties	2,507,145	4,414,509	2,157,015	1,745,569	10,824,238	—	10,824,238
2. Inter-segment sales and transfers	2,491,594	235,760	223,142	64,777	3,015,273	(3,015,273)	—
Total	4,998,739	4,650,269	2,380,157	1,810,346	13,839,511	(3,015,273)	10,824,238
Operating expenses	4,722,036	4,332,404	2,259,486	1,729,236	13,043,162	(3,009,754)	10,033,408
Operating income	276,703	317,865	120,671	81,110	796,349	(5,519)	790,830
II. Total assets	6,171,415	5,345,010	1,553,029	1,201,330	14,270,784	(2,331,302)	11,939,482

Notes: 1. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

2. Major countries and areas which belong to segments other than Japan are as follows:

(1) North America........................ The United States, Canada, and Mexico

(2) Europe.. France, The United Kingdom, Spain and other European countries

(3) Other... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

3. Until the prior fiscal year, some of the Company's consolidated subsidiaries charged directors' retirement benefits to expense when so approved at the annual general meetings of shareholders. As stated in "Changes in accounting policies," however, they adopted the method of reporting an amount of directors' retirement benefits to be required at the year-end in accordance with the relevant internal regulations as accrued directors' retirement benefits, effective from the year ended March 31, 2008.
The effect of this change was to increase operating expenses by ¥441 million and to decrease operating income by ¥441 million for the Japan segment, compared with the results that would have been obtained under the former method.

Overseas sales

Prior fiscal year (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas net sales	4,410,531	2,023,772	1,829,617	8,263,920
II. Consolidated net sales				10,468,583
III. Overseas net sales as a percentage of consolidated net sales	42.1%	19.3%	17.5%	78.9%

Notes: 1. Overseas net sales include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

(1) North America........................ The United States, Canada, and Mexico

(2) Europe.. France, the United Kingdom, Spain and other European countries

(3) Other.. Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

4. Change in accounting policies
Change of closing dates of consolidated subsidiaries
As described in “Changes in Accounting Policies,” effective the year ended March 31, 2007, 22 subsidiaries have been consolidated by using their financial statements as of the parent’s fiscal year end which were prepared solely for consolidation purposes. In addition, 33 consolidated subsidiaries have changed their fiscal year end to March 31.
This change brought increases in overseas net sales of ¥177,178 million for North America, ¥402,598 million for Europe and ¥138,990 million for Other foreign countries, compared to the results that would have been obtained under the former method of consolidation.

Current fiscal year (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas net sales	4,319,665	2,168,427	2,148,343	8,636,435
II. Consolidated net sales				10,824,238
III. Overseas net sales as a percentage of consolidated net sales	39.9%	20.0%	19.9%	79.8%

Notes: 1. Overseas net sales include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

2. Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.

3. Major countries and areas which belong to segments other than Japan are as follows:

(1) North America........................ The United States, Canada, and Mexico

(2) Europe.. France, the United Kingdom, Spain and other European countries

(3) Other.. Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

(Transactions with related parties)

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
There are no significant transactions to be disclosed.	Same as the prior fiscal year.

(Amounts per share)

(Yen)

Prior fiscal year [From April 1, 2006 To March 31, 2007]		Current fiscal year [From April 1, 2007 To March 31, 2008]	
Net assets per share	¥862.29	Net assets per share	¥860.17
Basic net income per share	¥112.33	Basic net income per share	¥117.76
Diluted net income per share	¥111.71	Diluted net income per share	¥117.56

Note: The bases for calculation are as follows:

1. Net assets per share

	Prior fiscal year (As of March 31, 2007)	Current fiscal year (As of March 31, 2008)
Total net assets (Millions of yen)	3,876,994	3,849,443
Amounts deducted from total net assets (Millions of yen)	331,757	344,479
(Share subscription rights)	2,711	1,714
(Minority interests)	329,046	342,765
Net assets attributable to shares of common stock at year end (Millions of yen)	3,545,237	3,504,964
The year-end number of common stock used for the calculation of net assets per share (Thousands)	4,111,418	4,074,721

2. Basic net income per share and diluted net income per share

	Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
Basic net income per share: Net income (Millions of yen)	460,796	482,261
Net income attributable to shares of common stock (Millions of yen)	460,796	482,261
Average number of shares of common stock during the fiscal year (Thousands)	4,102,114	4,095,407
Diluted net income per share: Increase in shares of common stock (Thousands)	22,736	6,921
(Exercise of warrants) (Exercise of share subscription rights)	17,446 5,290	5,228 1,693
Securities excluded from the computation of diluted net income per share, because they do not have dilutive effects.	4th share subscription rights (the number of share subscription rights is 130,000 units) Refer to "Status of share subscription rights" for a summary.	2nd share subscription rights (the number of share subscription rights is 91,889 units) 4th share subscription rights (the number of share subscription rights is 79,368 units) 5th share subscription rights (the number of share subscription rights is 6,800 units) 6th share subscription rights (the number of share subscription rights is 3,600 units) Refer to "Status of share subscription rights" for a summary.

(Significant subsequent events)

Prior fiscal year [From April 1, 2006 To March 31, 2007]	Current fiscal year [From April 1, 2007 To March 31, 2008]
On June 19, 2007, the Company issued unsecured bonds. The terms and conditions of these bonds are summarized as follows: 1 Name 46th unsecured bonds Principal ¥65,000 million Interest rate 1.76% per annum Issue price ¥99.99 for a par value of ¥100 Maturity date June 20, 2012 Payment due date June 19, 2007 Use of proceeds Working capital 2 Name 47th unsecured bonds Principal ¥35,000 million Interest rate 1.95% per annum Issue price ¥99.97 for a par value of ¥100 Maturity date June 20, 2014 Payment due date June 19, 2007 Use of proceeds Working capital	――

Schedule of bonds payable

Company	Description	Date of Issuance	Balance at end of prior year (Millions of yen)	Balance at end of current year (Millions of yen)	Interest rate (%)	Collateral	Maturity
*1	28th unsecured bonds	October 29, 1997	30,000	—	2.40	NONE	October 29, 2007
*1	41st unsecured bonds	July 29, 2003	70,000	70,000	1.00	"	July 29, 2010
*1	42nd unsecured bonds (Note 2)	February 19, 2004	50,000	(50,000) 50,000	0.74	"	March 19, 2009
*1	43rd unsecured bonds (Note 2)	June 2, 2005	49,998	(50,000) 50,000	0.40	"	June 20, 2008
*1	44th unsecured bonds	June 2, 2005	127,967	127,977	0.71	"	June 21, 2010
*1	45th unsecured bonds	June 15, 2005	50,000	50,000	0.62	"	October 15, 2009
*1	46th unsecured bonds	June 19, 2007	—	64,995	1.76	"	June 20, 2012
*1	47th unsecured bonds	June 19, 2007	—	34,990	1.95	"	June 20, 2014
*1	Euro-yen bonds with warrants due 2008 (Note 3)	March 14, 2002	52,317	—	1.27	"	March 14, 2008
*2	Bonds issued by subsidiaries (Note 2)	2005 - 2007	180,012	(49,998) 214,973	0.4-1.4	"	2008–2011
*2	1st unsecured convertible bonds with share subscription rights issued by subsidiaries (Note 4)	April 30, 2003	260	247	—	"	March 31, 2010
*2	Yen convertible bonds with share subscription rights due 2008 issued by subsidiaries (Note 4)	April 30, 2003	1,429	—	—	"	March 31, 2008
*3	Bonds issued by subsidiaries	2005 - 2006	206,391 [$1,748,338 thousand]	175,211 [$1,748,787 thousand]	4.6–5.6	"	2010 - 2011
*3	Bonds issued by subsidiaries	2006 - 2007	53,650 [MXN 5,000,000 thousand]	84,330 [MXN 9,000,000 thousand]	7.4–8.2	"	2009 - 2012
*3	Mid-term notes issued by subsidiaries	1996 - 2003	11,159 [$94,529 thousand]	—	5.4–5.6	"	2007–2008
Subtotal (Note 2)		—	883,183	(149,998) 922,723	—		—
Elimination of intercompany transactions		—	(52,317)	—	—		—
Total (Note 2)		—	830,866	(149,998) 922,723	—		—

Notes: 1. *1 The Company *2 Domestic subsidiaries *3 Foreign subsidiaries

2. The amounts in parentheses presented under "Balance at end of current year" represent the amounts scheduled to be redeemed within one year.

3. The following table shows the details of bonds with warrants.

Description	Exercise period	Amount to be subscribed upon exercise (Yen)	The total amount of stock issued (Millions of yen)	Stock to be issued	Ratio of grant
Euro-yen bonds with warrants due 2008	From March 14, 2004 To March 7, 2008	880	52,800	Common stock	100%

4. The following table shows the details of bonds with share subscription rights:

Description	1st unsecured convertible bonds with share subscription rights issued by subsidiaries	Yen convertible bonds with share subscription rights due 2008 issued by subsidiaries
Type of shares to be issued upon exercise of share subscription rights	Common stock	Common stock
Issue price (Yen)	—	—
Exercise price (Yen)	499	509
Total exercise price (Millions of yen)	10,000	10,000
Upon exercise of the share subscription rights, total exercise price to be credited to common stock (Millions of yen)	9,753	8,571
Ratio (%)	100	100
Exercise period	From June 2, 2003 To March 30, 2010	From June 2, 2003 To March 14, 2008
Substitutive deposits	Note	Note

Note: When the Holders request for exercise of the share subscription rights, the exercise price is deemed to be paid from maturity payment. Also, if the share subscription rights are exercised, it is treated that such request is made.

5. The redemption schedule of bonds for 5 years subsequent to March 31, 2008 is summarized as follows:

(Millions of yen)

Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
149,998	232,004	419,316	11,244	75,171

Schedule of borrowings

(Millions of yen)

Category	Balance at end of prior year	Balance at end of current year	Average interest rate (%)	Maturity
Short-term borrowings	1,056,319	988,342	2.7	—
Current portion of long-term borrowings	974,695	666,844	3.7	—
Commercial paper	965,238	951,843	1.3	—
Current portion of lease obligations	50,421	75,554	1.6	—
Long-term borrowings (excluding current portion)	1,167,814	1,050,889	3.3	April 2009 to October 2027
Lease obligations (excluding current portion)	59,140	85,389	2.6	April 2009 to March 2021
Total	4,273,627	3,818,861	—	—

Notes: 1. The average interest rate represents the weighted-average rate applicable to the year-end balance.

2. The following table shows the aggregate annual maturities of long-term borrowings (excluding the current portion) and lease obligations (excluding the current portion) for 5 years subsequent to March 31, 2008.

(Millions of yen)

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term borrowings	462,693	311,056	124,669	105,302
Lease obligations	36,597	16,969	12,052	4,835

(2) Other

Not applicable

June 20, 2007

The Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon

Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Kenji Ota
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

Pursuant to Article 193-2 of the Securities and Exchange Law of Japan, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in “Financial Information” for the fiscal year from April 1, 2006 to March 31, 2007. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries at March 31, 2007 and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

(1) As described in “Changes in Accounting Policies,” effective the current fiscal year, the Company adopted a new accounting standard for presentation of net assets in the balance sheet.
(2) As described in “Changes in Accounting Policies,” effective the current fiscal year, 22 consolidated subsidiaries have been consolidated by using their financial statements as of the parent’s fiscal year end prepared solely for consolidation purposes instead of those as of their respective fiscal year end. In addition, 33 consolidated subsidiaries have changed their fiscal year end to March 31.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

June 25, 2008

The Board of Directors
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon

Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Kenji Ota
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Law of Japan, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in "Financial Information" for the fiscal year from April 1, 2007 to March 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries at March 31, 2008 and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

Chief Executive Officer

Carlos Ghosn
Global Communications and CSR

Chief Operating Officer

Toshiyuki Shiga
Japan Operations (MC-J)
Domestic Network Management (MC-Dealer)
Administration for AFLs (MC-AFL)
Human Resources
External and Government Affairs
Intellectual Asset Management
Industrial Machinery
Marine
Corporate Governance
Global Internal Audit

Executive Vice President

Hiroto Saikawa
North American Operations (MC-NA)
Purchasing

Executive Vice President

Mitsuhiko Yamashita
Research and Development
TCSX (Total Customer Satisfaction Function)

Executive Vice President

Carlos Tavares
Corporate Planning
Product Planning
Market Intelligence
Brand Management
Design
Program Management
LCV Business
Infiniti Business
Control

Executive Vice President

Hidetoshi Imazu
European Operations (MC-E)
Manufacturing
SCM

Vice Chairman

Tadao Takahashi
External and Government Affairs
Intellectual Asset Management

Senior Vice Presidents

Shiro Nakamura
Kazuhiko Toida
Junichi Endo
Hitoshi Kawaguchi
Minoru Shinohara
Yo Usuba
Yoshiaki Watanabe
Colin Dodge
Kazumasa Katoh
Toshiharu Sakai
Alain Dassas
Atsushi Shizuta
Yasuhiro Yamauchi

Corporate Vice Presidents

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Akira Kaetsu
Akira Sato
Toshio Aoki
Shoichi Miyatani
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Atsushi Hirose
Takao Katagiri
Masaaki Nishizawa
Shinya Hannya
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Makoto Yoshimoto

Fellow

Kimio Tomita

(As of August 1, 2008)

ADDITIONAL INFORMATION SOURCES

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