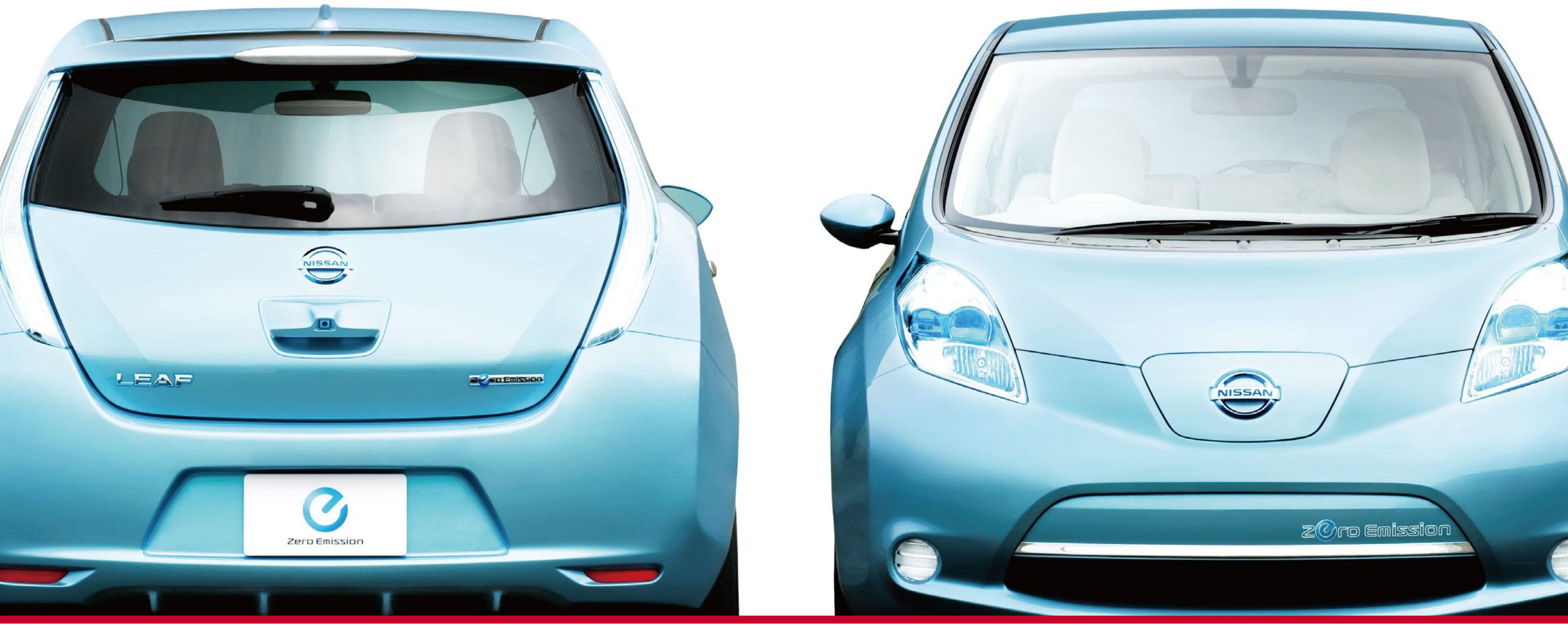


Annual Report 2010

Nissan: Enriching People's Lives

Year Ended March 31, 2010

NISSAN

INFINITI

Vision

Nissan: Enriching People's Lives

Mission

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

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

Vision Mission

Contents

This annual report presents financial results for the fiscal period ending March 31, 2010. 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

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

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

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

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

Fiscal 2009 Major News Flow

2009

April [2009]

- Nissan's Eco Series lineup to be expanded to meet Japan's preferential tax scheme for environment-friendly vehicles

May [2009]

- Nissan releases the new-generation NV200 Vanette compact van

NV200 Vanette

June [2009]

- Nissan inaugurates a new plant in St. Petersburg, Russia
- Nissan announces significant progress of "Nissan Green Program 2010"

July [2009]

- Nissan-NEC joint venture Automotive Energy Supply Corporation begins trial production of lithium-ion batteries
- Dongfeng Motor Co., Ltd. announces the expansion of its Huadu plant in Guangzhou

August [2009]

- Nissan unveils Nissan LEAF, the world's first electric car designed for real-world requirements and affordability
- Nissan returns to its historic roots in Yokohama, Japan, with the opening of its new global headquarters building

Nissan LEAF

September [2009]

- Nissan releases the all-new 370Z Roadster in North America

370Z Roadster

October [2009]

- Nissan and Sumitomo Corporation initiate "second-life" business for EV batteries

November [2009]

- Zhengzhou Nissan launches the high-end NT400 Cabstar light commercial vehicle in China
- Nissan releases the new Fuga luxury sedan in Japan

December [2009]

- Nissan releases the new Roox minicar in Japan

Roox

2010

February [2010]

- Nissan wins an energy conservation prize for its eco-mode function and navigation-linked speed control

March [2010]

- Nissan launches the all-new March in Thailand
- Nissan announces it will open a new design studio in Beijing
- The Renault-Nissan Alliance inaugurates plant in Chennai, India

March

Financial Highlights

For the years ended		2009 Mar. 31, 2010	2008 Mar. 31, 2009	2007 Mar. 31, 2008	2006 Mar. 31, 2007	2005 Mar. 31, 2006
Net sales	Millions of yen	**¥7,517,277**	¥8,436,974	¥10,824,238	¥10,468,583	¥9,428,292
Operating income (loss)	Millions of yen	**311,609**	(137,921)	790,830	776,939	871,841
Ordinary income (loss)	Millions of yen	**207,747**	(172,740)	766,400	761,051	845,872
Net income (loss)	Millions of yen	**42,390**	(233,709)	482,261	460,796	518,050
Net assets	Millions of yen	**3,015,105**	2,926,053	3,849,443	3,876,994	3,087,983
Total assets	Millions of yen	**10,214,820**	10,239,540	11,939,482	12,402,208	11,481,426
Net assets per share	Yen	**663.90**	644.60	860.17	862.29	753.40
Basic net income (loss) per share	Yen	**10.40**	(57.38)	117.76	112.33	126.94
Diluted net income per share	Yen	**—**	—	117.56	111.71	125.96
Net assets as a percentage of total assets	%	**26.5**	25.6	29.4	28.6	26.9
Return on equity	%	**1.59**	(7.62)	13.68	13.89	18.66
Price earnings ratio	Times	**77.02**	—	7.00	11.24	11.01
Cash flows from operating activities	Millions of yen	**1,177,226**	890,726	1,342,284	1,042,827	757,869
Cash flows from investing activities	Millions of yen	**(496,532)**	(573,584)	(867,623)	(1,114,587)	(1,112,755)
Cash flows from financing activities	Millions of yen	**(663,989)**	(135,013)	(307,002)	106,912	457,919
Cash and cash equivalents at end of year	Millions of yen	**761,495**	746,912	584,102	469,388	404,212
Net automotive interest-bearing debt	Millions of yen	**29,658**	387,882	(180,232)	(254,638)	(372,893)
Employees ( ) represents the number of part-time employees not included in the above numbers as of the fiscal year end	Number	**151,698** **(17,600)** **157,624** **(17,908)**	155,659 (20,107) 160,422 (20,649)	159,227 (21,308) 163,099 (21,686)	165,729 (20,607) 169,299 (21,177)	162,099 (21,257) 165,397 (21,564)

Notes:
1. Net sales are presented exclusive of consumption tax.
2. Effective from the fiscal 2006, the Company has adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5) and the Implementation Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8) in the calculation of net assets.
3. Net income per share has been calculated on the basis of the average number of shares of common stock outstanding during each term and net assets per share have been calculated based on the total number of shares outstanding at each business year-end.
4. Diluted net income per share for the fiscal 2008 is not presented because a net loss per share was recorded although dilutive securities existed. Diluted net income per share for the fiscal 2009 is not presented because the Company had no securities with dilutive effects.
5. Price earnings ratio for the fiscal 2008 is not presented because a net loss per share is recorded.
6. 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.
7. The number of part-time employees has been changed to present the average number of part-time employees for the fiscal 2008 compared with the year-end part-time employees for the previous fiscal years.
8. Staff numbers, which are presented as the lower numbers in the "Employees" line, include those of unconsolidated subsidiaries accounted for by the equity method as reference data.

Entering the Next Phase

Fiscal year 2009 was a challenging year in the global economy and in the global automotive industry. At no other time in history has the auto industry faced such threatening impacts from the financial crisis, widespread economic recession, a distressed supply base and volatile foreign exchange rates.

As the crisis has evolved, Nissan has remained focused on the recovery, guided by our corporate recovery plan. Although our company is still operating in crisis mode, Nissan is on track toward a complete recovery. In fiscal year 2009, we returned to profitability after losses in the prior year. We also generated positive free cash flow for our auto business, which in turn strengthened our balance sheet. As a result, net debt for the auto business was greatly reduced, showing a significant improvement compared to the prior year's level.

While we have managed through the financial crisis and recession, we have not compromised our strategic priorities. For example, we have not slowed our investments to contribute to a zero-emission society. When the Nissan LEAF goes on sale this year, the Renault-Nissan Alliance will be the first to mass-market affordable zero-emission vehicles. We will have invested in a battery capacity of 500,000 units for the Alliance; no other automaker will be producing electric batteries or cars at such a scale. And customers are ready. Response to the Nissan LEAF has been extremely positive, as signaled by the thousands of potential customers who are registering their interest in buying the first models on sale. Vehicle pre-orders in the United States and Japan have already surpassed our available production capacity for fiscal year 2010.

Another focus of investment has been our emphasis on affordable transportation. Today, entry segments account for more than 25% of the global total industry volume of 64 million units, and this segment is growing. We will offer maximum value at affordable prices, beginning with a lineup of global compact cars based on Nissan's new V-platform. At full launch, our V-platform cars are expected to represent 1 million unit sales. The new engines for these cars will make eco-friendliness accessible to everyone as they set a new standard for fuel efficiency worldwide.

Nissan is also moving forward in emerging markets with detailed action plans. In China, we will be able to produce more than 1 million cars a year in 2012, and we will expand our capacity further in line with market growth. In Chennai, India, our Alliance plant has started production with a 200,000-unit capacity and plans to increase to 400,000 units at full ramp-up in order to supply the Indian market and to export to more than 100 countries in Europe, Africa and the Middle East. We are partnering with Ashok Leyland to start LCV production and with Bajaj for an Alliance ultra-low-cost car. In Brazil, we will grow our product portfolio and network coverage, increasing our market share in the midterm and contributing to the total Alliance share of the market. In Russia, we will introduce new models to expand our presence, and we will use Renault and Avtovaz platforms and production sites to optimize our capacity. In the Middle East, we are on the offensive with a revitalized network of national sales companies and distributors. We are also positioning ourselves for the next wave of emerging countries, such as Indonesia.

We see some potential for growth, but we believe 2010 will be another difficult year. Global economic conditions are improving, but they are not yet robust. Consumer spending still reflects a shaky confidence in most Western markets, as well as in Japan. Commodity prices are expected to rise with economic recovery. The worst of the crisis is behind us, and our plan of action is to emerge from the crisis completely in this fiscal year and start a new mid-term plan in fiscal year 2011.

For fiscal year 2010, we forecast an increase in net revenue and growth in profits from the prior year. We continue to focus on our balance sheet and expect free cash flow to be positive. As a result, net auto debt will be eliminated by the end of this fiscal year.

The strategic actions we are taking not only reflect Nissan's long-term vision as a global company that creates sustainable value, but they also show our commitment to maximizing total shareholder return. Based on the current state of our business and weighing the risks and opportunities for this year, we plan to reinstate dividend payments for fiscal year 2010 at 10 yen for the full year (5 yen for the interim dividend and 5 yen for the year-end

dividend). We will elaborate on future dividend policies when we announce our midterm plan.

At the foundation of Nissan's strategy lies the Renault-Nissan Alliance, now in its 11th year. The Alliance is a constant lever for creating value and improving performance. Supported by the dedicated team within Renault Nissan BV, the Alliance has benefited from significant synergies in fiscal 2009, through pure cost and CAPEX savings as well as cost and CAPEX avoidance. In 2010 the Alliance should generate additional benefits through new synergies, savings and joint revenue opportunities. With upstream involvement in the decision-making process, the Alliance is able to identify and integrate synergies into the future plans of both companies.

The pursuit of synergies is also behind our strategic cooperation with Daimler, with whom the Alliance will work on powertrain sharing, including Daimler's 4-cylinder gasoline and diesel engines and a 6-cylinder diesel engine for Infiniti. Our cooperation will also extend to small vehicles, light commercial vehicles, electric vehicles and batteries and other areas of common interest.

The Renault-Nissan Alliance has established an effective model within the global automotive industry. We have shown how large, complex organizations can work together to use scale effectively while maintaining separate corporate identities and autonomy of action. The synergies Nissan achieves with Renault and, now, with Daimler will contribute to our company's complete recovery and enable future growth.

Nissan is heading in the right direction, and we are eager to move forward with clear priorities. The lessons learned from our revival experience in 1999 and our recovery actions in 2009 are now built into our global business practices. Nissan will emerge from this crisis more competitive and stronger. We are driven by our passion to create value and to offer customers more pleasure of mobility, whether they live in mature or emerging markets, whether they drive on today's roadways or in the new era of sustainable mobility. No matter what the circumstances, our commitment to our stakeholders is constant: You can always expect the best from Nissan.

Carlos Ghosn
President and Chief Executive Officer

Message from the COO

Surmounting the Crisis

In the wake of the financial crisis that began in late 2008 and the widespread economic recession that followed, Nissan reacted quickly, developing a recovery plan and rising to the challenge. Every Nissan employee understood the state of the company and what needed to be done, and contributed to the execution of our plan. Our consolidated operating profit of 311.6 billion yen represents the fruit of all their hard work.

In fiscal year 2009, we revisited all our expenses and investments while carrying out initiatives to boost market share and sales volume in declining markets, with the aim of generating positive free cash flow and consolidated operating profit. For example, we raised production to adapt to rising demand while keeping tight control on inventory when governments introduced scrap incentives and economic stimulus packages in the U.S., Europe and Japan. As a result, Nissan minimized lost opportunities and increased its sales in face of a volatile market.

One of our strengths—compact, fuel-efficient cars—drove sales increases in China, the U.S. and Japan. We reacted with particular swiftness in Japan by providing the Nissan Eco series, a diverse product lineup that benefits from tax credits and subsidies for eco-friendly cars. In China, we offered abundant product choices that catered to local market needs and met tax reduction requirements for 1.6-liter models and under.

It is too early to say whether global TIV will recover fully in fiscal year 2010. We expect demand to fall in Japan and Europe when governmental support ends. The U.S. market is gradually recovering, although it is still falling short of its peak. We also see signs of recovery in Russia and the Middle East, but they are not yet robust. Raw material prices are rising as well, representing a major risk factor along with the continued risk of foreign exchange volatility. An exchange rate of 90 yen to the U.S. dollar poses challenges in terms of profit and revenue.

We assume that the climate will remain tough, but we still expect our global sales to reach 3.8 million—a record level for Nissan, and an increase of 8.1 percent over the 3.5 million units we sold in fiscal year 2009.

Toshiyuki Shiga Chief Operating Officer

The total industry volume in Japan is expected to drop from October 2010 onward when government incentives are removed. We intend to mitigate the effect by launching several eco-friendly cars. These models include the new fuel-efficient March, an automatic transmission version of the X-TRAIL clean diesel, the Fuga hybrid electric vehicle, and a zero-emission electric vehicle, Nissan LEAF. All are examples of how we are adapting our offer to customer needs.

Our sales in the U.S. are projected to be 945,000 units, a 7.9 percent market share based on a projected TIV of 12 million units. We expect our product offer—including the compact Versa, the Rogue SUV, and the new NV lineup of light commercial vehicles—to drive our sales up in this highly competitive market.

Despite the Greek financial issue and other uncertainties, sales of the Qashqai continue to grow in Europe. We will also be launching the new Micra and Juke in the region this year. These models will contribute to a gradual increase of our market share there.

Our sales forecast in China is very positive, with a projected rise to 860,000 units. We will work on customer satisfaction and brand value, selling each vehicle with care in this rapidly expanding market. Supply shortages remain a challenge, but we are moving quickly to increase the capacity in Zhengzhou and Huadu to enable the production of one million units for all of China by 2012.

We also foresee major sales growth in Thailand, where our first global compact car, the new March, has made a fine start following its launch in March this year. We began local production of the new Micra in India in May and already have it on the market. This is our first localized product for India, which local dealers were looking forward to, and we plan to capitalize on the opportunity and significantly raise our market presence.

We followed design-to-cost principles to ensure that the March is competitive, offers uncompromising quality, and still generates a profit. The result is a car with strong driving performance, sufficient roominess, and "green" characteristics, including excellent fuel economy and low CO_2 emissions. We will export this global model from Thailand to Japan, and from India to many regions around the world, including Europe. Nissan is dedicated to maintaining the kind of exhaustive quality assurance that guarantees we are delivering products that customers everywhere can trust.

The Renault-Nissan Alliance is committed to zero-emission leadership. Fiscal year 2010 will be a critical period in our drive to make this commitment a reality. Nissan will launch Nissan LEAF in Japan, the U.S. and Europe, and we are working to scale back costs by the launch of global mass marketing in 2012. We plan to penetrate the market by offering our EV at an affordable price and use it to create new customer values, communicate our environmental efforts and technological abilities, and build our brand.

Our aim is to deliver the right products to the right markets in a timely manner. We will refine our sales capabilities, responding to customers with greater care and enhancing their level of satisfaction. The auto industry is standing at a crucial crossroad, and we will respond by rising decisively to meet our self-imposed challenges, including the spread of eco-friendly technologies, further ventures into emerging markets, and the introduction of our global compact cars. Nissan will grow stronger and more competitive through these demanding endeavors.

Toshiyuki Shiga
Chief Operating Officer

Message from the CFO

Driving to Profit Despite Rough Terrain

"That which does not kill us makes us stronger" is an old adage that really applies to the past year as the turmoil in the financial markets that began in 2008 and ensuing global economic crisis have taken a particularly severe toll on the automotive industry. Looking back, I believe that Nissan has weathered this storm as well as any competitor, and better than most expected. The organizational focus and recovery actions taken to preserve cash and restore profits during the crisis have indeed made Nissan stronger. In fiscal year 2009, Nissan returned to profitability with operating profit and net income of 311.6 billion yen and 42.4 billion yen, respectively. This was achieved even as the yen strengthened over 8 percent versus the U.S. dollar when compared to fiscal year 2008.

Nissan also achieved positive free cash flow of 375.5 billion yen, which reflected an intense focus on working capital management as well as the improved profitability in our business. As a result, our automotive net debt position improved by 358.2 billion yen from the prior year-end and stood at 29.7 billion yen as of March 31, 2010. We have ample liquidity in the auto business with cash and undrawn committed credit facilities of over one trillion yen. Our debt structure has also improved as we have reduced our reliance on short-term borrowing. We have sufficient liquidity in our sales finance business as well, and our asset and liability maturities are well aligned.

As the CFO at Nissan, I am responsible for the accounting, control, treasury/risk management, investor relations and tax functions as well as our sales finance operations. My vision for the finance organization—beyond ensuring robust accounting, reporting, treasury, tax and risk management capabilities—is to create a strong, globally integrated finance organization that is a partner to our operational teams and is focused on supporting them to drive exceptional business results through timely, relevant and accurate financial analysis and strategy.

Joseph G. Peter Chief Financial Officer

Prior to joining Nissan in October 2009, I spent over 25 years with General Motors Corporation in various financial management assignments, including top leadership positions in the Asia Pacific and North America regions. I have spent about half of my career working outside the United States in places like Mexico, Europe, South Korea and China. Having worked and lived in several emerging and often volatile markets, I have learned the importance of operating with lean resources and reacting flexibly to changing market dynamics. In my short time at Nissan, I have found the company to be nimble and accustomed to operating in environments that change quickly. As such, I am confident that Nissan is well positioned to take advantage of opportunities in emerging markets and new technological areas that will fuel its future growth.

Part of my job is to help facilitate that growth by working with our operational leaders to drive a business model that generates industry-leading profitability and sustained cash flow generation. Simply put, strong operating performance generates cash, which bolsters the balance sheet, stabilizes the business, strengthens our capability to endure potential market dislocations or cyclical economic downturns, and enables us to invest for the future.

We have massive potential to expand our business both geographically in emerging markets from a portfolio perspective, and also from a new technology perspective, such as with Nissan LEAF. Make no mistake, providing customers with great, innovative products and services is the lifeblood of our business, and to do that we need to keep investing in our product portfolio, manufacturing facilities and distribution networks. We did this even during the crisis of the past 18 months.

What changed is the intensity with which we scrutinized our investment spending and costs across the whole business value chain to ensure that we managed our business as efficiently as possible, including continuing to mine synergies through our Alliance with Renault. The crisis spurred us to a new standard, and even as it passes we will stay focused on increasing our productivity and eliminating waste throughout our value chain.

In the same vein, three years ago most people would have said the company could not be profitable at an exchange rate of 90 yen to the dollar. For fiscal year 2010, Nissan has taken the steps necessary to ensure operational effectiveness and profitability at that level of exchange. Reflecting our confidence in this outlook, we announced in May that we plan to reinstate a dividend payment of 10 yen per share for the 2010 fiscal year. We take very seriously the obligation to our shareholders to enhance the long-term enterprise value of Nissan and maximize total shareholder return. We will expand on our plans in this regard as we update our next mid-term plan in fiscal year 2011.

As a new member of the Nissan family, I am encouraged by the focus, urgency and sacrifice shown by our people during the economic crisis. As reflected in our fiscal year 2009 results, we have made great progress. Are we completely out of the woods? Not yet. The financial markets and the pace of the global economic recovery remain somewhat fragile, as evidenced by the market uneasiness over the sovereign debt levels in some of the Euro zone countries. Notwithstanding the fragile state of the recovery, I do believe that Nissan is well positioned operationally and financially for whatever the future holds.

Joseph G. Peter
Chief Financial Officer

Powering Through the Crisis

The recovery plan we put in place last year were short-term measures designed to ensure Nissan's survival during the financial downturn. The objectives of our recovery plan were to restore both positive free cash flow and consolidated operating profit.

Reducing our cost base was a major element of the recovery plan. One of the main pillars of the plan was to reduce costs for *monozukuri*-related functions such as engineering, purchasing, manufacturing, and supply chain management by 5 percent. We also wanted to decrease capital expenditures, as well as G&A costs, during the downturn.

Not only were the results met, but they far exceeded our expectations. In fiscal year 2009, consolidated operating profit improved to 311.6 billion yen from an operating loss of 137.9 billion yen in the prior year. We achieved our *monozukuri* cost target, helped along by decreases of 134.4 billion yen in purchasing costs, 20.4 billion yen in manufacturing costs, and 64.5 billion yen in R&D expenses. Reductions in G&A expense were also a big factor. The improvement in our income statement also led to our achieving positive free cash flow of 375.5 billion yen for the year. We also lowered our capital expenditures by 110 billion yen to 273.6 billion yen, which also contributed to these results.

Higher sales, which led to an increase in production, were another contributing factor to the positive results. Our plants and supply chain team increased total volume by 6.4 percent to 3.282 million units. Another factor was how fast our manufacturing group and suppliers responded to market changes and new opportunities. For example, when the various government stimulus programs emerged worldwide, we responded quickly and delivered vehicles to those markets offering subsidies. In contrast, many other manufacturers took months to respond. That reflects the DNA of a Japanese manufacturing company and represents one of Nissan's core strengths.

Colin Dodge Chief Recovery Officer

With things going well, some may question why Nissan still needs a chief recovery officer. Market conditions are still highly volatile. Six weeks into our business plan, for example, the raw material assumptions we held two months ago are irrelevant because prices for aluminum, platinum, copper and flat steel have changed dramatically over the past month. Fluctuating exchange rates have also had a massive effect.

While markets have been volatile, we have been effective. The recovery committee prepares countermeasures and optimizes short-term performance. While Nissan's operating committee is strategic and our executive committee even more so, we focus on what is necessary at this time. For example, since demand is fluctuating rapidly, we manage the allocation of vehicles to countries by model to ensure that it is optimized. The standard management mechanisms are not quick enough for these uncertain times.

While our profitability is now among the top level in the automotive industry and we have a strong balance sheet with reduced net debt, Nissan is still in a crisis in that we have not yet fully recovered. We've returned to profitability from losses, but now we need to finish the job: get our COP back to pre-crisis levels, net income after tax at top level, and reduce our debt, so that we return to a net cash position. Those are key milestones we will use to gauge when the recovery is complete.

As always, the most crucial method of accomplishing all that is to properly manage our cost base, mainly through *monozukuri* costs and G&A expenses. Selling more vehicles is another way and in fiscal year 2010, we plan to sell 3.8 million vehicles, which is a record total in the history of Nissan.

Another assurance will be the return of a measure of external stability. That includes having the total industry volume in America—which dropped from 17 million units to 9 million, but is now approaching 12 million again—continue to rise. Steady growth in key emerging markets such as China and Russia will also contribute, as will the better control of the debt that many countries accumulated during the crisis.

In fiscal year 2010, we will continue to follow the recovery plan, managing the cost base and dealing with exchange rate fluctuations, higher raw material costs, and the overall volatility in the various markets.

In the midterm, global economic activity will drive raw material costs up. Therefore, our industry's biggest challenge is to take other costs out to allow consumers to continue buying cars at the sticker prices they've become accustomed to. We anticipate raw materials to continue to rise. However, in addition to our *monozukuri* cost reduction efforts, we will continue our frugal policy in expenses, such as marketing, overtime, travel and G&A. We will eliminate some unsustainable measures put in place during the crisis, but we will adopt the new mindset related to all expenses, based on our new standard. In other words, some of the measures put in place throughout our company will become the "new normal."

Although conditions will continue to be harsh, we foresee positive free cash flow, with operating profit of 350 billion yen and net income of 150 billion yen for fiscal year 2010. Capital expenditures will rise to 360 billion, but we expect to return to a net cash position by the end of the fiscal year. We will continue to run lean and prepare for better times in 2011.

Colin Dodge
Chief Recovery Officer

Strategies after the Financial Crisis

It's been said that you should never waste a good crisis. We followed that logic in fiscal year 2009 by reviewing every assumption, idea and product we had, and changed the priorities of the company accordingly.

For example, Japanese auto manufacturers traditionally produce a lot of models because customers focus on the new. On average, Nissan had launched a new car every month for the past five years. We knew this was not efficient, however, and had been working toward a more efficient product lineup. The financial crisis elevated the importance of this corporate initiative. As a result, we suspended our mid-term plan, NISSAN GT 2012, and reduced our new global model introductions from 60 to 48. When this initiative is fully engaged, our product portfolio should be at the top level alongside our competitors in both body type and engine efficiency.

Although we suspended our mid-term plan, we continue to focus on zero-emission leadership. While we believe that leadership in electric vehicles will drive our brand, we also need to push CO_2 levels down in the remaining 90 percent of our product portfolio and we have promoted additional technologies to accomplish that. Whether you call it fuel economy or eco-drive, our "PURE DRIVE" initiative, together with zero emissions, will be a key driver of our product strategy to lower CO_2 emissions over the next five years.

Changing Customer Dynamics

The crisis has also changed customer dynamics worldwide. We've seen a shift where China, India, and other emerging nations are quickly becoming as significant as the traditional mature markets. The customer in the emerging market has different priorities than those in traditional mature markets. There is a certain expectation associated with design and more of an emphasis on ensuring that cars are designed specifically for "my culture and me."

There has also been a shift in what customers value most in a car and their views on the environment are different as well. For example, customers in mature markets such as the United States tend to acknowledge that better fuel economy is essential, so downsizing the engine is acceptable but downsizing the car itself is less desirable. In Japan, more consumers view automobiles as basic appliances. These consumers now buy a vehicle simply to get from point A to point B, as opposed to an emotional purchase and personal expression.

It is the role of Advanced Product Planning and Market Intelligence to spot the changes in consumer behavior and ensure our products reflect the customer's needs.

Launching Price-Entry Vehicles

To better serve the growing number of car customers in emerging markets, we are now focusing our attention on the price entry segment, which is expected to grow to close to 20 million units by 2015. Nissan has not participated in the lower part of this segment before, but we must find a way to capture these first-time car buyers.

The big challenge is to produce low-cost vehicles that are still profitable and reliable. We cannot compromise quality; we need to maintain our brand image and meet the needs of these customers, many of whom are spending one to two years' salary on their first car. We will use partnerships to get the job done, including our existing partnerships in India, China and Russia.

The Holistic Approach

Nissan has made remarkable cars throughout its history. The question has always been how to link these great cars to a great brand. The GT-R, for example, is an outstanding vehicle that some people may not instantaneously associate with the Nissan brand. That is why we considered it so vital to associate Nissan LEAF—which people are already recognizing as the first true mass-market EV—with the Nissan brand.

We will launch at least three more zero-emission vehicles besides Nissan LEAF in the next few years, so we will also need to link these EVs to the Nissan brand. Beyond EVs, we need to demonstrate our commitment to being the market leader in low CO_2 emissions and good fuel economy. We will do that with "PURE DRIVE," a collection of segment-appropriate technologies for lowering the consumer's CO_2 footprint. Whether you're earning $10,000 or $100,000 a year, a family of six or a single person, a long-range commuter or urban warrior, we will offer you the best CO_2 performance at an affordable price for that respective segment.

We are agnostic in our approach to the technologies available. Not every Nissan will be an EV. In some cases, it makes more sense to use a clean diesel. In others, hybrids may be the way to go. However, on a small, affordable car like the new V platform, our solution is a three-cylinder gasoline engine with a supercharger and idle stop that delivers a leading level of 95 grams of CO_2.

Expansion of Global Compact Cars

Our V-platform program was designed to produce affordable vehicles in emerging countries. We will manufacture V-platform vehicles in Thailand, China, India and Mexico, which gives us a good cost base and puts us right next to customers in the big growth markets.

We will manufacture three body types on this platform and plan to sell approximately one million units at full launch. This will represent a significant portion of Nissan's global volume.

Putting Smart Working Vehicles on the Road

Our LCVs—light commercial vehicles—are a core Nissan product. In fiscal year 2002, our business plan was to sell 163,000 units, but this year we will sell over 700,000 of them. These products are profitable and fortunately were not overly affected by the crisis. Our ambition is to take the LCV portfolio to over a million units. We clearly need new models to achieve this goal, and there are still many markets where we have no LCV presence. The most obvious market is the United States. This autumn we will fix that when we introduce the new NV series—including the NV1500, NV2500 and NV3500—all designed specifically for the U.S. customer.

Micra/March

In India, another market we are focusing on in the mid-term, we've entered into a partnership with Ashok Leyland. Ashok Leyland sells heavy trucks in India and is not a competitor. However, they want to enter the LCV market. Given their understanding of the local market and our experience in LCVs, this partnership is advantageous. LCV production there will start in mid-2011.

Infiniti, Daimler and Strategic Cooperation

Infiniti represents an opportunity to showcase our technologies in the luxury segment. While the luxury segment does not represent a large percentage of total industry volume, it does constitute a significant portion of total industry profit.

Today we sell over 100,000 Infiniti vehicles a year. We want to increase our presence, but the demand must come from the customer side. Our strategy, therefore, is focused on the brand. We want the customer to feel inspired by Infiniti's performance and craftsmanship executed through excellent Japanese design and manufacturing.

During the crisis, luxury market customers began to put higher priority on fuel economy and emissions than they have in the past. The most notable shortfall in our product lineup was the lack of strong diesel engines for Europe. The cooperation with Daimler is a game-changer for us in that respect. Daimler has the diesel engine technology and powertrain technology we needed. Suddenly we are able to bring to market a great engine in a great car and dream about having a reasonable presence in Europe. There is very little cross shopping of luxury customers between Infiniti and Mercedes, making our relationship only minimally competitive. We are therefore optimistic that our strategic partnership will result in several beneficial projects for the luxury lineups of both companies.

Renewed Focus on Key Global Segments

We have identified key models in the Nissan and Infiniti lineups that are global drivers of volume because they compete in important segments across the globe. We will be uncompromising about getting these global growth models right and making sure that the entire business process from design to the sales network gives them the priority they deserve.

The crisis helped us see what was most important—our customer. For example, we identified issues with the proportions of one car that was near the final stages of "model freeze." As a result, we delayed the introduction of this vehicle. In the past, particularly for a new car in a new segment, we may have rushed the launch of the vehicle and modified or replaced it over time. We now introduce models only when we are confident we got it right. It is integral for our brand and our future to be uncompromising and do what is best for our customers.

NISSAN NV

Zero Emission Strategy

Creating a New Zero-Emission Society

Hideaki Watanabe Corporate Vice President

Nissan intends to be the global leader in zero-emission mobility. Our ultimate goal is to create a society that is environmentally responsible and also enriches people's lives. While other makers are developing electric cars, the following activities will demonstrate that we are a sustainable mobility promoter, moving forward with strategic initiatives and a value chain that range far beyond any model the auto industry has seen.

The Renault-Nissan Alliance, for example, has already formed more than sixty partnerships with governments, cities and other organizations around the world to educate the public, create excitement, and accelerate demand for zero-emission cars. Many of these governments are providing purchasing subsidies and low-interest loans to support the introduction of our EVs, build our battery production plants, and create the necessary infrastructure.

We have devoted many years to developing new technologies that reduce CO_2 emissions, including advances in internal combustion engines, hybrids and fuel-cell vehicles. Our new electric vehicle, Nissan LEAF, is the outstanding result of efforts to go beyond that and reduce emissions to zero. Along the way, we've also developed proprietary core technologies, including the electric motor, inverter and battery.

Our flat laminated-cell lithium-ion battery is one of the core technologies that will make zero-emission mobility a reality. We have spent nearly two decades developing the battery technology on EVs such as the Prairie Joy, Altra and Hyper Mini. Along with providing affordable, innovative and well-engineered electric cars, we want to lead the development and production of lithium-ion batteries through our joint-venture company with NEC Corporation, Automotive Energy Supply Co., Ltd. (AESC). AESC, formed in 2007, is the key to mass-producing these power cells.

We began trial production last July at our Zama Operations Center, and by 2011 we will have an annual production capacity of 90,000 units there.

Although we are still months away from the start of sales for Nissan LEAF, we have already devised action plans for recycling nearly 100 percent of the vehicle weight, including the secondary use of the battery, which retains around 80 percent of its storage capacity even after five years. To harness that remaining performance and provide society with new energy storage solutions, we will begin what we call the "4R" business with Sumitomo Corporation, which covers the reuse, refabricate, resell and recycle aspects. Refabricated batteries have incredible potential as storage and backup cells in the wind generation and solar businesses, for example. This will also result in high residual values for electric-car batteries, which in turn will reduce the cost to our customers and support our ongoing commitment to reducing the environmental impact of automobiles. We expect to launch part of this venture around the start of sales of Nissan LEAF. We are considering the end process even before we put our EV on the market.

Infrastructure is naturally essential to our success in this big venture. Our partner in the U.S., Electric Transportation Engineering Corp., is building around eleven thousand quick-charge and normal-charge stations in major population centers in Arizona, California, Oregon, Tennessee and Washington with the support of the U.S. Department of Energy. In Europe, we have a comprehensive partnership with the government of Portugal to introduce zero-emission mobility nationwide. Up to 320 vehicle-charging locations will be up and running there by 2010, and by the end of 2011 a total of 1,300 should be operational.

In Japan, local governments and third parties have already installed about 160 quick-charge facilities. Nissan will also offer normal charging facilities through its entire network of 2,200 dealerships in Japan. Roughly two hundred dealerships will also offer quick-charging systems. We will commence sales of Nissan-developed in-house quick chargers in Japan through our regional parts sales affiliates. By offering these quick chargers to the market at a competitive price, we seek to accelerate the deployment of the infrastructure required.

Making EVs a Global Phenomenon

We want to make it clear that we are not aiming for a niche market or to be an exotic option. Our strategy is to craft attractive, competitive vehicles, produce them globally, and sell in volume. In this way, we will drive down the cost and make EVs even more affordable.

We are taking full advantage of our Alliance with Renault in this drive. We will share the results of cooperative research and development, invest on battery production, strengthen global partnerships and pursue other strategies that will generate a range of global synergies. We have already announced the construction of five battery plants in the U.S., the U.K., France, Japan and Portugal. Our plan is to produce up to 500,000 batteries a year.

Starting in October 2010, Nissan will begin manufacturing Nissan LEAF in Oppama, Japan, with an annual production capacity of 50,000 units. Nissan LEAF will also be manufactured in Smyrna, Tennessee, U.S. from 2012 and from 2013 in Sunderland, England, U.K. with production capacities of 150,000 and 50,000, respectively.

Vehicle choice is another key to our strategy. In addition to Nissan LEAF, Nissan will introduce an e-LCV, an exciting urban EV commuter, and a new Infiniti luxury sedan EV. Renault is also coming out with four EV models, so we will be able to offer a variety of vehicles to customers. This diverse lineup will provide us with great market coverage.

Nissan LEAF—More Than an Eco-Car

Most of the attention is being focused on Nissan LEAF's environmental performance. However, we want consumers to know that this is a true C-segment vehicle for normal use, seats five people in comfort, has a spacious trunk, presents absolutely no compromise in style or performance and clears the strictest impact safety standards in every region.

That said, our EV is also innovative, exciting and fun to drive. In contrast to a standard internal-combustion engine vehicle, Nissan LEAF's smooth and linear acceleration comes from the electric motor that instantly generates maximum torque from a starting position. The car just takes off immediately when you press the accelerator pedal, providing acceleration superior to that of a 3.5-liter V6 engine.

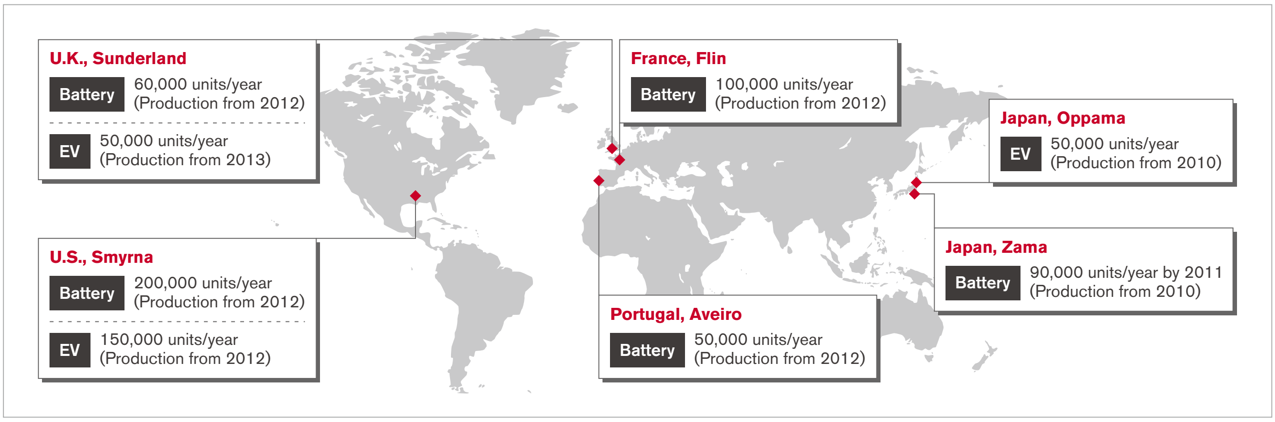
Unlike a car with a front-mounted engine, Nissan LEAF's weight is distributed in the center because the battery is positioned close to the middle of the chassis. That makes the car very stable yet nimble. Although Nissan LEAF may be positioned in the C segment, this handling and driving quality imparts the feel of a vehicle two grades higher.

EVs run silent, of course, which is a blessing in a noisy world. There has been some concern, however, that quiet EVs and hybrids can surprise pedestrians as they approach. We designed a system to alert pedestrians that a vehicle is approaching. When driving at a low speed (below 30 km/h), the system emits a sound from a speaker at the front of the vehicle. Pedestrians can hear the car moving when it reaches 30 km/h. Therefore, when Nissan LEAF achieves this speed, this "approaching sound" will automatically turn off and restart when coming back to low speed, less than 25km/h.

In many senses, Nissan LEAF is a completely new vehicle that redefines the driving experience. And until you get behind the wheel of one, you will not know how special it truly is.

+ Chart:

BATTERY / NISSAN EV MANUFACTURING CAPACITY



A True Game Change in Lifestyle

Nissan LEAF and the EVs that follow will also change lifestyles. For example, instead of hunting for a gas station and refueling, you just go home and plug it in. You'll also be able to use quick chargers at shopping centers and other gathering places, allowing you to power up even while you dine or shop. Using a 200-volt power source, you can charge up to 100 percent in around eight hours, and the quick-charging system takes about ten minutes to provide a range of fifty kilometers.

Consumers occasionally express concerns that they will exhaust the battery while out on the road. However, over 80 percent of the world's drivers average less than one hundred kilometers (62 miles) each day, and many far less. As measured by the U.S. LA4 standard, Nissan LEAF has a cruising range of 160 kilometers—100 miles—on a full charge.

There are various aspects to alleviating range anxiety that involve what the car can do and support outside of the car. Incorporating the latest information technology, Nissan LEAF vehicles will be in contact with our global data center. The system will show route suggestions and provide the location of the nearest charging station. Information is updated and accessible on demand so that drivers will always have the latest, accurate information. A user-friendly onboard screen provides continuous feedback, including battery capacity and maximum driving range.

When the air conditioner is on, the driving range can be affected. However, the vehicle can be pre-cooled or heated while it is still plugged in, so that the car is ready and comfortable for the driver. This will reduce the energy required to cool or heat the car after you embark on your trip.

Nissan LEAF's regenerative braking system also increases range. By applying the brake or reducing the speed by decelerating, the electric motor acts as an electric generator. To encourage the use of this regenerative braking capability, there is a driver-controlled Eco mode setting, which can also be used to reduce acceleration power and air conditioning, and improve driving range by 10 percent when driving in urban areas.

In addition to the technologies featured in Nissan LEAF, we are analyzing various other solutions to ease range anxiety. These include rent-a-car services at exceptional bargain rates for particularly long trips and the feasibility of 24-hour support lines in certain countries.

The spread of electric vehicles promises to reduce CO_2 emission, transform our cities and towns into more people-friendly places and change our lifestyles for the better, especially as more key infrastructure elements like non-contact charging stations and park-and-ride lots appear. Quiet, non-polluting EVs can also travel in areas that restrict the entry of gasoline-powered cars because of their emissions. Those are just a few of the reasons Nissan is determined to build a sustainable global society filled with EVs.

Nissan LEAF

Fiscal 2009 Sales Performance

Fiscal 2009 Overview

[Refer to + Chart 01]

Fiscal year 2009 sales results came to 3,515,000 units, up 3% year-on-year. For the fourth quarter of fiscal year 2009 alone, global sales totaled 1,010,000 units, which was an increase of 29.7% from the same period in fiscal year 2008. Similar to the third quarter, this increase was primarily due to the strong growth in China and the recovery in most of the mature markets. For the full fiscal year, Nissan's sales were in line with the global total industry volume ("TIV"), which resulted in an overall market share of 5.5%.

In fiscal year 2009, Nissan had a solid product offensive. The company launched eight all-new models globally, including the new Infiniti G37 Convertible and Fuga luxury sedan. In addition, the company's products received numerous awards and top rankings. The NV200 was awarded the International Van of the year and the 370Z Roadster was awarded the Auto Color Award of 2010.

Japan

[Refer to + Chart 02]

In Japan, the TIV increased 3.8% year-on-year as a result of the eco-car tax reductions and incentives offered by the government. Nissan's sales increased 2.9% to 630,000 units. Market share remained stable at 12.9%. In Japan, Nissan launched the new small van NV200 Vanette in May 2009, Fuga luxury sedan in November 2009 and minicar Roox in December 2009.

North America

[Refer to + Chart 02]

In North America, Nissan's total sales volume decreased 5.8% to 1,067,000 units. In the United States, sales volume dropped by 3.8% to 824,000 units. However, market share grew from 7.2% to 7.6%, primarily due to the sales of smaller vehicles. Sales in Mexico decreased 16.4% to 162,200 units and sales in Canada decreased 0.9% to 80,500 units. In North America, the company launched the Infiniti G37 Convertible in June 2009 and 370Z Roadster in September 2009.

Europe

[Refer to + Chart 02]

In Europe, Nissan's sales reached 517,000 units, which was a decrease of 2.4%. Market share increased slightly to 2.8%. Government scrap incentives contributed to a sales increase of 24.5% in Western Europe, but this was offset by the 60.6% decline in Russia. Nissan launched the PIXO in May 2009.

China

[Refer to + Chart 02]

In China, sales grew 38.7% to 756,000 units. Nissan's market share totaled 6%, which was slightly down from the prior year because supply could not meet the strong market demand. In the fourth quarter, sales in China increased 48.1% to 214,100 units. Sales continued to grow in the first quarter of fiscal year 2010, with an increase of 68.2% to 243,200 units.

Other Markets

For the other markets, sales dropped 7.8% to 545,000 units. The global compact car March was launched in Thailand in March 2010. Sales in Thailand increased 24.2% to 34,600 units. The March was named Car of the Year in the "Most Environmentally Friendly Car of the Year" category in Thailand. In the Middle East, sales declined 19.7% to 179,100 units and sales in Australia decreased 1.2% to 55,600 units.

A Fuga B 370Z Roadster C PIXO D March

A

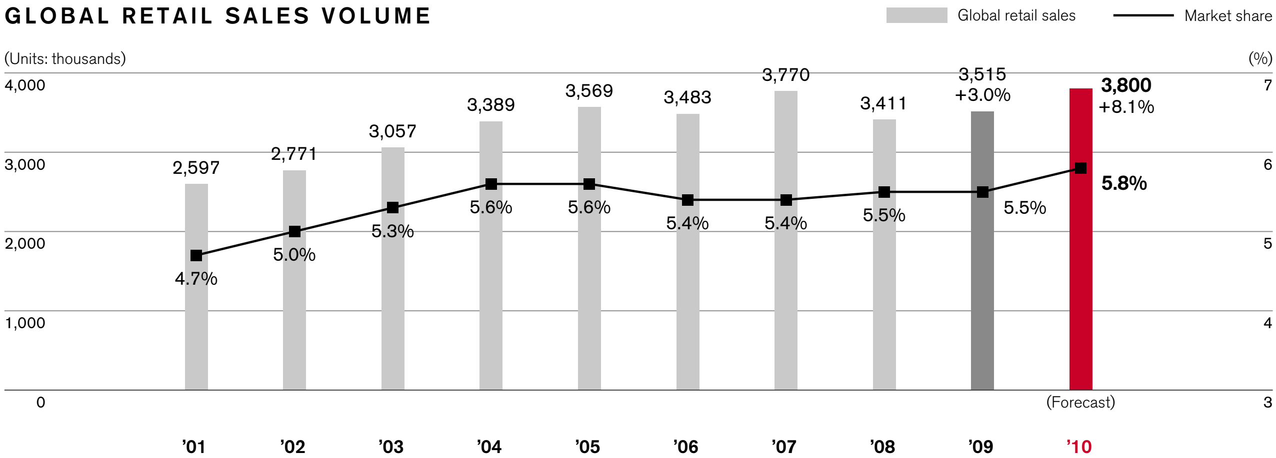
B

C


D

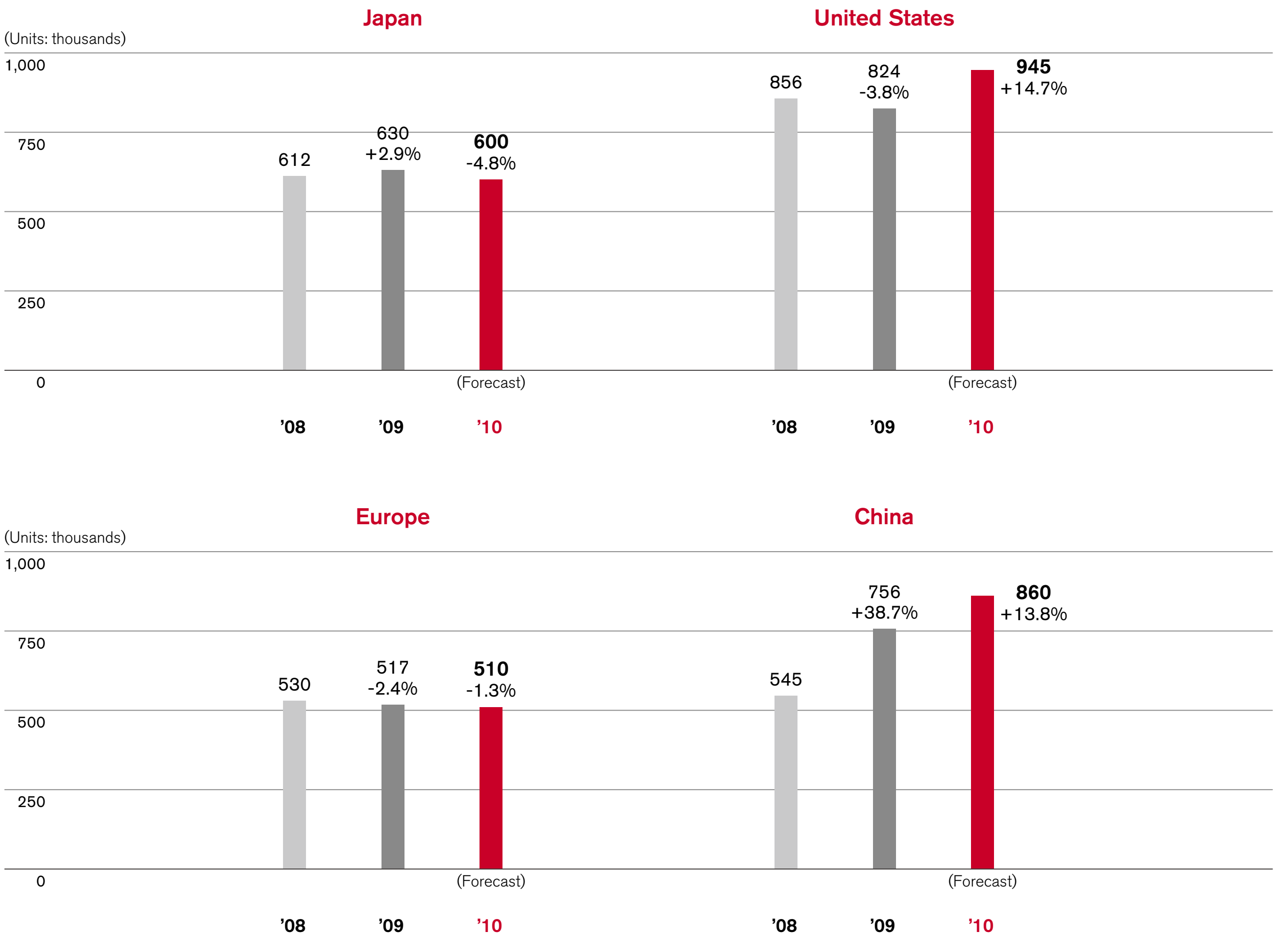

+ Chart 01:

GLOBAL RETAIL SALES VOLUME



+ Chart 02:

RETAIL SALES IN MAJOR MARKETS



(All figures for fiscal year 2010 are forecasts, as of May 12, 2010.)

Fiscal 2010 Sales Outlook and New Technologies

Fiscal 2010 Overview

[Refer to + Chart 03]

Nissan will launch ten new products globally in fiscal year 2010. The company expects global sales to reach 3,800,000 units, an increase of 8.1% from the prior year. The assumption for global TIV is 66 million units. The company's market share is expected to rise 0.3% to 5.8%.

Japan

[Refer to + Chart 02 / 03]

In Japan, Nissan plans to sell 600,000 units in fiscal year 2010. After the launch of the Juke, Nissan will launch the minivan Elgrand, another new minivan and a minicar for the market.

North America

[Refer to + Chart 02 / 03]

Nissan plans to sell 1,205,000 units in the North America. In the United States, the company forecasts 945,000 unit sales, which is an increase of 14.7% from the previous year. The company will launch five global models, which are the Quest, a convertible crossover, NV series, the Infiniti QX and the Nissan LEAF zero-emission car.

Europe

[Refer to + Chart 02]

Nissan plans to sell 510,000 units, a decrease of 1.3% from last year, in fiscal year 2010. Nissan will launch Nissan LEAF, Juke, Micra, Infiniti QX and Infiniti M in an effort to maintain sales volume, as the scrap incentives by various governments come to a close.

China

[Refer to + Chart 02]

The company expects to sell 860,000 units, which is an increase of 13.8% from last year. Nissan offers a variety of models to satisfy a wide range of customers. As such, sales in China are expected to increase slightly.

Other Markets

In other markets, sales are expected to reach 625,000 units, a 14.7% increase from last year. Nissan commenced production of the new Micra at the Chennai, India plant in May.

New Technologies

[Refer to + Chart 04]

Nissan introduced 17 important new technologies in fiscal year 2009. These include the 4 technologies noted below.

- Launched the all new Infiniti M with Blind Spot Intervention ("BSI"). BSI assists drivers change lanes and avoid potential collisions by notifying them of vehicles nearby that may be obscured by blind spots.
- Nissan developed an air-conditioning system that transforms the cabin air quality to be closer to nature and the forest air, which in turn creates a stress free environment.
- The ECO Pedal gently teaches the driver to use the accelerator in a fuel efficient manner. Through a counter push-back mechanism and an indicator that changes color and flashes, this vehicle control function encourages eco-driving. The ECO Pedal is featured in the all-new Fuga.
- The ECO Mode and Navi Control System incorporates driver habits and real-time data on traffic conditions through the navigation system, which then controls the engine and transmission for optimal "eco driving" performance. This system is featured in the Tiida, Tiida Latio and Cube.

Nissan will continue developing its advanced technologies. 15 new technologies will be commercialized in fiscal year 2010.

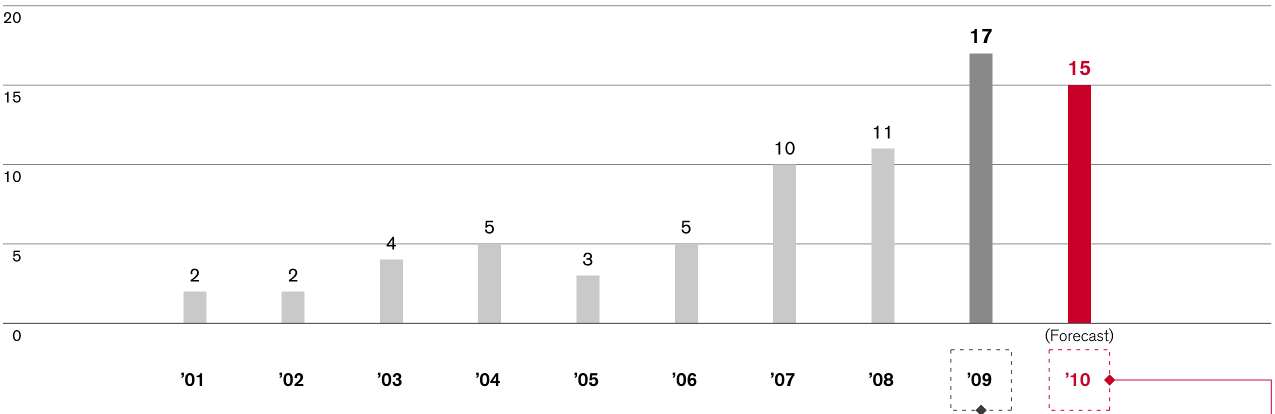
(All figures for fiscal year 2010 are forecasts, as of May 12, 2010.)

+ Chart 03:

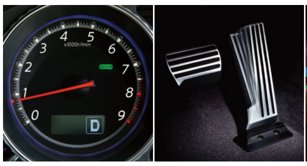
FISCAL 2010 ALL-NEW PRODUCT LAUNCHES

+ Chart 04:

NUMBER OF COMMERCIALIZED NEW TECHNOLOGIES

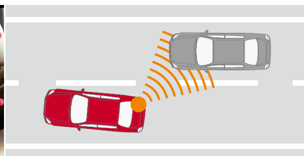


◆ FISCAL 2009 NEW TECHNOLOGIES



New Driving-interface and ECO Pedal

Forest Air



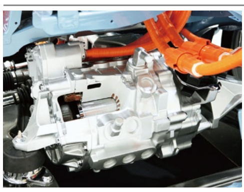
Blind Spot Intervention

ECO Mode and Navi Control System

◆ FISCAL 2010 NEW TECHNOLOGIES

Zero Emission

PURE DRIVE



EV Powertrain

Li-ion Battery

FR-Hybrid

Clean Diesel (AT)

Idling Stop

Financial Review

Fiscal 2009 Financial Performance

Net sales

[Refer to + Chart 05]

For fiscal year 2009, consolidated net revenues decreased 10.9%, to ¥7.517 trillion, which reflected the strong yen offsetting the increase in sales volume.

Operating profit

[Refer to + Chart 06 / 08]

Consolidated operating profit totaled ¥311.6 billion, compared to a negative ¥137.9 billion in fiscal year 2008. In comparison to last year's consolidated operating loss, the variance was due to the following factors:

- Foreign exchange rates movement resulted in a ¥162.5 billion negative impact. By currency, the majority of this variance was due to the impact of the U.S. dollar at ¥86 billion, the Russian ruble at ¥28 billion and the Canadian dollar at ¥14 billion.
- Net purchasing cost reduction efforts were a positive ¥215.4 billion. This included the positive impact from the decrease in raw material and energy costs by ¥81.0 billion.
- Volume and mix was a positive ¥26.9 billion due to the increase in global sales volume. The fourth quarter was positive by ¥153.1 billion due to the volume recovery in most countries.
- The reduction in marketing and sales expenses was a positive ¥27.1 billion. This was due mainly to savings in fixed expenses, such as advertising. Incentive spending was increased in Europe due to its tough market conditions.
- The provisions for the residual risk on leased vehicles in North America resulted in a positive variance of ¥141.7 billion, including gains on disposal because of improved used-car prices in the company's lease portfolio.
- R&D costs decreased ¥64.5 billion.
- Sales financing contributed a positive ¥50.1 billion. This was due mainly to improved borrowing costs across the globe and lower loss provisions compared to fiscal year 2008.
- The remaining variance was a positive ¥86.3 billion, due mainly to savings in fixed expenses, including manufacturing costs and G&A expenses, as well as improved profits at the affiliate level.

Net income

[Refer to + Chart 07]

Net non-operating expenses increased ¥69.1 billion to ¥103.9 billion from ¥34.8 billion in fiscal 2008. The negative impact came from the decreased equity in earnings of affiliates by ¥49.2 billion, despite foreign exchange losses, which deteriorated by ¥15.6 billion to ¥10.6 billion from last year's gain of ¥5.0 billion.

Net extraordinary losses totaled ¥66.1 billion, a decrease of ¥20.1 billion from the previous year's loss of ¥46 billion. The positive impact of ¥21.5 billion from the reduction of special additions to retirement benefits at overseas subsidiaries was offset by the reduction in gains on sale of fixed assets of ¥41.6 billion.

Taxes totaled ¥91.5 billion, a decrease of ¥54.6 billion from fiscal year 2008. Minority interests had a negative contribution of ¥7.7 billion in fiscal year 2009.

Net income reached ¥42.4 billion, an increase of ¥276.1 billion from fiscal year 2008.

Financial Position

Balance sheet

Current assets increased by 5.7 percent to ¥5,580.4 billion compared to March 31, 2009. This was mainly due to increases in trade notes and accounts receivable by ¥212.1 billion and cash on hand and in banks by ¥169.7 billion.

Fixed assets decreased by 6.6% to ¥4,634.4 billion compared to March 31, 2009. This was mainly due to the decrease in machinery, equipment and vehicles, which was a net of ¥168.7 billion.

As a result, total assets decreased by 0.2% to ¥10,214.8 billion compared to March 31, 2009.

Current liabilities decreased by 3.3 percent to ¥3,856.9 billion compared to March 31, 2009. This was mainly due to increases in trade notes and accounts payable by ¥379.4 billion, offset by decreases in short-term borrowing by ¥311.5 billion and commercial papers by ¥464.8 billion. Long-term liabilities increased by 0.5 percent to ¥3,342.9 billion compared to March 31, 2009. This was mainly due to increases in long-term borrowing by ¥92 billion and decrease in bonds by ¥88.2 billion.

Net assets increased by 3.0 percent to ¥3,015.1 billion, compared to ¥2,926.1 billion as of March 31, 2009. This was mainly due to net income of ¥42.4 billion and a favorable change in translation adjustments by ¥30.3 billion.

Free cash flow and net debt (auto business)

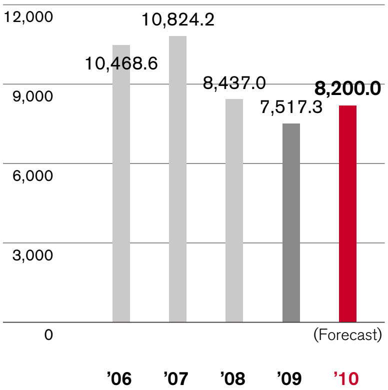
For fiscal year 2009, Nissan achieved a positive free cash flow of ¥375.5 billion. On a gross and net basis, Nissan's auto debt position significantly improved. At the end of fiscal year 2009, net debt stood at ¥29.7 billion, which was ¥358.2 billion lower than the debt balance at the end of fiscal year 2008. The debt structure has also improved, since the company reduced its reliance on short-term borrowing.

For the fourth quarter, global production volume totaled 951,000 units. Nissan's flexible production network responded quickly to adjust production volume in line with demand. Furthermore, due to careful inventory management, inventory of new vehicles remained at a low level of 470,000 units at the end of fiscal year 2009. The company continues to manage inventory carefully, in order to limit its impact on free cash flow.

+ Chart 05:

NET SALES

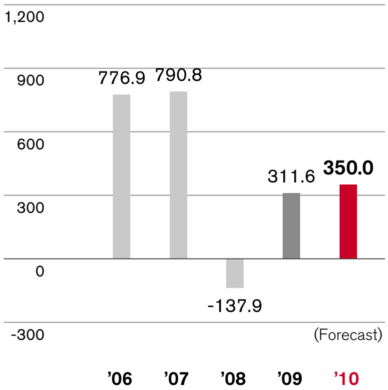
(Billions of yen)



+ Chart 06:

OPERATING PROFIT

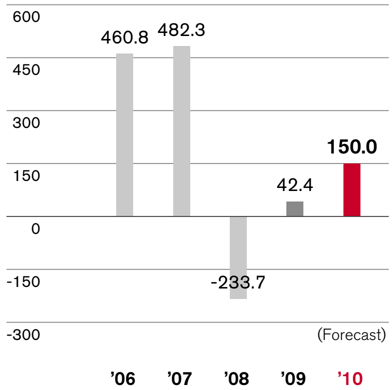
(Billions of yen)



+ Chart 07:

NET INCOME

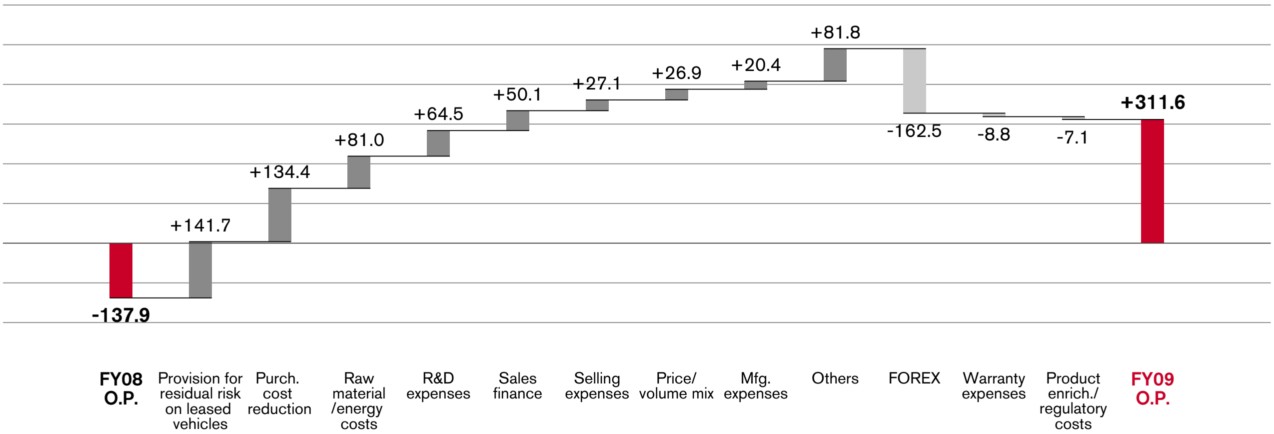
(Billions of yen)



+ Chart 08:

IMPACT ON OPERATING PROFIT

(Billions of yen)



Credit rating

[Refer to + Chart 09]

Nissan's long-term credit rating with R&I is A- with a stable outlook. S&P's long-term credit rating for Nissan is BBB with a stable outlook. Nissan's rating with Moody's is Baa2 with a stable outlook.

Sales finance

In conjunction with the decrease in retail sales, total financial assets of the sales finance segment decreased by 6.1% to ¥4,355.9 billion from ¥4,638.9 billion in fiscal year 2009. The sales finance segment generated ¥77.5 billion in operating profits. The improvement in profitability was due to improved borrowing rates and the decrease in allowance for bad debt, compared to the prior year.

Investment policy

[Refer to + Chart 10]

Capital expenditures totaled ¥273.6 billion, which was 3.6 percent of net revenue. Due to the economic crisis, the company reduced capital expenditures, compared to the prior year. However, in order to ensure Nissan's future competitiveness, certain key projects were maintained. For fiscal year 2010, the company remains committed to strategic initiatives, such as the Zero-Emission Nissan LEAF electric vehicle, and the V-Platform Global Compact Car.

R&D expenditures totaled ¥385.5 billion. These funds were used to develop new technologies and products. One of the company's strength is its extensive collaboration and development structure with Renault's R&D team, resulting from the Alliance.

Dividend

[Refer to + Chart 11]

Nissan's strategic actions reflect not only its long-term vision as a global company that creates sustainable value but also the company's commitment to maximizing total shareholder return. Based on the current state of the industry and weighing in the risks and opportunities for this year, Nissan is planning to reinstate dividend payments for fiscal year 2010 at ¥10 for the full year (¥5 for the interim and ¥5 at year-end).

Fiscal 2010 Outlook

In fiscal year 2010, risks include the continuing strong yen, increasing raw material costs, ongoing uncertainly in world markets and instability and volatility within the euro-zone. Opportunities include favorable foreign exchange rates, the TIV increase in China, acceleration of Alliance synergies with Renault and further strategic cooperation with Daimler. In light of the outlook for fiscal year 2010, the company filed its forecast with the Tokyo Stock Exchange. Assumptions included retail unit sales of 3,800,000 units, which is an increase of 8.1 percent from the prior year, and foreign-exchange-rates of ¥90 to the dollar and ¥120 to the euro.

- Net revenues are expected to be ¥8,200 billion.
- Operating income is expected to be ¥350 billion.
- Net income is forecasted to be ¥150 billion.
- R&D expenses will amount to ¥430 billion.
- Capital expenditures are expected to be ¥360 billion.

The evolution in operating profit, compared to the fiscal year 2009 results, is mainly linked to five key factors:

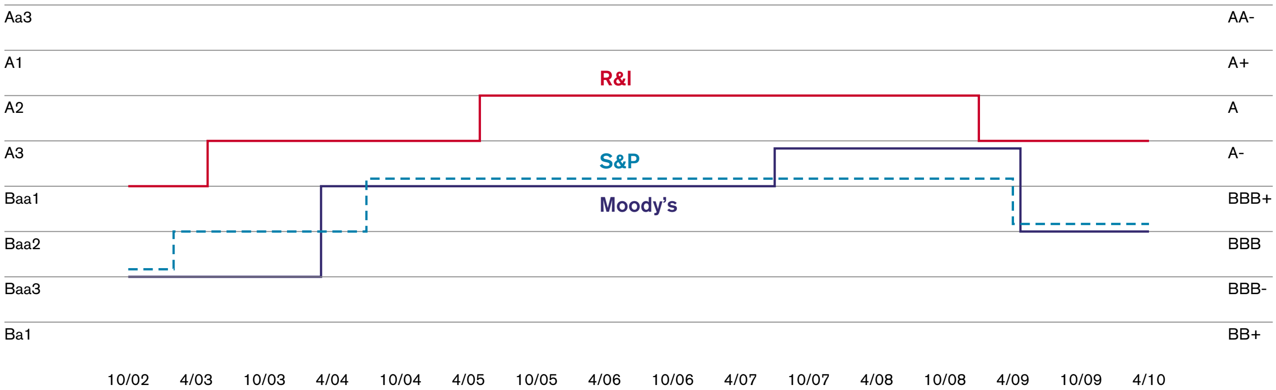
- The increase in raw material and energy costs is expected to be a negative ¥100 billion.
- Marketing and Sales expenses are expected to be a negative ¥140 billion due to normalization of fixed expenses, such as advertising costs and the rise in incentives as volume increases.
- Purchasing cost reduction is expected to be a positive ¥160 billion.
- Volume and mix should be a positive of ¥270 billion due to the anticipated increase in sales volume.
- Others are a negative ¥151.6 billion, due mainly to unfavorable foreign exchange, the increase in manufacturing costs and a partial normalization in labor costs to pre-crisis levels.

The company strives to achieve a positive free cash flow, based on the assumptions above. The company believes that this is an achievable target, as they will continue with their efforts to improve working capital and control capital expenditures.

(All figures for fiscal year 2010 are forecasts, as of May 12, 2010.)

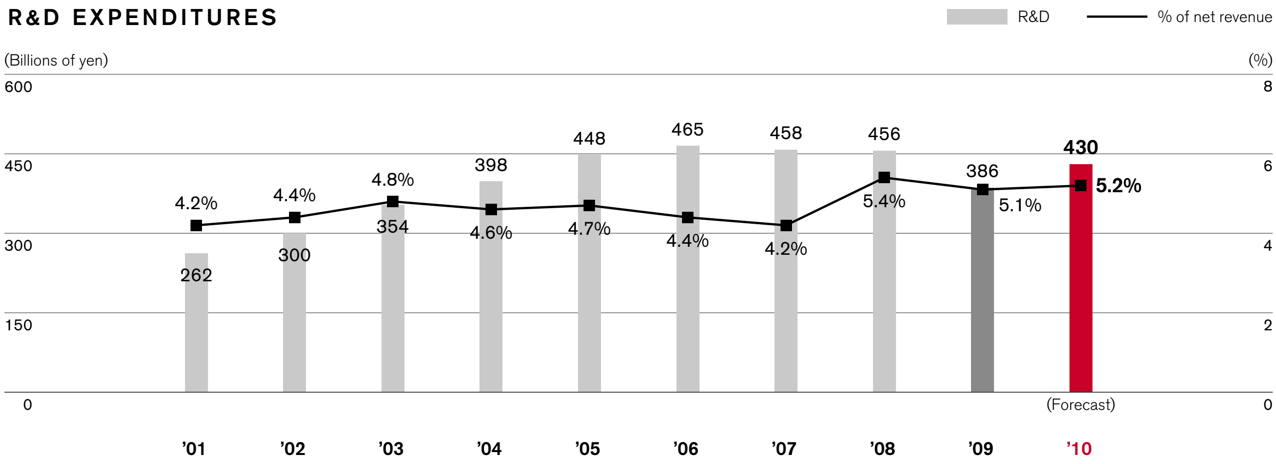
+ Chart 09:

CORPORATE RATINGS



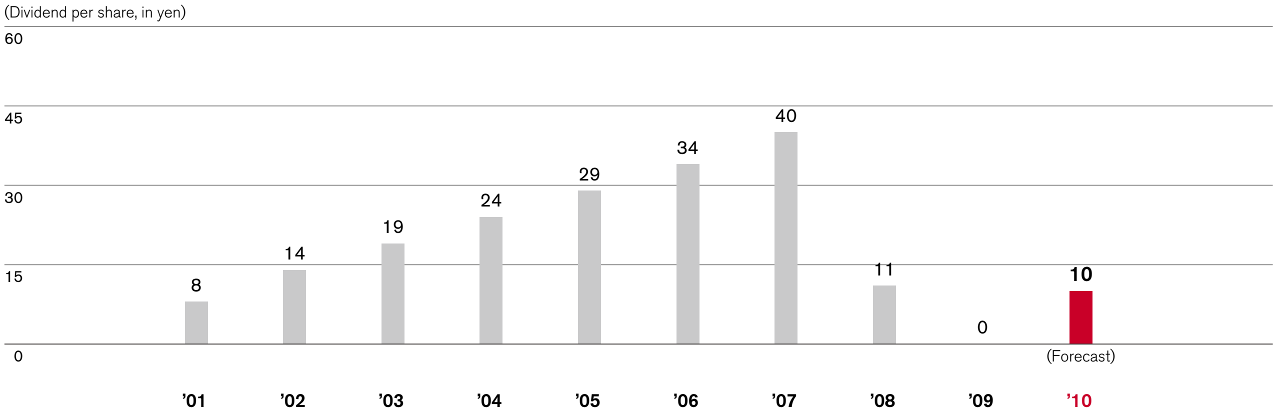
+ Chart 10:

R&D EXPENDITURES



+ Chart 11:

DIVIDEND



Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	Prior Fiscal Year As of March 31, 2009	Current Fiscal Year As of March 31, 2010
Assets		
Current assets		
Cash on hand and in banks	632,714	802,410
Trade notes and accounts receivable	429,078	641,154
Sales finance receivables	2,710,252	2,645,853
Securities	126,968	50,641
Merchandise and finished goods	498,423	540,407
Work in process	118,794	127,190
Raw materials and supplies	142,853	134,681
Deferred tax assets	226,516	229,093
Other	492,460	500,434
Allowance for doubtful accounts	(98,676)	(91,453)
Total current assets	**5,279,382**	**5,580,410**
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	668,943	679,829
Machinery, equipment and vehicles, net	2,149,693	1,980,991
Land	688,704	675,029
Construction in progress	147,126	125,792
Other, net	455,581	396,488
Total property, plant and equipment	**4,110,047**	**3,858,129**
Intangible fixed assets	167,218	143,911
Investments and other assets		
Investment securities	300,577	268,755
Long-term loans receivable	23,045	11,125
Deferred tax assets	113,320	133,666
Other	251,951	223,696
Allowance for doubtful accounts	(6,000)	(4,872)
Total investments and other assets	**682,893**	**632,370**
Total fixed assets	**4,960,158**	**4,634,410**
Total assets	**10,239,540**	**10,214,820**

(Millions of yen)

	Prior Fiscal Year *As of March 31, 2009*	Current Fiscal Year *As of March 31, 2010*
Liabilities		
Current liabilities		
Trade notes and accounts payable	621,904	1,001,287
Short-term borrowings	660,956	349,427
Current portion of long-term borrowings	770,494	695,655
Commercial papers	639,152	174,393
Current portion of bonds	220,884	407,130
Lease obligations	71,379	64,984
Accrued expenses	452,065	523,444
Deferred tax liabilities	198	114
Accrued warranty costs	79,881	76,816
Other	471,781	563,608
Total current liabilities	**3,988,694**	**3,856,858**
Long-term liabilities		
Bonds	595,309	507,142
Long-term borrowings	1,700,015	1,791,983
Lease obligations	105,539	86,552
Deferred tax liabilities	447,140	445,299
Accrued warranty costs	102,142	102,516
Accrued retirement benefits	185,012	175,638
Accrued directors' retirement benefits	1,971	1,303
Other	187,665	232,424
Total long-term liabilities	**3,324,793**	**3,342,857**
Total liabilities	**7,313,487**	**7,199,715**
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	804,470	804,470
Retained earnings	2,415,735	2,456,523
Treasury stock	(269,540)	(267,841)
Total shareholders' equity	**3,556,479**	**3,598,966**
Valuation, translation adjustments and others		
Unrealized holding gain and loss on securities	(2,622)	1,045
Unrealized gain and loss from hedging instruments	(9,490)	(4,012)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(13,945)
Unfunded retirement benefit obligation of foreign subsidiaries	1,337	1,115
Translation adjustments	(906,126)	(875,818)
Total valuation, translation adjustments and others	**(930,846)**	**(891,615)**
Share subscription rights	2,089	2,387
Minority interests	298,331	305,367
Total net assets	**2,926,053**	**3,015,105**
Total liabilities and net assets	**10,239,540**	**10,214,820**

Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year *From April 1, 2008 To March 31, 2009*	Current Fiscal Year *From April 1, 2009 To March 31, 2010*
Net sales	8,436,974	7,517,277
Cost of sales	7,118,862	6,146,219
Gross profit	1,318,112	1,371,058
Selling, general and administrative expenses		
Advertising expenses	223,542	158,451
Service costs	57,968	63,031
Provision for warranty costs	92,093	81,764
Other selling expenses	259,342	87,378
Salaries and wages	377,456	337,872
Retirement benefit expenses	37,151	28,223
Supplies	6,264	5,177
Depreciation and amortization	78,020	65,289
Provision for doubtful accounts	94,941	45,984
Amortization of goodwill	6,494	6,221
Other	222,762	180,059
Total selling, general and administrative expenses	**1,456,033**	**1,059,449**
Operating income (loss)	**(137,921)**	**311,609**
Non-operating income		
Interest income	18,663	12,805
Dividends income	4,048	2,963
Exchange gain	5,012	—
Miscellaneous income	10,398	13,358
Total non-operating income	**38,121**	**29,126**
Non-operating expenses		
Interest expense	33,798	28,995
Equity in losses of affiliates	1,369	50,587
Amortization of net retirement benefit obligation at transition	11,023	10,905
Exchange loss	—	10,554
Derivative loss		11,251
Miscellaneous expenses	26,750	20,696
Total non-operating expenses	**72,940**	**132,988**
Ordinary income (loss)	**(172,740)**	**207,747**
Special gains		
Gain on sales of fixed assets	57,577	8,473
Gain on sales of investment securities	440	3,080
Gain on dilution resulting from restructuring of domestic dealers	—	3,921
Other	4,139	5,078
Total special gains	**62,156**	**20,552**
Special losses		
Loss on sale of fixed assets	6,253	2,469
Loss on disposal of fixed assets	17,456	17,439
Impairment loss	19,649	35,682
Write-down of investments and receivables	3,449	5,783
Loss on business restructuring of consolidated subsidiaries	4,150	
Loss from change in measurement date for calculating retirement benefit obligation of subsidiaries in North America	1,949	—
Special addition to retirement benefits	42,389	18,344
Other	12,892	6,962
Total special losses	**108,187**	**86,679**
Income (loss) before income taxes and minority interests	**(218,771)**	**141,620**
Income taxes-current	(18,348)	112,825
Income taxes-deferred	55,286	(21,285)
Total income taxes	**36,938**	**91,540**
Income (loss) attributable to minority interests	**(22,000)**	**7,690**
Net income (loss)	**(233,709)**	**42,390**

Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Fiscal Year From April 1, 2008 To March 31, 2009	Current Fiscal Year From April 1, 2009 To March 31, 2010
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(218,771)	141,620
Depreciation and amortization (for fixed assets excluding leased vehicles)	438,849	397,553
Depreciation and amortization (for other assets)	25,966	21,086
Depreciation and amortization (for leased vehicles)	301,547	242,375
Impairment loss	19,649	35,682
Increase (decrease) in allowance for doubtful receivables	27,978	(4,818)
Unrealized loss on investments	3,047	5,252
Provision for residual value risk of leased vehicles	107,354	
Provision for residual value risk of leased vehicles (net changes)		(31,594)
Interest and dividend income	(22,711)	(15,768)
Interest expense	132,853	108,179
Loss (gain) on sales of fixed assets	(51,324)	(6,004)
Loss on disposal of fixed assets	17,456	17,439
Loss (gain) on sales of investment securities	(399)	(2,092)
Loss (gain) on dilution resulting from restructuring of domestic dealers	—	(3,921)
Decrease (increase) in trade notes and accounts receivable	239,067	(196,302)
Decrease (increase) in sales finance receivables	377,422	5,079
Decrease (increase) in inventories	108,393	(16,425)
Increase (decrease) in trade notes and accounts payable	(488,226)	461,428
Amortization of net retirement benefit obligation at transition	11,023	10,905
Retirement benefit expenses	60,795	63,683
Retirement benefit payments made against related accrual	(35,403)	(83,917)
Other	34,619	92,673
Subtotal	**1,089,184**	**1,242,113**
Interest and dividends received	22,601	16,126
Interest paid	(130,857)	(107,529)
Income taxes (paid) refund	(90,202)	26,516
Net cash provided by operating activities	**890,726**	**1,177,226**
Cash flows from investing activities		
Net decrease (increase) in short-term investments	(3,681)	(77,979)
Purchases of fixed assets	(386,122)	(275,740)
Proceeds from sales of fixed assets	156,261	49,791
Purchase of leased vehicles	(664,077)	(498,933)
Proceeds from sales of leased vehicles	372,952	367,669
Payments of long-term loans receivable	(21,816)	(12,885)
Collection of long-term loans receivable	16,321	16,609
Purchase of investment securities	(24,374)	(19,104)
Proceeds from sales of investment securities	1,618	3,307
Proceeds from sales of subsidiaries' shares resulting in changes in the scope of consolidation	—	7,922
Other	(20,666)	(57,189)
Net cash used in investing activities	**(573,584)**	**(496,532)**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(622,231)	(773,286)
Proceeds from long-term borrowings	1,561,421	847,540
Proceeds from issuance of bonds	73,336	316,414
Repayment of long-term borrowings	(781,986)	(751,393)
Redemption of bonds	(150,017)	(216,936)
Proceeds from minority shareholders	1,991	1,937
Purchase of treasury stock	(34)	(54)
Repayment of lease obligations	(86,630)	(85,424)
Cash dividends paid	(126,303)	—
Cash dividends paid to minority shareholders	(4,574)	(2,787)
Other	14	—
Net cash used in financing activities	**(135,013)**	**(663,989)**
Effects of exchange rate changes on cash and cash equivalents	**(27,760)**	**(2,239)**
Increase (decrease) in cash and cash equivalents	**154,369**	**14,466**
Cash and cash equivalents at beginning of the year	584,102	746,912
Increase due to inclusion in consolidation	8,441	149
Decrease due to exclusion from consolidation	—	(32)
Cash and cash equivalents at end of the year	**746,912**	**761,495**

Executives

Executive Committee Members

Carlos Ghosn

Toshiyuki Shiga

Colin Dodge

Hiroto Saikawa

Mitsuhiko Yamashita

Carlos Tavares

Hidetoshi Imazu

Junichi Endo

Joseph G. Peter

Andy Palmer

Board of Directors and Auditors

Representative Board Members

Carlos Ghosn
President and Chairman

Toshiyuki Shiga

Board Members

Colin Dodge

Hiroto Saikawa

Mitsuhiko Yamashita

Carlos Tavares

Hidetoshi Imazu

Jean-Baptiste Duzan

Katsumi Nakamura

Auditors

Masahiko Aoki

Toshiyuki Nakamura

Mikio Nakura

Takemoto Ohto

(As of June 23, 2010)

Corporate Officers

President and Chief Executive Officer

Carlos Ghosn*

Chief Operating Officer

Toshiyuki Shiga*
External and Government Affairs
Intellectual Asset Management
Design
Brand Management
Corporate Governance
Global Internal Audit

Executive Vice Presidents

Colin Dodge*
Region: Europe, Africa, Middle East, India
New Project

Hiroto Saikawa*
Region: Japan, Asia Pacific
Industrial Machinery
Marine
Administration for Affiliates
Purchasing

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

Carlos Tavares*
Region: Americas

Hidetoshi Imazu*
Manufacturing and SCM

*Executive Committee Members

Senior Vice Presidents

Junichi Endo*
Andy Palmer*
Joseph G. Peter*
Shiro Nakamura
Hitoshi Kawaguchi
Minoru Shinohara
Kazumasa Katoh
Toshiharu Sakai
Atsushi Shizuta
Yasuhiro Yamauchi
Shigeaki Kato
Takao Katagiri
Greg Kelly

Corporate Vice Presidents

Asako Hoshino
Akira Sato
Shoichi Miyatani
Celso Guiotoko
Akihiro Otomo
Thomas Lane
Gilles Normand
Joji Tagawa
Toshifumi Hirai
Atsushi Hirose
Masaaki Nishizawa
Hideyuki Sakamoto
Shunichi Toyomasu
Tsuyoshi Yamaguchi
Makoto Yoshimoto
Takao Asami
Alan Buddendeck
Vincent Cobee
Shohei Kimura
John Martin
Hideto Murakami
Shuichi Nishimura
Toru Saito
Yusuke Takahashi
Hiroaki Tsugawa
Hiroshi Karube
Toshiaki Otani
Hideaki Watanabe

Fellows

Kimio Tomita
Haruyoshi Kumura

(As of June 23, 2010)

Maintaining Trust Through Transparency

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

Internal Control Systems and Compliance

Internal Control Systems for Fair, Transparent Business

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

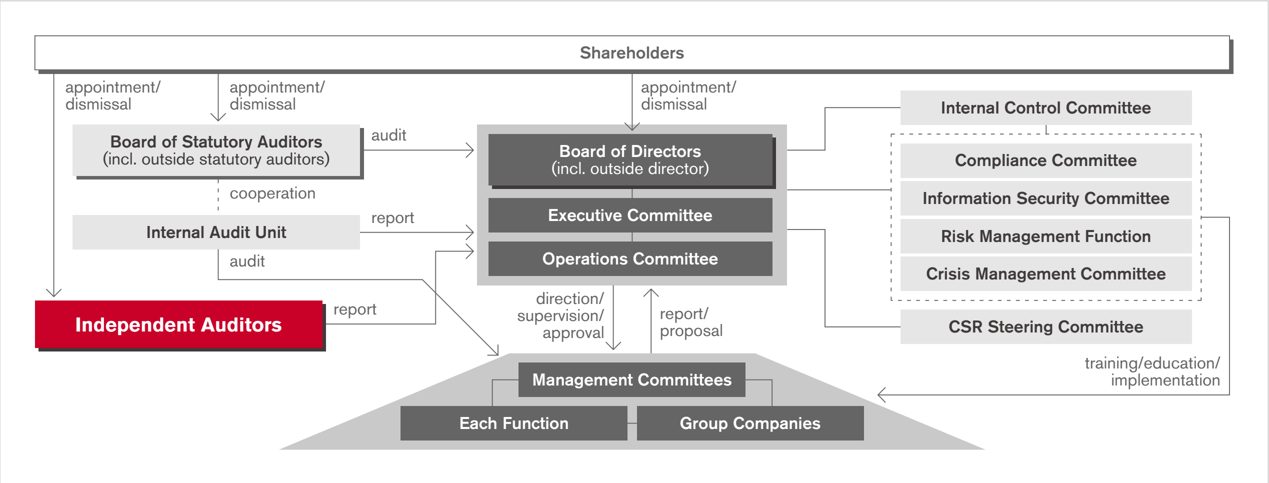
Nissan has adopted a system under which the Board of Statutory Auditors oversees the Board of Directors. The Statutory Auditors attend board and other key meetings, and also carry out interviews with board members to audit their activities. The Statutory Auditors regularly receive reports on the results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

A Legal Framework Supporting Ethical Business Activities

Nissan's CSR approach is founded on compliance. We produced the Nissan Global Code of Conduct in 2001, outlining a set of guidelines for all employees of the Nissan Group worldwide. In addition, three regional Compliance Committees have been established as supports to a global

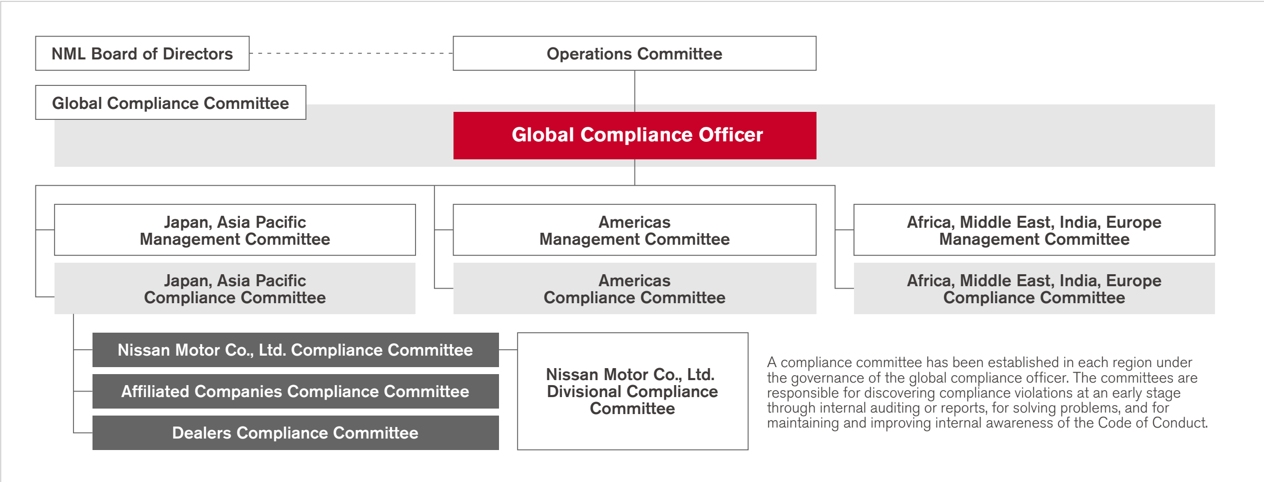
+ Chart 01:

NISSAN'S INTERNAL GOVERNANCE SYSTEM



+ Chart 02:

FISCAL 2010 GLOBAL COMPLIANCE COMMITTEE ORGANIZATION



system for preventing incidents of illegal and unethical behavior. The committees work together to maintain and promote our high compliance standards.

Global Educational Activities to Promote Compliance

As a means of fostering compliance awareness throughout the company, Nissan has established groups and placed officers in charge of promoting compliance policy in each region where it operates. We place special emphasis on education to ensure that all employees have a correct understanding of the Code of Conduct and, as a result, make fair, transparent judgments in the course of their duties.

To ensure full understanding of the code in Japan, all employees, including executives, take an elearning or video training course based on the Japanese version of the Nissan Code of Conduct—“Our Promises,” instituted in April 2004—after which they sign an agreement to abide by it. We will revise parts of the code in fiscal 2010 in response to legal amendments and will retrain all employees since fiscal 2010 to further strengthen the spirit of compliance within the company.

Education programs to promote compliance are held regularly for all employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. Compliance-related training is also being carried out in the General Overseas Markets based on guidelines that take into account conditions in each of those countries. Moreover, all group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct.

Additionally, we have created sets of internal regulations covering the global prevention of insider trading and the management of personal information. Nissan seeks to heighten awareness of compliance companywide through such measures as well as various education and training programs.

Our Stance Against Discrimination and Harassment

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

Internal Reporting System for Corporate Soundness

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

Efficient, Independent Internal Audits

Nissan has established Global Internal Audit unit, an independent Department under the direct control of Chief Operating Officer (COO), to handle internal auditing tasks. Under control of Chief Internal Audit Officer (CIAO), audit teams set up in each region carry out efficient and effective auditing of Nissan's activities on a group wide and global basis. Audits are implemented based on Audit plan approved by Operations Committee and the results are reported to COO and other related parties. Additionally, Audit plan and the results are also reported to Statutory Auditors on a regular basis.

The Principle and Approach to Corporate Risk Management

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

In order to respond swiftly to changes in its business environment, Nissan set up the department in charge of risk management, which carries out annual interviews of corporate officers, carefully investigating various potential risks, evaluate impact, frequency and control level and revising the Corporate Risk Map. An executive-level committee makes decisions on corporate risks that should be handled at the corporate level and designates "risk owners" to manage the risk. Under the leadership of these owners, appropriate countermeasures are developed and implemented. Additionally, the board member in charge of internal controls (currently, COO) regularly reports to the Board of Directors on progress being made.

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

Additionally, "Corporate Risk Management" web site was launched on Nissan's intra net in 2009, which puts out risk management information to Nissan employees including US, Europe and major subsidiaries in Japan.

Risk Management Measures & Actions

1. Risks Related to Financial Market

1) Liquidity

Automotive

Liquidity risk is one of major risks facing any business and 2008-2009 credit crisis has heightened importance of managing this risk. Nissan recognizes this risk and has put in place several countermeasures to manage this risk.

Automotive business must have adequate liquidity to provide for working capital needs of day-to-day normal operations, capital investment needs for future expansion and repayment of maturing debt. Liquidity can be generated through internal free cash flows or external borrowings. As of the end of fiscal year 2009 (March 31, 2010), Nissan's automotive business had JPY 30 billion of net automotive debt (compared with JPY 388 billion as at March 31, 2009). Nissan's automotive business thus needs to borrow funds externally from banks and in capital markets to meet its liquidity needs. To the extent financial markets are frozen or credit is not available, this creates liquidity risk for Nissan.

For automotive business, Nissan raises financing through several sources including bonds issuance in capital markets, long and short-term loans from banks and commercial institutions, long-term loans from government developmental financial institutions, short-term commercial paper issuance, and committed credit lines from banks. A significant portion of the financing for the automotive business is raised by parent company, Nissan Motor Co Limited (NML), in Japan with some financing raised overseas by NML's automotive subsidiaries'.

In fiscal year 2009, automotive business raised JPY 311 billion in new long-term financing from various funding sources described above while long-term debt repayments amounted to JPY 102 billion. As of March 31, 2010, automotive business' liquidity consists of cash balance of JPY 747 billion and unutilized committed credit facilities of approximately JPY 547 billion. Additionally, short-term loans and commercial paper continues to be available as incremental funding sources to meet liquidity needs. As of the end of fiscal year, commercial paper outstanding was JPY 25 billion which is significantly lower than our peak utilization of approximately JPY 516 billion in prior years. During the fiscal year, automotive business reduced its reliance on short-term loans and commercial paper to 7.5% of total debt as at March 31, 2010 compared to 29.6% as at March 31, 2009. Maturity of long-term debt is well spread out with maturity in any one year not exceeding JPY 400 billion.

Nissan has a liquidity risk management policy which is intended to ensure adequate liquidity for the business while at same time ensuring we mitigate liquidity risks such as unmanageable bunched maturities of debt. Target liquidity is defined objectively considering several factors including debt maturity, upcoming mandatory payments (such as dividends, investments, taxes) and peak operating cash needs. We also benchmark our liquidity targets with other major Japanese corporations and global auto companies to ensure we are reasonable in our assumptions. We also focus on diversifying our funding sources and diversifying the geographies where we raise financing. In last fiscal year we arranged new long-term credit line / loans of approximately JPY 208 billion from government developmental financial institutions in Japan, U.S. and Europe. In addition we are in active discussion with government sponsored institutions to finance electrical vehicle financing in Europe.

Sales finance

Liquidity is a major raw material for sales financing as it depends upon access to financial resources for its business operations. Restricted access to financial markets or liquidity crunch in financial markets would force it to scale down its operations and /or increase cost of financing.

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

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

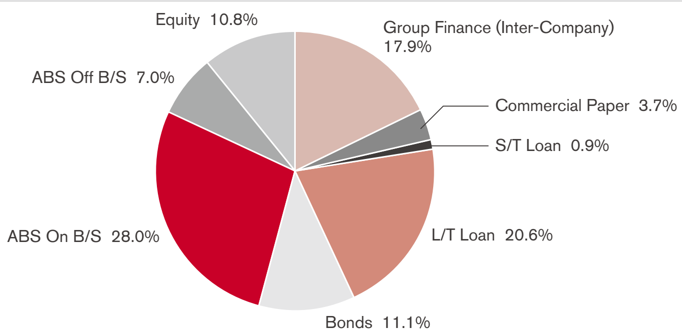
In addition to match funding, we manage liquidity risk at sales financing through several measures including keeping adequate liquidity in form of cash and unutilized committed lines, unencumbered assets (mainly vehicle loans and leases), liquidity support from auto operations to the extent we have excess cash in auto operations, diversified funding sources and geographical diversification of capital markets' access. Our sales finance companies have access to domestic banks and capital markets in countries they operate in. This ensures diversification of geographical and funding sources. As of March 31, 2010, sales finance companies' liquidity (cash and unutilized committed lines) was approximately JPY 633 billion. Additionally, we have a healthy mix of secured (49%) and unsecured (51%) funding sources which ensures a stronger balance sheet and incremental liquidity in form of potential monetization of unencumbered assets.

Our sales finance entities' also pay attention to maintaining good quality of assets' as that allows us to refinance those at reasonable cost. Sales finance operations were able to make incremental borrowings and renew significant lines even in difficult financial environment of 2008-2009. The table below describes our diversified funding sources in sales finance business. During last fiscal year, we were able to raise new financings through bank loans, asset securitization, asset-backed commercial paper, commercial paper and bonds reflecting our diversified access to financing instruments.

+ Chart 03:

SALES FINANCE BUSINESS FUNDING SOURCES

(As of March, 2010)



2) Financial Market

Nissan is exposed to various financial market related risks, such as foreign exchange, interest rate and commodity. It is general policy of Nissan not to use derivative products as a primary tool to manage these risks, as it will not provide a permanent solution to mitigate the risks. Nissan is taking following measures to minimize financial market risks.

Foreign exchange

As a company engaged in export activities, Nissan is faced with various foreign currency exposures which results from currency of input cost being different than currency of sale to customer. In order to minimize foreign exchange risk on a more permanent basis, Nissan is working to reduce foreign currency exposure by such measures as shifting production to overseas, and procurement of raw material and parts in foreign currencies. In the short term, Nissan may hedge risks in foreign exchange volatility within a certain range by using derivative products in accordance with the Company's "Policies and Procedures for Risk Management and Authority Regarding Derivative Transactions".

Interest rate

The interest rate risk management policy is based on two principles: long-term investments are financed at fixed interest rates while liquidity reserves are built at floating rates.

Commodity

Nissan's direct purchase of raw commodities is limited as most of our commodities' exposure results from parts purchases from suppliers where commodity price is incorporated in the price of parts that Nissan pays to the suppliers. In many cases, Nissan compensates all or some of the commodity price volatility to parts' suppliers and thus Nissan is exposed to commodity price volatility. For precious metals, Nissan is making continuous efforts to reduce its usage (such as what is used for catalysts) by technological innovation, in order to minimize commodity risk. In the short term, Nissan manages commodities price volatility exposure through use of fixed rate purchase contract where commodity price is fixed for a period of time and also Nissan may hedge risks in commodity price volatility within a certain range by use of derivative products in accordance with the Company's "Policies and Procedures for Risk Management and Authority Regarding Derivative Transactions".

3) Sales Finance

Interest rate risk management

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

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

Sensitivity analysis mentioned above uses statistic models, such as a Monte Carlo Simulation Method. However, actual fluctuation of market interest rate and its impact may deviate significantly from the assumptions used in the model.

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

Credit risks

Nissan is exposed to the risks of failure to recover the full value of financial receivables for Auto credit and Lease business with retail customers and for Dealer finance business, due to change of economic situation and credit quality of customers. Nissan manages the credit risks closely by establishing effective screening and collection system and structure.

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

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

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

As a matter of accounting policy, Nissan maintains an allowance for doubtful accounts and credit losses adequately to cover probable losses. Nissan makes best effort to recover the actual losses from bad debt accounts as quickly as possible by taking necessary actions, including flexible and effective organization change for collection and utilization of 3rd party collection services.

Residual value risks

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

To mitigate the risks mentioned above, Nissan objectively sets contractual residual value by using the future end-of-term market value estimation by 3rd party such as Automotive Lease Guide in North America, and the estimation from statistical analysis with historical data of used car market in Japan.

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

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

4) Counterparty

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

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

Nissan has defined benefit pension plans in mainly Japan, US and UK. Nissan contributes to these pension plans in accordance with legal requirements of the countries where these plans operate. Assets held by these plans are managed by respective Pension Committees of these plans which consist of key executives of sponsor companies. The investment policy of these pension plans is based upon liability profile of the plans, long term investment views and benchmark information for asset allocation among large corporates. Pension Committees hold periodic meetings to review investment performance, manager performance, review asset allocations and discuss other issues related to pension assets.

2. Business Strategies, Keeping Competitive Edge

1) Product Strategy

To secure our profitability and sustainable growth based on our future product line up plan, in our product strategy developing process, we are monitoring the impacts of some different types of risk scenarios such as global market changes and demand deteriorations to our future profitability (COP) based on our plan.

<Example of Risk Scenarios>

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

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

Expand availability of individual products across markets to mitigate the risk of single market demand fluctuations.

Increase volume and efficiency per product through a consolidation and rationalization of the portfolio to lower the breakeven point and thereby reduce the profit risk of global Total Industry Volume declines.

Prepare a more balanced product portfolio meeting needs in a broader range of markets and segments reducing reliance on specific large markets.

2) Quality of Products & Services

Nissan is working on the corporate task named “Quality Leadership” which aims for achieving top level quality by FY2012. In this project, actions are carried out with numerical targets for following 4 areas.

1. Perceived quality & attractiveness: Customers’ impression on vehicle’s quality when customer looks it at a dealer’s show room
2. Product quality: Quality of product itself based on the experiences as an owner of the vehicle
3. Sales & service quality: Quality related to behavior or attitude of sales staff or quality of service when inspection and maintenance
4. Quality of management: internal management quality to improve employees’ motivation which supports above 3 qualities

For example, target of “Product quality” is to become top level at Most Influential Indicator (MII) of each region. In order to achieve the target, it is broken down to internal indicators by model which correlate with MII. Progress of all quality improvement activities are monitored with those internal indicators. All the actions are taken based on rotating PDCA cycle, such as, the progress of activities are monthly reviewed by “Quality Committee” chaired by EVP and necessary actions are decided.

Total picture of “Quality Leadership” on global base is monitored and discussed at the Global Quality Meeting chaired by COO annually. 2 years passed since this project started and it is going well. We are confident that we can achieve the target by FY2012.

With respect to new model project, in order to achieve the quality target of each project, milestone meetings set at each key process of design, preparation for production and production, confirm key check points, such as achievement of quality targets, adoption of measures to prevent recurrence of past problem, adoption of measures for potential risks related to new technology / new mechanism / design change.

Commercial production can be started after confirmation at “SOP (Start of Production) Judgment Meeting”, which confirms all issues are solved and quality target can be achieved. Final decision that the model can be sold is made at “Delivery Judgment Meeting”, after confirmation of quality of commercial production and preparedness for service / maintenance.

As described above, Nissan is implementing thorough quality check before new model launch. Nissan is progressing quality improvement activities also after launch by gathering quality information from markets and prompt deployment of countermeasures. In case of occurrence of safety or compliance issues, necessary actions such as recall are implemented with close cooperation with market side team based on the decision by independent process from management. Occurred incidents are deeply investigated, analyzed and feed backed to models on the way of production or development for prevention of recurrence.

In addition to above described activities, such as quality assurance at new model project and quality improvement activities on daily basis, the "Quality Risk Management" framework has been newly developed from FY2009. This is the high level system to ensure successful quality management for on-going and future projects. This includes assessment of quality related risks, evaluation of risk level, assignment of responsible person based on the level and to clarify organization for follow up. These processes are implemented at "Quality Risk Management Committee" chaired by EVP twice a year.

3) Compliance and Reputation

As described above, Nissan produced the Nissan Global Code of Conduct for all employees of the Nissan group worldwide. To ensure thorough understanding of the code, training and education program such as e-learning is improved and compliant situation is monitored by Global Compliance Committee.

Nissan has also adopted the internal whistle blowing system (Easy Voice System). This allows any employees to submit opinions, questions, requests or suspected compliance issue directly to Nissan's management.

Additionally, Nissan created sets of internal regulations covering the Global Prevention of Insider Trading and the management of personal information. Nissan keeps effort to prevent reputation risk to the company by continuous implementation of such measures as various education and training programs.

3. Business Continuity

1) Natural Disasters Measures

Earthquake

Nissan is assuming earthquake (EQ) as the most critical catastrophe. In case of EQ which intensity is 5-upper or over in Japan, First Response Team (organized by main functions of Global Disaster Headquarters) will gather information and decide actions to be taken based on the information. If necessary, Global Disaster Headquarters and Regional Disaster Headquarters are set up and gather information about employees' safety and damage situation of facilities and work for business continuity.

At the same time, efforts to develop Business Continuity Plan (BCP) are being done involving suppliers, such as, each and every function assessed its priority work, develop countermeasures to continue the priority works. BCP will be reviewed annually in the process of rotating PDCA cycle.

＜Policy & Principle in Case of EQ＞

1. First priority on human's life (Utilization of Employees' safety confirmation system, EQ preparedness card to be carried on a daily basis)
2. Prevention of second disaster (In-house firefighting organization, stockpiling, provision of disaster information)
3. Speedy disaster recovery and business continuity (Measures for hardware, improvement of contingency plan and development of BCP)
4. Contribution to local society (cooperation / mutual aid with neighboring community, companies, local and central government)

Global Disaster Headquarters and Regional Disaster Headquarters conduct simulation training assuming large EQ to prepare catastrophe. The drill tests the effectiveness of this organization and contingency plan, and clarifies the issues to be improved. The contingency plan is reviewed based on the feed-back.

Nissan Global Headquarters Building where Global Disaster Headquarters is supposed to be set up (built in August 2009) has EQ resistant structure by vibration controlling brace damper. The safety is assured even in case of maximum level of EQ assumed at the site.

Pandemic

With respect to Pandemic, Nissan established Global Policy for infection prevention when new type flu. was broken out in April 2009. Each region organized response team and has promoted concrete countermeasures based on the policy. Infection status can be monitored globally because reporting line between global response team and each regional team is firmly developed.

Nissan has promoted countermeasures based on 3 basic principles stated on Global Policy, which is,

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

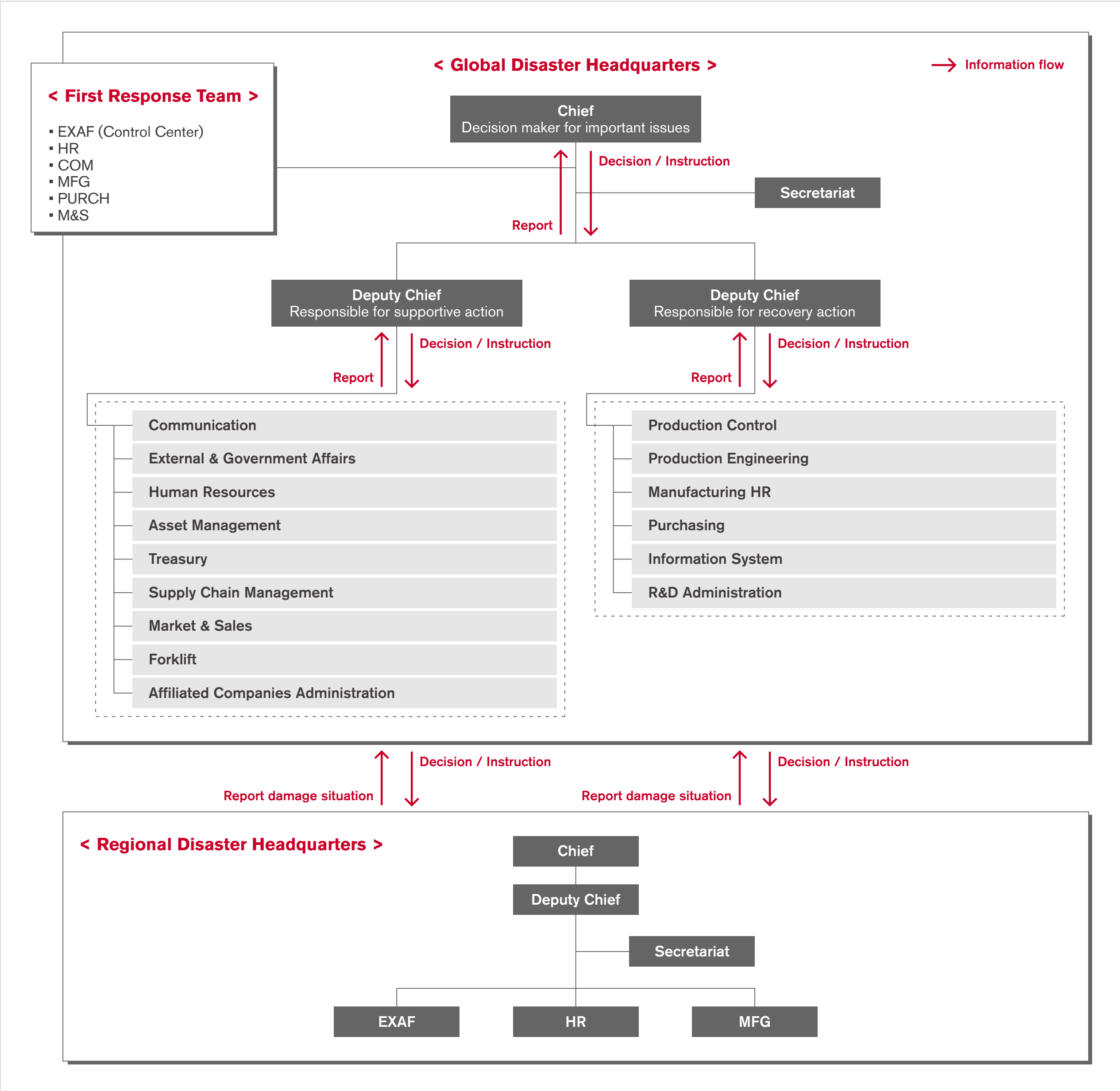
As specific actions, Nissan established "guidelines for employees' action" which stipulated actions to be taken by employees, Sections and Companies, and kept employees informed.

Nissan also prepared by developing Business Continuity Plan (BCP) in each business section, which has several trigger to invoke the BCP depends on infection ratio, to keep continuity of business even under high infection ratio.

Nissan will keep prepared for contingency at second wave of infection by rotating PDCA cycle, such as, updating response team members and BCP, educational activities for infection prevention and stockpiling sanitary & medical goods.

+ Chart 04 :

ORGANIZATION FOR DISASTER RECOVERY (EARTHQUAKE)



2) Countermeasures for Production Continuity Risk
Nissan production division has dealt with various risks related to production activity. Countermeasures were taken by 3 elements of production as listed on below chart. In FY2009, they worked on developing recovery manual in order to shorten recovery time after EQ, in addition to continuous prevention countermeasures to hardware (reinforcement of buildings and machinery). They also developed response manual for pandemic based on actual experience of new type flu. broken out in May 2009.

From a business continuity perspective, not only responding direct damage to production resources such as mentioned above, it is absolutely important to manage production resources in response to fluctuation in demand. From the middle of FY2009, demand for automobiles recovered rapidly thanks to economic stimulus incentives in each country. In order to response this high production demand, they utilized backup workers from other Nissan plants, accepted backup workers from other industries and finally, reopened the employment of short term employees. As the result, Nissan was able to satisfy the increased demand with proper workforce. Smooth supply of purchased parts also supported the production continuity by timely provision of information to suppliers and close cooperation in operation.

For FY2010, in addition to improving preparedness for natural disasters, they are planning to deal with quality risk of purchased parts from Leading Competitive Countries (LCC) to improve quality level and prevent leakage of unsatisfactory products, such as, risk assessment before sourcing decision, support for improvement activity after sourcing and quality checks at key points in production and logistics processes.

Risk factor / 3 elements of production	HR / Workforce	Purchased parts / Raw material	Facility / Equipment
Natural disasters (EQ)	• Reinforcement of office buildings (Completed) • Development of EQ response manual, Implementation of evacuation drill (once/year) • Activity to improve registration ratio to employees safety confirmation system	• Assessment of EQ preparedness of major suppliers located in high risk area of EQ (FY08) • Planning to adopt damage reporting system on web base (FY10)	• Reinforcement of buildings & machinery (continued) • Improvement of facility recovery manual (FY09)
Fire	• Risk assessment based on F-PES (Fire Prevention Evaluation System) (once/year)	• Same as on the left	• Same as on the left • Revision of equipment standard based on the assessment result
Workplace injury	• Risk assessment based on SES (Safety Evaluation System) (once/year) • Assessment for health & safety management system (once/year)	• Same as on the left	• Same as on the left
Pandemic	• Development of flu response manual (FY09)	• Requested suppliers to develop response manual coordinated with Nissan	—
Demand fluctuation	• Backup from other Nissan plants (as needed) • Backup from other companies (as needed) • Employment of short term employees (as needed)	• Regular check of demand projection and supply capacity. Implementation of measures	• Installation of flexible manufacturing system (completed) • Regular check of demand projection and production capacity. Implementation of measures • Development of complementary production system for main power trains
Machinery breakdown	—	—	• Share past experiences of incident and reflect them to preventive maintenance • Reflect them to equipment standard
Expanding LCC parts adoption	—	• Assessment of "monozukuri" ability before supplier sourcing and support for improvement activity after sourcing • Quality assessment at production preparation phase • Quality check at mass production phase (action "Gate1-3")	—
Decrease of skilled workers / experts	• Plan to rebuilt of HR development System (FY10)	—	—

3) Supply Continuity

Control was enhanced as follows to prepare increase of suppliers' credit risk

Risk assessment

In addition to the management which has been continuously done, such as, control based on financial assessment of each supplier and management by Suppliers Risk Management Committee (SRMC), monthly report of supplies' risk situation and expected extra expense was started on a global base. Study of monitoring system is also started, such as Nissan and Renault can monitor their suppliers' risk commonly and constantly on a global base.

Contingency plan

In order to respond timely and agilely in case of contingency, cross functional committee was formed and this enabled prompt decision making.

Development of decision making system

In addition to current rule of SRMC, regulation of authority was developed to approve countermeasures and expenditure.

Ensuring Personal Information Protection and Reinforcing Information Security

Aware of our social responsibility to properly handle customers' personal information, Nissan has set up internal systems, rules and procedures for handling personal data in full compliance with Japan's Personal Information Protection Act. All companies in Japan associated with Nissan are taking similar steps.

Moreover, Nissan shares with group companies worldwide its Information Security Policy as its basis to reinforce overall information security. We have also established an Information Security Committee, which implements measures as necessary to further strengthen information security to prevent information leaks and other such incidents. Furthermore, we regularly carry out various inhouse programs to thoroughly educate and motivate employees to uphold their responsibilities in this regard.

Financial Data

To obtain more detailed financial information, please visit our IR website noted below.

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

For further information, please contact:

Nissan Motor Co., Ltd.

1-1, Takashima 1-chome, Nishi-ku,
Yokohama-shi, Kanagawa 220-8686, Japan

Investor Relations Department

Tel: 81 (0)45-523-5520
Fax: 81 (0)45-523-5770
E-mail: nissan-ir@mail.nissan.co.jp

Global Corporate Communications Department
Global Communications and CSR Division

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

Corporate Information Website

http://www.nissan-global.com/