

## **Financial Information as of March 31, 2007**

(The English translation of the  
“Yukashoken-Houkokusho” for  
the year ended March 31, 2007)

**Nissan Motor Co., Ltd.**

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<b>【 Cover 】</b>	
<b>【 Document Submitted 】</b>	Securities Report (“Yukashoken-Houkokusho”)
<b>【 Article of the Applicable Law Requiring Submission of This Document 】</b>	Article 24, Paragraph 1, of the Securities and Exchange Law
<b>【 Filed to 】</b>	Director, Kanto Local Finance Bureau
<b>【 Date of Submission 】</b>	June 25, 2007
<b>【 Business Year 】</b>	108th Fiscal Term (from April 1, 2006, to March 31, 2007)
<b>【 Company Name 】</b>	Nissan Jidosha Kabushiki-Kaisha
<b>【 Company Name (in English) 】</b>	Nissan Motor Co., Ltd.
<b>【 Position and Name of Representative 】</b>	Carlos Ghosn, President
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# Part I Information on the Company

## 1. Overview of the Company

### 1. Key financial data and trends

#### (1) Consolidated financial data

Fiscal year		104th	105th	106th	107th	108th
Year ended		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007
Net sales	Millions of yen	6,828,588	7,429,219	8,576,277	9,428,292	10,468,583
Ordinary income	Millions of yen	710,069	809,692	855,700	845,872	761,051
Net income	Millions of yen	495,165	503,667	512,281	518,050	460,796
Net assets	Millions of yen	1,808,304	2,023,994	2,465,750	3,087,983	3,876,994
Total assets	Millions of yen	7,349,183	7,859,856	9,848,523	11,481,426	12,402,208
Net assets per share	Yen	434.11	493.85	604.49	753.40	862.29
Basic net income per share	Yen	117.75	122.02	125.16	126.94	112.33
Diluted net income per share	Yen	116.88	120.74	124.01	125.96	111.71
Net assets as a percentage of total assets	%	24.6	25.8	25.0	26.9	28.6
Return on equity	%	28.88	26.29	22.82	18.66	13.89
Price earnings ratio	Times	6.71	9.55	8.78	11.01	11.24
Cash flows from operating activities	Millions of yen	575,378	797,417	369,415	757,869	1,042,827
Cash flows from investing activities	Millions of yen	(515,374)	(756,126)	(865,035)	(1,112,755)	(1,114,587)
Cash flows from financing activities	Millions of yen	(72,764)	(113,740)	521,046	457,919	106,912
Cash and cash equivalents at end of year	Millions of yen	269,817	194,164	289,784	404,212	469,388
Employees	Number	119,988	119,350	169,644	162,099	165,729
( ) represents the number of part-time employees not included in the above numbers as of the fiscal year end		(7,637)	(4,398)	(13,963)	(21,257)	(20,607)
		120,231	124,606	174,647	165,397	169,299
		(7,637)	(6,295)	(14,802)	(21,564)	(21,177)

Notes: 1. Net sales are presented exclusive of consumption tax.

2. Staff numbers, which are presented as the lower numbers in the "Employees" line, include those of unconsolidated subsidiaries accounted for by the equity method.

3. Effective the 108th fiscal year, 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 Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8) in the calculation of net assets.

## (2) Non-consolidated financial data

Fiscal year		104th	105th	106th	107th	108th
Year ended		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007
Net sales	Millions of yen	3,419,068	3,480,290	3,718,720	3,895,553	3,608,934
Ordinary income	Millions of yen	293,073	228,098	203,711	337,156	169,958
Net income	Millions of yen	72,869	80,713	102,415	240,593	79,481
Common stock	Millions of yen	605,813	605,813	605,813	605,813	605,813
Number of shares issued	Thousands	4,520,715	4,520,715	4,520,715	4,520,715	4,520,715
Net assets	Millions of yen	1,798,716	1,709,705	1,685,893	1,827,030	1,775,413
Total assets	Millions of yen	3,933,993	4,055,579	3,981,914	3,845,041	3,804,369
Net assets per share	Yen	402.65	388.60	384.86	415.28	401.03
Cash dividends per share (Interim cash dividends included herein)	Yen (Yen)	14 (4)	19 (8)	24 (12)	29 (14)	34 (17)
Basic net income per share	Yen	16.09	18.15	23.24	54.88	18.01
Diluted net income per share	Yen	15.98	17.97	23.04	54.48	17.92
Net assets as a percentage of total assets	%	45.7	42.2	42.3	47.5	46.6
Return on equity	%	4.02	4.60	6.03	13.70	4.42
Price earnings ratio	Times	49.10	64.19	47.29	25.47	70.13
Cash dividends as a percentage of net income	%	86.0	103.7	102.8	52.9	188.9
Employees ( ) represents the number of part-time employees not included in the above numbers as of the fiscal year end	Number	31,128 (423)	31,389 (463)	32,177 (578)	32,180 (845)	32,489 (257)

Notes: 1. Net sales are presented exclusive of consumption tax.

2. Effective the 108th fiscal year, 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 Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8) in the calculation of net assets.

## 2. History

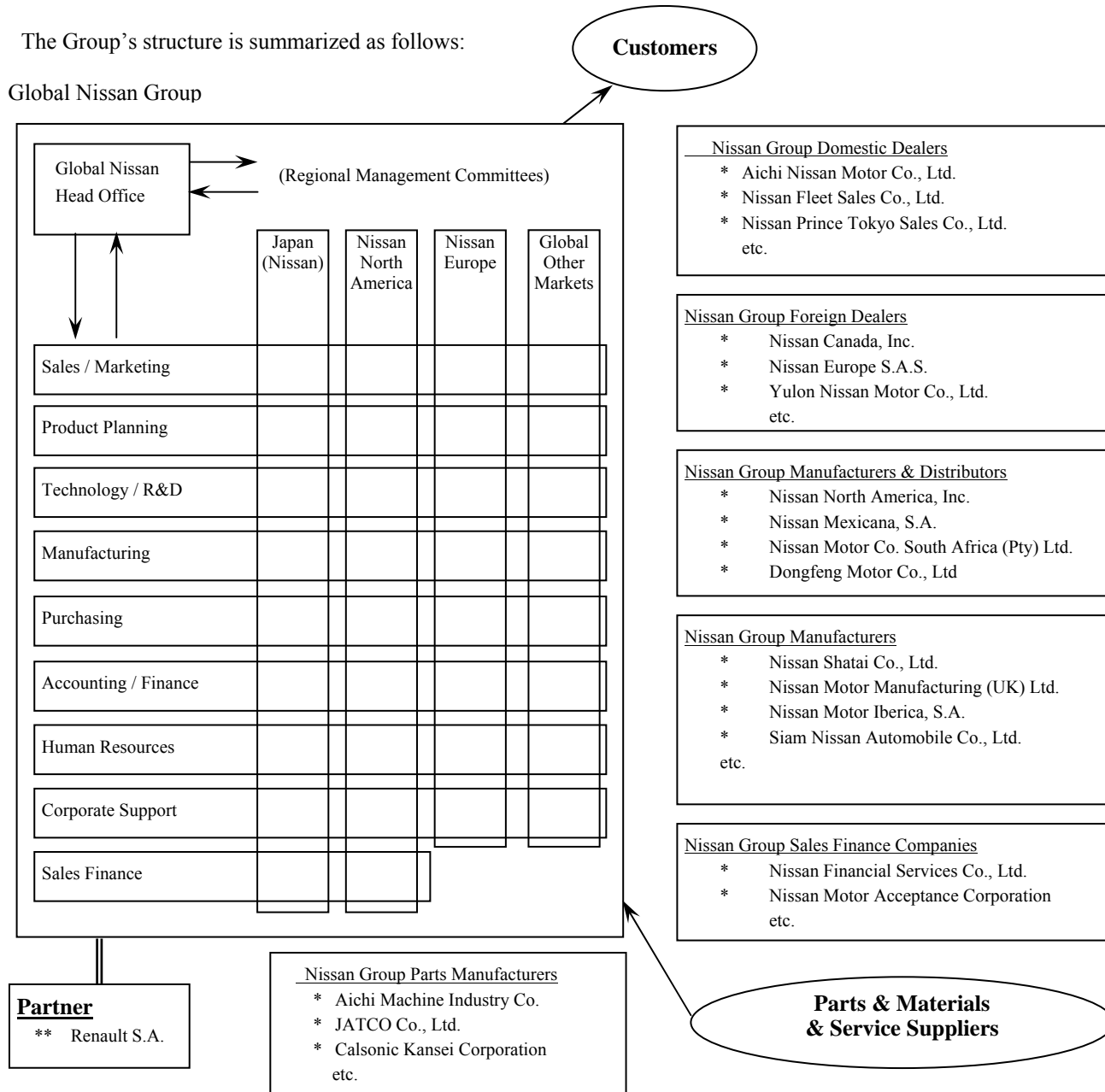
December 1933	Jidosha Seizo Co., Ltd., predecessor of Nissan Motor Co., Ltd. was established in Takaracho, Kanagawa-ku, Yokohama, through the joint capital investment of Nippon Sangyo K.K. and Tobata Imono K.K.
May 1934	Construction of the Yokohama Plant was completed.
June 1934	The Company changed its name to Nissan Motor Co., Ltd.
April 1935	First vehicle was manufactured off the production line through the integrated production at the Yokohama Plant.
August 1943	Construction of the Fuji Plant (formerly the Yoshiwara Plant) was completed.
September 1944	The head office was moved to Nihonbashi, Tokyo, and the Company changed its name to Nissan Heavy Industries, Ltd.
January 1946	The headquarters moved to Takaracho, Kanagawa-ku, Yokohama.
August 1949	The Company changed its name to Nissan Motor Co., Ltd..
January 1951	The Company's stock was listed on the Tokyo Stock Exchange.
May 1951	The Company acquired an interest in Shin-Nikkoku Kogyo Co., Ltd. (currently Nissan Shatai Co., Ltd.; a consolidated subsidiary).
May 1958	Exportation of passenger cars to the United States was commenced.
September 1960	Nissan Motor Corporation in U.S.A. was established.
September 1961	Nissan Mexicana, S.A. de C.V. (currently a consolidated subsidiary), a joint venture with Marubeni-Iida Co., Ltd. (currently Marubeni Corporation) was established in Mexico City, Mexico.
March 1962	Construction of the Oppama Plant was completed.
March 1965	The Company acquired an interest in Aichi Machine Industry Co., Ltd. (currently a consolidated subsidiary).
May 1965	Construction of the Zama Plant was completed.
August 1966	The Company merged Prince Motor Company and, accordingly, the Murayama Plant became a part of the Company.
July 1967	Construction of the Honmoku Wharf (a base for exporting) was completed.
January 1968	The headquarters operations were moved to the Company's new building in the Ginza area of Tokyo.
March 1970	The Company commenced the marine engine business.
March 1971	Construction of the Tochigi Plant was completed.
October 1973	Construction of the Sagami-hara Parts Center was completed.
June 1977	Construction of the Kyushu Plant was completed.
January 1980	The Company acquired an interest in Motor Iberica, S.A. (currently Nissan Motor Iberica, S.A.; a consolidated subsidiary) in Spain.
July 1980	Nissan Motor Manufacturing Corporation U.S.A. was established.
November 1981	The Nissan Technical Center was completed.
November 1981	Nissan Motor Acceptance Corporation (currently a consolidated subsidiary) was established.
January 1983	Nissan Gakuen (car mechanics' school) was opened.
February 1984	Nissan Motor Manufacturing (UK) Ltd. (currently a consolidated subsidiary) was established.
November 1984	Construction of the Oppama Wharf was completed.
April 1989	Nissan Europe N. V. was established in the Netherlands.
January 1990	Former Nissan North America, Inc. was established in the United States.
January 1994	Construction of the Iwaki Plant was completed.
April 1994	The business in the North America region was reorganized and Nissan North America, Inc. (currently a consolidated subsidiary) was newly established.
March 1995	Production of vehicles was discontinued at the Zama Plant.
December 1998	Nissan North America, Inc. merged with Nissan Motor Corporation in U.S.A.
March 1999	The Company and Renault signed an agreement for a global alliance, including equity participation.
July 1999	The Company sold its business related to the Fuji Plant to TransTechnology Ltd., which merged with JATCO Co., Ltd. into JATCO TransTechnology (currently JATCO Ltd.) in 1999.
April 2000	Nissan North America, Inc. merged with Nissan Motor Manufacturing Corporation U.S.A.
July 2000	The Company sold its aerospace-related business to I.H.I. Aerospace Co., Ltd.
March 2001	Production of vehicles was discontinued at the Murayama Plant.
March 2002	Renault increased its stake in the Company to 44.4%.
March 2002	The Company acquired Renault's shares through Nissan Finance Co., Ltd. (currently a consolidated subsidiary).
March 2002	The Company established Renault Nissan BV, a management organization.
August 2002	Nissan Europe SAS (currently a consolidated subsidiary) was established to reorganize business in Europe.
March 2003	The Company liquidated Nissan Europe N.V.
May 2003	The Company established a new plant in Canton, Mississippi.
July 2003	Dongfeng Motor Co., Ltd. commenced its operations in China.

3. Description of business

The Nissan Group (the “Group” or “Nissan”) consists of Nissan Motor Co., Ltd. (“the Company” or “NML”), subsidiaries, affiliates, and other associated companies. Its main businesses include manufacturing and sales of vehicles, forklifts, marine products and related parts. In addition, the Group provides various types of services related to the above businesses such as logistics and sales finance services.

The Group established the Global Nissan Head Office to function as its global headquarters and to monitor various operations through the Global Nissan Group which is a combination of four Regional Management Committees. The Global Nissan Group also handles cross-regional matters such as research & development, purchasing, manufacturing, and so forth.

The Group’s structure is summarized as follows:



\* Consolidated subsidiaries  
 \*\* Companies accounted for by the equity method

- In addition to the above companies, \*Nissan Trading Co., Ltd., \*Nissan Networks Holdings Co., Ltd., and others are included in the Group.
- Our consolidated subsidiaries listed on the domestic stock exchanges are as follows:  
 Nissan Shatai Co., Ltd. – Tokyo, Aichi Machine Industry Co., Ltd. – Tokyo, Nagoya, Calsonic Kansei Corporation – Tokyo

4. Information on subsidiaries and affiliates

(1) Consolidated subsidiaries

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
				Percentage	(Indirect holdings)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
		Millions of yen		%	%	Number	Number	Number			
# Nissan Shatai Co., Ltd.	Hiratsuka-shi, Kanagawa	7,905	Manufacturing and selling automobiles and parts	43.09	—	6	1	—	None	Manufacturing certain products on behalf of NML	Leasing of certain land and buildings owned by NML
# Aichi Machine Industry Co., Ltd.	Atsuta-ku, Nagoya-shi	8,518	Manufacturing and selling automotive parts	41.47	—	3	1	—	None	Selling certain automotive parts to NML	None
JATCO Co., Ltd.	Fuji-shi, Shizuoka	29,935	Manufacturing and selling automotive parts	74.96	—	3	2	—	None	Selling certain automotive parts to NML	Leasing of certain land and buildings owned by NML
Nissan Kohki Co., Ltd.	Samukawa-machi, Koza-gun, Kanagawa	2,020	Manufacturing and selling automotive parts	97.73	—	2	1	—	None	Selling certain automotive parts to NML	None
# Calsonic Kansei Corporation	Nakano-ku, Tokyo	41,455	Manufacturing and selling automotive parts	41.47	—	6	1	—	None	Selling certain automotive parts to NML	None
Nissan Motor Car Carrier Co., Ltd.	Chuo-ku, Tokyo	640	International transportation of automobiles	60.00	—	1	—	—	None	Marine transportation of automobiles exported	None
Nissan Trading Co., Ltd.	Nishi-ku, Yokohama-shi	320	Importing, exporting and selling automotive parts and other	100.00	—	7	1	—	None	Importing automotive parts on behalf of NML	None
# Nissan Financial Services Co., Ltd.	Mihama-ku, Chiba-shi	16,388	Arranging installment sales and automobile leases	100.00	—	6	4	2	None	Automobile leases on behalf of NML	Leasing of certain facilities for business owned by NML
Autech Japan, Inc.	Chigasaki-shi, Kanagawa	480	Developing, manufacturing and selling limited edition automobiles	100.00	—	9	2	2	None	Purchasing limited edition automobiles from NML	Leasing of certain land and buildings for business owned by NML
(Note 8) Nissan Network Holdings Co., Ltd.	Chuo-ku, Tokyo	1,510	Business management of the domestic sales network, as well as selling, purchasing, leasing and entrusted management of real estate	100.00	(7.68)	3	3	—	None	Leasing and entrusted management of real estate	Leasing certain land and buildings for employees' welfare facilities to NML
Nissan Finance Co., Ltd.	Minato-ku, Tokyo	2,491	Finance and accounting support	100.00	—	—	7	—	¥525,070 million as the source of working capital loans made to Group companies	Making loans to domestic subsidiaries	Leasing of certain systems for business owned by NML
Aichi Nissan Motor Co., Ltd.	Atsuta-ku, Nagoya-shi	90	Selling automobiles and parts	100.00	(100.00)	2	1	—	None	Purchasing products manufactured by NML	None
Nissan Fleet Sales Co., Ltd.	Minato-ku, Tokyo	480	Selling automobiles and parts	100.00	—	4	1	1	None	Purchasing products manufactured by NML	None
Nissan Prince Tokyo Motor Sales Co., Ltd.	Shinagawa-ku, Tokyo	95	Selling automobiles and parts	100.00	(100.00)	4	1	—	None	Purchasing products manufactured by NML	None
Nissan Parts Chuo Sales Co., Ltd.	Isogo-ku, Yokohama-shi	545	Selling parts for automobile repairs	80.61	(34.37)	6	1	—	None	Purchasing parts for repairs from NML	None
Other domestic consolidated subsidiaries		79 companies									
Total domestic consolidated subsidiaries		94 companies									



Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Concurrent positions/offices held by directors			Relationship with NML		
				Percentage	(Indirect holdings)	Transferred	Concurrent	Dispatched	Loans	Business transactions	Leasing of fixed assets
Nissan Europe S.A.S.	Trappes, Cedex, France	Millions of Euro 1,626	Managing manufacturing and sales in Europe	100.00	—	—	2	1	None	Purchasing products manufactured by NML	None
Nissan International Finance (Netherlands) B.V.	Amsterdam, The Netherlands	Millions of Euro 14	Financing for group companies	100.00	(100.00)	—	—	2	None	Extending loans to NML's European subsidiaries	None
Nissan International Holdings B.V.	Amsterdam, The Netherlands	Millions of Euro 2,795	Holding company for subsidiaries	100.00	—	—	—	—	None	None	None
(Note 9) Nissan West Europe S.A.	Trappes, Cedex France	Millions of Euro 4	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Motor (GB) Ltd.	Rickmansworth, Hertfordshire, United Kingdom	Millions of £ stg 136	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Holding (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of Euro 871	Holding company for English subsidiaries	100.00	(100.00)	—	—	—	None	None	None
Nissan Italia S.p.A.	Rome, Italy	Millions of Euro 6	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Motor Manufacturing (UK) Ltd.	Washington Road, Tyne & Wear, United Kingdom	Millions of £ stg 250	Manufacturing and selling automobiles and parts	100.00	(100.00)	—	—	1	None	Purchasing products manufactured by NML	None
Nissan Technical Center Europe Ltd.	Granfield, United Kingdom	Millions of £ stg 16	Conducting research and development activities, and testing and assessing various automobiles in Europe	100.00	(100.00)	—	1	1	None	Designing and developing automobiles on behalf of NML	None
Nissan Forklift Europe B.V.	Amsterdam, The Netherlands	Millions of Euro 7	Manufacturing and selling forklifts and parts	100.00	—	—	2	1	None	Purchasing products manufactured by NML	None
Nissan Motor Iberica, S.A.	Barcelona, Spain	Millions of Euro 726	Manufacturing and selling automobiles and parts	99.76	(93.21)	—	—	1	None	Purchasing products manufactured by NML	None
(Note 10) Nissan Iberia, S.A.	Barcelona, Spain	Millions of Euro 12	Selling automobiles and parts	100.00	(100.00)	—	—	—	None	Purchasing products manufactured by NML	None
Nissan Forklift Espana, S.A.	Noain, Spain	Millions of Euro 9	Manufacturing and selling forklifts and parts	100.00	(100.00)	—	1	—	None	Purchasing products manufactured by NML	None
Nissan North America, Inc.	Nashville, Tennessee, USA	Millions of US\$ 1,792	Managing subsidiaries in North America and manufacturing and selling automobiles and parts	100.00	—	—	2	—	None	Purchasing products manufactured by NML	None
Nissan Motor Acceptance Corporation	Nashville, Tennessee, USA	Millions of US\$ 500	Financing wholesale and retail sales of automobiles in the United States	100.00	(100.00)	—	2	—	None	Financing sales of products manufactured by NML	None

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
				Percentage	(Indirect holdings)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
				%	%	Number	Number	Number			
Nissan Technical Center North America, Inc.	Farmington Hills, Michigan, USA	Millions of US\$ 16	Conducting research and development activities, and testing and assessing various automobiles in the United States	100.00	(100.00)	—	2	1	None	Designing and developing automobiles on behalf of NML	None
Nissan Motor Insurance Corporation	Honolulu, Hawaii, USA	Millions of US\$ 10	Casualty insurance	100.00	(100.00)	—	—	—	None	None	None
Nissan Forklift Co., North America	Marengo, Illinois, USA	Millions of US\$ 34	Manufacturing and selling forklifts and selling parts for forklifts	100.00	(88.00)	—	—	4	None	Purchasing products manufactured by NML	None
Nissan Canada, Inc.	Mississauga, Ontario, Canada	Millions of Can\$ 68	Selling automobiles and parts	100.00	(61.66)	—	—	1	None	Purchasing products manufactured by NML	None
Nissan Mexicana, S.A. de C.V.	Mexico D.F., Mexico	Millions of MX Peso 17,056	Manufacturing and selling automobiles and parts	100.00	(100.00)	—	2	4	None	Purchasing products manufactured by NML	None
Nissan Motor Co. (Australia) Pty. Ltd.	Dandenong, Victoria, Australia	Millions of A\$ 290	Selling automobiles and parts	100.00	(100.00)	—	1	1	None	Purchasing products manufactured by NML	None
Nissan Motor Company South Africa (Pty) Ltd.	Roslyn, South Africa	Millions of Rand 40	Managing subsidiaries in Africa and manufacturing and selling automobiles	100.00	—	—	—	1	None	Purchasing products manufactured by NML	None
Nissan New Zealand Ltd.	Auckland, New Zealand	Millions of NZ\$ 51	Managing subsidiaries in New Zealand and selling automobiles	100.00	—	—	—	1	None	Purchasing products manufactured by NML	None
Nissan Middle East F.Z.E.	Dubai, UAE	Millions of Dh. 2	Selling automobiles	100.00	—	—	—	1	None	Purchasing products manufactured by NML	None
Nissan Motor (China) Ltd.	Hong Kong, China	Millions of HK\$ 16	Selling automobiles	100.00	(100.00)	—	—	3	None	Purchasing products manufactured by NML	None
Dongfeng Motor Co., Ltd.	Hubei, China	Millions of CNY 16,700	Manufacturing and selling automobiles and parts	50.00	(50.00)	—	4	3	None	Purchasing products manufactured by NML	None
Siam Nissan Automobile Co., Ltd.	Bangsaothong, Samutpraken, Thailand	Millions of THB 1,931	Manufacturing and selling automobiles and parts	75.00	—	—	—	5	¥16,813 million funded as working capital	Purchasing products manufactured by NML	None
Yulon Nissan Motor Co., Ltd	Miaoли, Republic of China	Millions of TWD 3,000	Manufacturing and selling automobiles and parts	40.00	—	—	—	4	None	Purchasing products manufactured by NML	None
NISSAN (CHINA) INVESTMENT CO., LTD.	Beijing, China	Millions of CNY 8,401	Managing subsidiaries of China and selling automobiles	100.00	—	—	5	—	None	Purchasing products manufactured by NML	None
Other foreign consolidated subsidiaries		65 companies									
Total foreign consolidated subsidiaries		94 companies									
Total consolidated subsidiaries		188 companies									

(2) Affiliates accounted for by the equity method

Name of company	Location	Capital	Description of principal business	Percentage of voting rights held by NML		Relationship with NML					
				Percentage	(Indirect holdings)	Concurrent positions/offices held by directors			Loans	Business transactions	Leasing of fixed assets
						Transferred	Concurrent	Dispatched			
		Millions of Yen		%	%	Number	Number	Number			
# Kinugawa Rubber Industrial Co., Ltd.	Inage-ku, Chiba-shi, Chiba	5,655	Manufacturing and selling parts for automobiles	20.28	(0.00)	4	—	—	None	Selling certain automotive parts to NML	None
Renault* <sup>6</sup>	Billancourt, France	Millions of Euro 1,086	Manufacturing and selling automobiles and parts for automobiles	15.42	(15.42)	—	3	—	None	Partnership organization, Renault-Nissan BV was established.	None
Other affiliates accounted for by the equity method		13 companies									
Total affiliates accounted for by the equity method		15 companies									

Notes: 1. Companies marked are specified subsidiaries.

2. Companies marked # have filed their securities registration statements or securities reports.

3. Net sales (excluding intercompany sales within the Group) of each company marked exceeded 10% of the consolidated net sales for the year ended March 31, 2007. However, the key financial data for these companies has been omitted because their net sales constituted more than 90% of the sales in their respective geographical segments.

4. Although the percentage of their voting rights held by NML is equal to, or less than, 50%, the companies marked have been consolidated because they are substantially controlled by NML.

5. Dongfeng Motor Co., Ltd., is consolidated although this company is a joint venture because Dongfeng Motor Co., Ltd., has been consolidated proportionately to NISSAN (CHINA) INVESTMENT CO., LTD. in accordance with local accounting standards.

6. Although the exercise of voting rights of the shares in Renault indirectly held by the Company is restricted in accordance with the Commercial Code of France, the Company has accounted for its investment in Renault by the equity method as the Company exercises significant influence over Renault's financial and operating policies through its participation in a jointly and equally owned management company (Renault-Nissan BV) and through its Board members (comprising 50% of Renault-Nissan BV's Board of Directions). This joint venture company has the power to decide business issues of importance to both Renault and Nissan based on the Articles of Incorporation of each company or on a mutual agreement.

7. Tokyo Nissan Motor Sales Co., Ltd., which had been mainly engaged in manufacturing and selling automobiles and automotive parts, ceased to exist as a result of its corporate separation and merger to Nissan Prince Tokyo Sales Co., Ltd., and Nissan Prince Nishi-Tokyo in October 2006.

8. Nissan Real Estate Development Co., Ltd., changed its trade name to Nissan Network Holdings Co., Ltd.

9. Nissan France S.A. changed its trade name to Nissan West Europe S.A.

10. Nissan Motor Espana, S.A. changed its trade name to Nissan Iberia, S.A.

## 5. Employees

### (1) Consolidated companies

(At March 31, 2007)

Geographical segment	Number of employees	
Japan	85,197	(7,204)
North America	31,253	(29)
Europe	12,554	(1,613)
Other overseas countries	36,725	(11,761)
Total	165,729	(20,607)

Notes:

1. The number of employees presented above represents full-time employees. The figures in parentheses represent part-time employees at March 31, 2007 who have not been included in the number of full-time employees.
2. The number of employees engaged in sales finance services was 2,086 (1,541).

### (2) The Company

(At March 31, 2007)

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Yen)
32,489 (257)	41.5	20.1	7,226,628

- Notes: 1. The number of employees presented above represents full-time employees. The figures in parentheses represent part-time employees at March 31, 2007 who have not been included in the number of full-time employees.
2. The average annual salary represents the average salary for employees who are not in material positions and includes bonuses and overtime pay.

### (3) Trade union

Most of the Company's employees are affiliated with the ALL NISSAN MOTOR WORKERS' UNION, for which the governing body is the ALL NISSAN AND GENERAL WORKERS UNIONS, and the Japanese Trade Union Confederation (RENGO) through the CONFEDERATION OF JAPAN AUTOMOBILE WORKERS' UNIONS. The labor-management relations of the Company are stable, and the number of union members was 30,521 as of March 31, 2007. In addition, the Nissan Motor branch of the All Japan Metal and Information Machinery Workers Union (JMIU), another trade union, had one affiliated employee as of the same date.

At most domestic Group companies, employees are affiliated with their respective trade unions on a company basis, and the governing body is the ALL NISSAN AND GENERAL WORKERS UNIONS.

At foreign Group companies, employees are affiliated with their respective trade unions. In Mexico, for example, workers are affiliated with a domestic trade union for which the governing body is the Confederation of Mexican Workers (CTM: Confederación de Trabajadores de México) or independent trade unions, whereas most employees in the United Kingdom are affiliated with the Amalgamated Engineering and Electrical Union (AEEU). Local employees of other Group companies are affiliated with different types of trade unions according to the labor environment in each country.

## 2. Business Overview

### 1. Overview of business results

#### (1) Operating results

Net sales for the year ended March 31, 2007 totaled ¥10,468.6 billion, which represents an increase of ¥1,040.3 billion (11.0%) over net sales for the prior year. Operating income decreased to ¥776.9 billion, a decline of ¥94.9 billion (10.9%) from the corresponding amount recorded in the prior year. The operating income as a percentage of net sales for the current fiscal year was 7.4%.

Net non-operating expenses for the year ended March 31, 2007 amounted to ¥15.8 billion, an improvement of ¥10.1 billion from those of the prior year. This improvement was primarily attributable to the non-recording of an exchange loss for the current fiscal year. As a result, ordinary income for the current year decreased by ¥84.8 billion (10.0%) from the corresponding amount for the prior year to ¥761.1 billion. Net special loss for the year ended March 31, 2007 totaled ¥63.7 billion, a deterioration of ¥26.8 billion from that of the prior year. This is primarily attributable to an increase in gain on sales of special severance payments (for early retired employees). Finally, income before income taxes and minority interests and net income for the year ended March 31, 2007 decreased by ¥111.6 billion (13.8%) and ¥57.3 billion (11.1%) to ¥697.4 billion and ¥460.8 billion, respectively, from the corresponding amounts of the prior year.

Effective the fiscal year ended March 31, 2007, the accounting principle on consolidation of the balance sheet date for consolidated subsidiaries of which the closing date differs from the consolidated closing date has been changed to streamline more appropriate disclosure of consolidated financial information. To this end, consolidation using a provisional settlement of accounts as of the consolidated closing date was adopted for 22 consolidated subsidiaries, whereas the balance sheet date was modified to March 31 for 33 consolidated subsidiaries. As a result of this change to the closing of accounts, 55 consolidated subsidiaries had a 15-month accounting period from January 1, 2006 to March 31, 2007, thereby resulting in increases of ¥767.6 billion in net sales, ¥21.4 billion in operating income, ¥18.5 billion in ordinary income, ¥15.7 billion in income before income taxes and minority interests and ¥11.6 billion in net income compared with the preceding accounting method.

The operating results by business segment are summarized as follows:

#### a. Automobiles

The Group's worldwide automobile sales (on a retail basis) for the year ended March 31, 2007 decreased by 86 thousand units (2.4%) to 3,483 thousand units from the figure recorded in the prior year. The number of vehicles sold in Japan decreased by 12.1% to 740 thousand units. Vehicles sold in the United States also decreased by 4.0% to 1,035 thousand units and those sold in Europe decreased by 0.2% to 540 thousand units, whereas vehicle sales in other overseas countries went up 5.1% to 1,168 thousand units.

Net sales in the automobile segment (including intersegment sales) for the current year rose by ¥895.5 billion (10.0%) over those of the prior year to ¥9,819.3 billion.

Operating income for the year ended March 31, 2007 decreased by ¥115.4 billion (15.1%) to ¥648.0 billion. This is primarily attributable to adverse factors such as the rising costs of raw materials and energy, car pricing, the decreased number of vehicles sold and an unfavorable sales mix, which were partly offset by several positive factors such as the favorable impact of exchange rate fluctuations and reductions in purchase costs.

#### b. Sales finance

Net sales (including intersegment sales) for the current year increased by ¥146.8 billion (26.8%) to ¥694.7 billion. Operating income for the current year increased by ¥6.0 billion (8.6%) from that of the prior year to ¥75.8 billion.

Operating results by geographic segment are summarized as follows:

#### a. Japan

- Net sales (including intersegment sales) for the current year fell by ¥184.9 billion (3.8%) from corresponding net sales recorded in the prior year to ¥4,684.0 billion.
- Operating income for the current year decreased by ¥118.2 billion (30.3%) from that of the prior

year to ¥272.2 billion, primarily due to a decrease in the number of vehicles sold and an unfavorable sales mix.

b. North America

- Net sales (including intersegment sales) for the current year rose by ¥450.2 billion (10.6%) to ¥4,689.4 billion.
- Operating income for the current year posted a decrease of ¥26.9 billion (7.0%) from the prior year's results and stood at ¥360.0 billion, primarily due to the expense for a temporary recall.

c. Europe

- Net sales (including intersegment sales) for the current year were ¥2,166.4 billion, an increase of ¥669.1 billion (44.7%) over those of the prior fiscal year.
- Operating income for the current year increased by ¥15.1 billion (22.5%) from that of the prior year to ¥82.3 billion, primarily due to influence of exchange difference.

d. Other overseas countries

- Net sales (including intersegment sales) for the current year increased by ¥176.7 billion (14.1%) from those of the prior year to ¥1,429.0 billion.
- Operating income for the current year was ¥58.2 billion, an increase of ¥0.6 billion (1.1%) over that of the prior year, primarily due to the increase in the number of vehicles sold.

(2) Cash flows

Cash and cash equivalents amounted to ¥469.4 billion at the end of this fiscal year, with an increase of ¥65.2 billion (16.1%) from the corresponding balance at the end of the prior fiscal year. This primarily represents the net cash result of an increase of cash flows provided by operating activities driven by a reduction of sales finance receivables, cash flows used in investing activities that remained almost at the same level as the prior year and a reduction of cash flows provided by financing activities.

(Cash flows from operating activities)

Cash and cash equivalents provided by operating activities, which amounted to ¥1,042.8 billion for the current fiscal year, increased by ¥285.0 billion from the ¥757.9 billion recorded in the prior fiscal year. This primarily reflects the reduction of sales finance receivables at sales finance subsidiaries.

(Cash flows from investing activities)

Cash and cash equivalents used in investing activities, which amounted to ¥1,114.6 billion for the current fiscal year, expanded by ¥1.8 billion from the ¥1,112.8 billion recorded in the prior fiscal year. This is primarily attributable to an increase in expenditures for purchase of fixed assets.

(Cash flows from financing activities)

Cash and cash equivalents provided by financing activities, which amounted to ¥106.9 billion for the current fiscal year, decreased by ¥351.0 billion from the ¥457.9 billion recorded in the prior fiscal year, mainly due to an increase in repayment of long-term borrowings.

2. Production, orders received and sales

(1) Actual production

Location of manufacturers	Number of vehicles produced (units)		Change (units)	Change (%)
	Prior fiscal year	Current fiscal year		
Japan	1,364,868	1,191,937	(172,931)	(12.7)
The United States	808,586	716,211	(92,375)	(11.4)
Mexico	362,591	534,841	172,250	47.5
The United Kingdom	315,297	384,669	69,372	22.0
Spain	193,604	266,295	72,691	37.5
South Africa	40,928	55,456	14,528	35.5
Indonesia	11,103	4,765	(6,338)	(57.1)
Thailand	43,621	43,363	(258)	(0.6)
China	200,229	231,444	31,215	15.6
Total	3,340,827	3,428,981	88,154	2.6

Notes: 1. The figures for the current fiscal year represent vehicles produced during the year ended March 31, 2007 in Japan and the United States. Those in China represent the production figures for a 12-month period from January 1 to December 31, 2006. Those in the six other countries represent the production figures for a 15-month period from January 1, 2006 to March 31, 2007.

2. The above figures do not include forklift production data.

(2) Orders received

Information on orders received has been omitted as the products manufactured after the related orders are received are immaterial to the Group.

(3) Actual sales

Sales to	Number of vehicles sold (on a consolidated basis)		Change (units)	Change (%)
	Prior fiscal year	Current fiscal year		
Japan	810,968	716,405	(94,563)	(11.7)
North America	1,369,630	1,444,039	74,409	5.4
Europe	597,250	741,701	144,451	24.2
Other overseas countries	759,766	797,602	37,836	5.0
Total	3,537,614	3,699,747	162,133	4.6

Notes: 1. The figures for the current fiscal year represent vehicles sold during the year ended March 31, 2007 in Japan and North America (excluding Mexico). Those sold in Mexico, Europe and the other overseas countries (excluding China) represent the sales figures for a 15-month period from January 1, 2006 to March 31, 2007. Those in China represent the sales figures for a 12-month period from January 1 to December 31, 2006.

2. The above figures do not include forklift sales data.

### 3. Issues and outlook for the fiscal year ahead

The Group decided to take urgent measures to recover operating results in view of the downward revisions made in February 2007 to the full-year projections for fiscal year 2006.

The first action we took was an increase in the number of Executive Committee members from the previous seven to nine to cope with priority business issues. In addition, the Group has addressed several key measures in the pursuit of improved profitability as follows.

- In Japan, to shift and focus more human resources onto the point of contact with customers through reform of the sales network;
- To modify the work system to a one-shift system at the Oppama Plant and the Tochigi Plant for the first quarter of fiscal year 2007 to cope with sluggish domestic demand;
- To close Nissan Shatai's Plant No. 1, integrate production activity into Plant No. 2 and newly start up the Kyushu Plant;
- A second-career support system implemented for all the offices and plants nationwide;
- An early voluntary retirement option offered to employees in the United States;
- To change sales companies in Europe to more downsized, regional business units; and
- A personnel curtailment plan announced at the Nissan Motor Company South Africa to raise productivity and further enhance our competitive edge in the local market.

The above measures have already been put into practice. The most significant point, however, is that the situation is completely different today from what it was in fiscal year 1999. What the Group pursues is not restructuring but rather thorough improvement of our business activities to ensure better operating performance. Accordingly, we anticipate long-term goals while concurrently addressing short-term issues.

As the global automobile market in fiscal year 2007 seems to contain many uncertain factors, the Group's stance in sales projections is kept considerably reserved.

For fiscal year 2007, we project that the number of vehicles sold globally by the Group will increase 6.2% year over year to 3.7 million units. In Japan, sales of 700 thousand are planned taking into account the shrinkage of overall demand for automobiles and the intensifying market competition.

The full-year sales target in the United States is 1.1 million units, 600 thousand in Europe and 1.3 million in other regions including Mexico and Canada.

The Group expects a difficult business environment in fiscal year 2007 throughout the year with price rises for raw materials and increases in energy costs and interest rates. Moreover, fluctuations in foreign exchange rates and the rise in sales incentives will likely remain at high levels, all of which could result in harsher competition among automobile-related suppliers and carmakers. The only method to overcome these many obstacles would be the thorough completion of "Nissan Value-Up."

Meanwhile, the Nissan Group will focus its efforts on long-term sustainable growth. In this context, the Group considers three priority tasks to be addressed by the Group: technological innovation, further improvement of brand value and investment in the development of human resources at the global level.

As for technological innovation, our priority will be ongoing long-term investments. Annual R&D expenditures for fiscal year 2007 are expected to double those in fiscal year 1999, thereby reaching almost ¥500.0 billion.

The Group intends to commercialize eight original technologies in the coming year. We are the first in the world to introduce such new safety technologies as the "Automated following distance control driving system," "Lane departure prevention" and "Around view monitoring." The Group also plans to commercialize more than 15 new technologies annually in the three years starting from fiscal year 2009.

In addition, the Group will invest about 40% of its anticipative development budget in the NISSAN GREEN PROGRAM 2010, Nissan's five-year environmental action program, toward the realization of the clean transport means that society requires. Technologies in association with green diesel engines, fuel cells and electric vehicles are the results of this investment strategy.

The most important keys to the Group's future businesses will be the enhanced attractiveness and competitiveness of our car products.

The future performance of the Group is highly dependent on our powerful product lineup, and we therefore intend to launch 11 new models globally in the fiscal year ending March 31, 2008, and 33 vehicle models in the three-year period from fiscal year 2008 to 2010.



#### 4. Business and other risks

With regard to disclosure in the Business Overview, Financial Information and other parts of this Securities Report, the salient items which may affect the decisions of our investors can be grouped under the following risk factors.

Any future forecasts included in the following descriptions are based on the estimates or judgment of Nissan as of June 25, 2007.

##### (1) Economic Factors

The demand for products manufactured by the Group is affected by the economic conditions in each country or market in which they are offered for sale. The Group conducts its operations all over the world and, in particular, in the major markets of North America, Europe and the Global Overseas Market, to say nothing of Japan. While the Group strives to develop a comprehensive and integrated projection of the global economic outlook, any greater-than-anticipated downturn in one of these markets may have a significant effect on the Group's financial position and results of operations.

##### (2) Risks Involved in International Activities and Overseas Expansion

The Group's manufacturing and marketing activities outside Japan are conducted in the United States, Europe, and general overseas regions. The Group forecasts and evaluates a wide variety of risks inherent in doing business in such overseas markets including the following factors, each of which may entail a greater-than-anticipated level of risk, thereby causing significant effects on the Group's financial position and results of operations:

- Unfavorable political or economic factors
- Legal or regulatory changes
- Potentially adverse tax consequences
- Labor disputes including strikes
- Difficulties in recruiting and retaining personnel
- Social turmoil due to terrorism, war, or other destabilizing factors.

##### (3) Research and Development

The Group's technology must be useful, pragmatic and easy to use. The Group anticipates the nature and scope of the market demand, and then prioritizes and invests in new technologies. Nonetheless, any sudden and greater-than-anticipated changes in its business environment or in customer preferences may impact negatively on customer satisfaction with these new technologies.

##### (4) Product Defects

The Group places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales. Although the Group takes out insurance policies to cover product liability, this does not necessarily mean that all potential defects and the related liabilities are fully covered. If the Group were to implement significant recalls in volume and amount for the benefit of customers' safety, the Group would incur significant additional expenses which could adversely affect its financial position and results of operations.

##### (5) Fluctuation in Foreign Currency Exchange Rates

The Group's Japanese operations export vehicles to various countries around the world. In general, the appreciation of the yen against other currencies adversely affects the Group's financial results of operations and, on the contrary, the depreciation of the yen against other currencies favorably affects the Group's financial results of operations. Any sharp appreciation of the currencies of countries where the Group manufactures vehicles against the yen could lead to increases in both procurement and production costs which would adversely affect the Group's competitiveness.

##### (6) Derivatives

The Group utilizes derivative transactions for the purpose of hedging its exposure to risks such as fluctuations in the foreign exchange rates of its receivables and payables denominated in foreign currencies, the interest rates of interest-bearing debt and fluctuations in commodity prices. While the Group can hedge against these risks by using derivatives transactions, the Group, by so doing, may miss the potential gains which could result from seizing the market opportunities to profit from such fluctuation in exchange rates and interest rates. In addition, the Group manages its exposure to credit risk by limiting its counterparties to financial institutions with high credit ratings. However, a default by any one of these counterparties could

have an adverse effect on the Group's financial position and operating results.

(7) Lawsuits and Claims

With respect to various lawsuits and claims which the Group encounters, the possibility exists that the position defended by the Group will not be accepted and that the outcome may be significantly different from that anticipated. As a result, any such verdict or settlement could adversely affect the Group's financial position and operating results.

(8) Government Regulations

The automobile industry worldwide is influenced by a broad spectrum of regulations governing the emission levels of exhaust fumes, fuel economy guidelines, noise level limitations and safety standards, and the Group expects these regulations to become increasingly stringent. In order to ensure compliance, it may be necessary for the Group to make significant ongoing investments in these areas which would have an impact on its financial position and results of operations.

(9) Intellectual Property Rights

The Group owns a wide variety of proprietary technologies and has the expertise to differentiate the Group's products making them unique from those of its competitors. These assets have proven their value in the growth of the Group's business and will, no doubt, continue to be of value in the future. The Group strives to protect its intellectual property assets; however, in certain markets, the Group may encounter difficulty in fully protecting the proprietary rights to its own technologies.

Although the Company has established Intellectual Property Rights Management Department since April 2004 for protecting intellectual property rights in specific areas, strengthening activities to protect Nissan's intellectual property rights, and abstracting new intellectual property rights and has been performing various activities to protect and create Nissan Brand, cases may arise where the Group finds itself unable to prohibit others from infringing on its intellectual property rights.

(10) Natural Disasters

The Group's corporate headquarters and many of its manufacturing facilities are located in Japan, where the statistically proven probability of earthquakes is higher than in many other countries. The Group has developed risk management guidelines relating to earthquake damage and the CEO has organized a global task force to direct disaster prevention and recovery activities. In addition, the Group has been strengthening its manufacturing facilities with anti-seismic reinforcement. However, if a severe earthquake were to hit one of the Group's key facilities causing a halt in production, this would adversely affect the Group's financial position and results of operations.

(11) Sales Financing Business Risk

Sales financing is an integral part of the Group's core business, providing strong support to its automotive sales, while maintaining high profitability and a sound and stable financial condition through strict risk management policies. However, the sales financing companies have a high exposure to interest-rate risk, residual value risk, and credit risk, any one of which may adversely affect the Group's financial position and results of operations.

(12) Counterparty Credit Risk

The Group does business with a variety of counterparties and manages its counterparty credit risk by conducting a comprehensive annual assessment of its customers' financial condition based on their financial information. Nonetheless, any significant default by a counterparty would adversely affect the Group's financial position and results of operations.

(13) Employee Retirement Benefit Expenses and Obligations

The amounts of retirement benefit obligation and related expenses of the Group are calculated using various actuarial assumptions including the discount rate applied, the projected rate of return on plan assets, and so forth. If the Group's actual results differ from those assumptions or if the assumptions are changed, the resulting effects will be accumulated and recognized systematically over future periods. The cumulative effect could adversely impact the recognition of expenses and liabilities recorded in future periods.

#### (14) Purchase of Raw Materials and Parts

The Group purchases raw materials and parts from many suppliers. Market conditions that the Group can't control and whether or not the suppliers can procure raw materials and parts continuously may adversely affect the Group's financial position and results of operations.

#### 5. Important business contracts

Company which entered into agreement	Counterparty	Country	Agreement	Date on which agreement entered into
Nissan Motor Co., Ltd. (Filer of this Securities Report)	Renault	France	Overall alliance in the automobile business including equity participation	March 27, 1999

#### 6. Research and development activities

The Group has been conducting research and development activities to offer vehicles which meet its customers' expectations and to create technologies which promote safety as well as global environmental protection.

The research and development costs of the Group amounted to ¥464.8 billion for this fiscal year.

The Group's research and development organization and the results of our activities are summarized as follows:

The Group's domestic research and development organization includes the Nissan Technical Center (Atsugi-shi, Kanagawa) which takes a leading role in planning, designing and developing new products, the Nissan Research Center (Yokosuka-shi, Kanagawa) which conducts fundamental and application research activities, and several proving grounds in Hokkaido, Tochigi and Kanagawa. At the proving ground in Hokkaido, a high-speed circuit for testing performance under various road surface conditions at high speed and super-speed and for researching driver's behaviors when using the ITS and operational support systems was completed in September 2006. The Company has the most up-to-date Nissan Collision Experimental Grounds at Oppama, Kanagawa, to research how we can improve the safety in auto collisions and how we can enhance safety in accidents with overturned vehicles.

The Company renewed the Design Center, a design development facility located in the Technical Center, in November 2006. Under the theme of "Collaboration & Communication," the renewed facility features an optimum development environment that allows for not only enhanced collaboration among different functions within the design department but also more efficient and effective collaboration among other design-related organizational members including the product planning department, the development department and suppliers. Furthermore, the Company opened the Nissan Advanced Technology Center on the site of former Aoyama Gakuin University's Atsugi Campus in Atsugi-shi, which the Company purchased in March 2003. The Center, which is expected to be a key base for the advanced development of future products, started partial operation in January 2004. Its full-fledged operation began in May 2007 when the first-stage construction of the new building was completed.

Major domestic subsidiaries also conduct research and development activities: Nissan Shatai Co., Ltd., Nissan Techno Co., Ltd., and Nissan Light Truck Co., Ltd. are in charge of the development of certain models of passenger cars and commercial vehicles, and Aichi Machine Industry Co., Ltd. and JATCO Co., Ltd. are in charge of the development of certain engines and transmission trains.

The Group companies have attempted to share parts and to decrease the number of parts used in order to reduce manufacturing costs. In addition, they have developed many new products and systems.

In the Western countries, the Nissan Technical Center North America, Inc. and Nissan Design America, Inc. in the United States, Nissan Motor Manufacturing (UK) Ltd. in the United Kingdom, and Nissan Motor Iberica, S.A. in Spain, plan and design several vehicle models. In Asia, Dongfeng Motor Co., Ltd., a joint venture in China with Dongfeng Motor Corporation, and Yulon Nissan Motor Co., Ltd., a joint venture in Taiwan with Yulon Motor Co., Ltd., locally develop several vehicle models.

Research and development activities conducted in Japan during this fiscal year resulted in the launch of the "PINO," full model change of the "AD/AD EXPERT," "Otti" and "ATLAS 20" and minor enhancement to the "PRESAGE." Overseas, the Group launched the "Versa" and "INFINITI G35 SEDAN" in North America, introduced a full model change of the "Altima" and "Sentra" and launched the "Qashqai" in Europe, and introduced a full model change of the "Cabstar" and launched "Livina Geniss" in China.

In addition, Nissan and Renault, partners in the Business Alliance since 1999, are proceeding jointly to unify

their platforms and powertrains and to develop advanced technologies and research technologies so that both companies can dramatically improve their research and development potential.

In the field of global environmental conservation, the Nissan Group has issued the NISSAN GREEN PROGRAM 2010, Nissan's medium-term environmental action program, with three priorities: "Initiatives to reduce CO<sub>2</sub> emissions," "Cleaner emissions to preserve the atmosphere, water and soil" and "Recycling resources." As for "Initiatives to reduce CO<sub>2</sub> emissions," the Company released in Japan six compact vehicle models that have cleared the "Fiscal 2010 fuel consumption level +20%" standard, which qualifies for preferential treatment of the maximum tax credit under the so-called Green Taxation system, through the onboard combination of the improved 1.5L engine model (HR15DE) and the "XTRONIC CVT," a belt CVT. Moreover, the Company will globally launch engines on which a "Variable Valve Event & Lift (VVEL)" system allows us to reduce CO<sub>2</sub> emissions by 10%\* in the fiscal year ending March 31, 2008. The Company developed "M9R," a new clean diesel engine through joint development with Renault and adopted it onboard the Qashqai model. As for the development of clean energy vehicles, we launched the "Altima Hybrid," Nissan's first mass-production hybrid model, in the United States. This model has cleared the stringent emission standards stipulated by the California Air Resources Board (CARB) and is authorized as an Advanced Technology-Partial Zero Emission Vehicle (AT-PZEV). Nissan released ARMADA FFV as its second bio-ethanol-based Flexible Fuel Vehicle (FFV) (compliant with the bio-ethanol mixture rate of 85%) in the United States, in addition to the first Titan FFV. We held fuel-cell vehicle (FCV) testing events for the "X-TRAIL FCV" as initiatives to further the pragmatic use of FCVs. In the "NISSAN CARWINGS" car-navigation information service, we commenced a new service for members, in which the average fuel consumption is displayed in a ranking to support eco-friendly driving by customers. As for "Cleaner emissions to preserve the atmosphere, water and soil," the ratio of vehicles sold (at the cleanest 75% reduction from the 2005 exhaust emission standards (SU-LEV) level) has attained an 85% level for Nissan's passenger cars sold domestically. We continue to be active in promoting activities toward the target of 95% actual recycling efficiency as a "Recycling resources" priority.

Regarding safety, the Group intends to produce safer automobiles to achieve the goal of reducing by half the number of auto-related deaths and serious injuries by 2015 via the analysis of actual accidents. Since fiscal year 2004, with a perspective of reducing the number of traffic accidents and creating a "stay away from danger" mind-set, the Group has promoted "Safety Shields," which is a sophisticated and positive approach to safety issues. Through this approach, a barrier is created for each identified risk factor. A "vehicle distance maintenance support system" was developed based on this concept. In recent technological developments, the Group in October 2006 started the "SKY PROJECT," which employs the Intelligent Transport System (ITS), in Kanagawa jointly with NTT DoCoMo, Matsushita Electric Industrial and XANZVI INFORMATICS to reduce traffic accidents at intersections and mitigate traffic jams. Moreover, the Group has started a demonstrative experiment for the signal-synchronized ITS system to reduce traffic accidents via the oversight of signals at intersections, secure the safety of road-crossing pedestrians and mitigate traffic jams caused by signals that disturb the traffic flow or the movement of cars turning across traffic. Moreover, the Group held a "Nissan Safety Driving Forum" in Beijing as an educational event to raise driving skills and people's attention to driving safely, apart from the "Hello Safety Campaign" that has been promoted domestically.

The Company is committed to making cars that focus on the fun of driving. Cars are not only a means of transport but should also meet diversified customer expectations for convenience and comfort. In this context, the "Skyline" and the "Fairlady Z" are equipped with the new-generation, 6-cylinder 3.5L VQ35HR or 2.5L VQ 25HR engines, which have remarkably fulfilled the inconsistent demand for powerful drive and excellence in environmental performance. The VQ engines have gained high appraisal as having been selected one of "Ward's Ten Best Engines" for a record 13th consecutive year.

The "Skyline" model has adopted two leading-edge technologies. One is four-wheel active steering (4WAS), the world's first system to adjust the steering angle of both the front and rear tires according to the vehicle velocity. The other is the new CARWINGS navigation system in which basic performance functions such as "attractive appearance," "ease of use" and "precision improvement for route searches" are considerably improved.

Our initiatives in research and development have been highly recognized in Japan and overseas, and these efforts have resulted in various awards. The Society of Automotive Engineers of Japan recognized our accomplishments in three categories: the "Research on Higher Load in the Operating Area of Gasoline-Compressed Self-Ignition Engines," "Studies on Analysis and Evaluation Methods for Inter-vehicular Interactions to Achieve Car-to-Car Compatibility" and "Effects of Fuel Composition on the Fuel of a HCCI Engine." Furthermore, the "Factorial Analysis on Hydrogen-Brittle-Type Early Exfoliation" was awarded the Japan Society of Mechanical Engineers Prize, the "Development of Combustion Simulation Technology for Spark Ignition Internal Combustion Engines" was awarded an Encouraging Prize (Technology) by the Japan Society of Mechanical Engineers, and the "Cold HC-Compliant Adsorption Catalytic Technology" was awarded the Invention Prize of the National Commendation for Invention and "CARWINGS" was awarded an excellence prize at the Net KADEN 2006 contest sponsored by the Ministry of Economy, Trade and Industry.

The Nissan Group will always be actively involved in research and development activities designed to launch new and highly competitive products on the market and to pioneer advanced technologies for the future.

\*CO<sub>2</sub> reduction effect using stand-alone engines for a comparison with and without the VVEL system (Source: Internally measured values).

## 7. Analysis of financial position and operating results

The following analysis and discussions of the Group's financial position and operating results are, in principle, based on the consolidated financial statements.

Any future forecasts included in the following descriptions are based on the best estimates or judgment of Nissan as of June 25, 2007.

### (1) Significant accounting policies and estimates

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. The preparation of consolidated financial statements requires management to select and apply the accounting policies and to make certain estimates which affect the amounts of the assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. Although management believes that the estimates made reasonably reflect past experience as well as present circumstances, the actual results could differ substantially because of the uncertainty inherent in those estimates.

The significant accounting policies applied by the Nissan Group in the preparation of the consolidated financial statements are explained in "**5. Financial Information** significant accounting policies" In management's opinion, the following significant accounting policies could materially affect the estimates made in the consolidated financial statements:

#### i) Allowance for doubtful receivables

The allowance for doubtful receivables is provided to cover losses on bad debts based on an estimate of the collectibility of receivables. The Group may need to increase the allowance or incur losses on bad debts if the financial circumstances of its customers were to deteriorate and if their ability to pay their debts was thus impaired.

#### ii) Accrual for warranty costs

The accrual for warranty costs is provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on historical experience. The Group places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales. However, if the estimates of future warranty costs were significantly different from the actual costs incurred due to product defects and so forth, the Group could incur a loss on the provision of additional accrual for warranty costs.

#### iii) Retirement benefit expenses

Retirement benefit expenses and the related obligations are calculated based on various actuarial assumptions to cover the retirement benefits to be paid to eligible employees upon retirement. The assumptions include the discount rate applied, future levels of compensation, the projected rate of return on pension plan assets, retirement rates, and so forth. If the actual results were to differ from those assumptions or if the assumptions were changed, the resulting effects would be accumulated and recognized systematically over future periods. Accordingly, the cumulative effect could impact the recognition of expenses and liabilities recorded in future periods.

### (2) Analysis of operating results

Given the harsh business environment surrounding the Group, the Group has been investing at a high level on an ongoing basis toward future growth despite the terminal gap period with fewer new models launched. Unfortunately, the Group's performance for the year under review fell below the anticipated target figures for the first time in the past eight years.

#### (Sales)

The number of vehicles sold on a global basis stood at 3,483 thousand units, a decline of 2.4% from

fiscal year 2005. The Group launched 10 new vehicle models on a global basis, including the following ones.

- The new “Altima,” the best selling mass-production model in the United States;
- The new “INFINITI G35,” a model of the Infiniti series that has contributed most to raising sales; and
- The new global car model, “Livina Geniss,” which is being launched first in the Chinese market and soon in other markets.

Although these models performed well initially, their launches have not led to a boost in the number of vehicle units sold globally partly because they were launched in the second half of the fiscal year.

The overall demand for vehicles in Japan decreased by 4.1% year over year. The number of vehicles sold by the Group amounted to 740 thousand units, a decrease of 12.1% from the corresponding figure in the prior fiscal year. The Group’s market share (including light passenger vehicles) stood at 13.2%, recording a decline of 1.2% from the corresponding figure for the prior fiscal year.

The number of vehicles sold throughout the United States decreased by 3.4% year over year. The number of vehicles sold by the Nissan Group decreased 3.7% to 1,035 thousand units, and the Group’s full-year market share remained at 6.3%, almost the same as that for the prior fiscal year.

In Europe, where accounts are closed on a calendar-year basis, the number of vehicles sold by the Group in Europe was 540 thousand units, almost at the same level as that of the prior year amid flat overall demand.

Compared with the prior year’s results, the number of vehicles sold in other overseas countries including Mexico and Canada increased by 5.1%, reaching 1,168 thousand units. The number of vehicles sold in China was remarkable, increasing 22.2% year over year to 363 thousand units.

#### (Operating results)

Effective the fiscal year ended March 31, 2007, the accounting principle on consolidation of the balance sheet date for consolidated subsidiaries of which the closing date differs from the consolidated closing date has been changed to streamline more appropriate disclosure of consolidated financial information. To this end, consolidation using a provisional close of accounts as of the consolidated closing date was adopted for 22 consolidated subsidiaries, whereas the balance sheet date was modified to March 31 for 33 consolidated subsidiaries. As a result of this change to the closing of accounts, 55 consolidated subsidiaries had a 15-month accounting period from January 1, 2006 to March 31, 2007, thereby resulting in increases of ¥767.6 billion in net sales, ¥21.4 billion in operating income, ¥18.5 billion in ordinary income, ¥15.7 billion in income before income taxes and minority interests and ¥11.6 billion in net income, compared with the preceding accounting method.

#### i) Net sales

Consolidated net sales for the year under review rose to ¥10,468.6 billion, an increase of ¥1,040.3 billion, or 11.0%, over sales of the prior fiscal year. The net sales figure included a ¥767.6 billion effect from the change in the balance sheet date of consolidated subsidiaries.

#### ii) Operating income

Consolidated operating income for the current fiscal year decreased by ¥94.9 billion (10.9%) to ¥776.9 billion from ¥871.8 billion for the previous fiscal year. The consolidated operating income as a percentage of consolidated net sales was 7.4% for the current fiscal year.

Changes in consolidated operating income from the prior fiscal year to the current fiscal year are outlined as follows (excluding ¥21.4 billion resulting from the change in the balance sheet date of certain consolidated subsidiaries):

- Consolidated operating income increased by ¥70.8 billion due to favorable trends in foreign exchange rates compared to the prior fiscal year.
- The effect of the change in the scope of the consolidation was to increase consolidated operating income by ¥8.4 billion.
- Raw material and energy costs increased by 110.1 billion yen and price, volume and mix had a negative impact of 156.3 billion yen. The combination of these two negative factors was the principal reason for the underachievement in the fiscal year.
- Selling expenses increased by ¥21.8 billion mainly due to a rise in sales incentives in the United States.
- Purchasing cost reduction generated a positive impact of ¥170.0 billion on operating income.

- Consolidated operating income decreased by ¥66.3 billion reflecting expenditures to enhance product lines and to comply with various local regulations.
- Research and development costs rose by ¥1.4 billion.
- Consolidated operating income decreased by ¥4.9 billion due to the increase in costs for manufacturing and logistics.
- Although a defect was found on the oiling system of the QR engine, warranty costs decreased by ¥1.9 billion.
- General and administrative expenses and other costs increased by ¥6.6 billion.

By region, consolidated operating income in Japan was ¥272.2 billion, down ¥118.2 billion from ¥390.4 billion for the prior fiscal year. This decline in operating income was mainly attributable to the unfavorable sales mix and the decrease in the number of units sold even in the profitable light passenger vehicle business.

In North America (including Canada and Mexico), consolidated operating income decreased by ¥26.9 billion to ¥360.0 billion from ¥386.9 billion for the prior year. The temporary effect from the recall of QR25 engines is included as a primary negative factor.

Consolidated operating income increased by ¥15.1 billion to ¥82.3 billion from ¥67.2 billion for the prior year in Europe, and similarly increased by ¥600 million to ¥58.2 billion from ¥57.6 billion for the prior year in other countries.

Due to the change in the balance sheet date of certain consolidated subsidiaries, operating income increased by ¥1.6 billion in Japan, ¥21.4 billion in North America, ¥2.7 billion in Europe and ¥0.2 billion in other overseas countries.

### iii) Non-operating income and expenses

Net non-operating expenses for the current fiscal year amounted to ¥15.9 billion, an improvement of ¥10.1 billion from net non operating expenses of ¥26.0 billion recorded in the prior fiscal year. This was primarily attributable to the non-recording of an exchange loss. Net financial costs increased by ¥500 million from ¥4.6 billion for the prior fiscal year, to ¥5.1 billion for the current fiscal year. Consequently, consolidated ordinary income decreased by ¥84.8 billion from ¥845.9 billion for the prior fiscal year to ¥761.1 billion for the current fiscal year.

### vi) Special gains and losses

Net special loss for the current fiscal year amounted to ¥63.6 billion, a deterioration of ¥26.8 billion from the loss of ¥36.8 billion recorded in the prior fiscal year. Special loss factors for the current fiscal year were ¥31.9 billion in additional special retirement benefits related to the second-career support system implemented in Japan and the early voluntary retirement option offered in the United States and ¥10.8 billion due to the moving of the head office of a U.S. subsidiary.

### v) Income taxes

Income taxes for the current fiscal year decreased by ¥42.2 billion to ¥212.2 billion from the corresponding amount for the prior fiscal year. The effective tax rate after applying tax-effect accounting for the current fiscal year decreased to 30.4% from 31.4% for the prior fiscal year.

### vi) Income attributable to minority interests

Income attributable to minority interests for the current fiscal year was ¥24.5 billion, a decrease of ¥12.1 billion over the corresponding figure for the prior fiscal year.

### vii) Net interest-bearing debt in the automobile business

The Group had net cash of ¥254.7 billion at the end of the current fiscal year, a decrease of ¥118.2 billion from that of the prior fiscal year. The decline primarily reflected a decrease in cash created through business activities and an increase in capital investment.

### viii) Return on invested capital (ROIC)

An average return on invested capital (ROIC) of 15.3% was achieved for the current fiscal year under review.

## (3) Progress of Nissan Value-Up

Nissan Value-Up, the new medium-term business plan, set up three important commitments.

1. To maintain top level consolidated operating margin among global automakers during every fiscal

year from 2005 to 2007;

2. To achieve the Group's global sales of 4,200 thousand units by the end of fiscal year 2008; and
3. To achieve a 20% return on invested capital (ROIC) on average over the course of the plan.

The Group pursues four major breakthroughs with the implementation of "Nissan Value-Up." The four major breakthroughs are described as follows:

- Introduction of Infiniti brand globally as a Tier-1 luxury brand
- Strengthen the presence of Light Commercial Vehicles, or LCVs, globally
- Focus on establishing new sources for parts, machines, equipment, vendor tooling and services from Leading Competitive Countries, or LCCs and other competitive countries
- Significant geographic expansion focused in China, India, Thailand, Russia, Eastern Europe, the Gulf countries and Egypt.

Operating results for fiscal year 2006 fell short of the Nissan Value-Up targets. However, the Group has the potential to achieve the targets in the medium-term business plan and will continue to aggressively pursue those targets. As a consequence, the Group is extending the time to achieve the commitments in the plan by one year.

Despite disappointing results with regard to the target figures, we have proven steady advancement in terms of the four major breakthroughs with the implementation of "Nissan Value-Up" during the year under review.

#### 1) Infiniti

The strategy of branding "Infiniti" is on track to make it a well-known luxury brand. The introduction of the "Infiniti" in the high-growth Russian market in fiscal year 2006 was a great success as a first step.

The "Infiniti" will be introduced in China and Ukraine in fiscal year 2007. In fiscal year 2008, the "Infiniti" will be introduced widely in the markets of Western Europe along its accelerated global expansion.

New models will be launched to meet regional needs in these promising markets, with the "G35 Sedan" followed by the "G37 Coupe" and the "EX Compact Luxury Crossover" in fiscal year 2007.

#### 2) LCVs

In fiscal year 2006, the number of LCVs sold increased by 57% to 490 thousand units over the prior year after the start-up of Nissan Value-Up. Moreover, we surpassed our operating margin target of 8%. The LCV business has become a mainstay global business of the Company and will likely gain growth momentum in the future.

#### 3) Leading competitive countries (LCCs)

LCC activities for procurement have already been established with China and the ASEAN countries for parts bound for Japan, with Mexico for those bound for North America and Eastern Europe for those bound for Europe. To accelerate smooth procurements globally, our next step is to ensure procurement sources in India.

The ratio of procurements from LCCs for Nissan's total purchases in Japan, North American and Europe, increased from 12% in fiscal year 2005 to 15% in fiscal year 2006. The Group intends to further expand the ratio to 24% in fiscal year 2007.

As part of our initiative to reduce costs and shift employees to value-added core operations, the Group pursues further outsourcing/offshoring of general affairs functions related to R&D, information systems and production.

#### 4) Geographic expansion

In Brazil, the number of vehicles sold is expected to reach 40 thousand units by the end of fiscal year 2009 by investing US\$150 million.

In Russia, the Group intends to invest US\$200 million for a plant in St. Petersburg. The Group intends to secure production capability of 50 thousand units before the plant starts operation in fiscal year 2009.

In India, Nissan is collaborating with Indian automobile company Mahindra and Mahindra Ltd. (M&M) together with Renault. A new plant will be constructed in Chennai through a joint tie-up among the three that is scheduled to start operation in fiscal year 2009. Its production capacity is expected to reach 400 thousand units annually.

In China, we have invested US\$1.6 billion in a joint venture with Dongfeng Motor Corporation since fiscal year 2003, and recently established an engine plant and an R&D center.



#### (4) Analysis of sources of capital and liquidity

##### 1. Cash flows

Cash and cash equivalents amounted to ¥469.4 billion at the end of the year under review, resulting in an increase of 16.1% over the corresponding balance at the end of the prior fiscal year. This resulted from ¥1,042.8 billion in net cash provided by operating activities, ¥1,114.6 billion in net cash used in investing activities, ¥106.9 billion in net cash provided by financing activities, an increase of ¥16.6 billion in the effect of exchange rate changes on cash and cash equivalents and ¥13.4 billion in increase of cash and cash equivalents due to change in scope of consolidation.

###### (Cash flows from operating activities)

Cash and cash equivalents provided by operating activities, which amounted to ¥1,042.8 billion for the fiscal year under review, increased by ¥284.9 billion from the ¥757.9 billion recorded for the prior fiscal year. This primarily reflects the reduction of sales finance receivables at sales finance subsidiaries.

###### (Cash flows from investing activities)

Cash and cash equivalents used in investing activities totaled ¥1,114.6 billion for the fiscal year under review, rising by ¥1.8 billion from the ¥1,112.8 billion used in the prior fiscal year. This rise was primarily attributable to an increase in expenditures for purchases of fixed assets and an increase of long-term borrowings, which were partly offset by the reduction of expenditures for additional acquisition of shares of subsidiaries and for purchase of investment securities.

###### (Cash flows from financing activities)

Cash and cash equivalents provided by financing activities, which amounted to ¥106.9 billion for the current fiscal year, decreased by ¥351.0 billion from cash and cash equivalents used in financing activities of ¥457.9 billion in the prior fiscal year, mainly due to a reduction of proceeds from the issuance of bonds and an increase in repayment of long-term borrowings.

##### 2. Financial policies

Financial activities within the Nissan Group are managed centrally by the Treasury Department of the Company, which functions as the global treasurer. Several activities are underway within the Group to improve funding efficiency through the implementation of a global cash management system.

The Nissan Group has developed a basic financial strategy under which the Group raises funds from appropriate sources and maintains an appropriate level of liquidity and a sound financial position so that the Group can make investments in research and development activities, capital expenditures and its sales finance business on a timely basis.

In addition to the cash and cash equivalents held by the Group, the Group has entered into loan commitment agreements with major international banks and believes that a level of liquidity sufficient to meet the Group's funding requirements is being maintained.

Whether or not the Company and its finance subsidiaries can raise funds without collateral and the related costs depends upon the credit rating of the Company. Currently, the Company's credit rating is investment grade; however, this favorable rating is not presented herein with the intention of inviting the purchase or holding of the Company's debt securities.

### 3. Equipment and Facilities

#### 1. Overview of capital expenditures

The Nissan Group (the Company and its consolidated subsidiaries) invested ¥509.0 billion during this fiscal year, in particular, to accelerate the development of new products and new technologies and to rationalize and improve productivity and quality.

#### 2. Major equipment and facilities

The Group's major equipment and facilities are summarized as follows:

Notes: 1. "Other" in net book value consists of tools, furniture and fixtures and construction in progress.

2. "Number of employees" indicates the number of full-time employees. The number of part-time employees as of March 31, 2007 is stated in parentheses.

##### (1) The Company

(At March 31, 2007)

Location	Address	Description	Net book value						Number of employees (Persons)
			Land		Buildings & structures (Millions of yen)	Machinery & vehicles (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
			Area (m <sup>2</sup> )	Amount (Millions of yen)					
Yokohama Plant	Kanagawa-ku and Tsurumi-ku, Yokohama-shi, Kanagawa	Automobile parts production facilities	613,145	408	20,035	45,780	11,751	77,975	3,846 (36)
Oppama Plant (including the Research Center)	Yokosuka-shi, Kanagawa	Vehicle production facilities	1,852,370	29,203	26,789	44,430	11,108	111,531	4,403 (22)
Tochigi Plant	Kaminokawa-cho, Tochigi	Vehicle production facilities	2,926,049	4,443	27,416	59,451	15,728	107,040	5,896 (13)
Kyushu Plant	Kanda-machi, Fukuoka	Vehicle production facilities	2,355,967	29,859	33,677	43,839	7,325	114,701	4,532 (8)
Iwaki Plant	Iwaki-shi, Fukushima	Automobile parts production facilities	207,493	3,862	8,610	15,660	4,130	32,263	594 (1)
Head Office departments and other	Atsugi-shi and Isehara-shi, Kanagawa	R&D facilities	1,357,950	25,424	60,321	43,300	56,142	185,189	8,470 (67)
	Chuo-ku, Tokyo	Head office and other	—	—	5,403	307	2,308	8,020	1,854 (57)

Notes: 1. The above table has been prepared based on the location of the equipment.

2. The figures for each plant include those at adjoining facilities for employees' social welfare, warehouses and laboratories and the related full-time employees.

##### (2) Domestic subsidiaries

(At March 31, 2007)

Company	Location	Address	Description	Net book value						Number of employees (Persons)
				Land		Buildings & structures (Millions of yen)	Machinery & vehicles (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
				Area (m <sup>2</sup> )	Amount (Millions of yen)					
JATCO Co., Ltd.	Fuji Office and other	Fuji-shi, Shizuoka, etc.	Automobile parts production facilities	1,132,651	18,268	33,126	103,589	17,718	172,701	7,569 (115)
Nissan Shatai Co., Ltd.	Shonan Plant and other	Hiratsuka-shi, Kanagawa, etc.	Vehicle production facilities	844,935	14,976	19,618	20,782	26,404	81,780	4,097 (529)
Aichi Machine Industry Co., Ltd.	Atsuta Plant and other	Atsuta-ku, Nagoya-shi, Aichi, etc.	Automobile parts production facilities	406,013	27,725	7,447	35,062	6,955	77,189	2,247 (13)
Calsonic Kansei Corporation	Gunma Plant and other	Ora-cho, Gunma, etc.	Automobile parts production facilities	828,555	23,882	11,016	17,105	5,737	57,740	4,998 (19)
Nissan Network Holdings Co., Ltd.	Head office and other	Chuo-ku, Tokyo, etc.	Facilities for automobile sales, etc.	3,772,266	444,764	118,861	275	1,760	565,660	13 (—)

### (3) Foreign subsidiaries

(At March 31, 2007)

Company	Location	Address	Description	Net book value						Number of employees (Persons)
				Land		Buildings & structures (Millions of yen)	Machinery & vehicles (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
				Area (m <sup>2</sup> )	Amount (Millions of yen)					
Nissan North America, Inc.	Production plant for vehicles and parts and other facilities	Smyrna, Tennessee, Canton, Mississippi, USA	Production facilities for vehicles and parts	12,405,842	4,224	79,555	204,689	157,330	445,798	13,060 (21)
Nissan Mexicana, S.A. de C.V.	Production plant for vehicles and parts and other facilities	Morelos, Mexico, and Aguascalientes, Mexico	Production facilities for vehicles and parts	3,042,379	6,375	38,001	45,239	53,113	142,728	10,894 (—)
Nissan Motor Iberica S.A.	Production plant for vehicles and parts and other facilities	Barcelona, Madrid and other, Spain	Production facilities for vehicles and parts	796,388	717	35,880	30,062	57,560	124,219	5,465 (823)
Nissan Motor Manufacturing (UK) Ltd.	Production plant for vehicles and parts and other facilities	Sunderland, Tyne & Wear, United Kingdom	Production facilities for vehicles and parts	3,058,774	8,776	25,579	27,029	58,308	119,692	4,349 (646)

Note: In addition to the above, other major leased assets are presented as follows:

#### Major leased assets

Company	Location	Address	Lessor	Description	Area (m <sup>2</sup> )	Lease Fees (Thousands of yen/month)
Nissan Motor Co., Ltd.	New building for Head office	Chuo-ku, Tokyo	Mori Trust Co., Ltd.	Building	23,614	79,081
Nissan Motor Co., Ltd.	Main building for Head office	Chuo-ku, Tokyo	Kobikikan Co., Ltd.	Land	5,157	16,057
Nissan Trading Co., Ltd.	Head office	Nishi-ku, Yokohama-shi, Kanagawa	Bilnet Co., Ltd.	Building	3,615	16,775
Nissan Motor Iberica S.A.	Part of the plant site	Barcelona, Spain	Zona Franca Association of Industrial Area	Land	517,687	17,621

Notes: 1. Lease fees are presented exclusive of consumption tax.

2. Employees working in or with the leased assets are included in “Major equipment and facilities” above.

#### Information by business segment

Business segment	Net book value						Number of employees (Persons)
	Land		Buildings & structures (Millions of yen)	Machinery & vehicles (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
	Area (m <sup>2</sup> )	Amount (Millions of yen)					
Sales finance	50,084	1,244	985	1,768,808	1,369	1,772,406	2,086 (1,541)

Note: There was no major idle equipment, at present.

### 3. Plans for new additions or disposals

#### (1) New additions and renovations

During the fiscal year ending March 31, 2008, the Group plans to invest ¥515.0 billion in capital expenditures, which will be financed out of its own funds.

#### (2) Disposals and sales

Except for disposals and sales conducted in the course of the Group’s routine renewal of its equipment and facilities, there is no plan for significant disposals or sales.

## 4. Corporate Information

### 1. Information on the Company's shares

#### (1) Number of shares and other

Number of shares

Type	Number of shares authorized to be issued
Common stock	6,000,000,000

Number of shares issued

Type	Number of shares issued		Stock exchanges on which the Company is listed	Description
	As of March 31, 2007	As of June 25, 2007 (filing date of the securities report)		
Common stock	4,520,715,112	4,520,715,112	First Section of the Tokyo Stock Exchange NASDAQ (United States)	—

Note: The number of shares issued as of the filing date of the securities report does not include those issued upon the exercise of the share subscription rights (including bonds with warrants for the purchase of shares of common stock issued under the former Commercial Code of Japan) during the period from June 1, 2007, through the filing date of this report.

#### (2) Status of the share subscription rights

The Company issued bonds with warrants for the purchase of shares of common stock in accordance with Article 341-8 of the former Commercial Code of Japan. The balances of the warrants, the issue price for shares to be issued upon the exercise of the warrants, and the amount per share to be credited to common stock are summarized as follows:

Euro-yen bonds with warrants due 2008 (issued on March 14, 2002)

	As of the fiscal year-end (March 31, 2007)	As of the end of the month before the securities report is filed (May 31, 2007)
Balance of the warrants (Millions of yen)	29,108	26,984
Issue price per share for shares to be issued upon the exercise of the warrants (Yen)	880	880
Amount per share to be credited to common stock (Yen)	440	440

In addition to the above warrants, the Company has issued share subscription rights in accordance with Articles 280-20 and 280-21 of the former Commercial Code of Japan before its revision in 2001.

First share subscription rights (issued on May 7, 2003)

	March 31, 2007	May 31, 2007
Number of share subscription rights	72,014 units	71,504 units
Number of share subscription rights held by the Company included in the share subscription rights	—	—
Type of shares to be issued upon the exercise of the share subscription rights	Common stock	Common stock
Number of shares to be issued upon the exercise of the share subscription rights	7,201,400 shares	7,150,400 shares
Amount to be subscribed upon the exercise of the share subscription rights (Yen)	¥93,200 (¥932 per share)	¥93,200 (¥932 per share)
Exercise period	From May 8, 2005 to May 8, 2010	From May 8, 2005 to May 8, 2010
Upon the exercise of the share subscription rights, issue price and amount per share to be credited to common stock (Yen)	Issue price: ¥932 Amount per share to be credited to common stock: ¥466	Issue price: ¥932 Amount per share to be credited to common stock: ¥466
Conditions for the exercise of the share subscription rights		
Transfer of the share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

Individuals to whom share subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.

The Company’s operating results must meet certain predetermined targets.

The Holders shall achieve their own predetermined performance targets.

The details concerning conditions to above and certain other conditions shall be as set forth in the “Share Subscription Rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.

Second share subscription rights (issued on April 16, 2004)

	March 31, 2007	May 31, 2007
Number of share subscription rights	92,781 units	92,472 units
Number of share subscription rights held by the Company included in the share subscription rights	—	—
Type of shares to be issued upon the exercise of the share subscription rights	Common stock	Common stock
Number of shares to be issued upon the exercise of the share subscription rights	9,278,100 shares	9,247,200 shares
Amount to be subscribed upon the exercise of the share subscription rights (Yen)	¥120,200 (¥1,202 per share)	¥120,200 (¥1,202 per share)
Exercise period	From April 17, 2006 to June 19, 2013	From April 17, 2006 to June 19, 2013
Upon the exercise of the share subscription rights, issue price and amount per share to be credited to common stock (Yen)	Issue price: ¥1,202 Amount per share to be credited to common stock: ¥601	Issue price: ¥1,202 Amount per share to be credited to common stock: ¥601
Conditions for the exercise of the share subscription rights		
Transfer of the share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

Partial exercise of the share subscription rights is not allowed.

Individuals to whom the share subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.

The Company’s operating results must meet certain predetermined targets.

The Holders shall achieve their own predetermined performance targets.

The details concerning conditions to above and certain other conditions shall be as set forth in the “Share Subscription Rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.

Third share subscription rights (issued on April 25, 2005)

	March 31, 2007	May 31, 2007
Number of share subscription rights	84,220 units	83,880 units
Number of share subscription rights held by the Company included in the share subscription rights	—	—
Type of shares to be issued upon the exercise of the share subscription rights	Common stock	Common stock
Number of shares to be issued upon the exercise of the share subscription rights	8,422,000 shares	8,388,000 shares
Amount to be subscribed upon the exercise of the share subscription rights (Yen)	¥111,900 (¥1,119 per share)	¥111,900 (¥1,119 per share)
Exercise period	From April 26, 2007 to June 23, 2014	From April 26, 2007 to June 23, 2014
Upon the exercise of the share subscription rights, issue price and amount per share to be credited to common stock (Yen)	Issue price: ¥1,119 Amount per share to be credited to common stock: ¥560	Issue price: ¥1,119 Amount per share to be credited to common stock: ¥560
Conditions for the exercise of the share subscription rights		
Transfer of the share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

Partial exercise of the share subscription rights is not allowed.

Individuals to whom the share subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.

The Company’s operating results must meet certain predetermined targets.

The Holders shall achieve their own predetermined performance targets.

The details concerning conditions to above and certain other conditions shall be as set forth in the “Share Subscription Rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.

Fourth share subscription rights (issued on May 8, 2006)

	March 31, 2007	May 31, 2007
Number of share subscription rights	130,000 units	130,000 units
Number of share subscription rights held by the Company included in the share subscription rights	—	—
Type of shares to be issued upon the exercise of the share subscription rights	Common stock	Common stock
Number of shares to be issued upon the exercise of the share subscription rights	13,000,000 shares	13,000,000 shares
Amount to be subscribed upon the exercise of the share subscription rights (Yen)	¥152,600 (¥1,526 per share)	¥152,600 (¥1,526 per share)
Exercise period	From May 9, 2008 to June 20, 2015	From May 9, 2008 to June 20, 2015
Upon the exercise of the share subscription rights, issue price and amount per share to be credited to common stock (Yen)	Issue price: ¥1,526 Amount per share to be credited to common stock: ¥763	Issue price: ¥1,526 Amount per share to be credited to common stock: ¥763
Conditions for the exercise of the share subscription rights		
Transfer of the share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

Partial exercise of the share subscription rights is not allowed.

Individuals to whom the share subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.

The Company’s operating results must meet certain predetermined targets.

The Holders shall achieve their own predetermined performance targets.

The details concerning conditions to above and certain other conditions shall be as set forth in the “Share Subscription Rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.



The Company has issued share subscription rights in accordance with Articles 236, 238 and 239 of the Company law.

Fifth share subscription rights (issued on May 8, 2007)

	March 31, 2007	May 31, 2007
Number of share subscription rights	—	6,800 units
Number of share subscription rights held by the Company included in the share subscription rights	—	—
Type of shares to be issued upon the exercise of the share subscription rights	—	Common stock
Number of shares to be issued upon the exercise of the share subscription rights	—	680,000 shares
Amount to be subscribed upon the exercise of the share subscription rights (Yen)	—	¥133,300 (¥1,333 per share)
Exercise period	—	From May 9, 2009 to June 26, 2016
Upon the exercise of the share subscription rights, issue price and amount per share to be credited to common stock (Yen)	—	Issue price: ¥1,333 Amount per share to be credited to common stock: ¥667
Conditions for the exercise of the share subscription rights	—	
Transfer of the share subscription rights	—	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

Partial exercise of the share subscription rights is not allowed.

The Holders must continue their service with the Company or its subsidiaries or affiliates (“the Company, etc.”) in the state of being employed or entrusted.

The Company’s operating results must meet certain predetermined targets.

The Holders shall achieve their own predetermined performance targets.

A Holder shall be unable to exercise his/her share subscription rights if he/she violates any applicable laws or various internal rules of the Company, etc.

A Holder shall be unable to exercise his/her share subscription rights if he/she is subject to a disciplinary action equivalent to or more serious than a suspension of attendance, which is stipulated in the Working Regulations of the Company, etc.

A Holder shall be unable to exercise his/her share subscription rights if he/she abandons the share subscription rights.

The details concerning conditions to above and certain other conditions shall be as set forth in the “Share subscription rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.

- (3) Right plans  
Not applicable

- (4) Changes in the number of shares issued and the amount of common stock and other

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Changes in additional paid-in capital (Millions of yen)	Balance of additional paid-in capital (Millions of yen)
From April 1, 2002 to March 31, 2003 (Note)	3,670	4,520,715	1,257	605,813	1,257	804,470

Note: Increase due to conversion of convertible bonds.

## (5) Details of shareholders

(At March 31, 2007)

Classification	Status of shares (1 unit = 100 shares)								Shares under 1 unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders (other than individuals)	Foreign shareholders (individuals only)	Individuals and other	Total	
Number of shareholders (persons)	—	232	66	1,480	834	101	184,006	186,719	—
Number of shares held (units)	—	8,063,852	760,073	885,326	31,735,955	11,383	3,741,705	45,198,294	885,712
Ratio (%)	—	17.84	1.68	1.96	70.21	0.03	8.28	100.00	—

Notes: 1. Treasury stock of 100,300,112 shares are included in “Individuals and other” at 1,003,001 units, and in “Shares under 1 unit” at 12 shares. The number 100,300,112 is based on the shareholders’ register, and the effective number as of March 31, 2007 was 100,299,112 shares.

2. Included in “Other corporations” are 286 units held under the name of Japan Securities Depository, Inc.

## (6) Principal shareholders

(At March 31, 2007)

Name	Address	Number of shares held (Thousands)	Number of shares held as a percentage of total shares issued (%)
Renault (Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	13/15 Quai Le Gorot, 92100 Boulogne, Billancourt, France (2-7-1 Marunouchi Chiyoda-ku, Tokyo)	2,004,000	44.33
Japan Trustee Services Bank Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	125,672	2.78
The Master Trust Bank of Japan Ltd. (Trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	113,861	2.52
Moxley & Co. (Standing agent: Sumitomo Mitsui Banking Corporation)	23 Wall Street, New York, NY 10015, USA (1-3-2 Marunouchi, Chiyoda-ku, Tokyo)	96,821	2.14
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	93,000	2.06
The Dai-ichi Mutual Life Insurance Company (Standing agent: Trust & Custody Service Bank, Ltd.)	1-13-1 Yuraku-cho, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo, Harumi Island Triton Square, Office Tower Z)	89,000	1.97
Tokio Marin & Nichido Fire Insurance Co., Ltd.	1-2-1 Marunouchi, Chiyoda-ku, Tokyo	70,076	1.55
Sompo Japan Insurance Inc.	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	63,528	1.41
The State Street Bank & Trust Company 505103 (Standing agent: Mizuho Corporate Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts, 02101, USA (6-7 Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo)	56,778	1.26
Nomura Securities Co., Ltd.	1-9-1, Nihonbashi, Chuo-ku, Tokyo	53,039	1.17
Total		2,765,776	61.18

Notes: 1. The number of shares less than 1,000 is omitted.

2. In addition to those shareholdings described above, the Company has treasury stock of 100,299 thousand shares and there are 1,000 shares under the Company’s name on the shareholders’ register that are not effectively held by the Company.

## (7) Status of voting rights

## Shares issued

(At March 31, 2007)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 100,299,100	—	—
	(Crossholding stock) Common stock 169,400	—	—
Shares with full voting rights (Others)	Common stock 4,419,360,900	44,193,609	—
Shares under one unit	Common stock 885,712	—	—
Total shares issued	4,520,715,112	—	—
Total voting rights held by all shareholders	—	44,193,609	—

Notes: 1. Included in “Shares with full voting rights (Others)” are 28,600 shares (286 units of voting rights) held under the name of Japan Securities Depository Center, Inc. and 1,000 shares (10 units of voting rights) held under the name of Nissan Motor Co., Ltd., that are not effectively held by the Company.

2. “Shares under one unit” include 12 shares of treasury stock and 30 crossholding shares.

## Crossholding shares under one unit

Shareholder	Number of shares
Kai Nissan Motor Co., Ltd.	30

## Treasury stock, etc.

(At March 31, 2007)

Shareholders	Addresses of shareholders	Number of shares held		Total	% of interest
		under own name	under the names of others		
Treasury stock: Nissan Motor Co., Ltd.	2 Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Shares 100,299,100	Shares —	Shares 100,299,100	% 2.22
Crossholding stock: Kochi Nissan Prince Motor Sales Co., Ltd.	2-21 Asahi-cho, Kochi-shi, Kochi	28,600	57,200	85,800	0.00
Kai Nissan Motor Co., Ltd.	706 Kamiimai-cho, Kofu-shi, Yamanashi	37,800	26,800	64,600	0.00
Nissan Prince Kagawa Sales Co., Ltd.	1037 Ikuno-cho, Zentsuji-shi, Kagawa	—	14,000	14,000	0.00
Kagawa Nissan Motor Co., Ltd.	1-1-8 Hanazono-cho, Takamatsu-shi, Kagawa	4,800	—	4,800	0.00
Total		100,370,300	98,200	100,468,500	2.22

Notes: 1. The shares included in “Number of shares held under the names of others” represents those held by Nissan’s crossholding share association (address: 6-17-1 Ginza, Chuo-ku, Tokyo). (Fractional numbers under 100 have been omitted.)

2. Apart from the above, there are 1,000 shares (10 units of voting rights) held by the Company in the register of shareholders that the Company does not effectively own. These shares are included in “Shares with full voting rights (Others)” in the above table ① of “Shares issued.”

(8) Stock option plans

The Company has adopted a stock option plan (the “Plan”) under which share subscription rights are granted to directors and employees of the Company and its subsidiaries and affiliates in accordance with the former Commercial Code of Japan before its revision in 2001 and the Company law.

The details of the Plan which were approved at the annual general meetings of the shareholders are summarized as follows:

The Plan under Articles 280-20 and 280-21 of the former Commercial Code of Japan before its revision in 2001

Resolution at 103rd annual general meeting of the shareholders:

Date for resolution	June 20, 2002								
Individuals covered by the Plan	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Employees of the Company</td> <td style="text-align: right;">548</td> </tr> <tr> <td>Directors of the Company’s subsidiaries</td> <td style="text-align: right;">101</td> </tr> <tr> <td>Employees of the Company’s subsidiaries</td> <td style="text-align: right;">5</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">654</td> </tr> </table>	Employees of the Company	548	Directors of the Company’s subsidiaries	101	Employees of the Company’s subsidiaries	5	Total	654
Employees of the Company	548								
Directors of the Company’s subsidiaries	101								
Employees of the Company’s subsidiaries	5								
Total	654								
Type of shares to be issued upon the exercise of the share subscription rights	Common stock								
Number of share subscription rights	124,050 units								
Number of shares to be issued upon the exercise of the share subscription rights	12,405,000 shares								
Amount to be subscribed upon the exercise of the share subscription rights	¥93,200 (¥932 per share) *								
Exercise period	From May 8, 2005 to May 8, 2010								
Conditions for the exercise of the share subscription rights	<p>① Individuals to whom the share subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.</p> <p>② The Company’s operating results must meet certain predetermined targets.</p> <p>③ The Holders shall achieve their own predetermined performance targets.</p> <p>The details concerning conditions ① to ③ above and certain other conditions shall be as set forth in the “Share subscription rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.</p>								
Transfer of share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.								
Matters relating to subrogation payment	—								
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—								

\* If either of the cases 1) or 2) below takes place on or after the date for issuance, the exercise price shall be adjusted by applying the following formula (hereinafter the “Exercise Price Adjustment Formula”), respectively, with the resulting fractions less than one yen to be rounded up.

1) If the Company conducts a stock split or a reverse stock split for the Company shares of common stock:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split/reverse stock split}}$$

2) If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price (excluding cases of the exercise of share subscription rights and the exercise of warrants for the purchase of shares of common stock under the Commercial Code of Japan before the enforcement of the Law Regarding Partial Revision of the Commercial Code, etc. (Law No. 128, 2001)).

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

Resolution at 104th annual general meeting of the shareholders:

Date for resolution	June 19, 2003								
Individuals covered by the Plan	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Employees of the Company</td> <td style="text-align: right;">590</td> </tr> <tr> <td>Directors of the Company's subsidiaries</td> <td style="text-align: right;">96</td> </tr> <tr> <td>Employees of the Company's subsidiaries</td> <td style="text-align: right;">4</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">690</td> </tr> </table>	Employees of the Company	590	Directors of the Company's subsidiaries	96	Employees of the Company's subsidiaries	4	Total	690
Employees of the Company	590								
Directors of the Company's subsidiaries	96								
Employees of the Company's subsidiaries	4								
Total	690								
Type of shares to be issued upon the exercise of the share subscription rights	Common stock								
Number of share subscription rights	127,700 units								
Number of shares to be issued upon the exercise of the share subscription rights	12,770,000 shares								
Amount to be subscribed upon the exercise of the share subscription rights	¥120,200 (¥1,202 per share) *								
Exercise period	From April 17, 2006 to June 19, 2013								
Conditions for the exercise of the share subscription rights	<p>① Partial exercise of each share subscription right is not allowed.</p> <p>② Individuals to whom the share subscription rights are granted (the "Holders") must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.</p> <p>③ The Company's operating results must meet certain predetermined targets.</p> <p>④ The Holders shall achieve their own predetermined performance targets.</p> <p>The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the "Share subscription rights Allocation Agreement" executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.</p>								
Transfer of share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.								
Matters relating to subrogation payment	—								
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—								

\* If either of the cases 1) or 2) below takes place on or after the date for issuance, the exercise price shall be adjusted by applying the following formula (hereinafter the "Exercise Price Adjustment Formula"), respectively, with the resulting fractions less than one yen to be rounded up.

1) If the Company conducts a stock split or a reverse stock split for the Company shares of common stock:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split/reverse stock split}}$$

2) If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price (excluding cases of the exercise of share subscription rights and the exercise of warrants for the purchase of shares of common stock under the Commercial Code of Japan before the enforcement of the Law Regarding Partial Revision of the Commercial Code, etc. (Law No. 128, 2001)).

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

Resolution at 105th annual general meeting of the shareholders:

Date for resolution	June 23, 2004								
Individuals covered by the Plan	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Employees of the Company</td> <td style="text-align: right;">620</td> </tr> <tr> <td>Directors of the Company's subsidiaries</td> <td style="text-align: right;">88</td> </tr> <tr> <td>Employees of the Company's subsidiaries</td> <td style="text-align: right;">4</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">712</td> </tr> </table>	Employees of the Company	620	Directors of the Company's subsidiaries	88	Employees of the Company's subsidiaries	4	Total	712
Employees of the Company	620								
Directors of the Company's subsidiaries	88								
Employees of the Company's subsidiaries	4								
Total	712								
Type of shares to be issued upon the exercise of the share subscription rights	Common stock								
Number of share subscription rights	131,500 units								
Number of shares to be issued upon the exercise of the share subscription rights	13,150,000 shares								
Amount to be subscribed upon the exercise of the share subscription rights	¥111,900 (¥1,119 per share) *								
Exercise period	From April 26, 2007 to June 23, 2014								
Conditions for the exercise of the share subscription rights	<p>① Partial exercise of each share subscription right is not allowed.</p> <p>② Individuals to whom the share subscription rights are granted (the "Holders") must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.</p> <p>③ The Company's operating results must meet certain predetermined targets.</p> <p>④ The Holders shall achieve their own predetermined performance targets.</p> <p>The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the "Share subscription rights Allocation Agreement" executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.</p>								
Transfer of share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.								
Matters relating to subrogation payment	—								
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—								

\* If either of the cases 1) or 2) below takes place on or after the date for issuance, the exercise price shall be adjusted by applying the following formula (hereinafter the "Exercise Price Adjustment Formula"), respectively, with the resulting fractions less than one yen to be rounded up.

1) If the Company conducts a stock split or a reverse stock split for the Company shares of common stock:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split/reverse stock split}}$$

2) If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price (excluding cases of the exercise of share subscription rights and the exercise of warrants for the purchase of shares of common stock under the Commercial Code of Japan before the enforcement of the Law Regarding Partial Revision of the Commercial Code, etc. (Law No. 128, 2001)).

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

Resolution at 106th annual general meeting of the shareholders:

Date for resolution	June 21, 2005						
Individuals covered by the Plan	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Employees of the Company</td> <td style="text-align: right;">456</td> </tr> <tr> <td>Directors of the Company's subsidiaries</td> <td style="text-align: right;">72</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">528</td> </tr> </table>	Employees of the Company	456	Directors of the Company's subsidiaries	72	Total	528
Employees of the Company	456						
Directors of the Company's subsidiaries	72						
Total	528						
Type of shares to be issued upon the exercise of the share subscription rights	Common stock						
Number of share subscription rights	130,750 units						
Number of shares to be issued upon the exercise of the share subscription rights	13,075,000 shares						
Amount to be subscribed upon the exercise of the share subscription rights	¥152,600 (¥1,526 per share) *						
Exercise period	From May 9, 2008 to June 20, 2015						
Conditions for the exercise of the share subscription rights	<p>① Partial exercise of each share subscription right is not allowed.</p> <p>② Individuals to whom the share subscription rights are granted (the "Holders") must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.</p> <p>③ The Company's operating results must meet certain predetermined targets.</p> <p>④ The Holders shall achieve their own predetermined performance targets.</p> <p>The details concerning conditions ② to ④ above and certain other conditions shall be as set forth in the "Share subscription rights Allocation Agreement" executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.</p>						
Transfer of share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.						
Matters relating to subrogation payment	—						
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—						

\* If either of the cases 1) or 2) below takes place on or after the date for issuance, the exercise price shall be adjusted by applying the following formula (hereinafter the "Exercise Price Adjustment Formula"), respectively, with the resulting fractions less than one yen to be rounded up.

1) If the Company conducts a stock split or a reverse stock split for the Company shares of common stock:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split/reverse stock split}}$$

2) If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price (excluding cases of the exercise of share subscription rights and the exercise of warrants for the purchase of shares of common stock under the Commercial Code of Japan before the enforcement of the Law Regarding Partial Revision of the Commercial Code, etc. (Law No. 128, 2001)).

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

The Plan under Articles 236, 238 and 239 of the Company law

Resolution at 107th annual general meeting of the shareholders:

Date for resolution	June 27, 2006
Individuals covered by the Plan	Employees of the Company 23
Type of shares to be issued upon the exercise of the share subscription rights	Common stock
Number of share subscription rights	6,800 units
Number of shares to be issued upon the exercise of the share subscription rights	680,000 shares
Amount to be subscribed upon the exercise of the share subscription rights	¥133,300 (¥1,333 per share)*
Exercise period	From May 9, 2009 to June 26, 2016
Conditions for the exercise of the share subscription rights	<p>① Partial exercise of each share subscription right is not allowed.</p> <p>② Individuals to whom the share subscription rights are granted (the “Holders”) must continue their service with the Company or its subsidiaries or affiliates in the state of being employed or entrusted until the share subscription rights become exercisable.</p> <p>③ The Company’s operating results must meet certain predetermined targets.</p> <p>④ The Holders shall achieve their own predetermined performance targets.</p> <p>⑤ A Holder shall not be able to exercise his/her share subscription rights in case he/she violates any applicable laws or various internal rules of the Company, etc.</p> <p>⑥ A Holder shall not be able to exercise his/her share subscription rights in case he/she is subject to a disciplinary action equivalent to or more serious than a suspension of attendance, which is stipulated in the Working Regulations of the Company, etc.</p> <p>⑦ A Holder shall not be able to exercise his/her share subscription rights in case he/she abandons the share subscription rights.</p> <p>The details concerning conditions ② to ⑦ above and certain other conditions shall be as set forth in the “Share subscription rights Allocation Agreement” executed and entered into by and between the Company and each Holder based on a resolution of the Board of Directors.</p>
Transfer of share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to subrogation payment	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—

\* If either of the cases 1) or 2) below takes place on or after the date for issuance, the exercise price shall be adjusted by applying the following formula (hereinafter the “Exercise Price Adjustment Formula”), respectively, with the resulting fractions less than one yen to be rounded up.

1) If the Company conducts a stock split or a reverse stock split for the Company shares of common stock:

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split/reverse stock split}}$$

2) If the Company issues shares of common stock or disposes of its treasury stock at prices less than the then-current market price (excluding cases of i) the purchase of treasury stock of shares under Article 194 (Request from shareholders who own shares under one unit against the Company to sell shares so that such shareholder’s shares become one unit of shares) of the Company law, ii) conversion of securities to be converted or convertible to the Company’s shares of common stock or iii) share subscription rights with which the holder can request issuance of the Company’s shares of common stock) (including those attached to the bonds with warrants for the purchase of shares of common stock)).

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{Exercise price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$



Resolution at the 108th annual general meeting of the shareholders:

Date for resolution	June 20, 2007
Individuals covered by the Plan	Employees of the Company, and directors and employees of the Company's subsidiaries and affiliates
Type of shares to be issued upon the exercise of the share subscription rights	Common stock
Number of share subscription rights	160,000 units at maximum
Number of shares to be issued upon the exercise of the share subscription rights	16,000,000 shares at maximum
Amount to be subscribed upon the exercise of the share subscription rights	Note*
Exercise period	To be determined by the Board of Directors for a period within the range of 10 years from the date for resolution
Conditions for the exercise of the share subscription rights	Partial exercise of each share subscription right is not allowed. ② Other conditions for the exercise of the share subscription rights shall be determined by the Board of Directors.
Transfer of share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to subrogation payment	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—

\* The amount to be paid by the Holders upon the exercise of each share subscription right shall be the amount calculated by multiplying the amount to be subscribed per share (hereinafter the "Exercise Price") for the Company's shares of common stock that may be issued upon the exercise of share subscription rights by the number of shares granted.

The initial Exercise Price shall be the amount (with fractions less than one yen to be rounded up) calculated by multiplying the average of the closing prices (hereinafter the "Closing Price") of the Company's common stock in the course of ordinary transactions at the Tokyo Stock Exchange during a predetermined period before the date for allotment of the share subscription rights (hereinafter the "Allotment Date") by a factor (which shall be not less than 1.025 to be determined by the Board of Directors of the Company). Provided, however, that if said amount is below the Closing Price of the Company's common stock on the Allotment Date (the closing price of the closest business day of transactions prior to that day if no transactions were made on that day), the Closing Price on the Allotment Date shall be the Exercise Price as per the determination of the Board of Directors.

If the Company conducts a stock split or a reverse stock split for the Company's shares of common stock after the Allotment Date, the Exercise Price shall be adjusted by applying the following formula, with the resulting fractions less than one yen to be rounded up.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split/reverse stock split}}$$

If the Company issues shares of common stock or disposes of its treasury stock after the Allotment Date at prices less than the then-current market price (excluding cases of i) the purchase of treasury stock of shares under Article 194 (Request from shareholders who own shares under one unit against the Company to sell shares so that such shareholders' shares become one unit of shares) of the Company law, ii) the conversion of securities to be converted or convertible to the Company's shares of common stock or iii) the exercise of share subscription rights (including those attached to the bonds with warrants for the purchase of shares of common stock) with which the shareholder can request issuance of the Company's shares of common stock), the Exercise Price shall be adjusted by applying the following formula, with the resulting fractions less than one yen to be rounded up:

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares to be issued} \times \text{Exercise Price per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares to be issued}}$$

## 2. Acquisition of treasury stock

### Type of shares

Acquisition of shares of common stock under Article 221, Paragraph 6, of the former Commercial Code of Japan, under Article 155, Item 3, of the Company law, and Article 155, Paragraph 7, of the Company law

(1) Acquisition of treasury stock based on a resolution approved at the annual general meeting of the shareholders

Not applicable

(2) Acquisition of treasury stock based on a resolution approved by the Board of Directors

Acquisition of treasury stock under Article 155, Item 3, of the Company law

Classification	Number of shares (Thousands)	Total amount (Millions of yen)
Resolution by the Board of Directors (held on February 2, 2007) (Period for acquisition: from February 5, 2007 to March 23, 2007)	17,000	23,000
Treasury stock acquired before the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	7,810	10,312
The remaining number of shares and total amount of authorized treasury stock	9,190	12,687
Ratio of unexercised portion as of March 31, 2007 (%)	54.06	55.16
Treasury stock acquired during the period for acquisition	—	—
Ratio of unexercised portion as of the filing date of this Securities Report (%)	—	—

Classification	Number of shares (Thousands)	Total amount (Millions of yen)
Resolution by the Board of Directors (held on April 26, 2007) (Period for acquisition: from May 9, 2007 to June 29, 2007)	19,000	25,000
Treasury stock acquired before the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	—	—
The remaining number of shares and total amount of authorized treasury stock	—	—
Ratio of unexercised portion as of March 31, 2007 (%)	—	—
Treasury stock acquired during the period for acquisition	7,192	9,390
Ratio of unexercised portion as of the filing date of this Securities Report (%)	62.15	62.44

Notes: 1. The purpose of acquisition of treasury stock is to prevent the dilution of shares upon the exercise of the share subscription rights.

2. The total amount is presented net of the handling charges related to the acquisition of the shares.

3. “Treasury stock acquired during the period for acquisition” and “Ratio of unexercised portion as of the filing date of this Securities Report” above do not include the acquisition(s) of treasury stock during the period from June 1, 2007 to the filing date of this Securities Report.

(3) Acquisition of treasury stock not based on a resolution approved at the annual general meeting of the shareholders or on a resolution approved by the Board of Directors

Acquisition of treasury stock under Article 221, Paragraph 6, of the former Commercial Code of Japan

Classification	Number of shares (Thousands)	Total amount (Millions of yen)
Treasury stock acquired during the current fiscal year	2	3
Treasury stock acquired during the period for acquisition	—	—

Acquisition of treasury stock under Article 155, Paragraph 7, of the Company law

Classification	Number of shares (Thousands)	Total amount (Millions of yen)
Treasury stock acquired during the current fiscal year	43	58
Treasury stock acquired during the period for acquisition	4	6

Note: “Treasury stock acquired during the period for acquisition” does not include the number of shares under 1 unit purchased during the period from June 1, 2007 to the filing date of this Securities Report.

(4) Current status of the disposition and holding of acquired treasury stock

Classification	Current fiscal year		Period for acquisition	
	Number of shares (Thousands)	Total disposition amount (Millions of yen)	Number of shares (Thousands)	Total disposition amount (Millions of yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/corporate separation	—	—	—	—
Other (treasury stock acquired by applying the provisions for stock issuance through the exercise of share subscription rights)	29,657	32,402	2,478	2,771
Number of shares of treasury stock held	100,299	—	105,017	—

Note: “Number of shares” and “Total disposition amount” during the “Period for acquisition” does not include the shares of treasury stock acquired during the period from June 1, 2007 to the filing date of this Securities Report, nor the number and acquisition value of the shares of treasury stock acquired instead of the issuance of shares through exercise of share subscription rights, etc.

### 3. Dividend policy

At the annual general meeting of the shareholders held on June 23, 2004, the Company announced the Nissan Value-Up dividend policy for three years covering fiscal 2005–2007 to improve the transparency of returning profits to its shareholders.

The Company believes this long-term dividend policy will help investors who already have the Company's shares or possible investors who are studying to purchase them in the near future to mitigate the uncertainty regarding the Company's stock.

Specifically, our released dividend targets are ¥29 per share for the year ended March 31, 2006, ¥34 for the year ended March 31, 2007 and ¥40 for the year ending March 31, 2008. These dividend policy figures were set in view of expected free cash flow for the three-year Nissan Value-Up period and the trends of dividend policy of competitive carmakers.

The Company's basic policy on the distribution of dividends from surplus is twice annually, that is, an interim dividend and a year-end dividend, as the Company has determined in its Articles of Incorporation that the Company may distribute interim dividends as stipulated in Article 454, Paragraph 5, of the Company law. The final decision-making organization is the Board of Directors for the interim dividend, and a general meeting of the shareholders for the year-end dividend.

The Company intends to apply its internal reserve to preparations for future business development and R&D expenditures.

Note: The dividends from surplus for which the record date belongs to the current fiscal year (year ended March 31, 2007) are as follows:

Date of resolution	Total dividend amounts (Millions of yen)	Dividend per share (Yen)
Resolution of the Board of Directors meeting held on October 26, 2006	75,014	17
Resolution of the annual general meeting of the shareholders held on June 20, 2007	75,147	17

### 4. Changes in the market price of the Company's shares

#### (1) Highest and lowest prices during the past five years

	104th fiscal year	105th fiscal year	106th fiscal year	107th fiscal year	108th fiscal year
Year-end	March 2003	March 2004	March 2005	March 2006	March 2007
Highest	1,041	1,455	1,284	1,427	1,557
Lowest	763	776	1,060	1,025	1,133

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

#### (2) Highest and lowest prices during the past six months

Month	October 2006	November	December	January 2007	February	March
Highest	1,435	1,481	1,449	1,557	1,542	1,368
Lowest	1,315	1,365	1,348	1,411	1,335	1,256

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

## 5. Members of the Board of Directors and Corporate Auditors

Function	Position	Name (Date of birth)	Career Profile		Term of office (period)	Number of shares owned (Thousands)
Representative Director Director Co-Chairman President	CEO	Carlos Ghosn (March 9, 1954)	1996 October 1996 December 1999 June 2000 June 2001 June 2002 February 2003 June  2004 April 2005 April  2007 May	Joined Renault Executive Vice President of Renault COO of the Company President and COO of the Company President and CEO of the Company Director of Alcoa Inc. (Current position) Co-Chairman, President and CEO of the Company (Current position) President and Chairman of Nissan North America Inc. President and CEO of Renault (Current position) Representative Director and Chairman of RNBV (Current position) Chairman of Nissan North America Inc.	Two years from June 2007	1,058
Representative Director Director Co-Chairman	Executive Vice President	Itaru Koeda (August 25, 1941)	1965 April 1990 July  1993 June 1998 May 1999 May 2003 June 2003 July	Joined the Company Deputy Managing Director of Nissan Motor Manufacturing (UK) Ltd. Director of the Company Managing Director of the Company Executive Vice President of the Company Co-Chairman and Executive Vice President of the Company (Current position) Director of Renault (Current position)	Two years from June 2007	73
Representative Director	COO	Toshiyuki Shiga (September 16, 1953)	1976 April 1999 July  2000 April 2005 April 2005 June	Joined the Company General Manager of Corporate Planning Dept. and Alliance Coordination Office Senior Vice President of the Company COO of the Company Representative Director and COO of the Company (Current position)	Two years from June 2007	24
Director	Executive Vice President	Hiroto Saikawa (November 14, 1953)	1977 April 2000 October 2003 April 2005 April 2005 June  2006 May 2007 May	Joined the Company General Manager of Purchasing Strategy Dept. Senior Vice President of the Company Executive Vice President of the Company Executive Vice President and Director of the Company (Current position) Director of Renault (Current position) President of Nissan North America Inc.	Two years from June 2007	3
Director	Executive Vice President	Mitsuhiro Yamashita (April 17, 1953)	1979 April 2001 February 2002 April 2004 April 2005 April 2005 June	Joined the Company General Manager of Vehicle Design Engineering Dept. No.1 President of Nissan Technical Center North America Inc. Senior Vice President of the Company Executive Vice President of the Company Executive Vice President and Director of the Company (Current position)	Two years from June 2007	6
Director	Executive Vice President	Carlos Tavares (August 14, 1958)	1981 October 1996 July 1999 April 2004 April  2004 December  2005 April 2005 June	Joined Renault General Manager of Layout in Advanced Engineering, Renault Director of C-Segment Program, Renault Joined the Company Program Director in charge of C platform projects Vice President of the Company, Product Strategy and Product Planning Div. Executive Vice President of the Company Executive Vice President and Director of the Company (Current position)	Two years from June 2007	1
Director	Executive Vice President	Hidetoshi Imazu (May 15, 1949)	1972 April 1998 April  2002 April 2007 April 2007 June	Joined the Company General Manager, Chassis Engineering Div. of the Company Senior Vice President of the Company Executive Vice President of the Company Executive Vice President and Director of the Company (Current position)	Two years from June 2007	13

Function	Position	Name (Date of birth)	Career Profile		Term of office (period)	Number of shares owned (Thousands)
Director	Vice-Chairman	Tadao Takahashi (January 10, 1945)	1968 April 1996 May 1998 June 1999 June 2002 April 2002 June  2007 April	Joined the Company General Manager of Engineering Dept. No.1 Director of the Company Senior Vice President of the Company Executive Vice President of the Company Executive Vice President and Director of the Company (Current position) Vice-Chairman and Director of the Company (Current position)	Two years from June 2007	50
Director		Shemaya Levy (November 11, 1947)	1972 January 1994 March 1998 October  2002 March  2002 June	Joined Renault Chairman and CEO of Renault VI Executive Vice President of Renault, Chairman of Compagnie Financière Renault Executive Vice President of Renault S.A.S., Chairman of Compagnie Financière Renault Director of the Company (Current position)	Two years from June 2007	—
Director		Patrick Pelata (August 24, 1955)	1984 July 1996 July  1999 January  1999 June  1999 July  2005 April 2005 July	Joined Renault Vice President in charge of Chassis Engineering of Renault Executive Vice President in charge of Vehicle Development of Renault Executive Vice President and Director of the Company Chairman of Nissan Design America, Inc. (Current position) Director of the Company (Current position) Senior Executive Vice President of Renault (Current position)	Two years from June 2007	20
Corporate auditor	Standing	Hisayoshi Kojima (January 19, 1941)	1964 April 1989 June  1993 June 1997 June 1999 May  2002 April 2002 June 2005 April 2005 June	Joined the Company General Manager of Production Engineering Dept. No. 2 Director of the Company Managing Director of the Company Executive Vice President and Director of the Company Director of the Company President of JATCO Co., Ltd. Advisor of JATCO Co., Ltd. (Current position) Corporate Auditor of the Company (Current position)	Four years from June 2005	84
Corporate auditor	Standing	Takeo Otsubo (July 2, 1948)	1971 April 1996 May  1997 November  1998 February  1999 June  2000 May  2002 June  2004 April  2006 June	Joined The Industrial Bank of Japan Co., Ltd. Director (Finance Office) of The Asian Development Bank Vice Manager, General Planning Division, of The Industrial Bank of Japan Co., Ltd. General Manager, Accounting Dept., of The Industrial Bank of Japan Co., Ltd. Corporate Officer and Chairman, Southeast Asia Committee of The Industrial Bank of Japan Co., Ltd. Managing Director and General Manager (Treasury Dept.), Kowa Real Estate Co., Ltd. Senior Managing Director, Mizuho Research Institute Ltd. Director, Environmental Restoration and Conservation Agency Corporate Auditor of the Company (Current position)	Four years from June 2006	0

Function	Position	Name (Date of birth)	Career Profile		Term of office (period)	Number of shares owned (Thousands)
Corporate auditor	Standing	Toshiyuki Nakamura (July 26, 1951)	1974 April 1998 June  2002 April 2003 April  2004 June 2005 June  2006 April 2006 June	Joined The Bank of Yokohama, Ltd. General Manager (Finance Dept.) of The Bank of Yokohama, Ltd. Corporate Officer and General Manager, Kawasaki Branch of The Bank of Yokohama, Ltd. Senior Corporate Officer, General Manager, Kawasaki Branch and General Manager, Sales Division at the Kawasaki and Yokohama-kita Block of The Bank of Yokohama, Ltd. Representative Director and COO of The Bank of Yokohama, Ltd. Representative Director and General Manager, Sales Promotion Dept. and CS Promotion Dept., of The Bank of Yokohama, Ltd. Director of The Bank of Yokohama, Ltd. Corporate Auditor of the Company (Current position)	Four years from June 2006	1
Corporate auditor	Part-time	Haruo Murakami (January 30, 1939)	1961 April 1986 February  1987 April 1989 May  1998 June  2001 December 2002 August  2003 June  2003 December 2004 June  2006 June	Joined Japanese National Railways Superintendent, Morioka Railway Operation Division, Japanese National Railways Director of Railways Telecommunications Co., Ltd Director and Technical General Manager of Japan Telecom President and Representative Director of Japan Telecom Chairman and Representative Director of Japan Telecom Chairman and Representative Director of Japan Telecom Holdings, Chairman and Director of Japan Telecom Senior Advisor and Director of Japan Telecom Holdings Chairman of Japan Telecom Chairman of Japan Telecom Corporate Auditor of the Company (Current position) Part-time Counselor of Japan Telecom (currently SOFTBANK TELECOM Corp.) (Current position)	Four years from June 2004	13
Total						1,351

- Notes:
1. Shemaya Levy fulfills the criteria to be qualified as an external director of the Company as set forth in Article 2, Item 15, of the Company law.
  2. Takeo Otsubo, Toshiyuki Nakamura and Haruo Murakami are external corporate auditors as stipulated in Article 2, Item 16, of the Company law.
  3. The Company set up a Corporate Officer system in order to revitalize the Board of Directors by segregating decision-making and control functions from the executive functions and to enable capable individuals to be appointed based solely on their ability.

The number of Corporate Officers is 49 including the directors listed above (Carlos Ghosn, Itaru Koeda, Toshiyuki Shiga, Hiroto Saikawa, Mitsuhiko Yamashita, Carlos Tavares, Hidetoshi Imazu and Tadao Takahashi.). The other 41 members are as follows; Shiro Nakamura, Kazuhiko Toida, Kimiyasu Nakamura, Junichi Endo, Hitoshi Kawaguchi, Minoru Shinohara, Yo Usuba, Shigeo Shingyoji, Yoshiaki Watanabe, Colin Dodge, Kazumasa Katoh, Philippe Klein and Toshiharu Sakai (Senior Vice Presidents) and Asako Hoshino, Akira Kaetsu, Akira Sato, Toshio Aoki, Yasuaki Hashimoto, Shoichi Miyatani, Keiichi Murata, Shuichi Otani, Simon Sproule, Celso Guiotoku, Shigeaki Kato, Haruyoshi Kumura, Akihiro Otomo, Andrew Palmer, Emmanuel Delay, Akihiro Ishiwatari, Thomas Lane, Gilles Normand, Atsushi Shizuta, Joji Tagawa, Thierry Viadieu, Yasuhiro Yamauchi, Toshifumi Hirai, Atsushi Hirose, Takao Katagiri, Mark McNabb, Masaaki Nishizawa (Corporate Vice Presidents) and Kimio Tomita (Fellow).

4. The number of shares less than 1,000 is omitted.

## 6. Corporate governance

### Basic corporate governance policy

Corporate governance is an important responsibility 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.

#### 1. The Company's organization and the status of its internal control systems

##### (1) The Company's organization

The Company's Board of Directors makes decisions on important business operations and supervises the execution of duties by the respective Directors. According to a resolution at the 108th annual meeting of shareholders held on June 20, 2007, the number of Directors has been increased from 9 to 10, of which one is an external Director. The structure of Board of Directors is simplified in the pursuit of more efficient and flexible management, and the authority for business execution is clearly delegated wherever possible to corporate officers and employees. Furthermore, the Executive Committee deliberates important corporate matters.

The Company adopts a Corporate Auditor system. The Board of Corporate Auditors consists of four Corporate Auditors, including three external Corporate Auditors. Three of the four Corporate Auditors are standing auditors. The Corporate Auditors conduct audits of the Directors' business execution in accordance with the auditing standards and policies determined by the Board of Corporate Auditors. In addition, the Company has set up the Corporate Auditors' Office, the staff of which assists the Corporate Auditors in conducting their duties.

##### (2) Status of the Company's internal control systems

The Company focuses on highly transparent management internally and externally, and aims to conduct consistent and efficient management to firmly achieve its specific commitments. Under this basic policy, the Company's Board of Directors has determined "systems to ensure proper and appropriate corporate operations" in accordance with the Company law and the Company Law Enforcement Regulations, and appointed a Director in charge of general internal control. The summary and status of such systems are as follows.

- i) Systems to ensure efficient execution of duties by the Directors
  - a. The Company has the Board of Directors, which makes decisions on important business operations and supervises the execution of duties by the respective Directors. The Board of Corporate Auditors conducts audits of the Directors' business execution.
  - b. The size of the Board of Directors is minimized to ensure efficient and flexible management, and the authority for business execution is clearly delegated wherever possible to corporate officers and employees.
  - c. The Company has the Executive Committee for deliberations on important corporate matters.
  - d. The Company has the Management Committee for deliberations on matters specific to a certain region or business field.
  - e. The Company has the Cross Functional Team (CFT) to encourage cross-functional activities. The CFT identifies tasks and challenges for the Company to address and shares them with each functional line.
  - f. The Company adheres to clear and transparent standards for the delegation of authority to expedite internal decision making and clarify the process of decision making.
- ii) Systems to ensure that the execution of duties by the Directors and employees is compliant with applicable laws and regulations, as well as the Company's Articles of Corporation.
  - a. We take measures to familiarize all employees of domestic and foreign Group companies with the Nissan Global Code of Conduct.
  - b. We offer an extensive range of educational opportunities, including e-learning programs to ensure compliance with the Code of Conduct.
  - c. The Company's Directors and Corporate Officers are expected to follow the Compliance Guide for Directors and Corporate Officers.
  - d. The Global Compliance Committee was established to review the status of compliance with the Code of Conduct and the Compliance Guide so that they are fully obeyed.
  - e. The Easy Voice System is in operation to allow employees to freely communicate their opinions, questions and requests directly to a dedicated department.
  - f. Internal regulations, such as the Regulations for the Prevention of Global Insider Transactions and the Regulations for the Management of Private Information, have been established or enhanced, and educational programs are offered to raise awareness of and familiarize staff with these regulations.



- g. We make ongoing efforts to reinforce internal control systems to maximize the accuracy and reliability of financial reports.
  - h. For effective and efficient oversight of the Company's overall activities, internal audit teams are organized to oversee the business activities at the Company and its group companies and inspect compliance with laws and regulations, the Articles of Incorporation and corporate ethics on a regular basis.
- iii) Regulations and systems for managing risks of loss
- a. We make efforts to detect risks as early as possible and craft and carry out appropriate measures to address such risks, and we seek to minimize their incidence and the damage caused when they do arise.
  - b. We make efforts to identify risks arising from the Company's and its group companies' activities from a variety of perspectives, and prioritize them on the basis of their frequency, damage and control level.
  - c. Members of the Executive Committee directly monitor risks that must be controlled at the corporate or cross-functional level by taking concrete measures, such as formulating risk management manuals, under their leadership.
  - d. Individual risks that are not at the corporate level are managed with the responsibility of the relevant sections by taking necessary measures on a daily basis to minimize the occurrence of such risks.
- iv) Systems for storing and managing information associated with the performance of duties by the Directors
- a. In accordance with the applicable laws and rules of the Board of Directors, the minutes of the meetings of the Board of Directors that are related to the performance of duties by the Directors are stored and maintained in an appropriate manner.
  - b. When the standards for delegation of authority apply for approvals that are required in the course of business execution at the Company's departments, such approvals are made electronically or in writing, and such records are stored and maintained in an appropriate manner.
  - c. Information as mentioned above is under the strict confidentiality control of the relevant sections, and is available for inspection whenever so requested by the Directors and the Corporate Auditors out of necessity for business execution.
  - d. We make efforts to enhance the regulations for information security and storage and maintenance of written documents to ensure the appropriate management of information and prevent leakage and inappropriate use of information.
- v) Systems for ensuring the integrity of business activities at the Company and group companies
- a. For effective, efficient and unified management of the Group, the Management Committees are organized on a cross-company basis.
  - b. Through the Management Committees, the Company delivers information to its group companies in Japan and overseas, and shares its management policies with them to help expedite their decision-making processes.
  - c. The Company's group companies maintain clear and transparent standards for the delegation of authority.
  - d. Under the Nissan Global Code of Conduct, the group companies formulate their own codes of conduct, and establish Compliance Committees to ensure legal compliance and enhance corporate ethics. The Global Compliance Committee carries out regular checks of the compliance situation at the group companies in Japan and overseas, working to strengthen the Company's legal and ethical functions. The group companies adopt the Easy Voice System to facilitate internal reporting on violations. This system allows employees to freely communicate their opinions, questions and requests directly to their companies or the Company.
  - e. The Company's Internal Audit Office oversees the business activities at the group companies and monitors their situations of compliance with laws and regulation, and the status of risk management. Major group companies have their own internal audit teams, which carry out individual audit functions, under the control of the Internal Audit Office.
  - f. The Company's Corporate Auditors regularly exchange information and opinions with the auditors of the group companies to ensure effective oversight of all of Nissan's activities groupwide.
- vi) Matters concerning employees and their independency from the Directors when the Corporate Auditors ask employees to assist them in carrying out their duties.
- a. The Corporate Auditors' Office is organized as a unit to assist the operations of the Corporate Auditors. The Office is staffed with employees in administrative positions, who perform their duties under the direction of the Corporate Auditors.
  - b. Appraisal of the employees placed in the Auditors' Office is made through discussions among the Corporate Auditors. The transfer of and disciplinary action against such employees require the prior consent of the Board of Corporate Auditors.
- vii) Systems for the Directors and employees to report to the Corporate Auditors and other systems related to reporting to the Corporate Auditors

- a. The Corporate Auditors carry out audits according to the annual auditing plan that they design. The plan specifies the reporting of business activities by various units of the Company, according to which the Directors and the employees provide such reports.
- b. The Directors, whenever they discover facts that cause or might cause significant damage to the Company, report that directly to the Corporate Auditors.
- c. The Directors and the employees, whenever asked by the Corporate Auditors to report on the status of business activities, respond expeditiously.
- d. The Internal Audit Office delivers periodic reports on its audit plans and results to the Corporate Auditors.

viii) Other systems for ensuring the effective performance of audits by the Corporate Auditors

- a. To strengthen independency, more than half of the Company's Corporate Auditors are external auditors. The Corporate Auditors hold regular meetings to exchange and share information and opinions among themselves. They also meet for discussions whenever so required.
- b. The Representative Directors, including the President, and the Corporate Auditors hold regular meetings to exchange opinions on an extensive range of issues.

(3) Status of internal and corporate audits

In Japan, the Domestic Internal Audit Office, which is independent from other sections and comprises 11 staff, conducts internal audits of the Company's and its domestic consolidated subsidiaries' operations, under the President's direct control. With respect to foreign subsidiaries, an effective, efficient and global internal audit is conducted by the internal audit teams established in the management companies in each region, all of which are controlled by the Chief Internal Audit Officer (CIAO)

The Corporate Auditors oversee the business execution of the Directors by attending the Board of Directors' meetings and other significant meetings and hearing from the Directors on business activities regularly and whenever necessary. The Corporate Auditors also meet regularly with the Representative Directors to exchange opinions on an extensive range of issues. The Board of Corporate Auditors tries to enhance audit efficiency by sharing information among the Corporate Auditors. The Corporate Auditors also receive regular reports on the results of inspections and plans for future audits from, and exchange opinions with, the internal audit teams throughout the Company's organization, making use of this data as they craft their approaches. In addition, the Corporate Auditors receive such reports from the independent auditors, as well as reports on the status of the quality control of internal audits, to confirm whether their oversight is at a suitable level.

(4) Audit of financial statements

The Company appoints Ernst & Young ShinNihon as its independent auditors. The Certified Public Accountants engaged in the audits of financial statements are as follows:

The name of the Certified Public Accountants engaged in the financial statement audit	
Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Kenji Ota
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

As the years of continuous service in audit are less than seven years for all the Certified Public Accountants, the relevant statement is omitted.

Ernst & Young ShinNihon has taken its own autonomous measures so that each Engagement Partner is not involved in the audit of the Company's accounting for a period over a predetermined tenure.

Assistants to the audit of the financial statements include 13 Certified Public Accountants, 22 junior accountants and four others, including system specialists.

(5) Relationships between external Directors and external Corporate Auditors and the Company

Shemaya Levy, the Company's external Director, had served as Senior Vice President of Renault from March 2002 to March 2004, and Renault held 44.3% of the shares of the Company's common stock as of March 31, 2007.

Takeo Otsubo and Toshiyuki Nakamura—the Company's external Corporate Auditors—have no particular business relationship with the Company.

Haruo Murakami, the Company's external Corporate Auditor, currently serves as a Part-Time Counselor for SOFTBANK TELECOM Corp. There are business transactions between SOFTBANK TELECOM and the Company: SOFTBANK TELECOM provided the Company with various services and facilities such as network maintenance and telephone lines during the fiscal year under review. However, Mr. Murakami himself does not have a direct business relationship with the Company.

- (6) Number of Directors  
The Company stipulates in the Articles of Incorporation that the number of Directors of the Company shall be six or more .
- (7) Resolution requirement for election of Directors  
The Company stipulates in the Articles of Incorporation that resolutions for the election of Directors shall be adopted by a majority vote of the shareholders present who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.
- (8) Decision-making organization with respect to interim dividend  
The Company stipulates in the Articles of Incorporation that the decision on the payment of interim dividend shall be made by the resolution of the Board of Directors for the purpose of returning profit to shareholders in a flexible manner.
- (9) Decision-making organization with respect to acquisition of own shares  
The Company stipulates in the Articles of Incorporation that the Company may, by resolution of the Board of Directors, acquire its own shares through market trading etc. as provided for in Article 165, Paragraph 2 of the Corporation Law for the purpose of implementing the Company's capital strategy in a flexible manner.

## 2. Compensation paid to Directors and Corporate Auditors

Compensation paid to the Company's Directors consists of a fixed amount of remuneration in cash and share appreciation rights as resolved at the 104th annual shareholders' meeting held on June 19, 2003. The cash remuneration is limited to a maximum of ¥2.6 billion per annum as resolved at the 106th annual shareholders' meeting held on June 21, 2005, and the amount to be paid to each Director is determined based on the business results and reflecting the firm's global competitiveness.

On the other hand, the share appreciation rights are given as incentives to the Directors to stimulate their motivation to the sustainable and profitable growth of the Company. This incentive is linked to the Company's medium- or long-term business results and is limited to the equivalent of 6 million shares of the Company's common stock per annum.

The remuneration paid to the Corporate Auditors is limited to a yearly amount of ¥120 million as resolved at the 106th annual shareholders' meeting held on June 21, 2005. This compensation is designed to promote stable and transparent auditing.

For the current fiscal year, the aggregate amount disbursed to the Directors and the Corporate Auditors was ¥2,518 million to nine Directors and ¥68 million to four Corporate Auditors. These amounts include a total amount of ¥45 million disbursed to an external Director and three external Corporate Auditors. In addition, share appreciation rights equivalent to 5.1 million shares were granted to eight Directors. (For reference, the fair value of these shares calculated using the share price when the appreciation rights were granted would be ¥222.30 per share.) The number of share appreciation rights authorized to be exercised will be decided in response to the predetermined achievement degree of each Director's performance targets, with the upper limit corresponding to the aforementioned 5.1 million shares.

## 3. Remuneration to independent auditors

Remuneration paid to the independent auditors is summarized as follows:

- Remuneration for services stipulated by the Certified Public Accountant Law, Article 2, Paragraph 1 (Law No. 103, 1948), for the current fiscal year: ¥521 million
- Remuneration for other services for the current fiscal year: ¥17 million

## 4. Outline of the limited liability contract with external Directors and Corporate Auditors

The Company's external Directors and Corporate Auditors hold a limited liability contract with the Company as stipulated by Article 423, paragraph 1, of the Company law. The contract prescribes that the maximum amount for which the external directors and auditors are liable shall be the higher of ¥5 million or the lowest limit specified by statute.

## 5. Financial Information

### 1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the Ministry of Finance Ordinance No. 28, 1976 “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (“Regulations for Consolidated Financial Statements”).

However, the consolidated financial statements for the prior fiscal year (from April 1, 2005 to March 31, 2006) have been prepared in accordance with the “Regulations for Consolidated Financial Statements” before amendment, whereas the consolidated financial statements for the current fiscal year (from April 1, 2006 to March 31, 2007) have been prepared in accordance with the “Regulations for Consolidated Financial Statements” after amendment.

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Non-Consolidated Financial Statements” (“Regulations for Non-Consolidated Financial Statements”) (Ministry of Finance Ordinance No. 59, 1963).

However, the non-consolidated financial statements for the prior fiscal year (from April 1, 2005 to March 31, 2006) have been prepared in accordance with the “Regulations for Non-Consolidated Financial Statements” before amendment, whereas the non-consolidated financial statements for the current fiscal year (from April 1, 2006 to March 31, 2007) have been prepared in accordance with the “Regulations for Non-Consolidated Financial Statements” after amendment.

### 2. Audit reports

Pursuant to Article 193-2 of “The Securities and Exchange Law,” the consolidated financial statements for the prior fiscal year (from April 1, 2005 to March 31, 2006) and those for the current fiscal year (from April 1, 2006 to March 31, 2007), and the non-consolidated financial statements for the prior fiscal year (from April 1, 2005 to March 31, 2006) and those for the current fiscal year (from April 1, 2006 to March 31, 2007) were audited by Ernst & Young ShinNihon.

## 1. Consolidated Financial Statements

### (1) Consolidated financial statements

#### Consolidated balance sheets

Accounts	Notes	Prior Fiscal Year (As of March 31, 2006)		Current Fiscal Year (As of March 31, 2007)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
<b>Assets</b>					
I. Current assets					
1. Cash on hand and in banks		414,772		457,925	
2. Trade notes and accounts receivable	3 6	488,600		679,119	
3. Sales finance receivables	3	3,589,127		3,557,223	
4. Securities		11,589		28,255	
5. Finished goods		607,149		712,696	
6. Other inventories		249,350		291,975	
7. Deferred tax assets		314,859		324,979	
8. Other		434,787		536,797	
9. Allowance for doubtful accounts		(87,979)		(96,083)	
Total current assets		6,022,254	52.5	6,492,886	52.4
II. Fixed assets					
1. Property, plant and equipment	1 3				
(1) Buildings and structures		695,733		713,159	
(2) Machinery, equipment and vehicles	2	2,320,825		2,726,338	
(3) Land		740,716		733,651	
(4) Construction in progress		240,270		152,829	
(5) Other		441,264	38.7	551,211	39.3
2. Intangible fixed assets	3 4	186,949	1.6	185,313	1.5
3. Investments and other assets					
(1) Investment securities	5	403,386		386,212	
(2) Long-term loans receivable		18,520		26,322	
(3) Deferred tax assets		163,550		157,495	
(4) Other	3	250,272		281,204	
(5) Allowance for doubtful accounts		(2,821)	7.2	(4,412)	6.8
Total fixed assets		5,458,664	47.5	5,909,322	47.6
III. Deferred charges					
Discounts on bonds		508		—	
Total deferred charges		508	0.0	—	—
Total assets		11,481,426	100.0	12,402,208	100.0

Accounts	Notes	Prior Fiscal Year (As of March 31, 2006)		Current Fiscal Year (As of March 31, 2007)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
<b>Liabilities</b>					
I. Current liabilities					
1. Trade notes and accounts payable	6	983,594		1,103,186	
2. Short-term borrowings	3	1,526,741		1,056,319	
3. Current portion of long-term borrowings	3	818,206		974,695	
4. Commercial paper		—		965,238	
5. Current portion of bonds		188,819		101,159	
6. Accrued expenses		548,726		589,337	
7. Deferred tax liabilities		8,063		9,064	
8. Accrued warranty costs		81,112		92,279	
9. Lease obligations		58,523		50,421	
10. Other		637,925		633,621	
Total current liabilities		4,851,709	42.2	5,575,319	44.9
II. Long-term liabilities					
1. Bonds		708,207		729,707	
2. Long-term borrowings	3	1,445,688		1,167,814	
3. Deferred tax liabilities		502,091		507,600	
4. Accrued warranty costs		132,107		130,111	
5. Accrued retirement benefits		267,695		194,494	
6. Lease obligations		71,708		59,140	
7. Other		128,345		161,029	
Total long-term liabilities		3,255,841	28.4	2,949,895	23.8
Total liabilities		8,107,550	70.6	8,525,214	68.7
<b>Minority interests</b>					
Minority interests		285,893	2.5	—	—
<b>Shareholders' equity</b>					
I. Common stock	8	605,814	5.3	—	—
II. Capital surplus		804,470	7.0	—	—
III. Retained earnings	7	2,116,825	18.5	—	—
IV. Unrealized holding gain on securities		14,340	0.1	—	—
V. Translation adjustments		(204,313)	(1.8)	—	—
VI. Treasury stock	9	(249,153)	(2.2)	—	—
Total shareholders' equity		3,087,983	26.9	—	—
Total liabilities, minority interests and shareholders' equity		11,481,426	100.0	—	—

Accounts	Notes	Prior Fiscal Year (As of March 31, 2006)		Current Fiscal Year (As of March 31, 2007)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
<b>Net assets</b>					
I. Shareholders' equity					
1. Common stock		—	—	605,814	4.9
2. Capital surplus		—	—	804,470	6.5
3. Retained earnings		—	—	2,402,726	19.4
4. Treasury stock		—	—	(226,394)	(1.9)
Total shareholders' equity		—	—	3,586,616	28.9
II. Valuation, translation adjustments and others					
1. Unrealized holding gain on securities		—	—	5,826	0.1
2. Unrealized gain from hedging instruments		—	—	1,817	0.0
3. Adjustments for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting		—	—	68,923	0.6
4. Land revaluation of foreign subsidiaries		—	—	5,095	0.0
5. Unfunded retirement benefit obligation of foreign subsidiaries		—	—	(13,826)	(0.1)
6. Translation adjustments		—	—	(109,214)	(0.9)
Total valuation, translation adjustments and others		—	—	(41,379)	(0.3)
III. Share subscription rights		—	—	2,711	0.0
IV. Minority interests		—	—	329,046	2.7
Total net assets		—	—	3,876,994	31.3
Total liabilities and net assets		—	—	12,402,208	100.0

## Consolidated statements of income

Accounts	Notes	Prior Fiscal Year ( From April 1, 2005 To March 31, 2006 )		Current Fiscal Year ( From April 1, 2006 To March 31, 2007 )			
		Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
I. Net sales			9,428,292	100.0		10,468,583	100.0
II. Cost of sales	1		7,040,987	74.7		8,027,186	76.7
Gross profit			2,387,305	25.3		2,441,397	23.3
III. Selling, general and administrative expenses	1						
1. Advertising expenses		242,682			274,833		
2. Service costs		87,045			76,481		
3. Provision for warranty costs		99,183			115,490		
4. Other selling expenses		341,138			415,269		
5. Salaries and wages		380,626			381,284		
6. Retirement benefit expenses		26,600			33,491		
7. Supplies		7,252			8,395		
8. Depreciation and amortization		72,888			73,045		
9. Provision for doubtful accounts		35,005			38,282		
10. Amortization of excess of cost over net assets acquired		4,783					
11. Amortization of goodwill					6,337		
12. Other		218,262	1,515,464	16.1	241,551	1,664,458	15.9
Operating income			871,841	9.2		776,939	7.4
IV. Non-operating income							
1. Interest income		17,359			24,313		
2. Dividend income		3,721			1,233		
3. Equity in earnings of affiliates		37,049			20,187		
4. Exchange gain					5,796		
5. Miscellaneous income		16,670	74,799	0.8	14,385	65,914	0.7
V. Non-operating expenses							
1. Interest expense		25,646			30,664		
2. Amortization of net retirement benefit obligation at transition		11,145			10,928		
3. Loss on the net monetary position due to restatement		6,485			12,211		
4. Exchange loss		34,836					
5. Miscellaneous expenses		22,656	100,768	1.0	27,999	81,802	0.8
Ordinary income			845,872	9.0		761,051	7.3



Accounts	Notes	Prior Fiscal Year ( From April 1, 2005 To March 31, 2006 )		Current Fiscal Year ( From April 1, 2006 To March 31, 2007 )	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
VI. Special gains					
1. Gain on sales of fixed assets	2	20,586		31,973	
2. Gain on sales of investment securities		45,112		15,714	
3. Prior period adjustments		5,268		5,193	
4. Gain on implementation of a defined contribution plans		3,282		19,285	
5. Other		8,207	82,455	1,522	73,687
					0.7
VII. Special losses					
1. Loss on sales of fixed assets	2	3,844		3,475	
2. Loss on disposal of fixed assets		22,213		25,402	
3. Impairment loss	3	26,827		22,673	
4. Loss on sales of investment securities		4,889		6,234	
5. Write-down of investments and receivables		1,892		2,252	
6. Loss on dilution resulting from restructuring of domestic dealers				5,914	
7. Prior period adjustments		672		4,689	
8. Loss on business restructuring of consolidated subsidiaries		9,404		3,824	
9. Loss on implementation of a defined contribution plans		6,852		503	
10. One-time loss related to share appreciation rights		18,332			
11. Loss on relocation of the headquarters of a subsidiary in North America				10,827	
12. Special addition to retirement benefits				31,933	
13. Other		24,361	119,286	19,580	137,306
					1.3
Income before income taxes and minority interests			809,041		697,432
					6.7
Corporate, inhabitants' and enterprise taxes		274,463		202,328	
Income taxes deferred		(20,055)	254,408	9,834	212,162
					2.0
Income attributable to minority interests			36,583		24,474
					0.3
Net income			518,050		460,796
					4.4

Consolidated statement of capital surplus and retained earnings and consolidated statement of changes in net assets

Consolidated statement of capital surplus and retained earnings

		Prior Fiscal Year From April 1, 2005 To March 31, 2006	
Accounts	Notes	Amounts (Millions of yen)	
(Capital surplus)			
I. Capital surplus at beginning of the period			804,470
II. Capital surplus at end of the period			804,470
(Retained earnings)			
I. Retained earnings at beginning of the period			1,715,099
II. Increase in retained earnings			
1. Net income		518,050	
2. Increase due to inclusion in consolidation		202	
3. Revaluation reserve resulting from general price-level accounting recognized by consolidated subsidiaries		9,331	
4. Increase due to land revaluation of foreign subsidiaries		2,297	529,880
III. Decrease in retained earnings			
1. Dividends		105,661	
2. Bonus to directors and corporate auditors		573	
3. Loss on disposal of treasury stock		11,507	
4. Decrease due to decrease in affiliates accounted for by the equity method		2,874	
5. Decrease due to increase in unfunded retirement benefit obligation of foreign subsidiaries		884	
6. Decrease due to land revaluation of foreign subsidiaries		651	
7. Decrease due to adoption of IFRS by foreign affiliates		6,004	128,154
IV. Retained earnings at end of the period			2,116,825

Consolidated statement of changes in net assets (from April 1, 2006 to March 31, 2007)

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

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

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

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

## Consolidated statements of cash flows

Accounts	Notes	Prior Fiscal Year	Current Fiscal Year
		(From April 1, 2005 To March 31, 2006)	(From April 1, 2006 To March 31, 2007)
		Amounts (Millions of yen)	Amounts (Millions of yen)
I. Cash flows from operating activities			
Income before income taxes and minority interests		809,041	697,432
Depreciation and amortization (for fixed assets excluding leased vehicles)		398,772	441,703
Depreciation and amortization (for other assets)		20,058	24,118
Depreciation and amortization (for leased vehicles)		236,572	305,402
Impairment loss		26,827	22,673
Increase in allowance for doubtful receivables		4,561	9,996
Unrealized loss on investments		212	459
Interest and dividend income		(21,080)	(25,546)
Interest expense		104,265	145,547
Gain on sales of property, plant and equipment		(16,742)	(28,485)
Loss on disposal of fixed assets		22,213	25,403
Gain on sales of investment securities		(40,223)	(3,566)
Decrease (increase) in trade notes and accounts receivable		90,391	(114,960)
(Increase) decrease in sales finance receivables		(311,685)	44,341
Increase in inventories		(117,120)	(88,765)
Increase in trade notes and accounts payable		88,129	54,368
Amortization of net retirement benefit obligation at transition		11,145	10,928
Retirement benefit expenses		63,564	55,438
Retirement benefit payments made against related accrual		(314,349)	(157,821)
Other		13,587	12,118
Subtotal		1,068,138	1,430,783
Interest and dividends received		21,034	24,622
Interest paid		(102,219)	(143,650)
Income taxes paid		(229,084)	(268,928)
Net cash provided by operating activities		757,869	1,042,827
II. Cash flows from investing activities			
Net decrease in short-term investments		7,078	7,210
Purchases of fixed assets		(471,029)	(546,848)
Proceeds from sales of property, plant and equipment		55,790	72,308
Purchase of leased vehicles		(953,285)	(957,356)
Proceeds from sales of leased vehicles		264,124	304,912
Increase in long-term loans receivable		(3,549)	(12,625)
Decrease in long-term loans receivable		3,225	4,211
Purchase of investment securities		(23,930)	(17,117)
Proceeds from sales of investment securities		46,060	36,486
Purchase of subsidiaries' stock resulting in changes in the scope of consolidation			(1,391)
Proceeds from sales of subsidiaries' stock resulting in changes in the scope of consolidation		4,705	1,308
Additional acquisition of shares of consolidated subsidiaries		(16,020)	
Other		(25,924)	(5,685)
Net cash used in investing activities		(1,112,755)	(1,114,587)
III. Cash flows from financing activities			
Net increase in short-term borrowings		376,048	492,538
Increase in long-term borrowings		883,548	969,461
Increase in bonds		390,706	123,730
Repayment of long-term borrowings		(809,466)	(1,102,015)
Redemption of bonds		(200,840)	(190,515)
Proceeds from minority shareholders		1,321	260
Purchase of treasury stock		(22,208)	(10,375)
Proceeds from sales of treasury stock		26,423	29,087
Repayment of lease obligations		(76,071)	(66,775)
Cash dividends paid		(105,661)	(131,064)
Cash dividends paid to minority shareholders		(6,487)	(7,453)
Other		606	33
Net cash provided by financing activities		457,919	106,912
IV. Effects of exchange rate changes on cash and cash equivalents		11,389	16,640
V. Increase in cash and cash equivalents		114,422	51,792
VI. Cash and cash equivalents at beginning of the year		289,784	404,212
VII. Increase due to inclusion in consolidation		6	13,384
VIII. Cash and cash equivalents at end of the year		404,212	469,388

## Significant accounting policies

Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
1. Scope of consolidation	1. Scope of consolidation
(1) Number of consolidated companies 187	(1) Number of consolidated companies 188
<ul style="list-style-type: none"> <li>• Domestic companies 96</li> <li>Sales companies for vehicles and parts Aichi Nissan Motor, Tokyo Nissan Motor, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 74 other sales companies</li> <li>Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and 4 other companies</li> <li>Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 7 other companies</li> </ul>	<ul style="list-style-type: none"> <li>• Domestic companies 94</li> <li>Sales companies for vehicles and parts Aichi Nissan Motor, Nissan Fleet Sales, Nissan Prince Tokyo Motor Sales, Nissan Parts Chuo Sales and 71 other sales companies</li> <li>Manufacturing companies for vehicles and parts Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd., Calsonic Kansei Corporation and 4 other companies</li> <li>Logistics and services companies Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan Co., Ltd., and 8 other companies</li> </ul>
<ul style="list-style-type: none"> <li>• Foreign companies 91</li> <li>Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 87 other companies</li> </ul> <p>The newly established Nissan Motor Ukraine Company and 7 other companies have been consolidated. Nissan Techno Co., Ltd., and Nissan Technical Center Europe S. A. (Brussels), which were unconsolidated subsidiaries accounted for by the equity method in the prior year, have been consolidated since their importance has increased. In addition, Nissan Capital of America, Inc. and 13 other companies have been dissolved following their mergers. Nissan International Finance (Europe) PLC. and Automakers Uk Ltd. were liquidated. Nissan Prince Yamanashi Co., Ltd. and 5 other companies have been excluded from consolidation following the sale of their shares. Nissan Parts Chiba Sales Co., Ltd. has been excluded from consolidation since the Group's voting rights decreased following the sale of its shares.</p>	<ul style="list-style-type: none"> <li>• Foreign companies 94</li> <li>Nissan North America, Inc., Nissan Europe S.A.S., Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V., and 90 other companies</li> </ul> <p>The newly established Nissan Business Service has been consolidated. Nissan Center Europe and another company have been consolidated through the acquisition of their stocks. Nissan Nordic Europe and 8 other companies, which were unconsolidated subsidiaries in the prior year, have been consolidated since their importance has increased. In addition, Tokyo Nissan Motor and 4 other companies have been dissolved following their mergers. Nissan Swaziland (Pty) Ltd. and 3 other companies were liquidated. Reicomsa, S. A. and another company have been excluded from consolidation following the sale of their shares. As a result of the reorganization of domestic dealers during the year ended March 31, 2007, 52 consolidated subsidiaries have been split into 52 companies each for sales and asset management. The 52 asset management companies were then dissolved following their merger with Nissan Real Estate Development Co., Ltd., which was then renamed Nissan Network Holdings Co., Ltd.</p>
(2) Unconsolidated subsidiaries 184	(2) Unconsolidated subsidiaries 174
<ul style="list-style-type: none"> <li>• Domestic companies 124</li> <li>Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others</li> </ul>	<ul style="list-style-type: none"> <li>• Domestic companies 115</li> <li>Nissan Marine Co., Ltd., Nissan Human Resources Development Center Inc. and others</li> </ul>
<ul style="list-style-type: none"> <li>• Foreign companies 60</li> <li>Nissan Industrial Equipment Co. and others</li> </ul> <p>These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss, total retained earnings and others, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.</p>	<ul style="list-style-type: none"> <li>• Foreign companies 59</li> <li>Nissan Industrial Equipment Co. and others</li> </ul> <p>These unconsolidated subsidiaries are small in terms of their total assets, total sales, total net income or loss, total retained earnings and others, and do not have a significant effect on the consolidated financial statements. As a result, they have been excluded from consolidation.</p>

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕
<p>2. Equity method</p> <p>(1) Companies accounted for by the equity method 47</p> <ul style="list-style-type: none"> <li>• Unconsolidated subsidiaries 29 (23 domestic and 6 foreign companies) Nissan Marine Co., Ltd., Nissan Industrial Equipment Co. and others</li> </ul> <p>Nissan Techno Co., Ltd., and Nissan Technical Center Europe S. A. (Brussels), which were unconsolidated subsidiaries accounted for by the equity method in the prior year, have been consolidated since their importance has increased. On the other hand, Nissan Design Europe Ltd. and Nissan Motor Sports Europe Limited were liquidated, and Compasslink Corp. was dissolved.</p> <ul style="list-style-type: none"> <li>• Affiliates 18 (15 domestic and 3 foreign companies) Kinugawa Rubber Industrial Co., Ltd. and others</li> </ul> <p>Nissan Parts Chiba Sales Co., Ltd. is no longer a consolidated subsidiary since the Group's voting rights decreased following the sale of its shares and has become an affiliate accounted for by the equity method. Nissan Diesel Motor Co., Ltd. and Nissan Satio Yamanashi Co., Ltd. are no longer affiliates since the Group's voting rights decreased following the sale of their shares and they are excluded from the scope of the equity method. e-Graphics, which was an affiliate accounted for by the equity method in the prior year, has been liquidated due to a merger.</p> <p>(2) Companies not accounted for by the equity method 200</p> <ul style="list-style-type: none"> <li>• Unconsolidated subsidiaries 155 Nissan Human Resources Development Center Inc. and others</li> <li>• Affiliates 45 Tonox Co., Ltd. and others</li> </ul> <p>These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others.</p> <p>(3) No adjustments are made to the financial statements of the companies accounted for by the equity method even if their accounting period is different from that of the Company.</p>	<p>2. Equity method</p> <p>(1) Companies accounted for by the equity method 47</p> <ul style="list-style-type: none"> <li>• Unconsolidated subsidiaries 32 (20 domestic and 12 foreign companies) Nissan Marine Co., Ltd., Nissan Industrial Equipment Co. and others</li> </ul> <p>Alliance Inspection Management Holdings and 5 other companies, which were subsidiaries not accounted for by the equity method in the prior year, have become non-consolidated subsidiaries accounted for by the equity method because their importance has increased. Meanwhile, Nissan Hanshin Service Center Co., Ltd. and 2 other companies have been dissolved following their mergers.</p> <ul style="list-style-type: none"> <li>• Affiliates 15 (14 domestic and 1 foreign companies) Kinugawa Rubber Industrial Co., Ltd. and others</li> </ul> <p>Siam Metal Technologies and another company have been excluded from the scope of the equity method, following the sale of their shares. Nissan Vehicle Distributors has been liquidated.</p> <p>(2) Companies not accounted for by the equity method 182</p> <ul style="list-style-type: none"> <li>• Unconsolidated subsidiaries 142 Nissan Human Resources Development Center Inc. and others</li> <li>• Affiliates 40 Tonox Co., Ltd. and others</li> </ul> <p>These companies are not accounted for by the equity method, as their impact is not significant on the consolidated net income or loss, consolidated retained earnings and others.</p> <p>(3) Same as the prior fiscal year.</p>

Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
<p>3. Accounting period of consolidated subsidiaries</p> <p>(1) The following consolidated companies close their books of account at:</p> <p>December 31:  Nissan Mexicana, S.A. de C.A.  NR Finance Mexico, S.A. De C.V.  NR Wholesales Mexico, S.A. De C.V.  ESARA, S.A. De C.V  Nissan Europe S.A.S. and its 19 subsidiaries  Nissan Forklift Europe B.V.  Nissan Forklift Espagna S.A.  Nissan Forklift Co., North America  Nissan Trading Co., Ltd. and its 2 subsidiaries  Nissan Motor Company South Africa (Pty) Ltd. and its 8 subsidiaries  Nissan do Brasil Automoveis Ltda.  P.T. Nissan Motor Indonesia  P.T. Nissan Motor Distributor Indonesia  Siam Nissan Automobile Co., Ltd. and its 2 subsidiaries  Nissan South East Asia Co., Ltd.  Siam Motors And Nissan Co., Ltd.  Yulon Nissan Motor Co., Ltd.  NISSAN (CHINA) INVESTMENT CO., LTD.  Dongfeng Motor Co., Ltd.  Nissan Korea Co., Ltd.  Nissan Light Truck Co., Ltd.  Calsonic Kansei Mexicana, S.A. de R.L. de C.V. and its 2 subsidiaries  Nissan Asia Pacific Pte., Ltd.  Nissan International Finance Singapore Pte., Ltd.  Nissan Assurance Holding Company and its 3 subsidiaries</p> <p>(2) The necessary adjustments are made to the financial statements of these 61 companies to reflect any significant transactions made from January 1 to March 31.</p>	<p>3. Accounting period of consolidated subsidiaries</p> <p>(1) The following consolidated companies close their books of account at:</p> <p>December 31:  Nissan Mexicana, S.A. de C.A.  NR Finance Mexico, S.A. De C.V.  NR Wholesales Mexico, S.A. De C.V.  ESARA, S.A. De C.V  Nissan Europe S.A.S. and its 14 subsidiaries  Nissan Forklift Europe B.V.  Nissan do Brasil Automoveis Ltda  JATCO Mexico, S.A. de C.V  Yulon Nissan Motor Co., Ltd.  NISSAN (CHINA) INVESTMENT CO., LTD.  Dongfeng Motor Co., Ltd.  Calsonic Kansei Mexicana, S.A. de R.L. de C.V., and its 2 subsidiaries  Calsonic Kansei (Thailand) Co., Ltd.  Calsonic Kansei (Shanghai) Corp.  Calsonic Kansei (China) Holding Company</p> <p>(2) Of these 31 companies, the financial statements of Nissan Europe S.A.S., Nissan Mexicana, S.A. de C.A., and 20 other subsidiaries are consolidated by using their financial statements as of the parent fiscal year end which are prepared solely for consolidation purposes. For Dongfeng Motor Co., Ltd., Yulon Nissan Motor Co., Ltd., and 7 other subsidiaries are consolidated by using their financial statements as of their respective fiscal year end, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.</p>
<p>4. Significant accounting policies</p> <p>(1) Valuation methods for assets</p> <p>Securities</p> <p>Held-to-maturity securities:  Held-to maturity securities are stated at amortized cost</p> <p>Other securities:  Marketable securities:  Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Costs of securities sold are calculated by the moving average method.  Non-marketable securities:  Non-marketable securities classified as other securities are carried at cost determined by the moving average method.</p> <p>Derivatives</p> <p>Derivatives financial instruments are stated at fair value.</p> <p>Inventories</p> <p>Inventories are stated principally at the lower of cost or market, cost being determined by the first-in, first-out method.</p> <p>(2) Depreciation of property, plant and equipment</p> <p>Depreciation of property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company.</p>	<p>4. Significant accounting policies</p> <p>(1) Valuation methods for assets</p> <p>Securities</p> <p>Held-to-maturity securities:  Same as the prior fiscal year.</p> <p>Other securities:  Marketable securities:  Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving average method.  Non-marketable securities:  Same as the prior fiscal year.</p> <p>Derivatives</p> <p>Same as the prior fiscal year.</p> <p>Inventories</p> <p>Same as the prior fiscal year.</p> <p>(2) Depreciation of property, plant and equipment</p> <p>Same as the prior fiscal year.</p>

<p style="text-align: center;">Prior fiscal year  <span style="font-size: small;">( From April 1, 2005  To March 31, 2006 )</span></p>	<p style="text-align: center;">Current fiscal year  <span style="font-size: small;">( From April 1, 2006  To March 31, 2007 )</span></p>
<p>(3) Basis for significant reserves</p> <p style="padding-left: 20px;">Allowance for doubtful accounts</p> <p style="padding-left: 20px;">Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty.</p> <p style="padding-left: 20px;">Accrued warranty costs</p> <p style="padding-left: 20px;">Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.</p> <p style="padding-left: 20px;">Accrued retirement benefits</p> <p style="padding-left: 20px;">Accrued retirement benefits are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.</p> <p style="padding-left: 20px;">The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.</p> <p style="padding-left: 20px;">Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p> <p style="padding-left: 20px;">Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p> <p>(4) Foreign currency translation</p> <p style="padding-left: 20px;">Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statement of operations.</p> <p style="padding-left: 20px;">The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments in shareholders' equity and minority interests.</p> <p>(5) Lease accounting</p> <p style="padding-left: 20px;">Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.</p>	<p>(3) Basis for significant reserves</p> <p style="padding-left: 20px;">Allowance for doubtful accounts</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p> <p style="padding-left: 20px;">Accrued warranty costs</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p> <p style="padding-left: 20px;">Accrued retirement benefits</p> <p style="padding-left: 20px;">Accrued retirement benefits or prepaid pension costs are recorded principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.</p> <p style="padding-left: 20px;">The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.</p> <p style="padding-left: 20px;">Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p> <p style="padding-left: 20px;">Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p> <p>(4) Foreign currency translation</p> <p style="padding-left: 20px;">Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the statement of operations.</p> <p style="padding-left: 20px;">The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and minority interests in net assets.</p> <p>(5) Lease accounting</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p>



Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
<p>(6) Hedge accounting</p> <p style="padding-left: 20px;">Hedge accounting</p> <p style="padding-left: 20px;">Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.</p> <p style="padding-left: 20px;">Hedging instruments and hedged items</p> <ul style="list-style-type: none"> <li>· Hedging instruments.....Derivative transactions</li> <li>· Hedged items.....Hedged items are primarily forecasted sales denominated in foreign currencies</li> </ul> <p style="padding-left: 20px;">Hedging policy</p> <p style="padding-left: 20px;">It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.</p> <p style="padding-left: 20px;">Assessment of hedge effectiveness</p> <p style="padding-left: 20px;">Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same.</p> <p style="padding-left: 20px;">Risk management policy with respect to hedge accounting</p> <p style="padding-left: 20px;">The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."</p> <p>(7) Accounting for consumption tax</p> <p style="padding-left: 20px;">Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.</p> <p>(8) Accounting policies adopted by foreign consolidated subsidiaries</p> <p style="padding-left: 20px;">The financial statements of the Company's subsidiaries in Mexico and other countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in those countries in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in retained earnings.</p>	<p>(6) Hedge accounting</p> <p style="padding-left: 20px;">Hedge accounting</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p> <p style="padding-left: 20px;">Hedging instruments and hedged items</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p> <p style="padding-left: 20px;">Hedging policy</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p> <p style="padding-left: 20px;">Assessment of hedge effectiveness</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p> <p style="padding-left: 20px;">Risk management policy with respect to hedge accounting</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p> <p>(7) Accounting for consumption tax</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p> <p>(8) Accounting policies adopted by foreign consolidated subsidiaries</p> <p style="padding-left: 20px;">The financial statements of the Company's subsidiaries in Mexico and other countries have been prepared based on general price-level accounting. The related revaluation adjustments made to reflect the effect of inflation in those countries in the accompanying consolidated financial statements have been charged or credited to operations and are directly reflected in valuation, translation adjustments and others.</p>
<p>5. Valuation of assets and liabilities of consolidated subsidiaries</p> <p style="padding-left: 20px;">Assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value at the time of acquisition.</p>	<p>5. Valuation of assets and liabilities of consolidated subsidiaries</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p>
<p>6. Amortization of differences between cost and underlying net equity at fair value</p> <p style="padding-left: 20px;">Differences between cost and underlying net equity at fair value of investments in consolidated subsidiaries and in companies accounted for by the equity method have been amortized evenly over periods not exceeding 20 years determined based on their materiality. However, immaterial differences are charged or credited to income in the year of acquisition.</p>	_____
_____	<p>6. Amortization of goodwill and negative goodwill</p> <p style="padding-left: 20px;">Goodwill and negative goodwill have been amortized evenly over periods not exceeding 20 years, determined based on their materiality. However, immaterial goodwill and negative goodwill are charged or credited to income in the year of acquisition.</p>
<p>7. Appropriation of retained earnings</p> <p style="padding-left: 20px;">The appropriation of retained earnings is reflected in each fiscal year when such appropriation is made by resolution of the shareholders.</p>	_____
<p>8. Cash and cash equivalents in the consolidated statements of cash flows</p> <p style="padding-left: 20px;">Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.</p>	<p>7. Cash and cash equivalents in the consolidated statements of cash flows</p> <p style="padding-left: 20px;">Same as the prior fiscal year.</p>

## Changes in accounting policies

Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
<p>Forward Foreign Exchange Contracts</p> <p>Until the year ended March 31, 2005, the Company and its domestic consolidated subsidiaries adopted special treatment for forward foreign exchange contracts entered into to hedge forecasted sales denominated in foreign currencies which also qualified for hedge accounting as sales and accounts receivable were translated and reflected in the consolidated financial statements at their corresponding contracted rates.</p> <p>Effective April 1, 2005, the Company and its domestic consolidated subsidiaries changed their method of accounting for those sales, accounts receivable and forward foreign exchange contracts to the benchmark method. Under this method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and the related accounts receivable are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, charging or crediting the exchange differences to income, while the forward foreign exchange contracts are carried at fair value.</p> <p>This change was made as a result of the implementation of a newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivatives positions. The effect of this change was immaterial.</p> <p>Accounting Standard for the Impairment of Fixed Assets</p> <p>Effective April 1, 2005, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets (“Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the “Implementation Guidance on the Accounting Standard for the Impairment of Fixed Assets” (ASBJ Guideline No. 6 issued on October 31, 2003). The effect of this change was to decrease income before income taxes and minority interests by ¥26,827 million for the year ended March 31, 2006. The effect of this change on Segment Information is explained in the applicable notes.</p> <p>The cumulative impairment losses have been subtracted directly from the respective assets in accordance with the revised “Regulations for Consolidated Financial Statements.”</p>	<p>Accounting Standard for Share-based Payment</p> <p>Effective April 1, 2006, the Company adopted the Accounting Standard for Share-based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-based Payment (ASBJ Guidance No. 11 issued on May 31, 2006).</p> <p>The effect of this change was to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥1,037 million for the year ended March 31, 2007, compared with the corresponding amounts which would have been recorded if the previous method had been followed.</p> <p>The effect of this change on Segment Information is explained in the applicable notes.</p> <p>Accounting Standard for Presentation of Net Assets in the Balance Sheet</p> <p>Effective April 1, 2006, the Company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005).</p> <p>Shareholders’ equity under the previous presentation method amounted to ¥3,543,420 million as of March 31, 2007.</p> <p>Net assets in the consolidated balance sheet as of March 31, 2007 have been presented in accordance with the revised “Regulations for Consolidated Financial Statements.”</p> <p>Change of Closing Dates of Consolidated Subsidiaries</p> <p>Until the year ended March 31, 2006, since the difference between the fiscal year end of the parent company and those of 55 consolidated subsidiaries was within three months, the operating results of those subsidiaries were consolidated by using their financial statements as of their respective fiscal year ends. Effective the year ended March 31, 2007, 22 consolidated subsidiaries have been consolidated by using their financial statements as of the parent’s fiscal year end prepared solely for consolidation purposes instead of those as of their respective fiscal year end. This change was made, upon the completion of the internal reporting systems which allow those subsidiaries to accelerate their financial statement closing process, in order to make the disclosures of the consolidated financial statements more meaningful by unifying the fiscal year. In addition, 33 consolidated subsidiaries have also changed their fiscal year end to March 31 for the same reason.</p> <p>As a result, the financial statements of the 55 consolidated subsidiaries described above were prepared for the 15-month period from January 1, 2006 to March 31, 2007. The effect of this change was to increase consolidated net sales by ¥767,606 million, operating income by ¥21,443 million, ordinary income by ¥18,483 million, net income before income taxes and minority interests by ¥15,661 million, and net income by ¥11,589 million compared with the corresponding amounts which would have been recorded if the previous method had been followed.</p> <p>This change was made during the second half of the fiscal year, because the subsidiaries’ internal systems to accelerate their financial statements closing processes were completed during that period.</p> <p>The effect of this change on Segment Information is explained in the applicable notes.</p>

## Changes in presentation

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕
<p>Consolidated statements of cash flows</p> <p>(1) In the presentation of “Cash flows from operating activities,” the Company has combined “Loss on disposal of property, plant and equipment” and “Loss on disposal of intangible assets” and has presented these as “Loss on disposal of fixed assets” for the current fiscal year.</p> <p>“Loss on disposal of intangible assets” in the amount of ¥3,254 million has been included in “Loss on disposal of fixed assets” for the current fiscal year.</p> <p>(2) In the presentation of “Cash flows from financing activities,” “Cash dividends paid to minority shareholders” has been presented separately from “Other” due to its increased materiality.</p> <p>“Cash dividends paid to minority shareholders” in the amount of ¥(678) million has been included in “Other” for the prior fiscal year.</p> <p>(3) In the presentation of “Cash flows from financial activities,” “Repayment or redemption of long-term debt” has been presented separately as “Repayment of long-term borrowings” and “Redemption of bonds” due to their increased materiality.</p> <p>“Repayment of long-term borrowings” in the amounts of ¥(765,588) million and “Redemption of bonds” in the amounts of ¥(379,946) million were included in “Repayment or redemption of long-term debt” in the prior fiscal year.</p>	<p>Consolidated balance sheets</p> <p>In the presentation of “Current liabilities,” “Commercial paper” has been presented separately from “Short-term borrowings” due to its increased materiality.</p> <p>“Commercial paper” in the amount of ¥366,998 million is included in “Short-term borrowings” for the prior fiscal year.</p> <p>Consolidated statements of income</p> <p>Beginning with the year ended March 31, 2007, the Company has combined “amortization of goodwill”—a component of the “Other” account—and “Amortization of excess of cost over net assets acquired” and has presented these as “Amortization of goodwill” in accordance with the revised Regulations for Consolidated Financial Statements.</p> <p>“Amortization of goodwill” for the year ended March 31, 2007 includes “Amortization of excess of cost over net assets acquired” in the amount of ¥5,663 million and “amortization of goodwill” in the amount of ¥674 million.</p>

Notes to consolidated financial statements

(For consolidated balance sheets)

(Millions of yen)

Prior fiscal year (As of March 31, 2006)			Current fiscal year (As of March 31, 2007)		
1.	1	Accumulated depreciation of property, plant and equipment ¥4,077,548 The above amount includes accumulated depreciation of leased assets in the amount of ¥187,405 million.	1.	1	Accumulated depreciation of property, plant and equipment ¥4,349,349 The above amount includes accumulated depreciation of leased assets in the amount of ¥160,851 million.
2.	2	Machinery, equipment and vehicles included certain items in the amount of ¥1,524,741 million leased to others under lease agreements.	2.	2	Machinery, equipment and vehicles included certain items in the amount of ¥1,796,072 million leased to others under lease agreements.
3.	3	These assets included the following assets pledged as collateral:	3.	3	These assets included the following assets pledged as collateral:
	(1)	Assets pledged as collateral:		(1)	Assets pledged as collateral:
		Trade notes and accounts receivable      ¥    1,619			Trade notes and accounts receivable      ¥     741
		Sales finance receivables                    1,537,873			Sales finance receivables                    1,378,045
		Property, plant and equipment                930,487			Property, plant and equipment                1,057,988
		Intangible fixed assets                         1,344			Intangible fixed assets                         445
		Other investments, other assets                316			Other investments, other assets                316
		<u>Total</u> ¥2,471,639			<u>Total</u> ¥2,437,219
	(2)	Liabilities secured by the above collateral:		(2)	Liabilities secured by the above collateral:
		Short-term borrowings                         ¥ 548,342			Short-term borrowings                         ¥ 612,193
		Long-term borrowings                         1,583,358			Long-term borrowings                         1,422,841
		<u>(including the current portion)</u>			<u>(including the current portion)</u>
		<u>Total</u> ¥2,131,700			<u>Total</u> ¥2,035,034
		In addition to the above, sales finance receivables totaling ¥106,201 million, which were eliminated in consolidation, were pledged as collateral for short-term borrowings of ¥106,092 million.			In addition to the above, sales finance receivables totaling ¥55,066 million, which were eliminated in consolidation, were pledged as collateral for short-term borrowings of ¥54,957 million.
4.		Notes receivable discounted with banks outstanding as of March 31, 2006                                ¥3,666	4.		Notes receivable discounted with banks outstanding as of March 31, 2007                                ¥5,229
5.		Guarantees and others	5.		Guarantees and others
	(1)	Guarantees		(1)	Guarantees
		<u>Guarantees</u> Balance of liabilities guaranteed                Description of liabilities guaranteed			<u>Guarantees</u> Balance of liabilities guaranteed                Description of liabilities guaranteed
		Employees                                        ¥177,422    Guarantees for employees' housing loans and others			Employees                                        ¥160,182    Guarantees for employees' housing loans and others
		AG Global Private Ltd. Co., and 343 other companies                                44,356    Guarantees for loans			593 foreign dealers and 6 other companies                                51,403    Guarantees for loans
		<u>Total</u> ¥221,778			<u>Total</u> ¥211,585
		Allowance for doubtful accounts is provided for these loans mainly based on past experience.			Allowance for doubtful accounts is provided for these loans mainly based on past experience.
	(2)	Commitments to provide guarantees		(2)	Commitments to provide guarantees
		<u>Guarantees</u> Balance of commitments to provide guarantees                Description of liabilities guaranteed			<u>Guarantees</u> Balance of commitments to provide guarantees                Description of liabilities guaranteed
		MONC LIBERIA, INC and another company                                ¥2,515    Commitments to provide guarantees for loans			Hibikinada Development Co., Ltd.                                ¥1,064    Commitments to provide guarantees for loans

(Millions of yen)

Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)																
<p>(3) Outstanding balance of installment receivables sold with recourse ¥12,252</p> <p>6. 4 ¥86,719 million of excess of cost over net assets acquired is included in "Intangible fixed assets"</p> <p>7. 5 Investments in unconsolidated subsidiaries and affiliates</p> <p style="padding-left: 20px;">Investments in stock of unconsolidated subsidiaries and affiliates ¥351,667</p> <p>8. 7 Retained earnings</p> <p style="padding-left: 20px;">Revaluation adjustments resulting from general price-level accounting ¥49,915</p> <p>9. 8 Number of shares issued</p> <p style="padding-left: 20px;">Common stock 4,520,715 thousand shares</p> <p>10. 9 Number of treasury stock held</p> <p style="padding-left: 20px;">Number of treasury stock held by consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for by the equity method amounted to 300,662 thousand shares of common stock.</p> <p>11. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Total credit lines of overdrafts and loans</td> <td style="text-align: right;">¥152,879</td> </tr> <tr> <td>Loans receivable outstanding</td> <td style="text-align: right;">15,627</td> </tr> <tr> <td>Unused credit lines</td> <td style="text-align: right;">¥137,252</td> </tr> </table> <p>Since many of these facilities expire without being utilized and the related borrowings are sometimes subject to a review of the borrowers' credibility, any unused amount will not necessarily be utilized at the full amount.</p>	Total credit lines of overdrafts and loans	¥152,879	Loans receivable outstanding	15,627	Unused credit lines	¥137,252	<p>(3) Outstanding balance of installment receivables sold with recourse ¥6,076</p> <p>6. 4 ¥83,705 million of goodwill is included in "Intangible fixed assets"</p> <p>7. 5 Investments in unconsolidated subsidiaries and affiliates</p> <p style="padding-left: 20px;">Investments in stock of unconsolidated subsidiaries and affiliates ¥362,407</p> <p>8. 6 Notes maturing at the end of the Company's current fiscal year Notes maturing at the end of the Company's current fiscal year have been eliminated at the date of clearing. The end of the Company's current fiscal year was a holiday for financial institutions, so the following notes are included in the consolidated balance sheet.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Notes receivable</td> <td style="text-align: right;">¥2,534</td> </tr> <tr> <td>Notes payable</td> <td style="text-align: right;">163</td> </tr> </table> <p>_____</p> <p>_____</p> <p>_____</p> <p>9. The amount of unused balances of overdrafts and loan commitment agreements entered into by consolidated subsidiaries are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Total credit lines of overdrafts and loans</td> <td style="text-align: right;">¥229,767</td> </tr> <tr> <td>Loans receivable outstanding</td> <td style="text-align: right;">63,039</td> </tr> <tr> <td>Unused credit lines</td> <td style="text-align: right;">¥166,728</td> </tr> </table> <p>Since many of these facilities expire without being utilized and the related borrowings are sometimes subject to a review of the borrowers' credibility, any unused amount will not necessarily be utilized at the full amount.</p>	Notes receivable	¥2,534	Notes payable	163	Total credit lines of overdrafts and loans	¥229,767	Loans receivable outstanding	63,039	Unused credit lines	¥166,728
Total credit lines of overdrafts and loans	¥152,879																
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Total credit lines of overdrafts and loans	¥229,767																
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Unused credit lines	¥166,728																

## (For consolidated statements of income)

(Millions of yen)

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕		Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕																	
1. 1	Total research and development costs  Research and development costs included in manufacturing costs and selling, general and administrative expenses	¥447,582																	
2. 2	Gain and loss on sales of property, plant and equipment primarily resulted from sale of land and buildings in the amount of ¥19,219 million and ¥2,896 million, respectively.																		
3. 3	The following loss on impairment of fixed assets was recorded for the current fiscal year.																		
	<table border="1"> <thead> <tr> <th>Usage</th> <th>Type</th> <th>Location</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Idle assets</td> <td>Land Buildings</td> <td>Izunokuni-city, Shizuoka Prefecture, and 66 other locations</td> <td>¥19,190</td> </tr> <tr> <td>Assets to be sold</td> <td>Land Buildings Structures</td> <td>Hidaka-city, Saitama Prefecture, and two other locations</td> <td>¥7,637</td> </tr> </tbody> </table>	Usage	Type	Location	Amount	Idle assets	Land Buildings	Izunokuni-city, Shizuoka Prefecture, and 66 other locations	¥19,190	Assets to be sold	Land Buildings Structures	Hidaka-city, Saitama Prefecture, and two other locations	¥7,637						
Usage	Type	Location	Amount																
Idle assets	Land Buildings	Izunokuni-city, Shizuoka Prefecture, and 66 other locations	¥19,190																
Assets to be sold	Land Buildings Structures	Hidaka-city, Saitama Prefecture, and two other locations	¥7,637																
	<p>The Group bases its grouping for assessing the impairment loss on fixed assets on its business segments (automobiles and sales finance) and geographical segments. However, the Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of.</p> <p>The Company and some of its domestic consolidated subsidiaries have recognized an impairment loss on idle assets and assets to be disposed of due to a significant decline in their market value by reducing their net book value to the respective net realizable value of each asset. Such loss amounted to ¥26,827 million has been recorded as a special loss in the accompanying consolidated statements of income. This impairment loss consisted of losses on idle assets of ¥19,190 million (land - ¥17,186 million, buildings - ¥1,525 million and others - ¥479 million) and losses on assets to be sold of ¥7,637 million (land - ¥4,654 million, buildings and structures - ¥1,434 million, and others - ¥1,549 million).</p> <p>The net realizable value of the idle assets was based on their appraisal value and that of the assets to be sold was estimated based on their respective sales contracts.</p>																		
1. 1	Total research and development costs  Research and development costs included in manufacturing costs and selling, general and administrative expenses	¥464,839																	
2. 2	Gain and loss on sales of property, plant and equipment primarily resulted from the sale of land and buildings in the amount of ¥30,536 million and ¥1,753 million, respectively.																		
3. 3	The following loss on impairment of fixed assets was recorded for the current fiscal year.																		
	<table border="1"> <thead> <tr> <th>Usage</th> <th>Type</th> <th>Location</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Idle assets</td> <td>Land Buildings Structures Machinery and equipment</td> <td>Yatsuo-city, Osaka Prefecture, and 93 other locations</td> <td>¥9,298</td> </tr> <tr> <td>Assets to be sold</td> <td>Land Buildings Structures</td> <td>Kita-ku, Tokyo, and 14 other locations</td> <td>¥1,078</td> </tr> <tr> <td>Assets to be disposed of</td> <td>Land Buildings Structure</td> <td>Kyoto-city, Kyoto Prefecture, and 106 other locations</td> <td>¥12,297</td> </tr> </tbody> </table>	Usage	Type	Location	Amount	Idle assets	Land Buildings Structures Machinery and equipment	Yatsuo-city, Osaka Prefecture, and 93 other locations	¥9,298	Assets to be sold	Land Buildings Structures	Kita-ku, Tokyo, and 14 other locations	¥1,078	Assets to be disposed of	Land Buildings Structure	Kyoto-city, Kyoto Prefecture, and 106 other locations	¥12,297		
Usage	Type	Location	Amount																
Idle assets	Land Buildings Structures Machinery and equipment	Yatsuo-city, Osaka Prefecture, and 93 other locations	¥9,298																
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	<p>The Group bases its grouping for assessing the impairment loss on fixed assets on its business segments (automobiles and sales finance) and geographical segments. However, the Group determines whether an asset is impaired on an individual asset basis if the asset is considered idle or if it is to be disposed of.</p> <p>The Company and some of its domestic consolidated subsidiaries have recognized an impairment loss on idle assets and assets to be disposed of due to a significant decline in their market value by reducing their net book value to the respective net realizable value of each asset. Such loss amounted to ¥22,673 million has been recorded as a special loss in the accompanying consolidated statements of income. This impairment loss consisted of losses on idle assets of ¥9,298 million (land - ¥6,907 million and building and structures - ¥2,305 million, and machinery and equipment - ¥86 million) and losses on assets to be sold of ¥1,078 million (land - ¥467 million and buildings and structures - ¥611 million), and losses of ¥12,297 million on assets disposed of (land - ¥7,476 million and buildings and structures - ¥4,821 million).</p> <p>The net realizable value of the idle assets and those to be disposed of was based on their appraisal value and that of the assets to be sold was estimated based on their respective sales contracts.</p>																		

(For consolidated statement of changes in net assets)  
For the year ended March 31, 2007

### 1. Shares issued and outstanding / Treasury stock

(Thousands of shares)

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

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

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

2. Details of the decrease are as follows:

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

### 2. Share subscription rights

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

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

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

### 3. Dividends

#### (1) Dividends paid

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

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

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

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

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

## (For consolidated statements of cash flows)

(Millions of yen)

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕																
<p>Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows:</p> <p>As of March 31, 2006:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash on hand and in banks</td> <td style="text-align: right;">¥414,772</td> </tr> <tr> <td>Time deposits with maturities of more than three months</td> <td style="text-align: right;">(20,120)</td> </tr> <tr> <td>Cash equivalents included in securities (*)</td> <td style="text-align: right;"><u>9,560</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>¥404,212</u></td> </tr> </table> <p>* This represents short-term, highly liquid investments readily convertible into cash held by foreign subsidiaries.</p>	Cash on hand and in banks	¥414,772	Time deposits with maturities of more than three months	(20,120)	Cash equivalents included in securities (*)	<u>9,560</u>	Cash and cash equivalents	<u>¥404,212</u>	<p>Cash and cash equivalents as of the year end are reconciled to the accounts reported in the consolidated balance sheet as follows:</p> <p>As of March 31, 2007:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash on hand and in banks</td> <td style="text-align: right;">¥457,925</td> </tr> <tr> <td>Time deposits with maturities of more than three months</td> <td style="text-align: right;">(14,356)</td> </tr> <tr> <td>Cash equivalents included in securities (*)</td> <td style="text-align: right;"><u>25,819</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>¥469,388</u></td> </tr> </table> <p>* This represents short-term, highly liquid investments readily convertible into cash held by overseas subsidiaries.</p>	Cash on hand and in banks	¥457,925	Time deposits with maturities of more than three months	(14,356)	Cash equivalents included in securities (*)	<u>25,819</u>	Cash and cash equivalents	<u>¥469,388</u>
Cash on hand and in banks	¥414,772																
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(For lease transactions)

(Millions of yen)

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕												
<p>(Lessees' accounting)</p> <p>Operating lease transactions</p> <p>Future minimum lease payments subsequent to March 31, 2006 are summarized as follows:</p> <table data-bbox="239 403 798 481"><tr><td>Due in one year or less</td><td>¥6,975</td></tr><tr><td>Due after one year</td><td>20,913</td></tr><tr><td><u>Total</u></td><td><u>¥27,888</u></td></tr></table>	Due in one year or less	¥6,975	Due after one year	20,913	<u>Total</u>	<u>¥27,888</u>	<p>(Lessees' accounting)</p> <p>Operating lease transactions</p> <p>Future minimum lease payments subsequent to March 31, 2007 are summarized as follows:</p> <table data-bbox="901 403 1460 481"><tr><td>Due in one year or less</td><td>¥7,098</td></tr><tr><td>Due after one year</td><td>25,470</td></tr><tr><td><u>Total</u></td><td><u>¥32,568</u></td></tr></table>	Due in one year or less	¥7,098	Due after one year	25,470	<u>Total</u>	<u>¥32,568</u>
Due in one year or less	¥6,975												
Due after one year	20,913												
<u>Total</u>	<u>¥27,888</u>												
Due in one year or less	¥7,098												
Due after one year	25,470												
<u>Total</u>	<u>¥32,568</u>												
<p>(Lessors' accounting)</p> <p>Operating lease transactions</p> <p>Future minimum lease income subsequent to March 31, 2006 is summarized as follows:</p> <table data-bbox="239 660 798 739"><tr><td>Due in one year or less</td><td>¥329,177</td></tr><tr><td>Due after one year</td><td>422,419</td></tr><tr><td><u>Total</u></td><td><u>¥751,596</u></td></tr></table>	Due in one year or less	¥329,177	Due after one year	422,419	<u>Total</u>	<u>¥751,596</u>	<p>(Lessors' accounting)</p> <p>Operating lease transactions</p> <p>Future minimum lease income subsequent to March 31, 2007 is summarized as follows:</p> <table data-bbox="901 660 1460 739"><tr><td>Due in one year or less</td><td>¥382,028</td></tr><tr><td>Due after one year</td><td>418,280</td></tr><tr><td><u>Total</u></td><td><u>¥800,308</u></td></tr></table>	Due in one year or less	¥382,028	Due after one year	418,280	<u>Total</u>	<u>¥800,308</u>
Due in one year or less	¥329,177												
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Due after one year	418,280												
<u>Total</u>	<u>¥800,308</u>												

(For securities)

(Millions of yen)

Prior fiscal year				Current fiscal year					
Securities				Securities					
1. Marketable held-to-maturity debt securities				1. Marketable held-to-maturity debt securities					
(As of March 31, 2006)				(As of March 31, 2007)					
Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)	Types of securities	Carrying value	Estimated fair value	Unrealized gain (loss)		
(Securities whose fair value does not exceed their carrying value)				(Securities whose fair value does not exceed their carrying value)					
Corporate bonds	¥ 59	¥ 59		Government bonds	¥294	¥294			
Total	¥ 59	¥59		Corporate bonds	59	59			
2. Marketable other securities				2. Marketable other securities					
(As of March 31, 2006)				(As of March 31, 2007)					
Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)	Types of securities	Acquisition cost	Carrying value	Unrealized gain (loss)		
(Securities whose carrying value exceed their acquisition cost)				(Securities whose carrying value exceed their acquisition cost)					
Stock	¥ 4,646	¥29,549	¥24,903	Stock	¥3,508	¥14,613	¥11,105		
Bonds:				Bonds:					
Government bonds	19	20	1	Government bonds					
Others				Others	2,704	2,751	47		
Subtotal	4,665	29,569	24,904	Subtotal	6,212	17,364	11,152		
(Securities whose carrying value does not exceed their acquisition cost)				(Securities whose carrying value does not exceed their acquisition cost)					
Stock	766	539	(227)	Stock	926	708	(218)		
Bonds:				Bonds:					
Government bonds				Government bonds	20	20			
Others				Others	1,869	1,868	(1)		
Subtotal	766	539	(227)	Subtotal	2,815	2,596	(219)		
Total	¥5,431	¥30,108	¥24,677	Total	¥9,027	¥19,960	¥10,933		
3. Other securities sold during the current fiscal year				3. Other securities sold during the current fiscal year					
(From April 1, 2005 to March 31, 2006)				(From April 1, 2006 to March 31, 2007)					
Sales proceeds	Total gain	Total loss		Sales proceeds	Total gain	Total loss			
6,156	305	(37)		25,700	11,996				
4. Carrying value of major securities whose fair value is not available is as follows:				4. Carrying value of major securities whose fair value is not available is as follows:					
(As of March 31, 2006)				(As of March 31, 2007)					
Other securities:				Other securities:					
Unlisted domestic stocks (excluding those traded on the over-the-counter market)				Unlisted domestic stocks (excluding those traded on the over-the-counter market)					
				¥20,664					
Unlisted foreign stocks				820					
Unlisted foreign investment trusts				9,501					
Unlisted foreign investment trusts				¥8,170					
				2,357					
				21,199					
5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities				5. The redemption schedule for securities with maturity dates which are classified as other securities and held-to-maturity debt securities					
(As of March 31, 2006)				(As of March 31, 2007)					
Types of securities	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years	Types of securities	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Bonds:					Bonds:				
Government bonds	¥ 20				Government bonds	¥314			
Corporate bonds			59		Corporate bonds			59	
Others		4			Others				
Total	¥20	¥4	¥59		Total	¥314		¥59	

(For derivative transactions)

Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
<p>1. Derivative transactions</p> <p>(1) Policies</p> <p>The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates on receivables and payables denominated in foreign currencies, interest rates on interest-bearing debt and market prices on commodity, but does not enter into such transactions for speculative or trading purposes. An internal management rule on financial market risk (the "Rule") prescribes that the Group's financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary can initiate a hedge position without the prior approval of, and regular reporting back to the Company.</p> <p>(2) Types and purpose of transactions:</p> <p style="padding-left: 20px;">Forward foreign exchange contracts</p> <p>Forward foreign exchange contracts are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables arising from importing and exporting products and others.</p> <p style="padding-left: 20px;">Currency option</p> <p>In the same manner as forward foreign exchange contracts, currency options are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables and payables.</p> <p style="padding-left: 20px;">Interest rate swaps</p> <p>Interest rate swaps are utilized primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.</p> <p style="padding-left: 20px;">Currency swaps</p> <p>Currency swaps are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates and interest rates on foreign currency denominated receivables and payables.</p> <p style="padding-left: 20px;">Interest rate options</p> <p>Interest rate options are used primarily to hedge against the adverse impact of fluctuations in interest rates on interest-bearing debt.</p> <p style="padding-left: 20px;">Stock option</p> <p>Stock options are used primarily to hedge against the adverse impact of fluctuations in the share prices.</p> <p style="padding-left: 20px;">Commodity futures contracts</p> <p>Commodity futures contracts are used primarily to hedge against the adverse impact of fluctuations in the market prices of precious metal (used as catalyst for emission gas purifier of automobiles).</p>	<p>1. Derivative transactions</p> <p>(1) Policies</p> <p style="padding-left: 40px;">Same as the prior fiscal year.</p> <p>(2) Types and purpose of transactions:</p> <p style="padding-left: 40px;">Forward foreign exchange contracts</p> <p style="padding-left: 40px;">Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Currency option</p> <p style="padding-left: 40px;">Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Interest rate swaps</p> <p style="padding-left: 40px;">Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Currency swaps</p> <p style="padding-left: 40px;">Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Interest rate options</p> <p style="padding-left: 40px;">Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Stock option</p> <p style="padding-left: 40px;">Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Commodity futures contracts</p> <p style="padding-left: 40px;">Same as the prior fiscal year.</p>

<p style="text-align: center;">Prior fiscal year  <span style="font-size: 1.2em;">{</span> From April 1, 2005  To March 31, 2006 <span style="font-size: 1.2em;">}</span></p>	<p style="text-align: center;">Current fiscal year  <span style="font-size: 1.2em;">{</span> From April 1, 2006  To March 31, 2007 <span style="font-size: 1.2em;">}</span></p>
<p>(3) Description of risks relating to derivative transactions</p> <p><b>Market risk</b></p> <p>Although derivative transactions are used for the purpose of hedging risks on assets and liabilities recorded in the consolidated balance sheet, there remain the risk of foreign currency exchange fluctuations on currency transactions, the risk of interest rate fluctuations on interest rate transactions and the risk of market price fluctuations on commodity transactions.</p> <p><b>Credit risk</b></p> <p>The Group is exposed to the risk that a counterparty to its financial transactions could default and jeopardize future profits. We believe that this risk is insignificant as the Group enters into derivative transactions only with financial institutions which have a sound credit profile. The Group enters into these transactions also with Renault Finance S.A. ("RF"), a specialized financial subsidiary of the Renault Group which, the Company believes, is not subject to any such material risk. This is because RF enters into derivative transactions to cover such derivative transactions with the Group only with financial institutions of the highest caliber carefully selected by RF based on its own rating system.</p> <p><b>Legal risk</b></p> <p>The Group is exposed to the risk of entering into a financial agreement which may contain inappropriate terms and conditions as well as the risk that an existing contract may be affected by revisions to the relevant laws and regulations. The Group's Legal Department and Finance Department make every effort to minimize legal risk by reviewing any new agreements of significance and by reviewing the related documents which are retained on file in a central location.</p>	<p>(3) Description of risks relating to derivative transactions</p> <p><b>Market risk</b></p> <p>Same as the prior fiscal year.</p> <p><b>Credit risk</b></p> <p>Same as the prior fiscal year.</p> <p><b>Legal risk</b></p> <p>Same as the prior fiscal year.</p>

Prior fiscal year ( From April 1, 2005 ) ( To March 31, 2006 )	Current fiscal year ( From April 1, 2006 ) ( To March 31, 2007 )
<p>(4) Risk management for derivative transactions</p> <p>All risk hedge operations of the Group are carried out pursuant to the Rule which stipulates the Group's basic policies for derivative transactions, management policies, management items, procedures, criteria for the selection of counterparties, and the reporting system, and so forth. The Rule prescribes that the Group's financial market risk is to be controlled by the Company in a centralized manner, and that no individual subsidiary is permitted to initiate a hedging operation without the prior approval of, and regular reporting back to the Company.</p> <p>The basic hedge policy is subject to the approval of the Monthly Hedge Policy Meeting attended by the corporate officer in charge of the Treasury Department. Execution and management of all deals are to be conducted pursuant to the Rule. Derivative transactions are conducted by a special section of the Finance Department and monitoring of the balance of all open positions and confirming balances are the responsibility of the Accounting Section and the Risk Management Section. Commodity futures contracts are to be handled by Finance Department under guidelines which are to be drawn up by the MRMC (Materials Risk Management Committee). The MRMC is chaired by the corporate officer in charge of the Purchasing Department and the CFO and it will meet approximately once every six months.</p> <p>The status of derivative transactions is reported on a daily basis to the corporate officer in charge of Finance Department and on an annual basis to the Board of Directors.</p> <p>Credit risk is monitored quantitatively using RF's rating system based principally on the counterparties' long-term credit ratings and on their shareholders' equity. The Finance Department sets a maximum upper limit on positions with each of the counterparties for the Group and monitors the balances of open positions every day.</p> <p>(5) Supplemental explanation on quantitative information</p> <p>The fair value and unrealized gain or loss on derivative transactions are estimates which are considered appropriate based on the market at the balance sheet date and, thus, fair value is not necessarily indicative of the actual amounts which may be realized or settled in the future.</p> <p>The notional amounts of the swaps are not a direct measure of the Company's risk exposure in connection with its swap transactions.</p>	<p>(4) Risk management for derivative transactions</p> <p>Same as the prior fiscal year.</p> <p>(5) Supplemental explanation on quantitative information</p> <p>Same as the prior fiscal year.</p> <p>Same as the prior fiscal year.</p>

2. Fair value of derivative transactions

Notional amounts, fair value and unrealized gain or loss

(1) Currency-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2006)				Current fiscal year (As of March 31, 2007)			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)	Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange contracts:								
	Sell:								
	USD	¥8,326	—	¥8,523	¥(197)	¥12,849	—	¥12,928	¥(79)
	EUR	1,117	—	1,134	(17)	1,064	—	1,080	(16)
	ZAR	668	—	717	(49)	695	—	694	1
	GBP	9	—	9	0	22	—	22	0
	Others	33	—	32	1	12	—	12	0
	Buy:								
	EUR	876	—	828	(48)	757	—	763	6
	USD	3,078	—	3,082	4	3,483	—	3,477	(6)
	Others	174	—	168	(6)	10	—	10	0
	Swaps:								
	EUR	105,906	—	(253)	(253)	59,657	—	(269)	(269)
	GBP	16,771	—	(16)	(16)	—	—	—	—
	USD	37,049	—	422	422	20,816	10,064	424	424
AUD	39,199	—	(605)	(605)	1,291	—	(29)	(29)	
HKD	5,222	—	100	100	—	—	—	—	
CAD	4,106	—	(1,120)	(1,120)	4,353	4,353	(42)	(42)	
ZAR	2,450	—	(27)	(27)	—	—	—	—	
THB	—	—	—	—	25,513	—	(81)	(81)	
total		—	—	—	(1,811)	—	—	—	(91)

Notes: 1. Calculation of fair value

Calculation of fair value is based on the discounted cash flows and others.

2. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

## (2) Interest-related transactions

(Millions of yen)

Classification	Type	Prior fiscal year (As of March 31, 2006)				Current fiscal year (As of March 31, 2007)			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)	Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Swaps:								
	Receive floating/ pay fixed	¥ 127,717	—	¥ 640	¥ 640	¥ 203,495	¥188,583	¥ 108	¥ 108
	Receive fixed/pay floating	239,000	32,400	757	757	251,648	195,483	280	280
	Options								
	Caps sold (Premium)	¥ 515,208 (—)	¥ 383,086 (—)	¥ (5,823)	¥ (5,823)	¥ 460,851 (—)	¥ 286,928 (—)	¥ (1,558)	¥ (1,558)
	Caps purchased (Premium)	515,208 (—)	383,086 (—)	5,823	5,823	460,851 (—)	286,928 (—)	1,558	1,558
	Total	—	—	—	¥ 1,397	—	—	—	¥ 388

Notes: 1. Calculation of fair value

Calculation of fair value is based on the discounted cash flows and others.

2. The notional amounts of the derivative transactions presented above exclude those for which hedge accounting has been adopted.

(For retirement benefits)

1. Description of retirement benefit plans

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

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
a. Retirement benefit obligation	¥ (1,239,004)	¥ (1,273,725)
b. Plan assets at fair value	817,371	1,008,771
c. Unfunded retirement benefit obligation (a+b)	(421,633)	(264,954)
d. Unrecognized net retirement benefit obligation at transition	99,966	89,822
e. Unrecognized actuarial gain or loss	120,920	81,493
f. Unrecognized prior service cost (a reduction of liability)	(66,714) (Note 2)	(54,049) (Note 2)
g. Net retirement benefit obligation recognized in the consolidated balance sheet (c+d+e+f)	(267,461)	(147,688)
h. Prepaid pension costs	234	46,806
i. Accrued retirement benefits (g-h)	¥ (267,695)	¥ (194,494)

Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Notes: 1. The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.	Notes: 1. The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.
2. Effective April 1, 2001, the Company discontinued to provide certain benefits under the welfare pension fund plan for future services. As a result, prior service cost (a reduction of liability) was incurred.	2. Effective April 1, 2001, the Company discontinued to provide certain benefits under the welfare pension fund plan for future services. As a result, prior service cost (a reduction of liability) was incurred.
3. Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.	3. Certain subsidiaries adopted a simplified method in the calculation of their retirement benefit obligation.
4. In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized and has been included in "Accrued expenses" in the accompanying consolidated balance sheet.	4. In addition to the accrued retirement benefits explained above, an accrual for additional retirement benefits is recognized and has been included in "Accrued expenses" in the accompanying consolidated balance sheet.
5. The effects of a partial transition from the tax-qualified and lump-sum payment plans to defined contribution plans are as follows.	5. The effects of a partial transition from the tax-qualified and lump-sum payment plans to defined contribution plans are as follows.

	(Millions of yen)
Decrease in retirement benefit obligation	¥ 53,643
Decrease in plan assets at fair value	(45,762)
Unrecognized net retirement benefit obligation at transition	(7,677)
Unrecognized actuarial gain or loss	(6,618)
Unrecognized prior service cost	2,844
Increase in accrued retirement benefits	(3,570)

The amount of plan assets transferred to defined contribution plans amounted to ¥45,762 million, which was fully transferred in the current fiscal year.

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

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



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

	(Millions of yen)	
	Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕
a. Service cost	¥ 41,022 (Note 2)	¥ 51,696 (Note 2)
b. Interest cost	36,809	41,209
c. Expected return on plan assets	(29,581)	(39,625)
d. Amortization of net retirement benefit obligation at transition	11,265	11,147
e. Amortization of actuarial gain or loss	12,542	9,031
f. Amortization of prior service cost	(5,967) (Note 3)	(6,925) (Note 3)
g. Other	2,476	3,732
h. Retirement benefit expenses (a+b+c+d+e+f+g)	¥ 68,566	¥ 70,265
i. Loss on return of the substitution portion of WPPF	(772)	—
J. Gain (Loss) on implementation of defined contribution plans	3,570	(18,782)
Total	¥ 71,364	¥ 51,483

Prior fiscal year  
From April 1, 2005  
To March 31, 2006

Current fiscal year  
From April 1, 2006  
To March 31, 2007

- Notes:
1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥10,554 million were accounted for as a special loss for the year ended March 31, 2006.
  2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.
  3. Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 to the table setting forth the fund status.
  4. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in a. "Service cost."
  5. The pension assets in the multi-employer welfare pension fund plans allocated to the Company and the domestic consolidated subsidiaries based on their share of the contributions amounted to ¥38,054 million.

- Notes:
1. In addition to the retirement benefit expenses referred to above, additional retirement benefit expenses of ¥34,297 million were accounted for as a special loss for the year ended March 31, 2007.
  2. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.
  3. Amortization of prior service cost represents the amount to be recognized for this fiscal year with respect to prior service cost explained in Note 2 to the table setting forth the fund status.
  4. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in a. "Service cost."
  5. The pension assets in the multi-employer welfare pension fund plans allocated to the Company and the domestic consolidated subsidiaries based on their share of the contributions amounted to ¥39,703 million.

4. Assumptions used in accounting for the retirement benefit obligation

	Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕
a. Attribution of retirement benefit obligation	The straight-line method over the estimated years of service of the eligible employees	Same as the prior fiscal year.
b. Discount rates	Domestic companies: 2.1% – 2.3% Foreign companies: 2.5% – 6.0%	Domestic companies: 2.1% – 2.3% Foreign companies: 2.8% – 6.2%
c. Expected rate of return on plan assets	Domestic companies: mainly 3.0% Foreign companies: 3.0% – 9.0%	Domestic companies: mainly 3.0% Foreign companies: 2.8% – 9.0%
d. Amortization period of prior service cost	Prior service cost is being amortized as incurred by the straight-line method over periods (principally 9 years through 15 years) which are shorter than the average remaining years of service of the eligible employees.	Same as the prior fiscal year.
e. Amortization period of actuarial gain or loss	Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 9 years through 18 years) which are shorter than the average remaining years of service of the eligible employees.  Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.	Same as the prior fiscal year.
f. Amortization period of net retirement benefit obligation at transition	Mainly 15 years	Same as the prior fiscal year.

(For share-based payments)

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

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

Salaries and wages in Selling, general and administrative expenses

¥1,037 million

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

(1) Description of stock options

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

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

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

(2) Changes in the size of stock options

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

Number of stock options

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

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

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

Per share prices

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

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

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

### 3. Method for estimating per share fair value of stock options

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

Technique of estimation used: Binomial model

Basic factors taken into account for the estimation:

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

Notes: 1. The volatility of the share price for the expected life of the option is estimated by taking into account the volatility of the entire stock market, the characteristics of the Company's stock and the fair value of the stock options, while drawing upon the actual share prices in the past.

2. Because there is not enough data to make a reasonable estimation, Expected life of the option is based on the assumption that the options are evenly exercised on every March 1, June 1, September 1 and December 1 during the exercise period.

3. According to the estimation for the year ending March 31, 2008 of the Nissan Value Up dividend policy.

4. Risk-free interest rate is the yield on government bonds for the period that corresponds to the remaining life of the option.

### 4. Estimation of the number of stock options vested

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

(For income taxes)

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Deferred tax assets:		
Net operating loss carry forwards	¥ 20,343	¥ 56,141
Accrued retirement benefits	157,319	128,515
Accrued warranty costs	67,461	70,364
Other	454,878	499,960
Total gross deferred tax assets	<u>700,001</u>	<u>754,980</u>
Valuation allowance	<u>(38,880)</u>	<u>(72,601)</u>
Total deferred tax assets	661,121	682,379
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law, etc.	(440,939)	(451,404)
Difference between cost of investments and their underlying net equity at fair value	(81,634)	(78,917)
Unrealized holding gain on securities	(14,828)	(4,166)
Other	<u>(155,465)</u>	<u>(182,082)</u>
Total deferred tax liabilities	<u>(692,866)</u>	<u>(716,569)</u>
Net deferred tax assets	<u>¥ (31,745)</u>	<u>¥ (34,190)</u>

Note: Net deferred tax assets as of March 31, 2006 and 2007 are reflected in the following accounts in the consolidated balance sheets:

	Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
	(Millions of yen)	
Current assets—deferred tax assets	¥ 314,859	¥ 324,979
Fixed assets—deferred tax assets	163,550	157,495
Current liabilities—deferred tax liabilities	8,063	9,064
Long-term liabilities—deferred tax liabilities	502,091	507,600

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

	Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Statutory tax rate of the Company	40.6%	40.6%
(Reconciliation)		
• Different tax rates applied to foreign subsidiaries	(3.1)%	(5.4)%
• Tax credits	(2.7)%	(2.8)%
• Decrease in valuation allowance resulting in the recognition of net deferred tax assets	(1.0)%	(0.0)%
• Equity in earnings of affiliates	(1.9)%	(1.2)%
• Other	<u>(0.5)%</u>	<u>(0.8)%</u>
Effective tax rates after adoption of tax-effect accounting	<u>31.4%</u>	<u>30.4%</u>

## (Segment Information)

## Business segment information

Prior fiscal year (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	Automobile	Sales financing	Total	Eliminations	Consolidated
<b>I. Sales and operating income</b>					
(1) Sales to third parties	8,895,143	533,149	9,428,292		9,428,292
(2) Inter-segment sales and transfers	28,563	14,794	43,357	(43,357)	
Total sales	8,923,706	547,943	9,471,649	(43,357)	9,428,292
Operating expenses	8,160,292	478,218	8,638,510	(82,059)	8,556,451
Operating income	763,414	69,725	833,139	38,702	871,841
<b>II. Assets, depreciation, impairment loss, and capital expenditures</b>					
Total assets	7,152,144	5,710,239	12,862,383	(1,380,957)	11,481,426
Depreciation	400,787	254,615	655,402		655,402
Impairment loss	26,794	33	26,827		26,827
Capital Expenditure	503,916	920,398	1,424,314		1,424,314

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

## 2. Main products of each business segment

- (1) Automobile ..... passenger cars, trucks, buses, forklifts, manufacturing parts for oversea production, etc.
- (2) Sales financing ..... credit, lease, etc.

## 3. Changes in accounting policies

## Accounting standard for the impairment of fixed assets

Effective April 1, 2005, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the "Implementation Guidance on the Accounting Standard for the Impairment of Fixed Assets" (ASBJ Guideline No. 6 issued on October 31, 2003). The effect of this change was to decrease total assets in the Automobile segment and Sales financing segment by ¥26,794 million and ¥33 million, respectively.



Note 4. Consolidated financial statements by business segment

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

(1) Summarized consolidated balance sheets by business segment

(Millions of yen)

Accounts	Prior fiscal year (As of March 31, 2006)		
	Automobile & Eliminations	Sales financing	Consolidated total
<b>Assets</b>			
I. Current assets			
Cash on hand and in banks	402,968	11,804	414,772
Notes and accounts receivable	488,571	29	488,600
Sales finance receivables	(232,709)	3,821,836	3,589,127
Inventories	847,243	9,256	856,499
Other current assets	465,367	207,889	673,256
Total current assets	1,971,440	4,050,814	6,022,254
II. Fixed assets			
Property, plant and equipment, net	2,926,753	1,512,055	4,438,808
Investment securities	401,520	1,866	403,386
Other fixed assets	470,966	145,504	616,470
Total fixed assets	3,799,239	1,659,425	5,458,664
III. Deferred charges			
Discounts on bonds	508	—	508
Total deferred charges	508	—	508
Total assets	5,771,187	5,710,239	11,481,426
<b>Liabilities</b>			
I. Current liabilities			
Notes and accounts payable	957,055	26,539	983,594
Short-term borrowings	(665,980)	3,199,746	2,533,766
Lease obligations	57,804	719	58,523
Other current liabilities	1,154,726	121,100	1,275,826
Total current liabilities	1,503,605	3,348,104	4,851,709
II. Long-term liabilities			
Bonds	381,346	326,861	708,207
Long-term borrowings	174,734	1,270,954	1,445,688
Lease obligations	71,708	—	71,708
Other long-term liabilities	677,426	352,812	1,030,238
Total long-term liabilities	1,305,214	1,950,627	3,255,841
Total liabilities	2,808,819	5,298,731	8,107,550
<b>Minority interests</b>			
Minority interests	284,062	1,831	285,893
<b>Shareholders' equity</b>			
I. Common stock	514,489	91,325	605,814
II. Capital surplus	773,623	30,847	804,470
III. Retained earnings and unrealized holding gain on securities	1,870,127	261,038	2,131,165
IV. Translation adjustments	(230,780)	26,467	(204,313)
V. Treasury stock	(249,153)	—	(249,153)
Total shareholders' equity	2,678,306	409,677	3,087,983
Total liabilities, minority interests and shareholders' equity	5,771,187	5,710,239	11,481,426

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

2. The borrowings of Automobile & Eliminations represent the amount after deducting internal loans receivable from the Sales financing segment amounting to ¥968,451 million.

## (2) Summarized consolidated statements of income by business segment

(Millions of yen)

Accounts	Prior fiscal year (From April 1, 2005 to March 31, 2006)		
	Automobile & Eliminations	Sales financing	Consolidated total
Net sales	8,880,349	547,943	9,428,292
Cost of sales	6,649,937	391,050	7,040,987
Gross profit	2,230,412	156,893	2,387,305
Operating income as a percentage of net sales	9.0%	12.7%	9.2%
Operating income	802,116	69,725	871,841
Financial income/expenses—net	(4,555)	(11)	(4,566)
Other non-operating income/expenses—net	(21,315)	(88)	(21,403)
Ordinary income	776,246	69,626	845,872
Income before income taxes and minority interests	739,962	69,079	809,041
Net income	476,688	41,362	518,050

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

(Millions of yen)

Accounts	Prior fiscal year (From April 1, 2005 to March 31, 2006)		
	Automobile & Eliminations	Sales financing	Consolidated total
I. Cash flows from operating activities			
Income before income taxes and minority interests	739,962	69,079	809,041
Depreciation and amortization	400,787	254,615	655,402
Decrease (increase) in finance receivables	19,341	(331,026)	(311,685)
Others	(468,999)	74,110	(394,889)
Net cash provided by operating activities	691,091	66,778	757,869
II. Cash flows from investing activities			
Proceeds from sales of investment securities	50,765	—	50,765
Proceeds from sales of property, plant and equipment	55,789	1	55,790
Purchases of fixed assets	(456,550)	(14,479)	(471,029)
Purchases of leased vehicles	(47,366)	(905,919)	(953,285)
Proceeds from sales of leased vehicles	37,523	226,601	264,124
Others	(59,951)	831	(59,120)
Net cash used in investing activities	(419,790)	(692,965)	(1,112,755)
III. Cash flows from financing activities			
Net increase in short-term borrowings	16,565	359,483	376,048
Net change in long-term borrowings and redemption of bonds	(228,985)	102,227	(126,758)
Increase in bonds	227,386	163,320	390,706
Others	(183,960)	1,883	(182,077)
Net cash (used in) provided by financing activities	(168,994)	626,913	457,919
IV. Effect of exchange rate changes on cash and cash equivalents	10,016	1,373	11,389
V. Increase in cash and cash equivalents	112,323	2,099	114,422
VI. Cash and cash equivalents at beginning of the year	280,176	9,608	289,784
VII. Increase due to inclusion in consolidation	6	—	6
VIII. Cash and cash equivalents at end of the year	392,505	11,707	404,212

Note: The net increase in short-term borrowings of the Automobile & Eliminations includes the amount of ¥(39,721) million eliminated for decrease in internal loans receivable from the Sales Financing segment.

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

(Millions of yen)

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

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

2. Main products of each business segment

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

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

3. Changes in accounting policies

(1) Accounting standard for share-based payments

Effective April 1, 2006, the Company adopted the Accounting Standard for Share-Based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-Based Payment (ASBJ Guidance No. 11 issued on May 31, 2006).

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

(2) Change of closing dates of consolidated subsidiaries

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

The effect of this change was to increase net sales by ¥759,391 million for the Automobile segment, ¥9,586 million for the Sales financing segment and ¥1,371 million for Eliminations, compared to the results that would have been obtained under the former method of consolidation. This change also brought increases in operating income of ¥18,785 million for the Automobile segment, ¥1,796 million for the Sales financing segment, and ¥862 million for Eliminations.

Note 4. Consolidated financial statements by business segment

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

(1) Summarized consolidated balance sheets by business segment

(Millions of yen)

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

- Notes:
1. The sales finance receivables of Automobile & Eliminations represents the amount eliminated for intercompany transactions related to wholesale finance made by the Sales financing segment.
  2. The borrowings of Automobile & Eliminations represent the amount after deducting internal loans receivable from the Sales financing segment amounting to ¥1,013,908 million.

## (2) Summarized consolidated statements of income by business segment

(Millions of yen)

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

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

(Millions of yen)

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

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

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

## Geographical segment information

Prior fiscal year (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	Japan	North America	Europe	Other foreign countries	Total	Eliminations	Consolidated
I. Sales and operating income:							
Sales:							
1. Sales to third parties	2,674,549	4,100,662	1,414,674	1,238,407	9,428,292		9,428,292
2. Inter-segment sales and transfers	2,194,405	138,585	82,632	13,928	2,429,550	(2,429,550)	
Total	4,868,954	4,239,247	1,497,306	1,252,335	11,857,842	(2,429,550)	9,428,292
Operating expenses	4,478,536	3,852,304	1,430,127	1,194,714	10,955,681	(2,399,230)	8,556,451
Operating income	390,418	386,943	67,179	57,621	902,161	(30,320)	871,841
II. Total assets	5,961,342	5,751,652	746,016	798,533	13,257,543	(1,776,117)	11,481,426

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

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

- (1) North America..... The United States, Canada, and Mexico
- (2) Europe..... France, The United Kingdom, Spain and other European countries
- (3) Other ..... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

3. Accounting change

Accounting standard for the impairment of fixed assets

Effective April 1, 2005, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets: "Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002 and the "Implementation Guidance on the Accounting Standard for the Impairment of Fixed Assets" (ASBJ Guidance No. 6 issued on October 31, 2003).

The effect of this change is to decrease total assets in the "Japan" segment by ¥26,827 million.

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

(Millions of yen)

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

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

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

- (1) North America..... The United States, Canada, and Mexico
- (2) Europe..... France, The United Kingdom, Spain and other European countries
- (3) Other ..... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

3. Changes in accounting policies

(1) Accounting standard for share-based payments

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

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

(2) Change of closing dates of consolidated subsidiaries

As described in "Changes in Accounting Policies," effective this fiscal year, 22 subsidiaries have been consolidated by using their financial statements as of the parent's fiscal year end which were prepared solely for consolidation purposes. In addition, 33 consolidated subsidiaries have changed their fiscal year end to March 31. The effect of this change was to increase net sales by ¥62,479 million for Japan, ¥219,878 million for North America, ¥454,769 million for Europe, ¥87,087 million for other foreign countries and ¥56,607 million for Eliminations, compared to the results that would have been obtained under the former method of consolidation. This change also brought increases in operating income of ¥1,586 million for Japan, ¥21,403 million for North America, ¥2,744 million for Europe and ¥210 million for other foreign countries, and a decrease in operating income of ¥4,500 million for Eliminations.

## Overseas sales

Prior fiscal year (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	North America	Europe	Other foreign countries	Total
I. Overseas net sales	4,014,475	1,414,929	1,655,630	7,085,034
II. Consolidated net sales				9,428,292
III. Overseas net sales as a percentage of consolidated net sales	42.6%	15.0%	17.6%	75.2%

- Notes:
- Overseas net sales include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.
  - Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
  - Major countries and areas which belong to segments other than Japan are as follows:
    - North America..... The United States, Canada, and Mexico
    - Europe..... France, the United Kingdom, Spain and other European countries
    - Other ..... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

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

(Millions of yen)

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

- Notes:
- Overseas net sales include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries.
  - Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
  - Major countries and areas which belong to segments other than Japan are as follows:
    - North America..... The United States, Canada, and Mexico
    - Europe..... France, the United Kingdom, Spain and other European countries
    - Other ..... Asia, Oceania, the Middle East, Central and South America excluding Mexico, and South Africa

#### 4. Change in accounting policies

##### Change of closing dates of consolidated subsidiaries

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

This change brought increases in overseas net sales of ¥177,178 million for North America, ¥402,598 million for Europe and ¥138,990 million for Other foreign countries, compared to the results that would have been obtained under the former method of consolidation.

(Transactions with related parties)

Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
There are no significant transactions to be disclosed.	Same as the prior fiscal year.

(Amounts per share)

		(Yen)	
Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )		
Net assets per share	¥753.40	Net assets per share	¥862.29
Basic net income per share	¥126.94	Basic net income per share	¥112.33
Diluted net income per share	¥125.96	Diluted net income per share	¥111.71

Note: The bases for calculation are as follows:

1. Net assets per share

	Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Total net assets (Millions of yen)		3,876,994
Amounts deducted from total net assets (Millions of yen)		331,757
(Share subscription rights)		2,711
(Minority interests)		329,046
Net assets attributable to shares of common stock at year end (Millions of yen)		3,545,237
The year-end number of common stock used for the calculation of net assets per share (Thousands)		4,111,418

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

	Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
Basic net income per share: Net income (Millions of yen)	518,050	460,796
Amounts not attributable to common shareholders (Millions of yen)	573	
(Directors' bonuses as an appropriation of retained earnings) (Millions of yen)	573	
Net income attributable to shares of common stock (Millions of yen)	517,477	460,796
Average number of shares of common stock during the fiscal year (Thousands)	4,076,552	4,102,114
Diluted net income per share: Increase in shares of common stock (Thousands)	31,611	22,736
(Exercise of warrants)	28,479	17,446
(Exercise of share subscription rights)	3,132	5,290
Securities excluded from the computation of diluted net income per share, because they do not have dilutive effects.	2nd share subscription rights (the number of share subscription rights is 100,780 units) Refer to "Status of share subscription rights" for a summary.	4th share subscription rights (the number of share subscription rights is 130,000 units) Refer to "Status of share subscription rights" for a summary.



## (Significant subsequent events)

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕																												
<p>On April 25, 2006, the Board of Directors of the Company resolved to issue share subscription rights to employees of the Company as well as to directors of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 106th annual general meeting of the Company's shareholders held on June 21, 2005.</p> <p>An outline of these share subscription rights is as follows:</p> <ol style="list-style-type: none"> <li>1) Name of share subscription rights: Nissan Motor Co., Ltd. 4th share subscription rights</li> <li>2) Types and number of shares to be issued upon exercise of share subscription rights: 13,220,000 shares of common stock of the Company.  One unit of new share subscription rights comprises 100 shares.</li> <li>3) Aggregate number of units of share subscription rights to be issued: 132,200 units  If the total number of applications for share subscription rights does not reach 132,200, the total number of share subscription rights for which applications have been submitted shall be the total number of share subscription rights to be issued.</li> <li>4) Issue price of each share subscription right and date of issuance:  Each share subscription right is to be issued free of charge.  The date of issuance of the share subscription rights shall be May 8, 2006.</li> <li>5) Exercise price: Per unit: ¥152,600 Per share: ¥1,526</li> <li>6) The directors, employees and share subscription rights are summarized as follows:</li> </ol>	<p>On June 19, 2007, the Company issued unsecured bonds. The terms and conditions of these bonds are summarized as follows:</p> <p>1</p> <table border="1" data-bbox="861 347 1508 555"> <tr><td>Name</td><td>46th unsecured bonds</td></tr> <tr><td>Principal</td><td>¥65,000 million</td></tr> <tr><td>Interest rate</td><td>1.76% per annum</td></tr> <tr><td>Issue price</td><td>¥99.99 for a par value of ¥100</td></tr> <tr><td>Maturity date</td><td>June 20, 2012</td></tr> <tr><td>Payment due date</td><td>June 19, 2007</td></tr> <tr><td>Use of proceeds</td><td>Working capital</td></tr> </table> <p>2</p> <table border="1" data-bbox="861 593 1508 801"> <tr><td>Name</td><td>47th unsecured bonds</td></tr> <tr><td>Principal</td><td>¥35,000 million</td></tr> <tr><td>Interest rate</td><td>1.95% per annum</td></tr> <tr><td>Issue price</td><td>¥99.97 for a par value of ¥100</td></tr> <tr><td>Maturity date</td><td>June 20, 2014</td></tr> <tr><td>Payment due date</td><td>June 19, 2007</td></tr> <tr><td>Use of proceeds</td><td>Working capital</td></tr> </table>	Name	46th unsecured bonds	Principal	¥65,000 million	Interest rate	1.76% per annum	Issue price	¥99.99 for a par value of ¥100	Maturity date	June 20, 2012	Payment due date	June 19, 2007	Use of proceeds	Working capital	Name	47th unsecured bonds	Principal	¥35,000 million	Interest rate	1.95% per annum	Issue price	¥99.97 for a par value of ¥100	Maturity date	June 20, 2014	Payment due date	June 19, 2007	Use of proceeds	Working capital
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<table border="1" data-bbox="183 1590 837 1809"> <thead> <tr> <th>Category</th> <th>Number of recipients</th> <th>Number of rights issued</th> </tr> </thead> <tbody> <tr> <td>The Company's employees</td> <td>457</td> <td>116,700</td> </tr> <tr> <td>Directors of the Company's subsidiaries</td> <td>74</td> <td>15,500</td> </tr> <tr> <td>Total</td> <td>531</td> <td>132,200</td> </tr> </tbody> </table>	Category	Number of recipients	Number of rights issued	The Company's employees	457	116,700	Directors of the Company's subsidiaries	74	15,500	Total	531	132,200																	
Category	Number of recipients	Number of rights issued																											
The Company's employees	457	116,700																											
Directors of the Company's subsidiaries	74	15,500																											
Total	531	132,200																											

Consolidated supplemental schedules

Schedule of bonds payable

Company	Description	Date of Issuance	Balance at end of prior year (Millions of yen)	Balance at end of current year (Millions of yen)	Interest rate (%)	Collateral	Maturity
*1	22nd unsecured bonds	August 1, 1996	20,000		3.55	NONE	August 1, 2006
*1	24th unsecured bonds	February 20, 1997	15,000		2.875	"	February 20, 2007
*1	28th unsecured bonds ( Note 2 )	October 29, 1997	30,000	(30,000) 30,000	2.40	"	October 29, 2007
*1	38th unsecured bonds	July 17, 2001	80,000		1.03	"	July 17, 2006
*1	41st unsecured bonds	July 29, 2003	70,000	70,000	1.00	"	July 29, 2010
*1	42nd unsecured bonds	February 19, 2004	50,000	50,000	0.74	"	March 19, 2009
*1	43rd unsecured bonds	June 2, 2005	50,000	49,998	0.40	"	June 20, 2008
*1	44th unsecured bonds	June 2, 2005	128,000	127,967	0.71	"	June 21, 2010
*1	45th unsecured bonds	June 15, 2005	50,000	50,000	0.62	"	October 15, 2009
*1	Euro-yen bonds with warrants due 2007 (Note 3)	March 8, 2001	45,000		0.75	"	March 8, 2007
*1	Euro-yen bonds with warrants due 2008 (Notes 2 and 3)	March 14, 2002	52,800	(52,317) 52,317	1.27	"	March 14, 2008
*2	Bonds issued by subsidiaries (Note 2)	2004 - 2007	149,980	(58,571) 180,012	0.4 - 1.2	"	2007 - 2010
*2	1st unsecured convertible bonds with share subscription rights issued by subsidiaries (Note 4)	April 30, 2003	736	260		"	March 31, 2010
*2	Yen convertible bonds with share subscription rights due 2008 issued by subsidiaries (Notes 2 and 4)	April 30, 2003	2,610	(1,429) 1,429		"	March 31, 2008
*3	Bonds issued by subsidiaries	2005 - 2006	205,573 [\$1,750,000 thousand]	206,391 [\$1,748,338 thousand]	4.6 - 5.6	"	2010 - 2011
*3	Bonds issued by subsidiaries	2006		53,650 [MXN 5,000,000 thousand]	7.4 - 7.8	"	2009 - 2011
*3	Mid-term notes issued by subsidiaries	1993 - 2004	15,416 [EURO 110,245 thousand]		4.1 - 4.7	"	2006
*3	Mid-term notes issued by subsidiaries (Note 2)	1996 - 2003	29,711 [\$252,927 thousand]	(11,159) [\$94,529 thousand] 11,159 [\$94,529 thousand]	5.4 - 5.6	"	2007 - 2008
Subtotal (Note 2)			994,826	(153,476) 883,183			
Elimination of intercompany transactions (Note 2)			-97,800	(-52,317) -52,317			
Total (Note 2)			897,026	(101,159) 830,866			

- Notes: 1. \*1 The Company \*2 Domestic subsidiaries \*3 Foreign subsidiaries  
 2. The amounts in parentheses presented under "Balance at end of current year" represent the amounts scheduled to be redeemed within one year.  
 3. The following table shows the details of bonds with warrants.

Description	Exercise period	Amount to be subscribed upon exercise (Yen)	The total amount of stock issued (Millions of yen)	Stock to be issued	Ratio of grant
Euro-yen bonds with warrants due 2007	From March 8, 2003 To March 1, 2007	764	45,000	Common stock	100%
Euro-yen bonds with warrants due 2008	From March 14, 2004 To March 7, 2008	880	52,800	Common stock	100%

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

Description	1st unsecured convertible bonds with share subscription rights issued by subsidiaries	Yen convertible bonds with share subscription rights due 2008 issued by subsidiaries
Type of shares to be issued upon exercise of share subscription rights	Common stock	Common stock
Issue price (Yen)		
Exercise price (Yen)	499	509
Total exercise price (Millions of yen)	10,000	10,000
Upon exercise of the share subscription rights, total exercise price to be credited to common stock (Millions of yen)	9,740	8,571
Ratio (%)	100	100
Exercise period	From June 2, 2003 To March 30, 2010	From June 2, 2003 To March 14, 2008
Substitutive deposits	Note	Note

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

5. The redemption schedule of bonds for 5 years subsequent to March 31, 2007 is summarized as follows:

(Millions of yen)				
Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
101,159	151,429	250,795	316,050	11,653

Schedule of borrowings

(Millions of yen)

Category	Balance at end of prior year	Balance at end of current year	Average interest rate (%)	Maturity
Short-term borrowings	1,159,743	1,056,319	3.5	
Current portion of long-term borrowings	818,206	974,695	4.2	
Commercial paper	366,998	965,238	1.8	
Current portion of lease obligations	58,523	50,421	1.3	
Long-term borrowings (excluding current portion)	1,445,688	1,167,814	4.2	April 2008 – October 2026
Lease obligations (excluding current portion)	71,708	59,140	1.7	April 2008 – March 2021
Total	3,920,866	4,273,627		

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

2. The following table shows the aggregate annual maturities of long-term borrowings (excluding the current portion) and lease obligations (excluding the current portion) for 5 years subsequent to March 31, 2007.

(Millions of yen)

	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term borrowings	587,890	386,051	39,553	132,821
Lease obligations	22,839	10,486	8,196	5,321

(2) Other

Not applicable

## 2. Non-consolidated financial statements

### (1) Non-consolidated financial statements

#### Non-consolidated balance sheets

Accounts	Notes	Prior fiscal year (As of March 31, 2006)		Current fiscal year (As of March 31, 2007)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
<b>Assets</b>					
I. Current assets					
1. Cash on hand and in banks		148,532		39,949	
2. Trade notes receivable		577		393	
3. Trade accounts receivable	2	286,667		286,975	
4. Finished products		73,001		71,682	
5. Raw materials		22,529		39,846	
6. Work in process		26,316		24,515	
7. Supplies		19,997		20,718	
8. Advances paid	2	26,982		23,693	
9. Prepaid expenses		19,783		23,332	
10. Deferred tax assets		78,132		108,148	
11. Short-term loans receivable from subsidiaries and affiliates		634,755		548,590	
12. Other accounts receivable	2	75,514		117,378	
13. Other		807		2,137	
14. Allowance for doubtful accounts		(28,020)		(5,832)	
Total current assets		1,385,576	36.0	1,301,528	34.2
II. Fixed assets					
1. Property, plant and equipment	1				
(1) Buildings		177,335		192,856	
(2) Structures		35,772		39,216	
(3) Machinery and equipment		226,507		245,462	
(4) Vehicles		24,399		25,403	
(5) Tools, furniture and fixtures		130,967		132,256	
(6) Land		132,844		139,001	
(7) Construction in progress		47,246		72,026	
Total property, plant and equipment		775,073	20.1	846,222	22.2
2. Intangible fixed assets					
(1) Patents		136		117	
(2) Leaseholds		773		773	
(3) Trademark rights		29		147	
(4) Software		48,727		47,630	
(5) Utility rights		161		151	
Total intangible fixed assets		49,827	1.3	48,821	1.3

Accounts	Notes	Prior fiscal year (As of March 31, 2006)		Current fiscal year (As of March 31, 2007)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
3. Investments and other assets					
(1) Investment securities		43,986		16,714	
(2) Investments in subsidiaries and affiliates		1,450,004		1,473,858	
(3) Long-term loans receivable		804		687	
(4) Long-term loans receivable from employees		366		255	
(5) Long-term prepaid expenses		25,399		20,155	
(6) Deferred tax assets		106,590		52,167	
(7) Prepaid pension costs				39,804	
(8) Other		7,589		6,235	
(9) Allowance for doubtful accounts		(1,720)		(2,082)	
Total investments and other assets		1,633,021	42.5	1,607,797	42.3
Total fixed assets		2,457,922	63.9	2,502,841	65.8
III. Deferred charges					
Discounts on bonds		1,543			
Total deferred charges		1,543	0.1		
Total assets		3,845,041	100.0	3,804,369	100.0

Accounts	Notes	Prior fiscal year (As of March 31, 2006)		Current fiscal year (As of March 31, 2007)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
<b>Liabilities</b>					
I. Current liabilities					
1. Trade notes payable		225		457	
2. Trade accounts payable	2	465,828		444,355	
3. Short-term borrowings	2	147,096		77,000	
4. Current portion of long-term borrowings		36,776		9,390	
5. Commercial paper		88,000		450,000	
6. Current portion of bonds		115,000		30,000	
7. Current portion of bonds with warrants		45,000		52,316	
8. Other accounts payable		58,046		63,572	
9. Accrued expenses	2	268,556		281,565	
10. Income taxes payable		53,421		7,889	
11. Advances received		3,111		4,010	
12. Deposits received		21,323		16,670	
13. Deposits from employees		64,956		66,422	
14. Deferred revenue		775		1,022	
15. Warrants		3,143			
16. Accrued warranty costs		31,717		30,842	
17. Lease obligations		31,667		26,741	
18. Other		202		341	
Total current liabilities		1,434,848	37.3	1,562,599	41.0
II. Long-term liabilities					
1. Bonds		378,000		347,965	
2. Bonds with warrants		52,800			
3. Long-term borrowings		50,790		41,400	
4. Accrued warranty costs		51,248		48,213	
5. Accrued retirement benefits		22,391			
6. Lease obligations		26,873		27,855	
7. Long-term deposits received		1,059		922	
Total long-term liabilities		583,162	15.2	466,356	12.3
Total liabilities		2,018,011	52.5	2,028,955	53.3

Accounts	Notes	Prior fiscal year (As of March 31, 2006)		Current fiscal year (As of March 31, 2007)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
<b>Shareholders' equity</b>					
I. Common stock	3		605,813	15.8	
II. Capital surplus					
Additional paid-in capital			804,470		
Total capital surplus			804,470	20.9	
III. Retained earnings					
1. Legal reserve			53,838		
2. Voluntary reserves					
(1) Reserve for reduction of replacement cost of specified properties		77,175			
(2) Reserve for losses on overseas investments		1,471			
(3) Reserve for special depreciation		687	79,335		
3. Unappropriated retained earnings			402,990		
Total retained earnings			536,165	13.9	
IV. Unrealized holding gain on securities			13,932	0.4	
V. Treasury stock	4		(133,351)	(3.5)	
Total shareholders' equity			1,827,030	47.5	
Total liabilities and shareholders' equity			3,845,041	100.0	



Accounts	Notes	Prior fiscal year (As of March 31, 2006)		Current fiscal year (As of March 31, 2007)	
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)
<b>Net assets</b>					
I. Shareholders' equity					
1. Common stock				605,813	15.9
2. Capital surplus					
Additional paid-in capital				804,470	
Total capital surplus				804,470	21.1
3. Retained earnings					
(1) Legal reserve				53,838	
(2) Voluntary reserve					
Reserve for reduction of replacement cost of specified properties				69,206	
Reserve for losses on overseas investments				479	
Reserve for special depreciation				884	
Unappropriated retained earnings				343,469	
Total retained earnings				467,878	12.3
4. Treasury stock				(111,323)	(2.9)
Total shareholders' equity				1,766,839	46.4
II. Valuation, translation adjustments and others					
Unrealized holding gain on securities				5,863	0.2
Total valuation, translation adjustments and others				5,863	0.2
III. Share subscription rights				2,711	0.1
Total net assets				1,775,413	46.7
Total liabilities and net assets				3,804,369	100.0

Non-consolidated statements of income

Accounts	Notes	Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕			Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕		
		Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)		Ratio (%)
I. Net sales	2		3,895,553	100.0		3,608,934	100.0
II. Cost of sales	2						
1. Finished products at beginning of period		70,553			73,001		
2. Manufacturing costs	1	3,192,077			3,029,128		
Total		3,262,630			3,102,129		
3. Finished products at end of period		73,001	3,189,629	81.9	71,682	3,030,447	84.0
Gross profit			705,924	18.1		578,487	16.0
. Selling, general and administrative expenses	1 3		451,765	11.6		392,926	10.9
Operating income			254,159	6.5		185,561	5.1
. Non-operating income							
1. Interest income	2	1,585			3,965		
2. Dividend income	2	135,860			5,597		
3. Rental income		859			1,097		
4. Miscellaneous income		3,536	141,841	3.7	3,587	14,249	0.4
. Non-operating expenses							
1. Interest expense		2,399			2,420		
2. Interest on bonds		6,135			4,134		
3. Interest on commercial paper		75			1,674		
4. Interest on lease obligations		1,441			997		
5. Exchange loss		26,459			23		
6. Bond issuance costs		614					
7. Amortization of net retirement benefit obligation at transition		8,258			8,054		
8. Miscellaneous expenses		13,461	58,845	1.5	12,547	29,852	0.8
Ordinary income			337,156	8.7		169,958	4.7

Accounts	Notes	Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕		Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕		
		Amounts (Millions of yen)		Ratio (%)	Amounts (Millions of yen)	
VI. Special gains						
1. Gain on sales of fixed assets	4	3,916		8,511		
2. Gain on sales of investments in subsidiaries and affiliates		22,275		5,465		
3. Gain on sales of investment securities		2		11,551		
4. Prior period adjustments		2,516		1,604		
5. Gain on reversal of allowance for doubtful accounts		5,394		25,789		
6. Other		446	34,552	121	53,043	1.5
0.9						
VII. Special losses						
1. Loss on sales of fixed assets	4	632		608		
2. Loss on disposal of fixed assets	5	11,143		17,464		
3. Impairment loss	6	10,527		228		
4. Loss on sales of investments in subsidiaries and affiliates		6,851		10		
5. Write-down of investments and receivables	7	32,565		52,909		
6. Prior period adjustments		507		4,039		
7. Loss on implementation of a defined contribution plan		6,852				
8. One-time loss related to share appreciation rights		12,074				
9. Special additional retirement benefits				22,600		
10. Other		10,943	92,097	11,251	109,112	3.0
2.4						
Income before income taxes			279,610		113,889	3.2
Corporate, inhabitants' and enterprise taxes		80,130		4,476		
Income taxes-deferred		(41,112)	39,017	29,931	34,408	1.0
Net income			240,593		79,481	2.2
6.2						
Retained earnings brought forward from previous year			239,059			
Loss on disposal of treasury stock			15,467			
Interim dividends			61,193			
Unappropriated retained earnings			402,990			

Statements of manufacturing costs

Accounts	Notes	Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕		Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕			
		Amounts (Millions of yen)	Ratio (%)	Amounts (Millions of yen)	Ratio (%)		
. Material costs			2,560,727	80.0	2,384,371	78.7	
. Labor costs			260,976	8.2	251,257	8.3	
. Overhead costs							
Depreciation expense		93,945			96,327		
Others		283,213	377,158	11.8	299,384	395,712	13.0
Total manufacturing costs			3,198,862	100.0		3,031,341	100.0
Work in process at beginning of period			23,188			26,316	
Total			3,222,050			3,057,657	
Work in process at end of period			26,316			24,515	
Transfer to other accounts			3,657			4,014	
Manufacturing costs for finished products			3,192,077			3,029,128	

[Note]

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕
1. “Transfer to other accounts” of ¥3,657 million represented those transferred to “Construction in progress” and other accounts.	1. “Transfer to other accounts” of ¥4,014 million represented those transferred to “Construction in progress” and other accounts.
2. Method of cost accounting For automobiles and forklifts, the Company adopts the comprehensive standard costing under which standard costs are calculated for each product and manufacturing process and cost variances are allocated at the end of fiscal year.	2. Method of cost accounting Same as the prior fiscal year.

Statement of appropriation of retained earnings

Date of resolution approved by the shareholders' meeting		Prior fiscal year (June 27, 2006)	
Accounts	Notes	Amounts (Millions of yen)	
. Unappropriated retained earnings			402,990
. Reversal of voluntary reserves			
1. Reversal of reserve for reduction of replacement cost of specified properties		7,176	
2. Reversal of reserve for losses on overseas investments		499	
3. Reversal of reserve for special depreciation		139	7,814
Total			410,805
. Appropriation of retained earnings			
1. Cash dividends		65,979	
2. Bonuses to directors		390	
3. Voluntary reserves			
(1) Reserve for reduction of replacement cost of specified properties		1,769	
(2) Reserve for special depreciation		286	68,425
. Unappropriated retained earnings carried forward			342,380

Note: Reserve for reduction of replacement cost of specified properties, reserve for losses on overseas investments and reserve for special depreciation are provided and reversed in accordance with the Special Taxation Measures Law.

Non-consolidated statement of changes in net assets

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

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earnings (Note)	Total retained earnings		
Balance as of March 31, 2006 (Millions of yen)	605,813	804,470	804,470	53,838	482,326	536,165	(133,351)	1,813,097
Changes during the year:								
Appropriations of retained earnings in accordance with a resolution approved at the annual general meeting of shareholders								
Reserve provided								
Reserve reversed								
Cash dividends paid					(65,979)	(65,979)		(65,979)
Bonuses to directors					(390)	(390)		(390)
Reserve provided in accordance with the tax regulations								
Reserve reversed in accordance with the tax regulations								
Cash dividends paid					(75,014)	(75,014)		(75,014)
Net income					79,481	79,481		79,481
Purchases of treasury stock							(10,374)	(10,374)
Disposal of treasury stock					(6,384)	(6,384)	32,402	26,018
Net changes in items other than those in shareholders' equity								
Total changes during the year (Millions of yen)					(68,286)	(68,286)	22,028	(46,258)
Balance as of March 31, 2007 (Millions of yen)	605,813	804,470	804,470	53,838	414,039	467,878	(111,323)	1,766,839

	Valuation, translation adjustments and others		Share subscription rights	Total net assets
	Unrealized holding gain on securities	Total valuation, translation adjustments and others		
Balance as of March 31, 2006 (Millions of yen)	13,932	13,932	3,143	1,830,173
Changes during the year:				
Appropriations of retained earnings in accordance with a resolution approved at the annual general meeting of shareholders				
Reserve provided				
Reserve reversed				
Cash dividends paid				(65,979)
Bonuses to directors				(390)
Reserve provided in accordance with the tax regulations				
Reserve reversed in accordance with the tax regulations				
Cash dividends paid				(75,014)
Net income				79,481
Purchases of treasury stock				(10,374)
Disposal of treasury stock				26,018
Net changes in items other than those in shareholders' equity	(8,069)	(8,069)	(432)	(8,501)
Total changes during the year (Millions of yen)	(8,069)	(8,069)	(432)	(54,760)
Balance as of March 31, 2007 (Millions of yen)	5,863	5,863	2,711	1,775,413

Note: Details of other retained earnings

	Reserve for reduction of replacement cost of specified properties	Reserve for losses on overseas investments	Reserve for special depreciation	Unappropriated retained earnings	Total voluntary reserve
Balance as of March 31, 2006 (Millions of yen)	77,175	1,471	687	402,990	482,326
Changes during the year:					
Appropriations of retained earnings in accordance with a resolution approved at the annual general meeting of shareholders					
Reserve provided	1,769		286	(2,055)	
Reserve reversed	(7,176)	(499)	(139)	7,814	
Cash dividends paid				(65,979)	(65,979)
Bonuses to directors				(390)	(390)
Reserve provided in accordance with the tax regulations	4,094		224	(4,318)	
Reserve reversed in accordance with the tax regulations	(6,657)	(493)	(175)	7,325	
Cash dividends paid				(75,014)	(75,014)
Net income				79,481	79,481
Purchases of treasury stock					
Disposal of treasury stock				(6,384)	(6,384)
Total changes during the year (Millions of yen)	(7,969)	(992)	197	(59,521)	(68,286)
Balance as of March 31, 2007 (Millions of yen)	69,206	479	884	343,469	414,039

Significant accounting policies

Prior fiscal year [ From April 1, 2005 To March 31, 2006 ]	Current fiscal year [ From April 1, 2006 To March 31, 2007 ]
<p>1. Valuation methods for securities</p> <p>(1) Held-to-maturity securities                      Held-to maturity securities are stated at amortized cost (Straight-line method).</p> <p>(2) Equity securities issued by subsidiaries and affiliates                      Equity securities issued by subsidiaries and affiliates are carried at cost determined by the moving average method.</p> <p>(3) Other securities                      Marketable securities:                      Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Cost of securities sold is calculated by the moving average method.                      Non-marketable securities:                      Non-marketable securities classified as other securities are carried at cost determined by the moving average method.</p>	<p>1. Valuation methods for securities</p> <p>(1) Held-to-maturity securities                      Same as the prior fiscal year.</p> <p>(2) Equity securities issued by subsidiaries and affiliates                      Same as the prior fiscal year.</p> <p>(3) Other securities                      Marketable securities:                      Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Cost of securities sold is calculated by the moving average method.                      Non-marketable securities:                      Same as the prior fiscal year.</p>
<p>2. Valuation methods for derivatives                      Derivatives are carried at fair value.</p>	<p>2. Valuation methods for derivatives                      Same as the prior fiscal year.</p>
<p>3. Valuation methods for inventories                      Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method.</p>	<p>3. Valuation methods for inventories                      Same as the prior fiscal year.</p>
<p>4. Depreciation and amortization of fixed assets</p> <p>(1) Property, plant and equipment                      Depreciation of property, plant and equipment is calculated by the straight-line method based on the estimated useful lives and the residual value determined by the Company.</p> <p>(Immaterial depreciable assets)                      Assets whose acquisition costs range from ¥100 thousand to ¥200 thousand are depreciated evenly for 3 years based on the Corporation Tax Law of Japan.</p> <p>(2) Intangible fixed assets                      Amortization of intangible fixed assets is calculated by the straight-line method.                      Amortization of software for internal use is calculated by the straight-line method over the estimated useful lives (5 years).</p> <p>(3) Long-term prepaid expenses                      Amortization of long-term prepaid expenses is calculated by the straight-line method.</p>	<p>4. Depreciation and amortization of fixed assets</p> <p>(1) Property, plant and equipment                      Same as the prior fiscal year.</p> <p>(Immaterial depreciable assets)                      Same as the prior fiscal year.</p> <p>(2) Intangible fixed assets                      Same as the prior fiscal year.</p> <p>(3) Long-term prepaid expenses                      Same as the prior fiscal year.</p>
<p>5. Accounting for deferred charges</p> <p>(1) Bond issuance costs are fully charged to income when they are paid.</p> <p>(2) Discounts on bonds are amortized evenly over the period of respective bonds.</p>	



Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )
<p>6. Foreign currency translation</p> <p>Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are charged or credited to income.</p>	<p>5. Foreign currency translation</p> <p>Same as the prior fiscal year.</p>
<p>7. Basis for reserves</p> <p>(1) Allowance for doubtful accounts</p> <p>Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty.</p> <p>(2) Accrued warranty costs</p> <p>Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.</p> <p>(3) Accrued retirement benefits</p> <p>Accrued retirement benefits are provided at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.</p> <p>The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.</p> <p>Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p> <p>Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p>	<p>6. Basis for reserves</p> <p>(1) Allowance for doubtful accounts</p> <p>Same as the prior fiscal year.</p> <p>(2) Accrued warranty costs</p> <p>Same as the prior fiscal year.</p> <p>(3) Accrued retirement benefits</p> <p>Accrued retirement benefits or prepaid pension costs are recorded at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.</p> <p>The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method.</p> <p>Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p> <p>Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.</p>
<p>8. Lease accounting</p> <p>Noncancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases.</p>	<p>7. Lease accounting</p> <p>Same as the prior fiscal year.</p>

<p style="text-align: center;">Prior fiscal year  <span style="font-size: 1.2em;">{</span> From April 1, 2005  To March 31, 2006 <span style="font-size: 1.2em;">}</span></p>	<p style="text-align: center;">Current fiscal year  <span style="font-size: 1.2em;">{</span> From April 1, 2006  To March 31, 2007 <span style="font-size: 1.2em;">}</span></p>
<p>9. Hedge accounting</p> <p style="padding-left: 40px;">Hedge accounting</p> <p>Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.</p> <p style="padding-left: 40px;">Hedging instruments and hedged items</p> <ul style="list-style-type: none"> <li>· Hedging instruments.....Derivative transactions</li> <li>· Hedged items.....Hedged items are primarily forecasted sales denominated in foreign currencies.</li> </ul> <p style="padding-left: 40px;">Hedging policy</p> <p>It is the Company's policy that all transactions denominated in foreign currencies are to be hedged.</p> <p style="padding-left: 40px;">Assessment of hedge effectiveness</p> <p>Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged forecasted transactions are the same.</p> <p style="padding-left: 40px;">Risk management policy with respect to hedge accounting</p> <p>The Company manages its derivative transactions in accordance with its internal "Policies and Procedures for Risk Management."</p>	<p>8. Hedge accounting</p> <p style="padding-left: 40px;">Hedge accounting</p> <p>Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Hedging instruments and hedged items</p> <p>Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Hedging policy</p> <p>Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Assessment of hedge effectiveness</p> <p>Same as the prior fiscal year.</p> <p style="padding-left: 40px;">Risk management policy with respect to hedge accounting</p> <p>Same as the prior fiscal year.</p>
<p>10. Other significant accounting policies</p> <p style="padding-left: 40px;">Accounting for the consumption tax</p> <p>Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.</p>	<p>9. Other significant accounting policies</p> <p style="padding-left: 40px;">Accounting for the consumption tax</p> <p>Same as the prior fiscal year.</p>

Changes in accounting policies

<p style="text-align: center;">Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕</p>	<p style="text-align: center;">Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕</p>
<p>Forward Foreign Exchange Contracts</p> <p>Until the year ended March 31, 2005, the Company adopted special treatment for forward foreign exchange contracts entered into to hedge forecasted sales denominated in foreign currencies which also qualified for hedge accounting as sales and accounts receivable were translated and reflected in the non-consolidated financial statements at their corresponding contracted rates.</p> <p>Effective April 1, 2005, the Company changed its method of accounting for its sales, accounts receivable and forward foreign exchange contracts to the benchmark method. Under this method, sales denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at each transaction date and the related accounts receivable are translated into Japanese yen at the exchange rates in effect at the balance sheet dates, charging or crediting the exchange differences to income, while the forward foreign exchange contracts are carried at fair value.</p> <p>This change was made as a result of the implementation of a newly modified internal operating system with respect to forward foreign exchange contracts in order to achieve a better presentation of gain or loss related to derivatives positions.</p> <p>The effect of this change was to increase net sales and operating income by ¥21,855 million and to increase non-operating expenses by the same amount for the current fiscal year. This change had no impact on ordinary income and income before income taxes for the current fiscal year compared with the corresponding amounts that would have been recorded if the previous method had been followed.</p>	<p>Accounting Standard for Share-based Payment</p> <p>Effective April 1, 2006, the Company adopted the Accounting Standard for Share-based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-based Payment (ASBJ Guidance No. 11 issued on May 31, 2006).</p> <p>The effect of this change was to decrease operating income, ordinary income, and income before income taxes by ¥1,037 million for the year ended March 31, 2007, compared with the corresponding amounts which would have been recorded if the previous method had been followed.</p>
<p>Accounting Standard for the Impairment of Fixed Assets</p> <p>Effective April 1, 2005, the Company adopted a new accounting standard for the impairment of fixed assets (“Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the “Implementation Guidance on the Accounting Standard for Impairment of Fixed Assets” (ASBJ Guideline No. 6 issued on October 31, 2003). The effect of this change was to decrease income before income taxes by ¥10,527 million for the year ended March 31, 2006.</p> <p>The cumulative impairment losses have been subtracted directly from the respective assets in accordance with the revised “Regulations for Non-Consolidated Financial Statements.”</p>	<p>Accounting Standard for Presentation of Net Assets in the Balance Sheet</p> <p>Effective April 1, 2006, the Company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005).</p> <p>Shareholders’ equity under the previous presentation method amounted to ¥1,772,702 million as of March 31, 2007.</p> <p>The section of Net Assets in the non-consolidated balance sheets has been prepared in accordance with the revised “Regulations for Non-Consolidated Financial Statements.”</p>

## Notes to non-consolidated financial statements

(For non-consolidated balance sheets)

(Millions of yen)

Prior fiscal year (As of March 31, 2006)			Current fiscal year (As of March 31, 2007)		
1.	1 Accumulated depreciation of property, plant and equipment	¥1,295,993	1.	1 Accumulated depreciation of property, plant and equipment	¥1,264,472
	The above amount includes accumulated depreciation of leased assets in the amount of ¥103,821 million.			The above amount includes accumulated depreciation of leased assets in the amount of ¥91,651 million.	
2.	2 The Company has the following major assets and liabilities related to its subsidiaries and affiliates.		2.	2 The Company has the following major assets and liabilities related to its subsidiaries and affiliates.	
	(Assets)			(Assets)	
	Trade accounts receivable	¥ 259,977		Trade accounts receivable	¥ 234,997
	Other	43,307		Other	53,140
	(Liabilities)			(Liabilities)	
	Trade accounts payable	¥ 202,210		Trade accounts payable	¥ 198,578
	Short-term borrowings	147,096		Accrued expenses	71,768
	Accrued expenses	83,291			
3.	3 Number of shares authorized: 6,000,000 thousand shares of common stock				
	Number of shares issued: 4,520,715 thousand shares of common stock				
4.	4 The number of treasury stock held by the Company is 122,100 thousand shares of common stock.				
5.	Documentary export bills of exchange discounted with banks outstanding	¥3,666	3.	Documentary export bills of exchange discounted with banks outstanding	¥5,229
6.	Guarantees and others		4.	Guarantees and others	
	(1) Guarantees			(1) Guarantees	
		Balance of liabilities guaranteed			Balance of liabilities guaranteed
	Guarantees	Description of liabilities guaranteed		Guarantees	Description of liabilities guaranteed
	Employees	¥162,121		Employees	¥146,101
	Nissan North America, Inc.	90,348		Nissan North America, Inc.	86,985
	Nissan Motor Acceptance Corporation	30,542		Nissan Motor Manufacturing, UK Limited	10,682
	AG Global Private Ltd. Co.,	25,500		Nissan Mexicana S. A. de C. V.	2,213
	Nissan Motor Manufacturing, UK Limited	8,350		Nissan International Finance (Netherlands) B.V.	2,157
	Nissan Mexicana S. A. de C. V.	4,405		49 domestic subsidiaries	9,202
	Nissan International Finance (Netherlands) B.V.	3,916			
	55 domestic subsidiaries	11,145			
	Nippon Amazon Aluminum Co., Ltd.	6			
	Total	¥336,336		Total	¥257,342
		Allowance for doubtful accounts is provided based on past experience.			Allowance for doubtful accounts is provided based on past experience.

(Millions of yen)

Prior fiscal year (As of March 31, 2006)			Current fiscal year (As of March 31, 2007)		
(2) Commitments to provide guarantees			(2) Commitments to provide guarantees		
	Balance of commitments to provide guarantees	Description of liabilities guaranteed		Balance of commitments to provide guarantees	Description of liabilities guaranteed
Guarantees			Guarantees		
Hibikinada Development Co., Ltd.	¥1,237	Commitments to provide guarantees for loans	Hibikinada Development Co., Ltd.	¥1,063	Commitments to provide guarantees for loans
(3) Letters of awareness The Company issued a letter of awareness regarding borrowings from financial institutions made by the following subsidiary.					
Company name		Balance of liabilities	Company name		Balance of liabilities
[Subsidiary] Nissan Motor Manufacturing, UK Limited		¥841			
(4) Keepwell Agreements In addition to the above (3), the Company entered into keepwell agreements with the following financial subsidiaries to enhance their credit worthiness. Their balances of liabilities at the end of March 2006 were as follows.			(3) Keepwell Agreements In addition to the above, the Company entered into keepwell agreements with the following financial subsidiaries to enhance their credit worthiness. Their balances of liabilities at the end of March 2007 were as follows.		
Company name		Balance of liabilities	Company name		Balance of liabilities
Nissan Motor Acceptance Corporation		¥ 2,332,302	Nissan Motor Acceptance Corporation		¥ 2,360,683
Nissan Financial Services Co., Ltd.		1,195,085	Nissan Financial Services Co., Ltd.		1,148,431
Nissan International Finance (Netherlands) B.V.		19,254	Nissan International Finance (Netherlands) B.V.		2,157
Total		¥ 3,546,642	Total		¥ 3,511,272
7. Restriction on dividends The revaluation of securities at market value resulted in an increase of ¥14,867 million in net assets. Appropriation of this increase as a dividend is restricted by a provision of Article 124-3 of the Enforcement Regulations of the Commercial Code.					

(For non-consolidated statements of income)

(Millions of yen)

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕		Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕	
1. 1	Total research and development costs	1. 1	Total research and development costs
	Research and development costs included in manufacturing costs and selling, general and administrative expenses		Research and development costs included in manufacturing costs and selling, general and administrative expenses
	¥383,450		¥393,176
2. 2	Major transactions with subsidiaries and affiliates	2. 2	Major transactions with subsidiaries and affiliates
	Sales		Sales
	¥3,184,215		¥3,007,142
	Purchase of materials		Purchase of materials
	1,395,489		1,347,185
	Interest income		Interest income
	955		3,833
	Dividend income		Dividend income
	135,562		5,012
3. 3	Major components of selling, general and administrative expenses are as follows:	3. 3	Major components of selling, general and administrative expenses are as follows:
	Advertising expenses		Advertising expenses
	¥ 47,262		¥ 48,069
	Service costs		Service costs
	63,537		33,133
	Provision for accrued warranty costs		Provision for accrued warranty costs
	36,664		29,574
	Other selling expenses		Other selling expenses
	100,847		87,005
	Salaries and wages		Salaries and wages
	73,556		63,174
	Retirement benefit expenses		Retirement benefit expenses
	4,767		4,093
	Lease and storage costs		Lease and storage costs
	15,609		14,300
	Depreciation and amortization		Transportation and communication expenses
	25,465		12,359
			Depreciation and amortization
			28,850
			Allowance for doubtful accounts
			1,891
	Selling expenses account for approximately 80% of the selling, general and administrative expenses.		Selling expenses account for approximately 80% of the selling, general and administrative expenses.
4. 4	Gain and loss on sales of property, plant and equipment primarily resulted from sales of land and buildings and amounted to ¥3,764 million and ¥266 million, respectively.	4. 4	Gain on sales of property, plant and equipment consisted primarily of gain on sales of land and buildings of ¥8,216 million. Loss on sales of property, plant and equipment consisted primarily of loss on sales of tools, furniture and fixtures of ¥251 million and machinery and equipment of ¥192 million.
5. 5	Loss on disposal of fixed assets	5. 5	Loss on disposal of fixed assets
	Buildings		Buildings
	¥2,943		¥3,689
	Machinery and equipment		Machinery and equipment
	6,648		8,702
	Tools, furniture and fixtures		Tools, furniture and fixtures
	1,076		2,832
	Other		Other
	475		2,240
	Total		Total
	¥11,143		¥17,464
	The loss on disposal of fixed assets arises from improvements and modifications of products and the renewal of equipment.		The loss on disposal of fixed assets arises from improvements and modifications of products and the renewal of equipment.

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕		Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕	
6. 6	The following loss on impairment of fixed assets was recorded for the year ended March 31, 2006:	6. 6	The following loss on impairment of fixed assets was recorded for the year ended March 31, 2007:
<u>Usage</u>	<u>Type</u>	<u>Location</u>	<u>Losses</u>
Idle assets	Land and others	Izunokuni City, Shizuoka Pref., and eight other locations	10,527
		Zama City, Kanagawa Pref., and one other location	228
<p>The Company determined that the Company, taken as whole, constituted a single group of assets because the Company's automobile business, mainly consisting of manufacturing and sales of vehicles, generates cash flows as a group. However, the Company determines whether an asset is impaired on an individual asset basis if the asset is either considered idle or is to be disposed of.</p> <p>The Company has recognized an impairment loss on certain idle assets due to a significant decline in their market value by reducing their net book value to the respective net realizable value of each asset. The resulting loss amounted to ¥10,527 million and has been recorded as a special loss in the accompanying non-consolidated statement of income. This special loss consisted primarily of an impairment loss on land.</p> <p>The net realizable value of each idle asset was measured based on its appraisal value.</p>		<p>The Company determined that the Company, taken as whole, constituted a single group of assets because the Company's automobile business, mainly consisting of manufacturing and sales of vehicles, generates cash flows as a group. However, the Company determines whether an asset is impaired on an individual asset basis if the asset is either considered idle or is to be disposed of.</p> <p>The Company has recognized an impairment loss on certain idle assets due to a significant decline in their market value by reducing their net book value to the respective net realizable value of each asset. The resulting loss amounted to ¥228 million and has been recorded as a special loss in the accompanying non-consolidated statement of income. This special loss consisted primarily of an impairment loss on land.</p> <p>The net realizable value of each idle asset was measured based on its appraisal value.</p>	
7. 7	The write-down of investments and receivables amounting to ¥32,565 million includes a write-down of investments in subsidiaries and affiliates in the amount of ¥32,077 million.	7. 7	The write-down of investments and receivables amounting to ¥52,909 million includes a write-down of investments in subsidiaries and affiliates in the amount of ¥52,829 million.

(For non-consolidated statement of changes in net assets)  
 For the year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

Type and number of treasury stock

Type	As of March 31, 2006	Increase	Decrease	As of March 31, 2007
Common stock (thousands of shares)	122,101	7,856	29,657	100,299

Description of the changes:

Major reasons for the changes are as follows:

Increase due to acquisition of treasury stock according to a resolution of the Board of Directors:

7,810 thousand shares

Increase due to purchase of the stocks of a less than standard unit:

46 thousand shares

Decrease due to exercise of share subscription rights:

29,657 thousand shares



(For lease transactions)

(Millions of yen)

Prior fiscal year 〔 From April 1, 2005 To March 31, 2006 〕	Current fiscal year 〔 From April 1, 2006 To March 31, 2007 〕
(Lessees' accounting)	(Lessees' accounting)
Operating lease transactions	Operating lease transactions
Future minimum lease payments subsequent to March 31, 2006 are summarized as follows:	Future minimum lease payments subsequent to March 31, 2007 are summarized as follows:
Due in one year or less	Due in one year or less
Due after one year	Due after one year
<u>Total</u>	<u>Total</u>
¥229	¥264
539	535
¥769	¥800

(For securities)

Investments in subsidiaries and affiliates whose fair value is determinable

(Millions of yen)

	Prior fiscal year (As of March 31, 2006)			Current fiscal year (As of March 31, 2007)		
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Subsidiaries' shares	91,267	220,995	129,728	91,267	153,058	61,791
Affiliates' shares	1,090	3,638	2,548	1,090	2,888	1,798
Total	92,357	224,634	132,276	92,357	155,947	63,590

(Accounting for income taxes)

## 1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Deferred tax assets:		
Accrued retirement benefits	¥85,616	¥64,158
Accrued warranty costs	33,715	32,126
Other	170,148	181,322
Total gross deferred tax assets	<u>289,480</u>	<u>277,607</u>
Valuation allowance	(39,993)	(32,693)
Total deferred tax assets	<u>249,487</u>	<u>244,914</u>
Deferred tax liabilities:		
Reserves under Special Taxation Measures Law	(50,368)	(48,308)
Unrealized holding gain on securities	(9,610)	(4,076)
Other	(4,785)	(32,213)
Total deferred tax liabilities	<u>(64,764)</u>	<u>(84,599)</u>
Net deferred tax assets	<u>¥ 184,722</u>	<u>¥ 160,315</u>

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

	Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Statutory tax rate	40.6%	40.6%
(Reconciliation)		
• Tax credits	(4.5)%	(0.2)%
• Decrease in valuation allowance resulting in the recognition of net deferred tax assets	(23.2)%	(6.4)%
• Other	1.0 %	(3.8) %
Effective tax rates after adoption of tax-effect accounting	<u>13.9 %</u>	<u>30.2 %</u>

(Amounts per share)

(Yen)

Prior fiscal year	From April 1, 2005 To March 31, 2006	Current fiscal year	From April 1, 2006 To March 31, 2007
Net assets per share	¥415.28	Net assets per share	¥401.03
Basic net income per share	¥54.88	Basic net income per share	¥18.01
Diluted net income per share	¥54.48	Diluted net income per share	¥17.92

Note: The bases for calculation are as follows:

## 1. Net assets per share

	Prior fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Total net assets (Millions of yen)		1,775,413
Amounts deducted from total net assets (Millions of yen)		2,711
(Share subscription rights)		2,711
Net assets attributable to common shareholders at year end (Millions of yen)		1,772,702
The year-end number of common stock used for the calculation of net assets per share (Thousands)		4,420,416

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

	Prior fiscal year From April 1, 2005 To March 31, 2006	Current fiscal year From April 1, 2006 To March 31, 2007
Basic net income per share: Net income (Millions of yen)	240,593	79,481
Amounts not attributable to common shareholders (Millions of yen)	390	
(Directors' bonuses as an appropriation of retained earnings) (Millions of yen)	390	
Net income attributable to shares of common stock (Millions of yen)	240,203	79,481
Average number of shares of common stock during the fiscal year (Thousands)	4,377,213	4,412,354
Diluted net income per share: Increase in shares of common stock (Thousands)	31,611	22,736
(Exercise of warrants)	28,479	17,446
(Exercise of share subscription rights)	3,132	5,290
Securities excluded from the computation of diluted net income per share, because they do not have dilutive effects.	2nd share subscription rights (the number of share subscription rights is 100,780 units) Refer to "Status of share subscription rights" for a summary.	4th share subscription rights (the number of share subscription rights is 130,000 units) Refer to "Status of share subscription rights" for a summary.

(Significant subsequent events)

Prior fiscal year ( From April 1, 2005 To March 31, 2006 )	Current fiscal year ( From April 1, 2006 To March 31, 2007 )																																								
<p>On April 25, 2006, the Board of Directors of the Company resolved to issue share subscription rights to employees of the Company as well as to directors of its subsidiaries in accordance with Article 280-20 and 280-21 of the Commercial Code and a resolution approved at the 106th annual general meeting of the Company's shareholders held on June 21, 2005.</p> <p>An outline of these share subscription rights is as follows:</p> <ol style="list-style-type: none"> <li>1) Name of share subscription rights: Nissan Motor Co., Ltd. 4th share subscription rights</li> <li>2) Types and number of shares to be issued upon exercise of share subscription rights: 13,220,000 shares of common stock of the Company. One unit of new share subscription rights comprises 100 shares.</li> <li>3) Aggregate number of units of share subscription rights to be issued: 132,200 units  If the total number of applications for share subscription rights does not reach 132,200, the total number of share subscription rights for which applications have been submitted shall be the total number of share subscription rights to be issued.</li> <li>4) Issue price of each share subscription right and date of issuance:  Each share subscription right is to be issued free of charge.  The date of issuance of the share subscription rights shall be May 8, 2006.</li> <li>5) Exercise price: Per unit: ¥152,600 Per share: ¥1,526</li> <li>6) The directors, employees and share subscription rights are summarized as follows:</li> </ol> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Category</th> <th style="text-align: center;">Number of recipients</th> <th style="text-align: center;">Number of rights issued</th> </tr> </thead> <tbody> <tr> <td>The Company's employees</td> <td style="text-align: center;">457</td> <td style="text-align: center;">116,700</td> </tr> <tr> <td>Directors of the Company's subsidiaries</td> <td style="text-align: center;">74</td> <td style="text-align: center;">15,500</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: center;">531</td> <td style="text-align: center;">132,200</td> </tr> </tbody> </table>	Category	Number of recipients	Number of rights issued	The Company's employees	457	116,700	Directors of the Company's subsidiaries	74	15,500	Total	531	132,200	<p>On June 19, 2007, the Company issued unsecured bonds. The terms and conditions of these bonds are summarized as follows:</p> <ol style="list-style-type: none"> <li>1 <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 30%;">Name</td> <td>46th unsecured bonds</td> </tr> <tr> <td>Principal</td> <td>¥65,000 million</td> </tr> <tr> <td>Interest rate</td> <td>1.76% per annum</td> </tr> <tr> <td>Issue price</td> <td>¥99.99 for a par value of ¥100</td> </tr> <tr> <td>Maturity date</td> <td>June 20, 2012</td> </tr> <tr> <td>Payment due date</td> <td>June 19, 2007</td> </tr> <tr> <td>Use of proceeds</td> <td>Working capital</td> </tr> </tbody> </table> </li> <li>2 <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 30%;">Name</td> <td>47th unsecured bonds</td> </tr> <tr> <td>Principal</td> <td>¥35,000 million</td> </tr> <tr> <td>Interest rate</td> <td>1.95% per annum</td> </tr> <tr> <td>Issue price</td> <td>¥99.97 for a par value of ¥100</td> </tr> <tr> <td>Maturity date</td> <td>June 20, 2014</td> </tr> <tr> <td>Payment due date</td> <td>June 19, 2007</td> </tr> <tr> <td>Use of proceeds</td> <td>Working capital</td> </tr> </tbody> </table> </li> </ol>	Name	46th unsecured bonds	Principal	¥65,000 million	Interest rate	1.76% per annum	Issue price	¥99.99 for a par value of ¥100	Maturity date	June 20, 2012	Payment due date	June 19, 2007	Use of proceeds	Working capital	Name	47th unsecured bonds	Principal	¥35,000 million	Interest rate	1.95% per annum	Issue price	¥99.97 for a par value of ¥100	Maturity date	June 20, 2014	Payment due date	June 19, 2007	Use of proceeds	Working capital
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Non-consolidated supplemental schedules

Detailed schedule of securities

Because the amount of securities is less than 1/100th of total assets, a detailed schedule of securities is not disclosed according to the provision of Article 124 of the Regulations for Non-Consolidated Financial Statements.

Detailed schedule of fixed assets

(Millions of yen)

Type of assets	Balance at end of the prior fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year	Balance at the end of the current fiscal year	Accumulated depreciation or amortization at the end of the current fiscal year	Depreciation or amortization for the current fiscal year	Carrying value at the end of the current fiscal year
Property, plant and equipment:							
Buildings	424,433	27,665	12,831	439,268	246,412	7,301	192,856
Structures	99,539	7,809	4,510	102,838	63,621	1,993	39,216
Machinery and equipment	905,500	76,475	75,210 (77)	906,765	661,303	37,215	245,462
Vehicles	38,048	9,556	6,829	40,775	15,372	4,020	25,403
Tools, furniture and fixtures	423,453	88,495	101,929	410,018	277,762	57,096	132,256
Land	132,844	8,371	2,214 (150)	139,001	—	—	139,001
Construction in progress	47,246	259,790	235,010	72,026	—	—	72,026
Total Property, plant and equipment	2,071,066	478,164	438,536 (228)	2,110,695	1,264,472	107,627	846,222
Intangible fixed assets							
Patents	239	—	—	239	121	18	117
Leaseholds	773	—	—	773	—	—	773
Trademark rights	82	166	33	215	67	14	147
Software	115,602	17,762	2,226	131,139	83,508	18,367	47,630
Utility rights	2,534	0	0	2,535	2,383	10	151
Total intangible fixed assets	119,232	17,929	2,259	134,902	86,080	18,410	48,821
Long-term prepaid expenses	52,658	3,124	1,054	54,728	34,572	7,455	20,155
Deferred charges							
Discounts on bonds	6,350	—	6,350	—	—	—	—
Total deferred assets	6,350	—	6,350	—	—	—	—

Notes: 1. The amounts in parentheses in the “Decrease in the current fiscal year” column represent impairment losses.

2. The major components of the increase/decrease in the current fiscal year are as follows.

Increase by asset type:

Decrease by asset type:

		Millions of yen			Millions of yen
a) Machinery and equipment	Transportation equipment	16,636	a) Machinery and equipment	Metalworking machinery	21,932
	Metalworking machinery	14,456		Transportation equipment	15,397
	Metal cutting machines	11,879		Machine tools	10,284
	Machine tools	10,240		Metal cutting machines	10,048
b) Tools, furniture and fixtures	Leased assets	36,992	b) Tools, furniture and fixtures	Leased assets	53,078
	Dies and tooling	33,696		Dies and tooling	37,118
c) Construction in progress	Buildings	23,815	c) Construction in progress	Machinery and equipment	19,867
	Machinery and equipment	22,601		Buildings	10,957
	Tools, furniture and fixtures	10,336		Tools, furniture and fixtures	10,366

## Detailed schedule of allowances

(Millions of yen)

Category	Balance at end of the prior fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year (used for intended purposes)	Decrease in the current fiscal year (others)	Balance at end of the current fiscal year
Allowance for doubtful accounts	29,740	4,419	227	(Note) 26,018	7,914
Accrued warranty costs	82,966	28,674	32,584		79,055

Note: This decrease consisted of the reversal resulting from the collection of receivable for which the allowance was provided in the amount of ¥25,789 million and the reversal to reflect the historical loss on bad debt in the amount of ¥229 million.

## (2) Details of major assets and liabilities

The major components of assets and liabilities at the end of the current fiscal year (March 31, 2007) were as follows.

## Cash on hand and in banks

Category	Amounts (Millions of yen)
Cash on hand	
Cash in banks	
Savings accounts	39,948
Checking accounts	0
Total cash in banks	39,949
Total	39,949

## Trade notes receivable

Issuer	Amount (Millions of yen)
Nissan Kushiro Sales Co., Ltd.	393
Total	393

## Breakdown by maturity date

Maturity date	Amounts (Millions of yen)
April 2007	134
May 2007	178
June 2007	80
Total	393

## Trade accounts receivable

Customers	Amounts (Millions of yen)
Nissan North America, Inc.	62,885
Autech Japan, Inc.	39,947
Nissan Mexicana, S.A. de C.V.	24,170
Nissan Europe S.A.S.	22,577
Dongfeng Motor Co., Ltd.	18,462
Others	118,931
Total	286,975

## Generation, collection and retention of trade accounts receivable

Balance brought forward (Millions of yen) (A)	Generation in the current fiscal year (Millions of yen) (B)	Collection in the current fiscal year (Millions of yen) (C)	Balance carried forward (Millions of yen) (D)	Ratio of collection $\frac{(C)}{(A) + (B)} \times 100$	Turnover $\frac{((A) + (D)) / 2}{(B) / 365}$
286,667	3,680,714	3,680,406	286,975	92.77%	28.44 days

## Inventories

Accounts	Components	Amounts (Millions of yen)
Finished products	Automobiles	47,491
	Parts	23,359
	Forklifts, motor engines and others	831
	Total	71,682
Raw materials	Raw materials	30,180
	Purchased parts and others	9,666
	Total	39,846
Work in process	Automobiles and parts	12,579
	Molds and jigs	11,936
	Total	24,515
Supplies	Supplemental materials	1,155
	Consumable tools and equipment	2,126
	Others	17,436
	Total	20,718

Short-term loans receivable from subsidiaries and affiliates

Borrowers	Amounts (Millions of yen)
Nissan Finance Co., Ltd.	525,070
Siam Nissan Automobile Co., Ltd.	16,813
Siam Motors And Nissan Co., Ltd.	6,546
Nissan Marine Co., Ltd.	160
Total	548,590

Investments in subsidiaries and affiliates

Investees	Number of shares held	Acquisition cost (Millions of yen)	Carrying value (Millions of yen)
Nissan International Holdings B.V.	6,210,371	388,198	388,198
Nissan North America, Inc.	17,917,472	287,387	287,387
Nissan Europe S.A.S.	16,263,700	202,397	202,397
Nissan Network Holdings Co., Ltd.	4,326,125	462,023	128,217
NISSAN (CHINA) INVESTMENT CO., LTD.		114,037	114,037
Others		426,175	353,619
Total		1,880,220	1,473,858

Trade notes payable

Vendors	Amounts (Millions of yen)
Sanken Industries	122
Kokusai Tekko K.K.	115
Fujimak Corporation	42
BANZAI, Ltd.	40
Mihara Kensetsu K.K.	35
Others	103
Total	457

Breakdown by maturity date

Maturity date	Amounts (Millions of yen)
April 2007	67
May 2007	246
June 2007	144
Total	457

Trade accounts payable

Vendors	Amounts (Millions of yen)
Nissan Shatai Co., Ltd.	83,533
Calsonic Kansei Corporation	37,387
JATCO Co., Ltd.	27,813
Hitachi, Ltd.	18,222
Aichi Machine Industry Co., Ltd.	14,021
Others	263,376
Total	444,355

Commercial paper

Repayment term	Amounts (Millions of yen)
April 2007	168,000
May 2007	144,000
June 2007	138,000
Total	450,000

Accrued expenses

Vendors	Amounts (Millions of yen)
Nissan Motor Insurance Corporation	23,633
TBWA Japan	12,926
Nissan North America, Inc	7,082
Nissan Technical Center North America, Inc	5,277
JATCO Co., Ltd.	3,909
Others	228,735
Total	281,565

Bonds

Please refer to the Schedule of bonds payable, which is included in the consolidated supplemental schedules.

(3) Other

Not applicable.



## 6. Information on Transfer and Repurchase of the Company's Stock

Fiscal year	From April 1 to March 31
General shareholders' meeting	June
Cut-off date for dividend	March 31
Available types of share certificates	Certificates for 100 shares, 500 shares, 1,000 shares, 5,000 shares, 10,000 shares, 100,000 shares and certificates representing number of shares less than 100 are issuable. However, certificates for shares totaling less than one unit are not issued except under certain limited situations such as a replacement of lost shares.
Cut-off dates for dividend of surplus	September 30 and March 31
Number of shares per unit of the Company's stock	100 shares
Transfer of shares	
Address where transfers are processed	3-33-1, Shiba, Minato-ku, Tokyo The head office of The Chuo Mitsui Trust and Banking Co., Ltd.
Name of transfer agent	3-33-1, Shiba, Minato-ku, Tokyo The Chuo Mitsui Trust and Banking Co., Ltd.
Offices available for transfer	Each branch of The Chuo Mitsui Trust and Banking Co., Ltd. The head office and branch offices of Japan Securities Agent Co., Ltd.
Transfer charge	Free
Charge to issue new certificate	Equivalent of stamp duty applicable and the related consumption tax
Repurchase of shares less than one unit	
Address where repurchases are processed	3-33-1, Shiba, Minato-ku, Tokyo The head office of The Chuo Mitsui Trust and Banking Co., Ltd.
Name of transfer agent	3-33-1, Shiba, Minato-ku, Tokyo The Chuo Mitsui Trust and Banking Co., Ltd.
Offices available for repurchase	Each branch of The Chuo Mitsui Trust and Banking Co., Ltd. The head office and branch offices of Japan Securities Agent Co., Ltd.
Charges for repurchase	Handling charges as set by the securities companies designated by the Company for the repurchase plus the related consumption tax
Method of public notice	Public notice of the Company shall be given by electronic means; provided, however, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the <i>Nihon Keizai Shimbun</i> . The electronic public notice is presented on the Company's Web site at <a href="http://www.nissan-global.com/JP/IR/">http://www.nissan-global.com/JP/IR/</a> .
Special benefits to shareholders	None

### Note:

According to the Company's Articles of Incorporation where the rights of shareholders holding less shares than one unit are prescribed, the holder of shares less than one unit (including beneficially shareholders) shall not be entitled to exercise the rights of shareholders in connection with such below-unit shares other than those rights listed below:

1. The rights stipulated in each item of Article 189, Paragraph 2, of the Company law;
2. The right to make a claim in accordance with Article 166, Paragraph 1, of the Company law; and
3. The right to subscribe for new shares or new share subscription rights in proportion to the number of the shares owned by said shareholder.

## 7. Reference Information on the Company

### 1. Information on the parent company or equivalent of the Company

The Company has no parent company or equivalent as prescribed in Article 24, Paragraph 7, Item 1, of the Securities Exchange Law.

### 2. Other reference information

The Company filed the following documents between the beginning of the fiscal year ended March 31, 2007 and the date when this Securities Report (*Yukashoken-Hokokusho*) was filed.

- |     |   |                           |   |   |
|-----|---|---------------------------|---|---|
| (1) | Securities Report and Accompanying Documents  | Fiscal Year (the 107th)   | From April 1, 2005<br>To March 31, 2006     | Submitted to the director of the Kanto Local Finance Bureau on June 28, 2006.   |
| (2) | Semi-Annual Securities Report   | (During the 108th period) | From April 1, 2006<br>To September 30, 2006 | Submitted to the director of the Kanto Local Finance Bureau on November 30, 2006.   |
| (3) | Securities Registration Statement (Certificates of the 4th Share subscription rights) and Accompanying Documents  |                           |   | Submitted to the director of the Kanto Local Finance Bureau on April 25, 2006.  |
| (4) | Amendment to Securities Registration Statement (Certificates of the 4th Share subscription rights)  |                           |   | Submitted to the director of the Kanto Local Finance Bureau on May 8, 2006.   |
| (5) | Extraordinary Report (Certificates of the 5th Share subscription rights)<br>According to the provision of Article 19, Paragraph 2, Item 2-2, "Allotment of Share subscription rights" of the Cabinet Office Regulations, regarding the disclosure of corporate information.   |                           |   | Submitted to the director of the Kanto Local Finance Bureau on April 26, 2007.  |
| (6) | Amendment to Extraordinary Report (Certificates of the 5th Share subscription rights)<br>According to the provision of Article 24, Paragraph 5, Item 5, of the Securities Exchange Law, a report was made on the exercise price, which had been determined subsequent to the submittal of the above extraordinary report. |                           |   | Submitted to the director of the Kanto Local Finance Bureau on May 8, 2007.   |
| (7) | Supplemental Document to Shelf Registration Statement and Attachments   |                           |   | Submitted to the director of the Kanto Local Finance Bureau on June 8, 2007.  |
| (8) | Amended Shelf Registration Statements   |                           |   | Submitted to the director of the Kanto Local Finance Bureau on June 28, 2006, November 30, 2006, April 26, 2007 and May 8, 2007.  |
| (9) | Reports on Purchase of Treasury Stock   |                           |   | Submitted to the director of the Kanto Local Finance Bureau on April 14, 2006, May 15, 2006, June 15, 2006, July 14, 2006, March 15, 2007, April 13, 2007 and June 6, 2007. |

## **Part II Information on Guarantors for the Company**

Not applicable

## Report of Independent Auditors

June 27, 2006

The Board of Directors  
Nissan Motor Co., Ltd.

Ernest & Young ShinNihon

Designated and Engagement Partner	Kazuo Suzuki
Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

Pursuant to Article 193-2 of the Securities and Exchange Law, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of capital surplus and retained earnings, the consolidated statement of cash flows and the consolidated supplemental schedules of Nissan Motor Co., Ltd. included in “Financial Information” for the fiscal year from April 1, 2005 to March 31, 2006. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Motor Co., Ltd. and consolidated subsidiaries at March 31, 2006, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Supplementary Information*

- (1) As described in “Changes in Accounting Policies,” effective the current fiscal year, the Company and its domestic consolidated subsidiaries changed their method of accounting for forward foreign exchange contracts relating to sales denominated in foreign currencies to the benchmark method from an allowed alternative method.
- (2) As described in “Changes in Accounting Policies,” effective the current fiscal year, a new accounting standard for the impairment of fixed assets was adopted.

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

## Report of Independent Auditors

June 20, 2007

The Board of Directors  
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon

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

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

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

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

### *Supplementary Information*

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

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

## Report of Independent Auditors

June 27, 2006

The Board of Directors  
Nissan Motor Co., Ltd.

Ernest & Young ShinNihon

Designated and Engagement Partner	Kazuo Suzuki
Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

Pursuant to Article 193-2 of the Securities and Exchange Law, we have audited the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of appropriations of retained earnings and the non-consolidated supplementary schedule of Nissan Motor Co., Ltd. included in “Financial Information” for the fiscal year from April 1, 2005 to March 31, 2006. These non-consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of Nissan Motor Co., Ltd. at March 31, 2006 and the non-consolidated results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Supplementary Information*

- (1) As described in “Changes in Accounting Policies,” effective the current fiscal year, the Company changed its method of accounting for forward foreign exchange contracts relating to sales denominated in foreign currencies to the benchmark method from an allowed alternative method.
- (2) As described in “Changes in Accounting Policies,” effective the current fiscal year, a new accounting standard for the impairment of fixed assets was adopted.

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

## Report of Independent Auditors

June 20, 2007

The Board of Directors  
Nissan Motor Co., Ltd.

Ernst & Young ShinNihon

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

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

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

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

### *Supplementary Information*

As described in “Changes in Accounting Policies,” effective the current fiscal year, the Company adopted a new accounting standard for presentation of net assets in the balance sheet.

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