To Shareholders

The items published on the Internet Website concerning the convocation of the 120th Ordinary General Meeting of Shareholders

June 3, 2019

NISSAN MOTOR CO., LTD.

Contents

Pursuant to applicable laws and Article 16 of the Articles of Incorporation of the Company, the above items are provided to shareholders through the corporate website (http://www.nissan-global.com/EN/IR/).

1. "4. Status of Independent Auditors" of Business Report

(1) Name of independent auditors

Ernst & Young ShinNihon LLC

(2) Fees paid to the independent auditors regarding the current business year

①Fees paid to the independent auditors regarding the current business year and the reason for the Board of Statutory Auditors to have agreed to fees, etc. to the independent auditors

566 million yen

The Board of Statutory Auditors has reached a conclusion that remuneration & etc. of the independent auditors was appropriate and thus, agreed as specified in Article 399, Paragraph 1 of the Corporate Law.

To reach the conclusion, the Statutory Auditors reviewed details of an audit plan prepared by the independent auditors, the status of their performance of duties in the previous fiscal year and calculation basis and logics for estimation of the remuneration by scrutinizing necessary documents and reports from relevant inside departments, the independent auditors and interviews with them.

②Fees for audits of the financial statements and other assurance services to be paid by the Company and subsidiaries to the independent auditors

906 million yen

Notes: 1. Because the audit engagement contract between the Company and the independent auditors does not separately specify the fees for i) audits required by the Corporate Law and ii) audits required by the Financial Instruments and Exchange Law, the total fees for those audits have been disclosed.

2. The company paid the fees to the independent auditor for a comfort letter on issuance of bonds and so forth that are not the services defined in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.

③All the overseas subsidiaries included in “(6) Principal Group Companies” in “1. Business Review of the Fiscal Year 2018” are audited by audit firms other than Ernst & Young ShinNihon LLC.

(3) Policy concerning the decision to dismiss or to deny reappointment of independent auditors

The Board of Statutory Auditors, by unanimous agreement, will dismiss the independent auditors, when confirmed that the independent auditors falls under any item of Article 340, paragraph 1 of the Corporate Law.

Additionally, in the event of other cases where his / her independency or expertise is deemed to be detrimental to appropriate execution of his / her duties, the Board of Statutory Auditors will decide contents of a proposal regarding dismissal or denial of reappointment of independent auditors to the Ordinary General Meeting of Shareholders and the Board of Directors will make the proposal to the Ordinary General Meeting of Shareholders based upon the decision made by the Board of Statutory Auditors.

2. "5. Business Management Systems, Processes and Internal Controls" of Business Report

●Systems to ensure compliance of directors' activities to laws and articles of associations, and other systems to ensure proper and legitimate business activities

The Board of Directors of Nissan determined Nissan's systems and policies to ensure appropriate management and execution of Nissan and its group companies' business, which is outlined below.

(1) Systems to ensure efficient execution and management of business activities by the directors

①Nissan has a Board of Directors, which decides material business activities of the Company and oversees the activities of the individual directors. In addition, statutory auditors who comprise the board of auditors audit the activities of the directors.

②Nissan's Board of Directors is relatively small, so it is structured with a transparent and logical system of delegation is implemented, by which the authority to perform business activities are properly delegated to corporate officers and other employees.

③Nissan uses a proven system of Executive Committee where key issues such as business strategies, important transactions and investments, are reviewed and discussed, as well as other committee meetings where operational business issues are reviewed and discussed.

④For review and discussion of the regional and specific business area operations, Nissan utilizes management committees.

⑤In order to promote cross functional activities, cross functional teams – CFTs – are organized. CFTs detect problems and challenge and propose solutions to line organizations.

⑥Nissan implements an objective and transparent Delegation of Authority procedure for the purpose of speeding up and clarifying the decision making processes as well as ensuring consistent decisions.

⑦Nissan ensures the efficient and effective management of its business by determining and sharing management policy and business direction through establishment of the mid-term management plan and the annual business plan.

(2) Systems to ensure compliance of directors' and employees' activities with laws and articles of association

① Nissan implements a "Global Code of Conduct", which explains acceptable behaviors of all employees working at Nissan group companies worldwide and promotes their understanding of our rules of conduct.

②In order to ensure rigorous and strict compliance with the code of conduct, Nissan and its group companies offer educational programs such as an e-learning system.

③With regard to members of the Board of Directors as well as corporate officers of Nissan, Nissan establishes a "Guidance for Directors and Corporate Officers regarding Compliance", which explains the acceptable behaviors of the members of the Board of Directors and the corporate officers.

④Nissan stands firm and takes appropriate actions against anti-social forces or groups. If any director, officer or employee is approached by such forces or groups, the said individual shall promptly report such matter to his/her superiors and applicable committee, and shall follow their instructions.

⑤If any director, officer or employee encounters, directly or indirectly, any actual or threatened illegal or criminal action such as fraud or blackmail during the course of business activities, the said individual shall act resolutely against it, and he/she shall promptly report such matter to his/her superiors and specific committee, and shall follow their instructions.

⑥For the purpose of monitoring and ensuring compliance with the code of conduct, Nissan establishes a "Global Compliance Committee".

⑦Nissan implements a hotline system by which the employees are able to submit, via an internal hotline or an external hotline, their opinions, questions and requests freely and directly to Nissan management, and importantly, to report incidents which they believe to be a violation of the code of conduct and company and/or local laws.

⑧Nissan is committed to continually implementing relevant company rules. Examples include "Global Rules for the Prevention of Insider Trading" and the "Rules for the Protection of Personal Information". The Company continually offers education programs to employees as part of its program to promote the understanding and compliance with such corporate rules.

⑨Nissan is committed to improve and enhance the internal control systems to ensure accuracy and reliability of its financial reports in accordance with the Financial Instruments and Exchange Law together with its related rules and standards.

⑩Nissan has established a department specialized in internal audit for the purpose of regularly monitoring Nissan and group companies' business and their compliance with laws, articles of associations and corporate ethics.

⑪The Company's activities relating to the Nissan-Renault Alliance, including operational functions under common-management, are subject to direction, supervision and oversight by the Company's Board of Directors, Executive Committee and relevant officers. Decision-making occurs by the Company's Board of Directors, officers or employees in accordance with the Company's Delegation of Authority, and as otherwise necessary to comply with legal and regulatory requirements.

(3) Rules and systems for proper management of risk and loss

①Nissan minimizes the possibility of occurrence of risks and, if they occur, mitigate the magnitude of losses by sensing such risks as early as possible and implementing appropriate countermeasures. In order to achieve such objective, Nissan and its group companies implement the "Global Risk Management Policy".

②Management of material company-wide risks are assigned primarily to the members of the Risk Management Committee, who are responsible to monitor, manage and implement necessary measures such as preparing relevant risk management manuals.

③Concerning the management of other specific business risks beyond those supervised directly by the Risk Management Committee, they are handled by each manager in the business function who will evaluate, prepare and implement the necessary measures to minimize such risks.

(4) Systems to ensure accurate records and the retention of information of directors' execution of business

①Nissan prepares full and accurate minutes of meetings of the Board of Directors of Nissan in accordance with laws and the board regulations and ensures they are retained and managed in a secure environment.

②In performing business activities by various divisions and departments, matters to be decided pursuant to Delegation of Authority are decided by either electronic system or written documents, and are stored and retained either electronically or in writing.

③While the departments in charge are responsible for proper and strict retention and management of such information, directors, statutory auditors and others of Nissan have access to any records as required for the purpose of performing their business activities.

④Nissan has enacted an "Information Security Policy" and a "Global Records Management Policy" to enhance proper and strict retention and management of information and to prevent improper use of information and unintended disclosure of such information. Furthermore, Nissan has an Information Security Committee, which is engaged in overall management of information security in Nissan and makes decisions on information security matters.

(5) Systems to ensure proper and legitimate business activities of the group companies

i) Systems to ensure efficient execution and management of business activities by directors of the group companies

①Nissan establishes various management committees which are trans-group organizations in order to ensure proper, efficient and consistent group management.

②In management committee meetings, Nissan provides group companies with important information and shares with them management policies; this ensures that the business decisions of all group companies are made efficiently and effectively.

③The group companies implement an objective and transparent Delegation of Authority procedures.

ii) Systems to ensure compliance of activities of directors and employees of the group companies to laws and articles of association

①Group companies implement each company's code of conduct in line with the Global Code of Conduct and establish a compliance committee and ensure full compliance with all laws and our corporate code of conduct. The Global Compliance Committee regularly monitors these companies and works to ensure further strict compliance with laws, articles of association and corporate behavior. In addition, group companies implement a hotline system which ensures that employees are able to directly communicate to the group company or to Nissan directly their opinions, questions, and requests.

②The internal audit department of Nissan periodically carries out local audits on the business of group companies for the purpose of monitoring and confirming legal compliance, relevant articles of association as well as management of business risks. Major group companies establish their own internal audit departments and perform internal audits under the supervision of Nissan's internal audit department.

③Nissan's statutory auditors and group companies' statutory auditors have periodic meetings to share information and exchange opinions for the purpose of ensuring effective auditing of group companies.

④In particular, the scope and frequency of internal audits and other monitoring activities on the business of the group companies may vary reasonably because of, for example, the size, nature of the business, and materiality of such group companies.

iii) Rules and systems for proper management of risk and loss of the group companies

①The group companies implement the Global Risk Management Policy.

②Management of risks related to the group companies, which could affect the business of the entire group is assigned primarily to the members of the Risk Management Committee, who are responsible to monitor, manage and implement necessary measures.

③Concerning the management of the other risks related to the group companies, each group company is responsible for the same and will evaluate, prepare and implement the necessary measures to minimize such risks.

iv) Systems for directors of the group companies to report business activities to Nissan

Nissan requests the group companies to report and endeavors to maintain certain important business matters of the group companies, through multiple routes, including, (i) the systems stated in i) through iii) above and (ii) relations and cooperation between each function of Nissan and the corresponding function of the other group companies.

(6) Organization of employee(s) supporting Nissan's statutory auditors, systems showing their independence from Nissan's directors, and systems to ensure effectiveness of Nissan's statutory auditors' instruction to them

①Nissan has an auditors office to support the activities of Nissan's statutory auditors. Dedicated manager(s) is assigned and performs his/her duties under the supervision and responsibility of the statutory auditors.

②The statutory auditors make appraisal of dedicated manager's performance, and his/her move to another department and his/her disciplinary action are subject to prior approval of the board of auditors.

(7) Systems to report business issues to Nissan's statutory auditors and systems to ensure to prevent disadvantageous treatment of those who made such report

i) Systems for Nissan's directors and employees to report business issues to Nissan's statutory auditors

①Nissan's statutory auditors determine their annual audit plan and perform their audit activities in accordance with that plan. The annual audit plan includes schedules of reports by various divisions. Directors and employees make reports in accordance with the annual audit plan.

②When Nissan's directors and employees detect any incident which could have a materially negative impact on Nissan, they are required to immediately report such incidents to Nissan's statutory auditors.

③In addition, Nissan's directors and employees are required to make an ad-hoc report to Nissan's statutory auditors regarding the situation of business activities when so requested.

④The internal audit department periodically reports to Nissan's statutory auditors its internal audit plan and the results of the internal audits performed.

ii) Systems for directors, statutory auditors and employees of the group companies and those who received a report from the group companies to report business issues to Nissan's statutory auditors

①Nissan's statutory auditors and group companies' statutory auditors have periodic meetings to share information and exchange opinions for the purpose of ensuring effective auditing of group companies and group companies' statutory auditors report the matters which could affect the entire group and other matters to Nissan's statutory auditors.

②Directors and employees of the group companies promptly make a report to Nissan's statutory auditors regarding the situation of business activities when so requested by Nissan's statutory auditors.

③Nissan's directors and employees (including, those in the internal audit department), as stated in i) of this Section, report to Nissan's statutory auditors business activities of each group company reported through the systems mentioned in Section (5) above.

iii) Systems to ensure to prevent disadvantageous treatment of those who made a report as stated in i) and ii) above on the basis of making such report

Nissan prohibits disadvantageous treatment of those who made a report as stated in i) and ii) above on the basis of making such report. Nissan takes the necessary measures to protect those who made such report and takes strict actions, including, disciplinary actions, against directors and employees of Nissan and its group companies who gave disadvantageous treatment.to those who made such report.

(8) Policy for payment of expenses or debt with respect to Nissan's statutory auditors' execution of their duties, including the procedures of advancement or reimbursement of expenses

In accordance with Company Law, Nissan promptly makes advance payment of expenses or makes payment of debt with regard to Nissan's statutory auditors' execution of their duties if so requested by the statutory auditors except where it proves that the expense or debt relating to such request is not necessary for the execution of the duties of the statutory auditors. Every year Nissan establishes a budget with regard to Nissan's statutory auditors' execution of their duties for the amounts deemed necessary.

(9) System to ensure effective and valid auditing by Nissan's statutory auditors

①At least 50% of Nissan's statutory auditors are external auditors to ensure effective and independent auditing. The statutory auditors hold periodical meetings in order to exchange and share information and their respective opinions. Ad-hoc meetings are also held whenever deemed necessary.

②The statutory auditors have periodical meetings with representative directors (including the President) and exchange views and opinions.

●Outline of operation status of systems to ensure proper and legitimate business activities

The outline of operation status of the aforementioned systems is stated as follows. The Board of Directors fully commits to continually monitor and review implementation of the systems and policies, update and improve them whenever necessary. For this purpose, the Board of Directors appoints a director or directors who are in charge of the internal control system, and all related departments closely cooperate under the said director(s) in order to improve the internal control system.

(1) Systems to ensure efficient execution and management of business activities by the directors

- The Board of Directors, consisting of nine members (including three outside directors) decides material business activities of the company and oversees the activities of the individual directors. It held 15 meetings in the fiscal year. The Company has established Executive Committee and other committees where important matters and daily operations were reviewed and discussed, in order to ensure an efficient and effective management.
- The Board of Directors is compact, enabling effective and flexible management, with authority regarding operations clearly entrusted to corporate officers and employees. Delegation of Authority procedure has been established for the purpose of speeding up and clarifying the decision making processes as well as ensuring consistent decisions. Such Delegation of Authority procedures are regularly and as necessary reviewed and updated in order to ensure transparent, prompt and effective decision making.

(2) Systems to ensure compliance of directors' and employees' activities with laws and articles of association

- Under the oversight of Global Compliance Committee, the Company has established regional compliance committees in each of the regions in which it operates to form a system for detecting and deterring illegal and unethical behaviors. The Company is working with all regions and bases of operation to ensure full awareness of compliance issues and engage in prevention of illegal activities. The regular Global Compliance Committees were held attended by the regional compliance officers in May and November.
- To promote thorough understanding of compliance among all employees worldwide and to facilitate sound business practices, the Company has a globally integrated reporting system. The system, introduced under the name "SpeakUp", facilitates anonymous reporting and two-way confidential communication for employees and other stakeholders. Employees are encouraged to report violations of the Code of Conduct or other company rules and are protected from retaliation by Nissan's non-retaliation policy, which is a cornerstone of the Compliance Program.
- The Company provides global trainings to executives and employees to foster respects for compliance measures and the Code of Conduct.
- The Company has the global internal audit function, an independent group, to handle internal auditing tasks. Under the control of the Chief Internal Audit Officer, audit teams set up in each region carry out efficient, effective auditing of the Company's activities on a group-wide and global basis. Audits are conducted based on the audit plans, which have been approved by the Executive Committee, and the audit results are reported to the relevant corporate officers related to the audits. The audit results are regularly reported to the Statutory Auditors. Global Audit Committee where all regions reported recent audit results was held twice in the fiscal year.

(3) Rules and systems for proper management of risk and loss

- Based on Global Risk Management Policy, the Company carries out activities on a comprehensive, groupwide basis. In order to respond to changes in its business environment, the Company has set up a department in charge of risk management that carries out annual interviews of corporate officers, carefully investigating various potential risks and revising the Company's "risk map" in line with impact, frequency and control level. The Risk Management Committee makes decisions on risk issues that must be handled at the corporate level and designate "risk owners" to manage the risks. Under the leadership of these owners, the Company designs appropriate countermeasures. The Risk Management Committee was held once in the fiscal year.
- The group companies in Japan and overseas are strengthening communication in order to share basic processes and tools for risk management, as well as related information, throughout the group.

(4) Systems to ensure accurate records and the retention of information of directors' execution of business

- The Company shares its Information Security Policy with the group companies worldwide as a basis for reinforced information security, implementing via the Information Security Committee measures enhanced through the PDCA cycle. The Company reliably addresses issues by identifying internal and external information leaks as they occur worldwide and reinforces information security on a timely basis. To thoroughly educate and motivate employees to adhere to relevant policy, the Company institutes regular in-house educational programs. The Information Security Committee was held 3 times in the fiscal year.

(5) Systems to ensure proper and legitimate business activities of the group companies

- The Company receives reports from the group companies on certain important business matters of the group companies, through multiple routes such as various management committees, Global Compliance Committee, internal audit activities on the business of the group companies, meetings between the Company's statutory auditors and group companies' statutory auditors, and relations/ cooperation between each function of the Company and the corresponding function of the other group companies.

(6) Organization of employee(s) supporting Nissan's statutory auditors, systems showing their independence from Nissan's directors, and systems to ensure effectiveness of Nissan's statutory auditors' instruction to them

- The Company has established Auditors' Office to support the activities of the statutory auditors, to which 3 dedicated managers who are independent from the supervision of the directors are assigned.
- The performance appraisal of the employees dedicated to Auditors' Office are made by the statutory auditors and their move to another department and their disciplinary action are subject to prior approval of the Board of Statutory Auditors.

(7) Systems to report business issues to Nissan's statutory auditors and systems to ensure to prevent disadvantageous treatment of those who made such report

- The statutory auditors receive reports on the business matters of the Company and its group companies from the directors, corporate officers and employees in accordance with the annual audit plan and as necessary.
- The statutory auditors regularly receive reports on the audit results on the business of the Company and its group companies from the internal audit department.
- The statutory auditors and group companies' statutory auditors have periodic meetings to share information and exchange opinions and group companies' statutory auditors report their annual audit plans and the progress of important audit items (2 meetings were held in the fiscal year). In addition, the statutory auditors regularly visit major group companies where they exchange opinions with the statutory auditors of such group companies and receive reports from the president and corporate officers of such group companies.
- Global Code of Conduct provides that the employees who suspect that a violation of the Code of Conduct has occurred are obligated to report it as soon as possible, and such employees shall be protected from retaliation. The Company promotes the employees' understanding of the rule.

(8) Policy for payment of expenses or debt with respect to Nissan's statutory auditors' execution of their duties, including the procedures of advancement or reimbursement of expenses

- The Company budgets the amounts deemed necessary based on the annual audit plan for the expenses with regard to the statutory auditors' execution of their duties and pays the same.

(9) System to ensure effective and valid auditing by Nissan's statutory auditors

- The Board of the Statutory Auditors holds meetings regularly and as necessary in accordance with Regulations of the Board of Statutory Auditors. In addition, the statutory auditors hold ad-hoc meetings in order to exchange and share their respective opinions.
- The statutory auditors have periodical meetings with the representative directors (including the President) to exchange views and opinions.

Following the discovery of serious management misconduct led by the Company's former chairman in November 2018, as referred to in "(1) Operations and results of 1. Business Review of Fiscal Year 2018", the Company received the recommendations on a framework for robust governance as a foundation for Nissan business operation in the future. The Company is proceeding for building a new governance structure.

Relating to the multiple nonconformities in the final vehicle inspection process (kanken), the Company continues to thoroughly carry out the countermeasures to prevent recurrence. In addition, as referred to in "(1) Operations and results of 1. Business Review of Fiscal Year 2018", the Company carried out comprehensive checks of frameworks, organizations and processes related to regulatory compliance in all operational areas, and makes and implements action plan to remedy the issues found in such comprehensive checks.

3. Consolidated Statement of Changes in Net Assets
(From April 1, 2018 To March 31, 2019)

(in millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments
Balance at the beginning of current period	605,814	815,913	4,908,747	(139,970)	6,190,504	68,179	9,537
Cumulative effects of changes in accounting policies			(50,653)		(50,653)	(449)	
Restated balance	605,814	815,913	4,858,094	(139,970)	6,139,851	67,730	9,537
Changes of items during the period							
Cash dividends paid			(215,101)		(215,101)		
Net income attributable to owners of parent			319,138		319,138		
Purchase of treasury stock				(392)	(392)		
Disposal of treasury stock				905	905		
Change in subsidiaries' interests by purchase of its treasury stock		(1)			(1)		
Changes in the scope of consolidation			(151)		(151)		
Change in an affiliated company's interests in its subsidiary		(1,230)			(1,230)		
Net changes of items other than those in shareholders' equity						(37,726)	(4,775)
Total changes of items during the period		(1,231)	103,886	513	103,168	(37,726)	(4,775)
Balance at the end of current period	605,814	814,682	4,961,980	(139,457)	6,243,019	30,004	4,762

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	(13,945)	(733,571)	(135,967)	(805,767)	84	303,914	5,688,735
Cumulative effects of changes in accounting policies		7,625		7,176		(752)	(44,229)
Restated balance	(13,945)	(725,946)	(135,967)	(798,591)	84	303,162	5,644,506
Changes of items during the period							
Cash dividends paid							(215,101)
Net income attributable to owners of parent							319,138
Purchase of treasury stock							(392)
Disposal of treasury stock							905
Change in subsidiaries' interests by purchase of its treasury stock							(1)
Changes in the scope of consolidation							(151)
Change in an affiliated company's interests in its subsidiary							(1,230)
Net changes of items other than those in shareholders' equity	(16,937)	(64,185)	(18,130)	(141,753)	(84)	17,673	(124,164)
Total changes of items during the period	(16,937)	(64,185)	(18,130)	(141,753)	(84)	17,673	(20,996)
Balance at the end of current period	(30,882)	(790,131)	(154,097)	(940,344)	―	320,835	5,623,510

(Reference information) Consolidated Statement of Comprehensive Income
(From April 1, 2018 To March 31, 2019)

(in millions of yen)

Accounts	Amount
Net income	341,915
Other comprehensive income	
Unrealized holding gain and loss on securities	(28,964)
Unrealized gain and loss from hedging instruments	(4,648)
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(17,966)
Translation adjustments	(9,892)
Remeasurements of defined benefit plans	(19,676)
The amount for equity method company portion	(64,770)
Total other comprehensive income	(145,916)
Comprehensive income	195,999
(Breakdown of comprehensive income)	
Comprehensive income attributable to owners of parent	177,385
Comprehensive income attributable to non-controlling interests	18,614

4. Notes to Consolidated Financial Statements

Basis of Consolidated Financial Statements

1. Number of consolidated subsidiaries and companies accounted for by the equity method

(1) Consolidated subsidiaries; 192 companies (Domestic 69, Overseas 123)
Domestic Car Dealers and Parts Distributors
Kanagawa Nissan Motor Co., Ltd, Nissan Motor Sales Co., Ltd., Nissan Buhin Chuo Hanbai Co., Ltd. and 44 other companies
Domestic Vehicles and Parts Manufacturers
Nissan Shatai Co., Ltd., Aichi Machine Industry Co., Ltd., JATCO Ltd, and 5 other companies
Domestic Logistics and Services Companies
Nissan Trading Co., Ltd., Nissan Financial Services Co., Ltd., Autech Japan, Inc. and 11 other companies
Overseas subsidiaries
Nissan North America, Inc., Nissan International SA, Nissan Motor Manufacturing (UK) Ltd., Nissan Mexicana, S.A. de C.V. and 119 other companies
Unconsolidated Subsidiaries; 71 companies (Domestic 48, Overseas 23)
Domestic Nissan Arc Ltd. and 47 other companies
Overseas JATCO Korea Engineering Corp. and 22 other companies
These unconsolidated subsidiaries are immaterial in terms of their total assets, sales, net income or loss, retained earnings and others, and do not have a significant effect on the consolidated financial statements.
As a result, they have been excluded from consolidation.

(2) Companies accounted for by the equity method; 49 companies
Unconsolidated subsidiaries; 17 companies (Domestic 12, Overseas 5)
Nissan Arc Ltd. and 16 other companies
Affiliates; 32 companies (Domestic 20, Overseas 12)
Renault, Dongfeng Motor Co., Ltd., MITSUBISHI MOTORS CORPORATION, NISSAN TOKYO SALES HOLDINGS CO., LTD. and 28 other companies
Companies not Accounted for by the Equity Method; 69 companies
Unconsolidated subsidiaries; 54 companies
Nissan Shatai Computer Service Co., Ltd. and 53 other companies
Affiliates; 15 companies
Nissan Hiroshima Car Refine Center Co., Ltd. and 14 other companies
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 or others.

(3) Change in the scope of consolidation and equity method
The change in the scope of consolidation and equity method compared with that at the year ended March 31, 2019 was summarized as follows:
Number of companies newly included in the scope of consolidation; 3 companies
(Nissan (Shanghai) Automotive Design Ltd. and 2 other companies)
Number of companies excluded from the scope of consolidation; 4 companies
(Automotive Energy Supply Corporation and 3 other companies)
Number of companies newly accounted for by the equity method; 2 companies
(Alliance Ventures B.V. and 1 other company)
The increases in the number of consolidated subsidiaries were mainly due to those that were newly established and the decreases were mainly due to sale of their shares.

2. Fiscal period of consolidated subsidiaries

(1) The fiscal year of the following consolidated subsidiaries is different from that of the Company (March 31)
December 31 year end Companies: Yulon Nissan Motor Co., Ltd., Nissan Mexicana, S.A. de C.V. and 16 other overseas subsidiaries

(2) Nissan Mexicana, S.A. de C.V. and 11 other companies whose fiscal year end is December 31 close their books of account at March 31 for consolidation reporting purpose.
With respect to Yulon Nissan Motor Co., Ltd. and 5 other companies, the necessary adjustments were made in consolidation to reflect any significant transactions from January 1 to March 31.

3. Significant accounting policies

(1) Valuation methods for assets

①Securities

Held-to-maturity securities:

Held-to maturity securities are stated at amortized cost.

Other securities:

Marketable securities:

Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving average method.

Non-marketable securities:

Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Investments in limited liability partnerships and similar investments, defined as securities by Article 2, Section 2 of the Financial instruments and Exchange Law, are recognized at the net amount corresponding to the owning portion under the equity method based on the latest available financial statements of the partnerships.

②Derivative financial instruments

Derivative financial instruments are stated at fair value.

③Inventories

Inventories are primarily stated at cost determined by the first-in and first-out method (cost of inventories is written-down when their carrying amounts become unrecoverable).

(2) Depreciation of property, plant and equipment

Depreciation of self-owned property, plant and equipment is calculated principally by the straight-line method based on the estimated useful lives and the estimated residual value determined by the Company.

Depreciation of leased assets is calculated by the straight-line method based on either the estimated useful lives or the lease terms and the estimated residual value determined by the Company.

(3) Basis for significant reserves

①Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty. Some foreign subsidiaries and affiliates have adopted IFRS 9, "*Financial Instruments*", and recognized impairment losses on financial assets using the expected credit loss model.

②Accrued warranty costs

Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.

(4) Accounting for retirement benefits

For calculating the retirement benefit obligation, the benefit formula basis has been adopted for attributing projected benefits to periods.

Past 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 (principally 7 to 15 years).

Actuarial gain and loss are amortized in the year following the year in which actuarial gain and loss are recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees (principally 9 to 28 years). Certain foreign consolidated subsidiaries have adopted the corridor approach for actuarial gain and loss, and amortize them over the average remaining years of services of the eligible employees or the average life expectancy of the eligible employees.

Actuarial gain and loss and past service cost that are yet to be recognized as gain or loss are recorded as remeasurements of defined benefit plans presented in accumulated other comprehensive income of the net assets section, after being adjusted for tax effects.

(5) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are recognized as gain or loss.

Assets and liabilities of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, and revenue and expense accounts are translated at the average rates of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and non-controlling interests in the net assets section.

(6) Hedge accounting method

①Hedge accounting method

Primarily, deferred hedge accounting is applied for derivative instruments.

Short-cut method, "Furiate-Shori," is applied for forward exchange contracts which are qualified for such treatment and related to the hedged items other than foreign currency denominated accounts receivables.

Special treatment, "Tokurei-Shori," is applied for interest rate swaps which are qualified for such treatment.

②Hedging instruments and hedged items

- Hedging instruments.....Derivative transactions
- Hedged items..................Mainly receivables and payables denominated in foreign currencies and others

③Hedging policy

Based on the internal risk management rules and authority regarding derivative transactions, expected risks such as fluctuations in foreign exchange and interest rate are hedged within certain extent.

④Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms of hedged items are substantially same as those of hedging instruments.

(7) Amortization of goodwill

Goodwill is amortized over periods not exceeding 20 years determined based on their expected life.

However, immaterial differences are recognized as gain or loss in the year of acquisition.

Negative goodwill in consolidated subsidiaries and in companies accounted for by the equity method which had occurred after April 1, 2010 has been recorded as gain in the year of acquisition.

(8) Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(9) Adoption of consolidated taxation system

The Company and some of its subsidiaries have been adopted the consolidated taxation system.

4. Changes in accounting policies

(1) Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, "*Revenue from Contracts with Customers*" and International Financial Reporting Standards (IFRS) 15, "*Revenue from Contracts with Customers*"

At foreign subsidiaries and affiliates that apply US GAAP, ASC 606, "*Revenue from Contracts with Customers*" has been adopted, while at other foreign subsidiaries and affiliates, IFRS 15, "*Revenue from Contracts with Customers*" (May 28, 2014) has been adopted from the fiscal year ended March 31, 2019.

In line with this adoption, revenue is recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services.

In adopting the accounting standards, in accordance with the transitional treatment, the cumulative effect of adoption of the standards was recognized on the date of the start of adoption, and was added to or subtracted from retained earnings at the beginning of the fiscal year ended March 31, 2019.

As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2019 decreased by ¥58,566 million. In addition, net sales and income before income taxes for the fiscal year ended March 31, 2019 increased by ¥9,309 million and ¥64,225 million, respectively.

(2) International Financial Reporting Standards (IFRS) 9, "*Financial Instruments*"

Some foreign subsidiaries and affiliates have adopted IFRS 9, "*Financial Instruments*" (July 24, 2014) from the fiscal year ended March 31, 2019.

In line with this adoption, the methods for classification and measurement of financial instruments were reviewed and impairment losses were recognized on financial assets using the expected credit loss model.

In adopting the accounting standard, in accordance with the transitional treatment, the cumulative effect of adoption of the standard was recognized on the date of the start of adoption, and was added to or subtracted from retained earnings, unrealized holding gain and loss on securities and non-controlling interests at the beginning of the fiscal year ended March 31, 2019.

As a result, the balances of retained earnings, unrealized holding gain and loss on securities and non-controlling interests at the beginning of the fiscal year ended March 31, 2019 decreased by ¥2,288 million, ¥449 million and ¥752 million, respectively. The effects of these revisions on the consolidated statements of income for the fiscal year ended March 31, 2019 are immaterial.

(3) Accounting Standards Board of Japan (ASBJ) Guidance No. 28, "*Implementation Guidance on Tax Effect Accounting*"

"*Implementation Guidance on Tax Effect Accounting*" (ASBJ Guidance No. 28, February 16, 2018) has been adopted from the beginning of the fiscal year ended March 31, 2019.

In line with this adoption, treatment of taxable temporary differences relating to shares, etc., of subsidiaries in non-consolidated financial statements was changed to match the treatment of taxable temporary differences relating to shares of subsidiaries or investments in affiliates in consolidated financial statements, and a reversal of deferred tax liabilities was made.

The change in accounting policies in line with the adoption of these accounting standards has been retrospectively adopted and the retrospective effect is reflected on the beginning of net assets. As a result, retained earnings increased by ¥12,975 million.

5. Changes in presentations

(Consolidated Statement of Income)

"Special addition to retirement benefits" which was included in "Other" under "Special losses" in the prior fiscal year, has been separately presented in the current fiscal year due to its increased financial materiality.

(Application of the *"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc."*)

"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) and other standards have been adopted from the beginning of the fiscal year ended March 31, 2019, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under long-term liabilities.

6. Additional Information

The company has consolidated adjusted financial statements of subsidiaries of the Company and Renault in Argentina applying IAS29, *"Financial Reporting in Hyperinflationary Economies"* from the fiscal year ended March 31, 2019.

In line with this retrospective restatement, retained earnings decreased by ¥2,774 million, translation adjustments increased by ¥7,625 million at the beginning of the fiscal year and those are included in "Cumulative effects of changes in accounting policies" of the Consolidated Statement of Changes in Net Assets.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral

(1) Assets pledged as collateral

	(in millions of yen)
Sales finance receivables	2,649,505
Property, plant and equipment	503,383
Total	3,152,888

(2) Liabilities secured by the above collateral

	(in millions of yen)
Short-term borrowings	403,968
Long-term borrowings (including the current portion)	1,970,852
Total	2,374,820

2. Accumulated depreciation of property, plant and equipment

(in millions of yen)
5,485,136

(The above amount includes depreciation of leased assets in the amount of 77,397 million yen.)

3. Guarantees and others

	(in millions of yen)
(1) As guarantor of employees' housing loans from banks and others	28,137
	(27,688 for employees, 449 for others)

	(in millions of yen)
(2) Commitments to provide guarantees	38

4. Contingent liabilities

・ Lawsuits related to Takata's airbag inflators

Mainly in the United States ("U.S.") and Canada various putative class action lawsuits, civil lawsuits and lawsuits by states related to Takata's airbag inflator have been filed against the Company, consolidated subsidiaries and other Original Equipment Manufacturers. The lawsuits allege that the subject airbag inflators did not function properly, and seek, among others, damages for economic losses, incurred costs, decline in the value of vehicles, and, in certain cases, personal injury as well as punitive damages. Most of the class action lawsuits in the U.S. were transferred to the U.S. District Court for the Southern District of Florida and consolidated into a multi-district litigation ("MDL"). The Company and Nissan North America, Inc. ("NNA") have agreed to a proposed settlement that would resolve the US class actions that are pending against them in the MDL, through a number of customer-focused programs. In September 2017, the court in the MDL granted preliminary approval to the proposed settlement. The total payment amount for the settlement will be $87.9 million to be paid over four years. In February 2018, the court in MDL granted final approval to the proposed settlement. Regarding the lawsuits other than the above, management has not recognized a provision for loss contingencies because as of the date of this report it is not possible to reasonably estimate the amount, if any, of any potential future losses because there are some uncertainties, such as these lawsuits are still in progress.

Notes to Consolidated Statement of Income

Based on the results of our investigation and the indictments by the Tokyo District Public Prosecutors Office related to misstatements of "Compensation paid to Directors and Statutory Auditors" in the Company's annual securities reports regarding the former Director, the Company has recognized ¥4,411 million of additional expenses in "Selling, general and administrative expenses," which were not booked in prior years, as of the fiscal year ended March 31, 2019. The amount is the best estimate using the information available, and the final amount might differ from the estimate booked.

Notes to Consolidated Statement of Changes in Net Assets

1. Shares issued and outstanding

Common stock 4,220,715 thousand shares

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (in millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual general meeting of the shareholders on June 26, 2018	Common stock	103,627	26.5	March 31, 2018	June 27, 2018
Meeting of the Board of Directors on November 8, 2018	Common stock	111,474	28.5	September 30, 2018	November 28, 2018

(Note) Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

(2) Dividends, which the Record date was in the year ended March 31, 2019 and the effective date of which is in the year ending March 31, 2020

Type of shares	Common stock
Source of dividends	Retained earnings
Total dividends	¥111,520 million (Dividends per share : ¥28.5)
Record date	March 31, 2019
Effective date	Undetermined

(Note) Total dividends were obtained by deducting the amount corresponding to the equity of Renault shares held by the Company.

Notes to Financial Instruments

1. Overview of financial instruments

The Group's cash is managed through short-term deposits and appropriate repurchase agreement transactions for the purpose of efficient cash management at appropriate risk. Investment in equity/bond-related products is also authorized. With regard to such investment with price fluctuation risk, a strict risk management is implemented, consisting of regular monitoring of mark-to-market and internal reporting.
The financing has been diversified, such as bank loans, bond issues, commercial paper issues and liquidation of securities, to reduce the exposure to liquidity risk.
The Group holds trade notes and accounts receivables from sales of products and collects such receivables in accordance with the terms and conditions of relevant sales agreements. The Group also holds trade liabilities with various payment dates based on the payment conditions from purchasing diverse parts, materials and services, required for development and manufacture of products.
The Group utilizes derivative financial instruments based on the internal "Policies and Procedures for Risk Management" mainly for the purposes 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 purposes.
The sales finance business provides financial services to retail customers, such as auto loans and leases, and inventory financing, working capital loans, etc. to our dealers. Strict credit underwriting policies are followed before loans are advanced to the customers and dealers.

2. Fair Value of Financial Instruments

The following table indicates the carrying value in the consolidated balance sheets, the fair value and the unrealized gain (loss) as of March 31, 2019. Assets and liabilities, for which it is deemed difficult to measure the fair value, are not included in the table below. (Refer to Note 2.)

(in millions of yen)

	Amount recorded in the consolidated balance sheets	Fair value	Difference
(1) Cash on hand and in banks	1,219,588	1,219,588	—
(2) Trade notes and accounts receivable	512,164		
Allowance for doubtful accounts (*1)	(7,164)		
	505,000	505,000	—
(3) Sales finance receivables (*2)	7,615,581		
Allowance for doubtful accounts (*1)	(113,184)		
	7,502,397	7,479,730	(22,667)
(4) Securities and Investment securities	886,202	881,838	(4,364)
(5) Long-term loans receivable	13,983		
Allowance for doubtful accounts (*1)	(904)		
	13,079	13,132	53
Total assets	10,126,266	10,099,288	(26,978)
(1) Trade notes and accounts payable	1,580,452	1,580,452	—
(2) Short-term borrowings	850,995	850,995	—
(3) Commercial papers	697,549	697,549	—
(4) Bonds (*3)	2,275,301	2,262,870	12,431
(5) Long-term borrowings (*3)	4,169,957	4,172,355	(2,398)
(6) Lease obligations (*3)	35,884	35,962	(78)
Total liabilities	9,610,138	9,600,183	9,955
Derivative transactions (*4)	32,265	32,265	—

(*1) The allowance for doubtful accounts, which is individually reported as part of trade notes and accounts receivable, sales finance receivables and long-term loans receivable, is deducted.

(*2) The amount recorded in the consolidated balance sheets for sales finance receivables is presented with the amount after deducting ¥50,022 million of deferred installments income and others.

(*3) Bonds, long-term borrowings and lease obligations include the current portion of bonds, the current portion of long-term borrowings and lease obligations under current liabilities, respectively.

(*4) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

(Note 1) Calculation method of the fair value of financial instruments and matters relating to securities and derivative transactions

Assets:

(1) Cash on hand and in banks and (2) Trade notes and accounts receivable

Fair value is calculated based on the book value as these assets are settled within a short time and the fair value is almost equal to the book value.

(3) Sales finance receivables

Fair value is calculated based on the discounted cash flows by collection period, using discount rates reflecting maturity and credit risk.

(4) Securities and Investment securities

Fair value of stocks is based on the prices traded at the stock exchange. Fair value of unlisted foreign investment trusts is based on the book value as these are settled within a short time and fair value is almost equal to the book value.

(5) Long-term loans receivable

Fair value is calculated based on the discounted cash flows of each individual loan, using discount rate which would be applicable for similar new loans.

Liabilities:

(1) Trade notes and accounts payable, (2) Short-term borrowings and (3) Commercial papers

Fair value is calculated based on the book value as these liabilities are settled within a short time and fair value is almost equal to the book value.

(4) Bonds

Fair value of marketable bonds is based on the market prices, and that of non-marketable bonds is based on the present value estimated by discounting the total principal and interest, using discount rates reflecting the remaining term and credit risk.

(5) Long-term borrowings and (6) Lease obligations

Fair value is calculated based on the present value estimated by discounting the total principal and interest, using discount rates which would be applicable for similar new borrowings or lease transactions.

Derivative transactions:

Fair value is calculated based on the discounted cash flows and others. Fair value of interest rate swaps which are accounted using special treatment, "Tokurei-Shori", is included in that of corresponding hedged long-term borrowings, as those interest rate swaps are recorded as an adjustment to interest expenses of hedged items under the special treatment.

(Note 2) Unlisted stocks (carrying value in the consolidated balance sheet: ¥592,143 million) are not included in (4) Securities and Investment securities, as it is deemed difficult to measure the fair value because they are non-marketable and future cash flows cannot be estimated.

Notes to Investment and Rental Property

1. The status of investment and rental property

The Company and certain consolidated subsidiaries own rental properties, mainly for vehicle and parts dealers, in Japan and overseas countries.

2. Fair value of investment and rental property

(in millions of yen)

Carrying value	Fair Value
110,331	116,150

(Note 1) Carrying value deducted accumulated depreciation and impairment loss from acquisition cost of fixed assets.

(Note 2) The fair value was mainly based on real-estate appraisal value which was calculated by external real-estate appraisers.

Notes to Amounts Per Share

Net assets excluding share subscription rights and non-controlling interests per share	1,355.18 yen
Basic net income per share	81.59 yen

Notes to Significant Subsequent Events

Not applicable.

Other

Not applicable.

Amounts less than one million yen are rounded off.

5. Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2018 To March 31, 2019)

(in millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Common stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal reserve	Reserve for reduction of replacement cost of specified properties	Reserve for special depreciation	Unappropriated retained earnings	Total retained earnings
Balance at the beginning of current period	605,813	804,470	184	804,654	53,838	53,351	12	985,123	1,092,325
Cumulative effects of changes in accounting policies								69,343	69,343
Restated balance	605,813	804,470	184	804,654	53,838	53,351	12	1,054,466	1,161,669
Changes of items during the period									
Cash dividends paid								(230,575)	(230,575)
Provision of reserve for reduction of replacement cost of specified properties						1,499		(1,499)	—
Reversal of reserve for reduction of replacement cost of specified properties						(434)		434	—
Provision of reserve for special depreciation							0	(0)	—
Reversal of reserve for special depreciation							(3)	3	—
Net income								168,552	168,552
Purchases of treasury stock									
Net changes of items other than those in shareholders' equity									
Total changes of items during the period						1,065	(3)	(63,085)	(62,022)
Balance at the end of current period	605,813	804,470	184	804,654	53,838	54,416	9	991,381	1,099,646

	Shareholders' equity		Valuation, translation adjustments and others			Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain and loss on securities	Unrealized gain and loss from hedging instruments	Total valuation, translation adjustments and others		
Balance at the beginning of current period	(28,747)	2,474,046	53,729	(406)	53,322	84	2,527,453
Cumulative effects of changes in accounting policies		69,343					69,343
Restated balance	(28,747)	2,543,390	53,729	(406)	53,322	84	2,596,797
Changes of items during the period							
Cash dividends paid		(230,575)					(230,575)
Provision of reserve for reduction of replacement cost of specified properties							—
Reversal of reserve for reduction of replacement cost of specified properties							—
Provision of reserve for special depreciation							—
Reversal of reserve for special depreciation							—
Net income		168,552					168,552
Purchases of treasury stock	(4)	(4)					(4)
Net changes of items other than those in shareholders' equity			(28,976)	237	(28,739)	(84)	(28,823)
Total changes of items during the period	(4)	(62,027)	(28,976)	237	(28,739)	(84)	(90,851)
Balance at the end of current period	(28,752)	2,481,362	24,752	(169)	24,583	—	2,505,945

6. Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

1. Valuation methods for assets

(1) Securities

1) Held-to-maturity securities

Held-to-maturity securities are stated at amortized cost (straight-line method).

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.

3) Other securities

①Marketable 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.

②Non-marketable securities:

Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Investments in limited liability partnerships and similar investments, defined as securities by Article 2, Section 2 of the Financial Instruments and Exchange Law, are recognized at the net amount corresponding to the owning portion under the equity method based on the latest available financial statements of the partnerships.

(2) Derivative financial instruments

Derivative financial instruments are carried at fair value.

(3) Inventories

Inventories are stated at cost determined by the first-in and first-out method. (Cost of inventories is written-down when their carrying amounts become unrecoverable.)

2. Depreciation and amortization of fixed assets

(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 estimated residual value determined by the Company.

(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 life (5 years).

(3) Leased assets

Depreciation of leased assets is calculated by the straight-line method based on either the estimated useful lives or the lease terms and the estimated residual value determined by the Company.

3. Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are recognized as gain or loss.

4. Basis for reserves

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(2) Accrued warranty costs

Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts and based on past experience.

(3) Accrued retirement benefits

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.

For calculating the retirement benefit obligation, the benefit formula basis has been adopted for attributing projected benefits to periods.

Past service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.

Actuarial gain and loss are amortized from the year following the year in which the gain and loss are recognized by the straight-line method over periods which are shorter than the average remaining years of service of the eligible employees.

5. Other significant accounting policies

(1) Hedge accounting method

①Hedge accounting

Primarily, deferred hedge accounting is applied for derivative instruments. Short-cut method, "Furiate-Shori," is applied for forward exchange contracts which are qualified for such treatment and related to the hedged items other than foreign currency denominated accounts receivables.

Special treatment, "Tokurei-Shori," is applied for interest rate swaps which are qualified for such treatment.

②Hedging instruments and hedged items

- Hedging instruments.....Derivative transactions
- Hedged items.................. Mainly receivables and payables denominated in foreign currencies and others

③Hedging policy

Based on the internal risk management rules and authority regarding derivative transactions, expected risks such as fluctuations in foreign exchange and interest rate are hedged within certain extent.

④Assessment of hedge effectiveness

The assessment of hedge effectiveness is omitted when the terms of hedged items are substantially same as those of hedging instruments.

(2) Accounting for retirement benefit

The accounting methods of unrecognized actuarial gain and loss and unrecognized past service cost are different from those of the consolidated financial statements.

(3) Accounting for the consumption taxes

Transactions subject to the consumption taxes are recorded at amounts exclusive of the consumption taxes.

(4) Adoption of consolidated taxation system

The Company adopts the consolidated taxation system.

6. Changes in accounting policies

Accounting Standards Board of Japan (ASBJ) Guidance No. 28, *"Implementation Guidance on Tax Effect Accounting"*

"Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) has been adopted from the beginning of the current fiscal year ending March 31, 2019.

In line with this adoption, treatment of taxable temporary differences relating to shares, etc., of subsidiaries in non-consolidated financial statements was changed and a reversal of deferred tax liabilities was made.

The change in accounting policies in line with the adoption of these accounting standards has been retrospectively adopted and the retrospective effect is reflected on the beginning of net assets. As a result, retained earnings increased by ¥69,343 million.

7. Changes in presentations

(Application of the *"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc."*)

"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) and other standards have been adopted from the beginning of the current fiscal year ending March 31, 2019, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under long-term liabilities.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment amounted to ¥1,413,586 million.
(The above amount includes depreciation of leased assets in the amount of ¥58,502 million.)

2. Guarantees and others

(1) Guarantees (in millions of yen)

Guarantees	Balance of liabilities guaranteed	Description of liabilities guaranteed
Employees	※ 25,934	Guarantees for employees' housing loans
Nissan Motor Manufacturing (UK) Ltd.	6,698	Guarantees for loans to purchase fixed assets
Nissan South Africa (Pty) Ltd.	838	Guarantees for loans for working capital
Nissan North America, Inc.	262	Guarantees for loans to purchase fixed assets
10 domestic dealers	385	Guarantees for loans for working capital
Total	34,119	※Allowance for doubtful accounts is provided based on past experience.

(2) Commitments to provide guarantees (in millions of yen)

Guarantees	Balance of commitments to provide guarantees	Description of liabilities guaranteed
Hibikinada Development Co., Ltd.	38	Commitments to provide guarantees for loans

(3) Keepwell Agreements

In addition to the above, the Company entered into keepwell agreements with the following financial subsidiaries and others to enhance their credit worthiness.

Their balances of liabilities at the end of March 2019 were as follows.

(in millions of yen)

Company name	Balance of liabilities
Nissan Motor Acceptance Corporation	4,691,104
Nissan Financial Services Co., Ltd.	883,000
Nissan Financial Services Australia Pty Ltd.	390,290
Nissan Canada Financial Services, Inc.	285,438
Nissan Canada, Inc.	148,634
Nissan Leasing (Thailand) Co., Ltd.	111,088
Nissan Financial Services New Zealand Pty Ltd.	27,864
Total	6,537,420

3. Monetary receivables from and payables to subsidiaries and affiliates (except for separately disclosed)

	(in millions of yen)
Short-term monetary receivables:	379,995
Short-term monetary payables:	958,394
Long-term monetary payables:	10,951

Notes to Non-Consolidated Statement of Income

1. Transactions with subsidiaries and affiliates

Operating transactions with subsidiaries and affiliates	(in millions of yen)
Sales:	3,090,500
Operating expenses:	1,547,071
Transactions with subsidiaries and affiliates other than operating transactions:	253,140

2. Remuneration for directors

Based on the results of our investigation and the indictments by the Tokyo District Public Prosecutors Office related to misstatements of "Compensation paid to Directors and Statutory Auditors" in the Company's annual securities reports regarding the former Director, the Company has recognized ¥4,411 million of additional expenses in "Selling, general and administrative expenses", which were not booked in prior years, as of the fiscal year ended March 31, 2019. The amount is the best estimate using the information available, and the final amount might differ from the estimate booked.

Notes to Non-Consolidated Statement of Changes in Net Assets

Treasury stock (as of March 31, 2019)	Common stock	28,431 thousand shares

Notes to Deferred Tax Assets and Liabilities

Deferred tax assets mainly consist of those deriving from research and development expenses, loss on valuation of investment securities, accrued expenses, accrued retirement benefits and accrued warranty costs.

Deferred tax liabilities mainly consist of those deriving from reserves under Special Taxation Measures Law and unrealized holding gain on securities.

Valuation allowance provided against deferred tax assets amounted to ¥58,845 million.

Notes to Related Party Transactions

Subsidiaries, affiliates and others (in millions of yen)

Attribute	Name	Percentage of voting right held by the company	Relation	Nature of transaction	Amount of the transaction	Account	Balance at the end of fiscal year
Subsidiary	Nissan North America, Inc.	Ownership Directly 100%	・Purchasing products manufactured by the Company	Sales Capital increase Borrowing	1,030,102 55,515 82,500	Trade accounts receivable — Short-term borrowings	74,030 — 82,500
Subsidiary	Nissan Shatai Co., Ltd.	Ownership Directly 50.01% Indirectly 0.01%	・Manufacturing certain products on behalf of the Company	Purchase	354,124	Trade accounts payable Other (Advance payments -trade) Accounts receivable - other Accrued expenses	76,963 13,296 8,746 2,576
Subsidiary	Nissan International SA	Ownership Directly 100%	・Purchasing products manufactured by the Company	Capital increase Borrowing	128,690 —	— Long-term borrowings	— 56,052
Subsidiary	NRFM Holdings LLC	Ownership Directly 100%	・Holding investments in sales finance subsidiaries and affiliates	Capital increase	55,572	—	—
Subsidiary	Automotive Energy Supply Corporation	Ownership Directly 100%	・Selling automotive parts to the Company	Making loans Contribution in kind	58,455 53,405	— —	— —
Subsidiary	Nissan Finance Co., Ltd.	Ownership Directly 100%	・Lending and borrowing for the group loan provided for domestic subsidiaries	Borrowing Making loans	282,577 —	Short-term borrowings Short-term loans receivable from subsidiaries and affiliates Long-term loans receivable from subsidiaries and affiliates	282,577 230,000 140,421
Subsidiary	Nissan International Holding B.V.	Ownership Directly 100%	・Holding investments in subsidiaries and affiliates	Making loans	351,431	Short-term loans receivable from subsidiaries and affiliates	351,431
Subsidiary	Nissan (China) Investment Co., Ltd.	Ownership Directly 100%	・Purchasing products manufactured by the Company	Borrowing Dividend income	82,336 122,323	Short-term borrowings —	82,336 —
Subsidiary	Nissan Motor Acceptance Corp.	Ownership Indirectly 100%	・Providing guarantees and loans for sales finance services for vehicles manufactured by the Company	Making loans Guarantees given and other (Keepwell Agreements)	— 4,691,104	Long-term loans receivable from subsidiaries and affiliates —	78,050 —
Subsidiary	NR Finance Mexico, S.A. de C.V. SOFOM ER	Ownership Indirectly 100%	・Making loans for sales finance services for vehicles manufactured by the Company	Making loans	—	Long-term loans receivable from subsidiaries and affiliates	56,052
Subsidiary	Nissan Financial Services Co., Ltd.	Ownership Directly 100%	・Sales of trade accounts receivables and providing guarantees for sales finance services for vehicles manufactured by the Company	Sales of trade accounts receivable Dividend income Guarantees given and other (Keepwell Agreements)	1,192,905 40,022 883,000	— — —	— — —
Subsidiary	Nissan Financial Services Australia Pty Ltd.	Ownership Indirectly 100%	・Providing guarantees for sales finance services for vehicles manufactured by the Company	Guarantees given and other (Keepwell Agreements)	390,290	—	—
Subsidiary	Nissan Canada Financial Services Inc.	Ownership Indirectly 100%	・Providing guarantees for sales finance services for vehicles manufactured by the Company	Guarantees given and other (Keepwell Agreements)	285,438	—	—
Subsidiary	Nissan Canada Inc.	Ownership Directly 90.91% Indirectly 9.09%	・Providing guarantees for sales finance services for vehicles manufactured by the Company	Guarantees given and other (Keepwell Agreements)	148,634	—	—
Subsidiary	Nissan Leasing (Thailand) Co., Ltd.	Ownership Directly 67.21% Indirectly 32.79%	・Providing guarantees for sales finance services for vehicles manufactured by the Company	Guarantees given and other (Keepwell Agreements)	111,088	—	—

Terms and conditions of transactions and policies on deciding terms and conditions

(1) Sales of products and parts are decided considering market prices and total costs.
(2) Purchase of products is decided after investigation and negotiation considering bidding prices, existing prices and market price of our products.
Parts provided to subcontractors are offset against the purchase costs, and after negotiation, the amount is decided based on the price calculated using the cost.
(3) The Company has borrowings and lendings with its group companies, and the interest rate is determined by reference to market rates.
(4) Dividend income from subsidiaries of which the Company has all voting rights is decided considering its financial condition.
(5) The discount rate for sales of trade accounts receivables is determined by reference to market rates and the usance period of each dealers.

Others

(1) The capital increase to the subsidiaries are due to additional capital injection.
(2) The Company provides guarantees to the borrowings of its subsidiaries.
In addition, the Company provides keepwell agreements, as a part of guarantees, in order to complement the credits.
(3) Automotive Energy Supply Corporation, which currently operates as Envision AESC Japan, has been sold on March 29, 2019, and it is no longer included as a subsidiary. The amount of transactions represent the debt-equity swap exercised as part of the business sale.

Notes to Amounts Per Share

Net assets excluding share subscription rights per share	597.75yen
Basic net income per share	40.21yen

Notes to Significant Subsequent Events

Not applicable.

Other

Not applicable.

Amounts less than one million yen are omitted.

-END-