

## Business and Other Risks

Risks in business operations have been disclosed in the Yukashoken-Houkokusho, a kind of financial report, for the year ended March 31, 2004 as follows.

### Economic Factors

The demand for automobiles is affected by the economic condition in each country or market in which they are offered for sale. Nissan conducts its operations all over the world and, in particular, in the major markets of North America, Europe, and Asia, to say nothing of Japan. Nissan strives to develop a comprehensive and integrated projection of the global economic outlook; however, a greater-than-anticipated downturn in any one of these markets may have a significant effect on Nissan's results of operations.

### International Activities and Overseas Expansion

The Nissan Group's manufacturing and marketing activities outside Japan are conducted in the United States, in Europe, and in the developing and emerging markets of Asia. Nissan forecasts and evaluates a wide variety of risks inherent in doing business in such overseas markets, including the following factors, each of which entails a greater-than-anticipated level of risk:

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

### Research and Development

Nissan's technology must be "real world" –useful, pragmatic, and easy to use. Nissan 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.

### Product Defects

Nissan places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing, and sales. Although Nissan 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 Nissan were to implement large-scale product recalls for its customers, Nissan would incur significant expenses which could adversely affect its results of operations.

### Fluctuation in Foreign Currency Exchange Rates

Nissan's Japanese operations export vehicles to various countries around the world. In general, the appreciation of the yen against other currencies adversely affects Nissan's financial results of operations and vice versa. Nissan produces products and procures parts and materials in its overseas markets. However, any sharp appreciation of the currency of those countries against the yen could lead to an increase in production and procurement costs, which would adversely affect Nissan's financial results of operations.

### Derivatives

Nissan utilizes derivatives transactions for the purpose of hedging its exposure to fluctuation in foreign exchange rates, interest rates, and commodity prices. While Nissan can hedge against these, Nissan potentially misses the gains which might result from market opportunities to profit from such fluctuation in exchange rates and interest rates.

In addition, Nissan manages its exposure to credit risk by limiting its counterparties to major international banks and well-established financial institutions which meet its credit guidelines. However, a default by any one of these counterparties could have an adverse effect on Nissan.

### Lawsuits and Claims

With respect to various lawsuits and claims which Nissan encounters, the possibility exists that the position defended by Nissan 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 Nissan's financial results.

### 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 Nissan expects these regulations to become increasingly stringent. In order to ensure compliance, it may be necessary for Nissan to make significant ongoing investments in these areas which would have an impact on Nissan's results of operations.

### Intellectual Property Rights

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

### Natural Disasters

Nissan'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. Nissan 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, Nissan has begun to strengthen its manufacturing facilities with anti-seismic reinforcement. However, if a severe earthquake were to hit one of Nissan's key facilities causing a halt in production, this would adversely affect the results of operations.

### Sales Financing Business Risk

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

### Counterparty Credit Risk

Nissan does business with a variety of counterparties and manages its counterparty credit risk by doing a comprehensive annual assessment of its counterparties' financial condition based on strictly reinforced credit guidelines. Nonetheless, any significant default by a counterparty would adversely affect Nissan's results of operations.

### Employee Retirement Benefit Expenses and Obligations

Nissan is obliged to pay retirement benefits to eligible employees upon retirement, the amount of which varies according to the assumptions used in the relevant actuarial calculations. These assumptions include the discount rates applied, future levels of compensation, the projected rate of return on pension plan assets, retirement rates and mortality rates, and so forth. If Nissan'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.

**Thank you for reading  
Nissan's 2005 Sustainability Report.  
We would like to hear from you.**

This is Nissan's Second Sustainability Report.

We have tried to make this report as easy to read and understand as possible,  
but we are well aware that there may be parts that are insufficient.

So that we can continue to improve the content of our future reports  
and incorporate your feedback into our business activities,

please fill out the questionnaire on the backside and return it to us by mail or fax.

Thank you.

**Nissan Motor Co., Ltd.  
Global Communications, CSR and IR Division  
Sustainability Group CSR Team**

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This questionnaire is also available online:

**<http://www.nissan-global.com/EN/COMPANY/CSR>**

As of April 28th, 2005, we have received feedback (questionnaire) to the Sustainability Report 2004 published in October 2004 from 161 persons. The opinions we have received are being used as important reference material both in the planning of this Sustainability Report and in Nissan's CSR activities in general. We thank you for your cooperation.

**Regarding the use of personal information:**

We will use your opinions and comments to make improvements to this report.

In this regard, we appropriately manage personal information and will use this information only to send the report to you and answer your questions.

Personal information will not be disclosed to any outside party.

Please provide us with your opinions and comments.

**FAX +81(0)3-3546-2669**

Nissan Global Communications,  
CSR and IR Division  
Sustainability Group

## Sustainability Report 2005 Questionnaire

**Q1**

Please check the boxes which most accurately describe your impressions of this report. (select all that apply)

- Conveys Nissan's CSR philosophy in a clear and understandable way       Makes a favorable impression       Sincere  
 Easy to read       Has a sufficiently high level of information       Presents relevant and specific examples  
 Contains easy to understand graphs       Well designed       Contains quality photography

**Q2**

Please evaluate the following areas of the report:

● Nissan's thinking and stance regarding sustainability

- Very clear       Somewhat clear       Not clear

Reason ( )

● Level of interest

- High       Average       Low

Reason ( )

● Transparency of Nissan's actions

- Very transparent       Somewhat transparent       Somewhat unclear       Unclear

→Which parts were unclear? ( )

● Technical terms and industry terminology

- Few were used, report easy to understand       Some were used, report a little difficult to understand       Too many were used, report difficult to understand

→What parts were difficult to understand? ( )

● Page length

- Long       Appropriate       Short

● Design

- Good       Average       Poor

Reason ( )

**Q3**

On the following list, please mark an "O" in the box next to those pages which you found particularly interesting and an "X" next to those that were uninteresting.

- CEO Statement (P01-02)  
 Corporate History / Corporate Profile (P03-04)  
 Global Operational Presence (P05-06)  
 Our New Three-year Plan: NISSAN Value-Up (P07-08)  
 Corporate Governance (P09-14)

**Enhancing Value for Stakeholders**

- For Our Customers (P17-22)  
 With Our Shareholders (P23-24)  
 With Our Employees (P25-30)  
 With Our Business Partners (P31-34)  
 With Society (P35-42)

**Protecting the Environment**

- Nissan's Perspective (P45-46)  
 Nissan's Challenge (P47-54)

**Improving Safety**

- Nissan's Commitment and Technology (P57-62)  
 Communication with Stakeholders (P63-64)  
 Sustainability Impressions from Nissan Management and Staff (P65-70)

Please let us know if you have any specific comments.

**Q4**

Please let us know if you have any opinions or suggestions on how we can improve our Sustainability Report.

**Q5**

From which standpoint did you read this report?

- Customer       Shareholder or financial institution  
 Resident of community where Nissan plant or office is located  
 NPO or NGO       Governmental institution       Media  
 Research institution       Educational institution  
 CSR or environmental representative from another company or organization  
 Nissan business partner       Nissan or Nissan Group employee or family member  
 Other ( )

**Q6**

How did you find out about this Sustainability Report?

- Nissan website       Newspaper or magazine       Seminar or lecture  
 Friend or acquaintance       Nissan employee       Direct mailing from Nissan  
 Other ( )

(Optional) Please provide the following information:

Name	
Address	
Employment	
Sex Male Female	TEL
Age	E-mail

Thank you for your cooperation.

Tear on perforated line