

Business Overview

Fiscal 2009 Financial Review

For fiscal 2009, Nissan's financial results on a consolidated basis were as follows: net revenues were ¥7.5173 trillion, operating profit was ¥311.6 billion, ordinary profit was ¥207.7 billion and net income was ¥42.4 billion, a considerable improvement from the ¥233.7 billion net losses in fiscal 2008.

Nissan's global sales for fiscal 2009 were 3,515,000 units, up 3.0% from the previous year. Sales in North America were down 5.8% to 1,067,000 units, while sales in the United States fell by 3.8% to 824,000 units. In Japan sales were up 2.9% to 630,000 units, and sales in Europe fell by 2.4% to 517,000 units. Sales in China were up 38.7% to reach 756,000 units, and total sales in all other markets fell 7.8% to 545,000 units.

In fiscal 2010 Nissan will continue implementing its recovery plan centered on the three goals of increasing sales, thoroughly controlling costs and producing positive free cash flow, with the aim of bringing the plan to completion within the fiscal year.

Fiscal 2009 Financial Performance (billion yen)

	FY2008	FY2009	Change
Consolidated net revenue	8,437.0	7,517.3	-919.7
Consolidated operating profit	-137.9	311.6	449.5
Non-operating loss	-34.8	-103.9	-
Ordinary profit	-172.7	207.7	380.4
Net extraordinary loss	-46.1	-66.1	-
Net income	-233.7	42.4	276.1
CAPEX	383.6	273.6	-
R&D	455.5	385.5	-
Depreciation	421.2	363.3	-

FOREX for FY2009: ¥92.6/\$ ¥131.2/€

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Performance Data

	FY2007	FY2008	FY2009
No. of employees (consolidated)	180,535	175,766	169,298
No. of individual investors	249,000	317,000	273,000
Corporate tax	¥164.9 billion	¥90.2 billion	- ¥26.5 billion
R&D expenditures (% of sales)	¥457.5 billion (4.2%)	¥455.5 billion (5.4%)	¥385.5 billion (5.1%)
Capital investment (% of sales)	¥428.9 billion (4.0%)	¥383.6 billion (4.5%)	¥273.6 billion (3.6%)
Donations for disaster relief	¥6.5 million (by Nissan Motor Co., Ltd.) ¥5.57 million (for Noto Peninsula and Niigata Chuetsu-oki Earthquakes by Nissan employees, union members in Japan)	¥30.0 million (by Nissan Motor Co., Ltd. for China's Sichuan Earthquake, etc.) AU\$50,000; 100 vehicles (by Nissan Motor Co. [Australia] Pty. Ltd. for Australian wildfires; vehicles leased at no cost) 10 Qashqais (by Dongfeng Motor Co., Ltd. for China's Sichuan Earthquake; vehicles donated)	¥12.0 million (by Nissan Motor Co., Ltd. for 2010 Chile earthquake, etc.) \$117,000 (by Nissan North America, Inc. for 2010 Haiti earthquake, etc.)
Nissan Motor Co., Ltd. data			
No. of employees	31,453	30,718	30,277
Average age (years)	41.4	41.6	41.8
Average service (years)	19.9	19.9	20.1
Average annual salary*	¥7,138,692	¥7,280,776	¥6,271,632
Disabled employment ratio	approx. 2.1%	approx. 2.1%	approx. 2.1%
No. of employees taking parental leave	148	111	161
No. of employees taking nursing care leave	5	4	9
No. of unionized employees	29,025	27,822	27,271

*Average annual salary for employees not in managerial positions; includes bonuses and overtime pay.

No. of Employees

(as of end of March 2010)

Japan	82,387
North America	24,371
Europe	13,795
Other	48,745
Total (consolidated)*	169,298

*Includes 17,600 non-permanent workers.

Union Information

Nissan Motor Co., Ltd.'s employees are affiliated with the 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 workers was 27,271 as of March 31, 2010. The Nissan Motor branch of the All Japan Metal and Information Machinery Workers Union (JMIU) is another trade union with which employees may be affiliated.

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) 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.

Global Network (Numbers/locations as of June 2010)

R&D: 12 countries/areas (Japan, USA, U.K., Taiwan, China, Thailand, India, South Africa, Mexico, Brazil, Spain, Vietnam)

Design: 4 countries (Japan, USA, U.K., China; total of 5 design centers)

Automobile Production Plants: 20 countries/areas (Japan, USA, U.K., Spain, Taiwan, China, Thailand, Philippines, Malaysia, Indonesia, Mexico, Brazil, Iran, South Africa, Kenya, Egypt, Pakistan, Russia, Vietnam, India)

Sales by Model (Top 5)

Japan (units)

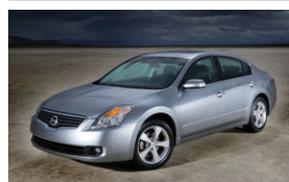
Model	FY2009 (Apr. 2009—Mar. 2010)
Selena	95,642
Note	71,830
Cube	63,186
Tiida (includes Latio)	59,919
Moco	56,646



Serena

U.S. (units)

Model	FY2009 (Apr. 2009—Mar. 2010)
Altima	213,393
Versa (Tiida in Japan)	97,460
Sentra	88,677
Rogue	78,944
Maxima	60,415



Altima

Europe (units)

Model	FY2009 (Apr. 2009—Mar. 2010)
Qashqai	170,412
Micra (includes C+C)	92,664
Note	60,860
Qashqai+2	43,827
Pixo	36,930



Qashqai

Business Overview

Business and Other Risks

Information on risks involved in business operations has been disclosed in the Yukashoken-Hokokusho for the year ended March 31, 2009, as follows. Any future forecasts included in the following descriptions are based on the estimates or judgment of Nissan as of June 24, 2009.

1. Rapid changes in the global economy and economic climate

(1) Economic factors

The demand for products and services provided by the Group is strongly affected by the economic conditions in each country or market in which they are offered for sale. Although the Group strives to predict change in economic climate and demands precisely and to take necessary measures in the major markets like as Japan, the Americas, Europe and Asia, in case of greater-than-anticipated downturn such as global economic crisis it could have a significant effect on the Group's financial position and business performance.

(2) Situation regarding resources and energy

The demand for products and services provided by the Group largely varies depending on rapid changes in the situation surrounding various resources and energy as represented by the hike of crude oil prices. Any greater-than-anticipated fluctuations in such resources or the energy situation could have a significant effect on the Group's financial position and results of operations due to a deterioration in operating performance and/or opportunity loss.

2. Rapid changes and moves in the automotive market

The automobile industry is currently experiencing intensified market competition worldwide. To win given such intense competition, the Group maximizes its efforts in all aspects of technology development, product development and marketing strategy to timely provide products that address customer needs.

Nevertheless, the failure to timely address customer needs or improper responses to environmental and/or market changes could have a significant effect on the Group's financial position and business performance.

For example, any specific issues related to resources, energy or environment could cause a sharp decline in demand or an unbalanced preference to certain products. Moreover, demand might decrease or change due to the progress of negative factors such as a decline in population, an aging society and a dwindling birthrate in a mature market, whereas demand might considerably increase in emerging markets. These changes or trends might generate favorable results for the Group with a rise in business opportunities but could result in an adverse effect on the Group's financial position and results of operations due to an excessive dependency on certain products and/or regions unless appropriate forward-looking steps are undertaken.

3. Risks related to the financial market

(1) Fluctuation in foreign currency exchange rates

The Group's products, finished cars, are produced in 16 countries and regions, and are sold in more than 160 countries. Along with the extended production and sales activities, the Group's procurement activities for raw materials, parts/components and services are conducted in many countries.

As the consolidated financial statements of the Group are calculated and presented in Japanese yen, the appreciation of the yen against other currencies adversely affects the Group's financial results of operations, in general. In contrast, 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 that would adversely affect the Group's competitiveness.

(2) Hedging of currency and interest rate risks

The rise in market interest rates and/or in the cost of capital procurement due to the Company's decreased rating by credit rating agencies could have a significant effect on the Group's financial position and business performance.

The Group may utilize 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. Although the Group can hedge against these risks by using derivatives transactions, the Group might miss potential gains that 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 business performance.

(3) Liquidity of funds

The Company endeavors to raise funds from appropriate sources with measures such as an accumulation of net cash and the conclusion of loan commitment agreements so that the Group can ensure an appropriate level of liquidity even if any environmental change takes place in the financial market. However, this factor could entail a greater-than-anticipated level of risk that might hinder the smooth execution of the initially planned financing, thereby having a significant effect on the Group's financial position and business performance.

(4) Sales financing business risk

Sales financing is an integral part of the Group's core business. The Global Sales Financing Business Unit was established at the Company. This dedicated internal department provides 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 inevitably have high exposure to interest-rate risk, residual value risk and credit risk. Accordingly, these risk factors could entail a greater-than-anticipated level of risk, which could adversely affect the Group's financial position and business performance.

(5) Counterparty credit risk

The Group does business with a variety of local counterparties including suppliers and sales companies in different regions around the world. The Group manages its own counterparty credit risk by conducting a comprehensive annual assessment of suppliers' financial condition based on their financial information.

Nonetheless, should unprecedented conditions such as a chain of bankruptcies be triggered by an economic crisis, the resulting production interruption and/or troubles in any other production activity at the procurement side and any significant default by a counterparty at the sales side would adversely affect the Group's financial position and business performance.

(6) Employee retirement benefit expenses and obligations

The amounts of retirement benefit obligations and related expenses of the Group, which are provided for retirement benefits of employees of the Group companies, are calculated using various actuarial assumptions including the discount rate applied, the projected rate of return on plan assets and other factors.

If the Group's actual results differ from those assumptions or if the assumptions change, the resulting effects will be accumulated and recognized systematically over future periods. The cumulative effect could adversely affect the recognition of expenses and liabilities recorded in future periods.

4. Risks related to business strategies and maintenance of competitive edge

(1) Risks involved in international activities and overseas expansion

The Group's products, finished cars, are produced in 16 countries and regions, and are sold in more than 160 countries. The Group intends to extend its global manufacturing and marketing activities in other countries and regions. The Group forecasts and evaluates a wide variety of risks inherent in conducting business in overseas markets including the factors noted below. Each of these factors could entail a greater-than-anticipated level of risk without achieving the planned rate of capacity utilization and/or profitability, which could have significant effects on the Group's financial position and business performance.

- Unfavorable political or economic factors
- Legal or regulatory changes
- Changes in corporate income tax, customs duties and/or other tax system
- Labor disputes including strikes
- Difficulties in recruiting and retaining human resources
- Social turmoil due to terrorism, war, coup, epidemic disease or other destabilizing factors

(2) Research and development

The Group's technology must be useful, pragmatic and user friendly. To this end, the Group anticipates the nature and scope of the market demand and then prioritizes and invests in the development of new technologies. However, any sudden and greater-than-anticipated changes in its business environment or in customer preferences could impact negatively on customer acceptance of these new technologies.

(3) Collaboration with other corporations

The Group may collaborate with other corporations that have excellent technologies to effectively acquire higher competitiveness within the short term. However, the anticipated results might not be achieved depending on the market environment of the business field concerned and/or changes in technological trends, which could adversely affect the Group's business performance.

(4) Quality of products and services

To provide products and services of superior quality, the Group endeavors to ensure and enhance maximum quality from the standpoint of research and development, manufacturing and services. However, the adoption of new technology to propose higher added value might cause unexpected quality issues after sales of a product start even if it has been repeatedly tested prior to its launch with maximum care.

Although the Group has insurance policies to assure payment ability for product liability claims, this does not necessarily mean that all damages 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 that could adversely affect its financial position and business performance.

(5) Environmental and safety-related restrictions and corporate social responsibility (CSR)

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, recycling-related restrictions and safety standards. These regulations are forecasted to become increasingly stringent. Indeed, compliance with such regulations is obvious to industrial corporations, and it's becoming common to comply to autonomous guidelines and stricter objectives are required in an increasing number of fields as part of CSR. The burden of ongoing development and investments has been increasing to ensure and/or maintain an advantageous position against competitors. As a consequence, a further rise in these costs could have an impact on the Group's financial position and business performance.

(6) Critical lawsuits and claims

It is possible that the Group could encounter claims or lawsuits with counterparties and/or third parties in the course of conducting business. With respect to various lawsuits and claims that the Company and the Group might encounter, the possibility exists that the Company's opinions will not be accepted and that the outcome may be significantly different from that anticipated. As a result, any such judgment verdict or settlement could adversely affect the Group's financial position and business performance.

(7) 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 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.

The Company established the Intellectual Property Rights Management Department to protect intellectual property rights in such markets, strengthen activities to protect Nissan's intellectual property rights, accumulate new intellectual property rights and perform various activities to protect and create the Brands. However, cases may arise where the Group finds itself unable to prohibit others from infringing on its intellectual property rights.

(8) Recruitment and retaining of talented human resources

The Company considers human resources to be the most important corporate assets. The Company therefore focuses its efforts on enhancing the development of human resources and implementing fairer and more transparent performance evaluation systems. However, industrial competition to secure talented people is intense. Should appropriate recruitment and/or retaining of such desirable human resources not go according to plan, such an unsuccessful personnel development strategy could adversely affect and reduce the competitiveness of the Group on a long-term basis.

(9) Compliance and reputation

The Group always takes appropriate preventive measures and conducts regular audits with regard to compliance of laws and regulations including necessary information security measures for the protection of personal and confidential information. Furthermore, the Group has strived to streamline the relevant systems to rapidly cope with any possible detection of compliance-related incidents to prevent their adverse effects on trust in and/or the reputation of the Company. Nevertheless, in view of increasing expectations relative to CSR in contemporary society, delayed, insufficient and/or improper responses on compliance-related issues could adversely affect the confidence and/or reputation of the Group, thereby adversely affecting the Group's results of operations through, for example, a possible decline in sales resulting from a damaged reputation.

5. Continuation of business**(1) Large-scale 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 has organized a global task force (headed by the COO) 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.

The Group addresses preventive measures and the improvement of emergency response systems to prepare for risks other than earthquakes, including fires, typhoons and epidemics of new types of influenza. Nevertheless, if any of these risk factors occurs or spreads on an unprecedented scale, such risk could adversely affect the Group's financial position and business performance.

(2) Purchase of raw materials and parts

The Group purchases raw materials, parts/components and services from many suppliers by reason of its business structure. In recent years, the use of rare metals, of which production volume is extremely small and production mines are limited to several restricted areas of a few countries, has been increasing, in association with the implementation of new technologies. The unpredictable fluctuation of market conditions resulting from a drastic change in the supply-demand balance or a radical change in the political situation of a production country could entail a greater-than-anticipated level of risk in the stable procurement of necessary raw materials, parts/components or services on an ongoing basis, which could adversely affect the Group's financial position and business performance.

(3) Dependency on specific suppliers

If procurement of higher technology or higher quality is pursued at more competitive pricing, actual orders might sometimes concentrate on only one or a small limited number of suppliers. In such cases, a possible suspension of supply due to any unforeseen accident or any other reason could lead to the forced suspension of the Nissan Group's production plants, thereby adversely affecting the Group's financial position and business performance.

(4) Computer information systems

Almost all the Group's business activities are supported by computerized information systems. As information systems have become increasingly complicated and sophisticated, the Group takes a variety of measures to ensure security and improve their reliability. However, any possible shutdown of overall systems due to the occurrence of any greater-than-anticipated disaster or by the intrusion of a wrongful computer virus would make it difficult for the Company to continue operations, thereby adversely affecting the Group's financial position and business performance.

Third-Party Evaluation

The history of industrial modernization has been inextricably intertwined with the development of the automobile society. Today, however, unavoidable constraints like climate change and dwindling resources point the way to a gradual closing of the curtain on the era of cars that consume vast quantities of oil. By around 2030, we should see significant shifts in the form of mobility around the world, particularly in developed economies. Automakers have a major role to play in helping to build the next generation of social infrastructure, and expectations are rising regarding how they will apply their creative innovation to build sustainable mobility for the future.

Nissan CEO Carlos Ghosn has a clear view of this landscape. In his statement at the outset of this report he states that Nissan is “committed to leadership in zero-emission vehicles.” With this he delivers the clear message that Nissan will not seek simply to be number one in selling electric vehicles (EVs) as standalone products, but will work as it markets them to provide throughout society the infrastructure needed for the introduction of zero-emission vehicles. Switching from gasoline-powered vehicles to EVs is something that cannot be done as an extension of previous developments. It requires that new systems be implemented to bring about change reaching all parts of society.

Nissan’s Areas of Focus

I view Nissan as a front-runner in integrating CSR management as part of its overall business framework. The company’s CSR scorecard presents specific goals and track records for each of its key areas of focus, thus giving a comprehensive overview of the company’s progress. The statements from the “owners” of these key areas of focus also enlighten us as to the company’s direction and determination in each of them. This year Nissan has removed “brand” from its CSR scorecard, focusing on the other eight areas. It must be recognized, though, that in the years to come society will expect sustainability to be a vital element in brand building. Therefore, despite this change, I hope that Nissan will continue its companywide efforts in this area.

The Environment and Safety

This year’s report introduces the technologies of a solar-powered rapid battery charge system and a project for second life application of used batteries for EVs. These projects have the potential to become vital components of a sustainable society. They provide insight into Nissan’s sincere approach to creating a social system for zero-emission mobility.

For automakers, safety is of material importance, as it involves human lives. Nissan builds on the concept of “real-world safety” in the pursuit of its ultimate goal of eliminating accidents leading to death or serious injury. This report makes clear that the company’s various research efforts are making steady progress in this area.

Stakeholder Concerns

As a company that values its individual shareholders, I expect that Nissan will identify clearly how it will address its long-term challenges and deliver communications that will lead to greater long-term investment by shareholders and investors. Concerning business partners, deeper treatment in this report of the CSR guidelines produced together with Renault would have been preferable, with additional information on how the companies plan to ensure that these guidelines take root in the future.

Other Issues

From the perspective of global balance, this report appears to be somewhat lacking in information on the emerging economies of China, India and Russia. China in particular is an important market for Nissan, where last year it sold some 760,000 vehicles—more than in either Japan or Europe—and it is also a market where sustainability is increasingly becoming more significant. Furthermore, this report provides explanations of the general frameworks within which Nissan carries out its operations, but lack of detail is evident in places. By being transparent with the dilemmas and challenges in dealing with sustainability issues, Nissan can gain better understanding from readers.

In next year’s Sustainability Report, I hope to see Nissan, as a zero-emission leader, paint a clearer vision of the world and how it will work on a companywide basis to achieve its sustainability goals. I eagerly look forward to Nissan’s future contributions as it makes good on its promise to pioneer the next generation of mobility.



Hiro Motoki

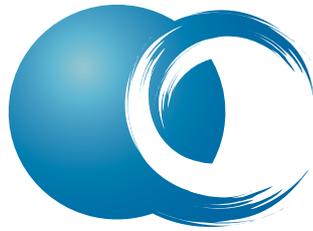
Deputy Chief Executive,
E-Square Inc.

Part-time Lecturer, Tohoku
University Graduate School of
Environmental Studies

Blue Citizenship

Nissan is deploying various activities under the banner of Blue Citizenship, which encapsulates our desire to preserve the blue Earth and to be a corporate citizen in harmonious coexistence with people and society. Those activities range from such global issues as the environment to contributing to communities, promoting diversity and making personal mobility available to as many people as possible.

We look forward to working together with people all over the world as we develop and expand our Blue Citizenship activities over the long term.



Blue Citizenship



Contributing to people and communities



Pursuing a safer mobility society



Creating high-quality products and services



Making cars more accessible



Achieving eco-friendly vehicles and infrastructure

Nissan and Socially Responsible Investment

In recent years investors have paid more attention to the concept of socially responsible investment (SRI), evaluating corporations from environmental and social perspectives in addition to financial fundamentals. Nissan is proud to be listed as part of the FTSE4Good Index Series, Morningstar SRI index and DJSI Asia/Pacific (as of June 2010).



FTSE4Good Index Series

This SRI index is managed by the FTSE Group, an independent company co-owned by the Financial Times and the London Stock Exchange.



Dow Jones Sustainability Asia/Pacific Index

Dow Jones Sustainability Indexes, the world's first global SRI tracking tools, were developed by Dow Jones & Co., Inc. and Sustainable Asset Management. The DJSI Asia/Pacific is a new index launched in January 2009, monitoring leading companies in the Asia-Pacific region.



Morningstar SRI

The MS-SRI (Morningstar Socially Responsible Investment Index) is managed by financial information services firm Morningstar Japan K.K.

Scope of the Report

The focus of this report is on introducing Nissan's global policies and our approach to and activities toward sustainable development. Where we are describing regional efforts, we refer to the specific region name in the text; when no specific region is identified, the descriptions of Nissan's activities and practices pertain to Nissan Motor Co., Ltd. in Japan.

Period Covered

The report covers fiscal 2009 (April 2009–March 2010); content that describes efforts before or after this time period is indicated in the respective section.

Third-Party Certificates

No globally accepted method for third-party certification of sustainability reports has yet been established. Considering this situation, in which a review would not necessarily lead to the intended assurance of credibility, we have decided not to seek third-party certification.

Referenced Reporting Guidelines

This report uses the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2002 version and G3) and the Environmental Reporting Guidelines (2003 version) of Japan's Ministry of the Environment as references. We also report on a number of other actions that are not covered by the guidelines.

Forward-Looking Statements

This Sustainability Report contains forward-looking statements on Nissan's future plans and targets and related operating investment, product planning and production targets. Please note that there can be no assurance that these targets and plans will actually be achieved. Achieving them will depend on many factors, including not only Nissan's activities and development, but also the dynamics of the automobile industry worldwide, the global economy and changes in the global environment.

Mistakes and Typographical Errors

All errors discovered after the report is published will be corrected and displayed at the URL below.
<http://www.nissan-global.com/EN/COMPANY/CSR>

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Publication date June 23, 2010