

94th Ordinary General Shareholders Meeting: Notice of Convocation

Date and Time: Tuesday, June 28, 2017, at 10:00 a.m.

Venue: Head Office Main Building, Nissan Shatai Co., Ltd.
2-1 Tsutsumicho, Hiratsuka, Kanagawa



NISSAN SHATAI CO., LTD.

Code no.: 7222
June 1, 2017

NISSAN SHATAI CO., LTD.
2-1 Tsutsumicho, Hiratsuka, Kanagawa

Dear shareholders:

94th Ordinary General Shareholders Meeting: Notice of Convocation

Notice is hereby given that the 94th Ordinary General Shareholders Meeting of the Company (the “Meeting”) will be held as described below. You are cordially invited to attend the Meeting.

If you are unable to attend the Meeting in person, you may exercise your voting right in writing. After reviewing the Reference Materials for General Shareholders Meeting below, please indicate your votes for or against the proposal on the enclosed voting form and return it to the Company so that it arrives no later than 5:30 p.m. on Tuesday, June 27, 2017.

Yours sincerely,

Shohei Kimura
President

Particulars

1. Date and Time

Wednesday, June 28, 2017, at 10:00 a.m.

2. Venue

Head Office Main Building
Nissan Shatai Co., Ltd.
2-1 Tsutsumicho, Hiratsuka, Kanagawa

3. Agenda Items

Matters to be reported:

1. 94th fiscal Business Report (April 1, 2016 to March 31, 2017),
Consolidated Financial Statements, and Audit Reports by Accounting Auditor and the
Board of Statutory Auditors
2. 94th fiscal Financial Statements (April 1, 2016 to March 31, 2017)

Matters to be resolved:

Company proposals (Proposals 1 and 2)
Proposal 1 : Appropriation of Surplus

Proposal 2 : Election of Six Directors due to expiration of the terms of office for all Directors

Shareholder proposal (Proposal 3)

Proposal 3: Additional Appropriation of Surplus

4. Voting information

If a voting form is submitted with no instructions, the shares will be voted for the Nissan Shatai proposals and against the shareholder proposal.

- When attending the Meeting in person, please present the enclosed voting form at reception.
- If any revisions are made to the Reference Materials for General Shareholders Meeting, the Business Report, or the Consolidated or Nonconsolidated Financial Statements, amended versions will be posted on the corporate website:
<http://www.nissan-shatai.co.jp/IR/NEWS/>

Reference Materials for General Shareholders Meeting

Proposal and Matters for Reference

Company proposals (Proposals 1 and 2)

Proposal 1: Appropriation of Surplus

Taking into account business performance in this fiscal year and the Company policy of paying stable dividends on an ongoing basis, it is proposed to pay a year-end dividend as detailed below.

Including the interim dividend already paid, this will result in a total dividend for this fiscal year of 13 yen per share, 2 yen higher than the dividend for the previous fiscal year.

Details of Year-End Dividend

- (1) Distribution of year-end dividend to shareholders and total amount:
 - 7.5 yen per share of common stock in the Company
 - Total amount: 1,109,476,095 yen
- (2) Effective date of distribution of surplus:
 - June 29, 2017

Proposal 2: Election of six directors as the terms of office of all current directors expire

The terms of office of all six current directors will expire at the close of the shareholders meeting. Therefore, the Company proposes to elect six directors.

Candidates for director are as follows:

No.	Name (Date of Birth)	Brief Personal Record, Positions, Responsibilities, and Important Positions at Other Companies	Number of Shares of the Company Owned
1	Shohei Kimura (March 12, 1957) Reappointment	<p>Apr 1979: Joined Nissan Motor Co., Ltd. Apr 2006: Plant Manager, Oppama Plant, Nissan Motor Co., Ltd. Apr 2009: Corporate Vice President, Nissan Motor Co., Ltd. Apr 2014: Alliance EVP, Executive Vice President, Nissan Motor Co., Ltd. Aug 2015: Executive Vice President, Nissan Shatai Co., Ltd. Jun 2016: President, Nissan Shatai Co., Ltd. (Current position)</p> <p>Responsibilities at Nissan Shatai: Internal Audit Office. Division General Manager Corporate Quality Assurance Div. Important positions at other companies: President, Nissan Shatai Kyushu Co., Ltd.</p>	5,400 shares
Reason for selection as a director candidate As a director and President, Mr. Kimura uses his strong leadership and his considerable experience and broad knowledge as a senior executive to oversee all operations of Nissan Shatai. Since Mr. Kimura is well suited for implementing measures to achieve the goals of the new medium-term plan for continued growth, and upgrade corporate governance, he is a candidate for re-election as a director.			
Note: There is no special interest between Nissan Shatai and Mr. Kimura.			
2	Toshikatsu Hamaji (November 7, 1957) Reappointment	<p>Apr 1981: Joined Nissan Shatai Co., Ltd. Apr 2006: General Manager, Corporate Plan Promotion Office, Corporate Management Dept., Nissan Shatai Co., Ltd.; Senior Manager, Affiliate Management Dept.,</p>	8,500 shares

		<p>Nissan Motor Co., Ltd. (positions held concurrently)</p> <p>Apr 2008: Senior General Manager; General Manager, Corporate Management Dept., Nissan Shatai Co., Ltd.</p> <p>Apr 2010: Corporate Vice President, Nissan Shatai Co., Ltd.</p> <p>Jun2012: Director and Corporate Vice President, Nissan Shatai Co., Ltd.</p> <p>Jun 2015: Director and Senior Vice President, Nissan Shatai Co., Ltd. (Current position)</p> <p>Responsibilities at Nissan Shatai: Overall supervision of General & Administration Div.; Corporate Management Dept.; Human Resources Dept.; Secretariat; Finance Dept.; Vehicle Cost Management Dept.; Conversion Business Promotion Office</p> <p>Important positions at other companies: Director, Nissan Shatai Manufacturing Co., Ltd. Statutory Auditor, Auto Works Kyoto Co., Ltd.</p>	
	<p>Reason for selection as a director candidate</p> <p>As a director and Senior Vice President, Mr. Hamaji has supervised administrative departments, served as a director of Nissan Shatai Group companies and performed other roles where he has used his considerable experience and broad knowledge to oversee the establishment of a sound base for business operations. Since Mr. Hamaji is well suited for implementing measures to achieve the goals of the new medium-term plan for continued growth, he is a candidate for re-election as a director.</p>		
	Note: There is no special interest between Nissan Shatai and Mr. Hamaji		
3	<p>Yuichi Mabuchi (December 19, 1959)</p> <p>Reappointment</p>	<p>Apr 1982: Joined Nissan Motor Co., Ltd..</p> <p>Apr 2011: General Manager, Vehicle Production Engineering Control Dept., Nissan Motor Co., Ltd.</p> <p>Apr 2014: Senior Vice President, Nissan Motor Asia Pacific Co.,Ltd.</p> <p>Apr 2016: Senior Vice President, Nissan Shatai Co., Ltd.</p> <p>Jun 2016: Director and Senior Vice President, Nissan Shatai Co.,</p>	<p>1,200 shares</p>

		<p>Ltd. (Current position)</p> <p>Responsibilities at Nissan Shatai: Overall supervision of Production Div.; Safety and Environment Administration Dept.; Production Administration Dept.; Shonan Plant</p>	
	<p>Reason for selection as a director candidate</p> <p>Mr. Mabuchi is a director and Senior Vice President who oversees manufacturing operations. He has considerable experience and broad knowledge to make improvements to productivity and technologies. Since Mr. Mabuchi is well suited for implementing measures to achieve the goals of the new medium-term plan for continued growth, he is a candidate for re-election as a director.</p>		
	<p>Note: There is no special interest between Nissan Shatai and Mr. Mabuchi</p>		
4	<p>Hiroyuki Otsuka (March 23, 1960)</p> <p>New candidate</p>	<p>Apr 1983: Joined Nissan Motor Co., Ltd..</p> <p>Apr 2008: General Manager, Vehicle Component Engineering Development Dep., Nissan Motor Co., Ltd.</p> <p>Apr 2011: General Manager, Component Strategy Promotion Dept., Nissan Motor Co., Ltd.</p> <p>Apr 2015: Division General Manager, R&D Engineering Management Div., Nissan Motor Co., Ltd.</p> <p>Apr 2017: Senior Vice President, Nissan Shatai Co., Ltd. (Current position)</p> <p>Responsibilities at Nissan Shatai Overall supervision of Development Div.; Product Development Administration Department; Conversion Development Dept., Vehicle Evaluation & Test Dept.</p>	None
	<p>Reason for selection as a director candidate</p> <p>Mr. Otsuka uses his considerable knowledge and accomplishments involving development and design activities in the operations associated with development programs. He is currently a Senior Vice President who manages the Development Division. Since Mr. Otsuka is well suited for implementing measures to achieve the goals of the new medium-term plan for continued growth by contributing to making products more competitive and performing other roles, he is a candidate for election as a new director.</p>		
	<p>Note: There is no special interest between Nissan Shatai and Mr. Otsuka</p>		

5	<p>Yoshiyuki Oki (April 27, 1961)</p> <p>Reappointment/ Outside director/ Independent director</p>	<p>Apr 1984: Joined Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2006: General Manager, Business Development Dept., Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2008: Director; General Manager, Business Development Dept., Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2009: Director; General Manager, Business Dept., Kanagawa Chuo Kotsu Co., Ltd.</p> <p>May 2010: Director; General Manager, Business Planning Dept., Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2011: Statutory Auditor, Nissan Shatai Co., Ltd.</p> <p>Jun 2012: Director, Nissan Shatai Co. Ltd.(Current position)</p> <p>Jun 2013 Managing Director; Kanagawa Chuo Kotsu Co., Ltd. (Current position):</p> <p>Important positions at other companies: Managing Director, Kanagawa Chuo Kotsu Co., Ltd. President, Kanachu Accounting Service Co., Ltd</p>	6,100 shares
	<p>Reason for selection as an outside director candidate</p> <p>Mr. Oki is an outside director who uses a perspective that is independent of executives involved with Nissan Shatai's operations in order to provide beneficial opinions and other statements about the company's management. He has considerable experience and broad knowledge due to his current position as an executive of Kanagawa Chuo Kotsu Co., Ltd. Since Mr. Oki is capable of overseeing important management decisions and the management of business operations and performing other roles, he is a candidate for re-election as an outside director</p>		
	<p>Notes:</p> <ol style="list-style-type: none"> 1. There is no special interest between Nissan Shatai and Mr. Oki. 2. Mr. Oki is a candidate for an outside director post 3. Mr. Oki is currently a Nissan Shatai outside director who will complete his fifth year in this position at the end of this shareholders meeting. 4. If shareholders approve the re-election of Mr. Oki, he will continue to be an independent director as stipulated by Tokyo Stock Exchange, Inc. 5. In accordance with the Articles of Incorporation, there is a contractual agreement between the Company and Mr. Oki that limits his liability. In addition, if Mr. Oki is re-elected, the Company plans to renew this liability 		

	<p>limitation contract in order to limit the liability for damages vis-à-vis Nissan Shatai to a certain level. The terms of this contract are as follows:</p> <p>(1) If directors (excluding directors conducting the Company's business operations) become liable for damages to the Company due to neglect of their duties, the liability will be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.</p> <p>(2) The limit of liability in the above paragraph will apply only in cases where the director (excluding directors conducting the Company's business operations) concerned acted in good faith and there was no gross negligence concerning the duties liable for damages.</p>		
6	<p>Seiichiro Ichikawa (December 8, 1953)</p> <p>Reappointment / Outside director/ Independent director</p>	<p>Apr 1976: Joined Sapporo Breweries Ltd. Mar 2005: Managing Officer, Sapporo Breweries Ltd. Mar 2008: Managing Executive Officer, Sapporo Breweries Ltd. Mar 2009: Director and Managing Executive Officer, Sapporo Breweries Ltd. Mar 2013: Senior Managing Director, Sapporo Breweries Ltd. Mar 2016: Resigned Sapporo Breweries Ltd. Jun 2016 Director, Nissan Shatai Co. Ltd. (Current position)</p>	None
<p>Reason for selection as an outside director candidate</p> <p>Mr. Ichikawa is an outside director who uses a perspective that is independent of executives involved with Nissan Shatai's operations in order to provide beneficial opinions and other statements about the company's management. In addition, he has considerable experience and broad knowledge due to his experience as a senior executive of a company outside the automobile industry. Since Mr. Ichikawa is capable of continuing to oversee important management decisions and the management of business operations and performing other roles, he is a candidate for re-election as an outside director.</p>			
<p>Notes:</p> <ol style="list-style-type: none"> 1. There is no special interest between Nissan Shatai and Mr. Ichikawa 2. Mr. Ichikawa is a candidate for an outside director post 3. Mr. Ichikawa is currently a Nissan Shatai outside director who will complete his first year in this position at the end of this shareholders meeting. 4. If shareholders approve the re-election of Mr. Ichikawa, he will continue to be an independent director as stipulated by Tokyo Stock Exchange, Inc. 5. In accordance with the Articles of Incorporation, there is a contractual agreement between Company and Mr. Ichikawa that limits his liability. In addition, if Mr. Ichikawa is re-elected, the Company plans to renew this liability limitation contract in order to limit the liability for damages vis-à-vis Nissan 			

	<p>Shatai to a certain level. The terms of this contract are as follows:</p> <p>(1) If directors (excluding directors conducting the Company's business operations) become liable for damages to the Company due to neglect of their duties, the liability will be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.</p> <p>(2) The limit of liability in the above paragraph will apply only in cases where the director (excluding directors conducting the Company's business operations) concerned acted in good faith and there was no gross negligence concerning the duties liable for damages.</p>
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Shareholder proposal (Proposal 3)

Proposal 3 was submitted by a shareholder.

The summary (including the footnote) and the reason of the proposal written below is the original text proposed by the sponsoring shareholder.

Proposal 3: Additional Appropriation of Surplus

1. Summary of the proposal

Payment of an additional dividend from surplus as follows as a year-end dividend for the 94th fiscal term from April 1, 2016 to March 31, 2017 (However, the following surplus will be the 94th fiscal term year-end dividend if there is no proposal by the Nissan Shatai Board of Directors for the 94th fiscal term year-end dividend or if such proposal is not approved.)

a) Kind of dividend payment

Cash

b) Appropriation of dividend and total amount

43.5 yen¹ per common share of common stock in the Company

However, if a proposal for the 94th fiscal term year-end dividend is submitted by the Nissan Shatai Board of Directors and approved, this dividend proposal will instead be the amount obtained by deducting the dividend amount that was proposed by Nissan Shatai Board of Directors from 43.5 yen per common share.

The total amount of the year-end dividend payment in this proposal is the above additional dividend per share multiplied by the number of shares of common stock (excluding treasury stock) issued as of March 31, 2017, the record date for this dividend.

c) Effective date for the appropriation of surplus

The effective date is the same as the effective date for the 94th fiscal term year-end dividend in the proposal made by the Nissan Shatai Board of Directors. However, if there is no proposal by the Nissan Shatai Board of Directors for the 94th fiscal term year-end dividend or if such proposal is not approved, the effective date will instead be the day after the 94th Ordinary General shareholders meeting.

1: This amount was determined considering the amount by deducting the 94th fiscal term interim dividend (5.5 yen per share) distributed at the end of the second quarter from the 94th fiscal term forecast net income per share (49.35 yen), resulting in 43.85 yen, which is the amount needed for a dividend payout ratio to be approximately 100%.

2. Reasons of the proposal

The below is an abridged version of the explanation regarding the proposed resolution. Please view the complete transcript at (<http://nissan-shatai-proposal.com>).

The sponsoring shareholder has held shares of the Company for over a decade, and has engaged in repeated and continuous dialogue with the management team seeking further explanation as to the rationale behind the retention of excessive levels of surplus reserves. However, the management team has only provided abstract generalizations such as its potential need to fund future capital expenditures or as contingency funds in cases of unforeseen emergencies, and has neither provided any quantitative mid-term business plan nor a detailed capital expenditure plan that would warrant such substantial levels of expenditures. Meanwhile, surplus reserves have swelled from roughly 13.7 billion Japanese Yen (as of March 31st 2006) to roughly 127.0 billion Japanese Yen (as of December 31st 2016).

Given the Company's declining and stagnating return on equity, the already sufficient funds for capital expenditures, and the already ample contingency funds in cases of unforeseen emergencies, it is inevitable to dissent on the additional thoughtless accumulation of surplus reserves. In light of these circumstances, the shareholder has determined to propose a shareholder sponsored resolution to increase the dividend payout ratio to approximately 100%.



Opinion of the Board of Directors

The Nissan Shatai Board of Directors opposes this shareholder proposal for the following reasons.

Reasons for opposition

Nissan Shatai is committed to operating in a sound manner from a medium to long-term perspective while taking into consideration appropriate profit distributions to shareholders, investments needed for sustained growth and the need to be prepared for unforeseen events.

Based on this stance, Nissan Shatai increased the dividend for the 93rd fiscal term (fiscal year that ended in March 2016) by 2 yen and is proposing another 2 yen dividend increase for the 94th fiscal term (fiscal year that ended in March 2017). Nissan Shatai will continue to consider measures, including the continuation of a stable dividend for the appropriate distribution of earnings to shareholders.

Concerning investments for sustained growth, based on the model cycle for vehicles introduced between about 2005 and 2010, Nissan Shatai plans to start making preparations for equipment and plant facilities that will be required for the production of next phase vehicles. These preparations are expected to start around the middle of the 2017-2022 Medium-term Management Plan, and the amount of investments for development activities and production preparations, chiefly for frame vehicles, and the like is expected to be higher than investments made during the previous medium-term plan.

Additionally, Nissan Shatai must maintain a sound financial position to be prepared for a prolonged suspension of operations caused by a natural disaster or for some other emergency. Supposing the amount of damage which Nissan Shatai would suffer in reference to the damage of other companies caused by earthquakes in recent years, Nissan Shatai believes that the level of current net cash and the outlook for net cash are appropriate.

For these reasons, the Nissan Shatai Board of Directors believes that this shareholder proposal is inappropriate.

(Attached Documents)

Business Report

(From April 1, 2016 to March 31, 2017)

1. Current State of Corporate Group

(1) Operations and results

In the fiscal year, the Japanese economy continuously showed signs of gradual recovery due to continuous effect of the economic policy as well as the monetary easing. However, the outlook remained uncertain for a number of reasons that include concerns about the effects of movements in foreign exchange rates and stock prices and an economic downturn in China and other emerging countries in Asia.

Amidst such economic situation, the volume orders of passenger vehicles from Nissan Motor Co., Ltd. decreased for Quest for North America, Patrol (Y61) for export and other vehicles. However, orders were up for the Armada for North America that production started in June 2016 and other vehicles. As a result, sales volume increased by 17.2% year-on-year to 120,272 units and net sales increased by 23.3% to 365.5 billion yen.

For light commercial vehicles, there were decreases in production of the Patrol Pickup and other vehicles. As a result, sales volume was 86,729 units largely flat from the previous fiscal year and net sales decreased by 3.2% to 125.9 billion yen.

In the microbus category, there were decreases in production of the Civilian and other vehicles, sales volume decreased by 6.3% to 23,330 units and net sales decreased by 11.2% to 44.7 billion yen.

Overall, compared with the previous fiscal year, vehicle sales volume increased by 7.8% to 230,331 units. Including vehicle parts and other products, consolidated net sales increased by 11.1% to 565.8 billion yen.

Operating income increased by 6.2% to 12.1 billion yen mainly because of the growth in sales volume. Ordinary income increased by 6.2% to 12.7 billion yen and profit attributable to owners of parent increased by 3.6% to 8.2 billion yen due to amendments to Japan's Corporate Income Tax Act in 2016 and a 1.0 billion yen extraordinary loss resulting from the special extra retirement payments.

Sales Breakdown

Category	Volume (Units)	Amount (Million yen)	Year-on-year change (%)
Passenger vehicles	120,272	365,521	23.3
Commercial vehicles	86,729	125,980	(3.2)
Microbuses	23,330	44,780	(11.2)
Vehicle parts, etc.	—	29,540	(8.4)
Total	230,331	565,822	11.1

(2) Funding activities

There were no funding activities to be reported during the fiscal year under review.

(3) Capital expenditures

Capital expenditures during the fiscal year under review totalled approximately 9.7 billion yen. This was for the improvement of product attractiveness through the new products and minor changes of existing products, as well as for the enhancement of plant and equipment by such means as the rationalization of manufacturing facilities, the improvement of welfare facilities, and environmental improvements.

(4) Issues and outlook for the year ahead

To become more competitive worldwide, Nissan Shatai implemented a six-year medium term management plan in fiscal 2011 that ended in fiscal 2016. The plan had four pillars: “Make this plant global benchmarks for overall capabilities in quality, cost, and time (QCT)” (Nissan Shatai Kyushu), “Create flexible a manufacturing facility for high-mix, low-volume production” (Shonan Plant), “Strengthen the global light commercial vehicles (LCV) business capability” and “Actively expand production and sales.”

Automakers in Japan are continuing to move production to other locations outside Japan such as emerging countries where the cost of producing vehicles is lower, and to in-market locations in order to lower transportation expenses. Furthermore, the pace of technological progress involving vehicle safety, environmental protection, convenience and other items is increasing. Automakers must have the technological skills to meet these requirements. Consequently, there is an even greater need to further upgrade our integrated manufacturing operations, which are a key strength of ours, and establish clear core technologies that are needed worldwide.

In fiscal 2017, we are starting a new medium-term management plan with the following fundamental direction: “Build a powerful and long-lasting foundation for success by focusing on LCV and frame-vehicle technological expertise to supply vehicles with outstanding quality and appeal to customers.” The plan has three major goals: (1) Use highly appealing vehicles to increase production and sales; (2) Operate plants with the best quality that can earn the trust of customers; and (3) Establish global technology bases for LCV and frame-vehicle manufacturing. In addition, we will continue to take actions for building a stronger foundation centered on workforce diversity that can support all of our operations. We are determined to achieve more growth in corporate value to earn even greater confidence among customers, shareholders, business partners, communities, employees and all other stakeholders.

(5) Financial performance highlights

Item \ Fiscal term		91st Fiscal term (Ended March 31, 2014)	92nd Fiscal term (Ended March 31, 2015)	93rd Fiscal term (Ended March 31, 2016)	94th Fiscal term (Ended March 31, 2017)
Net sales	(Million yen)	474,239	475,367	509,421	565,822
Ordinary income	(Million yen)	10,020	11,084	11,962	12,709
Profit attributable to owners of parent	(Million yen)	6,701	15,639	7,939	8,223
Earnings per share	(Yen)	45.30	105.72	53.67	55.59
Total assets	(Million yen)	260,368	264,484	262,507	294,476
Net assets	(Million yen)	151,044	167,302	169,949	179,376
Book value per share	(Yen)	1,021.05	1,130.95	1,148.85	1,212.58

Notes:

1. Earnings per share is calculated on the basis of the average number of shares outstanding during each fiscal term, after deduction of treasury stock.
2. In accordance with Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 21, September 13, 2013), etc., net income has been renamed profit attributable to owners of parent beginning with the 93rd fiscal term that ended on March 31, 2016.

(6) Principal parent company and subsidiaries

a) Parent company

Nissan Shatai's parent company Nissan Motor Co., Ltd. holds 67,726,000 (45.8% of all voting rights) of the total number of Nissan Shatai's shares outstanding, and accounts for 99.97% of Nissan Shatai's net sales.

b) Transactions with the parent company

- 1) Points considered to prevent detrimental effects to Nissan Shatai's interest as a result of these transactions and reason for judgement by the Board of Directors if these transactions are detrimental to Nissan Shatai's interest or not

Transaction prices for automobile to the parent company are determined by negotiations that take into account the total cost of manufacturing. Nissan Shatai's Board of Directors confirms the process and contents of these negotiations.

- 2) Opinion concerning transactions with the parent company in the event that the decision of the Board of Directors differs from the opinion of the outside director

Not applicable.

c) Principal subsidiaries

Company name	Capital (Million yen)	Share of voting rights (%)	Main business
Nissan Shatai Kyushu Co., Ltd.	10	100	Vehicle manufacture
Nissan Shatai Manufacturing Co., Ltd.	432	100	Pressing and assembly of auto parts, molding and assembly of resin products
Nissan Shatai Engineering Co., Ltd.	40	100	Machinery maintenance and servicing, equipment installation, logistics
Auto Works Kyoto Co., Ltd.	480	100	Vehicle manufacture
Nissan Shatai Computer Service Co., Ltd.	100	100	System and program development
Pro Staff Co., Ltd.	90	100	Temporary staff placement

Note: Shares of voting rights include those held indirectly.

(7) Principal business operations The Nissan Shatai Group's principal business is the manufacture and sale of motor vehicles and auto parts, other business activities including servicing related to the aforesaid.

Its principal products are as follows:

Category	Product names
Passenger vehicles	Elgrand, Quest, Wingroad, NV200 Vanette, Infiniti QX80, Armada, Patrol (Y61/Y62), NV350 Caravan
Commercial vehicles	NV150AD, NV200 Vanette, NV350 Caravan, Patrol Pickup, Atlas F24
Microbuses	NV350 Caravan, Civilian
Vehicle parts, etc.	Vehicle parts and other items

(8) Principal offices, facilities, and plants

a) Nissan Shatai

Office / facility / plant	Location
Head Office Kyushu Office	Hiratsuka, Kanagawa Prefecture Kanda-machi, Miyako-gun, Fukuoka Prefecture
Development Division	Hiratsuka, Kanagawa Prefecture
Hadano Office	Hadano, Kanagawa Prefecture
Tochigi Office	Kaminokawa-machi, Kawachi-gun, Tochigi Prefecture
Production Division	Hiratsuka, Kanagawa Prefecture
Shonan Plant	Hiratsuka, Kanagawa Prefecture
Quality Assurance Kyushu, Quality Administration Group, Production Administration Department	Kanda-machi, Miyako-gun, Fukuoka Prefecture
Kyoto Office	Uji, Kyoto Prefecture

b) Subsidiaries

Nissan Shatai Kyushu Co., Ltd.	Head Office and plant: Kanda-machi, Miyako-gun, Fukuoka Prefecture
Nissan Shatai Manufacturing Co., Ltd.	Head Office: Hiratsuka, Kanagawa Prefecture Plants: Hiratsuka and Hadano, Kanagawa Prefecture
Nissan Shatai Engineering Co., Ltd.	Head Office: Hiratsuka, Kanagawa Prefecture Plants: Hiratsuka, Kanagawa Prefecture; Kanda-machi, Miyako-gun, Fukuoka Prefecture
Auto Works Kyoto Co., Ltd.	Head Office: Uji, Kyoto Prefecture Plants: Uji, Kyoto Prefecture; Hiratsuka, Kanagawa Prefecture; Kanda-machi, Miyako-gun, Fukuoka Prefecture

(9) Employee information

a) Group employees

Number of employees	Increase from end of previous fiscal year
4,132	229

b) Nissan Shatai employees

Number of employees	Decrease from end of previous fiscal year
1,823	38

2. Share Data

(1) Total number of shares authorized to be issued 400,000,000

(2) Total number of shares issued 157,239,691
(including 9,309,545 shares of treasury stock)

(3) Number of shareholders at fiscal year-end 4,785

(4) Ten largest shareholders

Name	Number of shares (Thousands)	Ratio of issued shares (%)
Nissan Motor Co., Ltd.	67,726	45.8
Royal Bank of Canada Trust Company (Cayman) Limited	16,082	10.9
State Street Bank and Trust Company 505224	15,123	10.2
MLI for Client General Omni Non Collateral Non Treaty-PB	13,011	8.8
Nissan Shatai Supplier Stock Ownership Plan	2,624	1.8
Japan Trustee Services Bank, Ltd. (Trust account)	2,381	1.6
Goldman Sachs International	2,121	1.4
The Master Trust Bank of Japan, Ltd. (Trust account)	1,962	1.3
Government of Norway	1,716	1.2
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,614	1.1

Note: Nissan Shatai holds 9,309,545 shares of treasury stock, but has been excluded from the above list of ten largest shareholders. The ratios of issued shares have been calculated after excluding treasury stock.

3. Directors and Statutory Auditors

(1) List of directors and statutory auditors (at March 31, 2016)

Title	Name	Responsibilities	Important positions at other companies
President*	Shohei Kimura	Internal Audit Office	President, Nissan Shatai Kyushu Co. Ltd.
Director	Yuzo Sakita	Overall supervision of Development Div.; Product Development Administration Department; Project Engineering Center; Conversion Development Dept., Vehicle Evaluation & Test Dept.; Division General Manager, Corporate Quality Assurance Div.	
Director	Toshikatsu Hamaji	Overall supervision of General & Administration Div.; Corporate Management Dept.; Human Resources Dept.; Secretariat; Finance Dept.; Vehicle Cost Management Dept.; Conversion Business Promotion Office	Director, Nissan Shatai Manufacturing Co., Ltd., Statutory Auditor, Auto Works Kyoto Co., Ltd.
Director	Yuichi Mabuchi	Overall supervision of Production Div.; Safety and Environment Administration Dept.; Production Administration Dept.; Shonan Plant	
Director (Outside)	Yoshiyuki Oki		Managing Director; Kanagawa Chuo Kotsu Co., Ltd. President, Kanachu Accounting Service Co., Ltd.
Director (Outside)	Seiichiro Ichikawa		

Statutory Auditor	Koichiro Esaki	Full-time	Outside Statutory Auditor, JATCO Ltd. Statutory Auditor, Nissan Shatai Kyushu Co., Ltd.
Statutory Auditor (Outside)	Shoichi Miyatani	Full-time	
Statutory Auditor (Outside)	Toshio Wakui		Managing Director, Kanagawa Association of Corporate Executives Outside Director, OBAYASHI ROAD CORPORATION
Statutory Auditor (Outside)	Izumi Inoue		Chief Executive Officer, Japan Risk Solution Co., Ltd.

Notes:

1. * indicates a representative director.
2. Mr. Oki and Mr. Ichikawa are an outside directors.
3. Mr. Miyatani, Mr. Wakui and Mr. Inoue are outside statutory auditors.
4. Mr. Oki, Mr. Ichikawa, Mr. Wakui, and Mr. Inoue are independent directors or statutory auditor as stipulated by Tokyo Stock Exchange, Inc.
5. President Mr. Yoshiaki Watanabe and director Mr Masashi Mizunuma resigned at the close of the 93rd General Meeting that was held on June 28, 2016.
6. Mr. Kimura, Mr. Mabuchi, Mr. Ichikawa and Mr. Miyatani were newly elected as directors and statutory auditors at the 93rd General Meeting that was held on June 28, 2016.
7. Both Kanagawa Chuo Kotsu Co., Ltd and Kanachu Accounting Service Co., Ltd. do not have capital ties and business relations with Nissan Shatai.
8. There are no capital ties and business relations between Nissan Shatai and OBAYASHI ROAD CORPORATION.
9. There are no capital ties and business relations between Nissan Shatai and Japan Risk Solution Co., Ltd.

(2) Total amount of remuneration of directors and statutory auditors

Office	No. of persons	Payment	Remuneration ceiling stipulated by general shareholders meeting
Directors	8	116,260,000 yen	The ceiling for remuneration of directors is 30 million yen per month (resolution of June 30, 1982)
Statutory Auditors	5	40,263,000 yen	The ceiling for remuneration of statutory auditors is 5 million yen per month (resolution of June 30, 1982).
Total	13	156,524,000 yen	

Notes:

1. At the end of the fiscal year under review, there were six directors and four statutory auditors.
2. The remuneration paid to two outside directors and four outside statutory auditors during the fiscal year under review totaled 45,909,000 yen.

(3) Matters related to outside directors and outside statutory auditors

- 1) Outside directors and outside statutory auditors' material concurrent employments and relationships between the Company and the Company's concurrent counterparties

As stated in "(1) List of directors and statutory auditors"

2) Principal activities in the term under review

Category	Name	Principal contributions	Attendance record	
			Board of Directors	Board of Statutory Auditors
Director	Yoshiyuki Oki	As necessary based on experience and insights	100%	—
Director	Seiichiro Ichikawa	As necessary based on experience and insights	100%	—
Statutory Auditor	Shoichi Miyatani	As necessary based on experience and insights	100%	100%
Statutory Auditor	Toshio Wakui	As necessary based on experience and insights	94%	100%
Statutory Auditor	Izumi Inoue	As necessary based on experience and insights	100%	100%

3) Outline of limited liability contract

Under Article 423, Paragraph 1 of the Companies Act, limited liability contracts have been concluded with the Company, with limits as prescribed in Article 425, Paragraph 1 of the Companies Act.

4. Accounting Auditor

(1) Name of accounting auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc., of accounting auditor for the fiscal year under review

a) Amount of remuneration as accounting auditor for the fiscal year under review:
29 million yen

b) Total amount of monetary or other property benefits to be paid by Nissan Shatai or its subsidiaries: 41 million yen

Note: In the audit agreement between Nissan Shatai and the accounting auditor, there is no demarcation of the remuneration for audits based on the Companies Act and the remuneration for audits based on the Financial Instruments and Exchange Act, and since in essence it is not possible to demarcate them, the amount in a) above represents the combined sum of the two.

(3) Content of non-audit work

Nissan Shatai outsourced advisory work related to International Financial Reporting Standards (IFRS) to Ernst & Young ShinNihon LLC

(4) Policy regarding decisions on the dismissal or non-reappointment of the Accounting Auditor

When accounting auditors are recognized as meeting the conditions of Article 340, Paragraph 1 of the Companies Act, the accounting auditors are dismissed by the Board of Statutory Auditors with the concurrence of all statutory auditors.

Further, if in addition it is adjudged that there are obstacles to execution of proper audits by the accounting auditors from the standpoints of independence and professionalism, the decision may be made by the Board of Statutory Auditors to dismiss or deny reappointment, and based on a Board of Directors resolution the relevant proposal is presented by the Board of Directors to the General Shareholders Meeting.

(5) Item concerning business suspension penalty imposed on the accounting auditor during past two years

Summary of an administrative order on December 22, 2015 by the Financial Services Agency

a) Organization

Ernst & Young ShinNihon LLC

b) Penalty

Three-month suspension of acceptance of new engagements (January 1 to March 31, 2016)

Order to improve its operations (improvements to business management system)

c) Reasons

The firm had, in negligence of due care, attested the financial statements of TOSHIBA CORPORATION for FY2009, FY2011 and FY 2012 (for years that ended March 31, 2010, 2012 and 2013) containing material misstatements as if the statements contained no material misstatement.

The firm's operations were significantly inappropriate.

(6) Reason that Board of Statutory Auditors consent for remuneration, etc. for the accounting auditor

The Board of Statutory Auditors used documents and reports obtained as needed from associated Company departments and the accounting auditor to perform an examination of the auditing plan, the services provided in the previous fiscal year, the basis for calculating estimated remuneration and other items concerning the accounting auditor. This examination resulted in the decision that the remuneration, etc. for the accounting auditor was suitable and consent was given as stated in Article 399, Paragraph 1 of the Companies Act.

5. Policy regarding Internal Control Systems

- (1) Systems to ensure that directors and employees comply with laws, ordinances, and the Articles of Incorporation in the execution of their duties

Recognizing the importance of directors and employees of Nissan Shatai acting with sound judgment as members of society, Nissan Shatai develops the Nissan Shatai Code of Conduct—Our Promise in the aim of ensuring legal compliance and proper execution of duties. In-house training and other courses promote dissemination of the Code of Conduct, and all directors and employees submit written oaths of compliance with the Code of Conduct. Furthermore, each Nissan Shatai group company develops own code of conduct based on Nissan Shatai's code and promote dissemination of their respective code. The Internal Audit Office also conducts audits of Nissan Shatai and its group companies, primarily to check compliance with laws, ordinances, and the Articles of Incorporation.

Nissan Shatai and its group companies introduce hotline system(internal and external) so that employees of Nissan Shatai and its group companies can freely and directly submit opinions, questions or requests and provide information about suspected actions of none compliance, and such issues are promptly identified and rectified. If a matter that could contravene the Code of Conduct is reported, a solution is immediately discussed at meeting of the Nissan Shatai Compliance Committee or its group companies' Compliance Committees and implemented. The Compliance Committee provides monthly reports to the Executive Committee on its activities.

Nissan Shatai and its group companies are resolute in its opposition to anti-social forces. In the event that directors or employees are approached in any way by members of antisocial groups, they quickly report the matter to their superiors and relevant divisions and follow their instructions. Directors and employees shall not, directly or indirectly, engage in dishonest or criminal conduct such as fraud or blackmail in the course of their business activities. If they encounter such situation, they shall act resolutely against it and they quickly report such matter to their superiors and relevant divisions, and follow their instructions.

Furthermore, Nissan Shatai and its group companies strive to enhance internal control mechanisms to ensure the reliability of financial reporting in accordance with the Financial Instruments and Exchange Law together with its related rules and standards.

- (2) Systems for storage and management of information relating to the exercise of directors' duties

Nissan Shatai and its group companies' minutes of general shareholders meetings and of Board of Directors meetings, together with records of decisions made pursuant to the authority criteria and documentation on other decisions, are stored and managed in accordance with laws and internal regulations at Nissan Shatai and its group companies respectively. Directors, statutory auditors and some others have access to such documentation for the purpose of performing their business activities.

Nissan Shatai and its group companies implement Information Security Policy respectively 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 Shatai and its group companies have Information Security Committee respectively, which is engaged in overall management of information security and make decisions with respect to information security matters.

(3) Risk management regulations and systems

Nissan Shatai and its group companies prevent the occurrence of risks that could hinder business continuity or threaten stakeholder safety or security and, if they occur, mitigate the magnitude of losses and prevent recurrence by sensing such risks as early as possible and implementing appropriate countermeasures.

The Risk Management Committee chaired by Nissan Shatai's president is responsible for the management of Nissan Shatai and its group companies' risk, which implements necessary measures and monitor the progress of such measures.

Key risks for Nissan Shatai and its group companies include environmental, quality, and safety issues. Nissan Shatai regularly convenes meetings of specialist committees including Environmental Committee, Quality Committee, and Safety Council, and develops regulations, standards, manuals and other rules and conduct rigorous training programs in order to prevent the occurrence and, if they occur, mitigate the magnitude of losses and prevent recurrence.

(4) Systems to ensure efficient execution of duties by directors

Nissan Shatai has Board of Directors, which decides material business activities of Nissan Shatai and monitors the activities of individual directors. In addition, statutory auditors who comprise Board of Auditors audit the activities of the directors.

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

The Executive Committee consisting of corporate officers and other key managers meets once a week in principle to discuss specific management issues.

Nissan Shatai enacts Responsibilities of Each Department for the purpose of defining the responsibilities of each department and enacts Delegation of Authority for the purpose of clarifying the deciders and decision making processes, and speeding up the execution of business activities. Likewise, its group companies enact objective and transparent Responsibilities of Each Department and Delegation of Authority. Nissan Shatai and its group companies periodically review those Responsibilities of Each Department and Delegation of Authority to assure prompt and efficient decision making.

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

(5) Systems to ensure proper conduct of work in the corporate group consisting of Nissan Shatai and its parent company and subsidiaries

1) Systems to ensure efficient execution of duties by subsidiaries' directors and the like

To achieve consistency and efficiency in group management, Nissan Shatai holds regular meetings with the parent company and Nissan Shatai group companies respectively and shares with management policies and other important information. Each department of Nissan Shatai enhances cooperation with corresponding function of the group companies and achieves consistency and efficiency in group management.

2) Systems to ensure that directors and the like and employees comply with laws, ordinances, and the Articles of Incorporation in the execution of their duties

To ensure that directors and employees of Nissan Shatai group companies' comply with laws, ordinances, and the Articles of Incorporation, Nissan Shatai implements the measures described in "(1) Systems to ensure that directors and employees comply with laws, ordinances, and the Articles of Incorporation in the execution of their duties". Nissan Shatai's code of conduct is made in compliance with the parent company's code of conduct and sets out consistent philosophies on matters such as compliance and information security. In addition, Nissan Shatai implements hot line system by which employees of Nissan Shatai group companies are able to submit information directly to its parent company.

When necessary, directors and employees of Nissan Shatai are appointed concurrently as directors or auditors in its group companies and supervise execution of duties and accounting practices on an ongoing basis.

Furthermore, statutory auditors of Nissan Shatai and its group companies periodically have Group Statutory Auditors Meeting for the purpose of ensuring effective auditing of group companies and share information and exchange opinions from the viewpoint of consolidated management.

3) Risk management regulations and systems of the subsidiaries

To manage risk of Nissan Shatai group companies, Nissan Shatai implements the measures described in "(3) Risk management regulations and systems".

- 4) Systems for reporting from directors and the like to the company about the execution of their duties

Nissan Shatai requests its group companies to report about important information of their duty executions.

- (6) Matters relating to employees appointed to assist Nissan Shatai's statutory auditors in their duties and the independence of such employees from directors, and systems to ensure the effectiveness of instruction by statutory auditors

To improve the effectiveness of audits by Nissan Shatai's statutory auditors and enable the statutory auditors to perform audits smoothly, Auditors Office has been established and staffed with managers and/or other employees and perform its duties under the instruction and supervision of statutory auditors.

To ensure the independence of the managers and other employees, their appointment, dismissal, appraisal, transfer to another department and disciplinary action require prior consent from the Board of Statutory Auditors.

- (7) Systems for reporting to Nissan Shatai's statutory auditors and systems to ensure that a person who reported to the statutory auditors is not unfairly treated because of making such report

- 1) Systems for reporting to Nissan Shatai's statutory auditors from its directors and employees

When Nissan Shatai's directors or employees find any issues that had or may have a material impact on the management of Nissan Shatai or its group companies, and caused or may cause material violation of code of conduct, they promptly report such issues to the Nissan Shatai's statutory auditors. In addition, Nissan Shatai's directors and employees are required to make an ad-hoc report to the statutory auditors regarding the situation of business activities when so requested.

In accordance with annual audit plan, Nissan Shatai's statutory auditors attend meetings of the Board of Directors and representative of statutory auditors attends Executive Committee meetings to identify important decisions made by Nissan Shatai and its group companies and to ascertain the execution status of such decisions. Progress with implementation and issues under consideration are also reported to statutory auditors during regular business hearings of divisions. Moreover, the Internal Audit Office provides reports regularly about audit plan and audit result to the Board of Statutory Auditors

- 2) Systems for reporting to Nissan Shatai's statutory auditors from directors, statutory auditors, the like, and employees of subsidiaries or a person who received information from them

Directors and statutory auditors, other executives, and employees of Nissan Shatai group companies report promptly to directors and employees of Nissan Shatai when any issues that should be reported to Nissan Shatai's statutory auditors occur. And then directors and employees who are reported about such issues report them to Nissan Shatai's statutory auditors. In addition, directors and statutory auditors, other executives, and employees of Nissan Shatai group companies are required to make an ad-hoc report to Nissan Shatai's statutory auditors regarding the situation of business activities and any other issues when so requested.

- 3) Systems to ensure to prevent disadvantageous treatment of those who made a report as stated in 1) and 2) above on the basis of making such report

Nissan Shatai prohibits disadvantageous treatment of those who made a report as stated in 1) and 2) above on the basis of making such report. Nissan Shatai takes necessary measures to protect those who made such report and takes strict actions, including disciplinary actions, against directors and employees of Nissan Shatai and its group companies who gave disadvantageous treatment to those who made such report.

- (8) System for advance payment or settlement of expenses arising from the execution of the duties of Nissan Shatai's statutory auditors and the policy for settlement of expenses arising from the execution of their duties

Nissan Shatai promptly processes advance payment or settlement of expenses and liabilities arising from the execution of their duties when statutory auditors so requests. In accordance with Companies Law, except when it is proven that the expenses and liabilities are unnecessary. Appropriate amount of budget for audit activities is secured.

- (9) Other systems to ensure effective audits by statutory auditors

At least 50% of the statutory auditors are outside statutory auditors. The statutory auditors hold meetings of the Board of Statutory Auditors and Statutory Auditors Meeting periodically in order to share tasks by exchanging information and opinions. Ad-hoc meetings are also held whenever necessary.

Nissan Shatai's statutory auditors and president periodically hold meetings to exchange information and views about the financial condition, tasks to be tackled and risks associated with Nissan Shatai's business activities. Statutory auditors receive periodic audit reports from the accounting auditor.

6. Overview of Operations of Internal Control System

This section presents an overview of the status of the operations in the 94th fiscal term of the systems to ensure appropriate business conduct (hereinafter “Internal Control System”) of Nissan Shatai and its group companies. The Internal Audit Office confirms the status and operations of the Internal Control System on a regular basis and submits reports to the Board of Directors.

(1) Compliance

Nissan Shatai has formulated and maintains a Code of Conduct in compliance with the parent company’s code of conduct. The Compliance Committee was established as a body to oversee matters pertaining to compliance and meetings are convened regularly (12 times in the current fiscal year). In order to improve compliance in Nissan Shatai and its group companies, the Compliance Committee has developed and implemented action plans, including provision of regular compliance education for employees of Nissan Shatai and its group companies. Furthermore, group companies of Nissan Shatai also hold similar committee meetings regularly and engage in activities to improve compliance.

Nissan Shatai and its group companies have established a hotline system and maintain structures whereby matters are reported to the Human Resources Dept., or to a designated third party. Furthermore, provision has been stipulated in the Code of Conduct to protect informers.

(2) Risk management

The Risk Management Committee was established as a body to oversee matters pertaining to risk and meetings are convened regularly (Three times in the current fiscal year). The Committee has specified major risks to Nissan Shatai and its group companies and implemented activities to prevent the occurrence and minimize the impact of risk. Furthermore, group companies of Nissan Shatai also hold similar committee meetings regularly and engage in risk management activities.

The Information Security Committee was established as a body to oversee matters pertaining to information security and meetings are convened regularly (12 times in the current fiscal year). The Committee has developed and implemented action plans, including provision of regular education about Information Security Policy at Nissan Shatai and its group companies, the strict handling of information according to its classification, and the implementation of regular self-assessment. Furthermore, group companies of Nissan Shatai also hold similar committee meetings regularly and engage in activities to improve information security.

The Environmental Committee, Quality Committee, and Safety Council were established as bodies to oversee matters pertaining to environment, quality and safety, respectively, and meetings have been convened regularly, in which the status of progress on risk management promotion activities was reviewed. Furthermore, group companies of Nissan Shatai also hold similar committee meetings regularly and engage in related activities.

(3) Execution of duties by Directors

With the objective of strengthening the monitoring functions of the Board of Directors and incorporating an external perspective on management, two outside directors are elected. In the current fiscal year the Board of Directors met 18 times, where important company matters were reported, deliberated and decided.

In the current fiscal year the Executive Committee met weekly in principle, and engaged in discussions on specific individual management-related matters arising from the conduction of business.

To ensure the efficient execution of the duties of the Directors, reviews of the Delegation of Authority and Responsibilities of Each Department were conducted and necessary revisions were implemented. Group companies also made similar revisions as needed.

(4) Execution of duties by Statutory Auditors

Through attendance of Statutory Auditors, including outside Statutory Auditors, at meetings of the Board of Directors, attendance of a representative of Statutory Auditors at important meetings of the Executive Committee and others, and through regular reports from the accounting auditor and the Internal Audit Office, the Statutory Auditors perform an audit of the execution of duties by Directors and confirm the maintenance and status of operations of Internal Control Systems.

The Auditor's Office was established as a body to assist in the duties of the Statutory Auditors, and in order to ensure independence from Directors, personnel matters such as the appointment and dismissal and appraisal of manager in the Auditor's Office are implemented with the consent of the Board of Statutory Auditors.

(5) Internal audit

Based on the Internal Audit Plan, an internal audit of the entire operations of Nissan Shatai and its group companies was conducted.

Consolidated Balance Sheet (As of March 31, 2017)

			(Million yen)
Assets	294,476	Liabilities	115,099
Current assets	236,986	Current liabilities	100,512
Cash on hand and in banks	335	Trade notes and accounts payable	68,625
Trade notes and accounts receivable	92,313	Electronically recorded obligations-operating	10,702
Work in process	3,174	Lease obligations	3,156
Raw materials and supplies	2,364	Accounts payable-other	910
Accounts receivable-other	2,488	Accrued expenses	8,849
Deposits paid	134,196	Income taxes payable	2,633
Deferred tax assets	1,966	Deposits received	217
Other	145	Deposits received from employees	3,256
Fixed assets	57,489	Accrued warranty costs	138
Property, plant and equipment	53,044	Other	2,022
Buildings and structures	11,615	Long-term liabilities	14,586
Machinery, equipment and vehicles	17,694	Lease obligations	1,669
Tools, furniture and fixtures	6,298	Accrued warranty costs	174
Land	15,684	Net defined benefit liabilities	10,379
Construction in progress	1,751	Asset retirement obligations	1,276
Intangible fixed assets	1,060	Other	1,086
Investments and other assets	3,385	Net assets	179,376
Investment securities	324	Shareholders' equity	181,864
Long-term prepaid expenses	1	Common stock	7,904
Deferred tax assets	2,631	Capital surplus	8,517
Other	427	Retained earnings	173,804
		Treasury stock	(8,362)
		Accumulated other comprehensive income	(2,487)
		Remeasurements of defined benefit plans	(2,487)
Total assets	294,476	Total liabilities and net assets	294,476

Consolidated Statement of Income (From April 1, 2016 to March 31, 2017)

	(Million yen)
Net sales	565,822
Cost of sales	546,332
Gross profit	19,490
Selling, general and administrative expenses	7,294
Operating income	12,195
Non-operating income	
Interest income and dividends income	321
Other	383
Total non-operating income	705
Non-operating expenses	
Interest expense	44
Other	147
Total non-operating expenses	191
Ordinary income	12,709
Special gains	
Gain on sales of fixed assets	4
Total special gains	4
Special losses	
Loss on sales of non-current assets	276
Loss on retirement of fixed assets	1,028
Total special losses	1,305
Income before income taxes	11,408
Income taxes-current	3,493
Income taxes-deferred	(307)
Total income taxes	3,185
Net income	8,223
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	8,223

Consolidated Statement of Changes in Net Assets
(From April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	7,904	8,517	167,356	(8,362)	175,416
Changes of items during the period					
Cash dividends paid			(1,775)		(1,775)
Profit attributable to owners of parent			8,223		8,223
Purchase of treasury stock				(0)	(0)
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	-	-	6,447	(0)	6,447
Balance at the end of current period	7,904	8,517	173,804	(8,362)	181,864

(Million yen)		
	Accumulated other comprehensive income	Total net assets
	Remeasurements of defined benefit plans	
Balance at the beginning of current period	(5,467)	169,949
Changes of items during the period		
Cash dividends paid		(1,775)
Profit attributable to owners of parent		8,223
Purchase of treasury stock		(0)
Net changes of items other than those in shareholders' equity	2,979	2,979
Total changes of items during the period	2,979	9,427
Balance at the end of current period	(2,487)	179,376

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

(1) Scope of consolidation

Consolidated subsidiaries: 6

Nissan Shatai Kyushu Co., Ltd., Nissan Shatai Manufacturing Co., Ltd., Nissan Shatai Engineering Co., Ltd., Auto Works Kyoto Co., Ltd., Nissan Shatai Computer Service Co., Ltd., Pro Staff Co., Ltd.

(2) Significant Accounting Policies

1) Valuation methods for assets

- Securities

Other securities

Non-marketable securities

Cost calculated by the moving average method

- Inventories

Work in process, raw materials and supplies

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

- Property, plant and equipment (excluding leased assets)

Primarily the straight-line method using the estimated life as the useful life and an effective residual value for the residual value

- Intangible fixed assets (excluding leased assets)

Straight-line method, but software for internal use is depreciated using the straight-line method over a 5-year period, which is the time that software can be used internally.

- Leased assets

Straight-line method using the estimated life as the useful life and an effective residual value for the residual value

- Long-term prepaid expenses

Depreciated in equal installments

3) Basis for reserves and allowances

- 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.

- Accrued warranty costs

Accrued warranty costs are provided to cover the cost of all complaints about products anticipated to be incurred during the period based on past experience.

4) Accounting for retirement benefits

- Method for calculating the retirement benefit obligation

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

- Actuarial gains and losses and past service cost

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 12 to 15 years).

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 (15 years).

5) Accounting for consumption taxes

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

6) Adoption of consolidated taxation system

The Company has been adopted the consolidated taxation system.

2. Notes to consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment: 222,730million yen

(2) Contingent liabilities

As guarantor of employees' housing loans from banks and others:

1,927 million yen

3. Notes to consolidated statement of changes in net assets

(1) Shares issued and outstanding (as of March 31, 2016)

Common stock: 157,239 thousand shares

(2) Dividend from retained earnings (as of March 31, 2016)

1) Cash dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Shareholders Meeting on June 28, 2016	Common stock	961	6.50	March 31, 2016	June 29, 2016
Meeting of the Board of Directors on November 7, 2016	Common stock	813	5.50	September 30, 2016	December 1, 2016
Total	-	1,775	-	-	-

2) Dividend with a record date in the fiscal year ended March 31, 2017 and a payment date after the end of the fiscal year

Nissan Shatai plans to submit the following resolution for approval at the 94th

Ordinary General Shareholders Meeting to be held on June 28, 2017.

- Total dividend payments: 1,109million yen
- Source of dividends: Retained earnings
- Dividend per share: 7.50 yen
- Record date: March 31, 2017
- Effective date: June 29, 2017

4. Notes to financial instruments

(1) Overview of financial instruments

The Nissan Shatai Group places cash only in short-term deposits, etc. Internal resources are used to fund working capital and capital expenditures; no funds are procured from external sources for these requirements.

For notes and accounts receivable, financial information is received from counterparties for the purpose of managing credit risk. Deposits paid are funds placed with Nissan Group finance companies for the purpose of earning a return on a temporary surplus of cash. Investment securities are stocks of companies that are not listed.

Notes and accounts payable and electronically recorded debt, which are obligations involving business operations, are all due within one year. In addition, lease obligations associated with finance leases are mainly the balance due to suppliers for metal dies.

(2) Fair value of financial instruments

The following table indicates the carrying value in the consolidated balance sheet, the fair value and the unrealized gain (loss) as of March 31, 2017.

	Carrying value* (million yen)	Estimated fair value* (million yen)	Unrealized gain (loss) (million yen)
(1) Cash on hand and in banks	335	335	-
(2) Trade notes and accounts receivable	92,313	92,313	-
(3) Deposits paid	134,196	134,196	-
(4) Trade notes and accounts payable	(68,625)	(68,625)	-
(5) Electronically recorded obligations-operating	(10,702)	(10,702)	-
(6) Lease obligations	(4,826)	(4,808)	(17)

* Liabilities are in parentheses.

(Note 1) Calculation method for fair value of financial instruments

- (1) Cash on hand and in banks, (2) Trade notes and accounts receivable, (3) Deposits paid, (4) Trade notes and accounts payable and (5) Electronically recorded obligations-operating:

Book values are used because fair value and book value are virtually the same due to the short terms of these instruments.

- (6) Lease obligations

The fair value of lease obligations is the total of principal and interest that is discounted to present value by using the interest rate that would most likely be used for a new lease with the same terms.

(Note 2) Non-listed stocks (324 million yen on the balance sheet) do not have market prices and it is not possible to estimate future cash flows. Due to the extreme

difficulty of determining fair values, these stocks are not included in this table.

5. Notes to per share information

- (1) Net assets per share: 1,212.58 yen
- (2) Net income per share: 55.59 yen

6. Notes to significant subsequent events

Not applicable

7. Other

Amounts less than one million yen are rounded down.

Nonconsolidated Balance Sheet (As of March 31, 2017)

			(Million yen)
Assets	334,290	Liabilities	161,152
Current assets	280,430	Current liabilities	151,791
Cash on hand and in banks	16	Trade notes payable	248
Trade accounts receivable	89,874	Electronically recorded obligations-operating	10,702
Work in process	2,451	Trade accounts payable	117,489
Raw materials and supplies	419	Short-term borrowings payable to subsidiaries and affiliates	6,240
Accounts receivable-other	52,129	Lease obligations	3,174
Deposits paid	134,196	Accounts payable-other	1,266
Deferred tax assets	1,257	Accrued expenses	5,599
Other	84	Income taxes payable	2,482
Fixed assets	53,860	Deposits received	108
Property, plant and equipment	50,105	Deposits received from employees	3,256
Buildings	9,674	Accrued warranty costs	41
Structures	1,111	Other	1,182
Machinery and equipment	17,055	Long-term liabilities	9,361
Vehicles	239	Lease obligations	1,664
Tools, furniture and fixtures	6,120	Accrued warranty costs	61
Land	14,164	Accrued retirement benefits	6,024
Construction in progress	1,739	Asset retirement obligations	1,090
Intangible fixed assets	789	Other	520
Software	773		
Other	15	Net assets	173,137
Investments and other assets	2,965	Shareholders' equity	173,137
Investment securities	323	Common stock	7,904
Investments in subsidiaries and affiliates	1,282	Capital surplus	8,517
Deferred tax assets	1,058	Legal capital surplus	8,317
Other	300	Other capital surplus	200
		Retained earnings	165,076
		Legal reserve	1,976
		Other retained earnings	163,100
		Reserve for reduction entry of replaced property	3,234
		General reserve	22,848
		Retained earnings brought forward	137,018
		Treasury stock	(8,362)
Total assets	334,290	Total liabilities and net assets	334,290

Nonconsolidated Statement of Income (From April 1, 2016 to March 31, 2017)

	(Million yen)
Net sales	555,990
Cost of sales	539,339
Gross profit	16,650
Selling, general and administrative expenses	5,866
Operating income	10,784
Non-operating income	
Interest income and dividends income	324
Rent income on fixed assets	523
Other	113
Total non-operating income	960
Non-operating expenses	
Interest expense	56
Rent expenses on fixed assets	272
Other	34
Total non-operating expenses	363
Ordinary income	11,382
Special losses	
Loss on retirement of fixed assets	218
Special extra retirement payments	1,028
Total special losses	1,247
Income before income taxes	10,134
Income taxes-current	2,993
Income taxes-deferred	(247)
Total income taxes	2,746
Net income	7,388

Nonconsolidated Statement of Changes in Net Assets
(From April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus		Retained earnings	
		Legal capital surplus	Other capital surplus	Legal reserve	Other retained earnings
					Reserve for reduction entry of replaced property
Balance at the beginning of current period	7,904	8,317	200	1,976	3,326
Changes of items during the period					
Reversal of reserve for reduction entry of replaced properties					(92)
Cash dividends paid					
Net income					
Purchase of treasury stock					
Total changes of items during the period	-	-	-	-	(92)
Balance at the end of current period	7,904	8,317	200	1,976	3,234

(Million yen)

	Shareholders' equity				Total net assets
	Retained earnings		Treasury stock	Total shareholders' equity	
	Other retained earnings				
	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	22,848	131,312	(8,362)	167,524	167,524
Changes of items during the period					
Reversal of reserve for reduction entry of replaced properties		92		-	-
Cash dividends paid		(1,775)		(1,775)	(1,775)
Net income		7,388		7,388	7,388
Purchase of treasury stock			(0)	(0)	(0)
Total changes of items during the period	-	5,705	(0)	5,612	5,612
Balance at the end of current period	22,848	137,018	(8,362)	173,137	173,137

Notes to Nonconsolidated Financial Statements

1. Significant Accounting Policies

- (1) Valuation method for assets
 - 1) Securities

Equity securities issued by subsidiaries: Cost calculated by the moving average method

Other securities

Non-marketable securities: Cost calculated by the moving average method
 - 2) Inventories

Work in process, raw materials and supplies: 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
 - 1) Property, plant and equipment (excluding leased assets)

Straight-line method using the estimated life as the useful life and an effective residual value for the residual value
 - 2) Intangible fixed assets (excluding leased assets)

Straight-line method, but software for internal use is depreciated using the straight-line method over a 5-year period, which is the time that software can be used internally.
 - 3) Leased assets

Straight-line method using the estimated life as the useful life and an effective residual value for the residual value
- (3) Basis for reserves and allowances
 - 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 complaints about products anticipated to be incurred during the period 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 pension plan assets at the end of current fiscal year.

 - Method for calculating the retirement benefit obligation

For calculating the retirement benefit obligation, the benefit formula basis has been adopted for attributing projected benefits to periods.
 - Actuarial gains and losses and past service cost

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 (12 to 15 years).

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 (15 years).

- 4) Accounting for consumption taxes
Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.
- 5) Adoption of consolidated taxation system
The Company has been adopted the consolidated taxation system.

2. Notes to nonconsolidated balance sheet

- (1) Accumulated depreciation of property, plant and equipment: 190,945million yen
- (2) Contingent liabilities
As guarantor of employees' housing loans from banks and others: 1,927 million yen
- (3) Monetary receivables from and payables to subsidiaries and affiliates
Short-term monetary receivables: 139,775 million yen
Long-term monetary receivables: 277million yen
Short-term monetary payables: 78,900 million yen
Long-term monetary payables: 9 million yen

3. Notes to nonconsolidated statement of income

- (1) Transactions with subsidiaries and affiliates
Sales: 555,842 million yen
Purchase: 685,240 million yen
Transactions other than operating transactions: 2,693 million yen

4. Notes to nonconsolidated statement of changes in net assets

Treasury stock (as of March 31, 2017)
Common stock: 9,309 thousand shares

5. Note to deferred tax assets and liabilities

Major components of deferred tax assets and deferred tax liabilities

	(Million yen)
Deferred tax assets	
Accrued bonuses	568
Warranty costs	312
Securities valuation losses	289
Excess depreciation	194
Allowance for retirement benefits	1,842
Asset retirement obligations	331
Other	595
Sub-total	4,135
Valuation allowance	(390)
Total	3,745
Deferred tax liabilities	
Reserve for reduction of replacement cost of specified properties	(1,424)
Other	(4)
Total	(1,429)
Net deferred assets	2,315

6. Note to related party transactions

(1) Parent company and major corporate shareholders

(1) Parent company and major corporate shareholders									
Category	Name	Address	Capital	Activities	Voting rights held by the parent company		Relationship		
							Shared directors, etc.	Business relation	
Parent company	Nissan Motor Co., Ltd.	Kanagawa-ku, Yokohama, Kanagawa	(Million yen)	Manufacture and sale of automobiles and others	Direct	45.8	(Persons)	Transferred 4	Nissan Shatai purchases engine and other components from Nissan Motor and sells automobiles to Nissan Motor.
			605,813						
		Description of transactions					Amount	Item	FY-end balance
		Business transactions		Sale of automobiles, etc.		(Million yen)	555,834	Receivables	89,811
		Purchase of parts, etc.			224,196	Payables	24,491		
Non-business transactions		Purchase of fixed assets			550	Payable-other	100		

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

- 1) Prices of automobiles sold to Nissan Motor are determined by negotiations while taking into account the total cost. The Nissan Shatai board of directors confirms the progress and contents of these negotiations.
- 2) In principle, prices for parts purchased from Nissan Motor are determined by negotiations based on prices calculated by using the cost of Nissan Motor.
- 3) Fixed assets are purchased from Nissan Motor by using the same terms as for ordinary transactions.
- 4) Consumption taxes are excluded from transactions but included in fiscal year-end balances.

(2) Subsidiaries

Category	Name	Address	Capital	Activities	Voting rights held by Nissan Shatai	Relationship					
						Shared directors, etc.		Business relation			
Subsidiary	Nissan Shatai Kyushu Co., Ltd.	Miyako- gun, Fukuoka	(Million yen) 10	Manufacture of automobile chassis	Direct 100.0	(Persons) Concurrent 5		Sale of parts and purchase of chassis			
		Description of transactions				Amount	Item	FY-end balance			
		Business transactions		Sale of parts, etc. Purchase of parts		(Million yen) 406,900 429,046	Receivables Payables Short-term loans	(Million yen) 45,438 48,198			
		Non-business transactions		Group financing loans receivable		500	loans receivable	50			
	Nissan Shatai Manufacturing Co., Ltd.	Hiratsuka, Kanagawa	(Million yen) 432	Manufacture and sale of automobile parts	Direct 56.1	(Persons) Concurrent 3		Supply of parts Purchase of parts			
					Indirect 43.9	Transferred 3					
					Description of transactions				Amount	Item	FY-end balance
					Business transactions		Supply of parts, etc. Purchase of parts		(Million yen) 8,403 14,072	Receivables Payables Short-term loans payable	(Million yen) 852 1,384 1,450
	Non-business transactions		Group financing loans payable		300						
	Auto Works Kyoto Co., Ltd.	Uji, Kyoto	(Million yen) 480	Manufacture of automobile chassis	Direct 100.0	(Persons) Concurrent 3		Sale of parts and purchase of chassis			
						Transferred 4					
					Description of transactions				Amount	Item	FY-end balance
					Business transactions		Supply of parts, etc. Purchase of parts		(Million yen) 16,873 21,336	Receivables Payables Short-term loans payable	(Million yen) 1,595 2,474 1,200
	Non-business transactions		Group financing loans payable		240						

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

- 1) For prices of parts purchased from subsidiaries, Nissan Shatai submits a requested price based on the market price and, after negotiations, a price is determined that is the same as for ordinary transactions.
- 2) For loans payable and receivable, a reasonable interest rate is determined based on market interest rates.
- 3) Consumption taxes are excluded from transactions but included in fiscal year-end balances.
- 4) Figures for group financing loans receivable and payable are the differences from the end of the previous fiscal year.

(3) Other companies with affiliations

Category	Name	Address	Capital	Activities	Voting rights held by Nissan Shatai	Relationship		
						Shared directors, etc.	Business relation	
Subsidiaries of parent company	Calsonic Kansei Corporation	Kita-ku, Saitama, Saitama	(Million yen) 1,600	Manufacture and sale of automobile parts	(%) -	(Persons) -	Supplier of parts to Nissan Shatai	
		Description of transactions				Amount	Item	FY-end balance
		Purchase of parts				(Million yen) 48,229	Payables	(Million yen) 9,866
	Nissan Group Finance Co., Ltd.	Nishi-ku, Yokohama, Kanagawa	(Million yen) 90	Finance business	Voting rights held by Nissan Shatai	Relationship		
						Shared directors, etc.	Business relation	
						(Persons) -	Manages funds of the Nissan Shatai Group	
	Description of transactions				Amount	Item	FY-end balance	
	Fund management				(Million yen) 10,422	Deposits paid	(Million yen) 134,196	
	Interest income				303	Receivables	25	

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

- 1) For prices of parts purchased from these companies, Nissan Shatai submits a requested price based on the market price and, after negotiations, a price is determined that is the same as for ordinary transactions.
- 2) For terms for the management of funds, Nissan Group Finance submits terms (interest rate and other items) and the final terms are determined after taking into account ordinary short-term market interest rates.
- 3) Consumption taxes are excluded from transactions but included in fiscal year-end balances.
- 4) Figures for fund management are the differences from the end of the previous fiscal year.
- 5) Calsonic Kansei Corporation on March 29, 2017 dissolved the capital alliance with Nissan Motor Corporation, our parent company. As a result, Calsonic Kansei Corporation ceased to be our sister company as of that date. The total transaction amount and the balance of the total transaction amount up to March 2017 are presented as of the respective amounts at the end of the fiscal year

7. Notes to amounts per share

- (1) Net assets per share: 1,170.40 yen
(2) Net income per share: 49.94 yen

8. Notes to significant subsequent events

Not applicable.

9. Other

Amounts less than one million yen are rounded down.

Copy of Independent Auditors' Report on Consolidated Financial Statements

Report of Independent Auditors

May 19, 2017

The Board of Directors
Nissan Shatai Co., Ltd.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner
Certified Public Accountant Takeshi Hori
Designated and Engagement Partner
Certified Public Accountant Masayuki Nakamura

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements of Nissan Shatai Co., Ltd (the "Company") applicable to the fiscal year from April 1, 2016 through March 31, 2017.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal controls as management determines are necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate for providing a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Nissan Shatai Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2017 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Copy of Independent Auditors' Report on Financial Statements

Report of Independent Auditors

May 19, 2017

The Board of Directors
Nissan Shatai Co., Ltd.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner
Certified Public Accountant Takeshi Hori
Designated and Engagement Partner
Certified Public Accountant Masayuki Nakamura

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements and the related supplementary schedules of Nissan Shatai Co., Ltd. (the "Company") applicable to the 94th fiscal year from April 1, 2016 through March 31, 2017

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Nissan Shatai Co., Ltd. applicable to the 94th fiscal year ended March 31, 2017 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Copy of Audit Report of Board of Statutory Auditors

Audit Report

Regarding the performance of duties by directors for the 94th business year beginning April 1, 2016, and ending March 31, 2017, the Board of Statutory Auditors hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective statutory auditors, as follows:

1. Methods and Contents of Audit by the Statutory Auditors and the Board of Statutory Auditors

- 1) The Board of Statutory Auditors determined, among other things, the auditing policies and plan, the division of responsibilities and other matters for the fiscal year that ended on March 31, 2017. The board received reports from individual statutory auditors concerning the performance of audits and results. In addition, the board received reports from directors, employees and the independent auditors concerning the performance of their duties and, when necessary, asked them to provide explanations.
- 2) In accordance with the statutory auditors' auditing standards specified by the Board of Statutory Auditors, and in conformity with the auditing policies and plan and the division of responsibilities for the fiscal year that ended on March 31, 2017, the statutory auditors communicated effectively with the directors, employees in the internal audit division and other relevant employees for the purposes of collecting information and maintaining a proper auditing environment. The statutory auditors also used the following methods to conduct audits.
 - (i) To examine business operations and the financial condition, the statutory auditors attended meetings of the Board of Directors and other important meetings; received reports from the directors and relevant employees regarding the performance of their duties; asked them to provide explanations when necessary; and examined important decision documents and associated information. For subsidiaries, the statutory auditors communicated effectively with directors, statutory auditors and other individuals at subsidiaries and exchanged information with these individuals. When necessary, the statutory auditors received business reports from subsidiaries.
 - (ii) The statutory auditors expressed an opinion concerning the framework needed to ensure that the performance of duties by the directors, as listed in the business report, comply with laws, regulations and the Articles of Incorporation. This opinion also covered resolutions by the Board of Directors and the establishment of frameworks (internal control system) based on these resolutions concerning the maintenance of systems prescribed in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act to ensure that the Nissan Shatai Group (Nissan Shatai Co., Ltd. and its subsidiaries) operates properly. For this purpose, statutory auditors regularly received regular reports from directors, employees and others regarding the status and implementation of these systems and asked them to provide explanations when necessary.
 - (iii) The statutory auditors used the status of the Board of Directors and other meetings to examine the precautionary items of Companies Act Ordinance of Enforcement Article 118 5-a that are listed in the business report as well as the judgments and reasons for item 5-b of this article.
 - (iv) The statutory auditors monitored and verified whether the independent auditors were maintaining their independence and properly performing audits; received reports from the independent auditors about the performance of their duties and asked them for explanations when necessary. The statutory auditors also received a notice from the independent auditors confirming the establishment of a "system to ensure proper performance of duties" (items stipulated in all paragraphs of Article 131 of Corporate Accounting Rules) in accordance with Standards on Quality Control for Audit (October 28, 2015, Business Accounting Deliberation Council) and other relevant standards.

On January 29, 2016, the statutory auditors received a report from Ernst & Young ShinNihon concerning progress with actions concerning the business operation improvement plan that was submitted to the Financial Services Agency. The statutory auditors asked Ernst & Young ShinNihon for explanations as needed. By using these methods, the statutory auditors examined the business report and supplementary schedules, the nonconsolidated financial statements (nonconsolidated balance sheet, income statement, statement of changes in net assets and notes to these statements) and supplementary schedules, and the consolidated financial statements (consolidated balance sheet, income statement, statement of changes in net assets and notes to consolidated financial statements).

2. Audit results

- 1) Audit results concerning business reports, etc.
 - (i) In our opinion, the business reports and supplementary schedules fairly represent the condition of Nissan Shatai in accordance with the related laws and regulations and the Articles of Incorporation.
 - (ii) With regard to the performance of duties by the directors, we found no evidence of wrongful actions or material violations of related laws and regulations or the Articles of Incorporation.
 - (iii) In our opinion, Board of Directors resolutions regarding the internal control system were fair and reasonable. Furthermore, there were no matters requiring attention regarding information in the business report or the performance of duties by directors with regard to the internal control system.
 - (iv) For business report information about parent company, etc. transactions, there were no items requiring attention concerning precautions to prevent negative effects on Nissan Shatai's interests from these transactions or concerning judgments by the Board of Directors, and reasons for those judgments, about whether or not these transactions had a negative effect on Nissan Shatai's interests.
- 2) Results of audits of nonconsolidated financial statements and supplementary schedules
In our opinion, the auditing methods and results of the independent auditors, Ernst & Young ShinNihon LLC, are fair and reasonable.
- 3) Audit results concerning consolidated financial statements
In our opinion, the auditing methods and results of the independent auditors, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 25, 2017

The Board of Statutory Auditors

Nissan Shatai Co., Ltd.

Full-time Statutory Auditor

Full-time Statutory Auditor (Outside Statutory Auditor)

Statutory Auditor (Outside Statutory Auditor)

Statutory Auditor (Outside Statutory Auditor)

Koichiro Esaki

Shoichi Miyatani

Toshio Wakui

Izumi Inoue

Memorandum to Shareholders

Fiscal year	From April 1 to March 31 of the following year
Date of record for year-end dividends	March 31 each year. When an interim dividend is declared, the date of record therefor is September 30.
Ordinary general shareholders meeting	June of each year
Date of record for ordinary general shareholders meeting	March 31 each year
Administrator of shareholder register	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Administrator of special account	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Postal address (Telephone inquiries)	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063

Notices

Reporting change of address, requesting purchase of shares fewer than one unit, etc.

Please inform the securities company where your account is held. Shareholders for whom a special account has been opened because they do not hold an account with a securities company are requested to inform Sumitomo Mitsui Trust Bank, Limited, the administrator of the special account.

Payment of unpaid dividends

Please contact Sumitomo Mitsui Trust Bank, Limited, the administrator of the shareholder register.

Dividend statement

The dividend statement sent when dividends are paid also serves as a notice of payment as provided for in the Act on Special Measures Concerning Taxation. Please use that document as an attachment when filing your tax return.

For shareholders who have opted for proportional distribution, their securities company or other relevant institution will calculate the amount of tax to be withheld at source. Please contact the securities company, etc., concerned with regard to documents to attach to your tax return.

Note: Shareholders intending to file tax returns are advised to store this document carefully.

Trade name	<i>Nissan Shatai Kabushikikaisha</i>
English version of name	Nissan Shatai Co., Ltd.

Principal Products



ARMADA



PATROL Y62



Infiniti QX80



**NV350
CARAVAN**



ELGRAND



**NV150
AD**



**NV200
VANETTE**



PATROL Y61



PATROL PICKUP



NV200



CIVILIAN



ATLAS F24

Direction for the Meeting

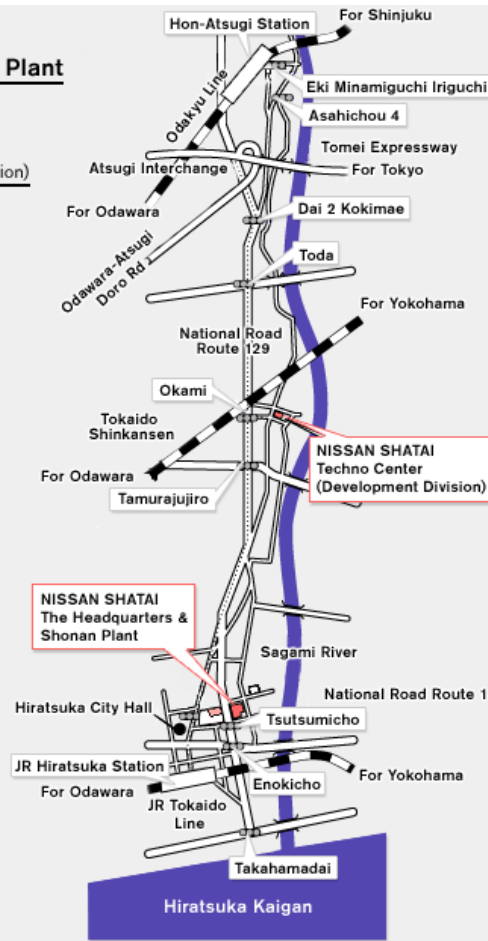
NISSAN SHATAI

The Headquarters & Shonan Plant

2-1, Tsutsumicho, Hiratsuka,
Kanagawa, 254-8610

Techno Center (Development Division)

2909, Okami, Hiratsuka,
Kanagawa, 254-0012



The Headquarters & Shonan Plant

Public transportation:

JR Hiratsuka Station (JR Tokaido Line) $\xrightarrow[\text{about 30 min.}]{\text{on foot}}$ NISSAN SHATAI The Headquarters & Shonan Plant

JR Hiratsuka Station (JR Tokaido Line) $\xrightarrow[\text{about 5 min.}]{\text{Kanachu Bus for Hiratsuka Eki Kitaguchi Iki Junkan}}$ Kogyo Danchi Iriguchi Bus Stop $\xrightarrow[\text{about 1 min.}]{\text{on foot}}$ NISSAN SHATAI The Headquarters & Shonan Plant

By car:

About 30 min. from Tomei Expressway "Atsugi Interchange".

Techno Center

Public transportation:

JR Hiratsuka Station (JR Tokaido Line) $\xrightarrow[\text{about 25 min.}]{\text{Kanachu Bus for Hon-Atsugi Minamiguchi}}$ Yanaginouchi Bus stop $\xrightarrow[\text{about 2 min.}]{\text{on foot}}$ Techno Center

Hon-Atsugi Station (Odakyu Line) $\xrightarrow[\text{about 25 min.}]{\text{Kanachu Bus for Hiratsuka Kitaguchi}}$ Yanaginouchi Bus stop $\xrightarrow[\text{about 2 min.}]{\text{on foot}}$ Techno Center

By car:

About 10min. from Tomei Expressway "Atsugi Interchange".

NISSAN SHATAI CO., LTD.