

96th Ordinary General Shareholders Meeting: Notice of Convocation

Date and Time: Wednesday, June 26, 2019, 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 5, 2019

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

Dear shareholders:

96th Ordinary General Shareholders Meeting: Notice of Convocation

Notice is hereby given that the 96th 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 25, 2019.

Yours sincerely,

Shohei Kimura
President

Particulars

1. Date and Time

Wednesday, June 26, 2019, 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. 96th fiscal Business Report (April 1, 2018 to March 31, 2019), Consolidated Financial Statements, and Audit Reports by Accounting Auditor and the Board of Statutory Auditors
2. 96th fiscal Financial Statements (April 1, 2018 to March 31, 2019)

Matters to be resolved:

Company proposals (Proposals 1, 2, 3 and 4)
Proposal 1: Appropriation of Surplus

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

Proposal 3: Election of two Statutory Auditors

Proposal 4: Election of One Substitute Statutory Auditor

Shareholder proposals (Proposals 5 and 6)

Proposal 5: Amendments to the Articles of Incorporation (Becoming a Company with a Nominating Committee, etc.)

Proposal 6: Amendments to the Articles of Incorporation (The chairperson of the meetings of the Board of Directors shall be an outside director)

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, 2, 3 and 4)

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, the same as in the previous fiscal year.

Details of Year-End Dividend

- (1) Distribution of year-end dividend to shareholders and total amount:
 - 6.5 yen per share of common stock in the Company
 - Total amount: 880,446,964 yen
- (2) Effective date of distribution of surplus:
 - June 27, 2019

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.

Candidate for a director is 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. General Manager Corporate Quality Assurance Div. Important positions at other companies: President, Nissan Shatai Kyushu Co., Ltd.</p>	12,200 shares
Reason for selection as a director candidate			
As 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 medium to long-term growth of corporate value 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	Yuichi Mabuchi (December 19, 1959) Reappointment	<p>Apr 1982: Joined Nissan Motor Co., Ltd. Apr 2011: General Manager, Vehicle Production Engineering Control Dept., Nissan Motor Co., Ltd. Apr 2014: Senior Vice President, Nissan Motor Asia Pacific Co., Ltd. Apr 2016: Senior Vice President, Nissan</p>	3,400 shares

		<p>Shatai Co., Ltd. Jun 2016: Director and Senior Vice President, Nissan Shatai Co., Ltd. (Current position)</p> <p>Responsibilities at Nissan Shatai: Overall supervision of Production Div.; Safety and Environment Administration Dept.; Quality Administration Dept.; Production Administration Dept.; Prototype Production Engineering 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 performed his duties including key roles in measures for more competitive plants and more competitive technologies and skills, which are goals of the current medium-term plan. He has acquired considerable experience and knowledge from assignments in manufacturing operations of group companies, including at Nissan Motor and overseas business sites. Since Mr. Mabuchi is well suited for implementing measures to achieve medium to long-term growth of corporate value, 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>			
3	<p>Hiroyuki Otsuka (March 23, 1960)</p> <p>Reappointment</p>	<p>Apr 1983: Joined Nissan Motor Co., Ltd.. Apr 2008: General Manager, Vehicle Component Engineering Development Dep., Nissan Motor Co., Ltd. Apr 2011: General Manager, Component Strategy Promotion Dept., Nissan Motor Co., Ltd. Apr 2015: Division General Manager, R&D Engineering Management Div., Nissan Motor Co., Ltd. Apr 2017: Senior Vice President, Nissan Shatai Co., Ltd. Jun 2017: Director and Senior Vice President(Current Position)</p> <p>Responsibilities at Nissan Shatai: Overall supervision of Development Div.; Conversion Development Dept., Vehicle Evaluation & Test Dept.</p>	<p>3,900 shares</p>
<p>Reason for selection as a director candidate</p> <p>Mr. Otsuka is a Director and Senior Vice President who oversees development</p>			

	<p>division. He has performed his duties including key roles in measures for more competitive vehicles and more competitive technologies and skills, which are goals of the current medium-term plan. He has acquired considerable experience and knowledge from assignments in the development and design operations of Nissan Motor. Since Mr. Otsuka is well suited for implementing measures to achieve medium to long-term growth of corporate value, he is a candidate for re-election as a director.</p>		
	<p>Note: There is no special interest between Nissan Shatai and Mr. Otsuka</p>		
4	<p>Shin Kotaki (January 12, 1963)</p> <p>Reappointment</p>	<p>Apr 1985: Joined Nissan Shatai Co., Ltd. Apr 2006: Assigned by Nissan Shatai to be a Senior Manager at Renault-Nissan Purchasing Organization Nissan Motor Co., Ltd. Apr 2009: Supplier Account Officer, Nissan Motor Co., Ltd. Apr 2014: General Manager, Purchasing Dept., Nissan Shatai Co., Ltd. Apr 2015: Corporate Vice President, Nissan Shatai Co., Ltd. Jun 2018: Director and Senior Vice President(Current Position)</p> <p>Responsibilities at Nissan Shatai: Human Resources Dept.; Secretariat; Finance Dept.; Purchasing Dept.; Conversion Business Promotion Office</p>	<p>6,000 shares</p>
	<p>Reason for selection as a director candidate</p> <p>Mr. Kotaki is currently a Director and Senior Vice President who oversees administrative operations. He has performed his duties including key roles in measures for building a stronger foundation for supporting all business activities, which is a goal of the current medium-term plan. He has acquired considerable experience and knowledge from assignments in the purchasing operations of Nissan Motor and Nissan Shatai. Since Mr. Kotaki is well suited for implementing measures to achieve medium to long-term growth of corporate value, he is a candidate for re-election as a director.</p>		
	<p>Note: There is no special interest between Nissan Shatai and Mr. Kotaki</p>		

5	<p>Seiichiro Ichikawa (December 8, 1953)</p> <p>Reappointment / Outside director/ Independent director</p>	<p>Apr 1976: Joined Sapporo Breweries Ltd.</p> <p>Mar 2005: Managing Officer, Sapporo Breweries Ltd.</p> <p>Mar 2008: Managing Executive Officer, Sapporo Breweries Ltd.</p> <p>Mar 2009: Director and Managing Executive Officer, Sapporo Breweries Ltd.</p> <p>Mar 2013: Senior Managing Director, Sapporo Breweries Ltd.</p> <p>Mar 2015: Resigned Sapporo Breweries Ltd.</p> <p>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 has many years of experience at a company outside the automobile industry. He has considerable knowledge concerning corporate management and corporate governance. As an outside director, Mr. Ichikawa has provided advice and oversight concerning business operations from an independent perspective. Since Mr. Ichikawa is capable of continuing to fulfilling his roles as an outside director, 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 third 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. During Mr. Ichikawa's time as an outside director, the final vehicle inspection issue was discovered at the plants of Nissan Shatai and a Nissan Shatai Group company. Mr. Ichikawa had no knowledge of this problem until it was discovered. He has constantly provided advice and pointed out items requiring attention with regard to laws and regulations and strict compliance. Following the discovery of this problem, Mr. Ichikawa has performed his duties concerning this issue. He received explanations about preventive measures and progress with implementing these measures. He also stated his opinions concerning these measures, visited plants to confirm the status of final vehicle inspections and took other actions in order to ensure that preventive measures are rigorously executed. 6. 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 			

	<p>liability 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>Masayuki Imai (August 7, 1968)</p> <p>New candidate/ Outside director/ Independent director</p>	<p>Apr 1992: Joined Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2014: Deputy Manager, Corporate Planning Dept., Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2016: General Manager, Corporate Planning Dept., Kanagawa Chuo Kotsu Co., Ltd.</p> <p>Jun 2017: Director; Kanagawa Chuo Kotsu Co., Ltd. (Current position)</p> <p>Important positions at other companies: Director, Kanagawa Chuo Kotsu Co., Ltd.</p>	None
<p>Reason for selection as an outside director candidate</p> <p>Mr. Imai has considerable knowledge and insight as a manager due to his positions involving finance and accounting at Kanagawa Chuo Kotsu, Co., Ltd., where he is currently employed. Since Mr. Imai is well suited to provide advice and oversight of business operations from an independent perspective, he is a candidate for 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. Imai. 2. Mr. Imai is a candidate for an outside director post 3. If shareholders approve the election of Mr. Imai, he will be an independent director as stipulated by Tokyo Stock Exchange, Inc. 4. If Mr. Imai is elected a director at the shareholders meeting as proposed, the Company plans to conclude a limited liability contract with Mr. Imai that limits his liability regarding Nissan Shatai to a certain level. The main terms of this contract are as follows. <ul style="list-style-type: none"> (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. 			

	(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.
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Proposal 3: Election of two Statutory Auditors

Statutory Auditor Toshio Wakui and Izumi Inoue will expire at the close of this General Meeting. Therefore, the Company proposes to elect two statutory auditors. The Board of Statutory Auditors has agreed to this proposal.

Candidate for an auditor is as follows:

No.	Name (Date of Birth)	Brief Personal Record, Positions, and Important Positions at Other Companies	Number of Shares of the Company Owned
1	Tetsunobu Ikeda (January 30, 1955) New candidate / Outside Statutory Auditor/	Apr 1977: Joined The Bank of Yokohama, Ltd. Mar 2004: Executive Officer, The Bank of Yokohama Ltd. Jun 2007: Representative Director, The Bank of Yokohama Ltd. Nov 2008: President, Hamagin Tokai Tokyo Securities Co., Ltd Jun 2015: President, Sky Ocean Asset Management Co., Ltd. Jun 2018: Statutory Auditor (Full-time), Nissan Motor Co., Ltd. (Current position)	None

Reason for selection as an outside statutory auditor candidate
Due to his long career at a financial institution, Mr. Ikeda has considerable knowledge concerning finance, accounting and corporate management. Since Mr. Ikeda is well suited to strengthening the auditing function concerning the performance of the directors, he is a candidate for election as an outside statutory auditor.

Notes:

1. There is no special interest between Nissan Shatai and Mr. Ikeda
2. Mr. Ikeda is a candidate for an outside statutory auditor post
3. Mr. Ikeda is currently a statutory auditor of parent company Nissan Motor, but he plans to resign this position on June 25, 2019.
4. During his time as a statutory auditor of Nissan Motor, Nissan Motor received on December 19, 2018 a Directive for Business Improvement concerning Designated Vehicle Certification from the Ministry of Land, Infrastructure, Transportation and Tourism. This directive concerned the final vehicle inspection issue at plants of Nissan Motor and group companies. In addition, a former chairman of Nissan Motor

was indicted for alleged violations of the Financial Instruments and Exchange Act and the Companies Act (special breach of trust). Nissan Motor was also indicted for an alleged violation of the Financial Instruments and Exchange Act (false statements in Securities Report). Mr. Ikeda had no knowledge of any of these problems before their discovery. In his role as an outside statutory auditor, he has constantly provided advice and pointed out items requiring attention with regard to laws and regulations and strict compliance. Following the discovery of these problems, Mr. Ikeda has performed his duties regarding these matters. He received explanations about preventive measures and actions to improve governance as well as about progress with implementing these measures. He also stated his opinions concerning these measures and took other actions in order to ensure that preventive measures are rigorously executed.

5. If Mr. Ikeda is elected a statutory auditor at the shareholders meeting as proposed, the Company plans to conclude a limited liability contract with Mr. Ikeda that limits his liability regarding Nissan Shatai to a certain level. The main terms of this contract are as follows.

(1) If a statutory auditors 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.

(2) The limit of liability in the above paragraph will apply only in cases where the statutory auditor concerned acted in good faith and there was no gross negligence concerning the duties liable for damages.

2	<p>Izumi Inoue (July 17, 1948)</p> <p>Reappointment / Outside statutory auditor / Independent statutory auditor</p>	<p>Apr 1972: Joined Yasuda Fire & Marine Insurance Co. Ltd.</p> <p>Jun 2002: Director, General Manager, Compliance Dpt., Yasuda Fire and Marine Insurance Co., Ltd.</p> <p>Jun 2003: Director and Managing Executive Officer, Sompo Japan Insurance Inc.</p> <p>Oct 2005: Statutory Auditor (Full-time), East Nippon Expressway Co., Ltd.</p> <p>Nov 2010: Corporate Adviser, East Nippon Expressway Co., Ltd.</p> <p>Jun 2011: Corporate Adviser, Nexco-East Retail Co., Ltd.</p> <p>Apr 2013: Chief Executive Officer, Japan Risk Solution Co., Ltd (Current position)</p> <p>Jun 2015: Statutory Auditor (Part time), Nissan Shatai (Current position)]</p> <p>Important positions at other companies: Chief Executive Officer, Japan Risk Solution Co., Ltd</p>	4,100 shares
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Reason for selection as an outside director candidate

Due to his long career at a property and casualty insurance company and other

companies, Mr. Inoue has considerable knowledge concerning corporate management, risk management involving business activities and corporate governance. As an outside statutory auditor, he has performed proper audits, including the provision of opinions and advice, regarding the performance of the directors. Since Mr. Inoue is well suited to further strengthening auditing function, he is a candidate for re-election as an outside statutory auditor.

Notes:

1. There is no special interest between Nissan Shatai and Mr. Inoue
2. Mr. Inoue is a candidate for an outside statutory auditor post
3. Mr. Inoue is currently a Nissan Shatai outside statutory auditor who will complete his forth seventh year in this position at the end of this shareholders meeting.
4. If shareholders approve the re-election of Mr. Inoue, he will continue to be an independent statutory auditor as stipulated by Tokyo Stock Exchange, Inc.
5. During Mr. Inoue's time as an outside statutory auditor, the final vehicle inspection issue was discovered at the plants of Nissan Shatai and a Nissan Shatai Group company. Mr. Inoue had no knowledge of this problem until it was discovered. He has constantly provided advice and pointed out items requiring attention with regard to laws and regulations and strict compliance. Following the discovery of this problem, Mr. Inoue has performed his duties concerning this issue. He received explanations about preventive measures and progress with implementing these measures. He also stated his opinions concerning these measures, visited plants to confirm the status of final vehicle inspections and took other actions in order to ensure that preventive measures are rigorously executed.
6. In accordance with the Articles of Incorporation, there is a contractual agreement between Company and Mr. Inoue that limits his liability. In addition, if Mr. Inoue is re-elected, the Company plans to renew this liability 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:
 - (1) If statutory auditors 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.
 - (2) The limit of liability in the above paragraph will apply only in cases where the statutory auditor concerned acted in good faith and there was no gross negligence concerning the duties liable for damages.

Proposal 4: Election of One Substitute Statutory Auditor

To be prepared in the event that the number of statutory auditors falls below the number designated by laws and regulations, the Company proposes to elect one substitute statutory auditor.

This substitute statutory auditor will become a statutory auditor only if the number of statutory auditors falls below the legally designated number and the term of office will be the remainder of the term of office of the statutory auditor who is replaced.

The Board of Statutory Auditors has agreed to this proposal.

Candidate for a substitute statutory auditor is 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
<p>Tomonori Ito (February 29, 1964)</p> <p>New candidate / Outside Statutory Auditor/ Independent statutory auditor</p>	<p>Apr 1986: Joined The Bank of Yokohama, Ltd.</p> <p>Apr 2008: General Manager, Credit Dept. II, The Bank of Yokohama, Ltd.</p> <p>Apr 2009: General Manager, Corporate Planning:, Association Business, The Bank of Yokohama, Ltd.</p> <p>Jun 2011: General Manager, Corporate Administration Dept., The Bank of Yokohama, Ltd.</p> <p>May 2012: Executive Officer, The Bank of Yokohama Ltd.</p> <p>Apr 2016: Managing Director Yokohama Stadium Co., Ltd.</p> <p>Aug 2017: Corporate Advisor, Yokohama Guarantee Co., Ltd.</p> <p>May 2018: Director, Kanagawa Association of Corporate Executives (Current position)</p> <p>Important positions at other companies: Director, Kanagawa Association of Corporate Executives</p>	<p>None</p>
<p>Reason for selection as a substitute statutory auditor candidate</p> <p>Due to his long career at a financial institution and other companies outside the automobile industry, Mr. Ito has considerable experience and knowledge concerning corporate management, finance and accounting. As Mr. Ito is well suited to perform auditing operations if the number of auditors at Nissan Shatai falls below the number required by laws and regulations, he is a candidate for election as a substitute statutory auditor.</p>		

Notes:

1. There is no special interest between Nissan Shatai and Mr. Ito.
2. Mr. Ito is a candidate for a substitute outside statutory auditor post.
3. If Mr. Ito is elected a substitute statutory auditor at the shareholders meeting as proposed and subsequently becomes a statutory auditor, he will be an independent statutory auditor as stipulated by Tokyo Stock Exchange, Inc.
4. If Mr. Ito is elected a substitute statutory auditor at the shareholders meeting as proposed and subsequently becomes a statutory auditor, the Company plans to conclude a limited liability contract with Mr. Ito that limits his liability regarding Nissan Shatai to a certain level. The main terms of this contract are as follows.
 - (1) If a statutory auditors 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.
 - (2) The limit of liability in the above paragraph will apply only in cases where the statutory auditor concerned acted in good faith and there was no gross negligence concerning the duties liable for damages.

Shareholder proposal (Proposals 5 and 6)

Proposals 5 and 6 have been submitted by a shareholder.

The following (including footnotes) is a summary of this proposal. This section presents the proposal from the shareholder in the original text with no changes.

Proposal 5: Amendments to the Articles of Incorporation (Becoming a Company with a Nominating Committee, etc.)

(1). Summary of the proposal

The current Articles of Incorporation are to be changed as follows. Articles 25 through 31 will be moved up by two articles each, Articles 40 through 43 will be moved up by one article each, and Chapter 6 (Accounts) will be moved down by one chapter.

Revisions are underlined.

Current Articles of Incorporation	Proposed Amendments
<p>(Organizations) Article 4 The Company shall establish the following in addition to the general shareholders meeting and the directors: (1) Board of Directors (2) <u>Statutory auditors</u> (3) <u>Board of Statutory Auditors</u> (4) Accounting auditor</p>	<p>(Organizations) Article 4 The Company shall establish the following in addition to the general shareholders meeting and the directors: (1) Board of Directors (2) <u>Nominating Committee, Auditing Committee and Remuneration Committee</u> (3) <u>Executive Officers</u> (4) Accounting auditor</p>
<p>(Convocation) Article 12 1. The <u>president</u> shall, by resolution of the Board of Directors, convene an ordinary general shareholders meeting in June of each year, and extraordinary general shareholders meetings whenever necessary. 2. In the event that circumstances prevent the <u>president</u> from carrying out the above, another director shall act in the president's place in accordance with an order of priority determined in advance by the Board of Directors.</p>	<p>(Convocation) Article 12 1. The <u>executive officer and president</u> shall, by resolution of the Board of Directors, convene an ordinary general shareholders meeting in June of each year, and extraordinary general shareholders meetings whenever necessary. 2. In the event that circumstances prevent the <u>executive officer and president</u> from carrying out the above, another executive officer or director shall act in the president's place in accordance with an order of priority determined in advance by the Board of Directors.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Chairperson) Article 15</p> <p>1. The chairperson of general shareholders meetings shall be the <u>president</u>.</p> <p>2. In the event that circumstances prevent the <u>president</u> from carrying out the above, another <u>director</u> shall act in the president's place in accordance with an order of priority determined in advance by the Board of Directors.</p>	<p>(Chairperson) Article 15</p> <p>1. The chairperson of general shareholders meetings shall be the <u>executive officer and president</u>.</p> <p>2. In the event that circumstances prevent the <u>executive officer and president</u> from carrying out the above, another <u>executive officer</u> or <u>director</u> shall act in the president's place in accordance with an order of priority determined in advance by the Board of Directors.</p>
<p>(Term of office) Article 22</p> <p>1. The term of office of directors shall expire at the closing of the ordinary general shareholders meeting for the last business year that ends within <u>two</u> years of their election.</p> <p>2. Notwithstanding the provisions of the preceding paragraph, the term of office of directors elected to increase the number of directors or to fill vacancies caused by the retirement of directors before expiry of their terms of office shall end upon the expiry of the terms of office of the other directors.</p>	<p>(Term of office) Article 22</p> <p>1. The term of office of directors shall expire at the closing of the ordinary general shareholders meeting for the last business year that ends within <u>one</u> years of their election.</p> <p>2. Notwithstanding the provisions of the preceding paragraph, the term of office of directors elected to increase the number of directors or to fill vacancies caused by the retirement of directors before expiry of their terms of office shall end upon the expiry of the terms of office of the other directors.</p>
<p>(<u>Representative directors</u>) <u>Article 23</u></p> <p><u>1. One or more representative directors shall be elected by resolution of the Board of Directors.</u></p> <p><u>2. The representative directors shall, in accordance with resolutions of the Board of Directors, execute the business of the Company and represent the Company.</u></p>	<p>Deleted</p>

Current Articles of Incorporation	Proposed Amendments
<p>(<u>Directors with executive power</u>) <u>Article 24</u> <u>1. The Company president shall be appointed by resolution of the Board of Directors.</u> <u>2. One chairperson and one or more executive vice presidents, senior managing directors, and managing directors may be appointed by resolution of the Board of Directors.</u>Directors</p>	<p>Deleted</p>
<p>(Remuneration) <u>Article 26</u> Directors' remuneration, bonuses, and other property benefits received from the Company as compensation for the performance of their duties (hereinafter "Remuneration, etc.") shall be determined by <u>resolutions of general shareholders meetings.</u></p>	<p>(Remuneration) <u>Article 24</u> Directors' remuneration, bonuses, and other property benefits received from the Company as compensation for the performance of their duties (hereinafter "Remuneration, etc.") shall be determined by resolutions of <u>the Remuneration Committee</u></p>
<p>(Convener and chairperson of meetings of the Board of Directors) <u>Article 27</u> 1. Meetings of the Board of Directors shall be convened and chaired by the <u>president.</u> 2. In the event that circumstances prevent the <u>president</u> from carrying out the above, another director shall act in the president's place in accordance with an order of priority determined in advance by the Board of Directors.</p>	<p>(Convener and chairperson of meetings of the Board of Directors) <u>Article 25</u> 1. Meetings of the Board of Directors shall be convened and chaired by the <u>director designated by the Board of Directors, except when specified otherwise by laws and regulations</u> 2. In the event that circumstances prevent the <u>director specified in the preceding paragraph,</u> from carrying out the above, another director shall act in the president's place in accordance with an order of priority determined in advance by the Board of Directors.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Notices of convocation of meetings of the Board of Directors) Article <u>28</u> Notices of the convocation of meetings of the Board of Directors shall be sent to each director <u>and each statutory auditor</u> at least four days prior to the date of each such meeting; provided, however, that in cases of urgency this period of notice may be shortened.</p>	<p>(Notices of convocation of meetings of the Board of Directors) Article <u>26</u> Notices of the convocation of meetings of the Board of Directors shall be sent to each director at least four days prior to the date of each such meeting; provided, however, that in cases of urgency this period of notice may be shortened.</p>
<p><u>Chapter 5 Statutory Auditors and Board of Statutory Auditors</u></p>	<p>Deleted</p>
<p>(Number) Article <u>32</u> <u>The Company shall have at least three statutory auditors; provided, however, that if a vacancy occurs on the Board of Statutory Auditors but the quorum requirement prescribed by law is satisfied, the filling of the vacancy may be postponed or not effected.</u></p>	<p>Deleted</p>
<p>(Method of election) Article <u>33</u> <u>1. The statutory auditors shall be elected at general shareholders meetings.</u> <u>2. The adoption of the resolutions for the election of the statutory auditors referred to in the preceding paragraph shall require a majority of the votes of the shareholders present at meetings where shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise voting rights are present.</u></p>	<p>Deleted</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Term of office)</u> <u>Article 34</u> <u>1. The term of office of statutory auditors shall expire at the closing of the ordinary general shareholders meeting for the last business year that ends within four years of their election.</u> <u>2. Notwithstanding the provisions of the preceding paragraph, the term of office of statutory auditors elected to fill vacancies caused by the retirement of statutory auditors before expiry of their terms of office shall end upon the expiry of the terms of office of the retired statutory auditors they replace.</u></p>	Deleted
<p><u>(Standing statutory auditors)</u> <u>Article 35</u> <u>The Board of Statutory Auditors shall elect standing statutory auditors by the adoption of resolutions therefor.</u></p>	Deleted
<p><u>(Remuneration)</u> <u>Article 36</u> <u>Statutory auditors' Remuneration, etc., shall be determined by resolutions of general shareholders meetings.</u></p>	Deleted
<p><u>(Notices of convocation of meetings of the Board of Statutory Auditors)</u> <u>Article 37</u> <u>Notices of the convocation of meetings of the Board of Statutory Auditors shall be sent to each statutory auditor at least four days prior to the date of each such meeting; provided, however, that in cases of urgency this period of notice may be shortened.</u></p>	Deleted
<p><u>(Rules of the Board of Statutory Auditors)</u> <u>Article 38</u> <u>Matters pertaining to the Board of Statutory Auditors shall be governed by law and these Articles of Incorporation as well as by rules of the Board of Statutory Auditors laid down by the Board of Statutory Auditors.</u></p>	Deleted

Current Articles of Incorporation	Proposed Amendments
<p><u>(Exemption of statutory auditors from liability)</u> <u>Article 39</u> 1. Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt statutory auditors (including former statutory auditors) from liability for damages due to neglect of duties to the extent allowed by law. 2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may enter into contracts with statutory auditors that limit liability for damages due to neglect of duties; provided, however, that the limit on liability under such contracts shall be the amount prescribed by law.</p>	<p>Deleted</p>
<p>New</p>	<p><u>Section 5 Committees</u></p>
<p>New</p>	<p><u>(Number of members)</u> <u>Article 30</u> <u>The Nominations Committee, Auditing Committee and Remuneration Committee (õthe Committeesö) must each consist of at least three directors, including a majority of outside directors.</u></p>
<p>New</p>	<p><u>(Committee member selection method)</u> <u>Article 31</u> 1) <u>Members of the Committees are selected from among the directors by resolutions of the Board of Directors.</u> 2) <u>The chairpersons of the Committees are selected by resolutions of the Board of Directors.</u></p>

Current Articles of Incorporation	Proposed Amendments
New	<u>(Rules of the Committees)</u> <u>Article 32</u> <u>The authority and other items regarding the Committees are defined by laws and regulations, these Articles of Incorporation, rules established by the Board of Directors and rules specifically for each committee that are established by committees individually.</u>
New	<u>Section 6 Executive Officers</u>
New	<u>(Executive officer selection method)</u> <u>Article 33</u> <u>Executive officers are appointed by resolutions of the Board of Directors.</u>
New	<u>(Term of office)</u> <u>Article 34</u> <u>1) The term of office of an executive officer ends at the close of the first Board of Directors meeting after the ordinary shareholders meeting for the last business year that ends within one year after the executive officer is appointed.</u> <u>2) Irrespective of the preceding paragraph, the term of office of an executive officer who is appointed to increase the number of executive officers ends at the same time as the terms of office of the other current executive officers.</u>
New	<u>(Representative executive officer)</u> <u>Article 35</u> <u>The Board of Directors names a representative executive officer from among the executive officers.</u>
New	<u>(Executive officers with titles)</u> <u>Article 36</u> <u>The Board of Directors can name one Executive Officer and President, and a small number of Executive Officers and Vice Presidents, Senior Managing Executive Officers and Managing Executive Officers.</u>

Current Articles of Incorporation	Proposed Amendments
New	<u>(Executive officer compensation, etc.)</u> <u>Article 37</u> <u>Compensation, etc. for the executive officers is determined by the Compensation Committee.</u>
New	<u>(Executive officer rules)</u> <u>Article 38</u> <u>Matters concerning the executive officers must comply with laws and regulations, these Articles of Incorporation and executive officer rules established by the Board of Directors.</u>

(2) Reason for this proposal

This reason for this proposal is the same as in (2) Reason for submitting this proposal in Proposal 6: Amendments to the Articles of Incorporation (Board of Directors chaired by an outside director). Please refer to this section.

Proposal 6: Amendments to the Articles of Incorporation (The chairperson of the meetings of the Board of Directors shall be an outside director)

(1). Summary of the proposal

The current Article 27 of the Articles of Incorporation is to be changed as follows.

However, if the amendments in Proposal 5 are approved, “Director and President” will become “Executive Officer and President” based on the changes in this proposal and other adjustments will be made as needed due to the approval of Proposal 5.

Revisions are underlined.

Current Articles of Incorporation	Proposed Amendments
<p>(Convener and chairperson of meetings of the Board of Directors) Article 27 1. Meetings of the Board of Directors shall be convened <u>and chaired</u> by the president. 2. In the event that circumstances prevent <u>the president</u> from carrying out the above, another director shall act in the president’s place in accordance with an order of priority determined in advance by the Board of Directors.</p>	<p>(Person who calls and chairs Board of Directors meetings) Article 27 1. Meetings of the Board of Directors shall be convened by the president. <u>If there is an accident involving the Director and President, another director calls the meeting in accordance with the order designated in advance by the Board of Directors.</u> 2) <u>Meetings of the Board of Directors are chaired by an outside director who has been selected in advance by the Board of Directors.</u> In the event that circumstances prevent <u>this director</u> from carrying out the above, another <u>outside</u> director shall act as a chairperson in accordance with an order of priority determined in advance by the Board of Directors. <u>Only when no outside director is able to attend a meeting of the Board of Directors, a director other than an outside director can chair a meeting of the Board of Directors in accordance with the order designated in advance by the Board of Directors.</u></p>

(2) Reasons behind the Proposal:

At Nissan Motor Co., Ltd. (“Parent Company” or “Nissan Motor”), parent company of Nissan Shatai Co. Ltd. (“the Company”), the Special Committee for Improving Governance submitted a report on March 27, 2019. The report indicated that the functions of the Board of Directors and other organizations within Nissan Motor to supervise, monitor and audit the directors were partially failing, and recommended that Nissan Motor become a company adopting a system with three statutory committees (“Company with a Nominating Committee,

etc.ö) and have an outside director as the chairperson of the meetings of the Board of Directors. These recommendations were made to improve governance at the Parent Company, but the Company also has problems with its current governance system that require improvement, as explained below.

Therefore, we propose that the Company: (1) become a Company with a Nominating Committee, etc., and (2) have an outside director as the chairperson of the meetings of the Board of Directors, which is similar to the recommendations made for the Parent Company.

Becoming a Company with a Nominating Committee, etc.

We have held shares in the Company for more than 10 years, and have had dialogue with the management team of the Company on a continual basis. Through such dialogue, we have asked the Company's management team to give due regard to the interests of the general shareholders in connection with the transactions with the Parent Company. However, we suspect that the Company continues to ignore the intent of the general shareholders and pursues management practices that overemphasize the interests of the Parent Company.

For the 95th fiscal period of the Company, its annual sales to Nissan Motor reached 550 billion yen¹ which constituted 98.5% of the consolidated sales. The Company also deposited with a wholly-owned subsidiary of Nissan Motor its surplus funds of 116 billion yen, which constituted approximately 89.3% of its most recent² market capitalization and approximately 43.0% of the consolidated total assets as of the end of the third quarter of the Company's 96th fiscal period. Transactions with a parent company bear risks of structural conflicts of interest, and it is extremely rare that a listed company would engage in these kinds of constant and large-scale transactions with its parent company to such an extent as the Company does. Therefore, as a matter of course it is necessary for the Company to establish and maintain a governance system that takes into account the interests of the general shareholders (other than the Parent Company) and assures that its management is conducted independently from the Parent Company.

Currently three (3) out of six (6) directors of the Company are former officers of the Parent Company. Although the Company has two (2) outside directors, it is clear that the opinions of these outside directors would be difficult to be heard on the Board of Directors in which half of the directors are former officers of the Parent Company. Furthermore, the position of the president of the Company has been successively held by former officers of the Parent Company, and the president has substantially determined candidates to be nominated as directors or officers together with their compensation arrangements. As such, the Company's Board of Directors has been placed under the strong influence of the Parent Company to the extent that it cannot be expected to exercise effective and thorough supervision over the officers or directors from an independent and objective standpoint. In fact, we believe that this current structure supports management that focuses heavily on the interests of the Parent Company.

¹ On a nonconsolidated basis, the Company's annual sales to Nissan Motor for the 95th fiscal period reached 547.5 billion yen which represented 99.9% of the Company's most recent nonconsolidated sales.

² On the last business day in March 2019.

For example, at the 93rd Ordinary General Shareholders Meeting, 85.2% of the shareholders, excluding the Parent Company, voted against the proposal to elect an outside statutory auditor who was a former officer of the Parent Company, but the proposal was approved as the Parent Company voted in favor of it. Similarly, at the 95th Ordinary General Shareholders Meeting, 79.6% of the shareholders, excluding the Parent Company, voted against the proposal to elect a substitute statutory auditor who was a former officer of the Parent Company, but the proposal was approved as the Parent Company voted in favor of it. These facts show that the Parent Company is influencing the Company in ways that are contrary to the intent of the general shareholders.

In addition, in 2017 and 2018, it was discovered and repeatedly publicized that Nissan Motor engaged in improper inspection of its assembled vehicles. The Company also engaged in the same kind of improper inspection, indicating a high possibility that there is no independent governance system between the Company and the Parent Company.

Under these circumstances, if the Company becomes a Company with a Nominating Committee, etc., then the executive function on the one hand and the supervision and audit function on the other hand will be separated through the establishment of a nominating committee, audit committee, and compensation committee in each of which the majority of the members will be comprised of outside directors. This system would prevent the concentration of decision-making authority regarding nomination and compensation matters from being vested in the hands of directors who are former officers of the Parent Company. We believe that the Company, which has not established an independent governance system to date because of the strong influence of the Parent Company, shall immediately discharge itself from the management practices centered on former officers of the Parent Company and become a Company with a Nominating Committee, etc. to supervise and audit the execution of its business from an independent and objective standpoint.

The chairperson of the meetings of the Board of Directors shall be an outside director

To establish a governance system that assures that management is conducted independently from the Parent Company, it is particularly effective not only to become a Company with a Nominating Committee, etc., but also to have a director independent from the Parent Company as the chairperson of the meetings of the Board of Directors.

The Company's current articles of incorporation stipulate that the president will chair the meetings of the Board of Directors. However, a former officer of the Parent Company has been successively holding the post of the president of the Company. Therefore, this practice might prevent directors from having discussions to be held independent from the Parent Company. Having an outside director as the chairperson of the meetings of the Board of Directors would create an environment in which an independent outside director could take initiative in the discussions, thereby (as it is expected) enhancing the objectiveness and transparency of the decision-making and reinforcing the monitoring function of the Board of Directors.

In this regard, the "Practical Guidelines for Corporate Governance Systems (CGS Guidelines)" (formulated on March 31, 2017 and revised on September 28, 2018), publicized by the Ministry of Economy, Trade and Industry, indicates that: "it is easier to ensure the

effectiveness of the monitoring function of the board of directors if a non-executive director such as an outside director, who is in the position to conduct monitoring, acts as chairperson of the board of directors while executives concentrate on their role of providing explanations concerning business execution, in comparison with the case where a management member such as the president/CEO, who is subject to being monitored, concurrently acts as chairperson of the board of directors and takes initiatives in selecting proposals and expediting board proceedings (CGS Guidelines, p.18).

Since it is highly necessary for the Company to supervise the execution of the Company's business to prevent management that is heavily focused on the interests of the Parent Company, having the chairperson of the meetings of the Board of Directors be an outside director independent from the Parent Company would conform to the CGS Guidelines, and would reinforce the supervisory function of the Board of Directors. Therefore, the chairman of the meetings of the Company's Board of Directors shall be an outside director who is independent from the Parent Company, and the articles of incorporation should be promptly amended for this purpose.

Opinion of the Board of Directors

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

(Reasons for opposition to this proposal)

The shareholder proposal is in response to the recommendations of the Governance Improvement Special Committee of Nissan Motor, the parent company of Nissan Shatai, concerning a change to the company with a nominating committee, etc. and the appointment of an outside director to chair the Board of Directors in order to improve the governance of Nissan Motor. In the same manner, this proposal calls for a switch to a company with a nominating committee, etc. and the use of an independent outside director to chair the Board of Directors at Nissan Shatai.

The Companies Act of Japan provides for a number of institutional structures. Large companies (when publicly owned) can be a Company with a Board of Statutory Auditors, a Company with a Nominating Committee, etc., or a Company with an Auditing Committee. None one of the three options are clearly superior to the other two. Selecting one of these institutional structures depends on how a company wants to maintain and improve the discipline of corporate management. We also believe this important decision requires performing studies from the standpoint of facilitating fast and flexible decision-making and improving profitability and the ability to compete.

Consequently, we do not believe that the same institutional structure as that of Nissan Motor should be applied to Nissan Shatai. Studies concerning the best institutional structure for Nissan Shatai should be based on a broad-based approach that includes Nissan Shatai's business climate, characteristics unique to Nissan Shatai and other items. We believe this process is needed in order to improve corporate governance.

Due to this situation, Nissan Shatai established a Governance Study Committee on May 14, 2019 that consists of the two independent outside directors and two independent outside statutory auditors. This committee is charged with performing studies regarding the most suitable corporate governance framework for Nissan Shatai and examining important points concerning this matter. Based on the discussions and recommendations of this committee, the Board of Directors will conduct a thorough and suitable study concerning the best corporate governance framework for Nissan Shatai. At this time, we do not believe it is proper to submit this shareholder proposal at the shareholders meeting.

For these reasons, the Board of Directors opposes this shareholder proposal.

(Attached Documents)

Business Report

(From April 1, 2018 to March 31, 2019)

1. Current State of Corporate Group

(1) Operations and results

The Japanese economy continued to recover slowly during the fiscal year as corporate earnings remained strong and consumer spending recovered along with improvements in the labour market and personal income. However, the outlook for the global economy remains uncertain because of U.S.-China trade friction, concerns about slowing economic growth in China and other reasons.

The business climate for automobile production in Japan continues to be challenging. The primary causes are the long-term contraction of Japan's automobile market, sluggish growth of global demand for automobiles, increasing automobile production outside Japan chiefly in emerging countries, and worries about the potential impact on exports from Japan of the trade policies of other countries.

Amidst such economic situation, the volume of orders from Nissan Motor Co., Ltd. decreased for Armada for North America but increased for Patrol (Y62) for the Middle East and Infiniti QX80 for North America. As a result, sales volume increased by 8.3% year-on-year to 229,901 units and net sales increased by 7.9% to 602.8 billion yen. Earnings increased despite the negative effect of higher prices of raw materials because prior-year earnings were impacted by the lower production volume and decline in assembly line speed caused by the final vehicle inspection issue. Operating income increased by 485.5% to 7.7 billion yen and ordinary income increased by 365.4% to 8.1 billion yen. Profit attributable to owners of parent was 5.5 billion yen, an improvement of 7.8 billion yen from one year earlier when there was a special loss of 4.3 billion yen for the cost of vehicle recall campaigns.

Sales Breakdown

Category	Volume (Units)	Amount (Million yen)	Year-on-year change (%)
Passenger vehicles	126,690	407,507	7.1
Commercial vehicles	83,923	128,933	16.6
Microbuses	19,288	38,565	(1.1)
Vehicle parts, etc.	δ	27,876	(2.4)
Total	229,901	602,882	7.9

(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 8.6 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

In fiscal 2017, Nissan Shatai started a Medium-Term Management Plan covering the 2017 to 2022 fiscal years. The plan's fundamental direction is building 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. This plan has three major goals: (1) Produce 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 fiscal 2018, Nissan Shatai started producing the new El Grand, which has even more advanced safety equipment, and the new Paramedic ambulance, which incorporates the first full model change in 20 years. Regarding the final vehicle inspection issue, lines structured for the best possible final vehicle inspections have been established and training activities for final inspectors are continuing.

We will continue to take full advantage of the integrated manufacturing infrastructure extending from development to production that is our greatest strength. There will also be measures to establish manufacturing operations that can adapt with flexibility to market trends and to build a stronger foundation centered on workforce diversity that can support all operations. By taking these actions, we are determined to earn even greater confidence among customers, shareholders, business partners, communities, employees and all other stakeholders.

(5) Financial performance highlights

Item	Fiscal term	93rd Fiscal term (Ended March 31, 2016)	94th Fiscal term (Ended March 31, 2017)	95th Fiscal term (Ended March 31, 2018)	96th Fiscal term (Ended March 31, 2019)
Net sales	(Million yen)	509,421	565,822	558,600	602,882
Ordinary income	(Million yen)	11,962	12,709	1,756	8,174
Profit (loss) attributable to owners of parent	(Million yen)	7,939	8,223	(2,297)	5,585
Earnings (loss) per share	(Yen)	53.67	55.59	(16.38)	41.23
Total assets	(Million yen)	262,507	294,476	273,320	268,514
Net assets	(Million yen)	169,949	179,376	161,713	166,025

Book value per share (Yen)	1,148.85	1,212.58	1,193.87	1,225.70
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Notes:

- Earnings (loss) per share is calculated on the basis of the average number of shares outstanding during each fiscal term, after deduction of treasury stock.

(6) Principal parent company and subsidiaries

a) Parent company

Nissan Shataiø parent company Nissan Motor Co., Ltd. holds 67,726 thousands shares (50.0% of all voting rights) of the total number of Nissan Shataiø shares outstanding, and accounts for 99.7% of Nissan Shataiø net sales.

b) Transactions with the parent company

- Points considered to prevent detrimental effects to Nissan Shataiø interest as a result of these transactions and reason for judgement by the Board of Directors if these transactions are detrimental to Nissan Shataiø 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 Shataiø Board of Directors confirms the process and contents of these negotiations.

- 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	NV200 Vanette, NV350 Caravan, Elgrand, Patrol (Y61/Y62), Armada, Infiniti QX80
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	Decrease from end of previous fiscal year
4,032	232

b) Nissan Shatai employees

Number of employees	Decrease from end of previous fiscal year
1,797	90

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 21,786,312 shares of treasury stock)
- (3) Number of shareholders at fiscal year-end 4,417
- (4) Ten largest shareholders

Name	Number of shares (Thousands)	Ratio of issued shares (%)
Nissan Motor Co., Ltd.	67,726	50.0
MLI for Client General Omni Non Collateral Non Treaty-PB	21,087	15.6
Goldman Sachs International	7,961	5.9
ECM MF	7,182	5.3
Nissan Shatai Supplier Stock Ownership Plan	2,750	2.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,431	1.1
Japan Trustee Services Bank, Ltd. (Trust Account)	1,309	1.0
Northern Trust Co. (AVFC) RE HCR00	1,102	0.8
J.P. Morgan Securities PLC for and on Behalf of its Clients JPMS Re Client Assers-Segr ACCT	900	0.7
JP Morgan Chase Bank 385151	895	0.7

Note: Nissan Shatai holds 21,786,312 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, 2018)

Title	Name	Responsibilities	Important positions at other companies
President*	Shohei Kimura	Internal Audit Office, General Manager Corporate Quality Assurance Div.	President, Nissan Shatai Kyushu Co. Ltd.
Director	Yuichi Mabuchi	Overall supervision of Production Div.; Safety and Environment Administration Dept.; Production Administration Dept.; Shonan Plant	
Director	Hiroyuki Otsuka	Overall supervision of Development Div.; Product Development Administration Dept; Conversion Development Dept., Vehicle Evaluation & Test Dept.	
Director	Shin Kotaki	Overall supervision of General & Administration Div.; Corporate Management Dept.; Human Resources Dept.; Secretariat; Finance Dept.; Vehicle Cost Management Dept.; Purchasing Dept.; Conversion Business Promotion Office	
Director (Outside)	Yoshiyuki Oki		Managing Director; Kanagawa Chuo Kotsu Co., Ltd. President, Kanachu Accounting Service Co., Ltd.
Director (Outside)	Seiichiro Ichikawa		

Statutory Auditor	Toshikatsu Hamaji	Full-time	Statutory Auditor, Nissan Shatai Kyushu Co., Ltd., Statutory Auditor, Auto Works Kyoto Co., Ltd.
Statutory Auditor (Outside)	Toshio Wakui		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. 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. Mr. Kotaki was newly elected as a director at the 95th General Meeting that was held on June 27, 2018.
6. Mr. Hamaji and Mr. Esaki resigned as a director or statutory auditor at the close of the 95th General Meeting that was held on June 27, 2018.
7. Mr. Hamaji was newly elected as a statutory auditor at the 95th General Meeting that was held on June 27, 2018.
8. There are no capital ties between Nissan Shatai and Kanagawa Chuo Kotsu Co., Ltd. Nissan Shatai uses Kanagawa Chuo Kotsu's bus, taxi and hotel services as a general customer. Sales of Kanagawa Kotsu to Nissan Shatai were insignificant (less than 1% of annual consolidated sales) in FY2018. There are no capital ties and business relations between Nissan Shatai and Kanachu Accounting Service Co., Ltd. Kanagawa Chuo Kotsu Co., Ltd and Kanachu Accounting Service Co., Ltd. do not have capital ties and business relations with Nissan Shatai.
9. There are no capital ties and business relations between Nissan Shatai and OBAYASHI ROAD CORPORATION.
10. 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	7	110,083 thousands yen	The ceiling for remuneration of directors is 30 million yen per month (resolution of June 30, 1982)
Statutory Auditors	4	33,993 thousands yen	The ceiling for remuneration of statutory auditors is 5 million yen per month (resolution of June 30, 1982).
Total	11	144,076 thousands yen	

Notes:

1. At the end of the fiscal year under review, there were six directors and three statutory auditors.
2. The remuneration paid to two outside directors and two outside statutory auditors during the fiscal year under review totaled 32,016,000 yen.

(3) Outline of limited liability contract

Under Article 423, Paragraph 1 of the Companies Act, the Company has concluded limited liability contracts with outside directors and statutory auditors, with limits as prescribed in Article 425, Paragraph 1 of the Companies Act.

(4) 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 (17 meetings)	Board of Statutory Auditors (15 meetings)
Director	Yoshiyuki Oki	As necessary based on experience and insights	94%	—
Director	Seiichiro Ichikawa	As necessary based on experience and insights	100%	—
Statutory Auditor	Toshio Wakui	As necessary based on experience and insights	100%	100%
Statutory Auditor	Izumi Inoue	As necessary based on experience and insights	100%	100%

Notes:

1. Attendance figures do not include board meetings for resolutions based on documents (one time).
2. All outside directors and outside statutory auditors made statements at meetings of the Board of Directors and other meetings from the standpoint of compliance. Following the discovery in September 2017 that certain parts of the final vehicle inspection process were improper at Nissan Shatai Group assembly plants, the outside directors and outside statutory auditors received explanations at meetings of the Board of Directors and other meetings concerning measures to prevent this problem from happening again and progress with implementing these measures. The outside directors and outside statutory auditors performed their duties by stating their opinions regarding these measures, visiting assembly plants to confirm the status of final inspection processes and taking other actions.

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:
31 million yen
- b) Total amount of monetary or other property benefits to be paid by Nissan Shatai or its subsidiaries: 37 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) 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.

(4) 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 and 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.

In September 2017, the final vehicle inspection issues was discovered at vehicle assembly plants of the Company and the group companies. In 2018, misconduct was discovered concerning sampling inspections (fuel economy and emission measurement and precision measurement of vehicle dimension) and an additional improper procedure was ascertained on total number inspection process. Nissan Shatai announced a number of measures in response to these events. The Executive Committee and Board of Directors are monitoring progress and dealing with issues concerning these preventive measures and activities have been implemented to prevent similar types of concern. Due to the need to expand activities for compliance with laws and regulations throughout the Company, "Total Compliance Inspection" program has been conducted in three categories: human resources, product safety and legal compliance, and others (supplier management, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, prevention of bribes, etc.). A comprehensive inspection of standards was performed and reexamination was completed at the end of March 2019. Nissan Shatai promote the continuous activities for strict compliance with laws and regulations, including conformation and audit for operational status to the reexamined standards.

(1) Compliance

Nissan Shatai maintains a code of conduct for directors and employees that complies with the parent company code of conduct. The Compliance Committee was established as a body to oversee matters pertaining to compliance and meetings are convened regularly (20 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 (3 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. In addition, similar revisions were made as necessary at Nissan Shatai group companies.

(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.

In September 2017, the final vehicle inspection issue was discovered at vehicle assembly plants of the Company and its group companies. In 2018, misconduct was discovered concerning sampling inspections (fuel economy and emission measurement, and precision measurement of vehicle dimension) and an additional improper procedure was ascertained on total number inspection process. Internal Audit audited the recurrence prevention for those issues.

Consolidated Balance Sheet (As of March 31, 2019)

			(Million yen)
Assets	268,514	Liabilities	102,489
Current assets	209,417	Current liabilities	89,720
Cash on hand and in banks	537	Trade notes and accounts payable	52,750
Trade notes and accounts receivable	79,545	Electronically recorded obligations-operating	13,117
Work in process	3,642	Lease obligations	3,405
Raw materials and supplies	2,625	Accounts payable-other	1,915
Accounts receivable-other	2,144	Accrued expenses	10,493
Deposits paid	120,702	Income taxes payable	1,993
Other	219	Deposits received	259
Fixed assets	59,097	Deposits received from employees	3,099
Property, plant and equipment	52,938	Accrued warranty costs	179
Buildings and structures	11,223	Other	2,504
Machinery, equipment and vehicles	16,939	Long-term liabilities	12,769
Tools, furniture and fixtures	6,256	Lease obligations	1,145
Land	15,684	Accrued warranty costs	225
Construction in progress	2,834	Net defined benefit liabilities	9,599
Intangible fixed assets	1,030	Asset retirement obligations	1,120
Investments and other assets	5,128	Other	677
Investment securities	324	Net assets	166,025
Long-term prepaid expenses	117	Shareholders' equity	167,127
Deferred tax assets	4,295	Common stock	7,904
Other	391	Capital surplus	8,517
		Retained earnings	173,340
		Treasury stock	(22,635)
		Accumulated other comprehensive income	(1,102)
		Remeasurements of defined benefit plans	(1,102)
Total assets	268,514	Total liabilities and net assets	268,514

Consolidated Statement of Income (From April 1, 2018 to March 31, 2019)

	(Million yen)
Net sales	602,882
Cost of sales	587,983
Gross profit	14,899
Selling, general and administrative expenses	7,111
Operating income	7,787
Non-operating income	
Interest income and dividends income	315
Other	319
Total non-operating income	634
Non-operating expenses	
Interest expense	52
Other	195
Total non-operating expenses	248
Ordinary income	8,174
Special gains	
Gain on sales of fixed assets	0
Total special gains	0
Special losses	
Loss on sales of non-current assets	249
Cost of vehicle recall campaigns	0
Total special losses	250
Income before income taxes	7,924
Income taxes-current	1,894
Income taxes-deferred	445
Total income taxes	2,339
Net income	5,585
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	5,585

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

(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	169,516	(22,635)	163,303
Changes of items during the period					
Cash dividends paid			(1,760)		(1,760)
Profit attributable to owners of parent			5,585		5,585
Purchase of treasury stock				(0)	(0)
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	-	-	3,824	(0)	3,824
Balance at the end of current period	7,904	8,517	173,340	(22,635)	167,127

(Million yen)

	Accumulated other comprehensive income	Total net assets
	Remeasurements of defined benefit plans	
Balance at the beginning of current period	(1,589)	161,713
Changes of items during the period		
Cash dividends paid		(1,760)
Profit attributable to owners of parent		5,585
Purchase of treasury stock		(0)
Net changes of items other than those in shareholders' equity	487	487
Total changes of items during the period	487	4,311
Balance at the end of current period	(1,102)	166,025

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. Note concerning change in presentation method

The Company is using Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Standard No. 28, February 16, 2018) starting with the beginning of the fiscal year that ended in March 2019. As a result, deferred tax assets are included in investments and other assets and deferred tax liabilities are included in long-term liabilities.

3. Notes to consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment: 231,912million yen

(2) Contingent liabilities

As guarantor of employees' housing loans from banks and others:
1,329 million yen

4. Notes to consolidated statement of changes in net assets

(1) Shares issued and outstanding (as of March 31, 2019)

Common stock: 157,239 thousand shares

(2) Dividend from retained earnings (as of March 31, 2018)

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 27, 2018	Common stock	880	6.50	March 31, 2018	June 28, 2018
Meeting of the Board of Directors on November 8, 2018	Common stock	880	6.50	September 30, 2018	December 3, 2018
Total	-	1,760	-	-	-

2) Dividend with a record date in the fiscal year ended March 31, 2019 and a payment date after the end of the fiscal year

Nissan Shatai plans to submit the following resolution for approval at the 96th Ordinary General Shareholders Meeting to be held on June 26, 2019.

- Total dividend payments: 880 million yen
- Source of dividends: Retained earnings
- Dividend per share: 6.50 yen
- Record date: March 31, 2019
- Effective date: June 27, 2019

5. 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, 2019.

	Carrying value* (million yen)	Estimated fair value* (million yen)	Unrealized gain (loss) (million yen)
(1) Cash on hand and in banks	537	537	-
(2) Trade notes and accounts receivable	79,545	79,545	-
(3) Deposits paid	120,702	120,702	-
(4) Trade notes and accounts payable	(52,750)	(52,750)	-
(5) Electronically recorded obligations-operating	(13,117)	(13,117)	-
(6) Lease obligations	(4,550)	(4,531)	(19)

* 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.

6. Notes to per share information

- (1) Net assets per share: 1,225.70 yen
- (2) Net income per share: 41.23 yen

7. Notes to significant subsequent events

Not applicable

8. Other

Amounts less than one million yen are rounded down.

Nonconsolidated Balance Sheet (As of March 31, 2019)

			(Million yen)
Assets	300,887	Liabilities	143,348
Current assets	245,469	Current liabilities	133,990
Cash on hand and in banks	16	Trade notes payable	238
Accounts receivable	77,462	Electronically recorded obligations-operating	13,117
Work in process	2,870	Trade accounts payable	94,856
Raw materials and supplies	466	Short-term borrowings payable to subsidiaries and affiliates	5,650
Short-term borrowings receivable to subsidiaries and affiliates	1,937	Lease obligations	3,451
Accounts receivable-other	41,812	Accounts payable-other	2,229
Deposits paid	120,702	Accrued expenses	7,638
Other	201	Income taxes payable	1,896
Fixed assets	55,418	Deposits received	99
Property, plant and equipment	50,175	Deposits received from employees	3,099
Buildings	9,568	Accrued warranty costs	43
Structures	917	Other	1,669
Machinery and equipment	16,259	Long-term liabilities	9,358
Vehicles	246	Lease obligations	1,148
Tools, furniture and fixtures	6,218	Accrued warranty costs	58
Land	14,164	Accrued retirement benefits	6,617
Construction in progress	2,799	Asset retirement obligations	1,094
Intangible fixed assets	827	Other	439
Software	811	Net assets	157,539
Other	15	Shareholders' equity	157,539
Investments and other assets	4,415	Common stock	7,904
Investment securities	323	Capital surplus	8,517
Investments in subsidiaries and affiliates	1,282	Legal capital surplus	8,317
Deferred tax assets	2,428	Other capital surplus	200
Other	380	Retained earnings	163,752
		Legal reserve	1,976
		Other retained earnings	161,775
		Reserve for reduction entry of replaced property	3,124
		General reserve	22,848
		Retained earnings brought forward	135,802
		Treasury stock	(22,635)
Total assets	300,887	Total liabilities and net assets	300,887

Nonconsolidated Statement of Income (From April 1, 2018 to March 31, 2019)

	(Million yen)
Net sales	593,718
Cost of sales	580,572
Gross profit	13,145
Selling, general and administrative expenses	6,161
Operating income	6,984
Non-operating income	
Interest income and dividend income	318
Rent income on fixed assets	464
Other	37
Total non-operating income	820
Non-operating expenses	
Interest expense	63
Rent expenses on fixed assets	315
Other	30
Total non-operating expenses	409
Ordinary income	7,394
Special losses	
Loss on retirement of fixed assets	235
Total special losses	235
Loss before income taxes	7,159
Income taxes-current	1,572
Income taxes-deferred	597
Total income taxes	2,169
Net income	4,989

Nonconsolidated Statement of Changes in Net Assets
(From April 1, 2018 to March 31, 2019)

(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	3,175
Changes of items during the period					
Reversal of reserve for reduction entry of replaced properties					(50)
Cash dividends paid					
Net income					
Purchase of treasury stock					
Total changes of items during the period	-	-	-	-	(50)
Balance at the end of current period	7,904	8,317	200	1,976	3,124

(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	132,523	(22,635)	154,310	154,310
Changes of items during the period					
Reversal of reserve for reduction entry of replaced properties		50		-	-
Cash dividends paid		(1,760)		(1,760)	(1,760)
Net income		4,989		4,989	4,989
Purchase of treasury stock			(0)	(0)	(0)
Total changes of items during the period	-	3,279	(0)	3,228	3,228
Balance at the end of current period	22,848	135,802	(22,635)	157,539	157,539

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 Note concerning change in presentation method

The Company is using "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Standard No. 28, February 16, 2018) starting with the beginning of the fiscal year that ended in March 2019. As a result, deferred tax assets are included in investments and other assets and deferred tax liabilities are included in long-term liabilities.

3. Notes to nonconsolidated balance sheet

- (1) Accumulated depreciation of property, plant and equipment: 201,315 million yen
- (2) Contingent liabilities
As guarantor of employees' housing loans from banks and others: 1,329 million yen
- (3) Monetary receivables from and payables to subsidiaries and affiliates
Short-term monetary receivables: 117,093 million yen
Long-term monetary receivables: 241 million yen
Short-term monetary payables: 68,985 million yen
Long-term monetary payables: 8 million yen

4. Notes to nonconsolidated statement of income

- (1) Transactions with subsidiaries and affiliates
Sales: 591,999 million yen
Purchase: 715,613 million yen
Transactions other than operating transactions: 1,627 million yen

5. Notes to nonconsolidated statement of changes in net assets

Treasury stock (as of March 31, 2019)
Common stock: 21,786 thousand shares

6, Note to deferred tax assets and liabilities

Major components of deferred tax assets and deferred tax liabilities

	(Million yen)
Deferred tax assets	
Accrued bonuses	540
Warranty costs	706
Securities valuation losses	289
Excess depreciation	125
Allowance for retirement benefits	2,023
Asset retirement obligations	332
Other	487
Sub-total	4,506
Valuation allowance	(698)
Total	3,808

Deferred tax liabilities	
Reserve for reduction of replacement cost of specified properties	(1,376)
Other	(2)
Total	<u>(1,376)</u>
Net deferred assets	<u>2,428</u>

7. Note to related party transactions

(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 50.0 Indirect 0.0	Transferred	3	Nissan Shatai purchases engine and other components from Nissan Motor and sells automobiles to Nissan Motor.		
			605,813					Amount	Item	FY-end balance
			Description of transactions					(Million yen)		(Million yen)
			Business transactions					Sale of automobiles, etc.	591,936	Accounts receivable-trade
Non-business transactions	Purchase of parts, etc. Purchase of fixed assets	236,101 368	Payables Payable-other	20,031 15						

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

- 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.
- In principle, prices for parts purchased from Nissan Motor are determined by negotiations based on prices calculated by using the cost of Nissan Motor.
- Fixed assets are purchased from Nissan Motor by using the same terms as for ordinary transactions.
- Recall expenses apply to vehicles for which Nissan Shatai is responsible for the recall and expenses were determined by discussions with Nissan Motor Co., Ltd. that reflected expenses for re-inspecting vehicles and other activities.
- 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.	Miyakogun, 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.		(Million yen) 432,554	Accounts receivable-other	36,154
		Non-business transactions		Purchase of parts Group financing loans Payable		450,129 912	Payables Short-term loans receivable	41,129 1,937
	Name	Address	Capital	Activities	Voting rights held by Nissan Shatai	Relationship		
	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 2	
		Description of transactions				Amount	Item	FY-end balance
		Business transactions		Supply of parts, etc.		(Million yen) 9,267	Accounts receivable-other	856
	Non-business transactions		Purchase of parts Group financing loans Payable		14,550 -	Payables Short-term loans payable	1,392 810	
	Name	Address	Capital	Activities	Voting rights held by Nissan Shatai	Relationship		
	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 3	
		Description of transactions				Amount	Item	FY-end balance
		Business transactions		Supply of parts, etc.		(Million yen) 11,275	Accounts receivable-other	970
Non-business transactions		Purchase of parts Group financing loans payable		16,380 270	Payables Short-term loans payable	1,845 1,620		

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.

Subsidiary of parent company

(3) Other companies with affiliations

Category	Name	Address	Capital	Activities	Voting rights held by Nissan Shatai	Relationship	
						Shared directors, etc.	Business relation
			(Million yen)		(%)	(Persons)	
Subsidiary of parent company	Nissan Group Finance Co., Ltd.	Nishi-ku, Yokohama, Kanagawa	90	Finance business	-	-	Manages funds of the Nissan Shatai Group
		Description of transactions		Amount	Item	FY-end balance	
		Fund management	(Million yen) 6,125	Deposits paid	(Million yen) 120,702		
Interest income	295	Accounts receivable-other	25				

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

- 1) 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.
- 2) Figures for fund management are the differences from the end of the previous fiscal year.

8. Notes to amounts per share

- (1) Net assets per share: 1,163.05 yen
- (2) Net income per share: 36.84 yen

9. Notes to significant subsequent events

Not applicable.

10. Other

Amounts less than one million yen are rounded down.

Copy of Independent Auditors' Report on Consolidated Financial Statements

Report of Independent Auditors

May 16, 2019

The Board of Directors
Nissan Shatai Co., Ltd.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner
Certified Public Accountant Koji Fujima
Designated and Engagement Partner
Certified Public Accountant Mika Nezu

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, 2018 through March 31, 2019.

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 auditor's 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 16, 2019

The Board of Directors
Nissan Shatai Co., Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner	
Certified Public Accountant	Koji Fujima
Designated and Engagement Partner	
Certified Public Accountant	Mika Nezu

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 96th fiscal year from April 1, 2018 through March 31, 2019

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 auditor's 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 95th fiscal year ended March 31, 2018 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 96th business year beginning April 1, 2018, and ending March 31, 2019, 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, 2018. 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, 2018, 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.

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) The Board of Directors has taken suitable actions concerning the internal control system. As is explained in the business report, following the discovery in fiscal 2017 of the final vehicle inspections issue at assembly plants of the Nissan Shatai Group, as measures to prevent this problem were being implemented, in fiscal 2018 misconduct was discovered concerning sampling inspections (fuel economy and emission measurements and precision measurement of vehicle dimension) and an additional improper procedure was ascertained on total number inspections. The Board of Statutory Auditors has confirmed that preventive measures are being implemented in order to make improvements. We will continue to monitor the preventive actions by the Board of Directors and the effectiveness of them. Other than these items, we found no matters requiring attention concerning the performance of the directors regarding 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 23, 2019

The Board of Statutory Auditors Nissan Shatai Co., Ltd.

Full-time Statutory Auditor
Statutory Auditor (Outside Statutory Auditor)
Statutory Auditor (Outside Statutory Auditor)

Toshikatsu Hamaji
Toshio Wakui
Izumi Inoue

Memorandum to Shareholders

Fiscal year	From April 1 to March 31 of the following year
Ordinary general shareholders meeting	June of each year
Date of record for ordinary general shareholders meeting	March 31 each 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.
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

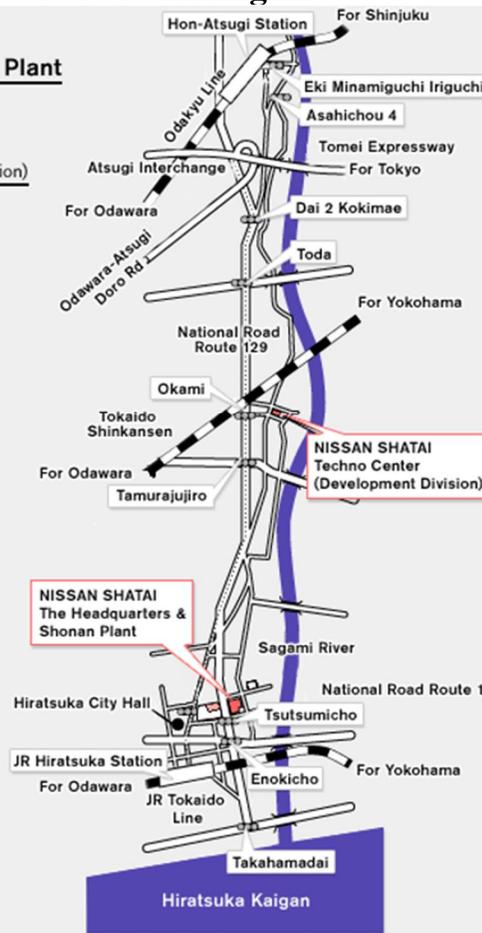
NISSAN SHATAI

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.