

B **usiness Overview**

REGARDING THE NISSAN MOTOR BUSINESS



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Senior Managing Director

Nissan Diesel develops and sells diesel engines for Nissan Motor and manufactures small commercial vehicles and small diesel engines under contract for Nissan Motor. The small commercial vehicles the Company manufactures under contract, including ATLAS and Datsun trucks, are produced for domestic sale or export. The small diesel engines the Company builds include four engine models, with displacement ranging from the 2700cc class to the 4200cc class.

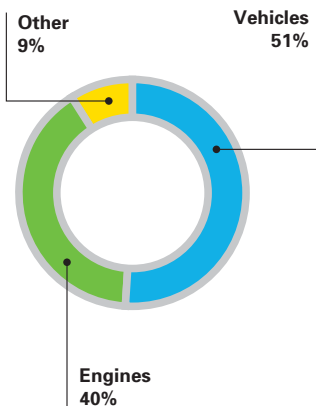
Nissan Diesel owns two production facilities: a production line located on the premises of the Ageo Plant that is dedicated to small commercial vehicles, including rear body construction, and a production line for small diesel engines that enables the Company to respond promptly to changes in demand. These plants are managed using the strict quality standards adopted by Nissan Motor. The Company responds to customer demands by strictly observing these quality standards. The product quality-related knowledge and experience gained at these plants also contribute to quality improvements throughout Nissan Diesel.

The Company began manufacturing small commercial vehicles under contract from Nissan Motor in May 1973. For the period ended March 2006, annual vehicle production was 34,000 units. The annual production run of small diesel engines during the period ended March 2006 was 134,000 units. Through Nissan Motor, the Company also has been delivering 15,000 small diesel engines annually to Renault Truck, a member of the Volvo Group.

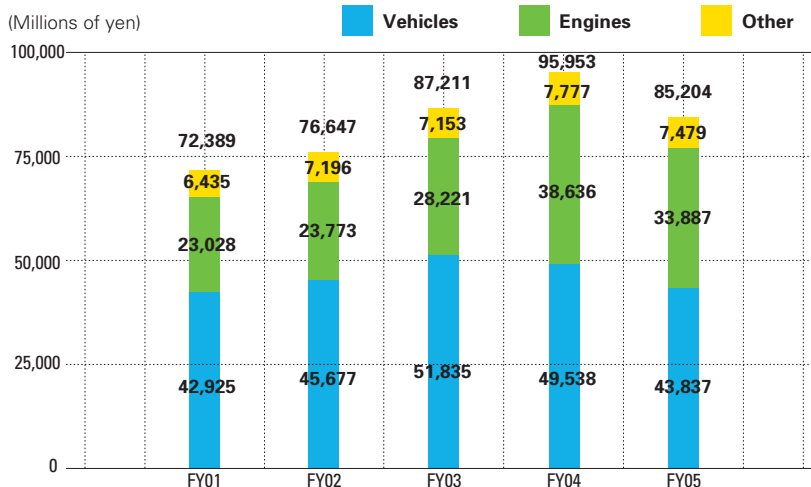
At Dongfeng Motor Co., Ltd., a manufacturing firm in which Nissan Motor has invested, the Company is engaged in the joint development of cabs offering superior aerodynamic characteristics, collision safety and riding comfort that are optimal for the Chinese market. These cabs are mounted on trucks of Dongfeng Motor Co., Ltd. in the so-called medium and heavy-duty class that are sold in China. The Company also provides assistance for the development of air suspension for buses, and technical guidance to the commercial vehicle section of Dongfeng Motor Co., Ltd. in areas such as production.

From a sales perspective, the national Nissan Diesel-affiliated sales companies

Fiscal 2005 Net Sales to Nissan Motor by Category



Graph of Sales by Classification to Nissan Motor



receive a supply of the light-duty trucks(payload capacities of one ton), which are manufactured under contract by Nissan Diesel, for sale from Nissan Motor.

For the 2006 consolidated fiscal year, sales to Nissan Motor accounted for 17.6% of the Company's net sales. These sales are positioned as a continually important business for maintaining the stable business base of the Company. Factors that caused net sales to Nissan Motor in fiscal 2005 to fall below the level of the previous year included a decrease in the number of vehicles for Japan, the Middle and Near East and Australia, and a decrease in the number of engines for Europe.

Nissan Motor Light Truck

Nissan Motor Light Truck Co., Ltd., a light-duty truck development company established jointly with Nissan Motor in September 2003, is developing a competitive, attractive new truck that will target not only Japan, but also markets around the world. Specifically, this company will develop, manufacture and sell light-duty trucks in the payload capacities one-ton to two-ton class, plus the drive train and parts. The light-duty trucks market is a sector that is expected to grow in the future not only in Japan but globally as well, in regions such as China and Europe. The new company will seek to strengthen its cost competitiveness based on synergy effects achieved by integrating the product development capabilities of the two partner firms with the purchasing and cost control-related know-how of Nissan Motor and plans to introduce high-quality, price competitive products successively to the global market beginning in 2006. The new company has equity capital of 4.5 billion yen, with Nissan Motor owning an 85% stake and Nissan Diesel holding the remaining 15%.

In the future, Nissan Diesel plans to build a WIN-WIN relationship by improving its corporate capabilities and expanding various possibilities that will enable it to create benefits for Nissan Diesel and Nissan Motor, while simultaneously developing and producing high-quality small commercial vehicles and diesel engines, and supplying high-quality, attractive products to its customers through Nissan Motor.



Production line for small commercial trucks