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Business Overview

OVERSEAS BUSINESS

In fiscal 2005, Nissan Diesel's overseas business showed signs of steady performance supported by a robust global economy. However, the surge in demand for steel, especially from China, made the acquisition of steel products difficult, and from a unit sales standpoint, the number of vehicles sold decreased by 686 units from the previous fiscal year to finish at 20,338 units. However, innovative strategies for specific countries and creative model mixes resulted in slightly higher net sales as compared to the previous fiscal year. Moreover, strong sales of heavy-duty vehicles in the Middle East and Africa, as well as price revision to cover cost increase during the year, resulted in improved earnings levels.

Nissan Diesel is focusing on improving ties with overseas markets in order to strengthen the UD brand image which it has developed over many years. As part of these efforts, the integration of Sales, Spare parts and Service areas is being implemented. Through the use of such methods, the Company has been 3S activities improving CSI (customer satisfaction index).

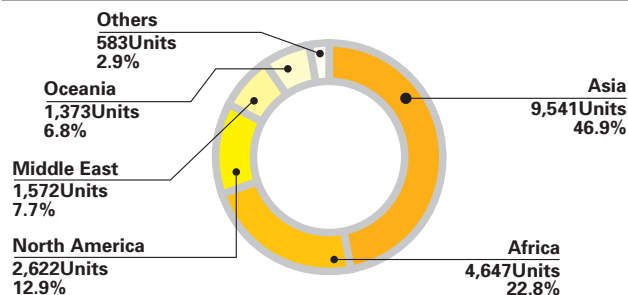
Sales of UD brand trucks and other vehicles continue to be strong in the Middle East and Africa mainly because of high brand image and backed by high crude oil prices. Sales are anticipated to increase further in the future.

In fiscal 2006, the Company plans to continue efforts to strengthen the operational base for its overseas markets and also aggressively implement strategies to develop new markets in response to the PFV.

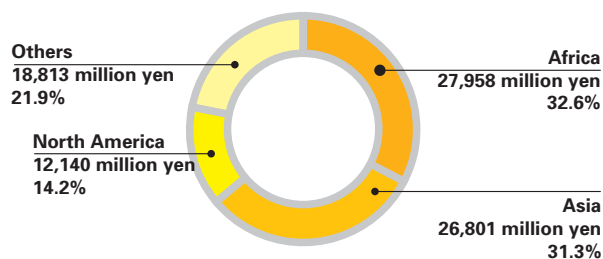


Shuichi Sugita
Executive Officer

Composition of Export Sales Volume by Region



Composition of Overseas Net Sales by Region



New PKD211

Launch party for the new PKD211 in Karachi Pakistan

In December of 2005, Nissan Diesel held a launch party for the new Medium Duty Truck its named PKD211 in Karachi. Attendees at the event included Shuichi Sugita, Executive Officer and one other manager from Nissan Diesel. At the event, a commemorative gift was presented to Mr. Ahmed Kuli Khan, the CEO of Ghandhara Nissan Ltd.

This new truck complies with exhaust emission regulations enforced in Pakistan, thus making the model one that is environmentally friendly while achieving high output.

Due to Nissan Diesel's high market share in Pakistan and interest from customers, over 400 people attended what became an outstanding celebration.

Overseas Business – China

The Nissan Diesel's operations in China for the fiscal year under review (fiscal 2005) were recorded a 10.3% increase in unit export volume compared to fiscal 2004. In addition, the Company focused on implementing strategies to ensure development in the future for the company's operational bases. The below paragraphs describe specific items that were pursued during the fiscal year under review.

1 Increase Capital Stake in Dongfeng Nissan Diesel Motor Co., Ltd. (DND)

Nissan Diesel had increased its capital stake in its core company DND to 50%, the maximum percentage permitted to be held by a non-Chinese entity. The purpose of this move is to improve the leadership capacity of DND and also to enhance the operating base of Nissan Diesel in China. The overall goal is to increase the competitiveness of DND.

The shares associated with purchasing an additional 25% stake in DND were acquired from Tan Chong & Sons Motor Co. (s) Pte. Ltd. of Singapore and Sumitomo Corporation of Japan. As a result, the selling entities no longer own any part of DND. In addition, Nissan Diesel dispatched president to the China-based firm as of July 2005.

DND is a joint venture corporation established together with the Dongfeng Motor Corp. and others in May 1996. The firm is responsible for the provision of heavy-duty trucks and buses to the Chinese market. In the future, DND plans to aggressively expand its product line-up; pursue a high level of quality that is parallel to those levels found in Japanese manufacturing plants; supply locally-manufactured, high-value added products to the region; and significantly increase the number of unit sales in China. Moreover, discussions on the idea of supplying components to Japan are being held.

2 Establishment of PK-UD Axle CO., Ltd.

PK-UD Axle CO., Ltd. was established to manufacture axles for heavy-duty trucks and buses in China and to sell those axles to DND and other Chinese bus manufacturers. The new joint venture firm is owned by Japan's Press Kogyo Co., Ltd. (55% stake) and Nissan Diesel (45%). The firm received its license to operate in November of 2005 and began construction on a new plant in March of 2006. As it prepares to commence production in January of 2007, the firm continues to aggressively pursue set-up activities to ensure that it will achieve initial quality and cost control goals.

Release of New Bus Engines

- 3 Nissan Diesel released the new MD92 series of bus engines in March of 2006. This new engine boasts better environmental performance, improved fuel efficiency, and lower noise emissions compared to its predecessors. In China, the MD92 received much attention and positive feedback from industry groups at the Shanghai Bus Exposition that was also held in March of 2006.



Tadamichi Harada
Senior Managing Director



Dongfeng Nissan Diesel Motor CO., Ltd.



Ground-breaking Ceremony of PK-UD Axle CO., Ltd.

1	Company Name	PK-UD AXLE CO., LTD.
2	Capital	US\$14.4 million
3	Address	Economic & Technology Development Zone, Xiaoshan, Hangzhou, Zhejiang, China
4	Projected Start Date	Projected to be January of 2007



The bus is equipped with MD92 Engine.