The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement and the accompanying offering memorandum are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Pricing Supplement dated September 13, 2021

Pricing Supplement No. 1 dated September , 2021
to Offering Memorandum dated September 10, 2021
as supplemented by Offering Memorandum
Supplement dated September 10, 2021

CONFIDENTIAL

NISSAN

$

Nissan Motor Acceptance Company LLC

Medium-Term Notes, Series G

$ % Notes due
$ % Notes due
$ % Notes due

Nissan Motor Acceptance Company LLC is offering $ aggregate principal amount of % notes due (the "**Notes**"), $ aggregate principal amount of % notes due (the "**Notes**"), and $ aggregate principal amount of % notes due (the "**Notes**" and, together with the Notes and the Notes, the "**Notes**"). This document constitutes the Pricing Supplement relating to the Notes and the offering. This Pricing Supplement should be read in conjunction with the Offering Memorandum, dated September , 2021, as supplemented by the Offering Memorandum Supplement, dated September , 2021 (as so supplemented, the "**Offering Memorandum**"). Terms used but not defined herein shall be deemed to be defined as set forth in the Offering Memorandum. The provisions of the Offering Memorandum to which this Pricing Supplement relates are modified and supplemented by the information contained herein and shall be construed to such extent as may be necessary to give effect to such information.

In this document, the words "**Company**," "**we**," "**us**" and "**our**" refer only to Nissan Motor Acceptance Company LLC and not to our subsidiaries.

Notes Offering Price: % plus accrued interest, if any, from September , 2021
Notes Offering Price: % plus accrued interest, if any, from September , 2021
Notes Offering Price: % plus accrued interest, if any, from September , 2021

Joint Book-Running Managers

Citigroup **HSBC** **J.P. Morgan** **MUFG** **SMBC Nikko**

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended) . Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (as amended, the "EUWA"); or (ii) a customer within the meaning of the provisions of the United Kingdom's Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined under Article 2 of Regulation (EU) 2017/1129 (as amended) as it forms part of United Kingdom domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of United Kingdom domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Notes

		% Notes due	% Notes due	% Notes due
1.	Aggregate Principal Amount:	$	$	$
2.	Issue Price:	%	%	%
3.	Trade Date:	September , 2021	September , 2021	September , 2021
4.	Original Issue Date (Settlement Date):	September , 2021 (T+3)	September , 2021 (T+3)	September , 2021 (T+3)
5.	Form of Notes:	Global form only	Global form only	Global form only
6.	Authorized Denomination(s):	$2,000 and integral multiples of $1,000 in excess thereof	$2,000 and integral multiples of $1,000 in excess thereof	$2,000 and integral multiples of $1,000 in excess thereof
7.	Specified Currency:	U.S. Dollars ("$")	U.S. Dollars ("$")	U.S. Dollars ("$")
8.	Maturity Date:	,	,	,
9.	Indenture Trustee:	U.S. Bank National Association	U.S. Bank National Association	U.S. Bank National Association
10.	Interest Basis:	Fixed Interest Rate	Fixed Interest Rate	Fixed Interest Rate
11.	Interest Commencement Date (if different from the Settlement Date):	N/A	N/A	N/A
12.	Interest Payment Dates:	Each and , commencing , 2022	Each and , commencing , 2022	Each and , commencing , 2022
13.	Day Count Convention:	30/360, Unadjusted	30/360, Unadjusted	30/360, Unadjusted
14.	Interest Rate:	% per annum	% per annum	% per annum
15.	Redemption at the Option of the Company:	Yes, as provided below:	Yes, as provided below:	Yes, as provided below:

Redemption at the Option of the Company

The Notes will be redeemable at any time, in whole or from time to time in part, at our option at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed, and
- as determined by the quotation agent (as defined below), the sum of the present values of the remaining scheduled payments of principal of and interest on the Notes to be redeemed (not including any interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the treasury rate plus basis points,

plus, accrued and unpaid interest on the Notes to be redeemed to, but excluding, the redemption date.

The Notes and the Notes will be redeemable, at any time prior to (i) in the case of the Notes, , (months prior to the maturity date of the Notes) (the " **Notes Par Call Date**") and (ii) in the case of the Notes, , (months prior to the maturity date of the Notes) (the " **Notes Par Call Date"**, each a "**Par Call Date**"), in whole or from time to time in part at our option at a redemption price equal to the greater of:

- 100% of the principal amount of the applicable series of Notes to be redeemed, and
- as determined by the quotation agent (as defined below), the sum of the present values of the remaining scheduled payments of principal of and interest on the applicable series of Notes to be redeemed that would be due if such series of Notes matured on their applicable Par Call Date (not including any interest accrued to, but excluding, the redemption date) discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the applicable

treasury rate plus basis points in the case of the Notes and basis points in the case of the Notes,

plus, accrued and unpaid interest on the applicable series of Notes to be redeemed to, but excluding, the redemption date.

In addition, we may redeem the Notes or the Notes at our option, at any time in whole or from time to time in part, on or after the applicable Par Call Date, at a redemption price equal to 100% of the principal amount of the applicable series of Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

"**Comparable treasury issue**" means the United States Treasury security selected by the quotation agent as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed (assuming that in the case of each of the Notes and the Notes, the applicable series of Notes to be redeemed matured on their applicable Par Call Date) that would be utilized, at the time of a selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed (assuming that in the case of each of the Notes and the Notes, the applicable series of Notes to be redeemed matured on their applicable Par Call Date).

"**Comparable treasury price**" means, with respect to any redemption date, (i) the average of at least three reference treasury dealer quotations for that redemption date, after excluding the highest and lowest of five or more reference treasury dealer quotations obtained by the Indenture Trustee, or (ii) if the Indenture Trustee obtains fewer than five reference dealer quotations, the average of all reference treasury dealer quotations so obtained.

"**Quotation agent**" means the reference treasury dealer appointed by us.

"**Reference treasury dealer**" means (i) each of Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and J.P. Morgan Securities LLC and their respective successors and/or their respective affiliates who are primary treasury dealers (as defined below), (ii) one primary treasury dealer, selected by MUFG Securities Americas Inc. or its successors and (iii) one primary treasury dealer, selected by SMBC Nikko Securities America, Inc.; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in New York City (a "**primary treasury dealer**"), we will substitute another primary treasury dealer.

"**Reference treasury dealer quotations**" means, with respect to each reference treasury dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Indenture Trustee by the reference treasury dealer at 5:00 p.m., New York City time, on the third business day preceding the redemption date.

"**Treasury rate**" means, with respect to any redemption date, the annual rate equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, assuming a price of the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for that redemption date.

In the case of a partial redemption, selection of the Notes for redemption will be made pro rata, by lot or such other method as the Indenture Trustee in its sole discretion deems appropriate and fair. The Notes will be redeemed in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Notice of any redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed at its registered address. If any Notes are to be redeemed in part only, the notice of redemption that relates to the Notes will state the portion of the Notes to be redeemed. New Notes in principal amounts of at least $2,000 equal to the unredeemed portion of the Notes will be issued in the name of the holder of the Notes upon surrender for cancellation of the original Notes. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or the portions of the Notes called for redemption.

16. Redemption at the Option of the Holders:	No	No	No
17. Additional Provisions relating to the Notes:	None	None	None
18. Rule 144A CUSIP/ISIN:	/	/	/
19. Regulation S CUSIP/ISIN:	/	/	/

SUPPLEMENTAL PLAN OF DISTRIBUTION

Subject to the terms of the Private Placement Agency Agreement, dated as of March 1, 2021, between the Company and Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Lloyds Securities Inc., Mizuho Securities USA LLC, MUFG Securities Americas Inc., SG Americas Securities, LLC, SMBC Nikko Securities America, Inc., TD Securities (USA) LLC, U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC, as agents, as supplemented by a Terms Agreement, dated September , 2021 (the "**Terms Agreement**"), among the Company and Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, MUFG Securities Americas Inc. and SMBC Nikko Securities America, Inc., as representatives of the agents named therein (collectively, the "**Purchasing Agents**"), the Company has agreed to sell to the Purchasing Agents, and each of the Purchasing Agents has agreed severally, and not jointly, to purchase, at a purchase price of % of the principal amount of the Notes, % of the principal amount of the Notes and % of the principal amount of the Notes, the principal amount of Notes set forth opposite its name below:

Purchasing Agents	Principal Amount of the Notes	Principal Amount of the Notes	Principal Amount of the Notes
Citigroup Global Markets Inc.	$	$	$
HSBC Securities (USA) Inc.			
J.P. Morgan Securities LLC			
MUFG Securities Americas Inc.			
SMBC Nikko Securities America Inc.			
Total	$	$	$

Under the terms and conditions of the Terms Agreement, the Purchasing Agents are committed to take and pay for all of the Notes, if any are taken. The Purchasing Agents propose to offer the Notes initially at their respective offering prices set forth above. After the initial offering, the offering prices and other selling terms may from time to time be varied by the Purchasing Agents.

It is expected that delivery of the Notes will be made against payment therefor on or about September , 2021, which will be the third business day following the date of pricing of the Notes (such settlement cycle being referred to herein as "T+3"). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing will be required, by virtue of the fact that the Notes initially will settle in T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade those Notes on the date of pricing should consult their own advisor.

OFFERING MEMORANDUM SUPPLEMENT
(TO THE OFFERING MEMORANDUM DATED SEPTEMBER 10, 2021)

CONFIDENTIAL



$10,000,000,000

Nissan Motor Acceptance Company LLC

Medium-Term Notes, Series G

This offering memorandum supplement (the "**Offering Memorandum Supplement**") is supplemental to, and should be read in conjunction with, the Offering Memorandum, dated March 1, 2021 (the "**Offering Memorandum**"), and any other supplements to the Offering Memorandum that we may issue. Unless defined herein, terms included in this Offering Memorandum Supplement shall have the definitions ascribed to them in the Offering Memorandum.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 8 of the Offering Memorandum.

The Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. Accordingly, the Notes are being offered and sold only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A") in accordance with Rule 144A, and outside the United States in accordance with Regulation S under the Securities Act. Prospective purchasers that are persons reasonably believed to be qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Each purchaser or other transferee of the Notes offered hereby will be deemed to have made certain acknowledgements, representations, warranties and agreements intended to restrict the resale or other transfer of the Notes. For a description of these acknowledgments, representations, warranties and agreements and certain restrictions on transfers of the Notes, see "Transfer Restrictions" in the Offering Memorandum.

Barclays
BofA Securities
Citigroup
HSBC
J.P. Morgan
Lloyds Securities
Mizuho Securities
MUFG
SMBC Nikko
SOCIETE GENERALE
TD Securities
US Bancorp
Wells Fargo Securities

The date of this Offering Memorandum Supplement is September 10, 2021.

No agent, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum Supplement and the Offering Memorandum. Neither we nor any of the agents named on the cover of this Offering Memorandum Supplement or in any amendment or supplement hereto (collectively, the "Agents") or their affiliates take any responsibility for, nor can provide assurance as to the reliability of, any information that others may give you. This Offering Memorandum Supplement and the Offering Memorandum do not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby or thereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Offering Memorandum Supplement and the Offering Memorandum at any time, nor any sale made in connection with this Offering Memorandum Supplement and the Offering Memorandum, shall, in any circumstances, create an implication that there has been no change in our affairs or the affairs of Nissan Motor Co., Ltd. since the date of this Offering Memorandum Supplement or that the information contained in this Offering Memorandum Supplement is correct as of any time subsequent to the date of this Offering Memorandum Supplement.

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APPENDIX A A-1

This Offering Memorandum Supplement and the Offering Memorandum have been prepared by us solely for use in connection with the proposed offering of Notes described in this Offering Memorandum Supplement and the Offering Memorandum. This Offering Memorandum Supplement and the Offering Memorandum are personal to each offeree and do not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum Supplement and the Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum Supplement and the Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum Supplement, the Offering Memorandum or any documents referred to in this Offering Memorandum Supplement or the Offering Memorandum.

Notwithstanding anything in this Offering Memorandum Supplement or the Offering Memorandum to the contrary, each prospective investor (and each employee, representative or other agent of the prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax treatment and tax structure (as such terms are defined in U.S. Treasury regulation Section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions between us, the Agents or their respective representatives and each prospective investor regarding the transactions described in this Offering Memorandum Supplement and the Offering Memorandum.

The Agents make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum Supplement or the Offering Memorandum (financial, legal or otherwise) and assume no responsibility for such information. Nothing contained in this Offering Memorandum Supplement or the Offering Memorandum is, or should be relied upon as, a promise or representation by the Agents as to the past or future. We have furnished the information contained in this Offering Memorandum Supplement and the Offering Memorandum.

Neither the Securities and Exchange Commission (the "SEC"), any state securities commission nor any other regulatory authority has approved or disapproved the securities nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum Supplement or the Offering Memorandum. Any representation to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in the Offering Memorandum entitled "Transfer Restrictions" and "Plan of Distribution."

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Notes, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum Supplement or the Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

In this Offering Memorandum Supplement and the Offering Memorandum, we rely on and refer to information and statistics regarding our industry. We obtained this market data from independent industry publications or other publicly available information. Although we believe that these sources are reliable, we have not independently verified and do not guarantee the accuracy and completeness of this information.

This Offering Memorandum Supplement and the Offering Memorandum contain summaries of the indenture, Notes and Keepwell Agreement (as defined herein) that are believed to be accurate, but reference is made to the actual transaction documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of the actual transaction documents will be made available to prospective investors upon request to us or the Agents.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum Supplement and the Offering Memorandum contain forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include, but are not limited to, statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend," or similar expressions. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement the strategy, our objectives, the amount and timing of future capital expenditures, financing plans, working capital needs and sources of liquidity.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. These assumptions could prove inaccurate. Forward-looking statements also involve risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to identify, control or predict. Such factors include, but are not limited to, the risk factors discussed under the caption "Risk Factors" in the Offering Memorandum.

Undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any of them in light of new information or future events.

RISK FACTORS

An investment in the Notes is subject to numerous risks, including those listed under the caption "Risk Factors" in the Offering Memorandum. You should carefully consider these risks as well as the other information contained in this Offering Memorandum Supplement and the Offering Memorandum before purchasing the Notes. These risks could materially affect our ability to meet our obligations under the Notes. In such case, you may lose all or part of your original investment in, and the expected return on, the Notes.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents selected historical consolidated financial and other data for Nissan Motor Acceptance Company LLC ("**NMAC**" or the "**Company**") as of and for the three-month periods ended June 30, 2020 and 2021. The selected historical consolidated financial and other data have been derived from our unaudited consolidated interim financial statements appearing elsewhere in this Offering Memorandum Supplement. In the opinion of our management, the unaudited consolidated interim financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, include all adjustments necessary for a fair presentation of the information set forth therein, except for the adoption of CECL on April 1, 2020.

These selected historical consolidated financial and other data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited consolidated interim financial statements and the notes thereto included elsewhere in this Offering Memorandum Supplement.

	Three Months Ended June 30,	
	2020	**2021**
	(dollars in millions)	
Consolidated Statements of Income and Comprehensive Income Data:		
Revenues:		
Finance revenues:		
Leasing	$ 1,136	$ 1,016
Retail	270	244
Wholesale	32	21
Loans to dealers	27	21
Total revenues	1,465	1,302
Expenses:		
Depreciation on leased vehicles	$ 811	$ 715
Interest — net	273	179
Provision for losses — finance receivables-net	116	(104)
Provision for impairment — investment in vehicle operating leases — net	39	-
General and administrative	69	65
Total expenses	1,308	855
Other income—net	53	161
Income before income taxes	210	608
Income tax expense	44	186
Net income	$ 166	$ 422
Comprehensive income	$ 159	$ 430

	As of June 30,	
	2020	2021
	(dollars in millions)	
Consolidated Financial Statement Data:		
Finance receivables — net	$ 27,972	$ 24,273
Investment in vehicle operating leases — net	17,105	15,340
Total assets	50,316	43,567
Borrowings	37,649	31,559
Total liabilities	44,162	37,356
Total equity	6,154	6,211
Interest — net	273	179
Income before income taxes	210	608
Consolidated Financial and Operational Data:		
Ratio of earnings before interest and taxes to interest[1]	1.77x	4.40x
Debt to equity at end of period[2]	6.12x	5.08x
Return on average assets	0.53%	1.83%
Net finance receivables charge-offs (recoveries) as a percentage of average amount outstanding (finance receivables)[3]	0.80%	0.27%
Net lease charge-offs (recoveries) as a percentage of average leased vehicles [3]	0.77%	(0.12%)
Net residual losses (gains) as a percentage of average leased vehicles [4]	2.48%	(1.98%)
Number of contracts at end of period with an aggregate balance 60 or more days past due as a percentage of the number of contracts outstanding (retail loans)	0.57%	0.64%
Number of contracts at end of period with an aggregate balance 60 or more days past due as a percentage of the number of contracts outstanding (leases)	0.37%	0.13%

(1) Ratio of earnings before interest and taxes to interest is the ratio of income before income taxes and interest-net to interest-net
(2) Debt to equity is the ratio of borrowings to total equity.
(3) Net charge-offs equals charge-offs less the sum of recoveries and other miscellaneous items.
(4) Net residual losses (gains) equal amounts realized on sale of vehicles at auction less contract residual values, or the amount for which a lessee has the right to purchase the vehicle at lease termination.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

NMAC is a wholly owned subsidiary of Nissan North America, Inc., or NNA, the primary distributor of Nissan and Infiniti vehicles in the United States. NNA is a direct wholly owned subsidiary of Nissan Motor Co., Ltd., or NML, a Japanese corporation, which is a worldwide manufacturer and distributor of motor vehicles and industrial equipment. We offer indirect automotive consumer loan and lease financing and direct dealer financing through the network of Nissan and Infiniti dealers in the United States (1,278 as of June 30, 2021).

Our financial results are impacted by several factors, the most important of which are: finance revenues, market penetration of Nissan and Infiniti new vehicle sales, market penetration of wholesale dealer financing provided to Nissan and Infiniti dealerships, funding, portfolio credit performance and residual performance. These factors are affected by certain trends, including changes in interest rates and changes in the overall credit quality of our receivables.

We make certain critical accounting estimates with respect to our residual values in our lease portfolio and in our reserves for credit losses for our finance and lease portfolios. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("**GAAP**") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Finance Revenues and NNA Support Payments

Our portfolio has three major types of revenue-generating assets: retail loans, operating leases, wholesale receivables and other dealer financing. The retail loans are installment contracts using market-based pricing tiered for customer credit risk. The operating leases provide for fixed monthly rent payments from customers. These lease payments include an interest payment and a depreciation payment on the leased vehicle. Pricing for the interest component of the lease payment is market based and tiered for customer credit risk. Wholesale receivables and other dealer financing include floorplan lines of credit (to finance dealer inventory), mortgage loans and capital loans. Wholesale receivables and other dealer financing tend to be predominately floating rate based on the prime rate.

From time to time, NNA may elect to sponsor incentive programs (on both retail loan contracts and leases) by supporting financing rates below our intercompany rates. Such purchase incentives are also referred to as rate support or subvention. NNA may provide incentives on retail loan contracts by paying us the present value difference between the customer rate and our intercompany rate. Our intercompany rates are influenced primarily by the costs of funds, market rates and our competitors' rates. Similarly, for lease contracts, we establish intercompany money factors and NNA may provide incentives on a lease contract by paying us the present value rate between the customer rate and our intercompany rate. NNA may also provide incentives on leases by supporting residual values (established at lease inception) in excess of NNA standard residual values. We utilize internal and external analysis to determine standard residual values and NNA funds a residual reserve to account for subsequent residual value changes.

For the three months ended June 30, 2020 and 2021, the amounts billed to NNA related to subvention and residual value support programs were $123 million and $73 million, respectively. The decrease in amounts billed to NNA reflects an overall decrease in our retail and lease purchases during the year, improved residual values for off-lease vehicles, a declining rate environment, as well as a decrease in residual value support to align with NNA's strategic goals of reducing inflated dealer incentives during fiscal year 2021. Combined retail and lease contracts purchased for new vehicles for the three months ended June 30, 2020 and 2021were 78,245 and 143,944, respectively. On a unit basis, the percentage of purchases that were subvened for the three months ended June 30, 2020 and 2021were 86% and 93%, respectively. See the discussion below under "Market Penetration of Nissan and Infiniti Vehicle Sales and Leases — Residual Performance — Financial Condition — Contract Volume," and "Certain Relationships and Related Transactions."

Market Penetration ***of Nissan and Infiniti Vehicle Sales and Leases***

The following chart provides market penetration information regarding Nissan and Infiniti vehicles for the three months ended June 30, 2020 and 2021:

	Three Months Ended June 30,	
	2020	**2021**
Number of vehicles sold or leased [(1)]		
Nissan	138,280	224,623
Infiniti	12,532	16,455
Total	150,812	241,078
Retail		
Number of vehicles contracts purchased by NMAC:		
Nissan	37,505	79,056
Infiniti	2,905	2,975
Total	40,410	82,031
Retail Penetration Rate[(2)]		
Nissan	27%	35%
Infiniti	23%	18%
Total	27%	34%
Lease		
Number of lease vehicles contracts purchased by NMAC:		
Nissan	31,127	52,604
Infiniti	6,708	9,309
Total	37,835	61,913
Lease Penetration Rate[(2)]		
Nissan	23%	23%
Infiniti	54%	57%
Total	25%	26%
Overall Retail and Lease Penetration Rate	52%	60%

(1) Number of vehicles sold or leased by NNA. Amounts exclude fleet and national sales units.

(2) Calculated based on the number of new retail loan or lease contracts that we purchased divided by the combined total number of Nissan or Infiniti vehicles sold or leased.

As a captive finance company, we benefit from subvention provided by NNA. On a per unit basis, such payments have averaged $1,339 and $892, respectively, for the three months ended June 30, 2020 and 2021. Incentive levels for subvention and cash continue to reflect current market conditions as well as the industry shift toward more standard terms.

During the three months ended June 30, 2020 and 2021, our retail and lease penetration for Nissan and Infiniti vehicles was 52% and 60%, respectively, and new retail and lease contracts totaled 78,245 and 143,944. During the three months ended June 30, 2020 and 2021, outstanding retail and lease contracts were 2,144,070 and 1,850,547, respectively. As of June 30, 2020 and 2021, outstanding retail and lease receivables totaled $40,997 million and $36,492 million, respectively.

Retail. For the three months ended June 30, 2021, our overall retail penetration rate increased to 34% from 27% overall retail penetration rate for the three months ended June 30, 2020.

Leasing. For the three months ended June 30, 2021, our overall lease penetration rate increased to 26%, compared to 25% overall lease penetration rate for the three months ended June 30, 2020.

Market Penetration of Wholesale Financing of Nissan and Infiniti Dealerships

We attempt to strengthen our overall relationship with Nissan and Infiniti dealers by offering floorplan lines of credit, mortgage loans and capital loans, all of which are types of wholesale dealer financing. The following chart provides information regarding our wholesale dealer financing relationship with Nissan and Infiniti dealers:

	As of June 30,	
	2020	2021
Number of Nissan and Infiniti dealers.	1,275	1,278
Number of Nissan and Infiniti dealers with floorplan loans from.	632	535
Number of other dealers (non-Nissan and non-Infiniti) with floorplan loans from us [(1)].	121	90

(1) Includes 46 Mitsubishi dealers as of June 30, 2020 and 41 Mitsubishi dealers as of June 30, 2021.

As of June 30, 2020 and 2021, wholesale receivables outstanding of NMAC totaled $4,266 million and $2,534 million, respectively.

During the three months ended June 30, 2021, the total number of Nissan and Infiniti dealers remained steady but the number of Nissan and Infiniti dealers with floorplan financing declined as compared to the three months ended June 30, 2020.

Funding and Sources of Liquidity

Securitization. One of our primary funding sources has been the funding of retail installment sales contracts ("**RISCs**"), lease and related vehicle-backed special units of beneficial interest ("**SUBIs**") and auto dealer floorplan receivables through securitization transactions. We partially fund our purchases of RISCs and leases from Nissan and Infiniti dealers via the use of multiseller asset-backed commercial paper ("**ABCP**") conduit lender funded "warehouse" facilities that had an aggregate commitment of $8,725 million at June 30, 2021. We generally securitize a given pool of such financial assets in a special-purpose entity ("**SPE**") that borrows through a warehouse facility prior to (in some cases) further securitizing such assets in a different SPE in order to back a term asset-backed securities ("**ABS**") issuance in the capital markets. Most of our term ABS are issued through publicly registered programs where we are the sponsor and servicer and one of our subsidiary SPEs is the registrant. In the case of RISC and lease SUBI-backed ABS, the applicable SPE typically creates a new securitization trust that issues and is solely obligated on the ABS. In the case of dealer floorplan receivable-backed ABS, the SPE transfers those dealer receivables to a master trust, which issues separate series of ABS, all of which are solely the obligation of the master trust. During the three months ended June 30, 2020, we issued approximately $2,300 million in principal amounts in public and $0 million in private ABS debt offerings. During the three months ended June 30, 2021, we issued approximately $1,000 million in public and $0 million in private ABS debt offerings.

The interest rates on the ABS obligations issued by these securitization trusts are predominantly fixed, although some tranches of bonds have floating rates based on a variable benchmark rate plus a margin. The interest rates on the warehouse facilities are in most cases floating and based on ABCP rates when the related conduit lenders are able to fund with ABCP, and based on Eurodollar rates when funded by the committed bank lenders that sponsor those ABCP conduits.

Intercompany Borrowings. NML and its affiliates utilize excess cash by providing intercompany loans to NML affiliates including NMAC, to support liquidity and working capital of the group. Currently, excess cash from operations of NNA and other affiliates is lent to us in the form of intercompany loans at rates based on current market rates. At June 30, 2021, we had intercompany term note borrowings of $3,370 million on a consolidated basis. The intercompany term note borrowings at June 30, 2021 comprised 10.7% of our total borrowings, and bore interest at a weighted average rate of 0.61%. These borrowings have a term ranging between one day and five years and are classified as short-term indebtedness or term loans depending on their original maturity. At June 30, 2021, NMAC had $429 million in securitized intercompany borrowings, all from Nissan Global Reinsurance Limited ("**NGRe**") and representing all of our consolidated intercompany securitized borrowings. NML manages intercompany borrowings within the NML consolidated group on a global basis. While we believe that we would receive notice from NML prior to any change in the availability of this funding source, we cannot assure you that such notice will be provided.

Term Loans. Term loans include direct and indirect loans from financial institutions. We have been successful in negotiating several original direct loans with various financial institutions at attractive interest rates. At June 30, 2021, we had $10,190 million of term loans with unaffiliated third parties outstanding, comprising 32.3% of our operations total borrowings, with an average original maturity of 3.7 years and bearing interest at a weighted average rate of 1.1%. Most of our term loans have floating interest rates, generally tied to three-month or six-month LIBOR. Management will continue to pursue direct term loans as long as the cost is competitive with other sources of funding.

Commercial Paper. As of June 30, 2021 commercial paper program is rated A-3 by S&P Global Ratings, a division of S&P Global, Inc. ("**S&P**"), and P-3 by Moody's Investors Service, Inc. ("**Moody's**"). At June 30, 2021, $0 in commercial paper was

outstanding. Our liquidity needs under the commercial paper program are supported by three revolving, committed credit facilities totaling $6,720 million, which will mature in 2022, 2023 and 2026.

Interest Rates and Credit Spreads

Our results of operations depend on both the levels of finance revenues and levels of interest expense. Changes in interest rates and credit spreads can affect our revenues and expenses differently depending on whether our assets and liabilities are tied to fixed or floating rates of interest and the term of the asset or liability. Our interest-net decreased 34.4% at June 30, 2021 compared to June 30, 2020. The decrease was attributable to lower interest rates compared to the same period in the prior year, primarily driven by macroeconomic conditions influenced by COVID-19. See "Risk Factors — Risks Relating to Our Business — Our profitability is directly affected by changes in interest rates" and "— Market Risk — Interest Rate Risk" and "LIBOR."

Portfolio Credit Performance

Credit Losses. Our goal is to achieve a credit loss ratio that balances sales support, dealer support, portfolio growth and profitability. We monitor retail and lease credit loss ratios and assess our lending policies and the economic factors that may impact our performance on a monthly basis. As part of this analysis, we perform comparison studies against the Consumer Confidence Index, unemployment rates and benchmark studies against other companies in the industry. The net charge-off ratio for our average finance receivables for the three months ended June 30, 2020 and 2021 was 0.80% and 0.27%, respectively, and the net charge-off and net residual loss ratio for our average lease portfolio for the three months ended June 30, 2020 and 2021 was 3.25% and (2.10%), respectively. In addition, the off-lease reserve as of June 30, 2021 assumed an average auction recovery 0.40% below base residual compared to 1.50% below the base residual at June 30, 2020. See "— Residual Performance." The base residual value is our estimate at the inception of the lease of the ultimate residual value of the leased vehicle at the end of the lease.

We believe that maintaining a well-rounded portfolio and taking prudent and managed risk mitigates our portfolio's exposure to credit losses.

Impact of COVID-19 Pandemic

Retail Portfolio. As part of our review of credit risk within the finance receivables portfolio, consideration was given to the potential impact of the COVID-19 pandemic using both quantitative and qualitative methods in considering all available information relevant to assessing collectability. Adjustments for qualitative factors represent management's judgment of the imprecision and risks inherent in the processes and assumptions used in establishing the allowance for credit losses. For the retail portfolio, the allowance considered the impact on credit losses driven by an estimated near-term unemployment rate (i.e., 8% during the loss emergence period) as of March 31, 2020, based on multiple external macroeconomic data sources, as well as the increased volume of extensions, repossession availability and expected timing delays, and decreased used car values. For the wholesale and loans to dealer portfolios, the analysis focused on the dealers' financial condition and similar risk factors, such as cash flow and liquidity, specifically for those dealers with lower internal credit ratings.

At March 31, 2020, under the incurred loss model, as a result of the COVID-19 pandemic NMAC recorded additional allowances of $150 million. This adjustment was based on both qualitative and quantitative methods and considered available information at the time including the estimated near term unemployment rate, borrower relief programs, and economic disruption. The total allowance, including these adjustments, was $536 million for retail and $101 million for wholesale and loans to dealers.

NMAC adopted CECL effective April 1, 2020. The adoption of CECL resulted in an increase to the allowance for credit losses of $586 million, primarily for retail loans. The allowance for credit losses at adoption included an estimate of forward-looking economic conditions based on supportable third-party forecasts that considered the COVID-19 pandemic. We monitor and update our forecast quarterly as well as our analysis of delinquencies, borrower relief programs, loan servicing metrics specific to the NMAC portfolio, and the effects of government measures.

At June 30, 2021, the allowance for credit losses included incremental reserve components related to accounts which had two or more COVID-19 payment extensions. These accounts have demonstrated elevated risk factors not otherwise captured by segmentation and economic variables used in the CECL model. The estimates made by the Company are sensitive to future changes in the factors considered and the impact of changes in these or other factors affecting the estimated allowance for credit losses of the portfolio, which may occur in future periods, is unknown.

At June 30, 2021, the allowance for credit losses also included incremental reserve components related to adjusted credit scores. Despite the COVID-19 pandemic and unemployment rates spiking at 14% in April 2020, U.S. average credit scores hit an all-time high of 711 in October 2020. Management believes scores may be temporarily inflated due to government stimulus, forbearance programs,

and temporary changes in consumer behaviors and therefore reduced borrower FICO scores by 8 points for loans originated since April 2020.

NMAC considered the accounting implications of loss mitigation actions taken by the Company related to the pandemic. Customers experiencing financial hardships as a result of COVID-19 were permitted to request short-term payment extensions on retail loans of one to two months. The Company has determined these do not qualify as Troubled Debt Restructurings (TDRs) under ASC 310-40 in accordance with the provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as the extensions are being predominantly granted to customers that were not more than 30 days past due prior to the pandemic and the modifications are short term, representing an insignificant delay in the ultimate repayment of the loan, interest income is not suspended, and no other terms of the loan are being modified. An extension represents a 30 day payment deferral. Extensions received by a borrower reduce the age of the receivable in 30 day increments. The number of extensions offered due to the pandemic peaked during April 2020 and has returned to pre-pandemic levels as of October 2020.

Leases. During the year ended March 31, 2020, NMAC recognized $295 million in net residual value support from NNA based on the expected decrease in residual values of leased vehicles due to the COVID-19 pandemic. No additional net residual value support has been recognized due to COVID-19 in the current fiscal year.

At the onset of the pandemic, NMAC evaluated additional impairment risk within the lease portfolio. This analysis considered the impact on leased asset impairment driven by the estimated near-term unemployment rate, based on multiple external macroeconomic data sources, repossession availability and expected timing delays, as well as projected decreases in used car values. As a result of this analysis, an additional impairment of $39 million was recorded related to NMAC's leased assets. We have monitored and updated our forecast throughout the period as well as delinquencies, lessee relief programs, lease servicing metrics specific to the NMAC portfolio, projections of used car values, and the effects of government measures. Based on these analyses we have recorded total residual value support and leased vehicle impairment of $1,186 million as of June 30, 2021. The estimates made by the Company are sensitive to future changes in the factors considered and the impact of changes in these or other factors affecting the estimated impairment of the portfolio, which may occur in future periods, is unknown.

NMAC considered the accounting implications of loss mitigation actions taken by the Company related to the pandemic. Customers experiencing financial hardships as a result of COVID-19 were given the option to defer up to three currently due lease payments until the end of the lease. These payment deferrals do not affect maturity dates of leases as all payments are due upon contractual maturity of the lease. The Company has concluded that these concessions do not result in a substantive change to the total consideration of the lease contract, therefore no change was made to the recognition of the lease payment receivable or income. The number of deferrals granted peaked during April 2020 and returned to pre-pandemic levels as of October 2020. NMAC continues to grant payment relief to customers and dealers under normal business practices. Payment deferrals of lease payments are included in Finance receivable, net as a part of other receivables on the consolidated balance sheets.

Delinquency Monitoring. We monitor our delinquency ratios on a daily and monthly basis. We use behavioral-based collection algorithms to identify high-risk accounts, and our collections efforts are targeted to those accounts. As accounts fall further past due, we increase our collection efforts in order to reduce our exposure to loss. An account is generally charged-off at the earlier of when it becomes 120 days past due, when a repossessed vehicle is sold at auction, when the account is determined to be uncollectible or within five days of confirmation of our receipt of notice that the debtor intends to pay us under a plan proposed within a proceeding under the Bankruptcy Code. In certain limited circumstances, such as when the 120th day of account delinquency falls on a weekend or holiday, or when approval authority for a given charge-off is pending, or when the processing of an obligor payment that we believe will make the account current is pending, the general policy of 120 day charge off may be extended by a small number of days to account for such circumstances. We continue to attempt to collect on accounts that have been charged-off, both internally and through outside agents. From time to time as we find appropriate, charged-off accounts are sold. See "— Financial Condition — Allowance for Credit Losses and Credit Loss Experience."

Residual Performance

We underwrite lease residuals using a combination of published third-party valuation of residuals and past actual auction sale results. NNA funds an end-of-term residual reserve for all customer and dealer contracts that we have agreed to underwrite above the published third-party valuation. We periodically evaluate additional residual setting methods to mitigate financial risks and work continuously to improve our residual setting methods.

At lease maturity the customer has the option to purchase the vehicle at the contract residual or to return the vehicle to an authorized Nissan or Infiniti dealership. In the event the vehicle is returned, the dealer can purchase the vehicle at the same contract residual or at market price through internet sales channels or in lane auctions.

All leased vehicles not purchased by customers or dealers at the contract residual are returned to us and sold through internet sales channels or in-lane auctions. Each vehicle is offered for sale in the channel or channels that we believe provide the best market for such vehicle to maximize its resale value, net of selling expenses. We realize losses on the disposition of end-of-lease vehicles when auction proceeds are less than the net book value of the terminated lease, except where covered by NNA support. Each quarter, we analyze the adequacy of the active lease residual reserve. As contracts approach maturity and auction recovery information becomes available, we update our assumptions as necessary. If we observe market value declines or other reasons lead us to believe the reserves are inadequate for customer and dealer leases, additional amounts are funded to the reserve by NNA. Conversely, if amounts recovered from auction are greater than net residual values, the net gains are returned to NNA.

In general, return rates are a function of the relative gap between the contract residual value and the current market value for end-of-lease vehicles and the relative levels of subvention on end-of-lease vehicles, which affect supply and demand. The number of used vehicles for sale during a given period can fluctuate and used vehicle prices and return rates reflect that fluctuation. The amount of subvention on end-of-lease vehicles impacts return rates because it determines how close the contract residual value will be to market value at lease completion. Accordingly, if the contract residual value of a vehicle is close to market value, the consumer (or dealer) often will choose to purchase the vehicle; however, if the original financing was the object of high subvention levels, the contract residual value is likely to be much greater than market value and the consumer (or dealer) is less likely to purchase the vehicle, resulting in a higher return rate.

The following table summarizes the percentage by which our actual auction recovery exceeds (or falls below) the estimated recovery established at lease inception and our return rates:

	Three Months Ended June 30,	
	2020	**2021**
Auction recovery vs. initial residual value		
Nissan	(1.1%)	17.8%
Infiniti	(4.4%)	11.4%
Combined weighted-average	(2.4%)	14.6%
Return rates (termination-based)		
Nissan	73%	11%
Infiniti	82%	25%
Combined weighted-average	75%	14%

During the three months ended June 30, 2021, we continued to see an increase in auction recovery values mainly driven by (1) lower off-lease volume across all segments of the business, (2) market value of used cars increasing due to historically low return rates and (3) lack of available new car inventory due to parts and microchips shortages related to COVID-19. We analyze the active lease portfolio each quarter to confirm the adequacy of the reserve for impairment. At June 30, 2021, the portfolio assumed an average return rate of 75%. The calculation of the reserve utilizes averages of forecast recoveries and return rates over the remaining life of the portfolio that was outstanding at June 30, 2021. We believe the level of the reserve is adequate.

Critical Accounting Policies

The following is a summary of accounting policies that we believe are most critical to understanding our results of operations and financial condition. We believe our interpretation and application related to these accounting policies are appropriate.

Allowance for Credit Losses

Effective April 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, requiring entities to use a new current expected credit loss (CECL) model based on expected losses rather than the incurred loss model. The CECL guidance applies to financial assets at amortized cost including retail receivables, wholesale receivables and loans to dealers, finance lease receivables, contract assets, trade receivables, certain loan commitments, and financial guarantees. The credit loss allowance represents management's estimate of lifetime expected losses. Refer to Adoption of New Accounting Standards, below.

The Company performs periodic reviews of its lending portfolios to identify inherent risks and assess overall collectability. The retail receivables allowance reflects the portfolio's risk and is based on aggregated loan pools that share common risk characteristics including: product type, consumer credit scores, loan duration, loan to value ratios and other relevant factors. The lifetime expected

credit loss is determined by applying a probability of default and loss given default to each loan pool then discounting these cash flows to present value. In the loss models a variety of factors are considered, including, but not limited to: historical loss experience by pool; forward looking macroeconomic conditions including unemployment rates and their effect on projected loss trends; anticipated repossessions or foreclosures based on portfolio trends, delinquencies and other loan servicing metrics. In the application of applying forward looking macroeconomic conditions, the loss model utilizes twelve month reasonable and supportable third-party forecasts which ultimately revert to the macroeconomic factors' long-term average over twenty-four months. The Company has elected to not measure an allowance for credit losses for accrued interest receivables due to timely recognition of non-accrual loans and charge-offs of these amounts at 120 days and the reversion of accrued interest at time of charge-off.

The allowance for credit losses for the Company's dealer portfolio consists of an allowance on wholesale loans and on loans to dealers. The allowance for credit losses is established using a weighted-average remaining maturity method which calculates a loss rate and applies that loss rate to pools of loans on a periodic basis based on the remaining expected life of each pool to calculate the lifetime expected credit losses. The loan-risk pools are determined based on the risk characteristics of the loan (e.g., secured by vehicles, real estate or dealership assets) and analyzed based on factors, including, but not limited to: historical loss experience; forward looking macroeconomic conditions; collateral performance; performance trends within specific geographic and portfolio segments; and other pertinent information. Based on this analysis, an allowance for credit losses is established. The Company has undrawn commitments on wholesale loans and revolving lines of credit offered to dealers, both of which are unconditionally cancellable. The Company is not required to record an allowance for credit losses for any undrawn commitment that is unconditionally cancellable. As a result, no allowance is recorded for the unused or undrawn portion of these commitments.

Loans are also reviewed for credit deterioration on an individual loan basis and, if necessary, an allowance is established for individual dealer loans. If loans are individually evaluated, reserves are established on an individual basis, as appropriate, and the loan is removed from the loan-risk pool for separate monitoring. The allowance related to specifically identified dealer loans is established based on the estimated fair value of the collateral, discounted expected cash flows, or observable market prices.

If management does not believe the models fully reflect lifetime expected credit losses for the portfolio, an adjustment may be made to reflect management judgment regarding observable changes in recent or expected economic trends and conditions, portfolio composition, and other relevant factors.

Additions to the credit loss allowance are charged to the income statement as a provision for credit losses and uncollectible amounts are charged against the allowance for credit losses. Recoveries of finance receivables previously charged-off as uncollectible are credited to the allowance for credit losses.

Securitization of Finance Receivables and Related Securitized Debt

The Company raises a significant portion of operating funds through asset-backed securitizations. Finance receivable securitizations are accounted for as collateralized borrowings. These securitizations do not meet the de-recognition criteria, as the trusts where the assets have been transferred are VIEs that the Company consolidates. These securitizations also do not meet the derecognition criteria due to the trusts' inclusion of nonfinancial assets, the resulting trusts' ability to invest in certain non-temporary investments, or the resulting trusts' ability to acquire derivatives relating to beneficial interests retained by the Company. All securitized finance receivables remain on the consolidated balance sheets and can only be used to settle the VIE's obligations (included in pledged retail receivables and pledged wholesale receivables in Note 3) until those obligations have been satisfied.

The Company records interest income on securitized finance receivables over the life of the loans and interest expense on the debt issued in the securitizations over the life of the securitizations. Deferred debt issuance costs related to the debt are included in Borrowings in the accompanying consolidated balance sheets and amortized using the effective interest method over the life of the debt.

Investment in Vehicle Operating Leases — Net

Investment in vehicle operating leases, net represents the leased vehicles at cost less accumulated depreciation, residual value support, and leased vehicle impairment. Income from operating leases, included in Leasing revenues in the accompanying consolidated statements of income and comprehensive income, is recorded as scheduled payments become due. Depreciation expense on vehicles subject to operating leases is recorded on a straight-line basis in an amount necessary to reduce the leased vehicle value to its contractual residual value at the end of the lease term. Generally, the lessee may purchase the leased vehicle at the maturity of the lease by paying the purchase price stated in the lease agreement, which equals the contract residual value determined at origination of the lease, plus any fees and all other amounts owed under the lease. If the lessee decides not to purchase the leased vehicle, the lessee must return it to a dealer by the lease's scheduled lease maturity date.

Impairment of leased vehicles occurs primarily due to the separate or combined effects of declines in the estimated residual values of vehicles expected to be received at the end of the lease, and decreased expected cash flows due to underlying lessee credit issues.

The Company assesses impairment only upon determination that an impairment indicator exists. If it is determined that the asset may not be fully recoverable, impairment is recorded against the basis of the vehicle for the amount in which the carrying value of the asset exceeds the fair value of the asset. The fair value of the asset is based on the estimated discounted cash flows, consisting of lease payments and the estimated vehicle residual values less cost to sell.

Leased vehicle impairment reserves resulting from credit issues are maintained at an appropriate amount that considers historical and other pertinent factors. Reserve adjustments are included in Provision for impairment – investment in vehicle operating leases, net in the accompanying consolidated statements of income and comprehensive income. Reductions to this impairment reserve principally relate to disposals of repossessed leased vehicles before completion of the original lease term (i.e., sales of repossessed vehicles). Changes to the impairment reserve for residual value losses result primarily from gains/losses at the disposition of matured leased vehicles. Repossessed lease and off-lease vehicles that have not yet been sold at auction are recorded at the lower of cost or fair value and reported in Deferred charges and other assets, net in the accompanying consolidated balance sheets.

Substantially all NMAC contractual residual values are guaranteed by NNA through residual value support as long as the lease has not experienced a credit event (i.e., default by the lessee). Residual value support is included in Investment in vehicle operating leases, net. Proceeds in excess of guaranteed amounts are recorded by the Company in Other income/(loss), net. In addition to NNA's residual value support, the Company has agreements with NNA that provide for interest supplements and other support payments on certain leasing transactions. These subvention payments from NNA are recorded by the Company as deferred income and amortized, on a straight-line basis, into leasing revenues, over the contractual life of the lease. Upon prepayment of a lease, any remaining unamortized subvention is recognized as Leasing revenue.

One of the Company's subsidiaries, Nissan-Infiniti LT (NILT), purchases all NMAC lease contracts from dealers related to vehicles that have been leased to third parties through financing arrangements with NILT. Leased vehicles owned by NILT are occasionally allocated to Special Units of Beneficial Interests (SUBIs), and pledged as collateral for certain financing arrangements.

Debt security offerings secured by such pledged SUBIs and private placement warehouse borrowings are included in Borrowings in the accompanying consolidated balance sheets.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage certain exposures to interest rate and foreign currency exchange risks. The Company does not hold or issue derivative financial instruments for trading or speculation purposes. The use of derivative financial instruments requires the Company to make assumptions in determining fair market values, which may differ substantially at each reporting date. These derivative financial instruments include foreign currency exchange contracts and interest rate swaps and are recorded on the balance sheet as assets and liabilities, measured at fair value including an adjustment of non-performance risk. These are included in Deferred charges and other assets, net and Other liabilities, respectively.

Gains or losses resulting from changes in the values of those derivatives are accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. Gains or losses related to derivatives that qualify for cash flow hedge accounting are recorded in Other comprehensive income/(loss), net in the accompanying consolidated statements of income and comprehensive income.

For derivatives that qualify for hedge accounting, the Company documents the relationships between hedging instruments and hedged items, including the purpose, strategy, and objective for undertaking various hedge transactions. The process includes linking derivatives to specific assets and liabilities on the balance sheet or specific future cash flows.

In addition, the Company utilizes certain derivative financial instruments that do not qualify or are not designated as hedges for accounting purposes to manage risks related to foreign currency. As these derivatives are economic hedges not designated as accounting hedges, changes in the fair value of the derivative instruments are recorded in Other income/(loss), net, and recognized in earnings when they occur. If a derivative designated in an accounting hedge relationship becomes ineffective, changes in the fair value of the derivative are recorded in Other income/(loss), net.

The Company has elected to present all derivative assets and liabilities gross in the accompanying consolidated balance sheets.

Revenue Recognition

Revenue from finance receivables is recognized using the effective interest method. Certain origination costs on receivables are deferred and amortized, using the effective interest method, over the term of the related receivable as a reduction to financing revenue. Operating lease revenue is recognized on a straight-line basis over the lease term, as are initial direct lease costs. NNA also provides interest supplements and support payments to the Company on certain financing and leasing transactions. These payments (known as subvention) are recognized as income over the period that the related finance receivables and leases are outstanding using the effective interest and straight-line methods, respectively.

Summary of Consolidated Operating Results

The following table sets forth our results of operations as a percentage of total revenues for the periods presented:

	Three Months Ended June 30,	
	2020	2021
	(dollars in millions)	
Revenues:		
Finance revenues:		
Leasing	$ 1,136	$ 1,016
Retail	270	244
Wholesale	32	21
Loans to dealers	27	21
Total finance revenues	1,465	1,302
Expenses:		
Depreciation on leased vehicles	$ 811	$ 715
Interest — net	273	179
Provision for losses — finance receivables — net	116	(104)
Provision for impairment — investment in vehicle operating leases — net	39	-
General and administrative	69	65
Total expenses	1,308	855
Other income—net	53	161
Income before income taxes	210	608
Income tax expense	44	186
Net income	$ 166	$ 422

Consolidated Comparison of three months ended June 30, 2020 and 2021

Total Finance Revenues. The following table sets forth our total finance revenues for the periods presented:

	Three Months Ended June 30,		% Change
	2020	2021	2020 to 2021
	(dollars in millions)		
Revenues:			
Finance revenues:			
Leasing	$ 1,136	$ 1,016	(10.6%)
Retail	270	244	(9.6%)
Wholesale	32	21	(34.4%)
Loans to dealers	27	21	(22.2%)
Total finance revenues	$ 1,465	$ 1,302	(11.1%)

Total finance revenues. Total finance revenues decreased $163 million, or 11.1%, to $1,302 million for the three months ended June 30, 2021 from $1,465 million in the three months ended June 30, 2020. This decrease resulted primarily from a decrease in our receivable portfolio. Total average investment in vehicle operating leases — net decreased $1,897 million, or 10.9%, to $15,551 million for the quarter ended June 30, 2021 from $17,447 million at June 30, 2020. The average retail receivables balance decreased by $2,764 million, or 12.2% to $19,894 million for the quarter ended June 30, 2021 from $22,657 million at June 30, 2020. Total average wholesale receivables decreased $1,784 million, or 35.6% to $3,232 million at June 30, 2021 from $5,015 million at June 30, 2020.

Total Expenses. The following table sets forth our total expenses and other income—net for the periods presented:

	Three Months Ended June 30,		% Change
	2020	2021	2020 to 2021
	(dollars in millions)		
Expenses:			
Interest — net	$ 273	$ 179	(34.4%)
General and Administrative	69	65	(5.8%)
Depreciation on leased vehicles	811	715	(11.8%)
Provision for losses — finance receivables — net	116	(104)	(189.7%)
Provision for impairment — investment in vehicle operating leases — net	39	-	(100%)
Total expenses	$ 1,308	$ 855	(34.6%)
Other income — net	$ 53	$ 161	203.8%

Interest — net. Interest — net decreased $94 million, or 34.4%, to $179 million for the three months ended June 30, 2021 from $273 million for the three months ended June 30, 2020. Interest – net decreased as a result of a decrease in our weighted average interest rate from 1.84% to 1.41% during the three months ended June 30, 2020 and June 30, 2021. Outstanding borrowings also decreased by $6,090 million, or 16.2%, from $37,649 million at June 30, 2020 to $31,559 at June 30, 2021.

General and Administrative. General and administrative expenses decreased $4 million, or 5.8%, to $65 million in the three months ended June 30, 2021 from $69 million in the three months ended June 30, 2020.

Depreciation on Leased Vehicles. Depreciation on leased vehicles decreased $96 million, or 11.8%, to $715 million for the three months ended June 30, 2021 from $811 million for the three months ended June 30, 2020. The decrease was a result of a decrease in our total investment in vehicle operating leases – net. Total consolidated average investment in vehicle operating leases – net decreased $1,897 million, or 10.9%, to $15,551 million at June 30, 2021 from $17,447 million at June 30, 2020

Provision for Losses — Finance Receivables — Net. Provision for losses — finance receivables — net decreased $220 million, or 189.7%, to $(104) million for the three months ended June 30, 2021 from $116 million for the three months ended June 30, 2020.

This reduction in the provision for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 is primarily due to an improved forecast related to the impact of the COVID-19 pandemic, which directly impacts the calculation of lifetime credit loss estimates and the calculation of the provision.

Provision for Impairment — Investment in Vehicle Operating Leases — Net. Provision for impairment — investment in vehicle operating leases — net decreased $39 million to $0 for the three months ended June 30, 2021 from $39 million for the three months ended June 30, 2020. This change is due to a decrease in the lease portfolio size, a decrease in net credit losses, and an additional $39 million in subjective reserves which were recorded in the prior year related to the uncertainty surrounding the COVID-19 pandemic. The subjective reserves were recorded based on projected unemployment rates and estimated time until economic recovery. The total net investment in vehicle operating leases, which decreased by 10.3% to $15,340 million as of June 30, 2021 from $17,105 million as of June 30, 2020. The lease net credit loss ratio decreased to (0.12%) as of June 30, 2021 from 0.77% as of June 30, 2020.

Other income — net. Other income — net increased to $161 million in the three months ended June 30, 2021, compared to $53 million in the three months ended June 30, 2020, an increase of $108 million, or 203.8%. The change primarily relates to an increase in the gain on sale of company vehicles, partially offset by a decrease in interest income on loans to related parties.

Income Tax expenses. For the three months ended June 30, 2021, the Company recorded income tax expense of $186 million on pre-tax income of $608 million generating an effective tax rate of 30.6%. This compares to the effective tax rate of 21.0% generated from income tax expense of $44 million on pre-tax income of $210 million for the three months ended June 30, 2020.

The change in the effective tax rate from the prior year is primarily caused by the prior year release of the valuation allowance on foreign tax credits, the impact of regulations related to the dividends received deduction claimed on the Company's March 31, 2018 income tax return, revaluation of state deferred balances and reserves for uncertain tax positions.

Consolidated Financial Condition

Net Earning Assets

The composition of our net earning assets is summarized below:

	At June 30,		% Change
	2020	2021	2020 to 2021
	(dollars in millions)		
Finance receivables — net:			
Retail receivables	$ 8,453	$ 11,083	31.1%
Pledged retail receivables	13,767	8,883	(35.5%)
Wholesale receivables	511	304	(40.5%)
Pledged wholesale receivables	3,755	2,230	(40.6%)
Loans to dealers	2,202	1,725	(21.7%)
Accounts receivable — net	561	829	47.8%
Total finance receivables	$ 29,249	$ 25,054	(14.3%)
Allowance for credit losses	(1,277)	(781)	(38.8%)
Total finance receivables — net	$ 27,972	$ 24,273	(13.2%)
Investment in vehicle operating leases — net:			
Leased vehicles	$ 12,102	$ 11,920	(1.5%)
Pledged leased vehicles	6,675	4,606	(31.0%)
Residual value support and leased vehicle impairment	(1,672)	(1,186)	(29.1%)
Total investment in vehicle operating leases — net	$ 17,105	$ 15,340	(10.3%)
Number of wholesale dealers (*)	799	666	(16.6%)
Average original contract term			
Lease in months	37	37	0.0%
Retail in months	68	68	0.0%

(*) Includes all dealers that receive floorplan financing from us.

As of June 30, 2021, we had $24,273 million of total finance receivables—net outstanding and $15,340 million of investment in vehicle operating leases—net, representing 1,934,800 retail, wholesale and lease contracts.

Consolidated retail receivables decreased by 9.1% to $20,252 million from $22,275 million at June 30, 2020. Consolidated wholesale receivables decreased by $1,732 million to $2,534 million at June 30, 2021, from $4,266 million at June 30, 2020. Consolidated loans to dealers decreased by $477 million to $1,725 million at June 30, 2021, from $2,202 million at June 30, 2020. Our allowance for credit losses decreased by $496 million or 38.8%, to $781 million at June 30, 2021, from $1,277 million at June 30, 2020. This decrease is primarily due to an improved forecast related to the impact of the COVID-19 pandemic, which directly impacts the calculation of lifetime credit loss estimates.

The number of outstanding retail contracts decreased by 13.0% to 1,200,740 at June 30, 2021 from 1,379,757 at June 30, 2020. The number of outstanding wholesale contracts decreased by 44.4% from 151,617 units at June 30, 2020 to 84,253 at June 30, 2021. The number of Nissan and non-Nissan dealers with floorplan lines decreased from 753 dealers at June 30, 2020 to 625 dealers at June 30, 2021.

Total net investment in vehicle operating leases decreased by 10.3% to $15,340 million as of June 30, 2021 from $17,105 million as of June 30, 2020. The number of outstanding lease contracts decreased by 15.0% to 649,807 at June 30, 2021 compared to 764,313 lease contracts at June 30, 2020.

Contract Volume [(1)]

The following table summarizes total retail sales by NNA of Nissan and Infiniti vehicles and our total retail and lease contract volume.

	Three Months Ended June 30,		% Change
	2020	**2021**	**2020 to 2021**
Total NNA Sales & Leases[(2)]			
Nissan	138,280	224,623	62.4%
Infiniti	12,532	16,455	31.3%
Total NNA Sales & Leases:	150,812	241,078	59.9%
NMAC Contract Volume			
Retail:			
New[(3)]	40,410	82,031	103.0%
Near New[(3)]	16,089	12,283	(23.7%)
Used[(3)]	1,821	2,493	36.9%
Total	58,320	96,807	66.0%
Lease[(3)]	37,835	61,913	63.6%
Total	96,155	158,720	65.1%

(1) Includes both new and used Nissan and Infiniti vehicles.
(2) Total NNA retail sales and leases excludes fleet and national sales units.
(3) New retail contract volume includes non-Nissan and non-Infiniti new vehicle contracts. Near-new and used retail contract volume includes only Nissan and Infiniti vehicle contracts. A “near-new” vehicle is defined as any make vehicle up to three model years old. A used vehicle is defined as any pre-owned Nissan or Infiniti vehicles four to seven model years old, and other makes of pre-owned vehicles up to seven model years old.

Allowance for Credit Losses and Credit Loss Experience

Allowance for credit losses is management’s estimate of lifetime losses in the lending portfolios. Portions of the allowance for credit losses are specified to cover the estimated losses on individually evaluated wholesale loans made to dealers. The unspecified portion of the allowance for credit losses covers estimated losses on the homogeneous portfolios of loans. Additions to the allowance for credit losses are made by charges to the provision for credit losses. Amounts determined to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to the allowance for credit losses. We perform

detailed periodic reviews of our loan and lease portfolios to identify inherent risks and to assess the overall collectability of those portfolios. The allowance related to these portfolios is based on a variety of factors, including, but not limited to, historical loss experience by pool; forward looking macroeconomic conditions and their effect on projected loss trends; anticipated repossessions or foreclosures based on portfolio trends, delinquencies and other loan servicing metrics.

Wholesale loans are generally reviewed on an individual basis, and the decision to extend credit is based on a variety of factors, including, but not limited to, historical loss experience, current economic conditions, collateral performance, and performance trends within specific geographic and portfolio segments. We establish an allowance for wholesale loans based on discounted expected cash flows, observable market prices or (for loans that are solely dependent on the collateral for repayment) the estimated fair value of the collateral.

The following table provides information related to our allowance for credit losses for the periods presented:

Loans Allowance

	Three Months Ended June 30,		% Change
	2020	2021	2020 to 2021
	(dollars in millions)		
Allowance, end of prior period	$ 637	$ 903	41.8%
Cumulative effect of adoption of CECL	586	NA	(100.0%)
Allowance, beginning of period	$ 1,223	$ 903	
Provision for losses	115	(104)	(190.4%)
Charge-offs net of recoveries and other	(61)	(18)	(70.5%)
Allowance, end of period	$ 1,277	$ 781	(38.8%)

Residual Value Support and Leased Vehicle Impairment (1)

	Three Months Ended June 30,		% Change
	2020	2021	2020 to 2021
	(dollars in millions)		
Beginning of period	$ 1,869	$ 1,241	(33.6%)
Residual value support from NNA	(79)	(142)	79.7%
Provision for losses/impairment	39	0	(100.0%)
Charge-offs net of recoveries and other allowances	(157)	87	(155.4%)
End of period	$ 1,672	$ 1,186	(29.1%)

(1) Residual value support and lease vehicle impairment covers impairment, net credit losses and residual value losses of off-lease vehicles sold at auction.

Percentage of Allowance to Amounts Outstanding

	Three Months Ended June 30,	
	2020	2021
Loan allowance as % of total finance receivables[(1)]	4.37%	3.12%
Residual value support and leased vehicle impairment as % of total leased vehicles[(1)]	8.90%	7.18%

(1) Percentage is calculated based on reported amounts.

Net Charge-Off Ratio[(1)]

	Three Months Ended June 30,	
	2020	2021
Net charge-offs (recoveries) as a percentage of average amount outstanding (finance receivables) [(1)]	0.80%	0.27%
Net charge-offs (recoveries) as a percentage of average leased vehicles [(1)]	0.77%	(0.12%)
Net residual losses (gains) as a percentage of average leased vehicles [(1)]	2.48%	(1.98%)

(1) Ratios are calculated based on reported amounts

Aggregate Balance 60 or More Days Past Due as a Percent of NMAC Owned Contracts Outstanding in the United States

	Three Months Ended June 30,	
	2020	2021
Retail loans	0.57%	0.64%
Leases	0.37%	0.13%

At June 30, 2021, the total number of retail contracts outstanding decreased by 179,017 or 12.97% and the total number of lease contracts for consumer vehicles decreased by 114,506 or 14.98% as compared to the total number of contracts outstanding as of June 30, 2020.

The retail net credit loss ratio decreased to 0.36% as of June 30, 2021 from 0.92% as of June 30, 2020. This decrease was driven by the 70.5% decrease in the charge-offs, net of recoveries and other to $18 million for the three months ended June 30, 2021 from $61 million for the three months ended June 30, 2020 and by a 12.2% decrease in the average retail portfolio to $19,894 million as of June 30, 2021 from $22,657 million as of June 30, 2020. Retail net charge-offs per unit decreased by 45.2% to $6,055 for the trailing twelve month period ended June 30, 2021, compared to $11,059 for the twelve months ended June 30, 2020.

Our lease net credit loss ratio decreased to (0.12%) as of June 30, 2021 from 0.77% as of June 30, 2020. The decrease was driven by the 110.5% decrease in credit loss charge-off, net of recoveries and other, to $(4) million for the three months ended June 30, 2021, from $38 million for the three months ended June 30, 2020 and a 12.8% decrease in the average lease portfolio to $16,764 million as of June 30, 2021 from $19,218 million as of June 30, 2020. Lease net charge offs per unit decreased by 46.0% to $4,916 for the trailing twelve month period ended June 30, 2021 from $9,107 for the twelve month period ended June 30, 2020.

Liquidity and Capital Resources

We do not rely on a single source of funding, and currently rely on a combination of securitizations, unsecured debt offerings, commercial paper, term loans and intercompany borrowings to meet our obligations as they come due. We may choose to change our

funding depending on market conditions, relative costs and other factors. We believe that our funding sources, combined with operating and investing activities, provide sufficient liquidity to meet future funding requirements and business growth.

Securitization

One of our primary funding sources has been the funding of RISCs, lease and related vehicle-backed SUBIs and auto dealer floorplan receivables through securitization transactions. We partially fund our purchases of RISCs and leases from Nissan and Infiniti dealers via the use of multiseller ABCP conduit lender funded "warehouse" facilities that had an aggregate commitment of $8,725 million at June 30, 2021. We generally securitize a given pool of such financial assets in a SPE that borrows through a warehouse facility prior to (in some cases) further securitizing such assets in a different SPE in order to back a term ABS issuance in the capital markets. Most of our term ABS are issued through publicly registered programs where we are the sponsor and servicer and one of our subsidiary SPEs is the registrant. In the case of RISC and lease SUBI-backed ABS, the applicable SPE typically creates a new securitization trust that issues and is solely obligated on the ABS. In the case of dealer floorplan receivable-backed ABS, the SPE transfers those dealer receivables to a master trust, which issues separate series of ABS, all of which are solely the obligation of the master trust. For the three months ended June 30, 2020, we issued approximately $2,300 million in principal amounts in NMAC-sponsored term ABS transactions. During the three months ended June 30, 2021, we issued approximately $1,000 million in principal amounts in NMAC-sponsored term ABS transactions. The interest rates on the ABS obligations issued by these securitization trusts are predominantly fixed, although some tranches of bonds have floating rates based on a variable benchmark rate plus a margin. The interest rates on the warehouse facilities are in most cases floating and based on ABCP rates when the related conduit lenders are able to fund with ABCP, and based on Eurodollar rates when funded by the committed bank lenders that sponsor those ABCP conduits.

Intercompany Borrowings

NML and its affiliates utilize excess cash by providing intercompany loans to NML affiliates, including NMAC, to support liquidity and working capital of the group. Currently, excess cash from operations of NNA and other affiliates is lent to us in the form of intercompany loans at rates based on current market rates. At June 30, 2021, we had intercompany term note borrowings of $3,370 million. The intercompany term-note borrowings at June 30, 2021 comprised 10.7% of our total borrowings, and bore interest at a weighted average rate of 0.61%. These borrowings have a term ranging between one day and five years and are classified as short-term indebtedness or term loans depending on their original maturity. At June 30, 2021, these borrowings were largely linked to floating interest rates. At June 30, 2021, NMAC had $429 million in securitized intercompany borrowings, primarily from NGRe.

NML manages intercompany borrowings within the NML consolidated group on a global basis and we believe we would receive advance notice from NML before any change in the availability of this funding source, although we cannot assure you of this.

Term Loans

Term loans include direct and indirect loans from financial institutions. We have been successful in negotiating several original direct loans with various financial institutions at attractive interest rates. At June 30, 2021, we had $10,190 million of term loans with unaffiliated third parties outstanding, comprising 32.3% of our total borrowings, with an average original maturity of 3.7 years and bearing interest at a weighted average rate of 1.1%. Most of our term loans have floating interest rates, generally tied to three-month or six-month LIBOR. Management will continue to pursue direct term loans as long as the cost is competitive with other sources of funding.

Commercial Paper Outstanding and Backup Facility

At June 30, 2021, the commercial paper program is rated A-3 by S&P and P-3 by Moody's. At June 30, 2021, approximately $0 million in commercial paper was outstanding. Our liquidity needs under the commercial paper program are supported by three revolving, committed credit facilities totaling $6,720 million, which will mature in 2022, 2023 and 2026.

Funding Sources

As of June 30, 2021, our liquidity sources included $13,746 million of committed, undrawn funding and unpledged retail receivables, wholesale receivables and investment in vehicle operating leases – net totaling $22,121 million. As of June 30, 2021, the amount of total borrowings by category included:

- $8,377 million of term asset-backed secured indebtedness;
- $1,699 million of asset-backed commercial paper indebtedness;
- $3,799 million of intercompany indebtedness;

- $10,190 million of term loans with unaffiliated third parties;
- $0 million of commercial paper indebtedness; and
- $7,599 million of corporate bond indebtedness.

Asset and Liability Management

As of June 30, 2021, the forecasted repayment amounts and duration of our borrowings were:

- $18,947 million less than one year;
- $4,841 million between one and two years;
- $3,520 million between two and three years; and
- $4,313 million beyond three years.

The expected maturity of our assets as of June 30, 2021 was:

- $20,048 million less than one year;
- $10,286 million between one year and two years;
- $7,046 million between two and three years; and
- $7,353 million beyond three years.

We feel we have sufficient liquidity to meet our obligations.

Keepwell Agreement

Pursuant to the amended and restated keepwell agreement with NML, dated as of February 9, 2005 (the "**keepwell agreement**"), NML has agreed to: (1) maintain a direct or indirect ownership of the entire legal title to, and beneficial interest in, all of our outstanding shares of stock having the right to vote for the election of members of our Board of Directors, and not to pledge, directly or indirectly, or in any way encumber or otherwise dispose of any such shares of stock or permit its subsidiaries to do so; (2) cause us to have a consolidated tangible net worth, as determined in accordance with GAAP, of at least $1; (3) cause us to maintain sufficient liquidity to punctually meet our payment obligations under any indebtedness for borrowed money represented by debt obligations, borrowings, foreign exchange, swap and derivative obligations ("**Debt**") in accordance with its terms, or, where necessary, make available to or arrange for sufficient funds to enable us to meet such obligations in full as and when they fall due; and (4) so long as any Debt is outstanding, not to modify, amend or terminate the keepwell agreement in any manner adverse to the interests of the holder of any of the Notes offered hereby. The keepwell agreement is governed by the laws of the State of New York. NMAC and NML have separately agreed that NMAC will pay NML a quarterly fee based on the amount of NMAC debt, NRFM debt owed to third parties and derivative obligations outstanding. The fees totaled $34 million and $28 million for the three months ended June 30, 2020 and 2021, respectively.

The keepwell agreement is not, and nothing done pursuant to the keepwell agreement by NML shall be deemed to constitute, a guarantee by NML of any of the Notes offered hereby, or other obligation, indebtedness or liability of any kind or character of NMAC whatsoever.

All holders of the Notes offered hereby are third-party beneficiaries of the keepwell agreement, provided that the third-party beneficiary rights of the holders of the Notes offered hereby under the keepwell agreement are limited to the right to demand that we enforce NML's stock ownership obligation, the net worth obligation and the liquidity obligation under the keepwell agreement and the right to proceed against NML directly to enforce NML's stock ownership obligation, the net worth obligation and the liquidity obligation under the keepwell agreement if we fail or refuse to take timely action to enforce NML's obligations under the keepwell agreement following demand of such enforcement by any holder of the Notes offered hereby. NML has agreed to submit to the non-exclusive jurisdiction of the competent courts in New York in relation to any legal action or proceeding arising out of the keepwell agreement. NML has appointed Corporation Service Company as its agent in New York to accept service of process on its behalf for any such legal action or proceeding before such courts.

An "event of default" with respect to the Notes offered hereby will have occurred if (1) the keepwell agreement is not (or is claimed by either party to the agreement not to be) in full force and effect; (2) is modified, amended or terminated in circumstances where such modification, amendment or termination would have a material adverse effect upon any holder of the Notes offered hereby; (3) we waive, or fail to take all reasonable steps to exercise, any of our rights under the keepwell agreement; or (4) NML fails to perform or observe any obligation on its part under the keepwell agreement so as to affect materially and adversely the interests of any holder of the Notes offered hereby. For more information relating to events of default with respect to the Notes, see "Description of the Notes — Default and Related Matters — Events of Default."

Financial and other information concerning NML is provided in Appendix A to, and incorporated by reference in, this Offering Memorandum Supplement for background purposes only in view of the existence of the keepwell agreement. Inclusion and incorporation by reference of the financial and other information regarding NML should not be treated as implying that the keepwell agreement can be viewed as a guarantee.

Guarantee of NRFM Debt

NRFM provides indirect retail loans and lease financing for used and new vehicles and direct dealer financing to dealers of Nissan, Renault and Infiniti vehicles in Mexico. Notwithstanding the transfer of its interest in NRFM, NMAC continues to guarantee NRFM's borrowings from third parties. At June 30, 2021, NMAC guaranteed $1,717 million of outstanding debt obligations at NRFM and was paid a fee of 1.5% based on the aggregate outstanding principal balance during the three months ended June 30, 2021.

Credit Ratings

The cost and availability of unsecured financing is influenced by credit ratings, which are intended to be an indicator of the creditworthiness of a particular company, security or obligation. Lower ratings generally result in higher borrowing costs as well as reduced access to the capital markets. Credit ratings are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time.

The ratings of our securities are dependent on the ratings of NML, in part, because of the existence of the keepwell agreement.

Unfunded Lending Commitments and Borrowings

The following table sets forth our unfunded lending commitments and maturities of our total borrowings by year as of June 30, 2021 as well as the respective amounts that are coming due in less than one year, one to three years, four to five years and more than six years:

	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years[1]
			(dollars in millions)		
Unfunded lending commitments	$ 3,563	$ 118	$ 0	$ 41	$ 3,404
Total borrowings[2]	$ 31,621	$ 18,947	$ 8,361	$ 4,313	$ 0

(1) Includes wholesale loans which have an indefinite life and are evaluated periodically for continuation.
(2) Excludes debt issuance costs of $57 million and unamortized discounts of $5 million.

Adoption of New Accounting Standards

The Company did not adopt any standards in the current period that would have a material impact to the Company's consolidated financial statements or disclosures.

The Company reviews the applicability and impact of all recently issued ASUs. At this time, there are no standards recently issued but not yet adopted, except as outlined below, that would have a material impact to the Company's consolidated financial statements or disclosures.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which removes certain exceptions to the general income tax accounting principles of ASC 740 and simplifies other guidance to improve consistent application of GAAP. Exceptions removed from ASC 740 include the exception to the incremental approach for intraperiod

tax allocation principle, the exception for calculating income taxes in an period when a year-to-date loss exceeds the anticipated loss for the year, and the exception to the recognition of deferred taxes when foreign investment ownership changes. Simplifications include eliminating the allocation of consolidated income tax expense to separate financial statements of entities not subject to income tax unless an election to allocate is made, requiring the effect of an enacted change in tax laws or rates to be included in the annual effective tax rate computation in the interim period that includes the enactment date, requiring an entity to recognize a franchise tax or similar tax that is partially based on income as an income-based tax under ASC 740 principles and account for any incremental amount incurred as a non-income-based tax. The amendments in this update are effective for the fiscal year beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 with early adoption permitted. The Company is currently assessing the potential impacts this update will have on its consolidated financial statements and disclosures upon adoption.

Market Risk

Interest Rate Risk

We are exposed to interest rate risk. Interest rate risk results primarily from differences in the re-pricing characteristics of assets and liabilities. Management monitors this risk and, from time to time, will enter into interest rate swap agreements in appropriate market conditions as described below under "— Use of Derivative Instruments." We monitor our interest rate risk exposure net of intercompany borrowings. See "Risk Factors — Risks Relating to Our Business — Our profitability is directly affected by changes in interest rates."

Foreign Exchange Risk

We borrow and issue debt in a variety of currencies, principally in U.S. dollars, Euros and Japanese yen. As a matter of company policy, currency exposure related to foreign currency debt is fully hedged at issuance through the execution of cross currency interest rate swaps. Therefore, we believe that our market risk exposure to changes in currency exchange rates is immaterial.

Use of Derivative Instruments

In the normal course of business, we use derivative financial instruments to manage exposure to market risks such as foreign exchange risk and, to a limited extent, interest rate risk. We do not engage in trading or speculative transactions in these derivatives. These derivative financial instruments include interest rate caps, foreign currency swaps and interest rate swap agreements. We use a combination of non-designated hedges, fair value hedges and cash flow hedges to manage certain market risk and foreign exchange risk. Accounting guidance requires companies, including us, to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Derivative assets and liabilities are included in deferred charges and other assets and accounts payable and accrued liabilities, respectively, on our consolidated balance sheets.

We document the relationships between hedging instruments and hedged items, as well as the purpose, strategy and objective for undertaking various hedge transactions. This process includes linking derivatives to specific liabilities on the balance sheet. We also assess, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedge transactions are highly effective in offsetting changes in fair values of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we discontinue hedge accounting and recognize the ineffective portion as an interest expense.

Counterparty Credit Risk

Certain debt and derivative instruments involve counterparty credit risk, which is the risk that a counterparty may fail to perform on its contractual obligations. We manage this risk through the use of a policy that includes credit standard guidelines, counterparty diversification, monitoring of counterparty financial condition, use of master netting agreements with counterparties and exposure limits based on counterparty credit, exposure amount and management risk tolerance. The policy is reviewed on an annual basis and as conditions warrant.

Credit Risk

We are exposed to credit risk on our retail, lease and wholesale portfolios. Credit risk is the risk of loss arising from a failure of the consumer or dealer to pay to us loan or lease payments when due. Credit risk primarily affects our retail and lease portfolios, as default rates on our wholesale receivables have been very low historically.

The level of credit risk is influenced by two factors: the total number of contracts that default ("**frequency of occurrence**") and loss per occurrence ("**loss severity**"), which in turn are influenced by national and regional economic factors, the used vehicle market, underwriting standards and contract term.

Among the economic factors that affect credit risk are changes in unemployment rates, interest rates, consumer spending and bankruptcy rates. We analyze these trends and make adjustments to our lending and collection practices in an attempt to protect us from future losses.

Changes in used vehicle prices directly affect the amount of proceeds we receive from sales of repossessed vehicles as well as the level of loss severity we experience. The supply of and demand for used vehicles, interest rates, inflation, the level of manufacturer incentives on new vehicles and general economic outlook are some of the factors affecting the used vehicle market.

Underwriting standards in the United States have a major impact on credit risk. Our underwriting standards are based on the generic auto specific FICO Score Card, which uses algorithms developed by Fair Isaac Corporation, or FICO, for our retail and lease customers. We selected this score card because it is widely used throughout the industry and made our standards transparent to dealers. Effective August 2020, we transitioned from an exclusively FICO based scoring model to a FICO/Custom Score blended model. This model maintains the attributes available from FICO but also includes other risk factors such as loan to value and overall deal structure. This model provides an additional indicator of overall risk. We have nine major credit tiers (1-9), with, 86.2% of our retail and lease portfolio in the top five tiers. Tier breaks and the percentage of our portfolio within each tier based upon the actual FICO score of the customer at origination of a loan or lease as of June 30, 2021 are as follows:

Credit Risk	FICO Score	Retail % of portfolio[(1) (2)]	Lease % of portfolio[(1) (2)]
Tier 1	740+	48.3%	61.4%
Tier 2	720-739	9.7%	8.4%
Tier 3	700-719	9.4%	8.3%
Tier 4	680-699	8.1%	6.3%
Tier 5	660-679	7.9%	5.2%
Tier 6	640-659	6.5%	3.8%
Tier 7	620-639	3.5%	2.3%
Tier 8	600-619	2.1%	1.4%
Tier 9	580-599	1.2%	0.8%
Reject (Sub 580)	0-579	3.2%	2.0%
Total		100.0%	100.0%

(1) The information in this table is based upon the actual FICO score of the customer at origination of a loan or lease.
(2) These figures may not total to 100.0% due to rounding.

During the fiscal years ended March 31, 2020 and 2021, the percentage of our new retail bookings in the top five Tiers was 83.3% and 87.7%, respectively. For the same such periods, the percentage of our new lease bookings in the top five Tiers was 88.2% and 89.1%, respectively. During the three months ended June 30, 2021, the percentage of new retail bookings in the top five Tiers was 87.0%. For the same such period the percentage of our new lease bookings in the top five Tiers was 89.2%.

As of June 30, 2021, the percentage of our retail receivables by original term was 1.2% between 1 and 47 months, 20.0% between 48 and 63 months and 78.7% over 63 months. As of June 30, 2021, the percentage of our lease receivables by original term was 66.1% between 1 and 36 months, 28.9% between 37 and 47 months and 5.0% over 47 months.

We purchase some contracts scoring below Tier 9 where the score is determined not to be the sole indicator of risk. These circumstances include contracts made pursuant to special programs, such as college graduate programs, repeat customer programs (for those with a low credit score but a consistent prior payment history) and cosigner programs, and loans with a strong equity position. A change in the mix of contracts purchased at various credit tiers may impact the amount of credit risk we assume. An increase in the number of contracts purchased with lower FICO scores can increase the amount of credit risk, and an increase in the number of contracts purchased with higher FICO scores can lower credit risk. An increase in the mix of contracts with lower FICO scores can also increase operating risk, unless appropriate controls and procedures are established. An increase in the number of contracts purchased with lower FICO scores may require us to change our process for collecting on delinquent accounts, resulting in a need for additional personnel and related operational expenditures. We strive to maintain a consistent mix of contracts in various tiers and to price such contracts according to their risk in order to achieve a reasonable return on investment. As our portfolio has grown in recent years, we have purchased more contracts at lower tiers, which has increased our overall credit risk. We offer a lower APR to customers with high FICO

scores to attract customers with strong credit quality. See "— Financial Condition — Allowance for Credit Losses and Credit Loss Experience."

Finally, the average original contract term of retail contracts and leases influences credit losses. Longer term contracts generally experience a higher rate of default, which affects the frequency of occurrence and loss severity.

When customers purchase vehicles in the name of a business, the credit process differs from the procedures described above. Eligible businesses include corporations, partnerships, sole proprietorships, limited liability companies, trusts, non-profit organizations and state and local government agencies. A completed commercial credit application is required. Both a consumer credit report and a commercial credit report are utilized to generate a decision. A blended score allotting weighting among the consumer and commercial credit score, prior NMAC payment experience, term and advance generates a final pricing tier. When a business is presented on its own for consideration, regardless of the dollar amount of NMAC exposure, a commercial credit report is retrieved. A business can gain credit approval absent of a personal guarantor provided adequate commercial credit information is available and the business meets certain threshold criteria, including a minimum of three years in business, three minimum satisfactory tradelines are present and no bankruptcy, repossession, or foreclosure indicators are present. Consideration is given to businesses which may have limited credit information available via the bureaus but have maintained satisfactory NMAC accounts. Financial statements or federal income tax returns for the last two fiscal years are required for all requests where total NMAC exposure is greater than $250,000.

The process outlined above as it relates to accessing credit data for business applications is automated. The appropriate credit bureau reports are obtained based on programmed system guidelines. Credit bureaus available for review include each of the three major consumer providers, Trans Union, Equifax and Experian. Additionally, system connectivity exists with Equifax SBFE, Experian Commercial and Dunn & Bradstreet for commercial information. Because of the high degree of individuality, business applications are not automatically decisioned and are processed qualitatively.

As of June 30, 2021, the outstanding retail and lease contracts with businesses were $1,253 million.

Residual Risk

We are exposed to residual risk, which is the risk that the value of a vehicle returned to us at the end of lease term will be below the contract residual value made at contract inception. Residual risk is affected by several factors, including among others the used vehicle market, the quality of our initial residual value estimates, our remarketing abilities and NMAC's vehicle and marketing programs. Residual value losses on matured leased vehicles are guaranteed by NNA primarily from residual value support from NNA, excluding employee leased vehicles.

Used vehicle prices may decline unexpectedly, whether because of general economic conditions, an increased supply of off-lease or other used vehicles, or attractive new vehicle prices (whether for Nissan and Infiniti products or those of other manufacturers). These declines are difficult to predict which can cause the price at which we are able to sell off-lease vehicles to be substantially below their residual value. This shortfall is reflected in our reserves. We establish initial residual values at lease inception mainly based on internal analysis and values supplied to us by third parties which are projections of expected future values based on assumptions that may turn out to be wrong. We will experience a loss, which is guaranteed by NNA, if a vehicle's resale value is lower than its contract residual value. In addition, our ability to efficiently process and effectively remarket off-lease vehicles affects our disposal costs and the proceeds we are able to realize from off-lease vehicle sales. Inefficiencies in this area can negatively impact residual gains or losses.

NNA may influence the market for off-lease Nissan and Infiniti vehicles by offering incentives on new vehicles and programs designed to encourage lessees to terminate their leases early in conjunction with the acquisition of new Nissan and Infiniti vehicles (referred to as "pull ahead" programs) or by making increased fleet sales to rental car companies. NNA also indirectly affects our residual values by influencing brand image and consumer preference for Nissan and Infiniti vehicles, ultimately impacting values in the used car market.

Operational Risk

Operational risk is the risk of loss resulting from, among other things, inadequate or failed processes or systems, theft, fraud or natural disaster. These events can potentially result in financial losses or other damages to us. We rely on internal and external information and technological systems to manage our operations and, therefore, are exposed to risk of loss resulting from potential failures of these systems. In order to monitor and manage operational risk, we maintain a framework of internal controls designed to provide a sound operational environment. We strive to maintain appropriate levels of operational risk relative to our businesses strategies, competitive and regulatory environment and markets in which we operate. Notwithstanding these control measures, we remain exposed to operational risk, but our approach to operational risk management is intended to mitigate losses arising from operational risk.

NISSAN

CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Nissan Motor Acceptance Company LLC and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

For the Three Months Ended June 30, 2021 and 2020

Nissan Motor Acceptance Company LLC and Subsidiaries

(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Financial Statements (Unaudited)

For the Three Months Ended June 30, 2021 and 2020

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Nissan Motor Acceptance Company LLC and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Balance Sheets (Unaudited) (continued)

(Dollars in Millions, Except Par Value)

	June 30, 2021	March 31, 2021
Assets		
Cash and cash equivalents	$ 36	$ 234
Restricted cash	1,953	1,118
Finance receivables, net	24,273	25,156
Investment in vehicle operating leases, net	15,340	15,761
Receivables from affiliates and other, net	289	287
Loans to and investments in affiliates	1,305	1,743
Deferred charges and other assets, net	371	513
Total assets	$ 43,567	$ 44,812

Continued on next page.

Nissan Motor Acceptance Company LLC and Subsidiaries

(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Balance Sheets (Unaudited) (continued)

(Dollars in Millions, Except Par Value)

	June 30, 2021	March 31, 2021
Liabilities and equity		
Liabilities:		
Borrowings	$ 31,559	$ 31,930
Accounts payable and accrued liabilities	1,373	1,185
Deferred income and incentives	811	952
Other liabilities	922	988
Deferred tax liabilities	2,691	2,676
Total liabilities	37,356	37,731
Equity:		
Common stock – $100 par value – authorized, 8,000,000 shares; outstanding, 4,998,163 shares at March 31, 2021	—	500
Additional paid-in capital	—	568
Member's capital	1,068	—
Retained earnings	5,179	6,057
Accumulated other comprehensive gain/(loss):		
Unrealized gain/(loss) on derivative instruments – net of tax	(36)	(44)
Total equity	6,211	7,081
Total liabilities and equity	$ 43,567	$ 44,812

See accompanying notes.

Consolidated Balance Sheets (Unaudited) (continued)

(Dollars in Millions)

The following table presents the assets and liabilities of the Company's consolidated variable interest entities (VIEs), as well as assets and liabilities transferred to unconsolidated VIEs in non-recourse securitization transactions accounted for as borrowings which have similar economic characteristics. All of these assets and liabilities are presented on the same basis as the assets and liabilities in the consolidated balance sheets (carrying value). Allowances for loans and impairment for leases are allocated on a pro-rata basis as the Company does not calculate it at the VIE level. Additionally, the maturity of the VIE is not tied to the maturity of the underlying financial instruments, as such, any losses realized may differ from the allowances allocated to the VIE. The carrying value of these assets presented below may be different from the values ascribed to them in accordance with the securitization transactions as the securitization transactions do not include interest rate subvention payments from Nissan North America, Inc. (NNA) or allowance for credit losses, or lease impairments. NNA sponsors various vehicle incentive financing programs. Under these programs, Nissan Motor Acceptance Company LLC (NMAC) and VIEs where NMAC is the primary beneficiary, referred to collectively as the Company, acquires the retail and lease contracts and charges NNA an amount to obtain the estimated current market lending or leasing rates on the contracts. Rights to such payments are not transferred to the asset backed security investors and are therefore not held by the VIEs.

	June 30, 2021	March 31, 2021
Restricted cash	$ 1,953	$ 1,118
Finance receivables, net	10,800	11,720
Investment in vehicle operating leases, net	4,273	5,114
Deferred charges and other assets, net	19	80
Total assets of VIEs	$ 17,045	$ 18,032
Borrowings [1]	$ 10,497	$ 9,348
Total liabilities of VIEs	$ 10,497	$ 9,348

[1] The difference between the *Borrowings* amount per above table and the sum of *Borrowings* secured by the collateral in *Notes 3* and *4*, $10,506 and $9,357, is debt issuance costs of $9 at June 30, 2021 and March 31, 2021, respectively.

Consolidated Balance Sheets (Unaudited) (continued)

(Dollars in Millions)

The following are included in *Finance receivables, net* and *Borrowings* in the table above that relate to the non-recourse financing transactions with Nissan Global Reinsurance, Ltd. (NGRE), the VIE for which the Company is not the primary beneficiary.

	June 30, 2021	March 31, 2021
Finance receivables, net	$ 395	$ 490
Borrowings	429	539

See accompanying notes.

Nissan Motor Acceptance Company LLC and Subsidiaries

(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Statements of Income and Comprehensive Income (Unaudited)

(Dollars in Millions)

	Three Months Ended June 30	
	2021	**2020**
Revenues:		
Leasing	$ 1,016	$ 1,136
Retail	244	270
Wholesale	21	32
Loans to dealers	21	27
Total revenues	1,302	1,465
Expenses:		
Depreciation on leased vehicles	715	811
Interest, net	179	273
Provision for/(release of) losses – finance receivables, net	(104)	116
Provision for impairment – investment in vehicle operating leases, net	—	39
General and administrative	65	69
Total expenses	855	1,308
Other income/(loss), net	161	53
Income/(loss) before income taxes	608	210
Income tax expense/(benefit)	186	44
Net income/(loss)	422	166
Other comprehensive income/(loss), net of tax:		
Unrealized gain/(loss) on derivative instruments during the period, net of tax of $(3) and $2 in 2021 and 2020, respectively	8	(7)
Comprehensive income/(loss)	$ 430	$ 159

See accompanying notes.

Nissan Motor Acceptance Company LLC and Subsidiaries

(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Statements of Equity (Unaudited)

(Dollars in Millions, Except Share Amounts)

Three Months Ended June 30, 2021 and 2020

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Member's Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Equity
Balance – March 31, 2020	4,998,163	$ 500	$ 568	$ —	$ 5,468	$ (105)	$ 6,431
Adoption of accounting standard	—	—	—	—	(436)	—	(436)
Balance – April 01, 2020	4,998,163	500	568	—	5,032	(105)	5,995
Net income/(loss)	—	—	—	—	166	—	166
Other comprehensive income/(loss)							
Unrealized gain/(loss) on derivative instruments during the period – net of tax and reclassification adjustments	—	—	—	—	—	(7)	(7)
Balance – June 30, 2020	4,998,163	$ 500	$ 568	$ —	$ 5,198	$ (112)	$ 6,154
Balance - March 31, 2021	4,998,163	$ 500	$ 568	$ —	$ 6,057	$ (44)	$ 7,081
Adjustment for conversion to LLC	(4,998,163)	(500)	(568)	1,068	—	—	—
Balance – April 01, 2021	—	—	—	1,068	6,057	(44)	7,081
Net income/(loss)	—	—	—	—	422	—	422
Member distributions declared	—	—	—	—	(1,300)	—	(1,300)
Other comprehensive income/(loss)							
Unrealized gain/(loss) on derivative instruments during the period – net of tax and reclassification adjustments	—	—	—	—	—	8	8
Balance – June 30, 2021	—	$ —	$ —	$ 1,068	$ 5,179	$ (36)	$ 6,211

See accompanying notes.

Nissan Motor Acceptance Company LLC and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Statements of Cash Flows (Unaudited) (continued)
(Dollars in Millions)

	Three Months Ended June 30	
	2021	**2020**
Operating activities		
Net income/(loss)	$ 422	$ 166
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for losses – finance receivables, net	(104)	116
Provision for impairment – investment in vehicle operating leases, net	—	39
Depreciation and amortization	531	621
Deferred tax (benefit)/expense	17	(284)
(Gain)/loss on sale of leased vehicles	(25)	(10)
Change in operating assets and liabilities	130	863
Net cash provided by/(used in) operating activities	971	1,511
Investing activities		
Proceeds from maturity of long-term loans to and investments in affiliates	213	166
Net proceeds from/(originations of) loans to affiliates and others less than or equal to 90 days	(156)	848
Vehicles acquired for lease	(1,925)	(1,181)
Proceeds from sales of leased vehicles	1,801	995
Originations of finance receivables	(3,071)	(3,343)
Principal collected from finance receivables	3,084	4,324
Net (originations of)/proceeds from wholesale finance receivables	1,394	1,498
Other investing activities	7	—
Net cash provided by/(used in) investing activities	1,347	3,307

Continued on next page.

Nissan Motor Acceptance Company LLC and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Statements of Cash Flows (Unaudited) (continued)
(Dollars in Millions)

	Three Months Ended June 30	
	2021	**2020**
Financing activities		
Net (payments)/proceeds from short-term obligations less than or equal to 90 days	(713)	(1,341)
Payments on long-term debt	(2,878)	(9,252)
Proceeds from issuance of long-term debt	3,210	6,641
Member distributions	(1,300)	—
Net cash provided by/(used in) financing activities	(1,681)	(3,952)
Net increase/(decrease) in cash, cash equivalents and restricted cash	637	866
Cash, cash equivalents and restricted cash – beginning of period	1,352	1,599
Cash, cash equivalents and restricted cash – end of period	$ 1,989	$ 2,465
Supplemental disclosure of cash flow information		
Cash paid/(received) during the period for interest	$ 137	$ 222
Cash paid/(received) during the period for income taxes, net	$ 3	$ 8
Supplemental schedules of noncash activities		
Unrealized (loss)/gain on derivative instruments during the period - net of tax	$ 8	$ (7)

The following table provides a reconciliation of *cash, cash equivalents* and *restricted cash* reported within the consolidated balance sheets to the amounts shown in the statements of cash flows:

Cash and cash equivalents	$ 36	$ 51
Restricted cash	1,953	2,414
Total cash, cash equivalents and restricted cash	$ 1,989	$ 2,465

See accompanying notes.

1. General

NMAC is a wholly owned subsidiary of NNA, which is a wholly owned subsidiary of Nissan Motor Co., Ltd. (NML), a publicly traded Japanese corporation. It serves as Nissan and Infiniti's financial services subsidiary, handling auto lease contracts and vehicle financing to consumers; as well as providing commercial lending products to dealers to help them finance their businesses.

NMAC purchases retail installment obligations and lease contracts from dealers in connection with new and used vehicle financing arrangements. NMAC then services these contracts and works directly with customers. NMAC also provides commercial dealer financing for vehicle acquisitions, working capital, and dealership mortgages. NMAC also has VIEs that facilitate the securitization and financing of retail receivables, dealer floor plan receivables, and automobile leases.

NMAC and VIEs where NMAC is the primary beneficiary, will herein be referred to collectively as "the Company."

On April 1, 2021, the Company converted its legal entity status from a corporation to a limited liability company, the Nissan Motor Acceptance Company LLC. Refer to *Note 6* for further details.

Recent Developments

The global economy has experienced significant negative impacts from the pandemic outbreak of the novel coronavirus, or COVID-19, as declared by the World Health Organization in March 2020 (COVID-19 or the pandemic). This has resulted in changes in consumer behavior related to illness, pandemic fears and actions intended to slow the spread of COVID-19, including quarantines, government-mandated actions, stay-at-home orders and other restrictions that create significant volatility and disruption of financial markets.

In addition, the COVID-19 pandemic and restrictions, intended to slow the spread of COVID-19, have adversely affected NMAC's business and the business of NNA, NMAC's immediate parent company. NNA experienced declines in vehicle sales and NMAC experienced a corresponding decline in retail receivable and lease originations. Further, NMAC offered payment relief options to customers and dealers impacted by COVID-19, including retail loan payment extensions, lease payment deferrals, and interest or other payment deferrals for dealer loans. NMAC also

1. General (continued)

temporarily suspended or modified outbound collection activities and repossession activities nationwide. The majority of the relief options offered due to the pandemic were granted in March through September 2020. The number of the relief options granted peaked during April 2020 and returned to pre-pandemic levels during the second half of the year ended March 31, 2021, and NMAC continues to grant payment relief to customers and dealers under normal business practices.

While uncertain, the impact of the pandemic on the credit risk of NMAC's assets is assessed through the Company's estimated allowance for credit losses on loans and impairment reserves on leases. These estimates consider reputable economic forecast data, such as unemployment rates, and other macroeconomic factors that may be impacted by the pandemic. Refer to additional discussion in *Notes 3* and *4* for retail loans and leases, respectively. The ultimate impact of the pandemic on NMAC's income, assets, liabilities, or capital resources cannot be reasonably estimated at this time.

During the quarter ended June 30, 2021, the automotive industry continued to face significant shortage of semiconductors, which has presented production challenges and disruptions. This shortage has led to lower dealer inventories of both new and used vehicles, resulting in lower non-consumer receivables and higher off-lease residual values. The Company believes these conditions may not be fully resolved until the next calendar year.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Consolidation

The consolidated financial statements include the accounts of NMAC and all VIEs for which NMAC is the primary beneficiary. The Company continually evaluates its VIE relationships to determine when primary beneficiary criteria are met. The Company's share of non-consolidated affiliate earnings or losses are included in the consolidated operating results using the equity method of accounting when it is able to exercise significant influence over the affiliate's operations and financial decisions. The Company uses the cost method of accounting if it is not able to exercise significant influence over the affiliate's operations and financial decisions. All significant intercompany balances and transactions have been eliminated in consolidation.

Variable Interest Entities

The primary beneficiary of a VIE is the party with both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE. If the Company determines that it is the party with the power to make the most significant decisions affecting the VIE, and it has a significant interest in the VIE, the Company consolidates the VIE.

The VIE assets presented in the consolidated balance sheets can only be used to settle the obligations of the VIE and serve as the sole repayment for the asset-backed securities issued by these entities. Investors in the asset-backed securities issued by VIEs do not have general recourse to NMAC's general credit, with the exception of customary representation and warranty repurchase provisions and indemnities. As a result of its subordinated positions retained in VIEs, overcollateralization, and the restricted cash balances, losses on these pledged assets and the related VIEs have generally accrued to the Company.

2. Summary of Significant Accounting Policies (continued)

The Company is party to certain securitization transactions with an affiliate, see *Note 5*. Due to rights the Company holds, the asset transfers involving the affiliate are accounted for as non-recourse financings on the consolidated balance sheets. The trust to which the assets are transferred is considered to be a VIE, however the Company has determined it is not the primary beneficiary. After the transfers, the Company is not contractually exposed to losses on the assets as all significant risks transfer to the affiliate, and the affiliate also receives the benefits from the assets.

Cash and Cash Equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be *Cash and cash equivalents*. Such investments are accounted for at cost, approximating fair value.

Restricted Cash

Restricted cash consists of compensating balances in cash accounts maintained for securitization trusts and amounts relating to warehouse lending facilities in connection with loan, lease, and floorplan asset transfers accounted for as collateralized borrowings. Cash reserve accounts are maintained at predetermined amounts for certain securitization activities in the event that deficiencies occur in cash flows owed to investors.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage certain exposures to interest rate and foreign currency exchange risks. The Company does not hold or issue derivative financial instruments for trading or speculation purposes. The use of derivative financial instruments requires the Company to make assumptions in determining fair market values, which may differ substantially at each reporting date. These derivative financial instruments include foreign currency exchange contracts and interest rate swaps and are recorded on the balance sheet as assets and liabilities, measured at fair value including an adjustment of non-performance risk. These are included in *Deferred charges and other assets, net* and *Other liabilities*, respectively.

2. Summary of Significant Accounting Policies (continued)

Gains or losses resulting from changes in the values of those derivatives are accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. Gains or losses related to derivatives that qualify for cash flow hedge accounting are recorded in *Other comprehensive income/(loss), net* in the accompanying consolidated statements of income and comprehensive income.

For derivatives that qualify for hedge accounting, the Company documents the relationships between hedging instruments and hedged items, including the purpose, strategy, and objective for undertaking various hedge transactions. The process includes linking derivatives to specific assets and liabilities on the balance sheet or specific future cash flows.

In addition, the Company utilizes certain derivative financial instruments that do not qualify or are not designated as hedges for accounting purposes to manage risks related to foreign currency. As these derivatives are economic hedges not designated as accounting hedges, changes in the fair value of the derivative instruments are recorded in *Other income/(loss), net*, and recognized in earnings when they occur. If a derivative designated in an accounting hedge relationship becomes ineffective, changes in the fair value of the derivative are recorded in *Other income/(loss), net*.

The Company has elected to present all derivative assets and liabilities gross in the accompanying consolidated balance sheets.

Finance Receivables, Net

Finance receivables, net are carried at amortized cost and consist of retail and wholesale receivables, loans to dealers, as well as other receivables, net of related allowances.

Retail Receivables

Retail receivables are generally due from customers in monthly installments over a period of one to seven years and are collateralized by liens on the related vehicles. Interest income on these receivables is calculated using the effective interest method and is recorded as earned. A retail account is considered delinquent if a substantial portion of a scheduled payment has not been

2. Summary of Significant Accounting Policies (continued)

received by the date the payment was contractually due. Interest accrual on retail receivables is suspended when an account is past due and unpaid for more than 120 days or upon repossession of the underlying collateral, whichever comes first. Loans are generally charged down to the lesser of the unpaid balance or the value of the collateral, less repossession and selling costs, when they are delinquent for over 120 days. When a loan is placed on non-accrual status, the Company reverses accrued interest against interest income. Interest income on non-accrual loans is recorded using the cash basis method of accounting. If and when borrowers demonstrate the ability to repay a loan in accordance with the contractual terms of a loan classified as non-accrual, the loan may be returned to accrual status.

Wholesale Receivables

The Company provides financing to dealers for the purchase of vehicle inventory. The receivables are collateralized by the related vehicles. Interest income on these receivables is calculated using the effective interest method and is recorded as earned. Interest accrual is discontinued when management believes, after considering economic and business conditions and collection efforts, that collection of interest is doubtful. Thereafter, the full amounts of all payments received are applied to the loan principal first. If and when the delinquent principal balance is repaid and there is expectation of continued repayment, accrual of interest income resumes. Loans are generally charged down to the lesser of the unpaid balance or the value of the collateral, less repossession and selling costs, when, in management’s opinion, repayment is unlikely.

Loans to Dealers

Loans to dealers primarily consist of mortgage, equipment, dealer signage, capital loans, and direct finance leases to dealers. Loans to dealers are collateralized by liens on the related real and personal property. Interest income on these receivables is calculated using the effective interest method and is recorded as earned. Interest accrual is discontinued when management believes, after considering economic and business conditions and collection efforts, that collection of interest is doubtful. Thereafter, the full amounts of all payments received are applied to the loan principal first. If and when the delinquent principal balance is repaid and there is expectation of continued repayment, accrual of interest income resumes. Loans are generally charged down to

2. Summary of Significant Accounting Policies (continued)

the lesser of the unpaid balance or the value of the collateral, less repossession and selling costs, when, in management's opinion, repayment is unlikely.

Other Receivables

Other receivables primarily consist of commercial receivables, interest receivable on retail and wholesale loans and loans to dealers, payments due and payment deferrals on leases, and customer excess mileage and wear charges.

Origination Fees

Origination fees and certain initial direct costs associated with loan and lease contract originations are included in *Finance receivables, net* and *Deferred charges and other assets, net*, respectively, in the accompanying consolidated balance sheets. These fees and initial direct costs are capitalized and amortized over the related loan or lease term using the effective interest method for loans or straight-line method for leases.

Allowance for Credit Losses

Effective April 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, requiring entities to use a new current expected credit loss (CECL) model based on expected losses rather than the incurred loss model. The CECL guidance applies to financial assets at amortized cost including retail receivables, wholesale receivables and loans to dealers, finance lease receivables, contract assets, trade receivables, certain loan commitments, and financial guarantees. The credit loss allowance represents management's estimate of lifetime expected losses.

The Company performs periodic reviews of its lending portfolios to identify inherent risks and assess overall collectability. The retail receivables allowance reflects the portfolio's risk and is based on aggregated loan pools that share common risk characteristics including: product type, consumer credit scores, loan duration, loan to value ratios and other relevant factors. The lifetime

2. Summary of Significant Accounting Policies (continued)

expected credit loss is determined by applying a probability of default and loss given default to each loan pool then discounting these cash flows to present value. In the loss models a variety of factors are considered, including, but not limited to: historical loss experience by pool; forward looking macroeconomic conditions including unemployment rates and their effect on projected loss trends; anticipated repossessions or foreclosures based on portfolio trends, delinquencies and other loan servicing metrics. In the application of applying forward looking macroeconomic conditions, the loss model utilizes twelve month reasonable and supportable third-party forecasts which ultimately revert to the macroeconomic factors' long-term average over twenty-four months. The Company has elected to not measure an allowance for credit losses for accrued interest receivables due to timely recognition of non-accrual loans and charge-offs of these amounts at 120 days and the reversion of accrued interest at time of charge-off.

The allowance for credit losses for the Company's dealer portfolio consists of an allowance on wholesale loans and on loans to dealers. The allowance for credit losses is established using a weighted-average remaining maturity method which calculates a loss rate and applies that loss rate to pools of loans on a periodic basis based on the remaining expected life of each pool to calculate the lifetime expected credit losses. The loan-risk pools are determined based on the risk characteristics of the loan (e.g., secured by vehicles, real estate or dealership assets) and analyzed based on factors, including, but not limited to: historical loss experience; forward looking macroeconomic conditions; collateral performance; performance trends within specific geographic and portfolio segments; and other pertinent information. Based on this analysis, an allowance for credit losses is established. The Company has undrawn commitments on wholesale loans and revolving lines of credit offered to dealers, both of which are unconditionally cancellable. The Company is not required to record an allowance for credit losses for any undrawn commitment that is unconditionally cancellable. As a result, no allowance is recorded for the unused or undrawn portion of these commitments.

Loans are also reviewed for credit deterioration on an individual loan basis and, if necessary, an allowance is established for individual dealer loans. If loans are individually evaluated, reserves are established on an individual basis, as appropriate, and the loan is removed from the loan-risk pool for separate monitoring. The allowance related to specifically identified dealer loans is

2. Summary of Significant Accounting Policies (continued)

established based on the estimated fair value of the collateral, discounted expected cash flows, or observable market prices.

If management does not believe the models fully reflect lifetime expected credit losses for the portfolio, an adjustment may be made to reflect management judgment regarding observable changes in recent or expected economic trends and conditions, portfolio composition, and other relevant factors.

Additions to the credit loss allowance are charged to the income statement as a provision for credit losses and uncollectible amounts are charged against the allowance for credit losses. Recoveries of finance receivables previously charged-off as uncollectible are credited to the allowance for credit losses.

Securitization of Finance Receivables and Related Securitized Debt

The Company raises a significant portion of operating funds through asset-backed securitizations. Finance receivable securitizations are accounted for as collateralized borrowings. These securitizations do not meet the de-recognition criteria, as the trusts where the assets have been transferred are VIEs that the Company consolidates. These securitizations also do not meet the de-recognition criteria due to the trusts' inclusion of nonfinancial assets, the resulting trusts' ability to invest in certain non-temporary investments, or the resulting trusts' ability to acquire derivatives relating to beneficial interests retained by the Company. All securitized finance receivables remain on the consolidated balance sheets and can only be used to settle the VIE's obligations (included in pledged retail receivables and pledged wholesale receivables in *Note 3*) until those obligations have been satisfied.

The Company records interest income on securitized finance receivables over the life of the loans and interest expense on the debt issued in the securitizations over the life of the securitizations. Deferred debt issuance costs related to the debt are included in *Borrowings* in the accompanying consolidated balance sheets and amortized using the effective interest method over the life of the debt.

2. Summary of Significant Accounting Policies (continued)

Investment in Vehicle Operating Leases, Net

Investment in vehicle operating leases, net represents the leased vehicles at cost less accumulated depreciation, residual value support, and leased vehicle impairment. Income from operating leases, included in *Leasing revenues* in the accompanying consolidated statements of income and comprehensive income, is recorded as scheduled payments become due. Depreciation expense on vehicles subject to operating leases is recorded on a straight-line basis in an amount necessary to reduce the leased vehicle value to its contractual residual value at the end of the lease term. Generally, the lessee may purchase the leased vehicle at the maturity of the lease by paying the purchase price stated in the lease agreement, which equals the contract residual value determined at origination of the lease, plus any fees and all other amounts owed under the lease. If the lessee decides not to purchase the leased vehicle, the lessee must return it to a dealer by the lease's scheduled lease maturity date.

Impairment of leased vehicles occurs primarily due to the separate or combined effects of declines in the estimated residual values of vehicles expected to be received at the end of the lease, and decreased expected cash flows due to underlying lessee credit issues.

The Company assesses impairment only upon determination that an impairment indicator exists. If it is determined that the asset may not be fully recoverable, impairment is recorded against the basis of the vehicle for the amount in which the carrying value of the asset exceeds the fair value of the asset. The fair value of the asset is based on the estimated discounted cash flows, consisting of lease payments and the estimated vehicle residual values less cost to sell.

Leased vehicle impairment reserves resulting from credit issues are maintained at an appropriate amount that considers historical and other pertinent factors. Reserve adjustments are included in *Provision for impairment – investment in vehicle operating leases, net* in the accompanying consolidated statements of income and comprehensive income. Reductions to this impairment reserve principally relate to disposals of repossessed leased vehicles before completion of the original lease term (i.e., sales of repossessed vehicles). Changes to the impairment reserve for residual value losses result primarily from gains/losses at the disposition of matured leased vehicles. Repossessed lease and off-lease vehicles that have not yet been sold at auction are

2. Summary of Significant Accounting Policies (continued)

recorded at the lower of cost or fair value and reported in *Deferred charges and other assets, net* in the accompanying consolidated balance sheets.

Substantially all NMAC contractual residual values are guaranteed by NNA through residual value support as long as the lease has not experienced a credit event (i.e., default by the lessee). Residual value support is included in *Investment in vehicle operating leases, net*. Proceeds in excess of guaranteed amounts are recorded by the Company in *Other income/(loss), net.* In addition to NNA's residual value support, the Company has agreements with NNA that provide for interest supplements and other support payments on certain leasing transactions. These subvention payments from NNA are recorded by the Company as deferred income and amortized, on a straight-line basis, into leasing revenues, over the contractual life of the lease. Upon prepayment of a lease, any remaining unamortized subvention is recognized as *Leasing revenue*.

One of the Company's subsidiaries, Nissan-Infiniti LT (NILT), purchases all NMAC lease contracts from dealers related to vehicles that have been leased to third parties through financing arrangements with NILT. Leased vehicles owned by NILT are occasionally allocated to Special Units of Beneficial Interests (SUBIs), and pledged as collateral for certain financing arrangements.

Debt security offerings secured by such pledged SUBIs and private placement warehouse borrowings are included in *Borrowings* in the accompanying consolidated balance sheets. Leased vehicles that collateralize the SUBIs are discussed in *Note 4*.

Receivables from Affiliates and Other, Net

Receivables from affiliates and other, net primarily consist of receivables related to vehicle incentive programs for both retail and lease contracts billed to NNA, intercompany tax receivables, and property tax receivables.

Loans to and investments in affiliates

Loans to and investments in affiliates primarily consists of loans receivable and other investments in affiliates.

2. Summary of Significant Accounting Policies (continued)

Deferred Charges and Other Assets, Net

Deferred charges and other assets, net primarily consists of vehicles held for sale, derivative assets, deferred lease origination costs, prepaid and other deferred costs and right of use lease assets.

Income Taxes

The Company is included in a US income tax return and, in the majority of instances, state income tax returns with NNA and other members of the affiliated group. Under the tax allocation agreement with NNA, each group member with taxable income is allocated 100% of its respective current federal tax liability calculated on a separate company basis. Any member without a current federal tax liability on a separate company basis is allocated 100% of the tax benefits of its tax losses and credits that are realized by the group. The current state tax liability is allocated to each member in proportion to each member's contribution to the combined tax payable or receivable.

The Company provides for deferred tax balances arising from future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns on a separate company basis adjusted for deferred tax balances utilized by the group. The effects of these future tax consequences are based on enacted laws and rates. State deferred tax balances are measured using the group's apportionment rate. Deferred tax assets, netted against the deferred tax liabilities in the accompanying consolidated balance sheets are recognized subject to management's judgment that realization is more likely than not. The Company adjusts these deferred tax assets to their realizable value through the recording of a valuation allowance. In making such determination, the Company considers all available positive and negative evidence, including potential carryback claims, scheduled reversals of deferred tax liabilities, tax planning strategies, projected taxable income and recent financial operations.

Uncertain tax positions are evaluated under the standards of Accounting Standards Codification (ASC) Topic 740-10, *Income Taxes*, which provides a comprehensive model for the recognition, measurement, presentation and disclosure of uncertain tax positions that a company has taken or expects to take on a tax return. ASC Topic 740-10 provides that a tax benefit from an uncertain tax

2. Summary of Significant Accounting Policies (continued)

position may be recognized when it is more likely than not that the position will be sustained upon examination. In addition, tax benefits related to positions considered uncertain are recognized only if, based on the technical merits of the issue, the Company believes that it is more likely than not to sustain the position and then at the largest amount that is greater than 50% likely to be realized upon ultimate examination.

Other Liabilities

Other liabilities primarily consist of liabilities for dealer cash management accounts.

Revenue Recognition

Revenue from finance receivables is recognized using the effective interest method. Certain origination costs on receivables are deferred and amortized, using the effective interest method, over the term of the related receivable as a reduction to financing revenue. Operating lease revenue is recognized on a straight-line basis over the lease term, as are initial direct lease costs. NNA also provides interest supplements and support payments to the Company on certain financing and leasing transactions. These payments (known as subvention) are recognized as income over the period that the related finance receivables and leases are outstanding using the effective interest and straight-line methods, respectively.

Other Income/(Loss), Net

Other income/(loss), net primarily consists of derivative income/(loss), re-measurement of foreign currency denominated investments and debt, interest income/(expense), gains/(losses) on the sale of off-lease vehicles and third party servicing income.

Factoring Arrangement

NNA has a purchase agreement with Nissan General Trust Receivables, a 100% owned special purpose entity (SPE) of NMAC, to facilitate factoring of accounts receivable from NNA to NMAC.

2. Summary of Significant Accounting Policies (continued)

The agreement encompasses the purchase of receivables of NNA for vehicles, dealership parts and other commercial receivables. These receivables are included in *Finance receivables, net.*

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that impact reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses. Actual results could differ from those estimates. Estimates are used when accounting for items such as, but not limited to: derivatives, allowance for credit losses, impairment reserves for leased vehicle residual value and credit related losses, deferred tax asset valuation allowances, uncertain tax provisions, recoverability of long-lived assets, and legal contingencies.

Adoption of New Accounting Standards

The Company did not adopt any standards in the current period that would have a material impact to the Company's consolidated financial statements or disclosures.

Recently Issued Accounting Standards Not Yet Adopted

The Company reviews the applicability and impact of all recently issued ASUs. At this time, there are no standards recently issued but not yet adopted, except as outlined below, that would have a material impact to the Company's consolidated financial statements or disclosures.

In December 2019, the Financial Accounting Standards Board issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which removes certain exceptions to the general income tax accounting principles of ASC 740 and simplifies other guidance to improve consistent application of U.S. GAAP. Exceptions removed from ASC 740 include the exception to the incremental approach for intraperiod tax allocation principle, the exception for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year, and the exception to the recognition of deferred taxes when foreign investment ownership changes. Simplifications include eliminating the allocation of consolidated income tax expense to separate financial statements of entities not subject to income tax unless an election to allocate is

2. Summary of Significant Accounting Policies (continued)

made, requiring the effect of an enacted change in tax laws or rates to be included in the annual effective tax rate computation in the interim period that includes the enactment date, requiring an entity to recognize a franchise tax or similar tax that is partially based on income as an income-based tax under ASC 740 principles and account for any incremental amount incurred as a non-income-based tax. The amendments in this update are effective for the fiscal year beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 with early adoption permitted. The Company is currently assessing the potential impacts this update will have on its consolidated financial statements and disclosures upon adoption.

3. Finance Receivables, Net

The Company's finance receivables are recorded on the accompanying consolidated balance sheets, net of certain interest rate incentives or subvention received from NNA (see *Note 5*); and allowance for credit losses. Net deferred origination fees, commissions and bonuses paid to third parties are recorded in retail receivables and other receivables, which roll-up into *Finance receivables, net* and are amortized over the life of the related receivable as an adjustment to the yield of the related receivable using the effective interest method.

The following table summarizes the components of finance receivables, net:

	June 30, 2021	March 31, 2021
Retail receivables	$ 20,252	$ 20,064
Wholesale receivables	2,534	3,929
Loans to dealers	1,725	1,834
Other receivables	829	475
Allowance for credit losses	(781)	(903)
Unamortized incentives	(655)	(597)
Deferred loan origination costs	369	354
Finance receivables, net	$ 24,273	$ 25,156

Wholesale receivables and other receivables are generally collected within three months. Included in other receivables are dealer parts and commercial receivables purchased from NNA, totaling $711 and $330 as of June 30, 2021 and March 31, 2021, respectively. Included in other receivables is interest due on finance receivables of $60 and $64 at June 30, 2021 and March 31, 2021, respectively.

3. Finance Receivables, Net (continued)

The following table represents the outstanding principal balance of finance receivables that have been pledged as collateral and the related securitized debt, net of discounts.

	June 30, 2021		March 31, 2021	
	Assets pledged as collateral	Borrowings secured by the collateral	Assets pledged as collateral	Borrowings secured by the collateral
Pledged retail receivables	$ 8,883	$ 6,495	$ 9,336	$ 4,680
Pledged wholesale receivables	2,230	2,000	2,764	2,000
	$ 11,113	$ 8,495	$ 12,100	$ 6,680

Included in pledged retail receivables, in the table above, are repossessed vehicles that have been reclassified to *Deferred charges and other assets, net*. The net book value adjusted balance (lower of their carrying amount or fair value less cost to sell) of these vehicles is $2 and $3 as of June 30, 2021 and March 31, 2021, respectively.

Management monitors the credit quality of all finance receivables on an ongoing basis. At the inception of each retail contract, the Company considers the credit risk based on a variety of criteria, including, but not limited to, prior payment experience, customer financial information, Fair Isaac Corporation (FICO) credit-ratings, loan-to-value ratios and other internal metrics. On an ongoing basis, the Company monitors the credit quality of retail receivables based on the aging of receivables.

While the Company uses FICO scores at inception of the loan as a measure of credit risk, an aging methodology is used to measure default risk on an ongoing basis since the likelihood of loss increases as receivables age.

3. Finance Receivables, Net (continued)

The following table represents the Company's retail receivables by credit quality indicator at origination as of June 30, 2021 and March 31, 2021:

Customer Risk Rating	June 30, 2021	March 31, 2021
Tier 1 (740+)	$ 9,758	$ 9,493
Tier 2 (720-739)	1,966	1,948
Tier 3 (700-719)	1,897	1,886
Tier 4 (680-699)	1,626	1,610
Tier 5 (660-679)	1,594	1,592
Tier 6 (640-659)	1,320	1,375
Tier 7 (620-639)	710	729
Tier 8 (600-619)	416	422
Tier 9 (0-599 and unknown)	899	943
Total	20,186	19,998
Other	66	66
Total retail receivables	$ 20,252	$ 20,064

The following tables present an aging analysis of the retail, wholesale and loans to dealers receivables.

June 30, 2021	Current	30-59 days	60-89 days	90+ days	Total	90 Days + Past Due and Accruing Interest	Nonaccrual
Retail	$ 19,922	$ 249	$ 63	$ 18	$ 20,252	$ 11	$ 24
Wholesale	2,515	9	—	10	2,534	—	10
Loans to dealers	1,613	41	—	71	1,725	47	24
Total	$ 24,050	$ 299	$ 63	$ 99	$ 24,511	$ 58	$ 58

March 31, 2021	Current	30-59 days	60-89 days	90+ days	Total	90 Days + Past Due and Accruing Interest	Nonaccrual
Retail	$ 19,754	$ 234	$ 57	$ 19	$ 20,064	$ 13	$ 27
Wholesale	3,919	—	—	10	3,929	1	9
Loans to dealers	1,691	69	11	63	1,834	39	31
Total	$ 25,364	$ 303	$ 68	$ 92	$ 25,827	$ 53	$ 67

3. Finance Receivables, Net (continued)

Wholesale receivables and loans to dealers are evaluated to determine the credit quality of the related finance receivable. Dealership performance and financial position are routinely monitored to determine if there are any significant financial risks that may be specifically identified. Financial data is obtained monthly to determine the financial health of each dealership and the dealership is internally assigned a credit risk grade based on several factors including profitability, capitalization and other criteria, with category A indicating the lowest risk.

Dealers that are in the Workout risk class are dealers that the Company works with to improve their financial position and ultimate collectability of receivables. Dealers that are in the Status risk class have not met contractual obligations and the Company has specific reserves for these receivables. The Other category primarily represents non-Nissan dealers, whose financial information is not readily available in the same format as that of Nissan dealers but who are graded and monitored through similar metrics as Nissan dealers, and loans in process.

The following tables represent the wholesale receivables and loans to dealers by credit grade:

	June 30, 2021		March 31, 2021	
Credit Quality Indicator	**Wholesale Receivables**	**Loans to Dealers**	**Wholesale Receivables**	**Loans to Dealers**
A	$ 1,863	$ 1,151	$ 2,497	$ 940
B	194	178	384	234
C	147	45	267	104
D	157	112	561	273
Workout	78	24	133	31
Status	19	46	10	48
Other	76	169	77	204
Total	$ 2,534	$ 1,725	$ 3,929	$ 1,834

3. Finance Receivables, Net (continued)

An analysis of the allowance for credit losses for finance receivables is as follows:

	Retail	Wholesale	Loans to Dealers	Total
Balance — March 31, 2020	**$ 536**	**$ 69**	**$ 32**	**$ 637**
Cumulative effect of adoption of CECL	580	—	6	586
Balance — April 01, 2020	**$ 1,116**	**$ 69**	**$ 38**	**$ 1,223**
Charges offs	(139)	(3)	(5)	(147)
Recoveries	73	1	—	74
Provision for losses/(releases)	120	(4)	(1)	115
Other	14	(2)	—	12
Balance — June 30, 2020	**$ 1,184**	**$ 61**	**$ 32**	**$ 1,277**
Balance — April 01, 2021	**$ 827**	**$ 40**	**$ 36**	**$ 903**
Charges offs	(118)	—	—	(118)
Recoveries	94	—	—	94
Provision for losses/(releases)	(97)	(7)	—	(104)
Other	6	—	—	6
Balance — June 30, 2021	**$ 712**	**$ 33**	**$ 36**	**$ 781**

At March 31, 2020, under the incurred loss model, as a result of the COVID-19 pandemic NMAC recorded additional allowances of $150. This adjustment was based on both qualitative and quantitative methods and considered available information at the time including the estimated near term unemployment rate, borrower relief programs, and economic disruption. The total allowance, including these adjustments, was $536 for retail and $101 for wholesale and loans to dealers.

NMAC adopted CECL effective April 1, 2020. The adoption of CECL resulted in an increase to the allowance for credit losses of $586, primarily for retail loans. The allowance for credit losses at adoption included the considerations outlined in *Note 2* under Allowance for Credit Losses, notably an estimate of forward-looking economic conditions based on supportable third-party forecasts that considered the COVID-19 pandemic. We monitor and update our forecast quarterly as well as our analysis of delinquencies, borrower relief programs, loan servicing metrics specific to the NMAC portfolio, and the effects of government measures.

3. Finance Receivables, Net (continued)

At June 30, 2021, the allowance for credit losses included incremental reserve components related to accounts which had two or more COVID-19 payment extensions. These accounts have demonstrated elevated risk factors not otherwise captured by segmentation and economic variables used in the CECL model. The estimates made by the Company are sensitive to future changes in the factors considered and the impact of changes in these or other factors affecting the estimated allowance for credit losses of the portfolio, which may occur in future periods, is unknown.

At June 30, 2021, the allowance for credit losses also included incremental reserve components related to adjusted credit scores. Despite the COVID-19 pandemic and unemployment rates spiking at 14% in April 2020, U.S. average credit scores hit an all-time high of 711 in October 2020. Management believes scores may be temporarily inflated due to government stimulus, forbearance programs, and temporary changes in consumer behaviors and therefore reduced borrower FICO scores by 8 points for loans originated since April 2020.

NMAC considered the accounting implications of loss mitigation actions taken by the Company related to the pandemic. Customers experiencing financial hardships as a result of COVID-19 were permitted to request short-term payment extensions on retail loans of one to two months. The Company has determined these do not qualify as Troubled Debt Restructurings (TDRs) under ASC 310-40 in accordance with the provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as the extensions are being predominantly granted to customers that were not more than 30 days past due prior to the pandemic and the modifications are short term, representing an insignificant delay in the ultimate repayment of the loan, interest income is not suspended, and no other terms of the loan are being modified. An extension represents a 30 day payment deferral. Extensions received by a borrower reduce the age of the receivable in 30 day increments. The number of extensions offered due to the pandemic peaked during April 2020 and has returned to pre-pandemic levels as of October 2020.

Periodically, the Company may modify the terms of existing loans with dealers. Most of these modifications result only in an insignificant delay of payments and are not considered to be TDRs as discussed in ASU 2011-02, *A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring,* because the borrower is not considered to be troubled or the modification is not considered to be a concession.

3. Finance Receivables, Net (continued)

Loan modifications relating to retail loans, wholesale loans and loans to dealers classified as TDRs in accordance with ASC Topic 310-40 approximated less than one percent of the total finance receivables, net balance during the three months ended June 30, 2021 and 2020.

Vehicles that were repossessed in connection with defaulted retail auto loans with an estimated fair value less cost to sell of $27 and $43 as of June 30, 2021 and March 31, 2021, respectively, are held for resale by the Company and are included in *Deferred charges and other assets, net* in the accompanying consolidated balance sheets.

Customer Concentration

At June 30, 2021, the three largest aggregate outstanding dealer or dealer group wholesale receivables totaled approximately $327 or 13% of all wholesale receivables. Adverse changes in the business or financial condition of a dealer or dealer group to whom the Company has extended a substantial amount of financing or commitments, in particular when the financing is unsecured or not secured by marketable assets, could result in a material adverse effect on the Company's consolidated balance sheets, statements of income and comprehensive income, and statements of cash flows.

Concentration of Credit Risk by Geography

The following table approximates the concentration by geography of the Company's *Finance receivables, net* and *Investment in operating leases, net* in the U.S. as of June 30, 2021:

Retail/Lease Receivable		Loans to dealers		Wholesale Receivable	
New York	12 %	California	16 %	California	12 %
Texas	11 %	Florida	14 %	Texas	10 %
California	10 %	Texas	11 %	Florida	10 %

Any material adverse changes to the economy of these states could have a material adverse effect on the Company's consolidated balance sheets, statements of income and comprehensive income, and statements of cash flows.

4. Investment in Vehicle Operating Leases, Net

Investment in vehicle operating leases, net is summarized as follows:

	June 30, 2021	March 31, 2021
Cost, net	$ 20,808	$ 21,497
Accumulated depreciation	(4,282)	(4,495)
Residual value support and leased vehicle impairment	(1,186)	(1,241)
Investment in vehicle operating leases, net	$ 15,340	$ 15,761

Certain operating leases, consisting of leased vehicles, were allocated to various SUBIs. The Company pledges the SUBIs as collateral for securitized debt, net of discounts. The Company services, administers, and collects payments with respect to these leases. In addition, with respect to the SUBIs, the Company is required to assess the value of the underlying collateral and, when necessary, allocate additional leased vehicles to collateralize the related securitized debt, net of discounts.

The following table represents operating leases stated at depreciated value, before residual value support and leased vehicle impairment, that have been pledged as collateral and the related securitized debt.

June 30, 2021		March 31, 2021	
Assets pledged as collateral	Borrowings secured by the collateral	Assets pledged as collateral	Borrowings secured by the collateral
$ 4,606	$ 2,011	$ 5,636	$ 2,677

Included in pledged assets are off-lease and repossessed vehicles that have been reclassified to *Deferred charges and other assets, net.* The net book value of these vehicles was $16 and $15 as of June 30, 2021 and March 31, 2021, respectively.

NNA guarantees residual value recoveries on non-credit related automotive lease terminations and maturities, excluding employee-leased vehicles and dealer-leased service loaner vehicles (*see Note 5*). Under an agreement between NNA and NMAC, residual value losses are incurred and reimbursed by NNA. However, the initially estimated residual value support provided by NNA at lease inception is returned by NMAC to NNA if the subsequent estimates of residual value during

4. Investment in Vehicle Operating Leases, Net (continued)

the contractual lease term improve or actual residual value losses at lease termination are below initial or subsequent estimates and are included in the residual value support and leased vehicle impairment losses as residual value support from NNA in the analysis below.

A breakdown of the residual value support and leased vehicle impairment is as follows:

	Three Months Ended June 30	
	2021	2020
Beginning of period	$ 1,241	$ 1,869
Net residual value support (to)/from NNA and other	(142)	(79)
Charge-offs, net of recoveries and other	87	(157)
Net provision for impairment	—	39
End of period	$ 1,186	$ 1,672

At the onset of the pandemic, NMAC evaluated additional impairment risk within the lease portfolio. This analysis considered the impact on leased asset impairment driven by the estimated near-term unemployment rate, based on multiple external macroeconomic data sources, repossession availability and expected timing delays, as well as projected decreases in used car values. As a result of this analysis, an additional impairment of $39 was recorded related to NMAC's leased assets. We have monitored and updated our forecast throughout the period as well as delinquencies, lessee relief programs, lease servicing metrics specific to the NMAC portfolio, projections of used car values, and the effects of government measures. Based on these analyses we have recorded total residual value support and leased vehicle impairment of $1,186 as of June 30, 2021. The estimates made by the Company are sensitive to future changes in the factors considered and the impact of changes in these or other factors affecting the estimated impairment of the portfolio, which may occur in future periods, is unknown.

NMAC considered the accounting implications of loss mitigation actions taken by the Company related to the pandemic. Customers experiencing financial hardships as a result of COVID-19 were given the option to defer up to three currently due lease payments until the end of the lease. These payment deferrals do not affect maturity dates of leases as all payments are due upon contractual maturity of the lease. The Company has concluded that these concessions do not result in a substantive change to the total consideration of the lease contract, therefore no change was be made to the recognition of the lease payment receivable or income. The number of deferrals

4. Investment in Vehicle Operating Leases, Net (continued)

granted peaked during April 2020 and returned to pre-pandemic levels as of October 2020. NMAC continues to grant payment relief to customers and dealers under normal business practices. Payment deferrals of lease payments are included in *Finance receivable, net* as a part of other receivables on the consolidated balance sheets.

As of June 30, 2021 and March 31, 2021, repossessed lease and off-lease vehicles of approximately $91 and $216, respectively, net of accumulated depreciation adjustments and allowances of $53 and $215, respectively, were recorded at the lower of cost or estimated fair value less cost to sell. These vehicles, which are held for resale by the Company, are included in *Deferred charges and other assets, net* in the accompanying consolidated balance sheets.

At June 30, 2021, minimum future rental payments receivable on non-cancelable operating leases related primarily to leased vehicles are summarized as follows:

Years ending June 30:		
2022	$	2,480
2023		1,434
2024		581
2025		32
2026 and after		—
Total	$	4,527

5. Related-Party Transactions

The table below summarizes amounts included in the Company's consolidated balance sheets and statements of income and comprehensive income for the respective periods under various related party agreements or relationships:

	June 30, 2021			
Consolidated balance sheet	**NNA**	**NML**	**Other**	**Total**
Unamortized incentives included in finance receivables, net [1]	$ (655)	$ —	$ —	$ (655)
Other receivables included in finance receivables, net	—	—	5	5
Receivables from affiliates and other [2]	279	—	4	283
Loans to and investments in affiliates	—	—	1,305	1,305
Borrowings	2,830	—	969	3,799
Accounts payable and accrued liabilities	1,062	28	2	1,092
Deferred income and incentives [3]	778	—	—	778

	For the three months ended June 30, 2021			
Consolidated statement of income and comprehensive income	**NNA**	**NML**	**Other**	**Total**
Total revenues [4]	$ 350	$ —	$ 3	$ 353
Other income/(loss), net	50	—	9	59
Interest, net	2	28	13	43
General and administrative [5]	20	—	2	22

Included in other loans to and investment in affiliates as of June 30, 2021, is a $582 loan receivable from NR Finance Mexico, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada (NRFM) which originated on August 20, 2020 and matures on July 17, 2023, $492 loans receivable from Nissan Financial Services Japan (NFSJP) which originated on March 23, 2021 and matures on March 22, 2024, and a $200 loan receivable from NFSJP which originated on January 22, 2021 and matures on January 20, 2022. Included in other borrowings at June 30, 2021 are $429 loans payable to NGRE, maturing through July 2023 and a $460 loan payable to Nissan Extended Services NA (NESNA), which originated on December 16, 2020 and matures on December 15, 2023.

5. Related-Party Transactions (continued)

	March 31, 2021			
Consolidated balance sheet	**NNA**	**NML**	**Other**	**Total**
Unamortized incentives included in finance receivables, net [1]	$ (597)	$ —	$ —	$ (597)
Other receivables included in finance receivables, net	—	—	6	6
Receivables from affiliates and other [2]	276	—	3	279
Loans to and investments in affiliates	13	—	1,730	1,743
Borrowings	1,993	—	1,214	3,207
Accounts payable and accrued liabilities	881	30	3	914
Deferred income and incentives [3]	915	—	—	915

	For the three months ended June 30, 2020			
Consolidated statement of income and comprehensive income	**NNA**	**NML**	**Other**	**Total**
Total revenues [4]	$ 324	$ —	$ 10	$ 334
Other income/(loss), net	12	—	13	25
Interest, net	—	34	21	55
General and administrative [5]	18	—	2	20

Included in other loans to and investment in affiliates as of March 31, 2021, is a $582 loan receivable from NR Finance Mexico, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada (NRFM) which originated on August 20, 2020 and matures on July 17, 2023, $491 loans receivable from Nissan Financial Services Japan (NFSJP) which originated on March 23, 2021 and matures on March 22, 2024, a $225 loan receivable from Nissan Canada Inc (NCI) which originated on March 31, 2021 and matures on April 1, 2021, a $200 loan receivable from NFSJP which originated on January 22, 2021 and matures on January 20, 2022 and a $200 loan receivable from Nissan Financial Services Australia Pty. Ltd. (NFSA), which originated on December 22, 2020 and matures on June 22, 2021. Included in other borrowings at March 31, 2021 are $689 loans payable to NGRE, maturing through July 2023 and a $460 loan payable to Nissan Extended Services NA (NESNA), which originated on December 16, 2020 and matures on December 15, 2023.

1 Unamortized incentives are related to retail contracts in the vehicle incentive programs, *see Vehicle Incentive Programs* below.

2 Includes receivables of $289 and $280 related to vehicle incentive programs for both retail and lease contracts that are billed to NNA, as of June 30, 2021 and March 31, 2021, respectively, see *Vehicle Incentive Programs* below.

3 Includes unamortized incentives related to lease vehicles under the vehicle incentive programs, see *Vehicle Incentive Programs* below.

5. Related-Party Transactions (continued)

4 Includes $91 and $67 of retail revenues related to the vehicle incentive programs, as of June 30, 2021 and 2020, respectively, *see Vehicle Incentive Programs* below. Includes $204 and $237 of leasing revenues related to the vehicle incentive programs, as of June 30, 2021 and 2020, respectively, see *Vehicle Incentive Programs* below.

5 General and administrative is mostly related to shared services that NNA provides to NMAC.

Borrowings

NML and its affiliates utilize excess cash by providing loans between NML affiliates to support liquidity and working capital of the group. Excess cash from group affiliate members is lent in the form of loans; the Company is either a borrower or a lender, depending on overall excess cash positions.

The Company has a master netting agreement with NNA, which is used to settle payments between NNA and NMAC.

Total borrowings from other affiliates outstanding as of March 31, 2021 and 2020, respectively, comprised of the following:

	June 30, 2021			March 31, 2021		
	Balance	Weighted-average rate	Maturing through	Balance	Weighted-average rate	Maturing through
Term notes:						
NNA	$ 2,830	0.40 %	07/21	$ 1,993	0.55 %	04/21
Nissan Reinsurance	80	0.52 %	08/21	65	0.70 %	05/21
NESNA	460	1.90 %	12/23	460	1.90 %	12/23
NGRE	—			150	0.80 %	06/21
	$ 3,370			$ 2,668		
Securitized debt:						
NGRE [1]	$ 429	8.73 %	07/23	$ 539	8.64 %	07/23

[1] NGRE Securitized debt balance is net of discounts in the amount of $2 and $3 as of June 30, 2021 and March 31, 2021, respectively.

5. Related-Party Transactions (continued)

Vehicle Incentive Programs

NNA sponsors various vehicle incentive financing programs for both retail and lease contracts. Under these programs, the Company obtains the retail and lease contracts and charges NNA an amount to obtain the estimated current market lending or leasing rates on the contracts, based on the applicable incentive programs.

Lease Residual Value and Employee Lease Programs

NNA guarantees residual value recoveries on non-credit related automotive lease terminations and maturities, excluding employee leased vehicles and dealer leased service loaner vehicles. The total amount the Company expects to be reimbursed if net proceeds are less than contractual values is estimated and recorded in the allowance for incentives and leased vehicle impairment which is included in *Investment in vehicle operating leases, net* in the accompanying consolidated balance sheets. Provisions to or releases from the Allowance for Leased Vehicle Impairment (non-credit related) have no impact to the Company's consolidated statements of income and comprehensive income. The Company records a receivable or a payable related to such gains or losses. The receivables relating to these programs are recorded in *Receivables from affiliates and other, net*, in the accompanying consolidated balance sheets.

In addition, NNA serves as a collection agent for the Company for the sale of off-lease vehicles. Once the funds are received, NNA transfers the proceeds to the Company. The Company records a receivable from NNA at the time the vehicle is sold in *Receivables from affiliates and other, net* in the accompanying consolidated balance sheets.

The following table represents receivables from (payable to) NNA for the shortfall (excess) of expected proceeds compared to residual values for off-lease vehicles, recorded in *Receivables from affiliates and other, net* in the accompanying consolidated balance sheets as of March 31, 2021 and 2020, respectively. NNA pays the guarantee in advance at the inception of the lease based on residual value estimates. The Company returns any unused portion of the reserve based on actual sales proceeds.

5. Related-Party Transactions (continued)

	June 30, 2021	March 31, 2021
Due from/(to) NNA for off-lease sales	$ (156)	$ (208)

During the year ended March 31, 2021, auction proceeds upon sale of off-lease vehicles in excess of leased car book values were realized of approximately $70 million. Leased vehicles are depreciated to the guaranteed residual values agreed with NNA. Under the residual guarantee agreement between NNA and NMAC, NMAC holds rights to such excess proceeds as the legal owner of the vehicles and based on the economic substance of the transactions. NNA is the auction agent and had retained the excess proceeds. Market conditions have been unique and excess proceeds of this nature and magnitude have not previously occurred. As of June 30, 2021, NNA and NML were continuing to evaluate the appropriate attribution of these gains based on the existing intercompany arrangements and their intentions with regard to the guarantee, and accordingly, neither the proceeds nor any associated revenues have been included in the accompanying interim consolidated financial statements. In August 2021, the parties resolved their differences of interpretation of the underlying contractual arrangement, and NNA has transferred the funds to NMAC. This settlement and the associated revenues will be recorded by NMAC in the period in which they occurred.

The following table represents the receivable from NNA for proceeds from the sale of off-lease vehicles, which are recorded in *Receivables from affiliates and other, net* in the accompanying consolidated balance sheets as of June 30, 2021 and March 31, 2021, respectively.

	June 30, 2021	March 31, 2021
Receivables related to the sale of off-lease vehicles	$ 63	$ 186

The Company acquires vehicles from NNA primarily related to employee vehicle lease programs provided by NNA. Prior to the adoption of ASC 842 on April 1, 2019, the costs of the vehicles, net of accumulated depreciation, were included in *Investment in vehicle operating leases, net* in the accompanying consolidated balance sheets. The Company then leased the vehicles back to NNA via an operating lease and revenue related to lease payments from NNA was included in *Leasing revenues* in the accompanying consolidated statements of income and comprehensive income. This revenue totaled $2 for the three months ended June 30, 2021 and 2020, respectively. Following the adoption of ASC 842, the costs of vehicles acquired during the period from April 1, 2019 through

5. Related-Party Transactions (continued)

January 2020 were included in *Loans to and investments in affiliates* in the accompanying consolidated balance sheets. The balance of vehicles acquired and accounted for as loans was $0 and $13 as of June 30, 2021 and March 31, 2021, respectively. The payments from NNA on these receivables are applied to the outstanding principal and interest amounts and totaled $0 and $49 for June 30, 2021 and 2020, respectively. Beginning January 2020, a subsidiary of the Company, Nissan CV Leasing LLC (NCVL), began acquiring the vehicles from NNA and costs of the vehicles, net of accumulated depreciation, are included in *Investment in vehicle operating leases, net* in the accompanying consolidated balance sheets. The balance of vehicles acquired and accounted for as investment in vehicle operating leases, net was $533 and $551 as of June 30, 2021 and March 31, 2021, respectively. NCVL then leases the vehicles directly to the employees via an operating lease and revenue related to lease payments from the employee and employer incentive compensation from NNA are included in *Leasing revenues* in the accompanying consolidated statements of income and comprehensive income. This revenue totaled $61 and $21 for the three months ended June 30, 2021 and 2020, respectively.

The Company's recorded lease payment receivable for employee leases from NNA, which are recorded in *Receivables from affiliates and other, net,* was $83 and $26 as June 30, 2021 and March 31, 2021, respectively.

Income Taxes

The Company is included in a U.S. income tax return and, in the majority of instances, state income tax returns with NNA and other members of the affiliated group. Under the tax allocation agreement with NNA, each group member with taxable income is allocated 100% of its respective current federal tax liability calculated on separate company basis. Any member without a current tax liability is allocated 100% of the tax benefits of its losses and credits realized by the group. The current state tax liability is allocated to each member in proportion to each member's contribution to the combined tax payable or receivable.

The Company's net receivable from (payable to) NNA related to federal and state income taxes was ($1,047) and ($844) as of June 30, 2021 and March 31, 2021, respectively. The gross receivable (payable) balances are recorded in *Receivables from affiliates and other, net* and in

5. Related-Party Transactions (continued)

Accounts payable and accrued liabilities, respectively, in the accompanying consolidated balance sheets.

Keepwell Agreement

The Company entered into an amended Keepwell agreement with NML, dated February 9, 2005, whereby NML provides assurances to Company creditors under debt and derivative obligations. NML has agreed, per the Keepwell, to: (1) maintain a direct or indirect ownership of the entire legal title to and beneficial interest in all of the Company's outstanding shares of stock having the right to vote for the election of members of the Board of Directors, and not to pledge, directly or indirectly, or in any way encumber or otherwise dispose of any such shares of stock or permit its subsidiaries to do so; (2) cause the Company to have a consolidated tangible net worth, as determined in accordance with U.S. GAAP, of at least one U.S. dollar; (3) cause the Company to maintain sufficient liquidity to punctually meet the payment obligations under any indebtedness for borrowed money represented by debt obligations, borrowings, foreign exchange, swap and derivative obligations (Debt) in accordance with its terms, or, where necessary, make available to or arrange for sufficient funds to enable the Company to meet such obligations in full as and when they fall due; and (4) so long as any Debt is outstanding, not to modify, amend, or terminate the Keepwell Agreement in any manner adverse to the interests of the creditors of such debt.

The Keepwell Agreement does not have a stated maturity date. The Company received no monetary support from NML under the Keepwell Agreement as of March 31, 2021 and 2020, respectively. The Company pays a Keepwell-related fee to NML that is calculated as a percentage of outstanding loan balances and the notional amounts of derivatives outstanding.

These fees totaled $28 and $34 for the three months ended June 30, 2021 and 2020 respectively, and are recorded in *Interest, net* in the accompanying consolidated statements of income and comprehensive income.

The Company's financial position, results of operations, and cash flows might have been different if the relationships with NML, NNA, and other commonly controlled affiliates did not exist. The Company's business is dependent on the sales and leasing of Nissan and Infiniti vehicles in the

5. Related-Party Transactions (continued)

United States, and the Company has significant volume of transactions and arrangements with NNA and other affiliates. Significant declines in the volume of sales and leasing activities or adverse changes in availability and extent of arrangements with NNA and other affiliates may have a material adverse impact on the Company's financial position and operating results.

Related Party Debt Guarantees

NMAC guarantees a portion of debt obligations outstanding for its affiliate, NRFM. NMAC guaranteed $1,717 and $1,702 of outstanding debt obligations at NRFM as of June 30, 2021 and March 31, 2021, respectively, and was paid an annual yield of 1.5% based on the quarterly aggregate outstanding principal balance guaranteed. The income totaled $7 and $10 for the three months ended June 30, 2021 and 2020, respectively, and is recorded in *Other income/(loss)* in the accompanying consolidated statements of income and comprehensive income. No liability related to the guarantee has been recorded since NRFM does not have any history of defaults and no additional risks are currently present.

Loans To and Investments in Affiliates

The following table summarizes investments at June 30, 2021 and March 31, 2021:

	June 30, 2021	March 31, 2021
Term notes and other receivables	$ 1,274	$ 1,712
Equity method investments	31	31
Total	$ 1,305	$ 1,743

Equity Transactions with NNA

In June 2021, the Board of Directors of NMAC approved and settled a member distribution to NNA in the amount of $1,300.

See Notes 3, 4, 6, and 8 for additional details on related-party transactions.

6. Income Taxes

For interim income tax reporting, the Company estimates the annual effective tax rate and applies it to year-to-date ordinary income. For the three months ended June 30, 2021, the Company recorded income tax expense of $186 on pre-tax income of $608 generating an effective tax rate of 30.59%. This compares to the effective tax rate of 20.95% generated from income tax expense of $44 on pre-tax income of $210 for the three months ended June 30, 2020. The change in the effective tax rate from the prior year is primarily caused by the revaluation of state deferred tax balances after the Company's conversion from a corporation to a limited liability company effective April 1, 2021.

Income tax expense for the three months ended June 30, 2021 differs from the tax calculated at the statutory rate primarily due to the federal electric vehicle investment tax credits, reserves for uncertain tax positions and the revaluation of state deferred tax balances. Income tax expense for the three months ended June 30, 2020 differs from the tax calculated at the statutory rate primarily due to federal electric vehicle investment tax credits and reserves for uncertain tax positions.

The Company, its subsidiaries and its parent are routinely examined by U.S. federal, state and local authorities. Tax years ended March 31, 2010 through 2019 are currently under examination by the IRS. Various tax years are currently under examination by state taxing authorities. Additionally, various tax years beginning after March 31, 2008, remain open to examination by state jurisdictions.

Uncertain tax positions are recognized in accordance with ASC 740-10. Consequently, the Company applies a more-likely-than-not recognition threshold for all tax uncertainties. ASC 740-10 only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by taxing authorities.

Management regularly assesses the potential outcome of both ongoing and future examinations for the current and prior years and has concluded that the provision for income taxes is adequate.

The balance of the Company's gross unrecognized tax benefits at June 30, 2021 and March 31, 2021 are $178 and $177, respectively. The $1 increase from the prior year is related to uncertain tax positions taken in the current period and prior years. The amount of unrecognized tax benefit that, if recognized, would impact the effective tax rate is $162. During the next 12 months, the

6. Income Taxes (continued)

Company anticipates that it is reasonably possible that the IRS examinations for the tax years ended March 31, 2010 through 2017 will close. The estimated decrease of the unrecognized tax benefit as a result of the anticipated closing of the audit cycle is $79.

The Company records interest and penalties related to uncertain tax positions as a component of income tax expense. Estimated interest and penalties related to the potential underpayment of income taxes increased by $4 and $3 for the three months ended June 30, 2021 and June 30, 2020, respectively. The Company had $39 and $35 of accrued interest and penalties related to uncertain tax positions as of June 30, 2021 and March 31, 2021, respectively.

Effective April 1, 2021, the Company converted its legal entity status from a corporation to a limited liability company. As a limited liability company with a single owner, NNA, the Company is disregarded for federal and state income tax purposes. The Company has revalued its state deferred tax assets and liabilities upon conversion as the disregarded entity tax treatment will create changes in its state income tax filings. Based on intercompany tax sharing agreements including amounts expected to be received from NNA, the Company did not have a material impact to capital as a result of the conversion.

7. Commitments and Contingencies

IRS Tax Examination

During the year ended March 31, 2019 the Company received a notice of proposed adjustment from the IRS related to an intercompany transfer pricing matter for the tax years ended March 31, 2011 through 2014. The tax years ended March 31, 2015 through 2019 are also currently under examination by the IRS including this item. The proposed adjustment totals $114 in federal tax and would also be subject to federal interest, state income tax and state interest of $65 in the aggregate. In conjunction with the proposed adjustment, the IRS issued a proposed penalty adjustment of $32. The Company estimates the potential range of an unfavorable outcome for the intercompany transfer pricing item for federal income tax, federal interest, state income tax and state interest for all periods open to examination between $0 and $563. The Company disagrees with the IRS proposal with regards to this matter. The Company continues to believe the provision for income taxes is adequate.

Subsequent to June 30, 2021, the Company received proposed terms of an agreement with the IRS regarding its transfer pricing methodology for the tax years ending March 31, 2011 through 2014. If the proposed agreement is accepted, the Company estimates it will recognize tax expense of $70 during the period in which it is accepted.

On August 9, 2021, the Company entered into an agreement with the IRS regarding its transfer pricing methodology for the tax years ended March 31, 2015 through 2018. The Company will recognize a tax benefit of $43 during the period ending September 30, 2021 for the realization of previously unrecognized tax benefits due to the agreement. Additionally, the agreement covers the intercompany transfer pricing matter discussed above. With this agreement and the acceptance of the proposed agreement for tax years ended March 31, 2011 through 2014 the intercompany transfer pricing item for federal income tax will be resolved for tax years ended March 31, 2011 through 2018.

7. Commitments and Contingencies (continued)

Litigation Related Contingencies

There are various claims and pending actions against the Company related to commercial and consumer financing matters, taxes, and other matters arising out of the normal course of business. In management's opinion, the ultimate outcome of these matters is not expected to have a material adverse effect on the Company's consolidated balance sheets; statements of income and comprehensive income; and statements of cash flows.

Superior Auto of Fremont, LLC, et al

In October 2017, the Superior Court of California ruled in favor of NMAC, vacating a May 2017 jury verdict in favor of Superior Auto of Fremont, LLC (Superior). The Court of Appeals upheld the trial court's order vacating the jury verdict on account of jury misconduct, and this matter has been returned to the trial court for further proceedings. An unfavorable outcome related to Superior is not considered to be probable or estimable at this time.

Wholesale Loans and Loans to Dealers

Certain amounts are available to dealers under wholesale loans as well as revolving lines of credit. Wholesale financing is not considered to be a contractual commitment as the arrangements are not binding agreements under which the Company is required to perform. Amounts available on revolving lines of credit to dealers totaled $159 and $154 as of June 30, 2021 and March 31, 2021.

8. Borrowings

The following tables present borrowings and the scheduled maturities assuming that no early redemptions occur. The actual payment of securitized debt may vary based on the payment activity of the related pledged assets (see *Notes 3* and *4*). Total *Borrowings* outstanding as of June 30, 2021 and March 31, 2021, respectively, comprised of the following:

	June 30, 2021			March 31, 2021		
	Balance	Weighted-average rate	Maturing through	Balance	Weighted-average rate	Maturing through
Term notes	13,511	0.91 %	10/25	15,032	1.02 %	10/25
Securitized debt	10,506	1.48 %	09/27	9,357	1.88 %	05/27
Corporate bonds, net	7,599	2.20 %	03/28	7,598	2.21 %	03/28
Debt issuance costs	(57)			(57)		
Total borrowings outstanding	$ 31,559	1.41 %		$ 31,930	1.55 %	

As of June 30, 2021 and March 31, 2021, the Company held term notes with Japan Bank for International Cooperation (JBIC) totaling $2,582. The latest maturity of JBIC term notes held by the Company as of June 30, 2021 is October 15, 2025 for $2,000.

As of June 30, 2021 and March 31, 2021, the Company held term notes with related parties totaling $3,370 and $2,668, respectively. As of June 30, 2021 and March 31, 2021, the Company held securitized debt with related parties totaling $429 and $539, respectively. The related party borrowings are further discussed in *Note 5*.

The total *Borrowings* outstanding at June 30, 2021, mature as follows:

Twelve months ending June 30:	
2022	$ 18,947
2023	4,841
2024	3,520
2025	761
2026 and after	3,552
Total maturities	31,621
Unamortized discounts/premiums and debt issuance costs	(62)
Total borrowings outstanding	$ 31,559

8. Borrowings (continued)

Credit Facilities

As of June 30, 2021, the Company has three credit facilities with a syndicate of banks totaling $6,720 available in the aggregate for general liquidity purposes.

- The 2018 five-year facility of $3,000 matures in June 2023.
- The 2019 three-year facility of $2,000 matures in June 2022.
- The 2021 five-year facility of $1,720 matured in June 2026.

The Company had no outstanding borrowings under the above three credit facilities as of June 30, 2021.

As of March 31, 2021, the Company had three credit facilities with a syndicate of banks totaling $6,643 available in the aggregate for general liquidity purposes.

- The 2018 five-year facility of $3,000 matures in June 2023.
- The 2019 three-year facility of $2,000 matures in June 2022.
- The 2020 364-day facility of $1,643 matured in June 2021. The facility was renewed through June 2026.

The Company had no outstanding borrowings under the above three credit facilities as of March 31, 2021.

The Company participates in a global multicurrency revolving credit facility that matures in July 2023. The maximum credit line, which was shared by the Company and NML, was $2,500 at June 30, 2021 and March 31, 2021. At June 30, 2021 and March 31, 2021, there were no outstanding borrowings under this credit facility.

The carrying values of all unsecured medium-term notes, net of amortized discount or premium, are included as part of the corporate bonds, net caption of the outstanding borrowings schedule above. The balances of unsecured medium-term notes at June 30, 2021 and March 31, 2021 were $7,000 and $7,000.

8. Borrowings (continued)

Compliance with Debt Covenants

Certain credit facilities of the Company require compliance with financial ratios, as well as reporting to lenders. The Company's securitized debt agreements also contain various covenants, such as overcollateralization ratios, payment ratios, or other considerations. As the Company's securitized debt agreements are non-recourse obligations, the Company may, at its discretion, but is not obligated to, contribute or pledge additional cash, finance receivables, or other assets to VIEs that have issued securitized debt related to the financial covenants of those agreements. At June 30, 2021, the Company was in compliance with its debt covenants.

9. Derivative Financial Instruments and Risk Management

The Company's borrowings consist of fixed and floating rate debt. The Company has entered into interest rate swaps and foreign currency swaps to mitigate the interest rate and foreign currency risks. The use of derivatives is intended to reduce fluctuations on cash flows and fair value adjustments of assets and liabilities caused by market movements.

All derivatives are recorded on the consolidated balance sheets at fair value, which is presented on a gross basis and includes an adjustment of non-performance risk. The Company may use the following derivatives:

Fair value hedges – at the inception, the derivative is designated as a hedge of the fair value of a specific asset or liability. The changes in the fair value of the derivative that are not attributable to the hedged risk are referred to as hedge ineffectiveness and recorded in *Net income*. The changes in the fair value of the hedged item attributable to the hedged risk are recognized in *Other income/(loss), net*. The Company currently does not have any designated fair value hedges.

Cash flow hedges – at the inception, the derivative is designated as a hedge of the forecasted cash flow associated with floating and fixed rate debt and receivables. Changes in the fair value of the derivative are recorded in *Other comprehensive income/(loss), net* and are recognized in *Net income* when the hedged item affects *Net income*. If a designated hedge relationship is no longer highly effective, future changes in the fair value of the derivative are recognized in *Net income* in the period in which the changes occur. The Company designates certain derivatives as cash flow hedges to match interest payments related to its term debt, corporate bonds and foreign currency term debt and receivable with affiliates.

Non-hedges – at the inception, the derivative is undesignated. The changes in the fair value of the derivative are recorded in *Other income/(loss), net*.

9. Derivative Financial Instruments and Risk Management (continued)

Foreign Exchange Contracts

The Company enters into foreign currency swaps to reduce foreign exchange risk arising from foreign currency transactional exposures associated with transactions between affiliates and non-affiliates. The Company does not treat certain currency swaps that are used to convert non-functional foreign denominated debt and investments to functional currency as hedges for accounting purposes. As these derivatives are not designated as hedges for accounting purposes, the gains or losses are recorded in earnings each period. For currency contracts designated as hedges for accounting purposes, the accounting treatment is dependent on whether the hedge is a cash flow hedge or a fair value hedge. Currency swaps generally involve the exchange of payments, which are based on the reference interest rates available at the inception of the contract, on two different currency principal balances that are exchanged.

Interest Rate Contracts

Interest rate contracts are generally used to manage a portion of the Company's interest rate risk. The Company's net interest income is affected by changes in the level of market interest rates and mismatches between the re-measurement dates of its assets and liabilities. Interest rate contracts are used to alter the re-measurement characteristics of assets and liabilities (from floating rate to fixed rate or from fixed rate to floating rate) to achieve a specified level of interest rate exposure over time from assets and liabilities.

The Company has entered into various offsetting derivatives between NMAC and its VIEs to reduce the interest rate risk between VIEs and their external counterparties. These offsetting derivative transactions are not designated for hedge accounting.

9. Derivative Financial Instruments and Risk Management (continued)

Fair Values of Derivative Instruments

The location and fair value of derivatives reported in the consolidated balance sheets were as follows:

		Asset (Liability) Fair Value	
		June 30, 2021	March 31, 2021
Designated derivatives under ASC Topic 815			
Interest rate contracts	Deferred charges and other assets, net	$ 15	$ 18
Foreign exchange contracts	Deferred charges and other assets, net	7	10
Interest rate contracts	Other liabilities	(55)	(67)
Foreign exchange contracts	Other liabilities	(60)	(67)
Total designated contracts		$ (93)	$ (106)
Undesignated derivatives under ASC Topic 815			
Interest rate contracts	Deferred charges and other assets, net	$ 1	$ 1
Interest rate contracts	Other liabilities	(1)	(1)
Total undesignated contracts		$ —	$ —

The gross effect of derivatives designated as hedging instruments on the consolidated statements of income and comprehensive income was as follows:

	Gain/(Loss) Recognized in AOCI Inclusive of Reclassification to Income	
Derivatives in ASC Topic 815 Cash Flow Hedging Relationships	**June 30, 2021**	**June 30, 2020**
Interest rate contracts	$ 9	$ (1)
Foreign exchange contracts	2	(9)
	$ 11	$ (10)

Derivatives in ASC Topic 815 Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from AOCI to Income	Gain/(Loss) Reclassified from AOCI to Income	
		June 30, 2021	June 30, 2020
Interest rate contracts [1]	Interest, net	$ (15)	$ (13)
Foreign exchange contracts [2]	Other income/(loss), net	1	(2)
Foreign exchange contracts [1]	Interest, net	(3)	(2)
		$ (17)	$ (17)

[1] Represents the amount net of cash flow interest payments incurred and reclassified out from OCI to earnings.

[2] Represents the amount net of the revaluation of the related foreign denominated debt or receivable.

9. Derivative Financial Instruments and Risk Management (continued)

The following table summarizes the types of derivative financial instruments utilized by the Company and the related fair values, notional amounts outstanding, and weighted-average interest rates. Weighted-average variable rates are based on rates implied in the yield curve which are primarily based upon LIBOR indices.

	Maturing Through	June 30, 2021	March 31, 2021
Interest rate agreements			
Purchased agreements (non-qualifying hedges):	2025		
Notional		$ 5,568	$ 6,083
Fair value		1	1
Average interest rate		3.99 %	3.99 %
Written agreements (non-qualifying hedges):	2025		
Notional		$ 5,568	$ 6,083
Fair value		(1)	(1)
Average interest rate		3.99 %	3.99 %
Interest rate swap agreement (cash flow hedge)			
Notional	2025	$ 5,532	$ 6,532
Fair value		(40)	(49)
Average pay rate (fixed)		1.04 %	1.30 %
Average receive rate (variable)		0.17 %	0.21 %
Interest rate and foreign currency swaps			
Japanese Yen (JPY) notional amount (cash flow hedge):	2024	JPY 254,413	JPY 254,413
U.S. $ notional amount		$ 2,358	$ 2,358
Fair value		(53)	(57)
Pay rate (fixed) on USD		1.75 %	1.75 %
Receive rate (variable) on JPY		1.19 %	1.19 %
Australian $ (AUD) notional amount (non-qualifying hedge):	2021	—	AUD 263
U.S. $ notional amount		$ —	$ 200
Fair value		—	—
Pay rate (fixed) on AUD		—	0.75 %
Receive rate (variable) on USD		—	1.01 %

9. Derivative Financial Instruments and Risk Management (continued)

Notional Amounts of Derivatives

The notional amounts of derivatives do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through derivative use. The amounts exchanged are calculated based on notional amounts and the other terms of the derivatives, related to interest rates and exchange rates. The notional amounts associated with these financial instruments do not represent assets or liabilities on the consolidated balance sheets.

Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. To reduce such credit risk, the Company evaluates the counterparties' credit ratings. The Company does not currently anticipate nonperformance by such counterparties. Concentrations of credit risk, which arise from financial derivative instruments, exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. In management's opinion, the Company does not have a significant exposure to any individual financial derivative counterparty.

10. Fair Value Disclosures

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use, including a consideration of nonperformance risk. Accordingly, the Company applied the following fair value:

Level 1 – Quoted (unadjusted) prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair values of the Company's derivative financial instrument assets and liabilities were determined using Level 2 inputs. The fair value of interest rate and foreign currency swap agreements were determined by discounting the expected cash flows using observable market inputs for forward exchange rates, forward swap curves, and relative zero-coupon market interest rates over the remaining terms of the agreements. The fair value of purchased and written interest rate caps was determined from market quotes obtained from dealers. The fair value of derivative financial assets and liabilities incorporate the Company's non-performance credit risk and counterparty non-performance credit risk. Valuation adjustments for non-performance credit risk are derived from observable data related to credit default derivatives for individual counter-parties. Credit default derivatives on NML are used to estimate NMAC's non-performance credit risk.

10. Fair Value Disclosures (continued)

The following tables summarize the fair values of financial instruments measured at fair value on a recurring basis at June 30, 2021 and March 31, 2021:

	Items Measured at Fair Value on a Recurring Basis			
	Level 1	**Level 2**	**Level 3**	**Balance as of June 30, 2021**
Assets:				
Derivative assets*:*				
Interest rate contracts	$ —	$ 16	$ —	$ 16
Foreign exchange contracts	—	7	—	7
Total derivative assets	—	23	—	23
Total assets at fair value	$ —	$ 23	$ —	$ 23
Liabilities:				
Derivative liabilities*:*				
Interest rate contracts	$ —	$ 56	$ —	$ 56
Foreign exchange contracts	—	60	—	60
Total derivative liabilities	—	116	—	116
Total liabilities at fair value	$ —	$ 116	$ —	$ 116

	Items Measured at Fair Value on a Recurring Basis			
	Level 1	**Level 2**	**Level 3**	**Balance as of March 31, 2021**
Assets:				
Derivative assets:				
Interest rate contracts	$ —	$ 19	$ —	$ 19
Foreign exchange contracts	—	10	—	10
Total derivative assets	—	29	—	29
Total assets at fair value	$ —	$ 29	$ —	$ 29
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ —	$ 68	$ —	$ 68
Foreign exchange contracts	—	67	—	67
Total derivative liabilities	—	135	—	135
Total liabilities at fair value	$ —	$ 135	$ —	$ 135

10. Fair Value Disclosures (continued)

Fair Value of Financial Instruments

The following discloses the estimated fair values of financial instruments not re-measured at fair value on a recurring basis in NMAC's consolidated balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies as described below. Considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The Company did not elect to record any financial instruments at fair value.

	June 30, 2021		
	Loans to and investments in affiliates	**Finance receivables, net**	**Borrowings**
Financial instruments per consolidated balance sheet	$ 1,305	$ 24,273	$ 31,559
Financial instruments subject to fair value [1]	1,305	24,559	31,619
Fair value adjustment	14	(311)	156
Estimate financial instruments fair value	$ 1,319	$ 24,248	$ 31,775

	March 31, 2021		
	Loans to and investments in affiliates	**Finance receivables, net**	**Borrowings**
Financial instruments per consolidated balance sheet	$ 1,743	$ 25,156	$ 31,930
Financial instruments subject to fair value [1]	1,743	25,400	31,992
Fair value adjustment	—	(219)	168
Estimate financial instruments fair value	$ 1,743	$ 25,181	$ 32,160

[1] Items that are not subject to fair value disclosure requirements include debt issuance costs, subvention and certain premiums and discounts.

10. Fair Value Disclosures (continued)

The carrying value of *Cash and cash equivalents*, *Restricted cash*, and *Receivables from affiliates and other, net* approximates fair value due to the short maturity of these instruments.

The methods and assumptions used to estimate the fair value of other financial instruments are summarized as follows:

Loans to and investments in affiliates – Loans to and investments in affiliates includes a fixed rate term loan with NFSJP and an intercompany floating rate term loan with NRFM. The carrying value of loans to and investment in affiliates approximates fair value due to the stability of the credit risk of the entities and interest rates since origination. The fair value of *Loans to and investments in affiliates* is categorized within Level 2 of the hierarchy.

Finance receivables, net – The carrying value of variable rate, wholesale receivables, and loans to dealers were assumed to approximate fair value, as they reprice monthly at current market rates. The fair value of fixed rate finance receivables, which is comprised of fixed rate retail receivables and loans to dealers, was estimated by discounting cash flows based on quoted current market interest rates. The fair value of finance receivables is categorized within Level 3 of the hierarchy.

Borrowings – The fair value of public securitized debt and corporate bonds was determined from market value quotes. The fair value for fixed rate term notes was estimated by discounting cash flows based on quoted current market interest rates. The carrying value of floating rate term notes approximates fair value. The fair value of borrowings are categorized within Level 2 of the hierarchy.

The fair value estimates presented herein are based on pertinent information available to management as of June 30, 2021 and March 31, 2021. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively re-evaluated for consolidated financial purposes since the period date, and therefore, current estimates of fair value may differ significantly from the amounts presented herein.

11. Subsequent Events

The Company evaluated subsequent events through September 10, 2021 (the date the consolidated financial statements were available to be issued).

The COVID-19 pandemic continues to impact the operations of the Company. The full impact of the pandemic on the Company's ongoing operations will depend on future developments, such as the ultimate duration and scope of the outbreak, its impact on customers and dealers, and the rate at which economic conditions, operations and demand for vehicles return to pre-COVID-19 levels. Accordingly, the ultimate impact on the Company cannot be reasonably estimated at this time. Refer to *Notes 1, 3 and 4* for further discussion.

APPENDIX A

INFORMATION REGARDING
NISSAN MOTOR CO., LTD.

The following financial and other information concerning Nissan Motor Co., Ltd. or NML, has been provided by NML and is included for background purposes only in view of the existence of the Keepwell Agreement between NML and us, dated as of February 9, 2005. While we believe that the information in this Appendix A is correct, it is based solely upon information made available by NML. See "Certain Relationships and Related Transactions — Keepwell Agreement." The Keepwell Agreement is not, and nothing done by NML pursuant to the Keepwell Agreement shall be deemed to constitute, a guarantee by NML of any of the notes offered hereby.

NML, incorporated in Japan in 1933, is one of the largest automobile manufacturers in Japan and one of the world's leading automobile manufacturers. NML and its consolidated subsidiaries and affiliates accounted for by the equity method (in this section, "the Group") manufactures and distributes vehicles and related parts. In addition, the Group provides sales finance services to support sales activities of the above businesses. As of June 30, 2021, Renault owned 43.7% of NML's total outstanding shares and was NML's largest shareholder. NML also owned 15.24% of Renault's total outstanding shares through a wholly-owned subsidiary. In 2016, NML entered into an agreement with MITSUBISHI MOTORS CORPORATION ("MITSUBISHI MOTORS") on a strategic cooperative relationship including equity participation. As of June 30, 2021, NML owned 34.05% of total outstanding shares of MITSUBISHI MOTORS and is its largest shareholder. NML has entered into various strategic alliances with Renault and MITSUBISHI MOTORS.

Comparison of three months ended June 30, 2021 and 2020 (unaudited)

In the three months ended June 30, 2021:

- the Group sold 1,048 thousand units worldwide, an increase of 404 thousand units, or 62.9%, compared to the corresponding period of the previous fiscal year; and
- NML recorded consolidated operating income of ¥75.7 billion, improving by ¥229.6 billion compared to the corresponding period of the previous fiscal year.

In Japan, the Group sold 90 thousand units, an increase of 6.8% compared to the corresponding period of the previous fiscal year. The Group's market share was 8.6%, a decrease of 1.4 percentage points compared to the corresponding period of the previous fiscal year.

In the United States of America, the Group sold 298 thousand units, an increase of 68.1% compared to the corresponding period of the previous fiscal year. The Group's market share increased 0.8 percentage points to 6.8% from the corresponding period of the previous fiscal year. In Canada, the Group sold 28 thousand units, an increase of 62.3% compared to the corresponding period of the previous fiscal year. The Group's market share increased 0.4 percentage points to 5.8%. In Mexico, the Group sold 52 thousand units, an increase of 90.0% compared to the corresponding period of the previous fiscal year. The Group maintained its leading position in Mexico with its market share of 20.3%.

In Europe, excluding Russia, the Group sold 79 thousand units, an increase of 79.9% compared to the corresponding period of the previous fiscal year. The Group's market share decreased 0.1 percentage points to 1.9%. In Russia, the Group sold 12 thousand units, an increase of 19.6% compared to the corresponding period of the previous fiscal year. The Group's market share decreased 1.8 percentage points to 2.6%.

In Asia (excluding China) and Oceania, the Group sold 48 thousand units, an increase of 47.7% compared to the corresponding period of the previous fiscal year. In China, the Group sold 352 thousand units, an increase of 70.6% compared to the corresponding period of the previous fiscal year. The Group's market share in China decreased 0.2 percentage points to 6.0%.

In other foreign countries (including Central and South America (excluding Mexico), the Middle East, Africa), the Group sold 89 thousand units, an increase of 99.6% compared to the corresponding period of the previous fiscal year.

NML's consolidated net sales totaled ¥2,008.2 billion for the three months ended June 30, 2021, an increase of 71.0% from the corresponding period of the previous fiscal year. Consolidated operating income was ¥75.7 billion for the three months ended June 30, 2021, improving by ¥229.6 billion from the corresponding period of the previous fiscal year.

Income before income taxes totaled ¥170.5 billion for the three months ended June 30, 2021, improving by ¥475.1 billion from the corresponding period of the previous fiscal year. Income taxes totaled ¥48.8 billion for the three months ended June 30, 2021, an increase of ¥69.1 billion from the corresponding period of the previous fiscal year.

Net income attributable to non-controlling interests, which represent interests in consolidated subsidiaries which are not wholly owned by NML or its wholly owned subsidiaries, amounted to ¥7.2 billion for the three months ended June 30, 2021, an increase of ¥5.9 billion from the corresponding period of the previous fiscal year.

NML recorded consolidated net income attributable to owners of parent of ¥114.5 billion for the three months ended June 30, 2021, improving by ¥400.1 billion from the corresponding period of the previous fiscal year.

In the automobile segment, net sales, including inter-segment sales or transfers, amounted to ¥1,764.0 billion for the three months ended June 30, 2021, an increase of 86.8% from the corresponding period of previous fiscal year. Operating loss of the automobile segment amounted to ¥28.1 billion for the three months ended June 30, 2021, improving by ¥193.9 billion from the corresponding period of the previous fiscal year. Net income attributable to owners of parent of the automobile segment, including eliminations, amounted to ¥48.6 billion for the three months ended June 30, 2021, improving by ¥374.3 billion from the corresponding period of the previous fiscal year.

In the sales financing segment, net sales, including inter-segment sales or transfers, amounted to ¥271.1 billion for the three months ended June 30, 2021, an increase of 2.7% from the corresponding period of the previous fiscal year. Operating income of the sales financing segment amounted to ¥97.7 billion for the three months ended June 30, 2021, an increase of 55.0% from the corresponding period of the previous fiscal year. Net income attributable to owners of parent of the sales financing segment amounted to ¥66.0 billion for the three months ended June 30, 2021, an increase of 64.2% from the corresponding period of the previous fiscal year.

Net cash provided by operating activities increased by ¥191.2 billion to ¥211.7 billion for the three months ended June 30, 2021, from ¥20.53 billion provided in the corresponding period of the previous fiscal year. This was mainly attributable to an increase in revenue resulting from sales volume increase.

Net cash used in investing activities decreased by ¥126.9 billion to ¥79.2 billion for the three months ended June 30, 2021, from ¥206.1 billion used in the corresponding period of the previous fiscal year. This was mainly attributable to an increase in proceeds from sales of investment securities.

Net cash used in financing activities was ¥293.1 billion in the three months ended June 30, 2021, an increase in cash outflows of ¥303.3 billion compared with ¥10.2 billion provided in the corresponding period of the previous fiscal year. This was mainly due to a decrease in proceeds from long-term borrowings.

As of June 30, 2021, the Group's automotive business had ¥744.8 billion in net automotive cash, which was calculated by subtracting out debt (the sum of short-term borrowings, current portion of long-term borrowings, current portion of bonds, commercial papers, lease obligations, bonds, long-term borrowings, and intersegment adjustments) from cash and equivalents (cash on hand and in banks, time deposits with maturities of more than three months, and cash equivalents included in securities).

NML's most recent unaudited quarterly consolidated financial statements as of June 30, 2021 and for the three months ended June 30, 2021 and 2020 and audited consolidated financial statements for the years ended March 31, 2021 and 2020 are available at the following website maintained by NML and are incorporated herein by reference: http://www.nissan-global.com/EN/FINANCE/DATA/. Other than the financial statements mentioned above, or as expressly provided in any amendment or supplement hereto, no information on NML's website is, or should be deemed to constitute part of, or is or should be deemed to be incorporated into, this Offering Memorandum Supplement.

Any statement contained herein or made a part hereof, or contained in a document all or a portion of which is incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for the purposes of this Offering Memorandum Supplement to the extent that another statement contained herein (or in any subsequently posted document which is also incorporated or deemed to be incorporated by reference herein) specifically modifies or supersedes such statement. Any statement modified or superseded shall not be deemed, except as so modified or superseded specifically, to constitute a part of this Offering Memorandum Supplement.

NML will provide, without charge, to each person to whom a copy of this Offering Memorandum Supplement has been delivered, upon the written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents should be directed to nissan-ir@mail.nissan.co.jp .

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Nissan Motor Acceptance Company LLC

Medium-Term Notes, Series G

General Terms of Sale

The following terms will generally apply to the Medium-Term Notes, Series G (the "**Notes**") that Nissan Motor Acceptance Company LLC will offer and sell from time to time using this Offering Memorandum. We will include information regarding the specific terms for each Note in a pricing supplement (a "**Pricing Supplement**") to this Offering Memorandum. We may include information regarding a type of medium-term note not described herein in an additional supplement to this Offering Memorandum and information regarding the specific terms of any such Note in a Pricing Supplement to that additional supplement. Any reference to this "**Offering Memorandum**" or to a "**Pricing Supplement**" herein shall include any such additional supplement or Pricing Supplement, unless the context requires otherwise.

Maturity:	Generally, one year or more from the date of issue.	**Ranking:**	The Notes will constitute our senior unsecured obligations.
Redemption:	Terms of specific Notes may permit redemption at our option.	**Other Terms:**	You should review "Description of the Notes" and the applicable Pricing Supplement for other terms that apply to your Notes.
Interest Rates:	Fixed, floating or zero coupon.		

Investing in the Notes involves risks. See "Risk Factors" beginning on page 8.

The Notes have not been registered under the Securities Act of 1933, as amended, or the Securities Act, or any state securities laws. Accordingly, the Notes are being offered and sold only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act, or Rule 144A) in accordance with Rule 144A, and outside the United States in accordance with Regulation S under the Securities Act. Prospective purchasers that are persons reasonably believed to be qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Each purchaser or other transferee of the Notes offered hereby will be deemed to have made certain acknowledgements, representations, warranties and agreements intended to restrict the resale or other transfer of the Notes. For a description of these acknowledgments, representations, warranties and agreements and certain restrictions on transfers of the Notes, see "Transfer Restrictions."

We may sell Notes to the agents referred to below as principals for resale at varying or fixed offering prices or through the agents as agents using their reasonable efforts on the Company's behalf. We may also sell Notes without the assistance of the agents.

Barclays
BofA Securities
Citigroup
HSBC
J.P. Morgan
Lloyds Securities
Mizuho Securities
MUFG
SMBC Nikko
SOCIETE GENERALE
TD Securities
US Bancorp
Wells Fargo Securities

The date of this Offering Memorandum is September 10, 2021.

No agent, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum. Neither we nor any of the agents named on the cover of this Offering Memorandum or in any amendment or supplement hereto (collectively, the "Agents") or their affiliates take any responsibility for, nor can provide assurance as to the reliability of, any information that others may give you. This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Offering Memorandum at any time, nor any sale made in connection with this Offering Memorandum, shall, in any circumstances, create an implication that there has been no change in our affairs or the affairs of Nissan Motor Co., Ltd. since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct as of any time subsequent to the date of this Offering Memorandum.

Neither this Offering Memorandum nor any related Pricing Supplement is a prospectus for the purposes of the EU Prospectus Regulation or the UK Prospectus Regulation (each as defined below).

This Offering Memorandum and any related Pricing Supplement have been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (the "EEA") will only be made to a legal entity which is a qualified investor under the EU Prospectus Regulation ("EU Qualified Investors"). Accordingly any person making or intending to make an offer in that Member State of the EEA of Notes which are the subject of the offering contemplated in this Offering Memorandum and any related Pricing Supplement may only do so with respect to EU Qualified Investors. Neither Nissan Motor Acceptance Company LLC nor the Agents have authorized, nor do they authorize, the making of any offer of Notes in the EEA other than to EU Qualified Investors. The expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not an EU Qualified Investor. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (an "EU distributor") should take into consideration the target market assessment; however, an EU distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Agent subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Agents nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

This Offering Memorandum and any related Pricing Supplement have been prepared on the basis that any offer of Notes in the United Kingdom will only be made to a legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation ("UK Qualified Investors"). Accordingly any person making or intending to make an offer in the United Kingdom of Notes which are the subject of the offering contemplated in this Offering Memorandum and any related Pricing Supplement may only do so with respect to UK Qualified Investors. Neither Nissan Motor Acceptance Company LLC nor the Agents have authorized, nor do they authorize, the making of any offer of Notes in the United Kingdom other than to UK Qualified Investors. The expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (as amended, the "EUWA").

PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article

2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the United Kingdom Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or (iii) not a UK Qualified Investor. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of United Kingdom domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "UK distributor") should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Agent subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Agents nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The communication of this Offering Memorandum, any related Pricing Supplement and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which this Offering Memorandum and any related Pricing Supplement relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Memorandum or any related Pricing Supplement or any of their contents.

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This Offering Memorandum has been prepared by us solely for use in connection with the proposed offering of Notes described in this Offering Memorandum. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

Notwithstanding anything in this Offering Memorandum to the contrary, each prospective investor (and each employee, representative or other agent of the prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation Section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions between us, the Agents or their respective representatives and each prospective investor regarding the transactions described in this Offering Memorandum.

We have furnished the information contained in this Offering Memorandum. The Agents make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum (financial, legal or otherwise) and assume no responsibility for such information. Nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Agents as to the past or future.

Neither the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission nor any other regulatory authority has approved or disapproved the securities nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled "Transfer Restrictions" and "Plan of Distribution."

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Notes, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

In this Offering Memorandum, we rely on and refer to information and statistics regarding our industry. We obtained this market data from independent industry publications or other publicly available information. Although we believe that these sources are reliable, we have not independently verified and do not guarantee the accuracy and completeness of this information.

This Offering Memorandum contains summaries of the indenture, Notes and keepwell agreement that are believed to be accurate, but reference is made to the actual transaction documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of the actual transaction documents will be made available to prospective investors upon request to us or the Agents.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include, but are not limited to, statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend" or similar expressions. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement the strategy, our objectives, the amount and timing of future capital expenditures, financing plans, working capital needs and sources of liquidity.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. These assumptions could prove inaccurate. Forward-looking statements also involve risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to identify, control or predict. Such factors include, but are not limited to, the risk factors discussed under the caption "Risk Factors" in this Offering Memorandum.

Undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any of them in light of new information or future events.

SUMMARY

In this Offering Memorandum, the words "**NMAC**," the "**Company**," "**we**," "**us**" and "**our**" refer to Nissan Motor Acceptance Company LLC, a Delaware limited liability company and the issuer of the Notes, and to our subsidiaries and variable interest entities (VIEs). The following summary contains basic information about us and this offering. It may not contain all the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire document, including the financial statements and related notes, and the documents to which we have referred you.

Our Company

NMAC is a wholly owned subsidiary of Nissan North America, Inc., or NNA, the primary distributor of Nissan and Infiniti vehicles in the United States. We were established as a captive finance company on November 6, 1981 to support the vehicle sales activity of NNA. NNA is a direct wholly owned subsidiary of Nissan Motor Co., Ltd., or NML, a Japanese corporation, which is a worldwide manufacturer and distributor of motor vehicles and industrial equipment. On April 1, 2021, NMAC converted from a California corporation to a Delaware limited liability company and changed its name to Nissan Motor Acceptance Company LLC (the "**Conversion**"). The Conversion was not a taxable event to holders of the existing notes for U.S. federal income tax purposes nor did it impact the rights of existing note holders.

We provide indirect retail automobile and light-duty truck loans and lease financing by purchasing consumer and business installment sale contracts and leases from authorized Nissan and Infiniti vehicle dealers (1,276 at March 31, 2021) and, to a lesser extent, other domestic and import franchised dealers. We also provide direct wholesale dealer financing to many of those dealers by financing inventories and other dealer activities such as business acquisitions, facilities refurbishment, real estate purchases, working capital requirements and rental car lines. During our fiscal year ended March 31, 2021, approximately 78.0% of our total finance revenues came from lease financing, 18.3% from retail loans and 2.0% from wholesale dealer financing.

One of our primary funding sources has been the packaging and sale of interests in consumer loans, leases and leased vehicles, as well as dealer floorplan receivables through asset-backed securities, or ABS, transactions. For the fiscal years ended March 31, 2019, 2020 and 2021, we issued approximately $5,256 million, $7,258 million and $3,575 million in principal amounts, respectively, in public and private ABS debt offerings. Our other funding sources consist of intercompany borrowings from NNA, NML and other affiliates, term loans, and the issuance of commercial paper and corporate bonds. At March 31, 2021, we had approximately $3,207 million of intercompany borrowings outstanding owed to NNA, NML and other affiliates. At March 31, 2021, we also had approximately $12,415 million of term loans outstanding with unaffiliated third parties, approximately $0.0 million principal amount outstanding under our commercial paper program and approximately $7,598 million aggregate principal amount of corporate bonds outstanding.

The consumer and business installment sale contracts we purchase are for both new and used vehicles and are sourced from Nissan, Infiniti and non-Nissan and non-Infiniti dealers, including Mitsubishi Motors Corporation ("**Mitsubishi**") dealers. The leases we purchase include new-vehicle, closed-end lease contracts also sourced from these dealers. We are responsible for determining the residual value of leased vehicles if the lessee or dealer does not purchase the asset at lease maturity. We collect payments and service our leases and sales contracts, employing various collection methods including a behavioral-based collection strategy to minimize risk of loss.

We extend credit lines to Nissan and Infiniti dealers that operate exclusive Nissan and Infiniti dealerships, to dealers that operate Nissan, Infiniti and non-Nissan and non-Infiniti franchises in one dealership, and also to dealers that operate dealerships franchised by non-Nissan and non-Infiniti manufacturers, including Mitsubishi, of which NML owns 34%, for their purchase of inventories of new and used Nissan, Infiniti and other vehicles in the normal course of business. Our long term strategy is to deepen the relationship with Mitsubishi where possible, in accordance with alliance objectives. Any short-term growth may be constrained by existing contractual relationships. Dealers who have non-Nissan and non-Infiniti franchises may use part of our financing, pursuant to their related wholesale financing agreement, to finance vehicles purchased from other manufacturers. We also extend term loans and revolving lines of credit to dealers for business acquisitions, facilities refurbishment, real estate purchases, construction and working capital requirements.

For the fiscal years ended March 31, 2019, 2020 and 2021, our total finance revenues were $6,899 million, $6,541 million, and $5,639 million respectively. For the fiscal years ended March 31, 2019, 2020 and 2021, net income was $749 million, $721 million and $1,025 million, respectively.

Our headquarters is located at One Nissan Way, Franklin, TN 37067. We also have customer centers in Irving, Texas and Aguascalientes, Mexico, which perform underwriting, servicing and collection activities. NMAC owns interests in vehicle inspection companies located in Long Beach, California. For more information about our business and our results of operations, see the "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this Offering Memorandum and our financial statements and related notes.

Nissan Motor Co., Ltd.

The financial and other information concerning Nissan Motor Co., Ltd., or NML, included or incorporated by reference into this Offering Memorandum has been provided by NML and is included for background purposes only in view of the existence of the keepwell agreement between NML and us, dated as of February 9, 2005. While we believe that this information is correct, it is based solely upon information made available by NML. See "Certain Relationships and Related Transactions — Keepwell Agreement." The keepwell agreement is not, and nothing done by NML pursuant to the keepwell agreement shall be deemed to constitute, a guarantee by NML of any of the Notes offered hereby.

NML, incorporated in Japan in 1933, is one of the largest automobile manufacturers in Japan and one of the world's leading automobile manufacturers. NML and its consolidated subsidiaries and affiliates accounted for by the equity method (in this section, "the Group") manufactures and distributes vehicles and related parts. In addition, the Group provides sales finance services to support sales activities of the above businesses. As of March 31, 2021, Renault owned 43.7% of NML's total outstanding shares and was NML's largest shareholder. NML also owned 15.18% of Renault's total outstanding shares through a wholly-owned subsidiary. In 2016, NML entered into an agreement with MITSUBISHI MOTORS CORPORATION ("MITSUBISHI MOTORS") on a strategic cooperative relationship including equity participation. As of March 31, 2021, NML owned 34.03% of total outstanding shares of MITSUBISHI MOTORS and is its largest shareholder. NML has entered into various strategic alliances with Renault and MITSUBISHI MOTORS.

NML's audited consolidated financial statements as of and for the years ended March 31, 2021, 2020 and 2019 are available at the following website maintained by NML and are incorporated herein by reference: http://www.nissan-global.com/EN/FINANCE/DATA/. Other than the financial statements mentioned above, or as expressly provided in any amendment or supplement hereto, no information on NML's website is, or should be deemed to constitute part of, or is or should be deemed to be incorporated into, this Offering Memorandum.

Any statement contained herein or made a part hereof, or contained in a document all or a portion of which is incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that another statement contained herein (or in any subsequently posted document that is also incorporated or deemed to be incorporated by reference herein) specifically modifies or supersedes such statement. Any statement modified or superseded shall not be deemed, except as so modified or superseded specifically, to constitute a part of this Offering Memorandum.

GENERAL TERMS OF THE NOTES

*The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The terms "**we**," "**us**" and "**our**" in this subsection of the summary below refer only to Nissan Motor Acceptance Company LLC, the issuer of the Notes. The "Description of the Notes" section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes.*

Company:	Nissan Motor Acceptance Company LLC.
Securities Offered:	We will issue from time to time (the "**Program**") up to $10,000,000,000 aggregate principal amount of the Notes or the equivalent in one or more foreign or composite currencies. We may, however, from time to time provide for the issuance of Notes in excess of the foregoing amount.
Ranking of Notes:	The Notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness from time to time outstanding.
Keepwell Agreement:	Holders of the Notes will have the benefit of a keepwell agreement between us and NML. The keepwell agreement does not constitute a guarantee by NML of any of the Notes offered hereby. See "Certain Relationships and Related Transactions — Keepwell Agreement."
Agents:	We have appointed the agents named on the cover of this Offering Memorandum or in an amendment or supplement hereto as agents (the "**Agents**"), under the Program. The Company may appoint additional broker-dealers with respect to specific issuances of Notes. The Company has reserved the right to place Notes directly on its own behalf.
Maturities:	Generally, one year or more from the date of issue, as agreed upon by the purchaser and us and specified in the applicable Note and the related Pricing Supplement.
Offering Price:	The Notes will be offered at par, unless otherwise specified in the applicable Pricing Supplement.
Interest Rates:	The Notes will bear interest at fixed rates ("**Fixed Rate Notes**") or at floating rates ("**Floating Rate Notes**") determined by reference to one or more Base Rates (as defined herein), which may be adjusted by a Spread and/or a Spread Multiplier and which may be subject to a Maximum Interest Rate and/or a Minimum Interest Rate, in either case, as agreed to by the purchaser and us and specified in the applicable Note and the related Pricing Supplement. The Base Rates will include the CMT Rate, the Commercial Paper Rate, Compounded SOFR, EURIBOR, Euro LIBOR, the Federal Funds (Effective) Rate, the Federal Funds (Open) Rate, LIBOR, the Prime Rate, SOFR, the Treasury Rate and such other interest rate formulas as may be specified in the applicable Note and the related Pricing Supplement. Certain Notes issued at a discount from the principal amount payable at maturity may be non-interest bearing.
Interest Amount Computations:	Unless otherwise specified in the applicable Note and the related Pricing Supplement, interest on (i) Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months, and (ii) Floating Rate Notes will be computed on the basis of the actual number of days in the interest period divided by 360 (or, in the case of a Floating Rate Note bearing interest at a rate determined by reference to the Treasury Rate or EURIBOR, by the actual number of days in the year or by 365, respectively).
Redemption:	Unless otherwise specified in the applicable Note and the related Pricing Supplement, the Notes will not be subject to redemption at our option prior to their respective stated maturities. The Notes will not be subject to any sinking fund.
Indenture:	The Notes will be issued under, subject to and entitled to the benefits of an indenture, dated as of July 6, 2012 (as may be amended, modified or supplemented from time to time, the

	"**Indenture**"). U.S. Bank National Association is the trustee with respect to the Notes (the "**Indenture Trustee**"). See "Description of the Notes."
Form:	Notes will be issued in fully registered book-entry form and will be represented by one or more global Notes without coupons (each, a "**Global Note**") deposited with the Indenture Trustee and registered in the name of a nominee of The Depository Trust Company ("**DTC**") in New York, New York. Beneficial interests in Notes evidenced by a Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") and any such beneficial interest may not be exchanged for Notes in certificated form except in the limited circumstances described herein. See "Description of the Notes — Form, Denomination, Transfer and Exchange; Book-Entry Registration."
Denominations:	The Notes will be denominated and payable in U.S. dollars (or one or more foreign currencies as shall be set forth in the applicable Note and the related Pricing Supplement) and issued in fully registered form, without coupons, in minimum denominations of $2,000 and in integral multiples of $1,000 in excess thereof (or the equivalent amount in one or more foreign currencies as shall be set forth in the applicable Note and the related Pricing Supplement).
Settlement:	Unless otherwise specified in the applicable Pricing Supplement, settlement for sales of Notes will be made in immediately available funds in New York, New York, generally three Business Days after the sale date. If a purchaser and the Company agree, however, settlement may occur on a different date.
Other Provisions:	The Notes may from time to time be issued with terms and provisions that differ from those described in this Offering Memorandum. In such event, the terms and provisions of such Notes will be as set forth in the applicable Note and the related Pricing Supplement, which terms will supersede the description of the Notes contained herein to the extent inconsistent herewith.
Certain Covenants:	We will issue the Notes under the Indenture that prohibits us and certain of our subsidiaries, subject to certain exceptions, from creating or permitting the existence of any mortgage or lien on our property or that of certain of our subsidiaries without equally and ratably securing the Notes. For more details, see "Description of the Notes — Covenants — Negative Pledge." Under the Indenture, we will be required to provide audited financial statements to the Indenture Trustee annually, but not on a more frequent basis. See "Description of the Notes — Covenants — Reports to Holders of the Notes."
Events of Default:	You will have special rights if an "event of default" occurs and is not cured. For more details, see "Description of the Notes — Default and Related Matters."
Transfer Restrictions:	We have not registered the Notes under the Securities Act. The Notes will be subject to restrictions on transfer and may only be offered or sold in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."
Use of Proceeds:	We intend to use the net proceeds from the sales of the Notes to pay offering expenses and for general corporate purposes, including debt repayments and refinancings. The use of proceeds of any individual issuance of Notes, if other than for general corporate purposes, will be described in the applicable Pricing Supplement. See "Use of Proceeds."
Risk Factors:	Investing in the Notes involves risks. See "Risk Factors" beginning on page 8 for a description of certain of the risks you should consider before investing in the Notes.
Governing Law:	State of New York.

Summary Consolidated Financial and Other Data

The following table presents selected historical consolidated financial and other data for each of the fiscal years ended March 31, 2019, 2020 and 2021. The consolidated statements of income data for each of the fiscal years ended March 31, 2019, 2020 and 2021, and the consolidated balance sheet data as of March 31, 2020 and 2021 were derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. These selected historical consolidated financial and other data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes thereto included elsewhere in this Offering Memorandum. Our historical results are not necessarily indicative of results for any future period.

	Years Ended March 31,		
	2019	2020	2021
		(dollars in millions)	
Consolidated Statements of Income Data:			
Revenues:			
Leasing	$ 5,239	$ 4,956	$ 4,400
Retail	1,232	1,206	1,033
Wholesale	294	250	114
Loans to dealers	134	129	92
Total finance revenue	$ 6,899	$ 6,541	$ 5,639
Expenses:			
Depreciation on leased vehicles	3,817	3,482	3,122
Interest — net	1,434	1,339	936
Provision for losses — finance receivables — net	370	519	2
Provision for impairment — investment in vehicle operating leases — net	113	154	97
General and administrative	296	333	290
Total expenses	$ 6,030	$ 5,827	$ 4,447
Other income — net	121	128	144
Income before income taxes	990	842	1,336
Income tax expense (benefit)	241	121	311
Net income[(1)]	$ 749	$ 721	$ 1,025
Comprehensive income[(1)]	$ 686	$ 612	$ 1,086

(1) For more information regarding the difference between net income and comprehensive income, see our consolidated statements of income and other comprehensive income included elsewhere in this Offering Memorandum.

	March 31,	
	2020	2021
	(dollars in millions)	
Consolidated Balance Sheet Data:		
Finance receivables — net	$ 31,287	$ 25,156
Investment in vehicle operating leases — net	17,789	15,761
Total assets	54,518	44,812
Borrowings	41,595	31,930
Total liabilities	48,087	37,731
Total equity	6,431	7,081
Consolidated Financial and Operational Data:		
Ratio of earnings before interest and taxes to interest[1]	1.63x	2.43x
Debt to equity at end of period[2]	6.47x	4.51x
Return on average assets	1.44%	2.69%
Net finance receivables charge-offs (recoveries) as a percentage of average amount outstanding (finance receivables)[3]	1.19%	1.11%
Net lease charge-offs as a percentage of average leased vehicles (leases)[3]	0.63%	0.50%
Net residual losses (gains) as a percentage of average leased vehicles [4]	2.85%	0.74%
Number of contracts at end of period with an aggregate balance 60 or more days past due as a percentage of the number of contracts outstanding (retail loans)	0.67%	0.39%
Number of contracts at end of period with an aggregate balance 60 or more days past due as a percentage of the number of contracts outstanding (leases)	0.27%	0.15%

(1) Ratio of earnings before interest and taxes to interest is the ratio of income before income taxes and interest-net to interest-net.
(2) Debt to equity is the ratio of borrowings to total equity.
(3) Net charge-offs equals charge-offs less the sum of recoveries and other miscellaneous items.
(4) Net residual losses (gains) equal amounts realized on sale of vehicles at auction less contract residual values, or the amount for which a lessee has the right to purchase the vehicle at lease termination.

RISK FACTORS

An investment in the Notes is subject to numerous risks, including those listed below. You should carefully consider the following risks as well as the other information contained in this Offering Memorandum before purchasing the Notes. These risks could materially affect our ability to meet our obligations under the Notes. In such case, you may lose all or part of your original investment in, and the expected return on, the Notes.

Risks Relating to Our Business

We are exposed to certain risks and uncertainties that could have an adverse impact on our business, financial condition and operating results:

Our business is substantially dependent upon the sale of Nissan and Infiniti vehicles.

Our business is substantially dependent upon the sale of Nissan and Infiniti vehicles and our ability to offer competitive financing. NNA, our parent, is the primary distributor of Nissan and Infiniti vehicles. NNA also is one of our primary sources of funding through intercompany borrowings and subsidizes special rate retail financing and lease programs that we offer on certain new Nissan and Infiniti vehicles. The level of subsidy varies based on NNA's marketing strategies, economic conditions, and volume of vehicle sales. Changes in the volume of sales of such vehicles or level of sponsored programs resulting from changes in consumer demand, the incidence of Nissan and Infiniti vehicle recalls and any resulting negative perceptions about quality, safety or reliability, general economic conditions, availability and cost of consumer credit, changes in the level of NNA-sponsored financing programs, increased competition, changes in pricing of imported units due to currency fluctuations, governmental action or other events could impact the level of our operations. Among the factors that could affect the volume of vehicle sales is the reduced production of vehicles resulting from shortages of key components sourced from third parties. For example, the automotive industry is currently facing a significant shortage of semiconductors which can cause a significant disruption in the production of new vehicles. Furthermore, changes to NML's ongoing strategic alliances and adverse corporate developments with respect to our affiliates, such as the resignation of NML's chief executive officer in September 2019 and the removal in November 2018 of NML's Chairman of the Board of Directors for alleged misconduct and the related indictments, criminal complaint, civil lawsuits, fines and SEC inquiry (including the September 2019 settlement with the SEC with respect to disclosures regarding director and executive compensation), may adversely affect sales of Nissan and Infiniti vehicles or otherwise adversely affect our business, results of operations and financial condition. See "Certain Relationships and Related Transactions — Certain Relationships with Affiliates" and "Business" for further discussion regarding our relationship with NNA.

The global COVID-19 pandemic has adversely affected our business and results of operations, and could have a material adverse effect on our business, results of operations and financial condition in the future.

The global outbreak of the novel coronavirus, or COVID-19, changes in consumer behavior related to the outbreak, pandemic fears, market downturns, and restrictions intended to slow the spread of COVID-19, including quarantines, government-mandated actions, stay-at-home orders and other restrictions have negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets.

In addition, the COVID-19 pandemic and restrictions intended to slow the spread of COVID-19 and mutating variants of the virus have adversely affected NMAC's business and the business of NNA, NMAC's immediate parent company. NNA experienced declines in vehicle sales and NMAC experienced a corresponding decline in retail receivable and lease originations. Continuing declines in sales could have significant adverse effects on financing and leasing profitability. Similar to relief options we have previously offered to customers and dealers impacted by natural disasters, such as hurricanes, floods, tornadoes and wildfires, we offered payment relief options to customers and dealers impacted by COVID-19. These include retail loan payment extensions, lease payment deferrals, and interest or other payment deferrals for dealer loans. NMAC also temporarily suspended or modified outbound collection activities and repossession activities nationwide (collectively, the "COVID-19 Relief"). Unlike the relief options offered for natural disasters, which were limited to the affected geographies, the COVID-19 Relief was offered nationwide due to the global impact of the COVID-19 pandemic, and may not be successful in reducing future increases in our provisions for credit losses. The number of the relief options granted peaked during April 2020 and has returned to pre-pandemic levels during the second half of the year ended March 31, 2021, and NMAC continues to grant payment relief to customers and dealers under normal business practices. The COVID-19 pandemic could have a material adverse effect on our business, results of operations and financial condition in the future if there is not a substantial economic recovery.

In March 2020, NNA suspended production at its U.S. automobile plant and NML temporarily suspended production at selected plants in other countries outside of the United States. Although NNA, NML and many of their suppliers have resumed partial or full production, future plant slowdowns or temporary closures remain possible, and unexpected delays affecting the supply chain or logistics network could negatively impact dealer inventory levels, vehicle sales, the sale of our financing and insurance products, dealer

profitability and creditworthiness, and our future results of operations. In addition, many Nissan dealer sales operations were forced to close pursuant to government decree in many states. Although most of these dealer sales operations have reopened, future closures remain possible.

These events have had a negative effect on the sale of vehicles and have also caused a significant increase in unemployment claims, resulting in decreased consumer spending, and a sharp decline in economic conditions. In addition, these events may cause an increase in delinquencies and defaults, and lower used vehicle prices, which have resulted in increased provisions for credit losses that may continue if there is not a substantial economic recovery.

State and local governments are continually evaluating mitigations to combat the spread of new variants of COVID-19 and if significant portions of our workforce are unable to work effectively as a result of the COVID-19 pandemic, including because of illness, quarantines, facility closures, ineffective remote work arrangements or technology failures or limitations, our operations would be materially adversely impacted. Our third-party suppliers and business partners that we rely on to deliver our products and services and to operate our business may also be unable to perform fully, which could materially adversely impact our ability to operate our business and increase our costs and expenses. These increased costs and expenses may not be fully recoverable. We have worked closely with our stakeholders (including customers, dealers, employees, suppliers and business partners) to take actions in an effort to mitigate adverse consequences.

In August 2021, NNA suspended production at its U.S. automobile plant in Smyrna, Tennessee for several weeks due to the global semiconductor supply shortage. These conditions make it more difficult to manage our business and predict future performance. As a result, the semiconductor supply shortage, in addition to the global supply chain and logistics network disruptions due to the COVID-19 pandemic, has had, and will continue to have, an impact on our vehicle production, and we anticipate they will have a material impact on our relationship with our customers, our operating results and profitability during the remainder of 2021.

The foregoing events, and the uncertainty relating thereto, may also adversely affect our credit ratings. For more information regarding impacts of credit rating changes on NMAC, please see "Risk Factors— Our credit ratings depend on the existence of the keepwell agreement with NML." In addition, the COVID-19 pandemic disrupted, and created volatility in, the global capital markets which temporarily increased our funding costs and limited our access to the capital markets. Accordingly, we may in the future have difficulty accessing debt and capital on attractive terms, or at all, which could have a material adverse effect on our business, results of operations and financial condition.

The ultimate duration and possible resurgence of the COVID-19 pandemic is uncertain, and the foregoing impacts and other unforeseen impacts not referenced herein, as well as the ultimate impact of the COVID-19 pandemic, are difficult to predict and could have a material adverse effect on our business, results of operations and financial condition. To the extent the COVID-19 pandemic adversely affects our business, results of operations and financial condition, it may also have the effect of heightening many of the other risks described in this Offering Memorandum. We expect the COVID-19 pandemic, and any related adverse economic impact, may result in a significant contraction of total industry volumes during 2021.

Our earnings depend on many factors, most of which are outside of our control.

Our earnings are subject to many factors, including changes in the overall market for retail financing, leasing or wholesale dealer financing, changes in the level of sales of Nissan and Infiniti vehicles, rates of growth in the number and average balance of customer accounts, the U.S. regulatory environment, competition, rates of default by our customers, and international funding markets, the used vehicle market, levels of operating and administrative expenses, including, but not limited to personnel costs and technology costs, general economic conditions and other factors. From time to time, our parent, NNA, may elect to sponsor incentive programs (on both retail loans and leases) by supporting financing rates below our standard rates, a practice known as rate support or subvention. Changes in the levels of subvention payments from NNA affect our revenues and net income. We have no ability to influence most of the factors described above.

Our earnings and cash flows could be impacted by rising inflation.

An increase in inflation rates could affect our profitability and cash flows, due to higher wages, higher operating costs, higher financing costs, and/or higher supplier prices for NNA. Inflation may also adversely affect foreign exchange rates. NNA may be unable to pass along such higher costs to its customers. In addition, inflation may adversely affect us and our financing costs to our customers and their ability to obtain and service debt which could adversely impact our ability to offer credit and collect receivables.

Our profitability is directly affected by changes in interest rates.

An increase in interest rates could increase our costs of financing loan and lease originations and could adversely affect our loan and lease origination volumes because financing can be less attractive to consumers and qualifying for financing may be more difficult. These same factors may also negatively affect our profitability.

A substantial portion of our liabilities are short-term and tied to interest rates, some of which are floating in nature. As rates increase, these liabilities re-price and our interest expense increases and conversely, as rates decrease, interest expense decreases. Interest — net decreased $403 million or 30.10% for the fiscal year ended March 31, 2021 compared with the fiscal year ended March 31, 2020. This decrease was the result of a decrease in borrowings. A rising interest rate environment, which can result from a variety of factors, including a decrease in liquidity, could have a material adverse effect on our results of operations, financial condition and business if our net interest margins are adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Interest Rates and Credit Spreads" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Market Risk — Interest Rate Risk."

Finally, we have certain floating-rate obligations, hedging transactions, and floating-rate dealer loans that determine their applicable interest rate or payment amount by reference to LIBOR. The U.K. Financial Conduct Authority (the "FCA"), which regulates LIBOR, has announced that it will no longer persuade or compel banks to submit rates for the calculations of LIBOR after 2021. It is unknown whether any banks will continue to voluntarily submit rates for the calculation of LIBOR, or whether LIBOR will continue to be published by its administrator based on these submissions, or on any other basis, after 2021.

Regulators, industry groups and certain committees, such as the Alternative Reference Rates Committee ("ARRC") have, among other things, published recommended fallback language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates, such as the Secured Overnight Financing Rate ("SOFR") as the recommended alternative to U.S. Dollar LIBOR, and proposed implementations of the recommended alternatives in floating rate financial instruments. It is currently unknown whether these recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating-rate financial instruments.

At this time, it is not possible to predict the effect that these developments or any discontinuance, modification or other reforms may have on LIBOR, other benchmarks or floating-rate debt instruments, including our floating-rate debt. Any such discontinuance, modification, alternative reference rates or other reforms may materially adversely affect interest rates on our current or future indebtedness. Further, there is a risk that discontinuation of LIBOR, without an adequate replacement, will impact our ability to manage interest rate risk effectively. Additional risks regarding any floating obligations will be found in the related Pricing Supplement, which terms will supersede the description of the Notes contained herein to the extent inconsistent herewith.

Economic conditions, trade policies and other market events affect our results.

Our business and results of operations are tied to general economic conditions. A downturn in economic resulting in increased unemployment rates, slow job growth, increased consumer and commercial bankruptcy filings, and other factors that negatively impact household incomes could decrease demand for our financing products, and increase delinquencies and losses. Automobiles are durable items, and consumers could choose to defer their acquisition or replacement.

Restrictive trade policies could adversely affect our results of operations and financial condition. Recent initiatives by the U.S. government to consider applying tariffs on automobiles, parts, and other products and materials have the potential to disrupt existing supply chains and impose additional costs on our U.S. business.

Our continued ability to service our obligations is dependent on our liquidity and capital resources.

Liquidity risk is the risk arising from the inability to meet obligations when they come due. Our access to financing sources depends upon our financial position, general market conditions, availability of bank liquidity, the bank regulatory environment, our compliance with covenants imposed under our financing agreements, the credit quality of the collateral we can pledge to support secured financings and other factors. Our liquidity strategy is to maintain the capacity to fund assets and repay liabilities in a timely and cost-effective manner even in the event of adverse market conditions. A downturn in economic conditions could negatively impact our ability to access capital. In particular, our cost and availability of funding could be adversely affected by illiquid credit markets and wider credit spreads.

We have significant transactions with affiliates, including intercompany borrowings that affect our results and financial condition.

We have significant transactions with NNA, NML and certain other affiliates. The credit ratings of our securities depend on the existence of the keepwell agreement with NML. See "— Our credit ratings depend on the existence of the keepwell agreement with NML."

The Company's financial position, results of operations, and cash flows might have been different if the relationships with NML, NNA, and other commonly controlled affiliates did not exist. The Company's business is dependent on the sales and leasing of Nissan and Infiniti vehicles, and the Company has a significant volume of transactions and arrangements with NNA and other affiliates. Significant declines in the volume of sales and leasing activities or adverse changes in availability and extent of arrangements with NNA and other affiliates may have an adverse impact on the Company's financial positions and operating results. See "— *Our business is substantially dependent upon the sale of Nissan and Infiniti vehicles.*"

NNA pays us amounts from time to time under its vehicle incentive financing programs. The amounts we charged to NNA under these programs of $1,362 million, $1,013 million and $944 million for the fiscal years ended March 31, 2019, 2020 and 2021 respectively are being recognized over the terms of the related contracts or when realized. Intercompany borrowings are another source of funding. At March 31, 2021, we had approximately $3,207 million of outstanding intercompany borrowings owed to NNA, NML and other affiliates. Therefore, a portion of our interest expense is paid to NNA, NML and other affiliates.

We also maintain an arrangement with NNA whereby NNA funds substantially all of our allowance for residual value losses on matured lease vehicles on operating leases. The allowance is based on (i) the contracted residual value amount above the estimated residual value at the time a lease is originated, (ii) the forecast residual value amount below estimated residual value at the time a lease is originated, and (iii) changes in residual value assumptions or performance on the entire portfolio. Under the arrangement, initially estimated residual value support provided by NNA at lease inception is returned by NMAC to NNA if the subsequent estimates of residual value during the contractual lease term improve or actual residual value losses at lease termination are below initial or subsequent estimates. NNA funded allowance for residual value losses of $457 million for the fiscal year ended March 31, 2019, $738 million for the fiscal year ended March 31, 2020 and $(498) million for the fiscal year ended March 31, 2021. These amounts are recognized in the period in which they are funded.

NNA charges us a negotiated management fee for various personnel, administrative and operating expenses related to shared services departments and for data processing and information system services that were provided by NNA. NNA charged us management fees of $75 million, $30 million and $29 million during the years ended March 31, 2019, 2020 and 2021, respectively. See "Certain Relationships and Related Transactions — Certain Relationships with Affiliates" for further discussion of these transactions, as well as additional transactions between us and NNA and other affiliates.

Our financial position, results of operations and cash flows would be different if our relationships with NNA and other affiliates did not exist or these transactions were discontinued. These transactions and arrangements may be discontinued at any time. We would need to find other funding sources and replace the finance and other services now provided by affiliates, either through third parties or hiring additional personnel. There can be no assurance that we could do so on the same or better terms. Moreover, certain transactions such as NNA's vehicle incentive financing programs, subvention payments and intercompany borrowings would be irreplaceable if discontinued.

NMAC also guarantees a portion of debt obligations outstanding for its affiliate, NRFM. At March 31, 2021, NMAC guaranteed $1,702 million of outstanding debt obligations at NRFM and was paid an annual fee of 1.5% based on the quarterly aggregate outstanding principal balance during the fiscal year ended March 31, 2021.

We are exposed to residual value risk on the vehicles we lease.

We are exposed to residual risk, which is the risk that the value of a vehicle returned to us at the end of a lease term will be below the contract residual value made at contract inception. When the market value of a leased vehicle at contract maturity is less than its contractual residual value, there is a higher probability that the vehicle will be returned to us. A higher rate of vehicle returns exposes us to greater risk of loss at lease termination. For example, lessees may be more likely to request early termination of leases due to concerns arising from perceived product quality issues or a product recall or service campaign, regardless of whether leased vehicles were adversely affected by such matters. While we have an arrangement with NNA whereby NNA funds an allowance for residual value losses for customer and dealer leases that occur at the end of the lease, the arrangement can be discontinued at the end of any fiscal year and the funding of the allowance would not apply to future lease originations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Market Risk — Residual Risk."

If we are unable to compete successfully or if competition increases in the businesses in which we operate, our operating results could be negatively affected.

We operate in a highly competitive environment. We compete with other financial institutions including national and regional commercial banks, credit unions, savings and loan associations and finance companies, and, to a lesser extent, we compete with other automobile manufacturers' affiliated finance companies. Increases in competitive pressures could have an adverse impact on our contract volume, market share, revenues, and margins. Further, the financial condition and viability of our competitors and peers may have an impact on the financial services industry in which we operate, resulting in changes in the demand for our products and services. This could have an adverse impact on our operating results and the volume of our business.

We are exposed to credit risk on all of our loans and leases.

Credit risk is the risk of loss if a customer or dealer fails to meet the terms of any contract with us or otherwise fails to perform as agreed (i.e., defaults). Our level of credit risk is influenced primarily by two factors: the total number of contracts that default and the loss per occurrence, which in turn are influenced by various economic factors, the used vehicle market, contract term length and purchase quality mix. In addition, lessees or vehicle purchasers that lease or purchase motor vehicles affected by a vehicle recall or service campaign or perceived product quality issues may be more likely to be delinquent in, or default on, payments on their leases or retail contracts. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition — Allowance for Credit Losses and Credit Loss Experience."

Our customers are concentrated in a few states, which increases our exposure to an economic downturn in those states.

A large percentage of our earning assets are located in the states of California, New York, and Texas. Factors adversely affecting the economy in these states or dealer receivables could have an adverse effect on our consolidated financial position or results of operations. See "Business — Geographic Distribution of Operations" and "Business — Customer Concentration" for further discussion regarding our exposure to this risk.

Our credit ratings depend on the existence of the keepwell agreement with NML.

While our securities are rated, the rating of our securities depends, in large part, on the existence of the keepwell agreement between us and NML. Should we for any reason not have the benefit of the keepwell agreement, we would expect that the credit ratings for our securities could be substantially lower than our current ratings, leading to higher borrowing costs. As of March 31, 2021, NML and NMAC were assigned long-term credit ratings of BBB- (negative outlook) and Baa3 (negative outlook) by S&P Global Ratings, a division of S&P Global Inc. and Moody's Investors Service, Inc., respectively. The keepwell agreement is not, and nothing done pursuant to the keepwell agreement by NML shall be deemed to constitute, a guarantee by NML of any of the Notes offered hereby, or other obligation, indebtedness or liability of any kind or character of ours whatsoever. See "Certain Relationships and Related Transactions — Keepwell Agreement" for a description of the keepwell agreement.

Outsourcing of certain functions could impact our operations.

We currently outsource a significant portion of our information technology functions to various third-party service providers. A portion of our collections functions are outsourced to GENPACT International. In the future, we may look for other opportunities to outsource certain functions in order to reduce costs and increase efficiencies. We have only contractual relations with and no direct control over the quality of services provided by such third-party service providers. Unless managed effectively, reliance on third-party service providers could negatively impact our operations.

Changes in laws and regulations, or the application thereof, may adversely affect our business, financial condition and results of operations.

We are subject to various regulatory, financial and other requirements of the jurisdictions in which we operate. In light of current conditions in the global financial markets, regulators have increased their focus on the regulation of the financial services industry, including the segment in which we operate. As a result, there have been and may continue to be proposals for laws and regulations that could increase the scope and nature of laws and regulations that are currently applicable to us. Any change in such laws and regulations, whether in the form of new or amended laws or regulations, regulatory policies, supervisory action or the application of any of the above, may adversely affect our business, financial condition and results of operations.

Federal financial regulatory reform could have a significant impact on our business, financial condition and results of operations.

As a finance company, we are highly regulated by governmental authorities, which can impose significant additional costs and/or restrictions on our business. Our operations are subject to regulation, supervision and licensing under various federal, state, and local laws and regulations, including the federal Truth-in-Lending Act, Equal Credit Opportunity Act and Fair Credit Reporting Act. Efforts to comply with these laws and regulations impose significant costs on us, and affect the conduct of our business. Additional regulation could add significant cost or operational constraints that might impair the profitability of our business.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") was enacted. Some of these implementing regulations still have not been issued. The Dodd-Frank Act is extensive and significant legislation that, among other things: created a framework for the liquidation of certain bank holding companies and other nonbank financial companies, defined as "covered financial companies," in the event such a company is in default or in danger of default and the resolution of such a company under other applicable law would have serious adverse effects on financial stability, and also for the liquidation of certain of their respective subsidiaries, defined as "covered subsidiaries", in the event such a subsidiary is in default or in danger of default and the liquidation of such subsidiary would avoid or mitigate serious adverse effects on financial stability or economic conditions of the United States; created a new framework for the regulation of over-the-counter derivatives activities; expanded the regulatory oversight of securities and capital markets activities by the SEC; and created the Consumer Financial Protection Bureau ("**CFPB**"), an agency responsible for, among other things, administering and enforcing the laws and regulations for consumer financial products and services and conducting examinations of certain entities for purposes of assessing compliance with the requirements of consumer financial laws.

The Dodd-Frank Act impacts the offering, marketing and regulation of consumer financial products and services offered by financial institutions. The CFPB has supervision, examination and enforcement authority over the consumer financial products and services of certain non-depository institutions and large insured depository institutions and their respective affiliates. In June 2015, the CFPB issued a final rule, expanding its authority to larger participants in the automobile financing market. The final rule became effective August 31, 2015. Under the definitions included in the final rule, NMAC is considered a larger participant. Consequently, NMAC is subject to the supervisory and examination authority of the CFPB.

State regulators are taking a more stringent approach to supervising and regulating providers of financial products and services subject to their jurisdiction. NMAC expects to continue to face greater supervisory scrutiny and enhanced supervisory requirements in the foreseeable future.

The Dodd-Frank Act also increased the regulation of the securitization markets. For example, implementing regulations require securitizers or originators to retain an economic interest in a portion of the credit risk for any asset that they securitize or originate. The act also gives broader powers to the SEC to regulate rating agencies and adopt regulations governing these organizations and their activities.

Compliance with the implementing regulations under the Dodd-Frank Act and the oversight of the SEC, CFPB or other government entities, as applicable, have imposed costs on, created operational constraints for, and placed limits on pricing with respect to finance companies such as NMAC. Many provisions of the Dodd-Frank Act are required to be implemented through rulemaking by the appropriate federal regulatory agencies. Furthermore, on May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief and Consumer Protection Act, which repeals or modifies certain provisions of the Dodd-Frank Act. As such, in many respects, the ultimate impact of the Dodd-Frank Act and its effects on the financial markets and their participants will not be fully known for an extended period of time. In particular, no assurance can be given that these new requirements imposed, or to be imposed after implementing regulations are issued, by the Dodd-Frank Act will not have a significant impact on the servicing of the receivables, and on the regulation and supervision of the servicer, any sub-servicer, the sponsor, the originator, the depositor, the issuing entity and/or their respective affiliates. In addition, no assurance can be given that the liquidation framework for the resolution of covered financial companies or the covered subsidiaries would not apply to NMAC or its affiliates, the issuing entity or the depositor, or, if it were to apply, would not result in a repudiation of any of the transaction documents where further performance is required or an automatic stay or similar power preventing the indenture trustee or other transaction parties from exercising their rights.

Litigation or legal proceedings could expose us to significant liabilities.

From time to time, we are a party to legal proceedings, and are presently a party to, and are vigorously defending, various legal proceedings, including proceedings that are, or purport to be, class actions. Plaintiffs in class action proceedings may seek to recover amounts, which are large and may be indeterminable for some period of time. Some of the legal proceedings to which we are a party may include claims for rescission and/or set-off, among other forms of relief. Costs to defend legal proceedings and the cost of actual settlements, judgments or resolutions of these legal proceedings may negatively affect our business and financial performance.

In particular, we are a party to pending litigation in California state court in a case relating to a breach of contract claims against Superior Automotive Group ("Superior"), one of NMAC's former dealer groups, stemming from defaults on Superior's credit lines. See "Legal Proceedings" for further discussion of this litigation.

Our systems and networks are vulnerable to damage or disruption caused by security breaches, cyber-attacks and computer viruses, any of which could disrupt our operations, damage our reputation and have a material adverse effect on our business.

Security breaches and other disruptions to systems and networks owned or maintained by us, or third-party vendors or suppliers on our behalf, could interfere with our operations and could compromise the confidentiality of private customer or dealer data or our proprietary information. We rely upon information technology systems and networks, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of our business processes, activities and products. Additionally, we collect and store sensitive data, including intellectual property, proprietary business information, and personally identifiable information of our customers and employees in data centers and on information technology networks. The secure operation of these systems and networks, and the processing and maintenance of the information processed by these systems and networks, is critical to our business operations and strategy. Despite security measures and business continuity plans, these systems and networks may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers, computer viruses or breaches due to errors or malfeasance by employees, contractors and others who have access to these systems and networks. The occurrence of any of these events could compromise the operational integrity of these systems and networks. Similarly, such an occurrence could result in the compromise or loss of the information processed by these systems and networks. Such events could result in, among other things, the loss of proprietary data, interruptions or delays in our business operations and damage to our reputation. In addition, such events could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disruption of operations, or reduction in the competitive advantage we hope to derive from our investment in advanced technologies. We have experienced such events in the past and, although past events were immaterial, future events may occur and may be material.

Risks Relating to the Notes

A significant percentage of our assets are used as collateral for asset-backed securities and, therefore, are not available to our creditors generally, including the holders of the Notes.

A significant portion of our assets are securitized and pledged to collateralize obligations issued in connection with ABS transactions, although the assets remain on our consolidated balance sheet. However, these assets are legally the property of our subsidiary special purpose entities ("**SPE's**") and/or trusts and are pledged to support payments on the ABS securities and are not available to our general creditors. At March 31, 2021, we had approximately $18,032 million, or 40.2%, of our consolidated assets pledged in connection with ABS transactions. ABS transactions constitute one of our primary funding sources. We will be permitted under the Indenture to enter into other ABS transactions in the future without equally and ratably securing the Notes. See "Description of the Notes — Covenants — Negative Pledge."

The Notes are subject to transfer restrictions.

The Notes have not been registered under the Securities Act. Accordingly, the Notes may only be offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or pursuant to an effective registration statement. Prior to this offering, there was no public market for the Notes and we cannot assure you that an active trading market will develop for the Notes. If no active trading market develops, you may not be able to resell your Notes at their fair market value or at all. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. We do not intend to register the Notes under the Securities Act or apply for listing the Notes on any securities exchange.

No previous market for the Notes exists and the holders of such Notes may experience limited liquidity.

No previous market exists for the Notes and no assurances can be given that any market for the Notes will develop. The Agents are under no obligation to make a market in the Notes and to the extent that such market-making is commenced, it may be discontinued at any time. There is no assurance that a secondary market will develop or, if it does develop, that it will provide holders with liquidity of investment or that it will continue for any period of time. Therefore, a holder of Notes may not be able to liquidate its investment readily, and the Notes may not be readily accepted as collateral for loans. Investors should proceed on the assumption that they may have to hold any Notes until the end of their scheduled term. See "Transfer Restrictions."

Fluctuations in applicable indices may adversely affect the value of index-linked Notes.

With respect to an investment in Notes indexed to one or more interest rates, currencies or other indices or formulas, significant risks exist that are not associated with a conventional fixed rate or floating rate debt security. These risks include fluctuation of the

particular indices or formulas and the possibility that an investor will receive a lower amount of principal, premium or interest and at different times than expected. We have no control over a number of matters, including economic, financial and political events that are important in determining the existence, magnitude and longevity of such risks and their results. In addition, if an index or formula used to determine any amounts payable in respect of Notes contains a multiplier or leverage factor, the effect of any change in such index or formula will be magnified. In recent years, values of certain indices and formulas have been volatile, and volatility in those and other indices and formulas may be expected in the future.

Changes in our credit ratings may affect the value of the Notes.

Our credit ratings are an assessment of our ability to pay our obligations as they become due. Changes or anticipated changes in our credit ratings may affect the trading value of the Notes. At the same time, since the return on the Notes depends upon factors in addition to our ability to pay our obligations, an improvement in our credit ratings will not necessarily reduce the other investment risks related to the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Changes in exchange rates and exchange controls could result in a substantial loss to you.

An investment in foreign currency Notes, which are Notes denominated in a specified currency other than U.S. dollars, entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Similarly, an investment in an indexed Note, on which all or a part of any payment due is based on one or more currencies other than U.S. dollars, or on one or more securities denominated or traded in a currency other than U.S. dollars, has significant risks that are not associated with a similar investment in non-indexed Notes. The risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between U.S. dollars and the specified currency;
- the possibility of significant changes in rates of exchange between U.S. dollars and the specified currency resulting from official redenomination relating to the specified currency; and
- the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments.

The existence, magnitude and longevity of these risks generally depend on factors over which we have no control and that cannot be readily foreseen, such as:

- economic events;
- political and regulatory events; and
- financial events, such as the supply of, and demand for, the relevant currencies.

Rates of exchange between the U.S. dollar and some foreign currencies in which Notes may be denominated and between these foreign currencies and other foreign currencies may be volatile. Depreciation of the specified currency of a foreign currency Note against U.S. dollars would result in a decrease in the effective yield of the foreign currency Note below its coupon rate and could result in a substantial loss to the investor on a U.S. dollar basis.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a specified currency other than U.S. dollars at the time of payment of principal of or any premium or interest on a foreign currency Note. Governments may use a variety of techniques, such as intervention by a country's central bank, the imposition of regulatory controls or taxes or changes in interest rates to influence the exchange rates of their currencies. Governments may also alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium, or interest denominated in any such specified currency.

Even if there are no actual exchange controls, it is possible that the specified currency would not be available to us when payments on the Note are due because of circumstances beyond our control. In this event, we will make required payments in U.S. dollars on the basis described in this Offering Memorandum. See "— The unavailability of currencies could result in a substantial loss to you" and "Description of the Notes — Payments on the Notes" below. You should consult your own financial and legal advisors as to the risks of an investment in Notes denominated in or linked to a currency other than U.S. dollars.

The unavailability of currencies could result in a substantial loss to you.

Except as set forth below, if payment on a Note is required to be made in a specified currency other than U.S. dollars and the currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond our control;
- no longer used by the government of the country issuing the specified currency; or
- no longer used for the settlement of transactions by public institutions of the international banking community,

then all payments on the Note will be made in U.S. dollars until the specified currency is again available or so used. The amounts so payable on any date in the currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for the currency or as otherwise specified in the applicable Pricing Supplement. Any payment on the Note made under such circumstances in U.S. dollars will not constitute an Event of Default under the Indenture under which the Note will have been issued.

If the specified currency of a Note is officially redenominated, such as by an official redenomination of the specified currency that is a composite currency, then our payment obligations on the Note will be the amount of redenominated currency that represents the amount of our obligations immediately before the redenomination. The Notes will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the specified currency of the Notes relative to any other currency due solely to fluctuations in exchange rates; or
- any redenomination of any component currency of any composite currency, unless the composite currency is itself officially redenominated.

Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies, and vice versa. In addition, banks do not generally offer non-U.S. dollar-denominated checking or savings account facilities in the United States. Accordingly, payments on Notes made in a currency other than U.S. dollars will be made to an account at a bank located outside the United States, unless otherwise specified in the applicable Pricing Supplement.

Judgments in a foreign currency could result in a substantial loss to you.

The Notes will be governed by, and construed in accordance with, the laws of New York State. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than the U.S. dollar. The law of New York State provides, however, that an action brought under New York law and based upon an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation. Any judgment awarded in such an action will be converted into U.S. dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree. In the event an action based on an obligation denominated in a foreign currency were commenced in a court in the United States outside New York, the currency of judgment and/or applicable exchange rate may differ.

Changes in banks' inter-bank lending rate reporting practices or the method pursuant to which LIBOR is determined may adversely affect the yield and/or the liquidity of the Euro LIBOR Notes or LIBOR Notes.

LIBOR and other indices which are deemed "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others have not yet been implemented. These reforms may cause such benchmarks to perform differently than in the past, or have other consequences which cannot be predicted. In particular, regulators and law enforcement agencies in the U.K. and elsewhere are conducting criminal and civil investigations into whether the banks that contribute information to the British Bankers' Association (the "BBA") in connection with the daily calculation of LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to this alleged manipulation of LIBOR. Actions by the regulators or law enforcement agencies, as well as ICE Benchmark Administration (the current administrator of LIBOR), may result in changes to the manner in which LIBOR is determined or the establishment of alternative reference rates. For example, on July 27, 2017, the FCA announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. The U.K. Financial Conduct Authority has indicated that it expects that the current panel banks will voluntarily sustain LIBOR until the end of 2021, but they may cease to do so sooner. In addition, in April 2018, the Federal Reserve Bank of New York, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, announced replacement of U.S. LIBOR with a new index calculated by short-term repurchase agreements, backed by U.S. Treasury securities, called SOFR. The first publication of SOFR was released in April 2018. Whether or not SOFR attains market acceptance as a LIBOR replacement

remains in question and the future of LIBOR at this time is uncertain. The selection of SOFR as the alternative reference rate currently presents certain market concerns, because a term structure for SOFR has not yet developed, and there is not yet a generally accepted methodology for adjusting SOFR, which represents an overnight, risk-free rate, so that it will be comparable to LIBOR, which has various tenors and reflects a risk component.

At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be implemented in the U.K. or elsewhere. Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for the yield and/or the liquidity of Euro LIBOR Notes or LIBOR Notes. In addition, any changes in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. If that were to occur, the level of interest payments on Euro LIBOR Notes or LIBOR Notes would be affected and the value of Euro LIBOR Notes or LIBOR Notes may be affected. If a published LIBOR rate is unavailable after 2021, the rate of interest on any Euro LIBOR Notes or LIBOR Notes will be determined using the alternative methods set forth in this Offering Memorandum under "Description of the Notes-Floating Rate Notes." Any of these alternative methods may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on such notes if a LIBOR rate was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of a LIBOR rate may make one or more of the alternative methods impossible or impracticable to determine. If, as set forth in this Offering Memorandum under "Description of the Notes-Floating Rate Notes," a published LIBOR rate is unavailable and the alternative methods are impossible or impracticable to determine, the interest rate for an interest period for any Euro LIBOR Notes or LIBOR Notes will be the same rate as the immediately preceding interest period, which could remain in effect for the remaining term of such notes, and the value of such notes may be adversely affected. Additional risks regarding any floating obligations will be found in the related Pricing Supplement, which terms will supersede the description of the Notes contained herein to the extent inconsistent herewith.

USE OF PROCEEDS

We intend to use the net proceeds from the sales of the Notes to pay offering expenses and for general corporate purposes, including debt repayments and refinancings. The use of proceeds of any individual issuance of Notes, if other than for general corporate purposes, will be described in the applicable Pricing Supplement. The amount and timing of any issuance of Notes will depend on, among other things, market conditions.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents, short-term debt and capitalization (the sum of long-term borrowings, less current portion, and equity) as of March 31, 2021. This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes to the consolidated financial statements included elsewhere in this Offering Memorandum.

	At March 31, 2021 (in millions)
Cash and cash equivalents	$ 234
Short-term debt[1][2]:	
Short-term obligations	4,308
Current portion of long-term borrowings	$ 12,337
Short-term and current portion of long-term debt	$ 16,645
Long-term borrowings, less current portion[1]	$ 15,285
Equity:	
Common stock	$ 500
Additional paid-in capital	568
Retained earnings	6,057
Accumulated other comprehensive loss	$ (44)
Total equity	$ 7,081
Total capitalization	$ 22,366

(1) At March 31, 2021, we had intercompany borrowings of $3,207 million with maturities ranging from 1 day to 5 years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Intercompany Borrowings."

(2) Short-term debt is all debt due within one year.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents selected historical consolidated financial and other data for each of the fiscal years ended March 31, 2019, 2020 and 2021. The summary consolidated statements of income and comprehensive income data for each of the fiscal years ended March 31, 2019, 2020 and 2021, and consolidated balance sheet data as of March 31, 2020 and 2021 were derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. These selected historical consolidated financial and other data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. Our historical results are not necessarily indicative of results for any future period.

	Years Ended March 31,		
	2019	2020	2021
		(dollars in millions)	
Consolidated Statements of Income Data:			
Revenues:			
Leasing	$ 5,239	$ 4,956	$ 4,400
Retail	1,232	1,206	1,033
Wholesale	294	250	114
Loans to dealers	134	129	92
Total finance revenues	$ 6,899	$ 6,541	$ 5,639
Expenses:			
Depreciation on leased vehicles	3,817	3,482	3,122
Interest — net	1,434	1,339	936
Provision for losses — finance receivables — net	370	519	2
Provision for impairment — investment in vehicle operating leases — net	113	154	97
General and administrative	296	333	290
Total expenses	$ 6,030	$ 5,827	$ 4,447
Other income — net	121	128	144
Income before income taxes	990	842	1,336
Income tax expense (benefit)	241	121	311
Net income[(1)]	$ 749	$ 721	$ 1,025
Comprehensive income[(1)]	$ 686	$ 612	$ 1,086

(1) For more information regarding the difference between net income and comprehensive income, see our consolidated statements of income and other comprehensive income included elsewhere in this Offering Memorandum.

	March 31,	
	2020	2021
	(dollars in millions)	
Consolidated Balance Sheet Data:		
Finance receivables — net	$ 31,287	$ 25,156
Investment in vehicle operating leases — net	17,789	15,761
Total assets	54,518	44,812
Borrowings	41,595	31,930
Total liabilities	48,087	37,731
Total equity	6,431	7,081
Consolidated Financial and Operational Data:		
Ratio of earnings before interest and taxes to interest[1]	1.63x	2.43x
Debt to equity at end of period[2]	6.47x	4.51x
Return on average assets	1.44%	2.69%
Net finance receivables charge-offs (recoveries) as a percentage of average amount outstanding (finance receivables)[3]	1.19%	1.11%
Net lease charge-offs as a percentage of average leased vehicles (leases)[3]	0.63%	0.50%
Net residual losses (gains) as a percentage of average leased vehicles [4]	2.85%	0.74%
Number of contracts at end of period with an aggregate balance 60 or more days past due as a percentage of the number of contracts outstanding (retail loans)	0.67%	0.39%
Number of contracts at end of period with an aggregate balance 60 or more days past due as a percentage of the number of contracts outstanding (leases)	0.27%	0.15%

(1) Ratio of earnings before interest and taxes to interest is the ratio of income before income taxes and interest-net to interest-net.
(2) Debt to equity is the ratio of borrowings to total equity.
(3) Net charge-offs equals charge-offs less the sum of recoveries and other miscellaneous items.
(4) Net residual losses (gains) equal amounts realized on sale of vehicles at auction less contract residual values, or the amount for which a lessee has the right to purchase the vehicle at lease termination.

Overview

NMAC is a wholly owned subsidiary of Nissan North America, Inc., or NNA, the primary distributor of Nissan and Infiniti vehicles in the United States. NNA is a direct wholly owned subsidiary of Nissan Motor Co., Ltd., or NML, a Japanese corporation, which is a worldwide manufacturer and distributor of motor vehicles and industrial equipment. We offer indirect automotive consumer loan and lease financing and direct dealer financing through the network of Nissan and Infiniti dealers (1,276 as of March 31, 2021).

Our financial results are impacted by several factors, the most important of which are: finance revenues, market penetration of Nissan and Infiniti new vehicle sales, market penetration of wholesale dealer financing provided to Nissan and Infiniti dealerships, funding, portfolio credit performance and residual performance. These factors are affected by certain trends, including changes in interest rates and changes in the overall credit quality of our receivables.

We make certain critical accounting estimates with respect to our residual values in our lease portfolio and in our reserves for credit losses for our finance and lease portfolios. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("**GAAP**") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Finance Revenues and NNA Support Payments

Our portfolio has three major types of revenue-generating assets: retail loans, operating leases, wholesale receivables and other dealer financing. The retail loans are installment contracts using market-based pricing tiered for customer credit risk. The operating leases provide for fixed monthly rent payments from customers. These lease payments include an interest payment and a depreciation payment on the leased vehicle. Pricing for the interest component of the lease payment is market based and tiered for customer credit risk. Wholesale receivables and other dealer financing include floorplan lines of credit (to finance dealer inventory), mortgage loans and capital loans. Wholesale receivables and other dealer financing tend to be predominately floating rate based on the prime rate.

From time to time, NNA may elect to sponsor incentive programs (on both retail loan contracts and leases) by supporting financing rates below our intercompany rates. Such purchase incentives are also referred to as rate support or subvention. NNA may provide incentives on retail loan contracts by paying us the present value difference between the customer rate and our intercompany rate. Our intercompany rates are influenced primarily by the costs of funds, market rates and our competitors' rates. Similarly, for lease contracts, we establish intercompany money factors and NNA may provide incentives on a lease contract by paying us the present value rate between the customer rate and our intercompany rate. NNA may also provide incentives on leases by supporting residual values (established at lease inception) in excess of NNA standard residual values. We utilize internal and external analysis to determine standard residual values and NNA funds a residual reserve to account for subsequent residual value changes.

For the fiscal years ended March 31, 2019, 2020 and 2021, the amounts charged to NNA related to subvention and residual value support programs were $1,819 million, $1,751 million, and $446 million respectively. The decrease in the fiscal year ended March 31, 2021 was primarily driven by historically high used car values resulting in NMAC having to reimburse NNA for unused portions of residual value support deposits previously received. The decrease in the fiscal year ended March 31, 2020 was primarily the result of volume decreases, offset by the percentage of vehicles subvened. Combined retail and lease contracts purchased for new vehicles for the fiscal years ended March 31, 2019, 2020 and 2021 were 595,589, 493,128 and 286,886 respectively. On a unit basis, the percentage of purchases that were subvened for the fiscal years ended March 31, 2019, 2020 and 2021 were 66.0%, 81.0% and 87.0% respectively. See the discussion below under "Market Penetration of Nissan and Infiniti Vehicle Sales and Leases — Residual Performance — Financial Condition — Contract Volume," and "Certain Relationships and Related Transactions."

During the year ended March 31, 2021, auction proceeds upon sale of off-lease vehicles in excess of leased car book values were realized of approximately $70 million. Leased vehicles are depreciated to the guaranteed residual values agreed with NNA. Under the residual guarantee agreement between NNA and NMAC, NMAC holds rights to such excess proceeds as the legal owner of the vehicles and based on the economic substance of the transactions. NNA is the auction agent and had retained the excess proceeds. Market conditions have been unique and excess proceeds of this nature and magnitude have not previously occurred. As of June 30, 2021, NNA and NML were continuing to evaluate the appropriate attribution of these gains based on the existing intercompany arrangements and their intentions with regard to the guarantee, and accordingly, neither the proceeds nor any associated revenues have been included in the accompanying interim consolidated financial statements. In August 2021, the parties resolved their differences of interpretation of the underlying contractual arrangement, and NNA has transferred the funds to NMAC. This settlement and the associated revenues will be recorded by NMAC in the period in which they occurred.

Market Penetration of Nissan and Infiniti Vehicle Sales and Leases

The following chart provides market penetration information regarding Nissan and Infiniti vehicles for the fiscal years ended March 31, 2019, 2020 and 2021:

	Years Ended March 31,		
	2019	**2020**	**2021**
Number of vehicles sold or leased[1]			
Nissan	913,102	783,731	516,376
Infiniti	115,233	84,449	46,241
Total	1,028,335	868,180	562,617
Retail			
Number of vehicles contracts purchased by NMAC:			
Nissan	270,222	207,296	128,441
Infiniti	10,046	9,543	8,779
Total	280,268	216,839	137,220
Retail Penetration Rate[2]			
Nissan	30%	26%	25%
Infiniti	9%	11%	19%
Total	27%	25%	24%
Lease			
Number of lease vehicles contracts purchased by NMAC:			
Nissan	238,276	219,346	122,654
Infiniti	77,045	56,943	27,012
Total	315,321	276,289	149,666
Lease Penetration Rate[2]			
Nissan	26%	28%	24%
Infiniti	67%	67%	58%
Total	31%	32%	27%
Overall Retail and Lease Penetration Rate	58%	57%	51%

(1) Number of vehicles sold or leased excludes fleet and national sales units.

(2) Calculated based on the number of new retail loan or lease contracts that we purchased divided by the combined total number of Nissan or Infiniti vehicles sold or leased.

As a captive finance company, we benefit from subvention provided by NNA. On a per unit basis, such payments have averaged $1,324, $1,167 and $1,678 respectively, for the years ended March 31, 2019, 2020 and 2021. Incentive levels for subvention and cash continue to reflect a very competitive market and the need for low interest financing. In addition, there has been an increase in higher tier applicants eligible for additional subvention. During the fiscal years ended March 31, 2019, 2020 and 2021, our retail and lease penetration for Nissan and Infiniti vehicles was 58%, 57% and 51% respectively, and new retail and lease contracts totaled 595,589, 493,128 and 286,886 respectively. As of March 31, 2019, 2020 and 2021, outstanding retail and lease contracts totaled 2.5 million, 2.2 million, and 1.9 million respectively. As of March 31, 2019, 2020 and 2021, outstanding retail receivables and lease receivables totaled $48,830 million, $42,746 million and $37,066 million respectively.

Retail. Our overall retail penetration level declined during the fiscal years ended March 31, 2019, 2020, and 2021. Overall retail penetration was 27%, 25%, and 24%, respectively. The declines are a result of the tightening of our purchase policy in the lower borrowing tiers.

Leasing. During the fiscal years ended March 31, 2020 and 2021, our overall lease penetration level has declined at 32% and 27%, respectively. The decrease was a result of dealers emphasizing retail sales over leases as retail prices continue to rise. During the fiscal years ended March 31, 2019 and 2020, overall lease penetration level remained stable at 31% and 32%, respectively.

Market Penetration of Wholesale Financing of Nissan and Infiniti Dealerships

We attempt to strengthen our overall relationship with Nissan and Infiniti dealers by offering floorplan lines of credit, mortgage loans and capital loans, all of which are types of wholesale dealer financing. The following chart provides information regarding our wholesale dealer financing relationship with Nissan and Infiniti dealers:

	At March 31,		
	2019	2020	2021
Number of Nissan and Infiniti dealers in the	1,289	1,280	1,276
Number of Nissan and Infiniti dealers with floorplan loans from us	690	636	554
Number of other dealers (non-Nissan and non-Infiniti) with floorplan loans from us [1]	130	134	87

(1) Includes 37 Mitsubishi dealers as of March 31, 2019, 47 Mitsubishi dealers as of March 31, 2020 and 40 Mitsubishi dealers as of March 31, 2021.

Over the past three fiscal years, the number of Nissan and Infiniti dealers and the total number of Nissan and Infiniti dealers with floorplan financing from us remained steady. Floorplan loans to Mitsubishi dealers is part of our long-term strategy to reach out to Mitsubishi dealers given NML's 34% ownership interest in Mitsubishi. Any short-term growth may be constrained by existing contractual relationships.

Funding and Sources of Liquidity

Securitization. One of our primary funding sources has been the funding of retail installment sales contracts ("**RISCs**"), lease and related vehicle-backed special units of beneficial interest ("**SUBIs**") and auto dealer floorplan receivables through securitization transactions. We partially fund our purchases of RISCs and leases from Nissan and Infiniti dealers via the use of multiseller asset-backed commercial paper ("**ABCP**") conduit lender funded "warehouse" facilities that had an aggregate commitment of $8,725 million at March 31, 2021. We generally securitize a given pool of such financial assets in an SPE that borrows through a warehouse facility prior to (in some cases) further securitizing such assets in a different SPE in order to back a term asset-backed securities ("**ABS**") issuance in the capital markets. Most of our term ABS are issued through publicly registered programs where we are the sponsor and servicer and one of our subsidiary SPEs is the registrant. In the case of RISC and lease SUBI-backed ABS, the applicable SPE typically creates a new securitization trust that issues and is solely obligated on the ABS. In the case of dealer floorplan receivable-backed ABS, the SPE transfers those dealer receivables to a master trust, which issues separate series of ABS, all of which are solely the obligation of the master trust. During the fiscal years ended March 31, 2019, 2020 and 2021, we issued approximately $5,256 million, $7,258 million and $3,575 million in principal amounts, respectively, in public and private ABS debt offerings. The interest rates on the ABS obligations issued by these securitization trusts are predominantly fixed, although some tranches of bonds have floating rates based on a variable benchmark rate plus a margin. The interest rates on the warehouse facilities are in most cases floating and based on ABCP rates when the related conduit lenders are able to fund with ABCP, and based on Eurodollar rates when funded by the committed bank lenders that sponsor those ABCP conduits.

Intercompany Borrowings. NML and its affiliates utilize excess cash by providing intercompany loans to NML affiliates including NMAC, to support liquidity and working capital of the group. Currently, excess cash from operations of NNA and other affiliates is lent to us in the form of intercompany loans at rates based on current market rates. At March 31, 2021, we had intercompany term note borrowings of $2,668 million. The intercompany term note borrowings at March 31, 2021 comprised 8.4% of our total borrowings, and bore interest at a weighted average rate of 0.80%. These borrowings have a term ranging between 1 day and 5 years and are classified as short-term indebtedness or term loans depending on their original maturity. At March 31, 2021, these borrowings were largely linked to floating interest rates. At March 31, 2021, NMAC had $539 million in securitized intercompany borrowings from NGRe. NML manages intercompany borrowings within the NML consolidated group on a global basis and we believe we would receive advance notice from NML before any change in the availability of this funding source although we cannot assure you of this.

Term Loans. Term loans include direct and indirect loans from financial institutions. We have been successful in negotiating several original direct loans with various financial institutions at attractive interest rates. At March 31, 2021, we had $12,415 million of term loans outstanding with unaffiliated third parties, comprising 38.9% of our U.S. operations total borrowings, with an average original maturity of 3.1 years and bearing interest at a weighted average rate of 1.1%. Most of our term loans have floating interest rates, generally tied to three-month or six-month LIBOR. Management will continue to pursue direct term loans as long as the cost is competitive with other sources of funding.

Commercial Paper. As of March 31, 2021, the commercial paper program is rated A-3 by S&P Global Ratings, a division of S&P Global, Inc. ("**S&P**"), and P-3 by Moody's Investors Service Inc. ("**Moody's**"). Approximately $0.0 million principal amount commercial paper was outstanding. Our liquidity needs under the commercial paper program are supported by three revolving, committed credit facilities totaling $6,643 million, which will mature in 2021, 2022, and 2023.

Interest Rates and Credit Spreads

Our results of operations depend on both the levels of finance revenues and levels of interest expense. Changes in interest rates and credit spreads can affect our revenues and expenses differently depending on whether our assets and liabilities are tied to fixed or floating rates of interest and the term of the asset or liability. Our interest-net decreased 30.1% for the fiscal year ended March 31, 2021 compared to the fiscal year ended March 31, 2020. The decrease was primarily the result of a decrease in interest rates. Interest-net decreased 6.6% for the fiscal year ended March 31, 2020 compared to the fiscal year ended March 31, 2019. The decrease was primarily the result of a decrease in interest rates. A significant increase in our cost of funding may have a significant negative impact on our results of operations. See "Risk Factors — Risks Relating to Our Business — Our profitability is directly affected by changes in interest rates" and "— Market Risk — Interest Rate Risk" and "LIBOR".

Portfolio Credit Performance

Credit Losses. Our goal is to achieve a credit loss ratio that balances sales support, dealer support, portfolio growth and profitability. We monitor retail and lease credit loss ratios and assess our lending policies and the economic factors that may impact our performance on a monthly basis. As part of this analysis, we perform comparison studies against the Consumer Confidence Index, or CCI Index, unemployment rates and benchmark studies against other companies in the industry. The net charge-off ratio for our average finance receivables for the fiscal years ended March 31, 2019, 2020 and 2021 was 0.95%, 1.19% and 1.11% respectively, and the net charge-off and net residual loss ratio for our average lease portfolio for the fiscal years ended March 31, 2019, 2020 and 2021 were 3.28%, 3.48% and 1.24% respectively. In addition, the off-lease reserve as of March 31, 2021 assumed an average auction recovery of 0.49% below base residual compared to 2.01% below the base residual at March 31, 2020. See "— Residual Performance." The base residual value is our estimate at the inception of the lease of the ultimate residual value of the leased vehicle at the end of the lease.

We believe that maintaining a well-rounded portfolio and taking prudent and managed risk mitigates our portfolio's exposure to credit losses.

Impact of COVID-19 Pandemic

Retail Portfolio. As part of our review of credit risk within the finance receivables portfolio, consideration was given to the potential impact of the COVID-19 pandemic using both quantitative and qualitative methods in considering all available information relevant to assessing collectability. Adjustments for qualitative factors represent management's judgment of the imprecision and risks inherent in the processes and assumptions used in establishing the allowance for credit losses. For the retail portfolio, the allowance considered the impact on credit losses driven by an estimated near-term unemployment rate (i.e., 8% during the loss emergence period) as of March 31, 2020, based on multiple external macroeconomic data sources, as well as the increased volume of extensions, repossession availability and expected timing delays, and decreased used car values. For the wholesale and loans to dealer portfolios, the analysis focused on the dealers' financial condition and similar risk factors, such as cash flow and liquidity, specifically for those dealers with lower internal credit ratings.

At March 31, 2020, under the incurred loss model, as a result of the COVID-19 pandemic, NMAC recorded additional allowances of $150 million. This adjustment was based on both qualitative and quantitative methods and considered available information at the time including the estimated near term unemployment rate, borrower relief programs, and economic disruption. The total allowance, including these adjustments, was $536 million for retail and $101 million for wholesale and loans to dealers. NMAC considered the accounting implications of loss mitigation actions taken by the Company related to the pandemic. Customers experiencing financial hardships as a result of COVID-19 were permitted to request short-term payment extensions on retail loans of one to two months. The Company has determined these do not qualify as Troubled Debt Restructurings (TDRs) under ASC 310-40 in accordance with the provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as the extensions are being predominantly granted to customers that were not more than 30 days past due prior to the pandemic and the modifications are short term, representing an insignificant delay in the ultimate repayment of the loan, interest income is not suspended, and no other terms of the loan are being modified. An extension represents a 30 day payment deferral. Extensions received by a borrower reduce the age of the receivable in 30 day increments. The number of extensions offered due to the pandemic peaked during April 2020 and has returned to pre-pandemic levels as of October 2020.

Leases. During the year ended March 31, 2020, NMAC recognized $295 million in net residual value support from NNA based on the expected decrease in residual values of leased vehicles due to the COVID-19 pandemic. No additional net residual value support has been recognized due to COVID-19 in the current fiscal year.

At March 31, 2020, NMAC evaluated additional impairment risk within the lease portfolio. This analysis considered the impact on leased asset impairment driven by the estimated near-term unemployment rate, based on multiple external macroeconomic data sources, repossession availability and expected timing delays, as well as projected decreases in used car values. As a result of this analysis, an additional impairment of NMAC's leased assets was recorded related to the pandemic of $39 million. The total residual value support and leased vehicle impairment as of March31, 2020, including these adjustments, was $1,869 million. We have monitored and updated our forecast throughout the year as well as delinquencies, lessee relief programs, lease servicing metrics specific to the NMAC portfolio, projections of used car values, and the effects of government measures. Based on these analyses we have recorded total residual value support and leased vehicle impairment of $1,241 million as of March 31, 2021. The estimates made by the Company are sensitive to future changes in the factors considered and the impact of changes in these or other factors affecting the estimated impairment of the portfolio, which may occur in future periods, is unknown. NMAC considered the accounting implications of loss mitigation actions taken by the Company related to the pandemic. Customers experiencing financial hardships as a result of COVID-19 were given the option to defer up to three currently due lease payments until the end of the lease. These payment deferrals do not affect maturity dates of leases as all payments are due upon contractual maturity of the lease. The Company has concluded that these concessions do not result in a substantive change to the total consideration of the lease contract, therefore no change was made to the recognition of the lease payment receivable or income. The number of deferrals granted peaked during April 2020 and has returned to pre-pandemic levels as of October 2020. NMAC continues to grant payment relief to customers and dealers under normal business practices. Payment deferrals of lease payments are include in Finance receivable, net as a part of other receivables on the consolidated balance sheets.

Delinquency Monitoring. We monitor our delinquency ratios on a daily and monthly basis. We use behavioral-based collection algorithms to identify high-risk accounts, and our collections efforts are targeted to those accounts. As accounts fall further past due, we increase our collection efforts in order to reduce our exposure to loss. An account is generally charged-off at the earlier of when it becomes 120 days past due, when a repossessed vehicle is sold at auction, when the account is determined to be uncollectible or within five days of confirmation of our receipt of notice that the debtor intends to pay us under a plan proposed within a proceeding under the Bankruptcy Code. In certain limited circumstances, such as when the 120th day of account delinquency falls on a weekend or holiday, or when approval authority for a given charge-off is pending, or when the processing of an obligor payment that we believe will make the account current is pending, the general policy of 120 day charge off may be extended by a small number of days to account for such circumstances. We continue to attempt to collect on accounts that have been charged-off, both internally and through outside agents. From time to time as we find appropriate, charged-off accounts are sold. See "— Financial Condition — Allowance for Credit Losses and Credit Loss Experience."

Residual Performance

We underwrite lease residuals using a combination of published third-party valuation of residuals and past actual auction sale results. NNA funds an end-of-term residual reserve for all customer and dealer contracts that we have agreed to underwrite above the published third-party valuation. We periodically evaluate additional residual setting methods to mitigate financial risks and work continuously to improve our residual setting methods.

At lease maturity the customer has the option to purchase the vehicle at the contract residual or to return the vehicle to an authorized Nissan or Infiniti dealership. In the event the vehicle is returned, the dealer can purchase the vehicle at the same contract residual or through internet sales channels or in lane auctions.

All leased vehicles not purchased by customers or dealers at the contract residual are returned to us and sold through internet sales channels or in-lane auctions. Each vehicle is offered for sale in the channel or channels that we believe provide the best market for such vehicle to maximize its resale value, net of selling expenses. We realize losses on the disposition of end-of-lease vehicles when auction proceeds are less than the net book value of the terminated lease except where covered by NNA support. Each quarter, we analyze the adequacy of the active lease residual reserve. As contracts approach maturity and auction recovery information becomes available, we update our assumptions as necessary. If we observe market value declines or other reasons lead us to believe the reserves are inadequate for customer and dealer leases, additional amounts are funded to the reserve by NNA. Conversely, if amounts recovered from auction are greater than net residual values, the net gains are returned to NNA.

In general, return rates are a function of the relative gap between the contract residual value and the current market value for end-of-lease vehicles and the relative levels of subvention on end-of-lease vehicles, which affect supply and demand. The number of used vehicles for sale during a given period can fluctuate and used vehicle prices and return rates reflect that fluctuation. The amount of subvention on end-of-lease vehicles impacts return rates because it determines how close the contract residual value will be to market value at lease completion. Accordingly, if the contract residual value of a vehicle is close to market value, the consumer (or dealer) often

will choose to purchase the vehicle; however, if the original financing was the object of high subvention levels, the contract residual value is likely to be much greater than market value and the consumer (or dealer) is less likely to purchase the vehicle, resulting in a higher return rate.

The following table summarizes the percentage by which our actual auction recovery exceeds (or falls below) the estimated recovery established at lease inception and our return rates:

	Years Ended March 31,		
	2019	2020	2021
Auction recovery vs. initial residual value			
Nissan	(0.6)%	(0.6)%	0.4%
Infiniti	(5.4)%	(5.6)%	3.6%
Combined weighted-average	(2.3)%	(2.4)%	2.4%
Return rates (termination-based)			
Nissan	71%	71%	60%
Infiniti	81%	82%	71%
Combined weighted-average	74%	74%	63%

We analyze the active lease portfolio each quarter to confirm the adequacy of the reserve impairment. At March 31, 2021, the portfolio assumed an average return rate of 75%. The calculation of the reserve utilizes averages of forecast recoveries and return rates over the remaining life of the portfolio that was outstanding as at March 31, 2021. We believe the level of the reserve is adequate.

Critical Accounting Policies

The following is a summary of accounting policies that we believe are most critical to understanding our results of operations and financial condition. We believe our interpretation and application related to these accounting policies are appropriate.

Allowance for Credit Losses

Effective April 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, requiring entities to use a new current expected credit loss (CECL) model based on expected losses rather than the incurred loss model. The CECL guidance applies to financial assets at amortized cost including retail receivables, wholesale receivables and loans to dealers, finance lease receivables, contract assets, trade receivables, certain loan commitments, and financial guarantees. The credit loss allowance represents management's estimate of lifetime expected losses. Refer to Adoption of New Accounting Standards, below.

The Company performs periodic reviews of its lending portfolios to identify inherent risks and assess overall collectability. The retail receivables allowance reflects the portfolio's risk and is based on aggregated loan pools that share common risk characteristics including: product type, consumer credit scores, loan duration, loan to value ratios and other relevant factors. The lifetime expected credit loss is determined by applying a probability of default and loss given default to each loan pool then discounting these cash flows to present value. In the loss models a variety of factors are considered, including, but not limited to: historical loss experience by pool; forward looking macroeconomic conditions including unemployment rates and their effect on projected loss trends; anticipated repossessions or foreclosures based on portfolio trends, delinquencies and other loan servicing metrics. In the application of applying forward looking macroeconomic conditions, the loss model utilizes twelve month reasonable and supportable third-party forecasts which ultimately revert to the macroeconomic factors' long-term average over twenty-four months. The Company has elected to not measure an allowance for credit losses for accrued interest receivables due to timely recognition of non-accrual loans and charge-offs of these amounts at 120 days and the reversion of accrued interest at time of charge-off.

The allowance for credit losses for the Company's dealer portfolio consists of an allowance on wholesale loans and on loans to dealers. The allowance for credit losses is established using a weighted-average remaining maturity method which calculates a loss rate and applies that loss rate to pools of loans on a periodic basis based on the remaining expected life of each pool to calculate the lifetime expected credit losses. The loan-risk pools are determined based on the risk characteristics of the loan (e.g., secured by vehicles, real estate or dealership assets) and analyzed based on factors, including, but not limited to: historical loss experience; forward looking macroeconomic conditions; collateral performance; performance trends within specific geographic and portfolio segments; and other pertinent information. Based on this analysis, an allowance for credit losses is established. The Company has undrawn commitments on wholesale loans and revolving lines of credit offered to dealers, both of which are unconditionally cancellable. The Company is not required to record an allowance for credit losses for any undrawn commitment that is unconditionally cancellable. As a result, no allowance is recorded for the unused or undrawn portion of these commitments.

Loans are also reviewed for credit deterioration on an individual loan basis and, if necessary, an allowance is established for individual dealer loans. If loans are individually evaluated, reserves are established on an individual basis, as appropriate, and the loan is removed from the loan-risk pool for separate monitoring. The allowance related to specifically identified dealer loans is established based on the estimated fair value of the collateral, discounted expected cash flows, or observable market prices.

If management does not believe the models fully reflect lifetime expected credit losses for the portfolio, an adjustment may be made to reflect management judgment regarding observable changes in recent or expected economic trends and conditions, portfolio composition, and other relevant factors.

Additions to the credit loss allowance are charged to the income statement as a provision for credit losses and uncollectible amounts are charged against the allowance for credit losses. Recoveries of finance receivables previously charged-off as uncollectible are credited to the allowance for credit losses.

As noted in the Adoption of New Accounting Standards below, the comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. Prior to the adoption of ASU 2016-13, the Company's allowance for credit losses was estimated using the incurred loss model.

Under the incurred loss model, portions of the allowance for credit losses are specified to cover the estimated losses on loans made to dealers specifically identified for impairment. The unspecified portion of the allowance for credit losses covers estimated losses on the homogeneous portfolios of finance receivables and loans collectively evaluated for impairment. Additions to the allowance for credit losses are made by charges to the income statement as provision for credit losses. Amounts determined to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to the allowance for credit losses.

The Company performs periodic reviews of its lending portfolios to identify inherent risks and to assess the overall collectability of those portfolios. The allowance relates to portfolios collectively reviewed for impairment, generally consumer finance receivables and loans, and is based on aggregated portfolio evaluations by product type. Loss models are utilized for these portfolios which consider a variety of factors, including, but not limited to, historical loss experience, current economic conditions and loss trending, anticipated repossessions or foreclosures based on portfolio trends, delinquencies and credit scores, by receivable and loan type.

Loans made to dealers are generally reviewed on an individual loan basis, and if necessary, an allowance is established for individual loan impairment. Loans made to dealers subject to individual reviews are analyzed based on various factors, including, but not limited to, historical loss experience, current economic conditions, collateral and performance trends within specific geographic and portfolio segments, and any other pertinent information, which result in the estimation of specific allowances for credit losses. The allowance related to specifically-identified impaired loans made to dealers is established based on discounted expected cash flows, observable market prices or, for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral. The evaluation of these factors for both consumer and commercial finance receivables and loans involves complex objective and subjective judgments.

Securitization of Finance Receivables and Related Securitized Debt

The Company raises a significant portion of operating funds through asset-backed securitizations. Finance receivable securitizations are accounted for as collateralized borrowings. These securitizations do not meet the de-recognition criteria, as the trusts where the assets have been transferred are VIEs that the Company consolidates. These securitizations also do not meet the derecognition criteria due to the trusts' inclusion of nonfinancial assets, the resulting trusts' ability to invest in certain non-temporary investments, or the resulting trusts' ability to acquire derivatives relating to beneficial interests retained by the Company. All securitized finance receivables remain on the consolidated balance sheets and can only be used to settle the VIE's obligations (included in pledged retail receivables and pledged wholesale receivables in Note 3) until those obligations have been satisfied.

The Company records interest income on securitized finance receivables over the life of the loans and interest expense on the debt issued in the securitizations over the life of the securitizations. Deferred debt issuance costs related to the debt are included in Borrowings in the accompanying consolidated balance sheets and amortized using the effective interest method over the life of the debt.

Investment in Vehicle Operating Leases — Net

Investment in vehicle operating leases, net represents the leased vehicles at cost less accumulated depreciation, residual value support, and leased vehicle impairment. Income from operating leases, included in Leasing revenues in the accompanying consolidated statements of income and comprehensive income, is recorded as scheduled payments become due. Depreciation expense on vehicles subject to operating leases is recorded on a straight-line basis in an amount necessary to reduce the leased vehicle value to its contractual

residual value at the end of the lease term. Generally, the lessee may purchase the leased vehicle at the maturity of the lease by paying the purchase price stated in the lease agreement, which equals the contract residual value determined at origination of the lease, plus any fees and all other amounts owed under the lease. If the lessee decides not to purchase the leased vehicle, the lessee must return it to a dealer by the lease's scheduled lease maturity date.

Impairment of leased vehicles occurs primarily due to the separate or combined effects of declines in the estimated residual values of vehicles expected to be received at the end of the lease, and decreased expected cash flows due to underlying lessee credit issues.

The Company assesses impairment only upon determination that an impairment indicator exists. If it is determined that the asset may not be fully recoverable, impairment is recorded against the basis of the vehicle for the amount in which the carrying value of the asset exceeds the fair value of the asset. The fair value of the asset is based on the estimated discounted cash flows, consisting of lease payments and the estimated vehicle residual values less cost to sell.

Leased vehicle impairment reserves resulting from credit issues are maintained at an appropriate amount that considers historical and other pertinent factors. Reserve adjustments are included in Provision for impairment – investment in vehicle operating leases, net in the accompanying consolidated statements of income and comprehensive income. Reductions to this impairment reserve principally relate to disposals of repossessed leased vehicles before completion of the original lease term (i.e., sales of repossessed vehicles). Changes to the impairment reserve for residual value losses result primarily from gains/losses at the disposition of matured leased vehicles. Repossessed lease and off-lease vehicles that have not yet been sold at auction are recorded at the lower of cost or fair value and reported in Deferred charges and other assets, net in the accompanying consolidated balance sheets.

Substantially all NMAC contractual residual values are guaranteed by NNA through residual value support as long as the lease has not experienced a credit event (i.e., default by the lessee). Residual value support is included in Investment in vehicle operating leases, net. Proceeds in excess of guaranteed amounts are recorded by the Company in Other income/(loss), net. In addition to NNA's residual value support, the Company has agreements with NNA that provide for interest supplements and other support payments on certain leasing transactions. These subvention payments from NNA are recorded by the Company as deferred income and amortized, on a straight-line basis, into leasing revenues, over the contractual life of the lease. Upon prepayment of a lease, any remaining unamortized subvention is recognized as Leasing revenue.

One of the Company's subsidiaries, Nissan-Infiniti LT (NILT), purchases all NMAC lease contracts from dealers related to vehicles that have been leased to third parties through financing arrangements with NILT. Leased vehicles owned by NILT are occasionally allocated to Special Units of Beneficial Interests (SUBIs), and pledged as collateral for certain financing arrangements.

Debt security offerings secured by such pledged SUBIs and private placement warehouse borrowings are included in Borrowings in the accompanying consolidated balance sheets.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage certain exposures to interest rate and foreign currency exchange risks. The Company does not hold or issue derivative financial instruments for trading or speculation purposes. The use of derivative financial instruments requires the Company to make assumptions in determining fair market values, which may differ substantially at each reporting date. These derivative financial instruments include foreign currency exchange contracts and interest rate swaps and are recorded on the balance sheet as assets and liabilities, measured at fair value including an adjustment of non-performance risk. These are included in Deferred charges and other assets, net and Other liabilities, respectively.

Gains or losses resulting from changes in the values of those derivatives are accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. Gains or losses related to derivatives that qualify for cash flow hedge accounting are recorded in Other comprehensive income/(loss), net in the accompanying consolidated statements of income and comprehensive income.

For derivatives that qualify for hedge accounting, the Company documents the relationships between hedging instruments and hedged items, including the purpose, strategy, and objective for undertaking various hedge transactions. The process includes linking derivatives to specific assets and liabilities on the balance sheet or specific future cash flows.

In addition, the Company utilizes certain derivative financial instruments that do not qualify or are not designated as hedges for accounting purposes to manage risks related to foreign currency. As these derivatives are economic hedges not designated as accounting hedges, changes in the fair value of the derivative instruments are recorded in Other income/(loss), net, and recognized in earnings when they occur. If a derivative designated in an accounting hedge relationship becomes ineffective, changes in the fair value of the derivative are recorded in Other income/(loss), net.

The Company has elected to present all derivative assets and liabilities gross in the accompanying consolidated balance sheets.

Revenue Recognition

Revenue from finance receivables is recognized using the effective interest method. Certain origination costs on receivables are deferred and amortized, using the effective interest method, over the term of the related receivable as a reduction to financing revenue. Operating lease revenue is recognized on a straight-line basis over the lease term, as are initial direct lease costs. NNA also provides interest supplements and support payments to the Company on certain financing and leasing transactions. These payments (known as subvention) are recognized as income over the period that the related finance receivables and leases are outstanding using the effective interest and straight-line methods, respectively.

Summary of Consolidated Operating Results

The following table sets forth our results of operations as a percentage of total revenues for the periods presented:

	Years Ended March 31,		
	2019	**2020**	**2021**
Revenues:			
Finance revenues:			
Leasing	75.9%	75.8%	78.0%
Retail	17.9	18.4	18.3
Wholesale	4.3	3.8	2.0
Loans to dealers	1.9	2.0	1.6
Total finance revenues	100.0%	100.0%	100.0%
Expenses:			
Depreciation on leased vehicles	55.3%	53.2%	55.4%
Interest — net	20.8	20.5	16.6
Provision for (release of) losses — finance receivables — net	5.4	7.9	0.0
Provision for (release of) impairment — investment in vehicle operating leases — net	1.6	2.4	1.7
General and administrative	4.3	5.1	5.1
Total expenses	87.4%	89.1%	78.9%
Other income — net	1.8	2.0	2.6
Income before income taxes	14.3	12.9	23.7
Income tax expense (benefit)	3.5	1.8	5.5
Net income	10.9	11.0	18.2
Net income attributable to noncontrolling interests	0	0	0
Net income attributable to NMAC	10.9%	11.0%	18.2%

Comparison of fiscal years ended March 31, 2019, 2020 and 2021

Total Finance Revenues. The following table sets forth our total finance revenues for the periods presented:

	Years Ended March 31,			% Change	
	2019	**2020**	**2021**	**2019 to 2020**	**2020 to 2021**
	(dollars in millions)				
Revenues:					
Leasing	$ 5,239	$ 4,956	$ 4,400	(5.4)%	(11.2)%
Retail	1,232	1,206	1,033	(2.1)%	(14.3)%
Wholesale	294	250	114	(15.0)%	(54.4)%
Loans to dealers	134	129	92	(3.7)%	(28.7)%
Total finance revenues	$ 6,899	$ 6,541	$ 5,639	(5.2)%	(13.8)%

Total finance revenues. Total finance revenues decreased $902 million, or 13.8%, to $5,639 million for the year ended March 31, 2021 from $6,541 million in the year ended March 31, 2020. This decrease resulted primarily from a decrease in our lease and receivable portfolios. Total average investment in vehicle operating leases — net decreased $2,356 million, or 12.3%, to $16,775 million for the year ended March 31, 2021 from $19,131 million for the year ended March 21, 2020. The average retail receivables balance decreased by $3,418 million, or 13.7% to $21,458 million for the year ended March 31, 2021 from $24,876 million at March 31, 2020. Total average wholesale receivables decreased $1,818 million, or 27.3% to $4,847 million at March 31, 2021 from $6,665 million at March 31, 2020.

Total Expenses. The following table sets forth our total expenses for the periods presented:

	Years Ended March 31,			% Change	
	2019	2020	2021	2019 to 2020	2020 to 2021
	(dollars in millions)				
Expenses:					
Interest — net	$ 1,434	$ 1,339	$ 936	(6.6)%	(30.1)%
General and administrative	296	333	290	12.5%	(12.9)%
Depreciation on leased vehicles	3,817	3,482	3,122	(8.8)%	(10.3)%
Provision for losses — finance receivables — net	370	519	2	40.3%	(99.6)%
Provision for impairment — investment in vehicle operating leases — net	113	154	97	36.3%	(37.0)%
Total expenses	$ 6,030	$ 5,827	$ 4,447	(3.4)%	(23.7)%
Other income — net	$ 121	$ 128	$ 144	5.8%	12.5%

Interest — net. Interest — net decreased $403 million, or 30.1%, to $936 million for the year ended March 31, 2021 from $1,339 million for the year ended March 31, 2020. Interest – net decreased as a result of a decrease in our weighted average interest rate from 2.48% to 1.55% and a decrease in our average borrowings from $43,464 million to $36,763 million during the year ended March 31, 2020 and March 31, 2021.

General and Administrative. General and administrative expense decreased by $43 million, or 12.9%, to $290 million in the year ended March 31, 2021 from $333 million in the year ended March 31, 2020. This decrease resulted primarily from a decrease in our procured IT expenses for the year.

Depreciation on Leased Vehicles. Depreciation on leased vehicles decreased $360 million, or 10.3%, to $3,122 million for the year ended March 31, 2021 from $3,482 million for the year ended March 31, 2020. The decrease was a result of a decrease in our total investment in vehicle operating leases – net. Total consolidated average investment in vehicle operating leases – net decreased $2,356 million, or 12.3%, to $16,775 million at March 31, 2021 from $19,131 million at March 31, 2020.

Provision for Losses — Finance Receivables — Net. Provision for losses — finance receivables — net decreased $517 million, or 99.6%, to $2 million for the year ended March 31 2021 from $519 million for the year ended March 31, 2020. This large decrease is due several factors including the adoption of the new credit loss standard at the beginning of the current year, and the resulting change in the overall calculation of the provision. Upon adoption, an additional $586 million of allowance was recorded through equity related to the new methodology and included a large impact to account for the significant COVID uncertainty. That outlook improved significantly over the course of the year ended March 31, 2021, resulting in a reduction in the provision.

Provision for Impairment — Investment in Vehicle Operating Leases — Net. Provision for impairment — investment in vehicle operating leases — net decreased $57 million, or 37.0%, to $97 million for the year ended March 31, 2021 from $154 million for the year ended March 31, 2020. These changes are due to a decrease in the lease portfolio size, as well as a decrease in net credit losses. The total net investment in vehicle operating leases, which decreased by 11.4% to $15,761 million as of March 31, 2021 from $17,789 million as of March 31, 2020. The lease net credit loss ratio decreased to 0.50% as of March 31, 2021 from 0.63% as of March 31, 2020.

Other income — net. Other income — net increased to $144 million in the year ended March 31, 2021, compared to $128 million in the year ended March 31, 2020, an increase of $16 million, or 12.5%. The change primarily relates to an increase in the gain on sale of company vehicles in the current year, as well as increases in foreign exchange gains/(losses) in the current year offset by derivative losses in the current year.

Income Tax expenses. Our effective income tax rates were 24.3% in the fiscal year ended March 31, 2019, 14.4% in the fiscal year ended March 31, 2020 and 23.3% in the fiscal year ended March 31, 2021.

Consolidated Financial Condition

Net Earning Assets

The composition of our net earning assets is summarized below:

	At March 31,			% Change	
	2019	2020	2021	2019 to 2020	2020 to 2021
		(dollars in millions)			
Finance Receivables — net:					
Retail receivables	$ 10,648	$ 7,793	$ 10,485	(26.8%)	34.5%
Pledged retail receivables	16,009	15,301	9,336	(4.4%)	(39.0%)
Wholesale receivables	2,003	1,025	1,165	(48.8%)	13.7%
Pledged wholesale receivables	5,563	4,739	2,764	(14.8%)	(41.7%)
Loans to dealers	2,597	2,346	1,834	(9.7%)	(21.8%)
Accounts receivable — net	1,318	720	475	(45.4%)	(34.0%)
Total finance receivables	38,138	31,924	26,059	(16.3%)	(18.4%)
Allowance for credit losses	(536)	(637)	(903)	18.8%	41.8%
Total finance receivables — net	$ 37,602	$ 31,287	$ 25,156	(16.8%)	(19.6%)
Investment in vehicle operating leases — net:					
Leased vehicles	$ 19,060	$ 12,153	$ 11,366	(36.2%)	(6.5%)
Pledge leased vehicles	3,118	7,505	5,636	140.7%	(24.9%)
	22,178	19,658	17,002	(11.4)%	(13.5)%
Residual value support and leased vehicle impairment	(1,705)	(1,869)	(1,241)	9.6%	(33.6%)
Total investment in vehicle operating leases — net	$ 20,473	$ 17,789	$ 15,761	(13.1)%	(11.4)%
Number of wholesale dealers	820	770	641	(6.1)%	(16.8)%
Average original contract term					
Lease in months	37	37	37	0.0%	0.0%
Retail in months	68	68	68	0.0%	0.6%

As of March 31, 2021, we had $25,156 million of total finance receivables — net outstanding and $15,761 million of investment in vehicle operating leases—net, representing 2,031,913 retail, wholesale and lease contracts.

Retail receivables decreased by 13.1% to $20,064 million from $23,088 million at March 31, 2020. wholesale receivables decreased by $1,835 million to $3,929 million at March 31, 2021, from $5,764 million at March 31, 2020. loans to dealers decreased by $512 million to $1,834 million at March 31, 2021, from $2,346 at March 31, 2020. Our allowance for credit losses increased by $266 million or 41.8%, to $903 million at March 31, 2021, from $637 million at March 31, 2020.

The number of outstanding retail contracts decreased by 14.7% to 1,225,917 at March 31, 2021 from 1,436,269 at March 31, 2020. The number of outstanding wholesale contracts decreased by 34.5% from 200,961 units at March 31, 2020 to 131,707 at March 31, 2021. The number of Nissan and non-Nissan dealers with floorplan lines decreased from 770 dealers at March 31, 2020 to 641 dealers at March 31, 2021

Total net investment in vehicle operating leases decreased by 11.4% to $15,761 million as of March 31, 2021 from $17,789 million as of March 31, 2020. The number of outstanding lease contracts decreased by 15.2% to 674,289 at March 31, 2021 compared to 795,141 lease contracts at March 31, 2020.

Contract Volume [1]

The following table summarizes total retail sales by NNA of Nissan and Infiniti vehicles, and our total retail and lease contract volume.

	Years Ended March 31,			% Change	
	2019	2020	2021	2019 to 2020	2020 to 2021
Total NNA Sales & Leases[2]					
Nissan	913,102	783,731	516,376	(14.2%)	(34.1%)
Infiniti	115,233	84,449	46,241	(26.7%)	(45.2%)
Total NNA Sales & Leases	1,028,335	868,180	562,617	(15.6%)	(35.2%)
NMAC Contract Volume					
Retail:					
New[3]	280,268	216,839	137,220	(22.6%)	(36.7%)
Near-New[3]	104,875	82,617	50,831	(21.2%)	(38.5%)
Used[3]	14,845	13,605	4,181	(8.4%)	(69.3%)
Total	399,988	313,061	192,232	(21.7%)	(38.6%)
Lease[3]	315,321	276,289	149,666	(12.4%)	(45.8%)
Total	715,309	589,350	341,898	(17.6%)	(42.0%)

(1) Includes both new and used Nissan and Infiniti vehicles.
(2) Total NNA retail sales and leases excludes fleet and national sales units.
(3) New retail contract volume includes non-Nissan and non-Infiniti new vehicle contracts. Near-new and used retail contract volume includes only Nissan and Infiniti vehicle contracts. A "**near-new**" vehicle is defined as any make vehicle up to three model years old. A used vehicle is defined as any pre-owned Nissan or Infiniti vehicles four to seven model years old, and other makes of pre-owned vehicles up to seven model years old.

Allowance for Credit Losses and Credit Loss Experience

Allowance for credit losses is management's estimate of incurred losses in the lending portfolios. Portions of the allowance for credit losses are specified to cover the estimated losses on wholesale loans made to dealers specifically identified for impairment. The unspecified portion of the allowance for credit losses covers estimated losses on the homogeneous portfolios of loans. Additions to the allowance for credit losses are made by charges to the provision for credit losses. Amounts determined to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to the allowance for credit losses. We perform detailed periodic reviews of our loan and lease portfolios to identify inherent risks and to assess the overall collectability of those portfolios. The allowance related to these portfolios is based on a variety of factors, including, but not limited to, historical loss experience, current economic conditions, anticipated repossessions based on portfolio trends, delinquencies and credit scores.

Wholesale loans are generally reviewed on an individual basis, and the decision to extend credit is based on a variety of factors, including, but not limited to, historical loss experience, current economic conditions, collateral performance, and performance trends within specific geographic and portfolio segments. We establish an allowance for wholesale loans based on discounted expected cash flows, observable market prices or (for loans that are solely dependent on the collateral for repayment) the estimated fair value of the collateral.

The following table provides information related to our allowance for credit losses for the periods presented:

Loans Allowance

	Years Ended March 31,			% Change	
	2019	2020	2021	2019 to 2020	2020 to 2021
	(dollars in millions)				
Allowance, beginning of period	$ 542	$ 536	$ 637	(1.1%)	18.8%
Cumulative effect of adoption of CECL	-	-	586	-	-
Provision for losses	370	519	2	40.3%	(99.6%)
Charge-offs net of recoveries and other	(376)	(418)	(322)	11.2%	(23.0%)
Allowance, end of period	$ 536	$ 637	$ 903	18.8%	(50.2%)

Residual Value Support and Leased Vehicle Impairment (1)

	Years Ended March 31,			% Change	
	2019	2020	2021	2019 to 2020	2020 to 2021
	(dollars in millions)				
Beginning of period	$ 1,873	$ 1,705	$ 1,869	(9.0%)	9.6%
Residual value support from NNA	457	738	(498)	61.5%	(167.5%)
Provision for losses/impairment	113	154	97	36.3%	(37.0%)
Charge-offs net of recoveries and other allowances	(738)	(728)	(227)	(1.4%)	(68.8%)
End of period	$ 1,705	$ 1,869	$ 1,241	9.6%	(33.6%)

(1) Residual value support and lease vehicle impairment covers impairment, net credit losses and residual value losses of off-lease vehicles sold at auction.

Percentage of Allowance to Amounts Outstanding (1)

	Years Ended March 31,		
	2019	2020	2021
Loan allowance as % of total finance receivables(2)	1.41%	2.00%	3.47%
Residual value support and leased vehicle impairment as % of total leased vehicles	7.69%	9.51%	7.30%

(1) Percentage is calculated based on reported amounts.
(2) At April 1, 2020, NMAC increased the allowance by $586 million due to the implementation of CECL.

Net Charge-Off Ratio [(1)]

	Years Ended March 31,		
	2019	2020	2021
Net charge-offs (recoveries) as a percentage of average amount outstanding (finance receivables)	0.95%	1.19%	1.11%
Net charge-offs (recoveries) as a percentage of average leased vehicles (leases)	0.62%	0.63%	0.50%
Net residual losses (gains) as a percentage of average leased vehicles (leases)	2.66%	2.85%	0.74%

(1) Ratios are calculated based on reported amounts.

The charge-offs and loan balances in the ratios above include Grantor Trust charge-offs and related recoveries and loans and such losses are not absorbed by NMAC.

Aggregate Balance 60 or More Days Past Due as a Percent of NMAC Owned Contracts Outstanding

	At March 31,		
	2019	2020	2021
Retail loans	0.49%	0.67%	0.39%
Leases	0.25%	0.27%	0.15%

The retail net credit loss ratio decreased to 1.30% as of March 31, 2021 from 1.50% as of March 31, 2020. This decrease was driven by the 25.5% decrease in the charge-offs, net of recoveries and other to $278 million for the year ended March 31, 2021 from $373 million for the year ended March 31, 2020 and by a 13.7% decrease in the average retail portfolio to $21,458 million as of March 31, 2021 from $24,876 million as of March 31, 2020. Retail net charge-offs per unit decreased by 14.8% to $7,424 for the trailing twelve month period ended March 31, 2021, compared to $8,713 for the twelve months ended March 31, 2020.

Our lease net credit loss ratio decreased to 0.50% as of March 31, 2021 from 0.63% as of March 31, 2020. The decrease was driven by the 29.8% decrease in credit loss charge-off, net of recoveries and other, to $92 million for the year ended March 31, 2021, from $131 million for the year ended March 31, 2020 and a 12.3% decrease in the average lease portfolio to $16,775 million as of March 31, 2021 from $19,131 million as of March 31, 2020. Lease net charge offs per unit decreased by 2.0% to $9,392 for the trailing twelve month period ended March 31, 2021 from $9,579 for the twelve month period ended March 31, 2020.

The managed assets which include retail, lease, dealer floorplan and commercial receivables decreased 15.8% to $42,829 million at March 31, 2021 compared to $50,856 million at March 31, 2020. Total managed assets outstanding for the fiscal year ended March 31, 2021 were: (i) retail receivables — $20,064 million; (ii) lease receivables — $17,002 million; (iii) dealer floorplan receivables — $3,929 million; and (iv) commercial receivables — $1,834 million.

Liquidity and Capital Resources

We do not rely on a single source of funding, and currently rely on a combination of securitizations, unsecured debt offerings, commercial paper, term loans and intercompany borrowings to meet our obligations as they come due. We may choose to change our funding depending on market conditions, relative costs and other factors. We believe that our funding sources, combined with operating and investing activities, provide sufficient liquidity to meet future funding requirements and business growth.

Securitization

One of our primary funding sources has been the funding of RISCs, lease and related vehicle-backed SUBIs and auto dealer floorplan receivables through securitization transactions. We partially fund our purchases of RISCs and leases from Nissan and Infiniti dealers via the use of multi-seller asset-backed commercial paper ("**ABCP**") conduit lender funded "warehouse" facilities that had an aggregate commitment of $8,725 million at March 31, 2021. We generally securitize a given pool of such financial assets in a SPE that

borrows through a warehouse facility prior to (in some cases) further securitizing such assets in a different SPE in order to back a term ABS issuance in the capital markets. Most of our term ABS are issued through publicly registered programs where we are the sponsor and servicer and one of our subsidiary SPEs is the registrant. In the case of RISC and lease SUBI-backed ABS, the applicable SPE typically creates a new securitization trust that issues and is solely obligated on the ABS. In the case of dealer floorplan receivable-backed ABS, the SPE transfers those dealer receivables to a master trust, which issues separate series of ABS, all of which are solely the obligation of the master trust. During the fiscal years ended March 31, 2019, 2020 and 2021, we issued approximately $5,256 million, $7,258 million and $3,575 million in principal amounts, respectively, in public and private ABS transactions debt offerings. The interest rates on the ABS obligations issued by these securitization trusts are predominantly fixed, although some tranches of bonds have floating rates based on a variable benchmark rate plus a margin. The interest rates on the warehouse facilities are in most cases floating and based on ABCP rates when the related conduit lenders are able to fund with ABCP, and based on Eurodollar rates when funded by the committed bank lenders that sponsor those ABCP conduits.

Intercompany Borrowings

NML and its affiliates utilize excess cash by providing intercompany loans to NML affiliates including NMAC, to support liquidity and working capital of the group. Currently, excess cash from operations of NNA and other affiliates is lent to us in the form of intercompany loans at rates based on current market rates. At March 31, 2021, we had intercompany term note borrowings of $2,668 million. The intercompany term note borrowings at March 31, 2021 comprised 8.4% of our total borrowings, and bore interest at a weighted average rate of 0.80%. These borrowings have a term ranging between 1 day and 5 years and are classified as short-term indebtedness or term loans depending on their original maturity. At March 31, 2021, these borrowings were largely linked to floating interest rates. At March 31, 2021, NMAC had $539 million in securitized intercompany borrowing primarily from NGRe. NML manages intercompany borrowings within the NML consolidated group on a global basis and we believe we would receive advance notice from NML before any change in the availability of this funding source although we cannot assure you of this.

Term Loans

Term loans include direct and indirect loans from financial institutions. We have been successful in negotiating several original direct loans with various financial institutions at attractive interest rates. At March 31, 2021, we had $12,415 million of term loans outstanding with unaffiliated third parties, comprising 38.9% of our total borrowings, with an average original maturity of 3.1 years and bearing interest at a weighted average rate of 1.11%. Most of our term loans have floating interest rates, generally tied to three-month or six-month LIBOR. Management will continue to pursue direct term loans as long as the cost is competitive with other sources of funding.

NMAC guarantees a portion of debt obligations outstanding for its affiliate, NRFM. At March 31, 2021, NMAC guaranteed $1,702 million of outstanding debt obligations at NRFM and was paid an annual fee of 1.5% based on the quarterly aggregate outstanding principal balance during the fiscal year ended March 31, 2021.

Commercial Paper Outstanding and Backup Facility

At March 31, 2021, the commercial paper program is rated A-3 by S&P and P-3 by Moody's. Approximately $0.0 million in commercial paper was outstanding. Our liquidity needs under the commercial paper program are supported by three revolving, committed credit facilities totaling $6,643 million, which will mature in 2021, 2022, and 2023.

Funding Sources

As of March 31, 2021, our liquidity sources included $15,368 million of committed, undrawn funding and unpledged retail receivables, wholesale receivables and investment in vehicle operating leases – net totaling $21,775 million. As of March 31, 2020 and 2021, the amount of total borrowings by category included:

- $12,842 million and $8,819 million of term asset-backed secured indebtedness, respectively.
- $5,540 million and $0.0 million of asset-backed commercial paper indebtedness, respectively.
- $1,868 million and $3,207 million of intercompany indebtedness, respectively.
- $10,025 million and $12,415 million of term loans with unaffiliated third parties, respectively.
- $2,871 million and $0.0 million of commercial paper indebtedness, respectively.
- $8,499 million and $7,598 million of corporate bond indebtedness, respectively.

Asset and Liability Management

As of March 31, 2021, the forecasted repayment amounts and duration of our borrowings were:

- $16,645 million less than one year;
- $7,275 million between one and two years;
- $3,567 million between two and three years; and
- $4,505 beyond three years.

The expected maturity of our assets as of March 31, 2021 was:

- $22,208 million less than one year;
- $10,424 million between one year and two years;
- $7,113 million between two and three years; and
- $6,456 million beyond three years.

We feel we have sufficient liquidity to meet our obligations.

Keepwell Agreement

Pursuant to the amended and restated keepwell agreement with NML dated as of February 9, 2005 (the "**keepwell agreement**"), NML has agreed to: (1) maintain a direct or indirect ownership of the entire legal title to and beneficial interest in all of our outstanding shares of stock having the right to vote for the election of members of our Board of Directors, and not to pledge, directly or indirectly, or in any way encumber or otherwise dispose of any such shares of stock or permit its subsidiaries to do so; (2) cause us to have a consolidated tangible net worth, as determined in accordance with GAAP, of at least $1; (3) cause us to maintain sufficient liquidity to punctually meet our payment obligations under any indebtedness for borrowed money represented by debt obligations, borrowings, foreign exchange, swap and derivative obligations ("**Debt**") in accordance with its terms, or, where necessary, make available to or arrange for sufficient funds to enable us to meet such obligations in full as and when they fall due; and (4) so long as any Debt is outstanding, not to modify, amend or terminate the keepwell agreement in any manner adverse to the interests of the holder of any of the Notes offered hereby. The keepwell agreement is governed by the laws of the State of New York. NMAC and NML have separately agreed that NMAC will pay NML a quarterly fee based on the amount of NMAC debt, NRFM debt owed to third parties and derivative obligations outstanding. The fees totaled $127 million and $133 million for the fiscal years ended March 31, 2021 and 2020, respectively.

The keepwell agreement is not, and nothing done pursuant to the keepwell agreement by NML shall be deemed to constitute, a guarantee by NML of any of the Notes offered hereby, or other obligation, indebtedness or liability of any kind or character of NMAC whatsoever.

All holders of the Notes offered hereby are third-party beneficiaries of the keepwell agreement, provided that the third-party beneficiary rights of the holders of the Notes offered hereby under the keepwell agreement are limited to the right to demand that we enforce NML's stock ownership obligation, the net worth obligation and the liquidity obligation under the keepwell agreement and the right to proceed against NML directly to enforce NML's stock ownership obligation, the net worth obligation and the liquidity obligation under the keepwell agreement if we fail or refuse to take timely action to enforce NML's obligations under the keepwell agreement following demand of such enforcement by any holder of the Notes offered hereby. NML has agreed to submit to the non-exclusive jurisdiction of the competent courts in New York in relation to any legal action or proceeding arising out of the keepwell agreement. NML has appointed Corporation Service Company as its agent in New York to accept service of process on its behalf for any such legal action or proceeding before such courts.

An "event of default" with respect to the Notes offered hereby will have occurred if (1) the keepwell agreement is not (or is claimed by either party to the agreement not to be) in full force and effect; (2) is modified, amended or terminated in circumstances where such modification, amendment or termination would have a material adverse effect upon any holder of the Notes offered hereby; (3) we waive, or fail to take all reasonable steps to exercise, any of our rights under the keepwell agreement; or (4) NML fails to perform or observe any obligation on its part under the keepwell agreement so as to affect materially and adversely the interests of any holder of

the Notes offered hereby. For more information relating to events of default with respect to the Notes, see "Description of the Notes — Default and Related Matters — Events of Default."

Financial and other information concerning NML is provided in Appendix A to, and incorporated by reference in, this Offering Memorandum for background purposes only in view of the existence of the keepwell agreement. Inclusion and incorporation by reference of the financial and other information regarding NML should not be treated as implying that the keepwell agreement can be viewed as a guarantee.

Credit Ratings

The cost and availability of unsecured financing is influenced by credit ratings, which are intended to be an indicator of the creditworthiness of a particular company, security or obligation. Lower ratings generally result in higher borrowing costs as well as reduced access to the capital markets. Credit ratings are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time.

The ratings of our securities are dependent on the ratings of NML, in part, because of the existence of the keepwell agreement.

Unfunded Lending Commitments and Borrowings

The following table sets forth our unfunded lending commitments and maturities of our total borrowings as of March 31, 2021 as well as the respective amounts that are coming due in less than one year, one to three years, four to five years and more than six years:

	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years[1]
	(dollars in millions)				
Unfunded lending commitments	$ 2,525	$ 151	$ 0	$ 3	$ 2,371
Total borrowings[2]	$ 31,992	$ 16,645	$ 10,842	$ 4,505	$ 0

(1) Includes wholesale loans which have an indefinite life and are evaluated periodically for continuation.
(2) Excludes debt issuance costs of $57 million and unamortized discounts of $5 million.

Adoption of New Accounting Standards

We did not adopt any standards in the current period, except as outlined below, that would have a material impact to our consolidated financial statements or disclosures.

Effective April 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, requiring entities to use a new current expected credit loss (CECL) model based on expected losses rather than the incurred loss model. Under the CECL model, an entity recognizes an impairment allowance equal to its current estimate of all contractual cash flows that the entity does not expect to collect from financial assets measured at amortized cost. The entity's estimate considers relevant information about past events, current conditions, and reasonable and supportable forecasts, which results in the recognition of lifetime expected credit losses upon origination. The impact of adoption was a reduction in the opening balance of Retained earnings of approximately $436, after tax. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

Effective April 1, 2020, the Company adopted ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, on a prospective basis. The adoption of this ASU did not have a material effect on the consolidated financial statements. ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP if certain criteria are met related to contracts, hedging relationships and other transactions that reference the London Inter Bank Offer Rate (LIBOR) or another reference rate expected to be discontinued. While certain borrowings and derivatives of the Company reference LIBOR, the adoption of, and future elections under ASU 2020-04 are not expected to have a material impact on the Company's consolidated financial statements, as the standard will ease, if warranted, the requirements for accounting for the future effects of the rate reform. The Company will continue to monitor the impact the discontinuance of LIBOR will have on contracts, hedging relationships and other transactions. The Company continues its efforts in preparation for the expected phase-out of the LIBOR rates and currently does not expect a material impact on its financial position or operations.

Recent Accounting Pronouncements

The Company reviews the applicability and impact of all recently issued ASUs. At this time, there are no standards recently issued but not yet adopted, except as outlined below, that would have a material impact to the Company's consolidated financial statements or disclosures.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which removes certain exceptions to the general income tax accounting principles of ASC 740 and simplifies other guidance to improve consistent application of GAAP. Exceptions removed from ASC 740 include the exception to the incremental approach for intraperiod tax allocation principle, the exception for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year, and the exception to the recognition of deferred taxes when foreign investment ownership changes. Simplifications include eliminating the allocation of consolidated income tax expense to separate financial statements of entities not subject to income tax unless an election to allocate is made, requiring the effect of an enacted change in tax laws or rates to be included in the annual effective tax rate computation in the interim period that includes the enactment date, requiring an entity to recognize a franchise tax or similar tax that is partially based on income as an income-based tax under ASC 740 principles and account for any incremental amount incurred as a non-income-based tax. The amendments in this update are effective for the fiscal year beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 with early adoption permitted. The Company is currently assessing the potential impacts this update will have on its consolidated financial statements and disclosures upon adoption.

Market Risk

Interest Rate Risk

We are exposed to interest rate risk. Interest rate risk results primarily from differences in the re-pricing characteristics of assets and liabilities. Management monitors this risk and, from time to time, will enter into interest rate swap agreements in appropriate market conditions as described below under "— Use of Derivative Instruments." We monitor our interest rate risk exposure net of intercompany borrowings. See "Risk Factors — Risks Relating to Our Business — Our profitability is directly affected by changes in interest rates."

Foreign Exchange Risk

We borrow and issue debt in a variety of currencies, principally in U.S. dollars, Euros and Japanese yen. As a matter of company policy, currency exposure related to foreign currency debt is fully hedged at issuance through the execution of cross currency interest rate swaps. Therefore, we believe that our market risk exposure to changes in currency exchange rates is immaterial.

Use of Derivative Instruments

In the normal course of business, we use derivative financial instruments to manage exposure to market risks such as foreign exchange risk and, to a limited extent, interest rate risk. We do not engage in trading or speculative transactions in these derivatives. These derivative financial instruments include interest rate caps, foreign currency swaps and interest rate swap agreements. We use a combination of non-designated hedges, fair value hedges and cash flow hedges to manage certain market risk and foreign exchange risk. Accounting guidance requires companies, including us, to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Derivative assets and liabilities are included in deferred charges and other assets and accounts payable and accrued liabilities, respectively, on our consolidated balance sheets.

We document the relationships between hedging instruments and hedged items, as well as the purpose, strategy and objective for undertaking various hedge transactions. This process includes linking derivatives to specific liabilities on the balance sheet. We also assess, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedge transactions are highly effective in offsetting changes in fair values of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we discontinue hedge accounting and recognize the ineffective portion as an interest expense.

Counterparty Credit Risk

Certain debt and derivative instruments involve counterparty credit risk, which is the risk that a counterparty may fail to perform on its contractual obligations. We manage this risk through the use of a policy that includes credit standard guidelines, counterparty diversification, monitoring of counterparty financial condition, use of master netting agreements with counterparties and exposure limits based on counterparty credit, exposure amount and management risk tolerance. The policy is reviewed on an annual basis and as conditions warrant.

Credit Risk

We are exposed to credit risk on our retail, lease and wholesale portfolios. Credit risk is the risk of loss arising from a failure of the consumer or dealer to pay to us loan or lease payments when due. Credit risk primarily affects our retail and lease portfolios, as default rates on our wholesale receivables have been very low historically.

The level of credit risk is influenced by two factors: the total number of contracts that default ("**frequency of occurrence**") and loss per occurrence ("**loss severity**"), which in turn are influenced by national and regional economic factors, the used vehicle market, underwriting standards and contract term.

Among the economic factors that affect credit risk are changes in unemployment rates, interest rates, consumer spending and bankruptcy rates. We analyze these trends and make adjustments to our lending and collection practices in an attempt to protect us from future losses.

Changes in used vehicle prices directly affect the amount of proceeds we receive from sales of repossessed vehicles as well as the level of loss severity we experience. The supply of and demand for used vehicles, interest rates, inflation, the level of manufacturer incentives on new vehicles and general economic outlook are some of the factors affecting the used vehicle market.

Underwriting standards have a major impact on credit risk. Our underwriting standards are based on the generic auto specific FICO Score Card, which uses algorithms developed by Fair Isaac Corporation, or FICO, for our retail and lease customers. We selected this score card because it is widely used throughout the industry and made our standards transparent to dealers. We have nine major credit tiers (1-9), with 85.8% of our retail and lease portfolio in the top five tiers. Tier breaks and the percentage of our portfolio within each tier as of March 31, 2021 are as follows:

Credit Risk	FICO Score	Retail % of portfolio[(1)(2)]	Lease % of portfolio[(1)(2)]
Tier 1	740+	47.5%	61.2%
Tier 2	720-739	9.7%	8.5%
Tier 3	700-719	9.4%	8.4%
Tier 4	680-699	8.1%	6.2%
Tier 5	660-679	8.0%	5.2%
Tier 6	640-659	6.9%	3.9%
Tier 7	620-639	3.6%	2.3%
Tier 8	600-619	2.1%	1.4%
Tier 9	580-599	1.3%	0.8%
Reject (Sub 580)	0-579	3.4%	2.1%
Total		100.0%	100.0%

(1) The information in this table is based upon the actual FICO score of the customer at origination of a loan or lease.
(2) These figures may not total to 100.0% due to rounding.

During the fiscal years ended March 31, 2019, 2020 and 2021, the percentage of our new retail bookings in the top five Tiers was 80.1%, 83.3% and 87.7% respectively. For the same such periods the percentage of our new lease bookings in the top five Tiers was 88.0%, 88.2% and 89.1% respectively.

As of March 31, 2021, the percentage of our retail receivables by original term was 1.3% between 1 and 47 months, 19.2% between 48 and 63 months and 79.4% over 63 months. As of March 31, 2021, the percentage of our lease receivables by original term was 65.2% between 1 and 36 months, 30.2% between 37 and 47 months and 4.6% over 47 months.

We purchase some contracts scoring below a 580 FICO at origination where the score is determined not to be the sole indicator of risk. These circumstances include contracts made pursuant to special programs, such as college graduate programs, repeat customer programs (for those with a low credit score but a consistent prior payment history) and cosigner programs, and loans with a strong equity position. A change in the mix of contracts purchased at various credit tiers may impact the amount of credit risk we assume. An increase in the number of contracts purchased with lower FICO scores can increase the amount of credit risk, and an increase in the number of contracts purchased with higher FICO scores can lower credit risk. An increase in the mix of contracts with lower FICO scores can also increase operating risk, unless appropriate controls and procedures are established. An increase in the number of contracts purchased with lower FICO scores may require us to change our process for collecting on delinquent accounts, resulting in a need for additional personnel and related operational expenditures. We strive to maintain a consistent mix of contracts in various tiers and to price such

contracts according to their risk in order to achieve a reasonable return on investment. As our portfolio has grown in recent years, we have purchased more contracts at lower tiers, which has increased our overall credit risk. We offer a lower APR to customers with high FICO scores to attract customers with strong credit quality. See "— Financial Condition — Allowance for Credit Losses and Credit Loss Experience."

Finally, the average original contract term of retail contracts and leases influences credit losses. Longer term contracts generally experience a higher rate of default, which affects the frequency of occurrence and loss severity.

When customers purchase vehicles in the name of a business, the credit process differs from the procedures described above. Eligible businesses include corporations, partnerships, sole proprietorships, limited liability companies, trusts, non-profit organizations and state and local government agencies. A completed commercial credit application is required. Both a consumer credit report and a commercial credit report are utilized to generate a decision. A blended score allotting weighting among the consumer and commercial credit score, prior NMAC payment experience, term and advance generates a final pricing tier. When a business is presented on its own for consideration, regardless of the dollar amount of NMAC exposure, a commercial credit report is retrieved. A business can gain credit approval absent of a personal guarantor provided adequate commercial credit information is available and the business meets certain threshold criteria, including a minimum of 3 years in business, 3 minimum satisfactory tradelines are present and no bankruptcy, repossession or foreclosure indicators are present. Consideration is given to businesses which may have limited credit information available via the bureaus but have maintained satisfactory NMAC accounts. Financial statements or federal income tax returns for the last two fiscal years are required for all requests where total NMAC exposure is greater than $250,000.

The process outlined above as it relates to accessing credit data for business applications is automated. The appropriate credit bureau reports are obtained based on programmed system guidelines. Credit bureaus available for review include each of the three major consumer providers, Trans Union, Equifax and Experian. Additionally, system connectivity exists with Equifax SBFE, Experian Commercial and Dunn & Bradstreet for commercial information. Because of the high degree of individuality, business applications are not automatically decisioned and are processed qualitatively.

As of March 31, 2021, the outstanding retail and lease contracts with businesses were $1,138 million.

Residual Risk

We are exposed to residual risk, which is the risk that the value of a vehicle returned to us at the end of lease term will be below the contract residual value made at contract inception. Residual risk is affected by several factors, including among others the used vehicle market, the quality of our initial residual value estimates, our remarketing abilities and NNA vehicle and marketing programs. Residual value losses on matured leased vehicles are guaranteed by NNA primarily from residual value support from NNA, excluding employee leased vehicles.

Used vehicle prices may decline unexpectedly, whether because of general economic conditions, an increased supply of off-lease or other used vehicles, or attractive new vehicle prices (whether for Nissan and Infiniti products or those of other manufacturers). These declines are difficult to predict which can cause the price at which we are able to sell off-lease vehicles to be substantially below their residual value. This shortfall is reflected in our reserves. We establish initial residual values at lease inception mainly based on internal analysis and values supplied to us by third parties which are projections of expected future values based on assumptions that may turn out to be wrong. We will experience a loss, which is guaranteed by NNA, if a vehicle's resale value is lower than its contract residual value. In addition, our ability to efficiently process and effectively remarket off-lease vehicles affects our disposal costs and the proceeds we are able to realize from off-lease vehicle sales. Inefficiencies in this area can negatively impact residual gains or losses.

NNA may influence the market for off-lease Nissan and Infiniti vehicles by offering incentives on new vehicles and programs designed to encourage lessees to terminate their leases early in conjunction with the acquisition of new Nissan and Infiniti vehicles (referred to as "pull ahead" programs) or by making increased fleet sales to rental car companies. NNA also indirectly affects our residual values by influencing brand image and consumer preference for Nissan and Infiniti vehicles ultimately impacting values in the used car market.

Operational Risk

Operational risk is the risk of loss resulting from, among other things, inadequate or failed processes or systems, theft, fraud or natural disaster. These events can potentially result in financial losses or other damages to us. We rely on internal and external information and technological systems to manage our operations and, therefore, are exposed to risk of loss resulting from potential failures of these systems. In order to monitor and manage operational risk, we maintain a framework of internal controls designed to provide a sound operational environment. We strive to maintain appropriate levels of operational risk relative to our businesses strategies, competitive and regulatory environment and markets in which we operate. Notwithstanding these control measures, we

remain exposed to operational risk, but our approach to operational risk management is intended to mitigate losses arising from operational risk.

BUSINESS

NMAC is a wholly owned subsidiary of Nissan North America, Inc., the primary distributor of Nissan and Infiniti vehicles in the United States. We were established as a captive finance company on November 6, 1981 to support the vehicle sales activity of NNA. NNA is a direct wholly owned subsidiary of Nissan Motor Co., Ltd., a Japanese corporation and worldwide manufacturer and distributor of Nissan and Infiniti vehicles. On April 1, 2021, NMAC converted from a California corporation to a Delaware limited liability company and changed its name to Nissan Motor Acceptance Company LLC (the "**Conversion**"). The Conversion was not a taxable event to holders of the existing notes for U.S. federal income tax purposes nor did it impact the rights of existing note holders.

We provide indirect retail automobile and light-duty truck loan and lease financing by purchasing consumer and business installment sale contracts and leases from authorized Nissan and Infiniti vehicle dealers (1,278 at March 31, 2021) and, to a lesser extent, other domestic and import franchised dealers. We also provide direct wholesale dealer financing to many of those dealers, by financing inventories and other dealer activities such as business acquisitions, facilities refurbishment, real estate purchases, working capital requirements and rental car lines.

NRFM provides indirect retail loans and lease financing for used and new vehicles and direct dealer financing to dealers of Nissan, Renault and Infiniti vehicles in Mexico. Notwithstanding the transfer of its interest in NRFM, NMAC continues to guarantee NRFM's borrowing from third parties. At March 31, 2021, NMAC guaranteed $1,702 million of outstanding debt obligations and derivatives at NRFM.

The consumer and business installment sale contracts we purchase are sourced from Nissan, Infiniti and non-Nissan and non-Infiniti dealers, including Mitsubishi dealers and are for new, "near-new," used and certified near-new and used automobiles. Certified vehicles are Nissan and Infiniti vehicles that have been inspected by dealers and that meet certain published standards. The leases we purchase include new-vehicle, closed-end lease contracts also sourced from these dealers. We are responsible for the residual value of leased assets if the lessee or dealer does not purchase the asset at lease maturity. We collect payments and service our leases and sales contracts, employing various collection methods, including a behavioral-based collection strategy to minimize risk of loss.

We may experience a higher risk of loss if customers fail to maintain required insurance coverage. Our leases and retail contracts require that obligors maintain specific levels and types of insurance coverage, including physical damage insurance covering loss or damage to the vehicle in an amount not less than the full value of the vehicle, with maximum deductibles of $1,500 per incident. We require obligors to provide evidence of insurance at the time of lease or purchase, but we perform no subsequent verification of continued coverage.

We extend credit lines to Nissan and Infiniti dealers that operate exclusive Nissan and Infiniti dealerships, to dealers that operate Nissan, Infiniti and non-Nissan and non-Infiniti franchises in one dealership, and also to dealers that operate dealerships franchised by non-Nissan and non-Infiniti manufacturers, including Mitsubishi, of which NML owns 34%, for their purchase of inventories of new and used Nissan, Infiniti and other vehicles in the normal course of business. Part of our long-term strategy is to increase our penetration of Mitsubishi dealers given our ownership interest in Mitsubishi. Any short-term growth may be constrained by existing contractual relationships. Dealers who have non-Nissan and non-Infiniti franchises may use part of our financing, pursuant to their related wholesale financing agreement, to finance vehicles purchased from other manufacturers. We also extend term loans and revolving lines of credit to dealers for business acquisitions, facilities refurbishment, real estate purchases, construction and working capital requirements.

On November 1, 2005, we were the founding investor in Alliance Inspection Management, LLC ("**AIM**"), a United States based new and used vehicle inspection company wholly-owned by Alliance Inspection Management Holding, Inc. ("**AIMH**"). As of March 27, 2015, we restructured AIMH and divested 50% of the company such that AIMH is operated as a joint venture between NMAC and Manheim Investments, Inc., an affiliate of the Manheim and Cox Automotive group of companies (collectively, "**Manheim**"), in a transaction with a purchase price of approximately $30 million, a portion of which was reinvested in the joint venture. We have two seats on AIMH's board of four directors and Manheim has the remaining two seats; each joint venturer has the right to purchase the other's equity interest in the event of a fundamental disagreement as outlined in the governing agreements of the joint venture. AIM and AIMH have entered into various other agreements with Manheim affiliates to effect the goals of the joint venture, including the development of inspection software.

Consolidated Financing Operations

The table below summarizes our financing revenues by primary product.

	Years Ended March 31,		
	2019	2020	2021
	(dollars in millions)		
Finance revenues:			
Leasing	$ 5,239	$ 4,956	$ 4,400
Retail	1,232	1,206	1,033
Wholesale	294	250	114
Loans to dealers	134	129	92
Total finance revenues	$ 6,899	$ 6,541	$ 5,639

Lease Financing

We purchase new vehicle, closed-end fixed rate, and TRAC (Terminal Rental Adjustment Clause) lease contracts originated through dealers. Lease contracts to be purchased are evaluated against our credit standards and, if approved, we purchase the lease contracts and concurrently assume ownership of the leased vehicles. The leases and vehicles are titled in the name of one of our subsidiaries, a titling trust, to simplify future asset-backed securitizations in the public and private markets. Although they are treated as operating leases in our financial statements, we view our lease arrangements as financing transactions because we do not seek to re-lease the vehicles or equipment either upon default or at lease termination. We are responsible for contract administration and collection during the lease period.

Our credit decisions are influenced by, among other things, an applicant's FICO credit score as provided by a credit reporting agency. The credit decision process takes into account the credit bureau and score, application information, and contract structure. In addition, the credit decision process takes into account debt ratios, such as car payment to income and total debt payments to total income, residential status, monthly mortgage or rent payment, bank accounts and other personal information. We make our final credit decision based upon the degree of credit risk perceived and the amount of credit requested. We are permitted to take possession of vehicles upon default and have the right to enforce collection actions against the lessee. Upon default, we sell the vehicles through dealers or auctions.

The quality of our portfolio is represented by our credit tiering structure of Tiers 1-9. Our tiers are based on the FICO system. Tier 1 equates to FICO score of 740+, Tier 2 to 720-739, Tier 3 to 700-719, Tier 4 to 680-699, Tier 5 to 660-679, Tier 6 to 640-659, Tier 7 to 620-639, Tier 8 to 600-619, Tier 9 to 580-599, and "Reject" is assigned to anything below 580. Credit may be approved in the "Reject" category if there are sufficient reasons that may outweigh the credit score alone. Examples of this include existing customers who have paid their account(s) satisfactorily, special programs such as new college graduates, or deal structures that have a strong equity position.

At the end of the lease term, lease customers have the option to purchase the leased asset at the contractual residual value or return the leased asset to the dealer. If the leased asset is returned to the dealer, the dealer has the option of purchasing the leased asset or returning it to us. In an effort to minimize losses incurred at lease maturity on vehicles returned to us, we have developed remarketing strategies to maximize proceeds and minimize disposition costs on used vehicles sold at lease termination.

We are responsible for the establishment of the residual value of the leased asset if the lessee or dealer does not purchase the asset at lease maturity. We determine residual values mainly based on calculations produced by independent third-party sources. However, no assurance can be given that future residual value losses will meet our expectations or be similar to past experience.

We use various channels to sell vehicles returned at lease maturity. We generally sell off-lease vehicles to Nissan and Infiniti dealers through an electronic sales system or through closed or open auctions.

Our subsidiary, NILT LLC, a Delaware statutory trust, acts as lessor and holds title to leased vehicles in connection with our lease securitization program. We service lease contracts purchased by NILT LLC from Nissan and Infiniti vehicle dealers in the same manner as if the contracts were owned directly by us. We hold an undivided trust interest in NILT LLC, and the lease contracts held by NILT LLC are included in our lease assets.

Retail Financing

We purchase new and used vehicle installment contracts from Nissan and Infiniti franchised dealers and, to a lesser extent, used vehicle installment contracts from other domestic and import franchised dealers that are part of a Nissan or Infiniti franchised dealer group. Our credit decisions are influenced by substantially the same considerations as in our retail leasing activities. We evaluate installment contracts against our credit standards and, if approved, we purchase the installment contracts and acquire a security interest in the vehicle that is financed under the contract. Thereafter, we have responsibility for contract administration and collection.

We use a behavioral-based collection strategy to minimize risk of loss and employ various collection methods. The retail installment sales contracts we acquire from dealers generally name us as assignee and as the secured party. We also take steps under the relevant laws of the state in which the related financed vehicle is located to perfect our security interest, including, where applicable, having a notation of our lien recorded on the related certificate of title and obtaining possession of that certificate of title. As a result, we have the right to repossess the assets if customers fail to meet contractual obligations as well as the right to enforce collection actions against the obligors under the contracts. Upon default, we sell the vehicles through physical auctions as described above. Repossessed vehicles are sold through a variety of distribution channels, similar to the sale of vehicles returned at lease end as described above under "— Lease Financing." Substantially all of our retail financing receivables are non-recourse to the dealers, which relieves the dealers from financial responsibility in the event of repossession. The dealer is responsible for properly submitting the title application. If NMAC discovers that the dealer did not record NMAC's lien on the title, NMAC has the right to reassign the contract back to the dealer.

Wholesale and Other Dealer Financing

We support vehicle dealers by offering wholesale and other dealer financing for a variety of dealers' business needs.

Wholesale Financing. We provide direct wholesale financing to vehicle dealers for their purchase of inventories of new and used Nissan, Infiniti and other vehicles in the normal course of business for their sale to retail buyers and lessees. We acquire a security interest in vehicles financed under wholesale loans, which we perfect through UCC filings. These financings in some cases may be backed by a subordinated security interest in parts inventory, machinery, tools, equipment, fixtures and service accounts of dealers or real estate owned by a dealer and/or may be guaranteed by a dealer's parent holding company or affiliate, or personally by the dealer's principal.

We extend credit lines to Nissan and Infiniti dealers that (i) operate exclusive Nissan or Infiniti dealerships, (ii) operate Nissan, Infiniti and non-Nissan and non-Infiniti franchises in one dealership and/or (iii) operate dealerships franchised by non-Nissan and non-Infiniti manufacturers. Dealers who have non-Nissan and non-Infiniti franchises may obtain financing of vehicles from such other manufacturers or may use part of our financing, pursuant to their related wholesale financing agreement, to finance vehicles purchased from such other manufacturers. As of March 31, 2021, approximately 5.9% of our dealer accounts, based on dollar amount, comprised dealers who operate non-Nissan and non-Infiniti franchises.

We finance the original manufacturer's wholesale invoice price of new vehicles, including destination charges, and originate receivables in respect of new vehicles concurrently with the shipment of the vehicles to the financed dealer. We finance used vehicles at the lesser of 100% of the dealer's purchase price and 100% of base wholesale value as determined by one of three industry-standard third-party reference books. Once a dealer has commenced the financing of the purchase, or floor planning, of a manufacturer's vehicles through us, we will finance all purchases of vehicles by the dealer from NNA or any other manufacturer covered by our financing arrangement. We will cancel or suspend this arrangement, however, if we consider a dealer's inventory to be heavily overstocked, if a dealer is experiencing financial difficulties or in certain circumstances at the dealer's request.

We extend credit to newly franchised dealers from time to time based on established credit criteria. Our credit decisions for new franchised dealers requesting a new credit line are based on our investigation and review of the dealer's financial status, marketing capabilities, financial resources and credit requirements. When an existing dealer requests the establishment of a wholesale new vehicle credit line, we typically review the dealer's historical performance, the dealer's current state of operations and management, including evaluating a factory reference, financial status and marketing capabilities. Our Sales Finance Company President approval limit is currently the lesser of $100 million or the U.S. dollar equivalent of 10 billion JPY.

In the event of a dealer default under a wholesale loan arrangement, we have the right to liquidate assets in which we have a perfected security interest and seek legal remedies pursuant to the wholesale loan agreement and any applicable guarantees.

Under an agreement with NNA and each Nissan-franchised and Infiniti-franchised dealer, NNA commits to repurchase unsold new vehicles in inventory upon dealer termination, at the vehicles' wholesale prices less a specified margin. NNA only repurchases current-model-year vehicles that are new, undamaged and unused. This assistance is for the benefit of the dealers and does not relieve them of any of their obligations to us.

Other Dealer Financing. We extend term loans and revolving lines of credit to dealers for business acquisitions, facilities refurbishment, real estate purchases, construction and working capital requirements. These loans are typically secured with liens on real estate, vehicle inventory and/or other dealership assets, as appropriate, and usually are guaranteed by the personal or corporate guarantees of the dealer principals or dealerships. We also provide financing to various multi-franchise dealer organizations, referred to as dealer groups, for wholesale, working capital, real estate and business acquisitions. These loans are typically collateralized with liens on real estate, vehicle inventory and/or other dealership assets, as appropriate. We obtain a personal guarantee from the dealer or corporate guarantee from the dealership when deemed prudent. Although the loans are typically collateralized or guaranteed, the value of the underlying collateral or guarantees may not be sufficient to cover our exposure under such agreements.

Customer Concentration

At March 31, 2021, the three largest aggregate outstanding dealer or dealer group wholesale receivables totaled approximately $502 million or approximately 13.0% of all wholesale receivables. All of these wholesale receivables were current as of March 31, 2021. Adverse changes in the business or financial condition of a dealer or dealer group to whom we have extended a substantial amount of financing or commitments, in particular when the financing is unsecured or not secured by realizable assets, could result in a material adverse effect on our financial condition and results of operations.

Seasonality

The revenues generated by receivables we own are generally not subject to seasonal variations. Although contract volume is subject to a certain degree of seasonality, this seasonality does not have a significant impact on revenues because collections, generally in the form of fixed payments, occur over the course of several years. The automotive finance industry, including NMAC, is subject to seasonal variations in credit losses, which are typically higher in the first and fourth calendar quarters of the year.

Geographic Distribution of Operations

The states of New York, California, and Texas accounted for a combined 33.0% of our managed retail and leased assets as determined by dollar value as of March 31, 2021. The concentration of the remaining managed retail and lease assets is spread throughout the remainder of the United States. Any material adverse changes to the economy of New York, California, and Texas could have an adverse effect on our financial condition and results of operations.

State	Percentage of Managed Retail and Leased Assets
New York	12.0%
Texas	11.0%
California	10.0%
Total	33.0%

Competition

We operate in a highly competitive environment and compete with other financial institutions, including national and regional commercial banks, savings and loan associations, credit unions, finance companies and, to a lesser extent, other automobile manufacturers' affiliated finance companies, for retail financing and leasing. We compete with national and regional commercial banks and other automobile manufacturers' affiliated finance companies for wholesale financing and other dealer financing. No single competitor is dominant in the industry. We compete primarily through service quality, our relationship with NNA and our financing rates. We seek to provide exceptional customer service and competitive financing programs to our dealers and their customers. Our relationship with NNA is an advantage in providing Nissan and Infiniti financing for purchases or leases of Nissan and Infiniti vehicles.

Regulatory Environment

Our operations are regulated under both U.S. federal and state law. We are governed by, among other federal laws, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Consumer Leasing Act, the Fair Credit Reporting Act and the consumer data privacy and security provisions of the Gramm-Leach-Bliley Act. These laws require us to provide certain disclosures to prospective purchasers and lessees in consumer retail and lease financing transactions and prohibit discriminatory credit practices. The principal disclosures required under the Truth-in-Lending Act for retail finance transactions include the terms of repayment, the amount financed, the total finance charge and the annual percentage rate. For retail lease transactions, we are required to disclose the amount due at lease inception, the terms for payment, and information about lease charges, insurance, excess mileage, wear and use charges, and liability on

early termination. The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants and customers on a variety of factors, including race, color, sex, age, or marital status. Pursuant to the Equal Credit Opportunity Act, creditors are required to make certain disclosures regarding consumer rights and advise consumers whose credit applications are not approved of the reasons for being denied. In addition, any of the credit scoring systems we use during the application process or other processes must comply with the requirements for such systems under the Equal Credit Opportunity Act. The Fair Credit Reporting Act requires us to provide certain information to consumers whose credit applications are not approved on the basis of a consumer credit report obtained from a national credit bureau and sets forth requirements related to identity theft, privacy and enhanced accuracy in credit reporting content. We are also subject to the Service Member's Civil Relief Act that prohibits us from charging interest in excess of 6% on transactions with customers who subsequently enter into full-time service with the military and request such interest rate modification, and limits our ability to collect future payments from lease customers who terminate their lease early. Many states have enacted laws offering similar protections for service members. In addition, we are subject to other federal and state regulation, including the Gramm-Leach-Bliley Act, which requires us to maintain confidentiality and safeguard certain consumer data in our possession and to communicate periodically with consumers on privacy matters.

A majority of states have enacted legislation establishing licensing requirements to conduct retail and other finance activities. Most states also impose limits on the maximum rate of finance charges. In certain states, the margin between the present statutory maximum interest rates and borrowing costs is sufficiently narrow that, in periods of rapidly increasing or high interest rates, there could be an adverse effect on our operations in these states if we were unable to pass on increased interest costs to our customers. State laws also impose requirements and restrictions on us with respect to, among other matters, required credit application and finance and lease disclosures, late and other fees and charges, the right to repossess a vehicle for failure to pay or other defaults under the finance or lease contract, other rights and remedies we may exercise in the event of a default under the finance or lease contract, privacy matters and other consumer protection matters.

On July 21, 2010, the Dodd-Frank Act became law. Compliance with the implementing regulations under the Dodd-Frank Act or the oversight of the SEC, CFPB or other government entities, as applicable, may impose costs on, create operational constraints for, or place limits on pricing with respect to finance companies such as us. Many provisions of the Dodd- Frank Act are required to be implemented through rulemaking by the appropriate federal regulatory agencies. As such, in many respects, the ultimate impact of the Dodd-Frank Act and its effects on the financial markets and their participants will not be fully known for an extended period of time. In particular, no assurance can be given that these new requirements imposed by the Dodd-Frank Act will not have a significant impact on our business or the business of our subsidiaries. See "Risk Factors—Risks Relating to Our Business—Financial regulatory reform could have a significant impact on our business, financial condition and results of operations."

The CFPB is responsible for implementing and enforcing various federal consumer protection laws and supervising certain depository institutions and non-depository institutions offering financial products and services to consumers. The CFPB issued a final rule that became effective August 31, 2015 defining which non-depository institutions would be considered larger participants of a market for automobile financing. Under the definitions included in the final rule, we are considered a larger participant in a market for automobile financing. As a larger participant under the final rule, we are subject to supervision and examination by the CFPB. In addition to its supervision and examination authority, the CFPB has broad authority to conduct investigations to determine whether any person is engaging in, or has engaged in, conduct that violates federal consumer financial laws, and to initiate enforcement actions for such violations, regardless of its direct supervisory authority. The CFPB can obtain cease and desist orders, which may include orders for restitution or rescission of contracts as well as other kinds of affirmative relief, and civil money penalties. Also, where a company has violated the Dodd-Frank Act or CFPB regulations, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the type of cease and desist orders available to the CFPB. Expanded CFPB jurisdiction over our business will likely increase our compliance costs and regulatory risks. We cannot assure you that expanded CFPB jurisdiction will not have a material adverse effect on our business, results of operations and financial condition.

The CFPB has issued public guidance regarding compliance with the fair lending requirements of the Equal Credit Opportunity Act, and its implementing regulation, for automobile lenders that permit automobile dealers to charge the consumer an interest rate that is higher than the rate the lender provides the dealer for a consumer. This increased rate is typically called a "dealer markup." The CFPB, the New York State Department of Financial Services ("NYSDFS") and the Department of Justice ("DOJ") have contacted us and other auto finance providers to request information about discretionary pricing practices, including allowing dealer markups.

We continually review our operations for compliance with applicable laws. We are subject to various regulatory, financial and other requirements of the jurisdictions in which we operate. In light of current conditions in the global financial markets, regulators have increased their focus on the regulation of the financial services industry, including the segment in which we operate. As a result, there have been and may continue to be proposals for laws and regulations that could increase the scope and nature of laws and regulations that are currently applicable to us.

Employee Relations

At March 31, 2021, we had approximately 1,036 full time employees. We consider our employee relations to be satisfactory. We are not subject to any collective bargaining agreements with our employees.

IRS Tax Examination

During the year ended March 31, 2019 the Company received a notice of proposed adjustment from the IRS related to an intercompany transfer pricing matter for the tax years ended March 31, 2011 through 2014. The tax years ended March 31, 2015 through 2019 are also currently under examination by the IRS including this item. The proposed adjustment totals $114 million in federal tax and would also be subject to federal interest, state income tax and state interest of $65 million in the aggregate. In conjunction with the proposed adjustment, the IRS issued a proposed penalty adjustment of $32 million. The Company estimates the potential range of an unfavorable outcome for the intercompany transfer pricing item for federal income tax, federal interest, state income tax and state interest for all periods open to examination between $0 and $563 million.

Subsequent to June 30, 2021, the Company received proposed terms of an agreement with the IRS regarding its transfer pricing methodology for the tax years ending March 31, 2011 through 2014. If the proposed agreement is accepted, the Company estimates it will recognize tax expense of $70 million during the period in which it is accepted. On August 9, 2021, the Company entered into an agreement with the IRS regarding its transfer pricing methodology for the tax years ended March 31, 2015 through 2018. The Company will recognize a tax benefit of $43 million during the period ending September 30, 2021 for the realization of previously unrecognized tax benefits due to the agreement. Additionally, the agreement covers the intercompany transfer pricing matter discussed above. With this agreement and the acceptance of the proposed agreement for tax years ended March 31, 2011 through 2014 the intercompany transfer pricing item for federal income tax will be resolved for tax years ended March 31, 2011 through 2018.

Legal Proceedings

In 2011, NMAC was awarded a final, non-appealable judgment of approximately $40 million, now up to approximately $70 million with accruing interest, in a case relating to a breach of contract claim against Superior Automotive Group ("**Superior**"), one of NMAC's former dealer groups, stemming from defaults on Superior's credit lines (the "**Initial Judgment**"). On May 22, 2017, a jury awarded approximately $256 million in a verdict against NMAC in favor of Superior in a new trial of Superior's lender liability tort claims against NMAC, arising out of a similar set of facts as those culminating in the Initial Judgment (the "Superior Matter"). Judgment was entered on August 22, 2017 by the trial court in the Superior Matter. NMAC filed motions for a new trial and for judgment notwithstanding the verdict. On October 18, 2017, the Superior Court of California ruled in favor of NMAC, vacated the May 22, 2017 jury verdict, and granted NMAC's motion for a new trial regarding the Superior Matter on the grounds of (1) irregularity of the proceedings and (2) juror misconduct.

In December 2017, Superior appealed that ruling to the California Appellate Court, delaying any new trial until approximately 2021 or 2022, pending the outcome of the appeal. In return, NMAC has cross-appealed on all issues decided unfavorably to it during the second trial. In April 2021, the California Court of Appeals affirmed the trial court's ruling in favor of NMAC. As a result, the trial court will now set a new trial date for Superior's lender liability tort claims, which is expected to occur during either 2022 or 2023. NMAC's primary judgment against Superior for $77 million remains undisturbed.

The CFPB and the United States Department of Justice (the "**DOJ**") have in recent years conducted fair lending investigations of several indirect automobile lenders, including NMAC, to determine whether their dealer markup and compensation policies resulted in any discriminatory practices, and several of those automobile lenders have entered into settlements with these U.S. government agencies with respect to such policies. While it discussed such matters with the agencies, NMAC did not ultimately enter into a settlement with respect to its policies. In late 2016, the CFPB informed NMAC that it was suspending its fair lending enforcement action against NMAC, in favor of addressing fair lending concerns through its supervisory relations with NMAC. The DOJ concurrently indicated a similar suspension of its fair lending enforcement activities. The DOJ subsequently informed NMAC in writing that it was closing its investigation of the matter.

The CFPB and nine states began a supervisory examination of NMAC in 2016. In March 2017, NMAC received the multi-state examination results. NMAC responded to the various states' findings and provided defenses to a number of the infractions alleged by the regulators. While some states have requested NMAC to provide refunds for various perceived infractions, there were no fines or sanctions levied or any other disciplinary actions taken.

In October 2020, NMAC agreed to a settlement with the CFPB, agreeing to pay a penalty of $4.0 million to the CFPB and to provide cash and credit redress to customers determined to have been the subject of wrongful repossessions in amounts of up to $1.0 million and approximately $400,000, respectively. In addition to the above, from time to time, we are a party to legal proceedings, and

are presently a party to, and are vigorously defending, various legal proceedings, including proceedings that are or purport to be class actions. Plaintiffs in class action proceedings may seek to recover amounts which are large and may be indeterminable for some period of time. Some of the legal proceedings to which we are a party may include claims for rescission and/or set-off, among other forms of relief. Costs to defend legal proceedings and the cost of actual settlements, judgments or resolutions of these legal proceedings, as well as the Superior counterclaims, may negatively affect our business and financial performance.

Properties

NNA's and NMAC's headquarters are located at One Nissan Way, Franklin, Tennessee, 37067, which is fifteen miles south of Nashville. We currently lease office space from NNA in this building, and we lease space for our centralized operations center in Irving, Texas.

MANAGEMENT

Our directors and executive officers are as follows*:

Name	Age	Position
Kevin J. Cullum	54	Director, President and Chief Executive Officer
Rakesh Kochhar	54	Director and Chairman of the Board
Mark Kaczynski	52	Director
Jérémie Papin	47	Director
Shishir Bhushan	50	Vice President, Operations
James E. DeTrude	57	Vice President, Sales and Marketing
Victor Pausin	45	Treasurer
Rodrigo Almeida	44	Assistant Treasurer
Douglas E. Gwin, Jr.	51	Assistant Treasurer
David R. Killinger, Jr.	56	Assistant Treasurer and Controller
Ryan L. Nelson	44	General Counsel and Secretary
Sean D. Caley	52	Assistant Secretary
Timothy Hauck	43	Assistant Secretary
T. Scott Shea	61	Assistant Secretary

* As of June 30, 2021

Kevin J. Cullum, Director, President and Chief Executive Officer of NMAC for over three years. He joined Nissan in 2006 and has held various executive-level positions with NMAC, including serving as the president of Nissan's Canadian affiliate, Nissan Canada Finance. Prior to joining Nissan, he held numerous managerial positions with Ford Motor Credit Co., LLC during his 16-year career there.

Rakesh Kochhar, Director, joined Nissan in 2006 initially as the Director, Treasury of NNA. In 2009, he was transferred to NML after being appointed Global Treasurer of Nissan. In 2011, he was appointed as Corporate Vice President, Finance, Global Sales Finance Business Unit and recently was appointed Senior Vice President, Finance Dept., Global Sales Finance Business Unit. In his current role, Rakesh is responsible for global sales finance business of Nissan in addition to being global treasurer of Nissan. Prior to joining Nissan, he held numerous managerial positions with Delphi Corporation in the U.S. and Singapore.

Mark Kaczynski, Director, is currently also Regional Senior Vice President, Finance and Nissan Digital of NNA. Prior to his current role, he served as Vice President Finance & Administration, Africa, Middle East, India and Oceania. He also transferred to the Infiniti of NNA in Hong Kong to serve as chief financial officer for nearly three years. Additionally, he served as President, of NMAC from 2011-2017. He initially joined Nissan in 2007 and prior to Nissan, he held a series of management posts at companies that include Ford Motor Company.

Jérémie Papin, Director, is currently also Vice Chairman, Acting President and Chief Financial Officer of NNA. He joined NNA from Renault where he served as both Vice President, Corporate Strategy & Business Development and as the Alliance Director, Finance Advisor for the Renault Nissan Alliance. Before joining Renault, he had ten years of experience as a financial analyst in the European automotive sector.

Shishir Bhushan, Vice President, Operations of NMAC, has served in his current position since April 2019. Prior to that, he served as Managing Director at Nissan Renault Financial Services Inc. in Chennai, India for three years during a foreign services assignment and was the Chief Operating Officer of Nissan Canada Finance for a year before that. From 2012-2015, he served as Treasurer for NNA. His career with Nissan has spanned nearly fourteen years when he began as manager in NNA Treasury in September 2007.

James E. DeTrude, Vice President, Sales and Marketing. Since joining Nissan in 1987, he has held numerous positions with NNA and NMAC, including managerial and executive-level positions in Marketing (Infiniti), Sales (NMAC) and Human Resources (Business Partner for M&S) since 2001.

Victor Pausin, Treasurer, joined NNA as Director of Treasury in June 2019. Prior to joining Nissan, he held numerous treasury and finance leadership positions in the US, Europe and Latin America with The Goodyear Tire and Rubber Co. since 2003.

Rodrigo Almeida, Assistant Treasurer and Director of Tax, joined Nissan in 2015 as Tax Director in the global tax department in Japan and relocated to NNA in 2021 as Tax Director, Americas region. He has held roles providing tax support to Nissan's global M&A transactions, operations in Africa, Middle East and India regions and management of tax controversy. Before joining Nissan, he worked in the tax department of a big four accounting firm in London and Sao Paulo and in tax roles in the commodity and chemical sectors in Switzerland.

David R. Killinger, Jr., Assistant Treasurer and Controller, joined Nissan in 2012 where he has held executive-level finance roles supporting Sales & Marketing, Product Development and Sales Finance & Remarketing, including a cross-functional appointment as the Chief Audit Executive for Nissan North America. Prior to joining Nissan, he held various finance leadership roles at Ford Motor Company and subsequently in the Life Science and Retail sectors. His experience spans international service assignments in France, Great Britain and Germany.

Ryan L. Nelson, Secretary, and has served as General Counsel since 2019. He also serves as Assistant General Counsel of NNA. Prior to his joining NMAC as General Counsel, he practiced law for about 18 years in private practice, as a government attorney, and as an in-house lawyer for a medical device manufacturer and other financial service companies.

Sean D. Caley, Assistant Secretary, is Senior Counsel in the Legal Department of NNA with primary responsibilities of providing support to the Commercial Credit group. From August 2013 to August 2017, he was assigned to the Legal Department of Groupe Renault in Boulogne-Billancourt, France and served as Managing Counsel – Asia Pacific. Before joining Nissan in June 2006, he was in private practice in New York City.

Timothy Hauck, Assistant Secretary, is Senior Counsel in the Legal Department of NNA providing the primary legal support to the Treasury and Finance Departments, in addition to the U.S. extended service contract and reinsurance companies of Nissan and corporate governance for U.S. entities. Before joining Nissan in 2018, he was in private practice in New York City.

T. Scott Shea, Assistant Secretary, is a Senior Counsel in the NNA Legal Department, serving as NMAC's consumer finance and regulatory compliance attorney. Before joining Nissan in 2011, he was a Senior Counsel at Honda North America for nearly 16 years, and prior to that was in private practice for seven years at a corporate finance law firm in Los Angeles.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Keepwell Agreement

Pursuant to the amended and restated keepwell agreement with NML dated as of February 9, 2005 (the "**keepwell agreement**"), NML has agreed to: (1) maintain a direct or indirect ownership of the entire legal title to and beneficial interest in all our outstanding shares of stock having the right to vote for the election of members of our Board of Directors, and not to pledge, directly or indirectly, or in any way encumber or otherwise dispose of any such shares of stock or permit its subsidiaries to do so; (2) cause us to have a consolidated tangible net worth, as determined in accordance with GAAP, of at least U.S. $1; (3) cause us to maintain sufficient liquidity to punctually meet our payment obligations under any indebtedness for borrowed money represented by debt obligations, borrowings, foreign exchange, swap and derivative obligations ("**Debt**") in accordance with its terms, or, where necessary, make available to or arrange for sufficient funds to enable us to meet such obligations in full as and when they fall due; and (4) so long as any Debt is outstanding, not to modify, amend or terminate the keepwell agreement in any manner adverse to the interests of the holder of any of the Notes offered hereby. The keepwell agreement is governed by the laws of the State of New York. NMAC and NML have separately agreed that NMAC will pay NML a quarterly fee based on the amount of NMAC debt, NRFM debt owed to third parties and derivative obligations outstanding.

The keepwell agreement is not, and nothing done pursuant to the keepwell agreement by NML shall be deemed to constitute, a guarantee by NML of any of the Notes offered hereby, or other obligation, indebtedness or liability of any kind or character of NMAC whatsoever.

All holders of the Notes offered hereby are third-party beneficiaries of the keepwell agreement, provided that the third-party beneficiary rights of the holders of the Notes offered hereby under the keepwell agreement are limited to the right to demand that we enforce NML's stock ownership obligation, the net worth obligation and the liquidity obligation under the keepwell agreement and the right to proceed against NML directly to enforce NML's stock ownership obligation, the net worth obligation and the liquidity obligation under the keepwell agreement if we fail or refuse to take timely action to enforce NML's obligations under the keepwell agreement following demand of such enforcement by any holder of the Notes offered hereby. NML has agreed to submit to the non-exclusive jurisdiction of the competent courts in New York in relation to any legal action or proceeding arising out of the keepwell agreement. NML has appointed Corporation Service Company as its agent in New York to accept service of process on its behalf for any such legal action or proceeding before such courts.

An "event of default" with respect to the Notes offered hereby will have occurred if (1) the keepwell agreement is not (or is claimed by either party to the agreement not to be) in full force and effect; (2) is modified, amended or terminated in circumstances where such modification, amendment or termination would have a material adverse effect upon any holder of the Notes offered hereby; (3) we waive, or fail to take all reasonable steps to exercise, any of our rights under the keepwell agreement; or (4) NML fails to perform or observe any obligation on its part under the keepwell agreement so as to affect materially and adversely the interests of any holder of the Notes offered hereby. For more information relating to events of default with respect to the Notes, see "Description of the Notes — Events of Default."

Financial and other information concerning NML is provided in Appendix A to, and incorporated by reference in, this Offering Memorandum for background purposes only in view of the existence of the keepwell agreement. Inclusion and incorporation by reference of the financial and other information regarding NML should not be treated as implying that the keepwell agreement can be viewed as a guarantee.

Certain Relationships with Affiliates

Our business is substantially dependent upon the sale of Nissan and Infiniti vehicles. Our ability to offer competitive also depends to some extent on NNA. NNA is the primary distributor of Nissan and Infiniti vehicles. Automobiles and light trucks sold by NNA during the fiscal year ended March 31, 2021, excluding fleet and national sales, totaled 927,164 units. For fiscal years ended March 31, 2019, 2020 and 2021, Nissan and Infiniti vehicles accounted for approximately 8.9%, 7.5% and 6.2%, respectively, of all retail automobile and light truck unit sales volume.

NML and its affiliates utilize excess cash by providing intercompany loans to NML affiliates which require cash. Currently, excess cash from operations of NNA and other affiliates is lent to us in the form of an intercompany loan at market rates. At March 31, 2021, we had approximately $2,668 million of intercompany term note borrowings from NNA, NML and other affiliates. At March 31, 2021, NMAC had $539 million in securitized intercompany borrowings from NGRe. These intercompany borrowings comprise a source of funds for us. The borrowings come due generally within 1 day and 5 years and we expect to refinance them. For a discussion of intercompany loans, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Intercompany Borrowings."

From time to time, NNA sponsors vehicle incentive financing programs. Under these programs, we purchase the retail and lease contracts and charge NNA an amount such that an acceptable return is realized. NNA may also provide incentives on leases by supporting residual values (established at lease inception) in excess of NNA standard residual values. We utilize internal and external analysis to determine standard residual values and NNA funds a residual reserve for those vehicles. The amounts charged to NNA under these programs were $1,819 million, $1,751 million, and $446 million for the fiscal years ended March 31, 2019, 2020 and 2021, respectively. Such amounts are being recognized over the terms of the contracts or when realized. Amounts included in revenue related to these programs were $1,391 million, $1,364 million, and $1,209 million for the fiscal years ended March 31, 2019, 2020 and 2021, respectively. The price concessions were made by us to increase our penetration and market share. As of March 31, 2021, the unamortized incentives from NNA were $1,512 million. The receivables at March 31, 2020 and 2021 relating to these programs were $273 million and $280 million, respectively.

NNA charges us a management fee for various personnel, administrative and operational expenses related to shared services departments and for data processing services and information system services that were provided by NNA. NNA charged us management fees of $75 million, $30 million and $29 million during the years ended March 31, 2019, 2020 and 2021, respectively.

In addition, NNA serves as a collection agent for us for the sale of off-lease vehicles. Once the funds are received, NNA transfers the proceeds to us. We record a receivable from NNA at the time the vehicle is sold. This receivable from (payable to) NNA for the shortfall (excess) of expected proceeds compared to residual values for off-lease vehicles amounted to $(208) million as of March 31, 2021 and is recorded in receivables from affiliates and other – net in the accompanying consolidated balance sheets included elsewhere in this Offering Memorandum. NNA pays the guarantee in advance at the inception of the lease based on residual value estimates. The Company returns any unused portion of the reserve based on actual sales proceeds.

We maintain an arrangement with NNA whereby NNA funds substantially all of our allowance for residual value losses other than impairment losses related to credit issues. Since April 1, 1999, we carry any associated residual value losses on our books, and NNA has funded a majority our allowance for residual value losses. NNA is under no obligation to continue this arrangement and may stop at any time.

From time to time, NNA guarantees some of our mortgage loan receivables from Nissan and Infiniti dealership properties and capital loan and wholesale receivables from Nissan dealers. NNA may extend such guarantees at its discretion if we do not consider a dealer's personal guarantee to be sufficiently creditworthy.

Our financial position, results of operations and cash flows might have been different if the relationships with NML, NNA and other commonly controlled affiliates did not exist. These transactions and arrangements may be discontinued at any time. See "Risk Factors — Risks Relating to Our Business — We have significant transactions with affiliates, including intercompany borrowings that affect our results and financial condition."

We acquire vehicles from NNA primarily related to employee vehicle lease programs provided by NNA. We then lease the vehicles back to NNA via an operating lease. The amounts paid to NNA to purchase these vehicles during the years ended March 31, 2019, 2020 and 2021 were $951 million, $878 million and $874 million, respectively. The amounts we received from NNA under the employee lease program during the years ended March 31, 2019, 2020 and 2021 were $302 million, $128 million and $282 million, respectively.

DESCRIPTION OF THE NOTES

*This section summarizes the material provisions of the Indenture and the Notes. This summary is subject to and qualified in its entirety by reference to all the provisions of the Indenture and the Notes. In this description, the words "**Company**," "**we**," "**us**" and "**our**" refer only to Nissan Motor Acceptance Company LLC and not to NML or its or our subsidiaries.*

The Notes will be obligations solely of NMAC and will not be obligations of, or directly or indirectly guaranteed by, NML or any of our or its affiliates.

General

Unless otherwise specified in the applicable Note and the related Pricing Supplement, the following description of the Notes will apply. The following summary of certain provisions of the Indenture and the Notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Indenture, including the definitions therein of certain terms, and the Notes.

The Notes will be issued pursuant to the Indenture and calculation of the interest rates and the amount of interest payable from time to time with respect to Floating Rate Notes will be made pursuant to a Calculation Agency Agreement between the Company and the Calculation Agent specified in the applicable Pricing Supplement (the "**Calculation Agency Agreement**"). Copies of the Indenture and the Calculation Agency Agreement may be obtained from the Company or the Agents.

The description of certain provisions of the Indenture, the Calculation Agency Agreement and the Notes as set forth below does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the full text of such agreements, the terms of the Notes and any applicable Pricing Supplement. The description of the Notes set forth below are qualified in their entirety and superseded by the full text of the actual terms of the Notes.

As of the date of this Offering Memorandum, the Company has authorized the offer and sale from time to time of Notes in an aggregate principal amount at any time outstanding of up to $10,000,000,000 or the equivalent in one or more foreign currencies. The Company may from time to time, without the consent of or notice to the holders of the outstanding Notes, provide for the issuance of Notes under the Indenture in addition to the aggregate principal amount of Notes authorized as of the date of this Offering Memorandum. The Indenture will not limit the amount of indebtedness that may be incurred by the Company from time to time.

The Notes and all the obligations of the Company under the Notes will be direct, unsecured and unsubordinated indebtedness of the Company. The Notes will rank *pari passu* in priority of payment among themselves and with other unsecured and unsubordinated existing and future indebtedness of the Company.

The Company may, without the consent of the holders of Notes, "reopen" any issuance of Notes, and create and issue additional Notes similar to previously issued Notes in all respects, except for the issue date, issue price and the payment of interest accruing prior to the issue date of such additional Notes, provided that such additional Notes shall be fungible with the previously issued Notes for U.S. federal income tax purposes. Such additional Notes will be consolidated and form a single tranche with, have the same CUSIP number as and trade interchangeably with such previously issued Notes.

Except as described in this Offering Memorandum and unless otherwise specified in the applicable Note and the related Pricing Supplement, the Notes (i) will be issued in fully registered form without coupons in minimum denominations of U.S. $2,000 and in integral multiples of U.S. $1,000 in excess thereof (or the equivalent amount in one or more foreign currencies as shall be set forth in the applicable Note and the related Pricing Supplement); (ii) will be denominated and payable in U.S. dollars (or one or more foreign currencies as shall be set forth in the applicable Note and the related Pricing Supplement); and (iii) will be represented initially as a Global Note registered in the name of a nominee of DTC, as depository, or another depository named in the applicable Pricing Supplement. Except as provided under "— Reset Notes" and "— Extension of Maturity Date," the Notes will not be repayable at the option of the holder prior to their stated maturity. The Notes will not be subject to any sinking fund.

The Notes will be offered on a continuous basis and will mature on any day one year or more from the date of issue as agreed upon by the purchaser and the Company and specified in the applicable Note and the related Pricing Supplement, subject to the right of the Company to extend the stated maturity date, if so provided in the applicable Pricing Supplement. Unless otherwise specified in the applicable Note and the related Pricing Supplement, the Notes will either be Fixed Rate Notes that bear interest at fixed rates, which may be zero in the case of certain Notes issued at a discount from the principal amount payable at maturity (as described under "— Original Issue Discount; Zero Coupon Notes"), or Floating Rate Notes that bear interest at floating rates determined by reference to one or more of the Base Rates described below, which may be adjusted by a Spread and/or a Spread Multiplier and which may be subject to a Maximum Interest Rate and/or Minimum Interest Rate, until the principal thereof is paid or made available for payment.

Interest rates, the interest rate formula and other terms of the Notes described herein are subject to change by the Company from time to time, but no such change will affect any Note already issued or as to which an offer to purchase has been accepted by the Company.

Notes may from time to time be issued with terms and provisions that differ from those described in this Offering Memorandum or set forth in the forms of Notes. In such event, the terms of such Notes will be set forth in the applicable Notes and the related Pricing Supplement, which terms and description will supersede the description of the Notes contained herein to the extent inconsistent therewith.

"**Business Day**" means, unless otherwise specified in the applicable Note and the related Pricing Supplement, any day, other than a Saturday or Sunday, that is not a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York (or London, England, in the case of LIBOR Notes); *provided*, *however*, that, with respect to non-United States dollar-denominated Notes, the day is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the Principal Financial Center, as defined below, of the country issuing the specified currency or, if the specified currency is euro, the day is also a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("**TARGET**") System is open (a "**TARGET Settlement Day**").

"ISDA" means the International Swaps and Derivatives Association, Inc.

"ISDA Definitions" means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"New York Federal Reserve" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate).

"New York Federal Reserve's Website" means the website of the New York Federal Reserve, currently at http://www.newyorkfed.org, or any successor source.

"**Principal Financial Center**" means, unless otherwise specified in the applicable Note and the related Pricing Supplement, the capital city of the country issuing the specified currency, except that with respect to U.S. dollars, Australian dollars, Canadian dollars, South African rand and Swiss francs, the "Principal Financial Center" will be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

"Secured Overnight Financing Rate" means the daily secured overnight financing rate as provided by the New York Federal Reserve on the New York Federal Reserve's Website.

"**London Banking Day**" means a day that is not a Saturday or Sunday and on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market.

Payments on the Notes

Interest payable with respect to a Note on any Interest Payment Date will be paid to the person in whose name such Note (or one or more predecessor Notes) is registered at the close of business on the record date immediately preceding such Interest Payment Date, *provided* that interest payable at stated maturity or upon any earlier date of redemption (each such stated maturity date or date of redemption being hereinafter referred to as a "**Maturity Date**" with respect to the principal amount due on such date) will be payable to the person to whom principal shall be payable. Unless otherwise specified in the applicable Pricing Supplement, the first payment of interest on any Note will be made on the first Interest Payment Date succeeding the date of original issue thereof (the "**Original Issue Date**") to the person in whose name such Note (or one or more predecessor Notes) is registered at the close of business on the record date with respect to such Interest Payment Date; provided that if a Note is originally issued between a regular record date and an Interest Payment Date, then the first payment of interest will be made on the Interest Payment Date following the next succeeding regular record date to the registered owner on such regular record date. Any such interest not so punctually paid or duly provided for on any Interest Payment Date will forthwith cease to be payable to the person in whose name such Note (or one or more predecessor Notes) is registered at the close of business on the relevant record date (or, if relevant, the person entitled to payment on an applicable Maturity Date) and may either (1) be paid to the person in whose name such Note (or one or more predecessor Notes) is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Indenture Trustee, notice whereof shall be given to the holders of Notes by mail sent to their registered addresses not less than ten days prior to such special record date or (2) be paid at any time in any other lawful manner.

Unless otherwise specified in the applicable Pricing Supplement, payments of principal of (and premium, if any) and interest, if any, on, a Note denominated and/or payable in a specified currency other than U.S. dollars, will be converted by the exchange rate

agent named in the applicable Pricing Supplement (the "**Exchange Rate Agent**") into U.S. dollars based on the highest firm bid quotation expressed in U.S. dollars received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date (or if no such rate is quoted on that date, the last date on which the rate was quoted) from three, or if three are not available, then two, recognized foreign exchange dealers in New York City, one or more of which may be an agent, and another of which may be the Exchange Rate Agent, that are selected by the Exchange Rate Agent and approved by the Company. If the above quotations cannot be obtained, payment will be made in the specified currency unless the specified currency is unavailable due to the imposition of exchange controls or due to other circumstances beyond the Company's control. In that case, the payments will be made as described in the next succeeding paragraph.

The holder of a Note that is denominated and/or payable in a currency other than U.S. dollars may, if stated in the applicable Pricing Supplement, elect to receive all payments on the Note in the specified currency by delivering a written notice to the Indenture Trustee not later than ten calendar days prior to the applicable payment date. The election will remain in effect until revoked by a written notice to the Indenture Trustee that is received not later than ten calendar days prior to the applicable payment date. If an event of default has occurred or the Company has exercised any discharge or defeasance options or given notice of redemption of a Note, no such change of election may be made. Any such payments will be made by wire transfer of immediately available funds to such account as is maintained in such specified currency at a bank or other financial institution acceptable to the Company and the Indenture Trustee and as shall have been designated at least ten calendar days prior to the applicable payment date by the holder entitled to receive such payment. Unless revoked, any such account designation with respect to a Note by the holder thereof will remain in effect with respect to any further payments with respect to the Note payable to such holder. If an Event of Default has occurred or the Company has exercised any discharge or defeasance options or given notice of redemption of this Note, no such revocation may be made. If a payment in a specified currency other than U.S. dollars with respect to a Note cannot be made by wire transfer because the required account designation has not been received by the Indenture Trustee on or before the requisite date or for any other reason, the Company will cause a notice to be given to the holder of the Note at its registered address requesting an account designation pursuant to which such wire transfer can be made and such payment will be made within five Business Days after the Indenture Trustee's receipt of such a designation meeting the requirements specified above, with the same force and effect as if made on the due date. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer with respect to the Notes, but any tax, assessment or other governmental charge imposed upon any payment will be borne by the holder and may be deducted from the payment by the Company or the paying agent. If payment on any Note is required to be made in a specified currency other than U.S. Dollars and that specified currency is unavailable to the Company for making payments on the Note due to the imposition of exchange controls or other circumstances beyond the Company's control, or is no longer used by the government of the country which issued that specified currency or for the settlement of transactions by public institutions of or within the international banking community, then the Company will give written notice to the Indenture Trustee as soon as it is aware of such circumstance and shall instead make payments with respect to the Note in U.S. dollars until the specified currency is again available or so used. The amount so payable on any date in the specified currency will be converted into U.S. dollars at a rate determined by the Exchange Rate Agent on the basis of the most recently available market exchange rate for the specified currency or as otherwise specified in the applicable Pricing Supplement. The market exchange rate means the noon (New York City time) dollar buying rate for cable transfers for such Specified Currency quoted in New York City as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York, as determined by the Exchange Rate Agent. Any payment in respect of a Note made under such circumstances in U.S. dollars will not constitute an Event of Default under the Indenture.

The exchange rate agent will also determine prior to settlement the aggregate amount of the specified currency payable on a payment date for all Notes denominated in the specified currency. All currency exchange costs will be deducted from payments to the holders of the Notes.

In the limited circumstances in which certificated notes ("**Certificated Notes**") are issued (see "— Form, Denomination, Transfer and Exchange; Book-Entry Registration — Exchange of Global Notes for Certificated Notes"), payments of interest on Certificated Notes, other than interest payable with respect to the principal amount due on any Maturity Date with respect to a Certificated Note, will be made by check mailed to the registered holder entitled to that interest as described above. Notwithstanding the foregoing, a registered holder of not less than U.S. $10,000,000 aggregate principal amount of Certificated Notes that are denominated and pay interest in U.S. dollars and have the same Interest Payment Dates may, by written notice to the Indenture Trustee on or before the record date preceding an Interest Payment Date, arrange to have the interest payable on all such Notes, held by such holder on such Interest Payment Date, and all subsequent Interest Payment Dates until written notice to the contrary is given to the Indenture Trustee as aforesaid, made by wire transfer of immediately available funds to an account at a bank in the United States (or other bank consented to by the Company and the Indenture Trustee) as the holder of such Notes shall have designated, *provided* that such bank has appropriate facilities therefor.

The principal, premium, if any, and interest on any Certificated Note that is due at a Maturity Date will be paid in immediately available funds against presentation and surrender (by overnight delivery) of such Note at the office of the Indenture Trustee maintained for such purpose at U.S. Bank National Association, 100 Wall Street, 6th Floor, New York, New York 10005, Attention: Corporate Trust Operations, or such other office or agency of which the registered holders receive notice from the Indenture Trustee; *provided*,

however, that if such payment is to be made by wire transfer, the Indenture Trustee shall have received, not less than 15 Business Days prior to such Maturity Date, appropriate wire transfer instructions therefor. Payment of the principal amount of each Note and interest thereon that is due at maturity will be made on such Maturity Date (see "— Fixed Rate Notes" and "— Floating Rate Notes") *provided* that the Note is surrendered to the Indenture Trustee prior to 3:00 P.M., New York City time, on such Maturity Date and the Indenture Trustee has confirmation of receipt of funds from the Company.

The Company and the Indenture Trustee and any agent of the Company or the Indenture Trustee may treat the person in whose name a Note is registered at the relevant time specified above or in the Note as the owner of such Note for the purpose of receiving payments of principal, premium, if any, and interest on such Note and for all other purposes whatsoever.

Any money deposited with the Indenture Trustee and remaining unclaimed for two years after the date upon which the last payment of principal, premium, if any, and interest on any Note to which such deposit relates shall have become due and payable, shall be repaid to the Company by the Indenture Trustee on demand, and the holder of any Note to which such deposit related entitled to receive payment shall thereafter look only to the Company for the payment thereof and all liability of the Indenture Trustee with respect to such money shall thereupon cease.

In the absence of a written request from the Company to return unclaimed funds to the Company, the Indenture Trustee shall from time to time deliver all unclaimed funds to or as directed by applicable escheat authorities, as determined by the Indenture Trustee in its sole discretion, in accordance with the customary practices and procedures of the Indenture Trustee. Any unclaimed funds held by the Indenture Trustee pursuant to this and the preceding paragraph shall be held uninvested and without any liability for interest.

For a description of procedures for payment of principal, premium, if any, and interest on Book-Entry Notes represented by a Global Note, see "— Form, Denomination, Transfer and Exchange; Book-Entry Registration."

Redemption

The Notes will not be subject to any sinking fund and, unless otherwise specified in the applicable Note and the related Pricing Supplement, the Notes will not be subject to redemption at the option of the Company prior to their respective stated maturities. However, if so agreed and specified in the applicable Note and the related Pricing Supplement, such Note will be subject to redemption at the option of the Company on and after the initial redemption date (the "**Initial Redemption Date**") set forth in such Note, in whole, or in part, in increments of U.S. $1,000 (*provided* that any remaining principal amount of such Note shall be at least U.S. $2,000) (or the equivalent amount in one or more foreign currencies as shall be set forth in the applicable Note and the related Pricing Supplement), at a redemption price (the "**Redemption Price**") determined in accordance with the following paragraph, together with interest accrued on the principal amount to be redeemed to the date of redemption, upon notice mailed to the holder of such Note at its registered address not more than 60 nor less than 30 days prior to the date fixed for redemption.

The Redemption Price for any Note subject to redemption at the option of the Company will initially be equal to a certain percentage (the "**Initial Redemption Percentage**") of the principal amount of such Note to be redeemed and, if the Initial Redemption Percentage is greater than 100%, will decline at each anniversary of the Initial Redemption Date with respect to such Note by a percentage (the "**Annual Redemption Percentage Reduction**") of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount. The Initial Redemption Date, Initial Redemption Percentage and any Annual Redemption Percentage Reduction, if any, with respect to a Note will be as specified in the applicable Note and the related Pricing Supplement.

Fixed Rate Notes

Each Fixed Rate Note will bear interest from and including its Original Issue Date or the most recent Interest Payment Date to, but excluding, the relevant Interest Payment Date or Maturity Date as to the principal amount due at such Maturity Date, as the case may be, at the rate per annum stated in the applicable Pricing Supplement until the principal amount thereof is paid or made available for payment. However, as described below under "— Extension of Maturity Date," or as otherwise described in the applicable Pricing Supplement, the rate of interest payable on Fixed Rate Notes may be adjusted from time to time. Unless otherwise specified in the applicable Note and the related Pricing Supplement, interest on Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months, and interest will be paid semi-annually as specified in the Note and the related Pricing Supplement and at stated maturity or upon earlier redemption (if any).

Interest on Fixed Rate Notes will be payable on the Interest Payment Dates specified on the face of the applicable Fixed Rate Notes and in the related Pricing Supplement (each, an "**Interest Payment Date**") and at the Maturity Date as to the principal amount due at such Maturity Date, unless otherwise agreed to by the purchaser and the Company and specified in the applicable Note and the related Pricing Supplement. The "**record date**" for Fixed Rate Notes with respect to any Interest Payment Date will be the fifteenth calendar day immediately preceding such Interest Payment Date, whether or not such date shall be a Business Day.

If any Interest Payment Date or Maturity Date of a Fixed Rate Note falls on a day that is not a Business Day, the Interest Payment Date or Maturity Date, as applicable, shall be adjusted to the next succeeding Business Day, and the related payment of principal, premium, if any, and interest shall be made on such next succeeding Business Day as if it were made on the date such payment was due. No interest shall accrue on the amount so payable for the period from and after such Interest Payment Date or Maturity Date, as the case may be.

Floating Rate Notes

Interest on each Floating Rate Note will be determined by reference to a "**Base Rate**," which shall be one or more of (a) the "CMT Rate" ("**CMT Rate Notes**"), (b) the "Commercial Paper Rate" ("**Commercial Paper Rate Notes**"), (c) "Compounded SOFR" ("**Compounded SOFR Notes**") (d) "EURIBOR" ("**EURIBOR Notes**"), (e) "Euro LIBOR" ("**Euro LIBOR Notes**"), (f) the "Federal Funds (Effective) Rate" ("**Federal Funds (Effective) Rate Notes**"), (g) the "Federal Funds (Open) Rate" ("**Federal Funds (Open) Rate Notes**" and, together with Federal Funds (Effective) Rate Notes, "**Federal Funds Rate Notes**"), (h) "LIBOR" ("**LIBOR Notes**"), (i) the "Prime Rate" ("**Prime Rate Notes**"), (i) "SOFR" ("**SOFR Notes**"), (j) the "Treasury Rate" ("**Treasury Rate Notes**"), or (k) such other base rate or interest rate formula as may be specified in the applicable Note and the related Pricing Supplement. In addition, a Floating Rate Note may bear interest at a rate determined by reference to the lowest of two or more Base Rates. The Base Rate for any Floating Rate Note will in turn be determined, if applicable, by reference to the Index Maturity specified in such Note. The interest rate on each Floating Rate Note will be calculated by reference to such Base Rate, plus or minus the Spread, if any, and/or multiplied by the Spread Multiplier, if any, in each case, as agreed to by the purchaser and the Company and specified in the applicable Note and the related Pricing Supplement. The "**Index Maturity**" will be the period to maturity of the instrument or obligation from which the Base Rate is calculated. The "**Spread**" will be the number of basis points to be added to or subtracted from the Base Rate for such Floating Rate Note, and the "**Spread Multiplier**" will be the percentage of the Base Rate applicable to such Floating Rate Note. As described below under "— Extension of Maturity Date," or as otherwise described in the applicable Pricing Supplement, the Spread and/or Spread Multiplier on Floating Rate Notes may be adjusted from time to time.

A Floating Rate Note may also have either or both of the following: (i) a maximum numerical limit, or ceiling (the "**Maximum Interest Rate**"), on the per annum interest rate in effect with respect to such Note from time to time, and (ii) a minimum numerical limit, or floor (the "**Minimum Interest Rate**"), on the per annum interest rate in effect with respect to such Note from time to time. In addition to any Maximum Interest Rate that may apply to any Floating Rate Note pursuant to the foregoing, the interest rate on Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest, with certain exceptions, is 16% per annum on a simple interest basis for securities in which less than $250,000 has been invested and 25% per annum on a simple interest basis for securities in which $250,000 or more has been invested. This limit does not apply to Floating Rate Notes in which U.S. $2,500,000 or more has been invested.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semi-annually or annually, as specified in the applicable Note and the related Pricing Supplement. The dates on which such rate of interest will be reset (each, an "**Interest Reset Date**") will be, in the case of Floating Rate Notes that reset (a) daily, each day; and (b) otherwise (that is, weekly, monthly, quarterly, semi-annually or annually), as agreed to by the purchaser and the Company and specified in the applicable Note and the related Pricing Supplement.

If an Interest Reset Date for any Floating Rate Note (other than a LIBOR Note or a EURIBOR Note) would fall on a day that is not a Business Day, the Interest Reset Date will be postponed to the next Business Day. If an Interest Reset Date for a LIBOR Note would fall on a day that is not a London Banking Day, the Interest Reset Date will be postponed to the next London Banking Day. If an Interest Reset Date for a EURIBOR Note would fall on a day that is not a TARGET Settlement Day, the Interest Reset Date will be postponed to the next TARGET Settlement Day. If postponement to the next London Banking Day, in the case of a LIBOR Note, or TARGET Settlement Day, in the case of a EURIBOR Note, would cause the Interest Reset Date to be in the next calendar month, the Interest Reset Date will instead be the immediately preceding London Banking Day, in the case of a LIBOR Note, or TARGET Settlement Day, in the case of a EURIBOR Note. If the Interest Reset Date for Treasury Rate Notes falls on a day on which an auction of United States Treasury bills is held, the Interest Reset Date will be the succeeding Business Day.

The interest rate that will take effect with respect to a Floating Rate Note on an Interest Reset Date will be the rate determined as of the applicable "Interest Determination Date." Unless otherwise indicated in the applicable Note and the related Pricing Supplement: the Interest Determination Date with respect to an Interest Reset Date for CMT Rate Notes and Commercial Paper Rate Notes will be the second Business Day prior to such Interest Reset Date; the Interest Determination Date with respect to an Interest Reset Date for Federal Funds Rate Notes and Prime Rate Notes will be the first Business Day prior to such Interest Reset Date; the Interest Determination Date with respect to an Interest Reset Date for LIBOR Notes will be the second London Banking Day preceding such Interest Reset Date; the Interest Determination Date with respect to an Interest Reset Date for EURIBOR and Euro LIBOR Notes will be the second TARGET Settlement Day before such Interest Reset Date; the Interest Determination Date with respect to an Interest Reset Date for Treasury Rate Notes will be the day of the week on which Treasury bills normally would be auctioned (Treasury bills

are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); *provided*, *however*, that if, as a result of a legal holiday, an auction is held on the Friday of the week preceding an Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and *provided further*, that if an auction shall fall on any Interest Reset Date, then the Interest Reset Date shall instead be the first Business Day following such auction.

The Base Rate in effect with respect to a Floating Rate Note on each day that is not an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to the immediately preceding Interest Reset Date, and the Base Rate in effect on any day that is an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to the applicable Interest Reset Date, subject in either case to adjustment by any Spread and/or Spread Multiplier and to any Maximum Interest Rate and/or Minimum Interest Rate referred to above; *provided*, *however*, that (i) the interest rate in effect with respect to a Floating Rate Note for the period from the Original Issue Date to the first Interest Reset Date (the "**Initial Interest Rate**") will be as agreed upon by the purchaser and the Company and, except where the Initial Interest Rate is set after the Original Issue Date, as specified in the applicable Note and the related Pricing Supplement and (ii) with respect to Floating Rate Notes with daily or weekly Interest Reset Dates, the interest rate in effect for the two Business Days ending on a Maturity Date or any other Interest Payment Date shall (as to the principal amount due or, as applicable, outstanding on such date) be the interest rate in effect on the second Business Day preceding such Maturity Date or other Interest Payment Date.

Each Floating Rate Note will bear interest from the Original Issue Date to the first Interest Reset Date at the Initial Interest Rate and thereafter upon the basis of the applicable rate determined as described below until the principal thereof is paid or otherwise made available for payment. Interest will be payable in arrears on the dates (each, an "**Interest Payment Date**") specified in the applicable Note and the related Pricing Supplement and, in each case, at any Maturity Date as to the principal amount due at such Maturity Date.

If an Interest Payment Date of a Floating Rate Note falls on a day that is not a Business Day, the Interest Payment Date shall be adjusted to the next succeeding Business Day, and the related payment of interest shall be made on such next succeeding Business Day as if it were made on the date such payment was due, except, with respect to a Floating Rate Note that is a LIBOR Note or EURIBOR Note, that if such Business Day is in the next succeeding calendar month, such Interest Payment Date shall be adjusted to the preceding Business Day, and such payment shall be made on such preceding Business Day. Interest shall accrue on the amount so payable for the period from and after such Interest Payment Date. If a Maturity Date of a Floating Rate Note falls on a day that is not a Business Day, principal, premium, if any, and interest payable with respect to such Maturity Date will be paid on the next succeeding Business Day. Such payment will be made with the same force and effect as if made on such Maturity Date. No interest shall accrue on the amount so payable for the period from and after such Maturity Date.

The "**record date**" for Floating Rate Notes with respect to any Interest Payment Date shall be the fifteenth calendar day, whether or not such date shall be a Business Day, prior to such Interest Payment Date.

Unless otherwise specified in the applicable Floating Rate Note and the related Pricing Supplement, interest payable on any Interest Payment Date or Maturity Date with respect to a Floating Rate Note shall be the amount of interest accrued from and including the Original Issue Date or the most recent Interest Payment Date to, but excluding, such Interest Payment Date or such Maturity Date as to the principal amount due at such Maturity Date.

Unless otherwise specified in the applicable Note and the related Pricing Supplement, interest will be paid monthly, quarterly, semi-annually or annually, as agreed to by the purchaser and the Company and as specified in the applicable Note and the related Pricing Supplement, and at stated maturity or upon earlier redemption (if any).

Accrued interest on a Floating Rate Note will be calculated by multiplying the principal amount of such Floating Rate Note by the actual number of days in the interest period, by the interest rate inclusive of Spread, and dividing by 360, or in the case of Treasury Rate Notes, by the actual number of days in the year or, in the case of EURIBOR Notes, by 365.

The calculation agent (the "**Calculation Agent**") will be specified in the applicable Floating Rate Note and the related Pricing Supplement. The Calculation Agent will calculate the interest rate on or before any applicable Calculation Date pursuant to the Calculation Agency Agreement. Upon the request of the registered holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect and the interest rate that will become effective as a result of a determination already made and confirmed as provided in the Calculation Agency Agreement with respect to such Floating Rate Note. Unless otherwise specified in the Note and the related Pricing Supplement, the "**Calculation Date**," where applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day preceding the applicable Interest Payment Date or Maturity Date, as the case may be. All determinations by the Calculation Agent, in the absence of manifest error, will be conclusive for all purposes and binding on the holders of Floating Rate Notes.

All percentages resulting from any calculation on Floating Rate Notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (1/100,000), with five one-millionths of a percentage point rounded upward (*e.g.*, 9.876545% (or 0.09876545) will be rounded upward to 9.87655% (or 0.0987655)), and all U.S. dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent (with one-half cent or greater being rounded upward). All amounts in currencies other than U.S. dollars used in or resulting from calculations relating to Floating Rate Notes denominated in such other currencies will be rounded to the nearest 1/100 of a full unit of the relevant currency (with 0.005 of the relevant subunit rounded upward) unless otherwise agreed to by the purchaser and the Company and specified in the applicable Note and the related Pricing Supplement.

As previously described, the Initial Interest Rate in effect with respect to a Floating Rate Note from the Original Issue Date to the first Interest Reset Date will be specified in the applicable Note and the related Pricing Supplement, unless the Interest Determination Date does not occur until after the Original Issue Date. The interest rate for each subsequent Interest Reset Date will be determined by the Calculation Agent by reference to the applicable Base Rate or Base Rates determined as set forth below, plus or minus any Spread and/or multiplied by any Spread Multiplier and subject to any Maximum Interest Rate and/or Minimum Interest Rate, as specified in the applicable Note and the related Pricing Supplement.

The Base Rate definitions that may be applicable for purposes of calculating interest on the Floating Rate Notes denominated in U.S. dollars include the following:

CMT Rate. Unless otherwise indicated in the applicable Note and the related Pricing Supplement, "**CMT Rate**" will mean, with respect to any Interest Determination Date relating to a CMT Rate Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to the CMT Rate (a "**CMT Rate Interest Determination Date**"):

(1) the rate on the applicable CMT Rate Interest Determination Date displayed on the Designated CMT Reuters Page, as defined below, for

- the rate on that CMT Rate Interest Determination Date displayed on Reuters Page FRBCMT, or
- the weekly or monthly average on Reuters Page FEDCMT, for the week that ends immediately preceding the week in which the related CMT Rate Interest Determination Date falls, or the month that ends immediately before the month in which the relevant CMT Rate Interest Determination Date falls, as applicable, or

(2) if the above rate is no longer displayed on the relevant page, or if not displayed by 3:00 P.M., New York City time, on the applicable Calculation Date, then the CMT Rate will be the applicable Treasury Constant Maturity rate for the Designated CMT Maturity Index and for either the relevant CMT Rate Interest Determination Date or the weekly or monthly average, as applicable, as published in H.15 Daily Update,

(3) if the rate referred to in clause (2) is no longer published, or if not published by 3:00 P.M., New York City time, on the applicable Calculation Date, then the CMT Rate will be the Treasury Constant Maturity rate for the Designated CMT Maturity Index or other U.S. Treasury rate for the Designated CMT Maturity Index on the CMT Rate Interest Determination Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Reuters Page and published in the relevant H.15 Daily Update,

(4) if the information described in clause (3) is not provided by 3:00 P.M., New York City time, on the applicable Calculation Date, then the Calculation Agent will determine the CMT Rate to be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 P.M., New York City time, on the CMT Rate Interest Determination Date, reported, according to their written records, by three leading primary U.S. government securities dealers in The City of New York, selected by the Calculation Agent as described in the following sentence. The Calculation Agent will select five securities dealers, after consultation with the Company, and will eliminate the highest quotation or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for the most recently issued direct noncallable fixed rate obligations of the United States, which are commonly referred to as "**Treasury notes**," with an original maturity of approximately the Designated CMT Maturity Index, a remaining term to maturity of no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in the securities in that market at that time. If two Treasury notes with an original maturity as described above have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the Treasury note with the shorter remaining term to maturity will be used,

(5) if the Calculation Agent cannot obtain three Treasury notes quotations as described in clause (4), the Calculation Agent will determine the CMT Rate to be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 P.M., New York City time, on the CMT Rate Interest Determination Date of three securities dealers in The City of New York, selected using the same method described in clause (4), for Treasury notes with an original maturity equal to the number of

years closest to, but not less than, the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in the securities in that market at that time,

(6) if three or four (and not five) of the reference dealers are quoting offered rates as described above, then the CMT rate will be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of those quotes will be eliminated, or

(7) if less than three dealers selected by the Calculation Agent are quoting offered rates as mentioned in clause (6), the rate with respect to such CMT Rate Interest Determination Date will be the rate in effect on the applicable CMT Rate Interest Determination Date.

"**Designated CMT Maturity Index**" means the original period to maturity of the U.S. Treasury securities, which is either 1, 2, 3, 5, 7, 10, 20 or 30 years, specified in the applicable Pricing Supplement for which the CMT rate will be calculated. If no maturity is specified in the applicable Pricing Supplement, the Designated CMT Maturity Index will be two years.

"**Designated CMT Reuters Page**" means the display on the Reuters 3,000 Xtra Service ("**Reuters**"), or any successor service, on the page designated in the applicable Pricing Supplement or any other page as may replace that page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15 Daily Update. If no page is specified in the applicable Pricing Supplement, the Designated CMT Reuters Page will be FEDCMT for the most recent week.

"**H.15 Daily Update**" means the daily statistical release designated as such published by the Federal Reserve System Board of Governors, or its successor, available through the web site of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/release/h15, or any successor site or publication.

Commercial Paper Rate. Unless otherwise indicated in the applicable Note and the related Pricing Supplement, "**Commercial Paper Rate**" will mean, with respect to any Interest Determination Date relating to a Commercial Paper Rate Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate (a "**Commercial Paper Rate Interest Determination Date**"),

(1) the Money Market Yield on the applicable Interest Determination Date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Supplement published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Commercial Paper — Nonfinancial" or "Commercial Paper — Financial," as specified in the applicable Pricing Supplement,

(2) if the rate referred to in clause (1) is not so published by 3:00 P.M., New York City time, on the applicable Calculation Date, the rate on the applicable Interest Determination Date calculated by the Calculation Agent as the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on the applicable Interest Determination Date of three leading dealers of United States dollar commercial paper in The City of New York, which may include the agent and its affiliates, selected by the Calculation Agent (after consultation with the Company) for commercial paper having the Index Maturity specified in the applicable Pricing Supplement placed for financial issuers whose bond rating is "AAA," or the equivalent, from a nationally recognized statistical rating organization, or

(3) if less than three dealers selected by the Calculation Agent are quoting offered rates as mentioned in clause (2), the rate with respect to such Commercial Paper Rate Interest Determination Date will be the rate in effect on the applicable Interest Determination Date.

"**Money Market Yield**" means a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days for which interest is being calculated (from and including the last preceding Interest Payment Date for which interest on the relevant Floating Rate Note has been paid or provided for, or from such Note's Original Issue Date, if applicable, and to, but excluding, the next following Interest Payment Date for such Note).

Compounded SOFR Rate. Unless otherwise indicated in the applicable Note and the related Pricing Supplement, "**Compounded SOFR Rate**" with respect to any Interest Determination Date relating to a Compounded SOFR Rate Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to the Compounded SOFR Rate (a "Compounded SOFR Rate Date"):

(i) the outstanding principal amount of the Compounded SOFR Notes multiplied by

(ii) the product of (a) Interest Rate (Compounded SOFR plus Spread) for the relevant interest period multiplied by (b) the quotient of the actual number of calendar days in such interest period divided by 360.

Unless specified otherwise in the related Pricing Supplement, "Compounded SOFR" means, with respect to any interest period, the rate computed in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

where:

"**SOFR Index$_{Start}$**" is the SOFR Index value for the day which is two U.S. Government Securities Business Days preceding the first date of the relevant interest period;

"**SOFR Index$_{End}$**" is the SOFR Index value for the day which is two U.S. Government Securities Business Days preceding the latter Interest Payment Date relating to such interest period; and

"**dc**" is the actual number of calendar days in such Observation Period.

For purposes of determining Compounded SOFR, "**SOFR Index**" means, with respect to any U.S. Government Securities Business Day:

(1) the SOFR Index value as published for such U.S. Government Securities Business Day by the New York Federal Reserve as such index appears on the New York Federal Reserve's Website at 3:00 P.M., New York City time, on such U.S. Government Securities Business Day (the "**SOFR Determination Time**"); provided that:

(2) if a SOFR Index value does not so appear as specified in (1) above at the SOFR Determination Time, then:

a. if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the Secured Overnight Financing Rate, then Compounded SOFR shall be the rate determined pursuant to the "**SOFR Index Unavailable**" provisions described below; or

b. if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Secured Overnight Financing Rate, then Compounded SOFR shall be the rate determined pursuant to the "**Effect of a Benchmark Transition Event**" provisions described below.

SOFR Index Unavailable:

If a SOFR Index$_{Start}$ or SOFR Index$_{End}$ is not published on the associated Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the Secured Overnight Financing Rate, "Compounded SOFR" means, for the applicable Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the New York Federal Reserve's Website at https://www.newyorkfed.org/markets/treasury-repo-reference-rates-information. For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to "calculation period" shall be replaced with "Observation Period" and the words "that is, 30-, 90-, or 180- calendar days" shall be removed. If the daily Secured Overnight Financing Rate ("**SOFRi**") does not so appear for any day, "i" in the Observation Period, SOFRi for such day "i" shall be the Secured Overnight Financing Rate published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the New York Federal Reserve's Website.

Effect of a Benchmark Transition Event:

If Company or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Compounded SOFR Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

In connection with the implementation of a Benchmark Replacement, the Company or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

Any determination, decision or election that may be made by the Company or its designee pursuant to this section, including a determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(1) will be conclusive and binding absent manifest error;

(2) will be made in the Company's or its designee's sole discretion; and

(3) notwithstanding anything to the contrary in the documentation relating to the Compounded SOFR Notes, shall become effective without consent from the holders of the Compounded SOFR Notes or any other party.

"**Benchmark**" means, initially, Compounded SOFR, as such term is defined above; provided that if the Company or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published SOFR Index used in the calculation thereof) or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Company or its designee as of the Benchmark Replacement Date.

(1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;

(2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

(3) the sum of: (a) the alternate rate of interest that has been selected by the Company or its designee as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Company or its designee as of the Benchmark Replacement Date:

(1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Company or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of the Interest Period, timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Company or its designee decide may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Company or its designee decide that adoption of any portion of such market practice is not administratively feasible or if the Company or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Company or its designee determine is reasonably necessary).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

For the avoidance of doubt, for purposes of the definitions of Benchmark Replacement Date and Benchmark Transition Event, references to Benchmark also include any reference rate underlying such Benchmark.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark.

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"Observation Period" means the period from and including two U.S. Government Securities Business Days preceding an Interest Payment Date to but excluding two U.S. Government Securities Business Days preceding the next Interest Payment Date, provided that the first Observation Period shall be from and including two U.S. Government Securities Business Days preceding the Original Issue Date to but excluding the two U.S. Government Securities Business Days preceding the first Interest Payment Date.

"Reference Time" with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (2) if the Benchmark is not Compounded SOFR, the time determined by the Company or its designee after giving effect to the Benchmark Replacement Conforming Changes.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

EURIBOR: Unless otherwise indicated in the applicable Note and the related Pricing Supplement, EURIBOR will be determined by the Calculation Agent in accordance with the following provisions:

(1) With respect to an Interest Determination Date relating to a EURIBOR Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to EURIBOR (a "**EURIBOR Interest Determination Date**"), EURIBOR will be as specified in the related Pricing Supplement and will be determined as the offered rate for deposits in euro having the Index Maturity specified in such Pricing Supplement, commencing on the second TARGET Settlement Day immediately following such EURIBOR Interest Determination Date, which appears on the Reuters Page EURIBOR01 as of 11:00 A.M., Brussels time, on that EURIBOR Interest Determination Date. If no such rate appears on the Reuters Page EURIBOR01, as applicable, EURIBOR in respect of that EURIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (2) below. Unless otherwise specified in the applicable Pricing Supplement, "**Reuters Page EURIBOR01**" will mean the display designated as page "EURIBOR01" on Reuters (or such other page as may replace the EURIBOR01 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying Euro-zone interbank offered rates for euro deposits). "**Euro-zone**" means the region comprised of Member States of the European economic and monetary union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

(2) If no rate appears on Reuters Page EURIBOR01 as specified in (1) above on a EURIBOR Interest Determination Date, EURIBOR will be determined at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date on the basis of the rates at which deposits in euro having the Index Maturity specified in the related Pricing Supplement are offered to prime banks in the Euro-zone interbank market by four major banks in the Euro-zone interbank market selected by the Calculation Agent (after consultation with the Company) commencing on the second TARGET Settlement Day immediately following such EURIBOR Interest Determination Date and in a principal amount equal to an amount that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal Euro-zone office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by three leading banks in the Euro-zone selected by the Calculation Agent (after consultation with the Company) for loans in euro to European banks, having the specified Index Maturity, commencing on the second TARGET Settlement Day immediately following such EURIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in such market at such time. Notwithstanding the foregoing, if the banks selected as aforesaid by the Calculation Agent are not quoting as described above, EURIBOR in effect for the applicable period will be EURIBOR in effect on such EURIBOR Interest Determination Date.

Euro LIBOR: Unless otherwise indicated in the applicable Note and the related Pricing Supplement, Euro LIBOR will be determined by the Calculation Agent in accordance with the following provisions:

(1) With respect to an Interest Determination Date relating to a Euro LIBOR Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to Euro LIBOR (a "**Euro LIBOR Interest Determination Date**"), Euro LIBOR will be as specified in the related Pricing Supplement and will be determined as the offered rate for deposits in euro having the Index Maturity specified in such Pricing Supplement, commencing on the second TARGET Settlement Day immediately following such Euro LIBOR Interest Determination Date, which appears on the Reuters Page LIBOR01 as of 11:00 A.M., London time, on that Euro LIBOR Interest Determination Date. If no such rate appears on the Reuters Page LIBOR01, as applicable, Euro LIBOR in respect of that Euro LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (2) below.

(2) If no rate appears on Reuters Page LIBOR01 as specified in (1) above on a Euro LIBOR Interest Determination Date, Euro LIBOR will be determined at approximately 11:00 A.M., London time, on such Euro LIBOR Interest Determination Date on the basis of the rates at which deposits in euro having the Index Maturity specified in the related Pricing Supplement are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Company) commencing on the second TARGET Settlement Day immediately following such Euro LIBOR Interest Determination Date and in a principal amount equal to an amount that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Euro LIBOR for such Euro LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, Euro LIBOR for such Euro LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately

11:00 A.M., London time, on such Euro LIBOR Interest Determination Date by three leading European banks in the London interbank market selected by the Calculation Agent (after consultation with the Company) for loans in euro to European banks, having the specified Index Maturity, commencing on the second TARGET Settlement Day immediately following such Euro LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in such market at such time. Notwithstanding the foregoing, if the banks selected as aforesaid by the Calculation Agent are not quoting as described above, Euro LIBOR in effect for the applicable period will be Euro LIBOR in effect on such Euro LIBOR Interest Determination Date.

(3) If Euro LIBOR has been permanently discontinued, the Calculation Agent will use, as directed by us, as a substitute for Euro LIBOR and for each future Euro LIBOR Interest Determination Date, the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with accepted market practice (the "**Alternative Rate**"). As part of such substitution, the Calculation Agent will, as directed by us, make such adjustments to the Alternative Rate or the spread thereon, as well as the business day convention, determination dates and related provisions and definitions ("**Adjustments**"), in each case that are consistent with accepted market practice for the use of such Alternative Rate for debt obligations such as the Notes. Notwithstanding the foregoing, if there is no clear market consensus as to whether any rate has replaced Euro LIBOR in customary market usage, we may appoint in our sole discretion and at our own expense, an independent financial institution of international repute or other independent financial advisor experienced in the international capital markets (an "Independent Financial Advisor"), to determine an appropriate Alternative Rate, and any Adjustments, and the decision of the Independent Financial Advisor will be binding on us, the Calculation Agent and the holders of the Notes. If Euro LIBOR has been permanently discontinued, but for any reason an Alternative Rate has not been determined or there is no such market practice for the use of such Alternative Rate (and an Independent Financial Advisor has not determined an appropriate Alternative Rate and Adjustments), the rate of Euro LIBOR for the next interest period will be set equal to the rate of Euro LIBOR for the then current interest period.

Federal Funds (Effective) Rate. Unless otherwise set forth in the applicable Note and the related Pricing Supplement, the Federal Funds Rate for each interest reset period will be the rate on the applicable Interest Determination Date for federal funds published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading "Federal Funds (effective)," as displayed on Reuters on page FEDFUNDS1 under the heading "EFFECT," or any successor service or page ("**Reuters Page FEDFUNDS1**").

The following procedures will be followed if the Federal Funds Rate cannot be determined as described above:

(1) If by 3:00 P.M., New York City time, on the applicable Calculation Date the above rate is not yet published in H.15 Daily Update, or another recognized electronic source, then the Federal Funds Rate will be the arithmetic mean of the rates, as of 11:00 A.M., New York City time, on that Interest Determination Date, for the last transaction in overnight federal funds arranged by three leading brokers of federal funds transactions in New York City selected by the Calculation Agent.

(2) If fewer than three brokers selected by the Calculation Agent are quoting rates as mentioned in clause (1), the Federal Funds Rate with respect to such Interest Determination Date will be the rate in effect on the applicable Interest Determination Date.

Federal Funds (Open) Rate. Unless otherwise set forth in the applicable Note and the related Pricing Supplement, the Federal Funds (Open) Rate for each interest reset period will be the rate on the applicable Interest Determination Date for federal funds published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading "Federal Funds" and opposite the caption "Open," as displayed on Reuters on page FEDFUNDS1.

The following procedures will be followed if the Federal Funds (Open) Rate cannot be determined as described above:

(1) If the above rate does not appear on Reuters Page FEDFUNDS1 or is not yet published by 3:00 P.M., New York City time on the Calculation Date for the applicable Interest Determination Date, the Federal Funds (Open) Rate for the interest reset period will be the rate on that Interest Determination Date as reported by Prebon Yamane (or a successor) on Bloomberg that appears on FEDSPREB Index.

(2) If by 3:00 P.M. New York City time on the Calculation Date the above rate is not published on Reuters Page FEDFUNDS1 or FEDSPREB Index on Bloomberg then the Federal Funds (Open) Rate will be the arithmetic mean of the rates, before 9:00 A.M., New York City time, on that Interest Determination Date, for the last transaction in overnight federal funds arranged by three brokers of federal funds transactions in New York City selected by the Calculation Agent after consultation with the Company.

(3) If fewer than three brokers selected by the calculation agent are quoting as described above, the Federal Funds (Open) Rate for the new interest reset period will be the same as that for the immediately preceding interest reset period. If there was no such interest reset period, the Federal Funds (Open) Rate will be the initial interest rate.

LIBOR. Unless otherwise indicated in the applicable Note and the related Pricing Supplement, LIBOR will be determined by the Calculation Agent in accordance with the following provisions:

(1) With respect to an Interest Determination Date relating to a LIBOR Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to LIBOR (a "**LIBOR Interest Determination Date**"), LIBOR will be as specified in the related Pricing Supplement and will be determined as the arithmetic mean of the offered rates for deposits in U.S. dollars having the Index Maturity specified in such Pricing Supplement, commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date, which appear on LIBOR01 as of approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date, if at least two such offered rates appear on LIBOR01, provided that if LIBOR01 by its terms provides for a single rate, that single rate will be used. Unless otherwise specified in the applicable Pricing Supplement, "**LIBOR01**" will mean the display designated as page "LIBOR01" on Reuters, or any successor service (or such other page as may replace the LIBOR01 page on that service for the purpose of displaying London interbank offered rates of major banks for U.S. dollars). If (i) fewer than two offered rates appear or (ii) no rate appears on LIBOR01 and LIBOR01 by its terms provides only for a single rate, LIBOR01 in respect of that LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (2) below.

(2) LIBOR01 will be determined at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date on the basis of the rates at which deposits in U.S. dollars having the Index Maturity specified in the related Pricing Supplement are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Company) commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than U.S. $1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York City time, on such LIBOR Interest Determination Date by three major banks in New York, New York selected by the Calculation Agent (after consultation with the Company) for loans in U.S. dollars to leading European banks, having the specified Index Maturity, commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than U.S. $1,000,000 that is representative for a single transaction in such market at such time. Notwithstanding the foregoing, if fewer than three banks selected as aforesaid by the Calculation Agent are quoting as described above, LIBOR in effect for the applicable period will be LIBOR in effect on such LIBOR Interest Determination Date.

(3) If LIBOR has been permanently discontinued, the Calculation Agent will use, as directed by us, as a substitute for LIBOR and for each future LIBOR Interest Determination Date, the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with the Alternative Rate. As part of such substitution, the Calculation Agent will, as directed by us, make such Adjustments. Notwithstanding the foregoing, if there is no clear market consensus as to whether any rate has replaced LIBOR in customary market usage, we may appoint in our sole discretion and at our own expense, an Independent Financial Advisor to determine an appropriate Alternative Rate, and any Adjustments, and the decision of the Independent Financial Advisor will be binding on us, the Calculation Agent and the holders of the Notes. If LIBOR has been permanently discontinued, but for any reason an Alternative Rate has not been determined or there is no such market practice for the use of such Alternative Rate (and an Independent Financial Advisor has not determined an appropriate Alternative Rate and Adjustments), the rate of LIBOR for the next interest period will be set equal to the rate of LIBOR for the then current interest period.

Prime Rate: Unless otherwise indicated in the applicable Note and the related Pricing Supplement, "**Prime Rat**e" will mean, with respect to any Interest Determination Date relating to a Prime Rate Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to the Prime Rate,

(1) the rate on the applicable Interest Determination Date as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading "Bank prime loan,"

(2) if the rate referred to in clause (1) or the rate from another recognized electronic source is not so published by 3:00 P.M., New York City time, on the applicable Calculation Date, the rate calculated by the Calculation Agent as the arithmetic mean of the rates of interest offered by at least four banks that appear on the Reuters Screen US PRIME 1 Page as the particular bank's prime rate as of 11:00 A.M., New York City time, on the applicable Interest Determination Date,

(3) if fewer than four rates described in clause (2) are shown by 3:00 P.M., New York City time, on the related Calculation Date on the Reuters Screen US PRIME 1 Page, the rate on the applicable Interest Determination Date calculated by the Calculation Agent as the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on the applicable Interest Determination Date by three major banks, which may include affiliates of the Calculation Agent, in The City of New York selected by the Calculation Agent (after consultation with the Company), or

(4) if the banks selected by the Calculation Agent (after consultation with the Company) are not quoting as mentioned in clause (3), the Prime Rate with respect to such Interest Determination Date will be the rate in effect on such Interest Determination Date.

"**Reuters Screen US PRIME 1 Page**" means the display on the Reuters Monitor Money Rates Service or any successor service on the "US PRIME 1 Page" or any other page as may replace the US PRIME 1 Page on such service for the purpose of displaying prime rates or base lending rates of major United States banks.

SOFR Rate. Unless otherwise indicated in the applicable Note and the related Pricing Supplement, "SOFR Rate" with respect to any Interest Determination Date relating to a SOFR Rate Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to the SOFR Rate (a "**SOFR Rate Date**"):

(1) the Secured Overnight Financing Rate for the applicable Interest Determination Date published as of 5:00 P.M., New York City time, on the U.S. Government Securities Business Day immediately following such Interest Determination Date (the "SOFR Determination Time"); provided that:

(2) if the rate specified in (1) above does not so appear as of the SOFR Determination Time, then:

a. if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the Secured Overnight Financing Rate, then SOFR shall be the Secured Overnight Financing Rate published on the New York Federal Reserve's Website for the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the New York Federal Reserve's Website; or

b. if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Secured Overnight Financing Rate, then SOFR shall be the rate determined pursuant to the "Effect of a Benchmark Transition Event" provisions described below.

Effect of a Benchmark Transition Event:

If the Company or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the SOFR Notes in respect of such determination on such date and all determinations on all subsequent dates.

In connection with the implementation of a Benchmark Replacement, the Company or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

Any determination, decision or election that may be made by the Company or its designee pursuant to this section, including a determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(1) will be conclusive and binding absent manifest error;

(2) will be made in the Company or its designee's sole discretion; and

(3) notwithstanding anything to the contrary in the documentation relating to the SOFR Notes, shall become effective without consent from the holders of the SOFR Notes or any other party.

"Benchmark" means, initially, the Secured Overnight Financing Rate, as such term is defined above; provided that if the Company or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Secured Overnight Financing Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Company or its designee as of the Benchmark Replacement Date:

(1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;

(2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

(3) the sum of: (a) the alternate rate of interest that has been selected by the Company or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Company or its designee as of the Benchmark Replacement Date:

(1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Company or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of the Interest Payment, Calculation Period, timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Company or its designee decide may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Company or its designee decide that adoption of any portion of such market practice is not administratively feasible or if the Company or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Company or its designee determine is reasonably necessary).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"Corresponding Tenor" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"Reference Time" with respect to any determination of the Benchmark means (1) if the Benchmark is the Secured Overnight Financing Rate, the SOFR Determination Time, and (2) if the Benchmark is not the Secured Overnight Financing Rate, the time determined by the Company or its designee after giving effect to the Benchmark Replacement Conforming Changes.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Treasury Rate: Unless otherwise indicated in the applicable Note and the related Pricing Supplement, "**Treasury Rate**" will mean, with respect to any Interest Determination Date relating to a Treasury Rate Note or any Interest Determination Date for a Floating Rate Note for which the interest rate is determined with reference to the Treasury Rate (a "**Treasury Rate Interest Determination Date**"),

(1) the rate for the auction held on the related Treasury Rate Interest Determination Date on which United States Treasury bills of the specified Index Maturity are auctioned which appears on either the Reuters Page USAUCTION10 or Page USAUCTION11 under the heading "INVEST RATE,"

(2) if such auction rate for such Treasury Rate Interest Determination Date does not appear by 3:00 P.M., New York City time, on the applicable Calculation Date on Reuters Page USAUCTION10 or Page USAUCTION11, the rate for that Treasury Rate Interest Determination Date will be the Bond Equivalent Yield of the rate set forth in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, for that day in respect of the Index Maturity under the caption "U.S. Government securities/Treasury bills"

(3) if such auction rate for such Treasury Rate Interest Determination Date does not appear by 3:00 P.M., New York City time, on the applicable Calculation Date on Reuters Page USAUCTION 10 or Page USAUCTION11 and such rate is not set forth in the H.15 Daily Update in respect of the Index Maturity under the caption "U.S. Government securities/Treasury bills" or another recognized electronic source by 3:00 P.M., New York City time, on the applicable Calculation Date, the Treasury Rate for that Treasury Rate Interest Determination Date will be the Bond Equivalent Yield of the auction rate for those Treasury bills as announced by the United States Department of the Treasury, or

(4) if the United States Treasury bills of the Index Maturity are not auctioned during any period of seven consecutive calendar days ending on and including any Friday and a Treasury Rate Interest Determination Date would have occurred if such Treasury bills had been auctioned during that seven-day period, a Treasury Rate Interest Determination Date will be deemed to have occurred on the day during that seven-day period on which such Treasury bills would have been auctioned in accordance with the usual practices of the United States Department of the Treasury, and the Treasury Rate for that Treasury Rate Interest Determination Date will be calculated by the Calculation Agent as the Bond Equivalent Yield of the arithmetic

mean of the secondary market bid rates quoted to the Calculation Agent for the issue of United States Treasury bills with a remaining maturity closest to the Index Maturity, as of approximately 3:30 P.M., New York City time, on the relevant Calculation Date, by three primary United States government securities dealers in The City of New York, which may include affiliates of the Calculation Agent, selected by the Calculation Agent (after consultation with the Company), or so many of them as provides such a quotation to the Calculation Agent, and if none of the dealers provides such a quotation, the Treasury Rate for the relevant Treasury Rate Interest Determination Date will be the Treasury Rate determined as provided above for the Treasury Rate Interest Determination Date during the preceding seven-day period for which the Treasury Rate may be determined as provided above.

The Calculation Agent will request each of such dealers to provide a quotation of its secondary market bid rate specified above.

"**Bond Equivalent Yield**" means, in respect of a Treasury bill with a maturity of six months or less for which the relevant rate is quoted on a bank discount basis, a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for the Treasury bill quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as applicable, and "M" refers to: if the Index Maturity approximately corresponds to the length of the period for which the Bond Equivalent Yield is being calculated, the actual number of days in that period, and, otherwise, the actual number of days in the period from and including the applicable Treasury Rate Interest Determination Date to, but excluding, the next following date scheduled to be a Treasury Rate Interest Determination Date for the Note.

Foreign Currency Notes

If any Note is not to be denominated in U.S. dollars, certain provisions with respect thereto (in addition to those relating to a Base Rate for Floating Rate Notes, as described above) will be set forth in the applicable Note and the related Pricing Supplement, which will specify the foreign currency, currencies or currency unit or units, including composite currencies, in which the principal, premium, if any, and interest with respect to such Note are to be paid, along with any other terms relating to the non-U.S. Dollar denominated Note. See "Material United States Federal Income Tax Considerations — U.S. Holders."

Indexed Notes

General

The Notes may be issued with the principal amount payable at maturity and/or interest, if any, to be determined with reference to the price or prices, or changes in the price or prices, of specified commodities or stocks or other securities, the exchange rate of one or more specified currencies relative to an indexed currency, or such other price, exchange rate or formula as is set forth in the applicable Pricing Supplement and the related Note (each, an "**Indexed Note**").

Investment Considerations

An investment in Indexed Notes, as to principal or interest or both, indexed to one or more values of currencies (including exchange rates between currencies), commodities, securities or interest rate indices entails significant economic risks that are not associated with similar investments in a conventional fixed-rate debt security and may be subject to extraordinary tax treatment. See "Material United States Federal Income Tax Considerations — U.S. Holders — Indexed Notes and Notes with Contingent Payments." If the interest rate of such a Note is so indexed, it may result in an interest rate that is less than that payable on a conventional fixed-rate debt security issued at the same time, including the possibility that no interest will be paid, and, if the principal amount of such a Note is so indexed, the principal amount payable at maturity may be less than the original purchase price of such Note if allowed pursuant to the terms of such Note, including the possibility that no principal will be paid. The secondary market for such Notes will be affected by a number of factors, independent of the creditworthiness of the Company and the value of the applicable currency, commodity, security or interest rate index, including the volatility of, or of the price or value of, the applicable currency, commodity, security or interest rate index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity, security or interest rate index will depend on a number of interrelated factors, including economic, financial and political events, over which the Company has no control. Additionally, if the formula used to determine the principal amount or interest payable with respect to such Notes contains a multiple or leverage factor, the effect of any change in the applicable currency, commodity, security or interest rate index will be increased. Historical experience relating to the relevant currencies, commodities, securities or interest rate indices and their values should not be taken as an indication of future performance or values of

such currencies, commodities, securities or interest rate indices during the term of any Note. The particular economic and tax risks associated with the issuance of Indexed Notes will be set forth in the related Pricing Supplement.

Amortizing Notes

Fixed Rate Notes or Floating Rate Notes may be issued providing for level or graduated amortization of principal over the term of the related Note, rather than payment of principal at the stated maturity of such Note, as agreed to by the purchaser and the Company and specified in such Note and the related Pricing Supplement.

Reset Notes

The Pricing Supplement relating to each Note will indicate whether the Company has the option with respect to such Note to reset the interest rate, in the case of a Fixed Rate Note, or to reset the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, and, if so, (1) the date or dates on which such interest rate or such Spread and/or Spread Multiplier, as the case may be, may be reset, and (2) the formula, if any, for such resetting.

The Company may exercise such option with respect to a Note by notifying the Indenture Trustee of such exercise at least 45 but not more than 60 calendar days prior to an optional interest reset date for such Note. If the Company so notifies the Indenture Trustee of such exercise, the Indenture Trustee will send not later than 40 calendar days prior to such optional interest reset date, by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) to the holder of such Note a notice indicating (1) that the Company has elected to reset the interest rate, in the case of a Fixed Rate Note, or the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, (2) such new interest rate or such new Spread and/or Spread Multiplier, as the case may be, and (3) the provisions, if any, for redemption of such Note during the period from such optional interest reset date to the next optional interest reset date or, if there is no such next optional interest reset date, to the stated maturity of such Note, including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during such subsequent interest period.

Notwithstanding the foregoing, not later than 20 calendar days prior to an optional interest reset date for a Note, the Company may, at its option, revoke the interest rate, in the case of a Fixed Rate Note, or the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, provided for in the reset notice and establish a higher interest rate, in the case of a Fixed Rate Note, or a Spread and/or spread Multiplier resulting in a higher interest rate, in the case of a Floating Rate Note, for the subsequent interest period commencing on such optional interest reset date by causing the Indenture Trustee to send by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) notice of such higher interest rate or Spread and/or Spread Multiplier resulting in a higher interest rate, as the case may be, to the holder of such Note. Such notice will be irrevocable. All Notes with respect to which the interest rate or Spread and/or Spread Multiplier is reset on an optional interest reset date to a higher interest rate or Spread and/or Spread Multiplier resulting in a higher interest rate will bear such higher interest rate, in the case of a Fixed Rate Note, or Spread and/or Spread Multiplier resulting in a higher interest rate, in the case of a Floating Rate Note, whether or not tendered for repayment as provided in the next paragraph.

If the Company elects prior to an optional interest reset date to reset the interest rate or the Spread and/or Spread Multiplier of a Note, the holder of such Note will have the option to elect repayment of such Note, in whole, but not in part, by the Company on such optional interest reset date at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, such optional interest reset date. In order for a Note to be so repaid on an optional interest reset date, the holder thereof must follow the procedures set forth in the applicable Pricing Supplement for optional repayment, except that the period for delivery of such Note or notification to the Indenture Trustee will be at least 25 but not more than 35 calendar days prior to such optional interest reset date. A holder who has tendered a Note for repayment following receipt of a reset notice may revoke such tender for repayment by written notice to the Indenture Trustee received prior to 5:00 P.M., New York City time, on the tenth calendar day prior to such optional interest reset date.

Extension of Maturity Date

The Pricing Supplement relating to each Note will indicate whether the Company has the option to extend the stated Maturity Date of such note for one or more periods of from one to five whole years up to, but not beyond, the final Maturity Date specified in such Pricing Supplement.

The Company may exercise its option to extend the stated Maturity Date with respect to a Note by notifying the Indenture Trustee of such exercise at least 45 but not more than 60 calendar days prior to the current stated Maturity Date of such Note (including, if such stated Maturity Date has previously been extended, the stated maturity as previously extended) in effect prior to the exercise of such option. If the Company so notifies the Indenture Trustee of such exercise, the Indenture Trustee will send not later than 40 calendar days prior to the current stated Maturity Date, by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) to the holder of such Note a notice relating to such extension, indicating (1) that the Company has elected to extend the stated

maturity of such Note, (2) the new stated Maturity Date, (3) in the case of a Fixed Rate Note, the interest rate applicable to the extension period or, in the case of a Floating Rate Note, the Spread and/or Spread Multiplier applicable to the extension period, and (4) the provisions, if any, for redemption of such Note during the extension period, including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the extension period. Upon the sending by the Indenture Trustee of an extension notice to the holder of a Note, the stated maturity of such Note will be extended automatically, and, except as modified by the extension notice and as described in the next two paragraphs, such Note will have the same terms as prior to the sending of such extension notice.

Notwithstanding the foregoing, not later than 20 calendar days prior to the current stated Maturity Date for a Note, the Company may, at its option, revoke the interest rate, in the case of a Fixed Rate Note, or the Spread and/or Spread Multiplier, in the case of a Floating Rate Note, provided for in the applicable extension notice and establish a higher interest rate, in the case of a Fixed Rate Note, or a Spread and/or Spread Multiplier resulting in a higher interest rate, in the case of a Floating Rate Note, for the extension period by causing the Indenture Trustee to send by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) notice of such higher interest rate or Spread and/or Spread Multiplier resulting in a higher interest rate, as the case may be, to the holder of such Note. Such notice will be irrevocable. All Notes with respect to which the stated maturity is extended will bear such higher interest rate, in the case of a Fixed Rate Note, or Spread and/or Spread Multiplier resulting in a higher interest rate, in the case of a Floating Rate Note, for the extension period, whether or not tendered for repayment as provided in the next paragraph.

If the Company extends the stated maturity of a Note (including, if such stated maturity has previously been extended, the stated maturity as previously extended), the holder of such Note will have the option to elect repayment of such Note, in whole, but not in part, by the Company on the current stated Maturity Date (including the last day of the then current extension period, if any) at a price equal to the principal amount thereof, plus accrued and unpaid interest to, but excluding, such date. In order for a Note to be so repaid on the current stated Maturity Date, the holder thereof must follow the procedures set forth in the applicable Pricing Supplement, except that the period for delivery of such Note or notification to the Indenture Trustee will be at least 25 but not more than 35 calendar days prior to the current stated Maturity Date. A holder who has tendered a Note for repayment following receipt of an extension notice may revoke such tender for repayment by written notice to the Indenture Trustee received prior to 5:00 P.M., New York City time, on the tenth calendar day prior to the current stated Maturity Date.

Renewable Notes

The applicable Pricing Supplement will indicate whether a Note (other than an amortizing Note) will mature at its current stated Maturity Date unless the term of all or any portion of any such Note is renewed by the holder in accordance with the procedures described in such Pricing Supplement.

Combination of Provisions

If so specified in the applicable Pricing Supplement, any Note may be subject to all of the provisions, or any combination of the provisions, described above under "— Reset Notes," "— Extension of Maturity Date" and "— Renewable Notes."

Original Issue Discount; Zero Coupon Notes

Notes may be issued at a price less than their stated redemption price at maturity, resulting in the Notes being treated as issued with original issue discount for U.S. federal income tax purposes. Such discounted Notes may currently pay no interest or interest at a rate that at the time of issuance is below market rate and such Notes may provide that upon redemption or repayment prior to their stated maturity or upon acceleration of the maturity of such Notes, an amount less than the stated principal amount thereof shall become due and payable. If Notes are issued with original issue discount for U.S. federal income tax purposes, holders of such Notes will be required to include the amount of original issue discount in income in accordance with applicable provisions of the Code (as defined herein), and the Treasury regulations promulgated thereunder. See "Material United States Federal Income Tax Considerations — U.S. Holders — Notes with Original Issue Discount." Special federal income tax and other considerations applicable to any such discounted Notes may be described in the related Pricing Supplement.

Form, Denomination, Transfer and Exchange; Book-Entry Registration

General

Notes being offered and sold within the United States or otherwise to U.S. persons (as defined in Regulation S under the Securities Act) are being offered and sold only to qualified institutional buyers in reliance on Rule 144A. We refer to these Notes as the "**Rule 144A Notes**." Notes are also being offered and sold to non-U.S. persons in offshore transactions in reliance on Regulation S. We refer to these Notes as the "**Regulation S Notes**." Rule 144A Notes initially will be represented by one or more securities in registered, global form, without interest coupons, collectively referred to as the "**Rule 144A Global Notes**." Regulation S Notes initially will be

represented by one or more temporary securities in registered, global form, without interest coupons (collectively, the "**Temporary Regulation S Global Notes**"). Each Temporary Regulation S Global Note will, as described below, be exchangeable for one or more securities in registered, global form, without interest coupons (collectively, the "**Permanent Regulation S Global Notes**" and, together with the Temporary Regulation S Global Notes, the "**Regulation S Global Notes**" and, the Regulation S Global Notes together with the Rule 144A Global Notes, collectively the "**Global Notes**"). Global Notes will be deposited upon issuance with the Indenture Trustee as custodian for DTC and registered in the name Cede & Co. (or another nominee of DTC) as nominee for DTC, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Prior to the expiration of the "40-day distribution compliance period," as described below, beneficial interests in the Temporary Regulation S Global Notes may be held only through Euroclear and Clearstream (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Each Temporary Regulation S Global Note will be exchangeable for a Permanent Regulation S Global Note after the expiration of the "**40-day distribution compliance period**," as described below, and in accordance with the certifications required by Regulation S. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time, except in the limited circumstances described below. See "— Exchanges between Regulation S Notes and Rule 144A Notes."

"**40-day distribution compliance period**" means 40 days after the later of the commencement of this offering and the date the applicable Notes were originally issued.

Except as set forth below, Global Notes may be transferred, in whole, but not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form, except in the limited circumstances described below. See "— Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of Notes in certificated form. See "— Exchange of Global Notes for Certificated Notes." Rule 144A Notes (including beneficial interests in Rule 144A Global Notes) and Regulation S Notes (including beneficial interests in Regulation S Global Notes) will be subject to certain restrictions on transfer. Rule 144A Notes (including Rule 144A Global Notes) and Regulation S Notes (including Regulation S Global Notes) will bear a restrictive legend as described under "Transfer Restrictions." In addition, transfers of beneficial interests in Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream, which may change from time to time).

Notes will be denominated and payable in U.S. dollars (or one or more foreign currencies as shall be set forth in the applicable Note and the related Pricing Supplement) and issued in fully registered form, without coupons, in minimum denominations of U.S. $2,000 and in integral multiples of U.S. $1,000 in excess thereof (or the equivalent amount in one or more foreign currencies as shall be set forth in the applicable Note and the related Pricing Supplement). Notwithstanding the foregoing, Notes which have a maturity of less than one year from their date of issue and in respect of which the issue proceeds are to be received by the Company in the United Kingdom will have a minimum denomination and redemption value of £100,000 (or its equivalent in other currencies).

Upon issuance of a Global Note in respect of one or more Notes in book-entry form ("**Book-Entry Notes**"), DTC, or its nominee, will credit the accounts of persons that hold accounts with DTC ("**Participants**") as designated by the Agents or other agent or the Company in respect of such Notes. Ownership of beneficial interests in a Global Note will be limited to Participants, including Euroclear and Clearstream or persons that may hold interests through Participants. Ownership of beneficial interests by Participants in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC for such Global Note. Ownership of beneficial interests in such Global Note by persons that hold through Participants will be shown on, and the transfer of that ownership interest within such Participant will be effected only through, records maintained by such Participant. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form.

Payment of principal, premium, if any, and interest on Book-Entry Notes represented by any Global Note will be made to DTC or its nominee, as the case may be, as the sole registered owner and the sole registered holder of the Global Note representing such Book-Entry Notes. The Company, the Indenture Trustee and their respective agents will not have any responsibility or liability for any aspect of DTC's records relating to or payments made on account of beneficial ownership interests in a Global Note representing any Book-Entry Notes or for maintaining, supervising or reviewing any of DTC's records relating to such beneficial ownership interests.

The Company has been advised by DTC that redemption proceeds and distributions on any Global Note will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit the accounts of Direct Participants (as defined below), upon DTC's receipt of funds and corresponding detail information from the Company or the Agents on the date payable in accordance with their respective holdings shown on DTC's records. Payment by Participants to owners of beneficial interests in a Global Note will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agents, the Indenture Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Company or the Agents, disbursement of such payments to Direct

Participants shall be the responsibility of DTC, and disbursement of such payments to the owner of beneficial interests in a Global Note shall be the responsibility of Direct Participants and Indirect Participants (as defined below).

A Global Note may not be transferred, except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor of DTC or a nominee of such successor. A Global Note representing Book-Entry Notes is exchangeable only if DTC notifies the Company that it is unwilling or unable to continue as depository in respect of such Global Note or if at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and a successor depository is not appointed by the Company within 60 days. Any Global Note that is exchangeable pursuant to the preceding sentence shall be exchangeable for Notes in definitive form issuable in denominations of U.S. $2,000 and in integral multiples of U.S. $1,000 in excess thereof (or the equivalent amount in one or more foreign currencies as shall be set forth in the applicable Note and the related Pricing Supplement) and registered in such names as DTC or another depository holding such Global Note shall direct. Subject to the foregoing, the Global Note is not exchangeable, except for a Global Note of like denomination to be registered in the name of DTC or its nominee.

So long as DTC, or its nominee, is the registered owner of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner and registered holder of the Book-Entry Notes represented by such Global Note for the purposes of receiving payments of principal, premium, if any, and interest on such Book-Entry Notes, receiving notices and for all other purposes under the Indenture and such Notes. Beneficial interests in such Global Note will be evidenced only by, and the transfer thereof will be effected only through, records maintained by DTC and its Participants. Except as provided above, owners of beneficial interests in a Global Note will not be entitled to be and will not be considered the holders thereof for any purpose. Accordingly, each person owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interest, to exercise any rights of a registered holder under the Notes.

DTC, Clearstream and Euroclear

DTC has advised the Company as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a financial market utility designated as systemically important by the Financial Stability Oversight Council, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is indirectly owned by a number of its Direct Participants and by NYSE Euronext and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The rules applicable to DTC and its Direct Participants and Indirect Participants are on file with the SEC.

Purchasers in Europe may hold their interests in a Global Note directly through Euroclear or Clearstream, or indirectly through organizations that are participants in Euroclear or Clearstream. Euroclear and Clearstream will hold interests in a Global Note on behalf of their participants through DTC. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Clearstream and Euroclear have provided us with the following information:

Clearstream is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations ("**Clearstream participants**") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector ("**Commission de Surveillance du Secteur Financier**"). Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the agents. Clearstream participants in the U.S. are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

Distributions with respect to Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream.

Euroclear was created in 1968 to hold securities for participants of Euroclear ("**Euroclear participants**") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear performs various other services, including securities lending and borrowing and interacts with domestic markets in several countries. Euroclear is operated by Euroclear Bank SA/NV (the "**Euroclear operator**") under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not Euroclear plc. Euroclear plc establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear operator is a Belgian bank, regulated by the National Bank of Belgium and the Belgian Financial Services and Markets Authority. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of the Euroclear System, and applicable Belgian law (collectively, the "**terms and conditions**"). The terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depositary for Euroclear.

Euroclear has further advised the Company that investors that acquire, hold and transfer interests in the Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities certificates.

Although DTC, Euroclear and Clearstream have acknowledged the foregoing procedures, they are under no obligation to perform or continue to perform these procedures, and the procedures may be discontinued at any time. None of the Company nor the Indenture Trustee will have any responsibility for the performance by DTC or its Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg has been obtained from sources that the Company believe to be reliable, but the Company takes no responsibility for the accuracy of this information.

Exchanges Between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the 40-day distribution compliance period, Regulation S Notes (including beneficial interests in the Regulation S Global Notes) may be exchanged for Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) only if:

- such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and
- the transferor first delivers to the Indenture Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:
- whom the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;
- purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and
- in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Rule 144A Notes (including beneficial interests in a Rule 144A Global Note) may be transferred to a person who takes delivery in the form of an interest in a Regulation S Note (including a beneficial interest in a Regulation S Global Note), whether before or after the expiration of the 40-day distribution compliance period, only if, the transferor first delivers to the Indenture Trustee a written certificate (in the applicable form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the 40-day distribution

compliance period, the Note (including beneficial interests therein) transferred will be held immediately thereafter until the expiration of the 40-day distribution compliance period through Euroclear or Clearstream.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in Rule 144A Global Notes and Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither we, the Indenture Trustee, nor any of our or their agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Notes prior to the expiration of the 40-day distribution compliance period.

Exchange of Global Notes for Certificated Notes

In a few special situations, the Global Notes will terminate and interests in them will be exchanged for physical certificates representing the Notes. After that exchange, the choice of whether to hold the Notes directly or in street name will be up to the investor, subject to certain matters in the discretion of DTC as described below. Investors must consult their own bank or brokers to find out how to have their interests in the Notes transferred to their own name so that they will be direct holders.

The special situations for termination of the Global Notes are:

- When DTC notifies us that it is unwilling, unable or no longer qualified to continue as depositary.

- When an event of default on the Notes has occurred and has not been cured. Defaults are discussed below under "— Default and Related Matters — Events of Default."

In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC, as the depositary (in accordance with its customary procedures), and will bear the applicable restrictive legend referred to under the caption "Transfer Restrictions," unless that legend is not required by applicable law.

You may have certificated Notes broken into more notes of smaller denominations or combined into fewer notes of larger denominations, as long as the total principal amount is not changed and as long as the denomination of each Note remains at least $2,000. You may exchange or transfer certificated Notes at the office of the Indenture Trustee. The Indenture Trustee acts as our agent for registering certificated Notes in the names of holders and transferring the securities. We may change this appointment to another entity or perform the service ourselves. The entity performing the role of maintaining the list of registered holders is called the security registrar. It will also register transfers of the certificated Notes. You will not be required to pay a service charge to transfer or exchange the Notes, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange of such certificated Notes will only be made if the security registrar is satisfied with your proof of ownership.

We expect that new certificated Notes issued in the circumstances set forth above will be available within seven business days at the office of the Indenture Trustee and the office of any paying agent.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to us, and the security registrar, a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Transfer Restrictions."

Addenda

Provisions with respect to determination of a Base Rate, the specification of a Base Rate, calculation of the interest rate applicable to a Note, Interest Payment Dates or any other matter relating thereto may be modified by the terms as specified under "Other Provisions" on the face of the applicable Note or in an addendum relating to the applicable Note.

Covenants

Negative Pledge

The Notes will not be secured by any mortgage, pledge or other lien. Except as described in the next paragraph, so long as any of the Notes remains outstanding:

- we will not, directly or indirectly, create, incur or assume any mortgage, charge, lien, pledge or other security interest, collectively referred to as "security interests," on or with respect to any revenues (including any uncalled capital) or property or assets now owned or hereafter acquired securing any relevant indebtedness; and

- we will not permit any of our majority-owned subsidiaries to, directly or indirectly, create, incur or assume any security interest upon, or with respect to any revenues (including any uncalled capital) or property or assets now owned or hereafter acquired securing any relevant indebtedness,

unless the Notes are secured by the security interest equally and ratably with the relevant indebtedness. Relevant indebtedness means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) evidenced by notes, bonds, debentures or similar instruments given in connection with the acquisition of any property or assets, including securities, or for any borrowed money and (ii) any guarantee in respect of any such indebtedness.

This covenant will not apply to liens securing the relevant indebtedness that do not, in the aggregate at any one time outstanding, exceed 10% of our Consolidated Net Tangible Assets (as defined below) and also will not apply to:

- any lien or charge on any receivables and related property which may arise as a result of a transaction involving a transfer of receivables and related property to a wholly-owned entity that issues ABS obligations backed by such receivables and related property and such ABS obligations are nonrecourse to us or any majority-owned subsidiary other than an Excluded Subsidiary;

- any lien securing our performance of any contract or undertaking not directly or indirectly in connection with the borrowing of money, obtaining advances or credit, or the securing of debt, if made and continuing in the ordinary course of business;

- any lien or charge, on any of our property (whether tangible or intangible, real or personal), that exists at the time the property is acquired or constructed (which includes an acquisition through merger or consolidation) other than liens created in contemplation of such acquisition or construction, or that is given to secure either the payment of all or any part of the purchase, construction or improvement price of the property, or any indebtedness incurred prior to, at the time of or within 180 days after the property is acquired or its construction or improvement is completed for the purpose of financing all or any part of its purchase, construction or improvement price;

- any lien to secure payment obligations with respect to the following transactions if entered into for hedging and not speculative purposes: rate swap transactions, swap options, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, credit protection transactions, credit swaps, credit default swaps, credit default options, total return swaps, credit spread transactions, repurchase transactions, reverse repurchase transactions, buy/sell-back transactions, securities lending transactions, weather index transactions, or forward purchases or sales of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions), or similar transactions;

- liens in favor of us or a consolidated subsidiary that is, directly or indirectly, wholly owned by us;

- liens existing on the date of the Indenture;

- the pledge of receivables payable in currencies other than U.S. dollars to secure borrowings in countries other than the United States, or the pledge, lien or deposit of cash, securities or receivables for the purpose of securing banking accommodations, or as the basis for the issuance of bankers' acceptances, or in aid of other similar borrowing arrangements in connection with the exporting of goods between (or the marketing of goods in) countries other than the United States;

- bankers' lien or rights of offset;

- liens for taxes not yet subject to penalties for nonpayment or contest;

- carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 60 days or are being contested in good faith;

- pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

- any extension, renewal or replacement of any lien, charge or pledge referred to above, provided the amount secured is not increased, and it relates to the same property; or

- liens securing our obligations under the Participation and Indemnification Agreement, dated September 17, 2008, among the creditor party thereto, Nissan Preferred Funding LLC, NNA and us, as it may be amended, modified, supplemented, restated, replaced or refinanced from time to time.

"**ABS obligation**" means any security or other obligation that is (i) issued by a trust or entity created for the special purpose of issuing such security or obligation (regardless of whether it may also issue others of the same or another class or series), (ii) secured by specific assets transferred directly or indirectly to such trust or entity by us or a majority-owned subsidiary in connection with the issuance of such security or obligation, and (iii) payable by its terms solely from specified assets (including such security) of such trust or entity and, if applicable, specified third-party credit support.

"**Consolidated Net Tangible Assets**" means the aggregate amount of our consolidated assets (less applicable reserves and other properly deductible items), after deducting therefrom (i) all current liabilities and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles all as set forth on our most recent audited consolidated balance sheet.

"**Excluded Subsidiary**" means a trust or entity wholly-owned by us or any majority-owned subsidiary (other than an Excluded Subsidiary) and created for the special purpose of issuing ABS obligations which are nonrecourse to us or any of our majority-owned subsidiaries other than an Excluded Subsidiary.

"**Nonrecourse**" in respect of us, any of our majority-owned subsidiaries and any ABS obligation means that the obligation is payable without recourse to us or any majority-owned subsidiary (other than an Excluded Subsidiary) in respect of any payment due on such ABS obligation and the holders thereof have so agreed (or are deemed to have so agreed by acquiring such ABS obligation).

Reports to Holders of the Notes

The Indenture provides that we will file with the Indenture Trustee, within 90 days after the end of each fiscal year, an audited consolidated balance sheet and an audited consolidated statement of income, changes in shareholder's equity and cash flows for that fiscal year. These financial statements will set forth, in comparative form and in reasonable detail, the figures for the previous fiscal year. We will not be required to file with the Indenture Trustee any financial statements on a more frequent basis.

Delivery of Rule 144A Information

The Indenture provides that, so long as the Notes remain outstanding and the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or is not complying with the reporting requirements thereof, the Company will prepare and will furnish to any holder of Notes, any beneficial owner of Notes (including, without limitation, any owner of a beneficial interest in a Global Note) and any prospective purchaser or other prospective transferee of Notes designated by a holder or a beneficial owner of Notes, promptly upon request and at the expense of the Company, the financial statements and other information specified in Rule 144A(d)(4) (or any successor provision thereto) under the Securities Act (collectively, the "**Rule 144A Information**"), in each case whether or not such Notes are "restricted securities" within the meaning of Rule 144 (or any successor provision thereto) under the Securities Act and whether or not such request is being made in connection with any sale or transfer of Notes.

Mergers and Similar Events

The Indenture provides that we may consolidate with, or sell, lease or convey all or substantially all of our assets to, or merge with or into, any other corporation, provided that:

- either we are the continuing corporation, or the successor corporation is a corporation organized and existing under the laws of the United States or any state thereof and expressly assumes, by a supplemental Indenture, executed and delivered to the Indenture Trustee, in form satisfactory to the Indenture Trustee, all of our obligations under the Notes and the Indenture;

- immediately after such merger, consolidation, sale, lease or conveyance, no event of default or event which, after notice or lapse of time, would become an event of default, shall have occurred and be continuing; and

- we or the successor corporation delivers to the Indenture Trustee an officer's certificate and an opinion of counsel as conclusive evidence that any such consolidation, merger, sale, lease or conveyance and any such assumption through supplemental Indenture comply with the provisions of the Indenture.

Default and Related Matters

You will have special rights if an event of default occurs and is not cured, as described in this subsection.

Events of Default

The term "**event of default**" means with respect to the Notes any of the following:

- default in the payment of principal or any premium when due;

- default in the payment of interest when due and continuation of the default for 30 days;

- default in the performance of or breach of any of our obligations set forth under "— Mergers and Similar Events";

- default in the performance of or breach of any of our other obligations or warranties under the Indenture or the Notes which continues for 60 days;

- certain events of bankruptcy, insolvency or reorganization of us or one of our subsidiaries (other than Excluded Subsidiaries);

- our indebtedness or indebtedness of one of our subsidiaries (other than an Excluded Subsidiary) in principal amount of at least US $50,000,000 (or its equivalent in any other currency), other than indebtedness of any majority-owned subsidiary organized under the laws of Mexico that is guaranteed by us so long as we are paying such indebtedness under the terms of such guarantee, is accelerated by reason of a default or there has been a failure to pay such indebtedness at maturity, if that indebtedness is not discharged or the acceleration is not annulled within 10 days after written notice; provided that, this clause shall be null and void and shall have no force and effect with respect to future accelerations by reason of a default or future failures to pay indebtedness at maturity, in each case that are contemplated by this clause, if either: (1) our senior unsecured long-term credit rating is equivalent to or greater than A- (or the equivalent rating from any Successor Rating Agency (as defined below)) from S&P (or its successors) and equivalent to or greater than A3 (or the equivalent rating from any Successor Rating Agency) from Moody's (or its successors) or (2) our senior unsecured long-term credit rating is equivalent to or greater than A (or the equivalent rating from any Successor Rating Agency) from S&P (or its successors) or equivalent to or greater than A2 (or the equivalent rating from any Successor Rating Agency) from Moody's (or its successors); provided further, that this clause shall be reinstated if, at any time after our senior unsecured long-term credit rating has been adjusted upward as contemplated in the immediately preceding proviso, our senior unsecured long-term credit rating is subsequently adjusted downward so that either: (1) our senior unsecured long-term credit rating is equivalent to or less than BBB (or the equivalent rating from any Successor Rating Agency) from S&P (or its successors) and equivalent to or less than Baa2 (or the equivalent rating from any Successor Rating Agency) from Moody's (or its successors) or (2) our senior unsecured long-term credit rating is equivalent to or less than BBB- (or the equivalent rating from any Successor Rating Agency) from S&P (or its successors) or equivalent to or less than Baa3 (or the equivalent rating from any Successor Rating Agency) from Moody's (or its successors); provided further, that this clause also shall be reinstated if, at any time after our senior unsecured long-term credit rating has been adjusted upward as contemplated in the first proviso of this clause, either S&P (or its successors) or Moody's (or its successors) has ceased to provide a senior unsecured long-term credit rating of us and we have not appointed a Successor Rating Agency with respect to such entity that has ceased to provide a senior unsecured long-term credit rating of us within 90 days of the date of such event; provided further, that, upon reinstatement, this clause will apply to any such acceleration by reason of a default and any failure to pay such indebtedness at maturity, if that indebtedness is not discharged or the acceleration is not annulled within 10 days after written notice, regardless of whether such acceleration or failure to pay such indebtedness occurs prior or

subsequent to the reinstatement of this clause. "Successor Rating Agency" means a "nationally recognized statistical rating organization" as defined in Section 3(a)(62) of the Exchange Act that has been selected by us as a replacement agency for Moody's or S&P, as the case may be, after Moody's (or its successors) or S&P (or its successors), as the case may be, has ceased to provide a senior unsecured long-term credit rating of us;

- the keepwell agreement is not (or is claimed by either party to the agreement not to be) in full force and effect or is modified, amended or terminated in circumstances where such modification, amendment or termination would have a material adverse effect upon any holder of the Notes offered hereby or we waive, or fail to take all reasonable steps to exercise, any of our rights under the keepwell agreement or NML fails to perform or observe any obligation on its part under the keepwell agreement so as to affect materially and adversely the interests of any holder of the Notes offered hereby; or

- we cease to be a subsidiary of NML wholly owned and controlled, directly or indirectly, by it.

Remedies if an Event of Default Occurs

If an event of default, other than a bankruptcy or similar event of default, has occurred and has not been cured, the Indenture Trustee or the holders of at least 25% in principal amount of the Notes outstanding may declare the entire principal amount of, and any other amounts and accrued interest on, all the Notes to be due and immediately payable. This is called a declaration of acceleration of maturity. Under certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of the Notes. In a bankruptcy or similar event of default, the entire principal amount of and interest on all the Notes will automatically become due and immediately payable.

Except in cases of default, where the Indenture Trustee has some special duties, the Indenture Trustee is not required to take any action under the Indenture at the request of any holders unless the holders offer the Indenture Trustee reasonable protection from expenses and liability in the form of an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the Indenture Trustee. These majority holders may also direct the Indenture Trustee in performing any other action under the Indenture.

Before you bypass the Indenture Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

- you must give the Indenture Trustee written notice that an event of default has occurred and is continuing;

- the holders of at least 25% in principal amount of all outstanding Notes must make a written request that the Indenture Trustee take action because of the default, and must offer reasonable indemnity to the Indenture Trustee against the cost and other liabilities of taking that action; and

- the Indenture Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity and the Indenture Trustee must not have received an inconsistent direction from the holders of a majority in principal amount of all outstanding Notes during that period.

However, these limitations do not apply to a suit instituted by you for the enforcement of payment of the principal of or interest on a Note on or after the respective due dates.

DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account DTC has credited the interests in the global notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such participants have given such direction. However, if there is an event of default under the Notes, DTC reserves the right to exchange the global notes for notes in certificated form, and to distribute such notes to its participants.

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the Indenture Trustee and to make or cancel a declaration of acceleration.

We will furnish to the Indenture Trustee every year a written statement of certain of our officers stating that, to their knowledge, we are in compliance with the Indenture and the Notes, or else specifying any default.

Modification and Waiver

There are three types of changes we can make to the Indenture and the Notes:

Changes Requiring Your Approval

First, there are changes that cannot be made to the Notes without the approval of all the holders of the Notes, including your specific approval.

The following is a list of those types of changes:

- change the stated maturity of the principal, any premium or interest on with respect to, the Notes;
- reduce the principal amount of, or the rate of interest on with respect to, the Notes;
- reduce the amount of principal payable upon acceleration of the maturity of the Notes following a default;
- change the place or currency of payment on the Notes;
- impair your right to sue for payment;
- reduce the percentage of holders of the Notes whose consent is needed to modify or amend the Indenture;
- reduce the percentage of holders of Notes whose consent is needed to waive compliance with various provisions of the Indenture or to waive various defaults;
- modify any other aspect of the provisions dealing with modification and waiver of the Indenture, unless to increase any percentage vote required or to provide that additional provisions of the Indenture cannot be modified or waived without your consent; and
- modify or affect in any manner adverse to you our obligations that relate to payment of principal and interest.

Changes Requiring a Vote of a Majority of the Outstanding Notes

The second type of changes to the Indenture and the Notes is the kind that requires a vote in favor by holders of the Notes owning at least a majority of the principal amount of the Notes. Most changes fall into this category, except for clarifying changes, amendments, supplements and other changes that would not materially adversely affect holders of the Notes. The same majority vote would be required for us to obtain a waiver of all or part of the covenants described in this Offering Memorandum or a waiver of a past default. However, we cannot obtain a waiver of a payment default or any other aspect of the Indenture or the Notes listed in the first category described previously under "— Changes Requiring Your Approval" unless we obtain the approval of all the holders of the Notes, including your individual consent to the waiver.

Changes Not Requiring Approval

The third type of change does not require any vote or approval by holders of the Notes. This type is limited to clarifying changes, amendments, supplements and other changes that would not adversely affect holders of the Notes.

Further Details Concerning Voting

When taking a vote, we will use the following rules to decide how much principal amount to attribute to a Note:

- We will use the principal amount that would be due and payable on the voting date if the maturity of the Notes were accelerated to that date because of a default.
- We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the Indenture. In limited circumstances, the Indenture Trustee will be entitled to set a record date for action by holders. If we or the Indenture Trustee set a record date for a vote or other action to be taken by holders, that vote or action may be taken only by persons who are holders of outstanding Notes on the record date and must be taken within 180 days following the record date or another period that we may specify (or as

the Indenture Trustee may specify, if it sets the record date). We may shorten or lengthen (but not beyond 180 days) this period from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global notes representing the Notes. Under its usual procedure, DTC will mail an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Defeasance and Discharge; Covenant Defeasance

Under certain circumstances, we will be discharged from all our obligations with respect to the Notes (except for certain obligations to exchange or register the transfer of Notes, to replace stolen, lost or mutilated notes, to maintain paying agencies and to hold moneys for payment in trust), subject to the conditions precedent below. In addition, we may omit to comply with certain restrictive covenants, and the occurrence of certain events of default will be deemed not to be or result in an event of default, in each case with respect to the Notes, subject to the conditions below.

In either case, the defeasance provision will be subject to our depositing in trust for the benefit of the holders of the Notes money or U.S. government obligations, or both, that will provide money in an amount sufficient to pay the principal of and any premium and interest on the Notes on their stated maturity date in accordance with the terms of the Indenture and the Notes. We will also be required, among other things, to deliver to the Indenture Trustee an opinion of counsel stating that the deposit, defeasance and discharge will not have any U.S. federal income tax consequences to the holders of the Notes.

Governing Law

The Indenture and the Notes will provide that they shall be governed by, and interpreted in accordance with, the laws of the State of New York.

The Trustee

U.S. Bank National Association acts as the Indenture Trustee under the Indenture. The Indenture Trustee has two principal functions:

- First, it can enforce your rights against us if we default on the Notes. There are some limitations on the extent to which the Indenture Trustee acts on your behalf, described under "— Default and Related Matters — Remedies if an Event of Default Occurs" above, and

- Second, the Indenture Trustee performs administrative duties for us, such as sending you notices.

The Indenture Trustee may be required to resign as trustee under the Indenture and we would be required to appoint a successor Indenture Trustee. In addition, the Indenture Trustee may resign at any time and the holders of a majority in aggregate principal amount of the Notes may remove the Indenture Trustee at any time. We may remove the Indenture Trustee if the Indenture Trustee becomes otherwise ineligible or incapable of acting as Indenture Trustee under the terms of the Indenture, or is adjudged insolvent or bankrupt. If the Indenture Trustee resigns or is removed, a successor trustee will be appointed in accordance with the terms of the indenture. We will give notice of any resignation, termination or appointment of the Indenture Trustee to the registered holders of the Notes.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been registered, and will not be registered, under the Securities Act or any other applicable securities laws, and the securities may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the Notes are being offered and sold only:

- to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A under the Securities Act; and
- to non-U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Each purchaser of Notes (other than the Agents in connection with the initial issuance and sale of Notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

- it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A or (b) a non-U.S. person that is outside the United States;
- it acknowledges that the Notes have not been registered under the Securities Act or with any notes regulatory authority of any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- it understands and agrees that Notes initially offered to qualified institutional buyers will be represented by one or more global Notes and that Notes offered outside the United States to non-U.S. persons in reliance on Regulation S will also be represented by one or more global Notes;
- it will not resell or otherwise transfer any of such Notes except (a) to the Issuer, (b) to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States to non-U.S. persons in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act;
- it agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes;
- it acknowledges that prior to any proposed transfer of Notes (other than pursuant to an effective registration statement) the holder of such Notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture;
- it is either (a) not acquiring or holding a Note (or a beneficial interest therein) with the assets of an "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), or any entity deemed to hold "plan assets" of the foregoing (each, a "Benefit Plan Investor"), or any other employee benefit plan or entity that is subject to any law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("Similar Law"), or (b) the acquisition and holding of the Note (or a beneficial interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law;
- it acknowledges that the trustee, registrar or transfer agent for the Notes will not be required to accept for registration transfer of any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with; and
- it acknowledges that we, the Agents and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it will promptly notify us and the Agents. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has

sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, and agreements on behalf of each account.

The following is the form of restrictive legend which will appear on the face of each global note, and which will be used to notify transferees of the foregoing restrictions on transfer. This legend can only be removed with our consent:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) TO NISSAN MOTOR ACCEPTANCE COMPANY LLC (THE "ISSUER") OR ANY OF ITS SUBSIDIARIES, (II) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (III) IN AN OFFSHORE TRANSACTION TO A NON-U.S. PERSON IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY ACQUIRING OR HOLDING THIS NOTE, AGREES THAT EITHER (I) IT IS NOT ACQUIRING OR HOLDING THIS NOTE WITH THE ASSETS OF AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY ENTITY DEEMED TO HOLD "PLAN ASSETS" OF THE FOREGOING, OR ANY OTHER EMPLOYEE BENEFIT PLAN OR ENTITY THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (II) THE ACQUISITION AND HOLDING OF THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ONLY WITH THE CONSENT OF THE ISSUER."

The following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER HEREOF, BY ACQUIRING OR HOLDING THIS NOTE, AGREES THAT EITHER (I) IT IS NOT ACQUIRING OR HOLDING THIS NOTE WITH THE ASSETS OF AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY ENTITY DEEMED TO HOLD "PLAN ASSETS" OF THE FOREGOING, OR ANY OTHER EMPLOYEE BENEFIT PLAN OR ENTITY THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (II) THE ACQUISITION AND HOLDING OF THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW. THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DAY ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THIS NOTE."

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

General

The following is a summary of certain U.S. federal income tax consequences of purchasing, holding and selling Notes. The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations (including proposed Treasury regulations) issued thereunder, Internal Revenue Service ("**IRS**") rulings and pronouncements and judicial decisions now in effect, all of which are subject to change, possibly with retroactive effect (which could result in U.S. federal income tax considerations different from those discussed below). Except where stated otherwise, this summary deals only with Notes held as capital assets by a "U.S. Holder" (as defined below).

We do not address all of the tax consequences that may be relevant to a U.S. Holder. We also do not address, except as stated below, any of the tax consequences to holders that are "Non-U.S. Holders" (as defined below) or to holders that may be subject to special tax treatment including banks, thrift institutions, real estate investment trusts, personal holding companies, regulated investment companies, insurance companies, tax exempt entities, persons that hold Notes in a "straddle" or as part of a "hedging," "integrated," "conversion" or "constructive sale" transaction, U.S. Holders whose "functional currency" is not the U.S. dollar, persons who are members of our "expanded group" or "modified expanded group" within the meaning of the Treasury regulations under Section 385 of the Code, accrual method taxpayers that file applicable financial statements (as described in Section 451(b) of the Code), and brokers and dealers in securities or currencies. Further, we do not address:

- all of the tax consequences applicable to Notes with special features, such as amortizing Notes, reset Notes, Notes with respect to which the Company has the option to extend the stated Maturity Date, or renewable Notes, which consequences would be discussed in the applicable Pricing Supplement;
- the U.S. federal income tax consequences to stockholders in, or partners or beneficiaries of, an entity that is a holder of Notes;
- the U.S. federal estate and gift tax, Medicare surtax on unearned income or alternative minimum tax consequences of the purchase, ownership or sale of Notes; or
- any state, local or foreign tax consequences of the purchase, ownership and sale of Notes.

Investors should seek advice from an independent tax advisor in determining the tax consequences to them of purchasing, holding and selling Notes, including the application to their particular circumstances of the tax considerations discussed above, as well as the application of state, local, foreign or other tax laws.

A U.S. Holder is a beneficial owner of Notes that is, for U.S. federal income tax purposes:

- a citizen or resident of the U.S.;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- a trust if (1) a U.S. court can exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person; or
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A Non-U.S. Holder is a beneficial owner of Notes other than a U.S. Holder or an entity treated as a partnership for U.S. federal tax purposes.

If an entity treated as a partnership for U.S. federal tax purposes holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in an entity treated as a partnership for U.S. federal tax purposes holding Notes, you should consult your own tax advisor.

U.S. Holders

Payments of Interest

Payments of qualified stated interest (as defined below) on a Note (other than amounts attributable to pre-acquisition accrued interest, if any, which will be treated as a return of capital) generally will be taxable to a U.S. Holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the U.S. Holder's regular method of accounting for tax purposes). A U.S. Holder that uses the cash method of accounting and that holds a Note denominated in a currency other than U.S. dollars (a "**foreign currency**") will be required to include in income the U.S. dollar value of the amount of interest income received by the U.S. Holder (determined as of the time that such payment is received), regardless of whether such payment in fact is received in U.S. dollars or converted into U.S. dollars. A U.S. Holder that uses the accrual method of accounting and that holds a Note denominated in a foreign currency will be required to include in income the U.S. dollar value of the amount of interest income that has accrued during an accrual period determined by translating such income at the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate of exchange for the partial period within the taxable year). However, a U.S. Holder that uses the accrual method of accounting may elect to (a) translate such income using the spot rate of exchange on the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, at the spot rate on the last day of the taxable year within such accrual period), or (b) if the last day of an accrual period is within five business days of the date of receipt or payment of the accrued interest, translate such interest using the spot rate on the date of receipt or payment. Such an election must be applied consistently by the U.S. Holder to all debt instruments from year to year and cannot be revoked without the consent of the IRS. The average rate of exchange for an accrual period is the simple average of the spot exchange rates for each business day of such period (or other average exchange rate for the period reasonably derived and consistently applied by the U.S. Holder). A U.S. Holder that uses the accrual method of accounting will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment if the amount of the payment in U.S. dollars received, or in the case of a U.S. Holder who elects to receive payment on the Notes in a foreign currency, the U.S. dollar value of the foreign currency payment determined by translating the payment at the spot rate on the date the payment is received, differs from the amount of interest previously accrued during the accrual period. This foreign currency gain or loss will be treated as ordinary income or loss and will generally be treated as U.S. source income or as an offset to U.S. source income, respectively.

Payments of Principal

A U.S. Holder of a Note denominated in a foreign currency will recognize foreign currency gain or loss, as the case may be, on the receipt of payments of principal on a Note, measured by the difference between the U.S. dollar value of the principal payment received (translated at the spot rate on the date such payment is received) and the U.S. dollar value of such amount translated at the spot rate in effect on the date such U.S. Holder acquired the Note.

Purchase, Sale, Redemption and Retirement of Notes

A U.S. Holder's tax basis in a Note generally will equal the cost of such Note to such holder, increased by any amounts included in income by the U.S. Holder as original issue discount or market discount and reduced by any amortized premium (each as described below) and any payments other than qualified stated interest (as defined below) made on such Note. In the case of a Note denominated in a foreign currency, the cost of such Note to a U.S. Holder will be the U.S. dollar value of the foreign currency purchase price determined on the date of purchase. In the case of a Note that is denominated in a foreign currency and is traded on an established securities market, a cash basis taxpayer (or, if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a U.S. Holder's tax basis in a Note in respect of foreign currency-denominated original issue discount, market discount and premium will be determined in the manner described below for such adjustments. The conversion of U.S. dollars to a foreign currency and the immediate use of that currency to purchase a Note generally will not result in taxable gain or loss for a U.S. Holder.

Upon the sale, exchange, redemption or retirement of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or retirement (less any accrued interest, which will be taxable as such) and the U.S. Holder's tax basis in the Note. With respect to the sale, exchange, redemption or retirement of a Note denominated in a foreign currency, the amount realized generally will be the U.S. dollar value of the payment received determined on (i) the date of receipt of payment in the case of a cash basis taxpayer and (ii) the date of the sale, exchange, redemption or retirement in the case of an accrual basis taxpayer. In the case of a Note that is denominated in a foreign currency and is traded on an established securities market, a cash basis taxpayer (or, if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the amount realized by translating the amount paid at the spot rate of exchange on the settlement date of sale. The election available to accrual basis U.S. Holders in respect of the purchase and sale of a Note denominated in a foreign currency that is traded on an established securities market must be applied consistently by the U.S. Holder to all debt instruments from year to year and cannot be revoked without the consent of the IRS.

Except as discussed below with respect to market discount, short-term OID Notes (as defined below) and foreign currency gain or loss, gain or loss recognized by a U.S. Holder on the sale, exchange, redemption or retirement of a Note generally will be capital gain or loss. In the case of a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for such Notes exceeds one year. A U.S. Holder generally may offset capital losses against capital gains, or, if such U.S. Holder is an individual and such capital losses exceed such capital gain, to a limited extent against ordinary income.

Notwithstanding the foregoing, gain or loss recognized by a U.S. Holder on the sale, exchange, redemption or retirement of a Note denominated in a foreign currency generally will be treated as ordinary income or loss and will generally be treated as U.S. source income or as an offset to U.S. source income, respectively, to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the U.S. Holder held such Note.

Notes with Original Issue Discount

U.S. Holders of Notes issued with original issue discount ("**OID Notes**") generally will be subject to the special rules for original issue discount obligations provided by the Code and the Treasury regulations issued thereunder (the "**OID Regulations**"). A Note will be considered to have been issued with original issue discount if such Note has a stated redemption price at maturity (as defined below) that exceeds its issue price (as defined below) by at least 0.25% of the stated redemption price at maturity multiplied by the number of complete years to the maturity for such Note (or in the case of Notes providing for payment of principal in installments, the weighted average maturity). If the stated redemption price at maturity of a Note exceeds its issue price by less than this amount, such Note will be considered to have de minimis original issue discount and will not be an OID Note. Holders of Notes with de minimis original issue discount generally will include the amount of original issue discount on the Notes in income, as capital gain, on a pro rata basis as principal payments are made on the Notes, unless the Holder makes a constant yield election (as defined below). U.S. Holders of OID Notes (including cash basis taxpayers) should be aware that, as described in greater detail below, they generally must include original issue discount in income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each U.S. Holder of an OID Note that matures more than one year from the date of issue, whether such U.S. Holder uses the cash or the accrual method of accounting for tax purposes, will be required to include in ordinary gross income the sum of the "daily portions" of original issue discount on that Note for all days during the taxable year that the U.S. Holder owns the Note. In addition, a U.S. Holder will be required to include any "qualified stated interest" (as defined below) on such a Note in gross income (as interest) under the U.S. Holder's regular method of accounting for tax purposes. The daily portions of original issue discount on an OID Note are determined by allocating to each day in any accrual period (generally any period of one year or less that is elected by a U.S. Holder, typically a period that ends or begins on a scheduled interest or principal payment date) a ratable portion of the original issue discount allocable to the accrual period. In the case of an initial holder, the amount of original issue discount on an OID Note allocable to each accrual period generally is determined by (i) multiplying the "adjusted issue price" (as defined below) of the Note at the beginning of the accrual period by the yield to maturity of the Note (adjusting the yield to take into account the length of the particular accrual period) and (ii) subtracting from that product the amount (if any) payable as "qualified stated interest" (as defined below) during that accrual period. The "**adjusted issue price**" of an OID Note at the beginning of any accrual period will be the sum of its issue price and the amount of original issue discount allocable to all prior accrual periods (without regard to any acquisition premium), reduced by the amount of all payments other than qualified stated interest payments (if any) made with respect to such Notes in all prior accrual periods. The "**issue price**" of a Note for this purpose generally is the first price at which a substantial amount of the Notes included in the particular issuance is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). "**Qualified stated interest**" is defined to include stated interest that is unconditionally payable in cash or in property (other than debt instruments of the Company) at least annually at a single fixed rate or, to the extent described below, at a variable rate if the Note is a variable rate debt instrument (as defined below). The "**stated redemption price at maturity**" of a Note is the sum of all payments provided by the terms of the Note, other than qualified stated interest payments.

If a portion of the initial purchase price of a Note is attributable to pre-issuance accrued interest, the first stated interest payment on the Note is to be made within one year of the Note's issue date, and the payment will equal or exceed the amount of pre-issuance accrued interest, then the U.S. Holder may elect to decrease the issue price of the Note by the amount of pre-issuance accrued interest. In that event, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the Note.

Under the OID Regulations, interest payments on a "variable rate debt instrument" may be considered qualified stated interest. For this purpose, a Note is a "**variable rate debt instrument**" if it is an instrument that (x) has an issue price that does not exceed the total noncontingent principal payments by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of such total noncontingent principal payments and the number of complete years to maturity of the Note (or in the case of Notes providing for payment of principal in installments, the weighted average maturity) and (ii) 15% of the total noncontingent principal payments; (y) provides for stated interest (compounded or paid at least annually) at the current value of (A) one or more qualified floating rates (as

defined below), (B) a single fixed rate followed by one or more qualified floating rates, (C) a single objective rate (as defined below), or (D) a single fixed rate and a single objective rate (as defined below) that is a qualified inverse floating rate (as defined below); and (z) does not provide for any principal payments that are contingent (disregarding any remote and incidental contingencies, within the meaning of applicable Treasury regulations).

If a Note that provides for a variable rate of interest does not qualify as a variable rate debt instrument, such Note would be a "**contingent payment debt instrument**" subject to rules set forth in the Treasury regulations that address the U.S. federal income tax treatment of such instruments. As noted under the caption "— Indexed Notes and Notes with Contingent Payments," a description of any material U.S. federal income tax considerations relevant to U.S. Holders of such Notes will be set forth in the applicable Pricing Supplement.

A "**qualified floating rate**" is a floating rate under which variations in the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated. A multiple of a qualified floating rate is not a qualified floating rate unless the relevant Spread Multiplier is (x) fixed at a number that is greater than 0.65 but not more than 1.35 or (y) fixed at a number that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. Notwithstanding the foregoing, stated interest on a Note that is subject to a maximum or minimum interest rate limitation (i.e., a cap or floor), a restriction on the amount of increase or decrease in such rate (i.e., a governor) or other similar restrictions generally will not be treated as a qualified floating rate. However, a restriction will not cause a variable rate to fail to be a qualified floating rate if it is a cap, floor or governor that is fixed throughout the term of the Note or is a cap, floor, governor or similar restriction that is not reasonably expected on the issue date to cause the yield on the Note to be significantly less than (in the case of a cap), significantly more than (in the case of a floor), or significantly different from (in the case of a governor), the expected yield determined without such cap, floor or governor, as the case may be. In addition, under the OID Regulations, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the variable rate note (e.g., two or more qualified floating rates with values within 25 basis points (i.e., 0.25%) of each other as determined on the Note's issue date) will be treated as a single qualified floating rate. An "**objective rate**" is a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information; provided, however, that an objective rate does not include a rate based on information that is within the control of the Company (or a related party within the meaning of the applicable statutory provisions) or that is unique to the circumstances of the Company (or a related party within the meaning of the applicable statutory provisions), such as dividends, profits or the value of the Company's stock; except that a rate based on the Company's credit quality does not fail to be an objective rate. A variable rate is not an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term. A "**qualified inverse floating rate**" is an objective rate (1) that is equal to a fixed rate minus a qualified floating rate and (2) the variations in which can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated. The OID Regulations also provide that if a debt instrument provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate and if the variable rate on the debt instrument's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points (i.e., 0.25%)), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

Under the OID Regulations, if a Note qualifies as a variable rate debt instrument that provides for interest at a single qualified floating rate or a single objective rate and that rate is unconditionally payable in cash or in property (other than debt instruments of the Company) at least annually, all of the interest is treated as qualified stated interest. Therefore, such a Note will not have original issue discount unless its stated principal amount exceeds the price at which it is issued by an amount that is greater than or equal to the de minimis amount. The accrual of original issue discount, if any, on such a Note is determined by assuming the Note bears interest at a fixed interest rate equal to the issue date value of the qualified floating rate or qualified inverse floating rate, or equal to the reasonably expected yield for the note in the case of any other objective rate. The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period. If a Note qualifying as a variable rate debt instrument provides for interest at more than a single qualified floating rate or a single objective rate, the rules for determining the amount and accrual of original issue discount and qualified stated interest on such a variable rate debt instrument provide for the conversion of such debt instrument into an equivalent fixed rate debt instrument and the application of the general rules regarding original issue discount to such debt instrument. The OID Regulations generally require that such a Note be converted into an equivalent fixed rate debt instrument by substituting any variable rate for the appropriate fixed rate substitute (as described above). Under such rules, the qualified stated interest allocable to an accrual period based on such assumed fixed rate is increased or decreased, as the case may be, if the interest actually paid during such accrual period exceeds, or is less than, the interest assumed to be paid during the accrual period based on such assumed fixed rate. If a Note qualifying as a variable rate debt instrument provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate (other than a Note described in the preceding paragraph that provides for stated interest at a fixed rate for an initial period), the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Note provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate

must be such that the fair market value of the Note as of the Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. After converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Note is then converted into an equivalent fixed rate debt instrument and subject to the general rules regarding original issue discount, as described above.

While each U.S. Holder of an OID Note that matures more than one year from the issue date will be required to accrue original issue discount income under a constant yield method, as described above, a taxpayer may also elect to include in gross income all interest that accrues on a debt instrument (including qualified stated interest, original issue discount, de minimis original issue discount, market discount (as defined below), de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium (as discussed below)) under a constant yield method (such election, a "**constant yield election**").

As a result of this "constant yield" method of including original issue discount income, the amounts so includible in income by a U.S. Holder in respect of an OID Note denominated in U.S. dollars are generally lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

In the case of an OID Note denominated in a foreign currency, a U.S. Holder should determine the U.S. dollar amount includible in income as original issue discount for each accrual period by (i) calculating the amount of original issue discount allocable to each accrual period in the foreign currency using the constant yield method described above, and (ii) translating the foreign currency amount so derived at the average exchange rate in effect during that accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate of exchange for the partial period within the taxable year) or, at the U.S. Holder's election, at the spot rate of exchange on (a) the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, at the spot rate on the last day of the taxable year within such accrual period), or (b) the day of receipt, if that date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a U.S. Holder of an OID Note denominated in a foreign currency may recognize a different amount of original issue discount income in each accrual period than would the holder of a similar OID Note denominated in U.S. dollars. Upon receipt of an amount attributable to original issue discount (whether in connection with a payment of interest or the sale or retirement of an OID Note), a U.S. Holder may recognize foreign currency gain or loss (treated as ordinary income or loss) in an amount equal to the difference between the amount of income received attributable to the original issue discount (translated into U.S. dollars at the spot rate on the date of receipt) and the amount of original issue discount previously accrued (as discussed above). For these purposes, all receipts on a Note will be viewed first, as the receipt of any qualified stated interest payments called for under the terms of the Note; second, as receipts of previously accrued original issue discount (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as the receipt of principal.

OID Notes that are subject to redemption prior to maturity may be subject to rules that differ from the general rules discussed above. U.S. Holders that intend to purchase OID Notes with such a feature should carefully examine the applicable Pricing Supplement and should consult with their own tax advisors with respect to such feature since the tax consequences with respect to original issue discount will depend, in part, on the particular terms and the particular features of the purchased Note.

A subsequent U.S. Holder of an OID Note that purchases the Note at a cost less than its stated redemption price at maturity also generally will be required to include in gross income the daily portions of original issue discount, calculated as described above. However, if the subsequent U.S. Holder acquires the OID Note at a lower yield to maturity than the yield of the Note for original issue discount purposes with respect to the initial holder of the Note (i.e., if the subsequent U.S. Holder has acquisition premium with respect to the Note), the subsequent U.S. Holder may reduce its periodic inclusions of original issue discount income to reflect the lower yield to maturity of the Note or make the constant yield election described above and compute original issue discount accruals by treating the purchase as a purchase at original issue and applying the mechanics of the constant yield method.

Short-term OID Notes

Under the OID Regulations, no payment of interest on a Note that matures one year or less from the date of its issuance (a "**short-term OID Note**") would be considered to be qualified stated interest. Therefore, any such Note would be considered to be issued with original issue discount. In general, a U.S. Holder that uses the cash method of accounting for tax purposes and that holds a short-term OID Note that matures one year or less from the date of its issuance is not required to accrue original issue discount for U.S. federal income tax purposes unless such U.S. Holder elects to do so. U.S. Holders that utilize the accrual method of accounting and certain other holders, including banks and dealers in securities, are required to include original issue discount (or, alternatively, acquisition discount) on such short-term OID Notes on a straight-line basis, unless an election is made to accrue the original issue discount according to a constant yield method based on daily compounding. A U.S. Holder that includes original issue discount on a short-term OID Note as it accrues is subject to the rules set forth above regarding foreign currency gains or losses on OID Notes. In the case of a U.S. Holder that is not required, and does not elect, to include original issue discount in income currently, any gain recognized on the sale, exchange, redemption or retirement of a short-term OID Note will be ordinary income to the extent of the original issue discount accrued on a straight-line basis (or, if elected, under the constant yield method) through the date of sale, exchange, redemption or retirement. In

addition, such non-electing U.S. Holder will be required to defer the deduction of all or a portion of any interest paid on indebtedness incurred to purchase or carry a short-term OID Note until such original issue discount is included in such U.S. Holder's income.

Premium and Market Discount

A U.S. Holder of a Note that purchases the Note at a cost greater than the sum of all amounts payable on the Note other than payments of qualified stated interest will be considered to have purchased the Note at a premium, and may make an election, applicable to all Notes held by such U.S. Holder, to amortize such premium, using a constant yield method, over the remaining term of the Note. Such election applies to all taxable debt instruments held by the U.S. Holder at the beginning of the first taxable year for which the election applies or thereafter acquired and is irrevocable without the consent of the IRS. The amount amortized in any year will be treated as a reduction of the U.S. Holder's interest income from the Note. The U.S. Holder's tax basis in such Notes will be reduced to the extent that amortizable premium is applied to offset interest payments. In the case of a Note denominated in a foreign currency purchased at a premium, a U.S. Holder should calculate the amortization of the premium in the relevant foreign currency and should reduce interest income by the amortizable bond premium in units of such foreign currency. A U.S. Holder should recognize foreign currency gain or loss (treated as ordinary income or loss) equal to the difference between the U.S. dollar value of the premium amortized with respect to a period, determined on the date the interest attributable to such period is received, and the U.S. dollar value of the premium determined on the date of the acquisition of the Note. A U.S. Holder that does not elect to amortize premium will translate the premium, computed in the applicable foreign currency, into U.S. dollars at the spot rate on the maturity date and such bond premium will constitute a capital loss.

If a U.S. Holder of a Note purchases a Note, other than a short-term OID Note, at a price that produces a yield to maturity higher than the yield to maturity at which such Note first was issued, the Note will be considered to bear "market discount" in the hands of such U.S. Holder unless the market discount is less than a specified de minimis amount. In such case, any partial principal payment (or, in the case of an OID Note, any payment other than a payment of qualified stated interest) or any gain realized by the U.S. Holder on the sale, exchange, redemption or retirement of the Note generally will be treated as ordinary income to the extent of the lesser of the amount of such payment or realized gain or the market discount that accrued on the Note while held by such U.S. Holder that was not previously included in income. Such U.S. Holder also could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or continued to purchase or carry the Note (unless the U.S. Holder elects to include such market discount in income as it accrues). Such election applies to all taxable debt instruments held by the U.S. Holder at the beginning of the first taxable year for which the election applies or thereafter acquired and is irrevocable without the consent of the IRS. The adjusted basis of a Note in the hands of a U.S. Holder subject to such election will be increased to reflect market discount included in gross income, thereby reducing any gain or increasing any loss on a sale or otherwise taxable disposition of the Note. In general, market discount on a Note will be treated as accruing ratably over the term of such Note, or, at the election of the U.S. Holder, under a constant yield method. With respect to Notes that are denominated in a foreign currency, the amount of market discount that accrues during any accrual period will be determined in the foreign currency and translated into U.S. dollars (i) at the spot rate of exchange on the date the Note is disposed of, or (ii) if the holder elects to include such market discount in income as it accrues, in the manner described above under the heading "—Payments of Interest," under the special rules describing the translation of income using the average rate of exchange for the accrual period. If a U.S. Holder elects to include market discount in income as it accrues, then upon the disposition or maturity of a Note and the receipt of an amount attributable to accrued market discount, such U.S. Holder will recognize foreign currency gain or loss (treated as ordinary income or loss) in the same manner as for original issue discount. A U.S. Holder that does not make the election to include market discount in income as it accrues will take into account, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate in effect on that date, and no part of the accrued market discount will be treated as foreign currency gain or loss.

Indexed Notes and Notes with Contingent Payments

The tax consequences to a U.S. Holder of an Indexed Note or a Note the payments under which are contingent will depend on factors including the specific index or indices used to determine payments on such Note and the amount and timing of any noncontingent payments on such Note. A description of any material U.S. federal income tax considerations relevant to U.S. Holders of Indexed Notes and Notes the payments under which are contingent will be set forth in the applicable Pricing Supplement.

Tax Return Disclosure Regulations

Pursuant to certain Treasury regulations (the "**Disclosure Regulations**"), any taxpayer that has participated in a "**reportable transaction**" and that is required to file a U.S. federal income tax return must generally attach a disclosure statement disclosing such taxpayer's participation in the reportable transaction to the taxpayer's tax return for each taxable year for which the taxpayer participates in the reportable transaction. A penalty in the amount of 75% of the decrease in tax shown on the return as a result of such transaction (or which would have resulted from such transaction if such transaction were respected for U.S. federal tax purposes) is imposed on any taxpayer that fails to file a reportable transaction disclosure statement. The maximum penalty is $200,000 ($100,000 for natural person) for failure to disclose a listed transaction, and $50,000 ($10,000 for natural person) for any other reportable transactions; whereas the

minimum penalty is $10,000 ($5,000 for natural person) for failure to disclose any reportable transactions. The Disclosure Regulations provide that, in addition to certain other transactions, a "**loss transaction**" constitutes a "**reportable transaction**." A "**loss transaction**" is any transaction resulting in the taxpayer claiming a loss under Section 165 of the Code in an amount equal to or in excess of certain threshold amounts. The Disclosure Regulations specifically provide that a loss resulting from a "**Section 988 transaction**" (as defined in Section 988(c)(1) of the Code relating to foreign currency transactions) will constitute a Section 165 loss. In the case of individuals or trusts, whether or not the loss flows through from an S corporation or partnership, if the loss arises with respect to a Section 988 transaction, the applicable threshold amount is $50,000 in any single taxable year. Higher threshold amounts apply depending upon the taxpayer's status as a corporation, partnership, or S corporation, as well as certain other factors. It is important to note, however, that the Disclosure Regulations provide that the fact that a transaction is a reportable transaction shall not affect the legal determination of whether the taxpayer's treatment of the transaction is proper. U.S. Holders should consult their own tax advisors concerning the potential application of the Disclosure Regulations to the Notes.

Non-U.S. Holders

Under current U.S. federal income tax law, subject to the discussion of backup withholding and FATCA below, payments of principal of, and interest (including original issue discount) on, any Note to a Non-U.S. Holder, other than (i) a "controlled foreign corporation" (as such term is defined in the Code) which is related to the Company through actual or constructive stock ownership, (ii) a person owning (actually or constructively) securities representing at least 10% of the total combined outstanding voting power of all classes of voting stock of the Company and (iii) a bank that acquires such Note in consideration of an extension of credit and pursuant to a loan agreement entered into in the ordinary course of its business, will generally not be subject to any United States withholding tax under the "portfolio interest exemption," provided that the certification requirement described below is satisfied or an exemption is otherwise established.

Under current law, the certification requirement will generally be satisfied in any of the following circumstances:

- if a Non-U.S. Holder provides the U.S. payor with a properly completed and duly executed IRS Form W-8BEN or W-8BEN-E (or a suitable successor or substitute form), as applicable, stating, among other things, that the Non-U.S. Holder is not a U.S. person; or

- if a Note is held through a securities clearing organization, bank or another financial institution that holds customers' securities in the ordinary course of its trade or business, (i) the Non-U.S. Holder provides such a form to such organization or institution, and (ii) such organization or institution, under penalty of perjury, certifies to the U.S. payor that it has received such statement from the beneficial owner or another intermediary and furnishes the U.S. payor with a copy thereof.

If the requirements of the portfolio interest exemption described above are not satisfied, a 30% withholding tax will generally apply to the gross amount of interest on the Notes that is paid to a Non-U.S. Holder, unless either: (a) an applicable income tax treaty reduces or eliminates such tax, and the Non-U.S. Holder claims the benefit of that treaty by providing a properly completed and duly executed IRS Form W-8BEN or W-8BEN-E (or a suitable successor or substitute form), as applicable, establishing qualification for benefits under the treaty, or (b) the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and the Non-U.S. Holder provides an appropriate statement to that effect on a properly completed and duly executed IRS Form W-8ECI (or suitable successor form).

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Note is effectively connected with the conduct of that trade or business, the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis (and the 30% withholding tax described above will not apply provided the appropriate statement is provided to us) generally in the same manner as a U.S. person. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the United States and its country of residence, any interest income that is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business will be subject to U.S. federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the Non-U.S. Holder in the United States provided the Non-U.S. Holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN or W-8BEN-E (or a suitable successor or substitute form), as applicable. In addition, a Non-U.S. Holder that is treated as a foreign corporation for U.S. federal income tax purposes may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States.

Any gain realized by a Non-U.S. Holder on the sale, exchange or retirement of a Note will not be subject to U.S. federal income tax, subject to the discussion of backup withholding and FATCA below, unless (x) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (y) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or retirement

and certain other conditions are met. If the first exception applies, the Non-U.S. Holder will generally be subject to U.S. federal income tax on the net gain derived from the sale, exchange or other disposition of the Notes in the same manner as a U.S. person. In addition, corporate Non-U.S. Holders may be subject to a 30% branch profits tax on any such effectively connected gain. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% on the amount by which its U.S.-source capital gains exceed its U.S.-source capital losses. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the United States and its country of residence, the U.S. federal income tax treatment of any such gain may be modified in the manner specified by the treaty.

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements apply in the case of certain non-corporate U.S. Holders with respect to certain payments of interest (including original issue discount) on a Note, and to the proceeds of the sale or retirement of a Note, unless, in the case of backup withholding, such U.S. Holder provides certain identifying information (generally on IRS Form W-9) or otherwise establishes an exemption from backup withholding. A Non-U.S. Holder will not be subject to any backup withholding or information reporting requirements if the beneficial owner of the Note or a financial institution holding the Note on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification (generally on an appropriate IRS Form W-8) to the U.S. payor and the U.S. payor does not have actual knowledge or reason to know that the certification is false. If provided by a beneficial owner, the certification must give the name and address of such owner, state that such owner is not a United States person, and be signed by the owner under penalties of perjury. If provided by a financial institution, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification (and include a copy of such certification), and be signed by an authorized representative of the financial institution under penalties of perjury. The holder may also be subject to penalties if it fails to properly provide the appropriate certification or other evidence of exemption from withholding. Notwithstanding the foregoing, income allocable to Non-U.S. Holders may be subject to annual tax reporting on IRS Form 1042-S. Any amounts deducted and withheld may be allowed as a credit against the beneficial owner's U.S. federal income tax liability, if any. If backup withholding results in an overpayment of taxes, the holder may obtain a refund.

The IRS will not require a financial institution to furnish it with the names of the beneficial owners of the Notes that are non-U.S. persons or a copy of such beneficial owners' certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to United States Treasury regulations addressing the withholding tax rules and has assumed primary withholding responsibility.

In the case of payments to foreign partnerships (other than payments to foreign partnerships that qualify as "withholding foreign partnerships" within the meaning of such United States Treasury regulations and payments to foreign partnerships of income that is effectively connected with the conduct of a trade or business in the United States), the partners of such partnerships will be required to provide the certification discussed above in order to establish an exemption from withholding tax, backup withholding and information reporting requirements. Moreover, a payor may rely on a certification provided by a Non-U.S. Holder only if such payor does not have actual knowledge or a reason to know that any information or certification stated in such certificate is unreliable. Further, if the payment of the proceeds of a sale of a Note is made to the beneficial owner thereof by the foreign office of a foreign "broker" (as defined in applicable United States Treasury regulations), backup withholding and information reporting generally will not apply, provided that such custodian, nominee, agent or broker (i) derives gross income less than 50% of which for the three-year period prior to payment is effectively connected with the conduct of a trade or business in the United States, (ii) is not a "controlled foreign corporation" and (iii) is not a foreign partnership (x) one or more of the partners of which, at any time during its tax year, are United States persons (as defined in Treasury regulations Section 1.1441-1(c)(2)) that, in the aggregate hold more than 50% of the income or capital interest in the partnership or (y) which, at any time during its tax year, is engaged in the conduct of a trade or business in the United States. If the broker is a United States person or a foreign person that does not meet any of the tests in the proviso of the preceding sentence, the payment by the foreign office of such broker of the proceeds of the sale of a Note will not be subject to backup withholding (unless the payor has actual knowledge that the payee is a United States person), but will be subject to information reporting if the broker has actual knowledge that the beneficial owner is a United States person, unless the beneficial owner otherwise establishes an exemption. Payments to or through the U.S. office of a broker generally will be subject to backup withholding and information reporting unless the Non-U.S. Holder establishes an exemption.

FATCA

Pursuant to Sections 1471 through 1474 of the Code and the Treasury regulations promulgated thereunder ("**FATCA**"), a 30% U.S. withholding tax may be imposed on payments of interest and on the gross proceeds from the sale or other taxable disposition of the Notes, made to non-U.S. financial institutions (whether as beneficial owners or intermediaries) and certain other non-U.S. non-financial entities that fail to comply with certain information reporting obligations. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest or principal payments on the Notes as a result of a holder's failure to comply with these rules or the presence in the payment chain of an intermediary that does not comply with these rules, no person would be required to pay

additional amounts as a result of the deduction or withholding of such tax. As a result, holders may receive less interest or principal than expected. Certain countries have entered into, and other countries are expected to enter into, agreements with the United States to facilitate the type of information reporting required under FATCA. While the existence of such agreements will not eliminate the risk that Notes will be subject to the withholding described above, these agreements are expected to reduce the risk of the withholding for investors in (or indirectly holding Notes through financial institutions in) those countries. Proposed Treasury regulations were recently published that eliminate withholding on payments of gross proceeds. Pursuant to the Proposed Treasury regulations, taxpayers may rely on this change to FATCA withholding until the final regulations are issued. Holders should consult their own tax advisors regarding FATCA and whether it may be relevant to their purchase, ownership and disposition of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Private Placement Agency Agreement, dated as of March 1, 2021 (the "**Private Placement Agency Agreement**"), between the Company and the Agents, the Notes are being offered from time to time for sale by the Company through one or more of the Agents named on the cover of this Offering Memorandum, or through one or more additional or other agents appointed by the Company from time to time, each of which has agreed to use its reasonable efforts to solicit offers to purchase the Notes. The applicable Pricing Supplement will discuss any variation in the plan of distribution therein.

The Company reserves the right, in its sole discretion, to withdraw, cancel or modify this program or any offer made hereby without notice and may reject orders in whole, or in part, whether placed directly with the Company or through one of the Agents. Each Agent will have the right, in its sole discretion, to reject any offer to purchase Notes solicited by it, in whole, or in part.

We will pay an Agent, in connection with sales of these Notes resulting from a solicitation that an Agent made or an offer to purchase that an Agent received, a commission as agreed between us and an Agent at the time of such sale. Actual commissions payable in respect of any sale of such Notes will be specified in the applicable pricing supplement.

Subject to the terms and conditions set forth in the Private Placement Agency Agreement and any related terms agreement, we may also sell these Notes to an Agent as principal for its own account at discounts to be agreed upon at the time of sale. That Agent may resell these Notes to investors and other purchasers subject to the restrictions described under "Transfer Restrictions" at a fixed offering price or at prevailing market prices, or prices related thereto at the time of resale or otherwise, as that Agent determines. The Notes will be sold to investors at par unless otherwise agreed upon by the purchaser and the Company and specified in the applicable Pricing Supplement. If the Company sells a Note at a discount to, or a premium over, its principal amount, the price to the investors will be as agreed between the Company and the relevant Agent and indicated on the cover page of the applicable Pricing Supplement.

An Agent may offer the Notes it has purchased as principal to other dealers. That Agent may sell the Notes to any dealer at a discount and, unless otherwise specified in the applicable pricing supplement, the discount allowed to any dealer will not be in excess of the discount that Agent will receive from us. After the initial public offering of Notes that an Agent is to resell on a fixed public offering price basis, the Agent may change the public offering price, concession and discount.

The Company may also sell the Notes directly to investors in those jurisdictions in which it is permitted to do so and to or through such other agents as the Company shall designate from time to time. No commission will be payable on Notes sold directly to investors by the Company. After the initial offering of Notes, the offering price and other selling terms may be changed.

Unless set forth in the applicable Pricing Supplement, settlement for sales of Notes will be made in immediately available funds in New York, New York, generally two business days after the sale date.

No Note will have an established trading market when issued. We do not intend to apply for the listing of the Notes on a national notes exchange. Each of the Agents may, from time to time, purchase and sell Notes in the secondary market, but none of the Agents are obligated to do so and may discontinue market-making at any time without notice.

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

Accordingly, in connection with sales outside the United States, each Agent has agreed that, except as permitted by the purchase agreement and set forth in the "Transfer Restrictions," it will not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the closing date, and it will have sent to each dealer to which it sells Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

In connection with this offering, the Agents may purchase and sell Notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves sales of Notes in excess of the principal amount of Notes to be purchased by the Agents in this offering, which creates a short position for the Agents. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the

market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Agents may conduct these transactions in the over-the-counter market or otherwise. If the Agents commence any of these transactions, they may discontinue them at any time.

The Agents also may impose a penalty bid. This occurs when a particular Agent repays to the Agents a portion of the underwriting discount received by it because the representatives have repurchased Notes sold by or for the account of such Agent in stabilizing or short covering transactions.

The Agents and their affiliates are full service financial institutions. Some of the Agents and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. We currently have loan commitments outstanding with certain of the Agents or their affiliates.

The Agents are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates (directly, as collateral securing other obligations or otherwise). If any of the Agents or their affiliates has a lending relationship with us, certain of those Agents or their affiliates have hedged and are likely in the future to hedge, and certain other of those Agents or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Agents and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes. The Agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. U.S. Bancorp Investments, Inc., one of the Agents, is an affiliate of the Indenture Trustee.

We have agreed to indemnify the several Agents against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Agents may be required to make because of any of those liabilities.

To the extent any Agent that is not a U.S. registered broker-dealer intends to effect any offers or sales of Notes in the United States, it will do so through one or more U.S. registered broker-dealers in accordance with the applicable U.S. securities laws and regulations, including regulations of FINRA.

Selling Restrictions

General. Each of the agents, severally and not jointly, has represented and agreed that it has not and will not offer, sell, or deliver any note, directly or indirectly, or distribute this Offering Memorandum, or any other offering material relating to any of the Notes, in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations and that will not impose any obligations on us except as set forth in the distribution agreement.

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment or supplement thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105),the Purchasing Agents are not required to comply with the disclosure requirements of NI 33-105 regarding the underwriter conflicts of interest in connection with any offering.

Prohibition of Sales to UK Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or

(iii) not a UK Qualified Investor; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other Regulatory Restrictions in the United Kingdom

Notes which have a maturity of less than one year may not be offered or sold other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by Nissan Motor Acceptance Company LLC.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to Nissan Motor Acceptance Company LLC.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not an EU Qualified Investor; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Notice to Prospective Investors in the Netherlands

The offer in The Netherlands of the Notes included in this offering is exclusively limited to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

Notice to Prospective Investors in Hong Kong

This Offering Memorandum has not been and will not be reviewed or approved by, or registered with, any regulatory authority in Hong Kong, including the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Notes have not been offered or sold and will not be offered or sold in Hong Kong by means of any document (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") other than (a) to "professional investors" as defined in the SFO and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O. No advertisement, invitation or document relating to the Notes has been or will be issued, or has been or will be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, "**FIEL**") and, accordingly, have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan, or to, or for the account or benefit of, any Japanese Person or to, or for the account or benefit of, others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person, pursuant to an exemption from the registration requirement of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This Offering Memorandum has not been and will not be registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an "Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person") and pursuant to Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is:

(a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or

(b) a trust (where the trustee is not an Accredited Investor). the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor, the securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has subscribed for or acquired the Notes except:

(i) to an Institutional Investor, an Accredited Investor, a Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

LEGAL MATTERS

The validity of the Notes offered hereby will be passed upon for us by Mayer Brown LLP, Chicago, Illinois. Certain legal matters in connection with the offering of the Notes will be passed upon for the Agents by Sidley Austin LLP, New York, New York.

INDEPENDENT AUDITORS

The consolidated financial statements of Nissan Motor Acceptance Company LLC and subsidiaries as of March 31, 2021 and 2020 and for each of the three fiscal years in the period ended March 31, 2020, included in this Offering Memorandum, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing herein.

NISSAN

CONSOLIDATED FINANCIAL STATEMENTS

Nissan Motor Acceptance Corporation and Subsidiaries

(A Wholly Owned Subsidiary of Nissan North America, Inc.)

For the Years Ended March 31, 2021, 2020 and 2019

Nissan Motor Acceptance Corporation and Subsidiaries

(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Financial Statements

For the Years Ended March 31, 2021, 2020 and 2019

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Report of Independent Auditors

The Board of Directors and Stockholder
Nissan Motor Acceptance Corporation

We have audited the accompanying consolidated financial statements of Nissan Motor Acceptance Corporation and subsidiaries, which comprise the consolidated balance sheets as of March 31, 2021 and 2020, and the related consolidated statements of income and comprehensive income, equity and cash flows for each of the three fiscal years in the period ended March 31, 2021, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for credit losses in the year ended March 31, 2021.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Motor Acceptance Corporation and subsidiaries at March 31, 2021 and 2020, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended March 31, 2021, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

June 28, 2021

Nissan Motor Acceptance Corporation and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Balance Sheets
(Dollars in Millions, Except Par Value)

	March 31, 2021	March 31, 2020
Assets		
Cash and cash equivalents	$ 234	$ 51
Restricted cash	1,118	1,548
Finance receivables, net	25,156	31,287
Investment in vehicle operating leases, net	15,761	17,789
Receivables from affiliates and other, net	287	765
Loans to and investments in affiliates	1,743	2,353
Deferred charges and other assets, net	513	725
Total assets	$ 44,812	$ 54,518

Continued on next page.

Nissan Motor Acceptance Corporation and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Balance Sheets (continued)
(Dollars in Millions, Except Par Value)

	March 31, 2021	March 31, 2020
Liabilities and equity		
Liabilities:		
Borrowings	$ 31,930	$ 41,595
Accounts payable and accrued liabilities	1,185	819
Deferred income and incentives	952	1,368
Other liabilities	988	885
Deferred tax liabilities	2,676	3,420
Total liabilities	37,731	48,087
Equity:		
Common stock – $100 par value – authorized, 8,000,000 shares; outstanding, 4,998,163 shares at March 31, 2021 and at March 31, 2020	500	500
Additional paid-in capital	568	568
Retained earnings	6,057	5,468
Accumulated other comprehensive gain/(loss):		
Unrealized gain/(loss) on derivative instruments – net of tax	(44)	(105)
Total equity	7,081	6,431
Total liabilities and equity	$ 44,812	$ 54,518

See accompanying notes.

Consolidated Balance Sheets (continued)
(Dollars in Millions)

The following table presents the assets and liabilities of the Company's consolidated variable interest entities (VIEs), as well as assets and liabilities transferred to unconsolidated VIEs in non-recourse securitization transactions accounted for as borrowings which have similar economic characteristics. All of these assets and liabilities are presented on the same basis as the assets and liabilities in the consolidated balance sheets (carrying value). Allowances for loans and impairment for leases are allocated on a pro-rata basis as the Company does not calculate it at the VIE level. Additionally, the maturity of the VIE is not tied to the maturity of the underlying financial instruments, as such, any losses realized may differ from the allowances allocated to the VIE. The carrying value of these assets presented below may be different from the values ascribed to them in accordance with the securitization transactions as the securitization transactions do not include interest rate subvention payments from Nissan North America, Inc. (NNA) or allowance for credit losses, or lease impairments. NNA sponsors various vehicle incentive financing programs. Under these programs, Nissan Motor Acceptance Corporation (NMAC) and VIEs where NMAC is the primary beneficiary, referred to collectively as the Company, acquires the retail and lease contracts and charges NNA an amount to obtain the estimated current market lending or leasing rates on the contracts. Rights to such payments are not transferred to the asset backed security investors and are therefore not held by the VIEs.

	March 31, 2021	March 31, 2020
Restricted cash	$ 1,118	$ 1,548
Finance receivables, net	11,720	19,797
Investment in vehicle operating leases, net	5,114	6,908
Deferred charges and other assets, net	80	108
Total assets of VIEs	$ 18,032	$ 28,361
Borrowings [1]	$ 9,348	$ 19,417
Total liabilities of VIEs	$ 9,348	$ 19,417

[1] The difference between the Borrowings amount per above table and the sum of Borrowings secured by the collateral in Notes 3 and 4, $9,357 and $19,435, is debt issuance costs of $9 and $18 at March 31, 2021 and March 31, 2020, respectively.

Consolidated Balance Sheets (continued)
(Dollars in Millions)

The following are included in Finance receivables, net and Borrowings in the table above that relate to the non-recourse financing transactions with Nissan Global Reinsurance, Ltd. (NGRE), the VIE for which the Company is not the primary beneficiary.

	March 31, 2021	March 31, 2020
Finance receivables, net	$ 490	$ 931
Borrowings	539	1,053

See accompanying notes.

Nissan Motor Acceptance Corporation and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Statements of Income and Comprehensive Income
(Dollars in Millions)

	Years Ended March 31		
	2021	2020	2019
Revenues:			
Leasing	$ 4,400	$ 4,956	$ 5,239
Retail	1,033	1,206	1,232
Wholesale	114	250	294
Loans to dealers	92	129	134
Total revenues	5,639	6,541	6,899
Expenses:			
Depreciation on leased vehicles	3,122	3,482	3,817
Interest, net	936	1,339	1,434
Provision for/(release of) losses – finance receivables, net	2	519	370
Provision for impairment – investment in vehicle operating leases, net	97	154	113
General and administrative	290	333	296
Total expenses	4,447	5,827	6,030
Other income/(loss), net	144	128	121
Income/(loss) before income taxes	1,336	842	990
Income tax expense/(benefit)	311	121	241
Net income/(loss)	1,025	721	749
Other comprehensive income/(loss), net of tax:			
Unrealized gain/(loss) on derivative instruments during the period, net of tax of $(21), $38 and $21 in 2021, 2020 and 2019, respectively	61	(109)	(63)
Comprehensive income/(loss)	$ 1,086	$ 612	$ 686

See accompanying notes.

Nissan Motor Acceptance Corporation and Subsidiaries

(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Statements of Equity

(Dollars in Millions, Except Share Amounts)

Years Ended March 31, 2021, 2020 and 2019

	Number of Common Shares	Common Stock	Additional Paid—In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Equity
Balance – April 01, 2018	4,998,163	$ 500	$ 68	$ 8,002	$ 67	$ 8,637
Equity contribution	—	—	500	—	—	500
Net income/(loss)	—	—	—	749	—	749
Other comprehensive income/(loss)						
Unrealized gain/(loss) on derivative instruments during the period – net of tax and reclassification adjustments	—	—	—	—	(63)	(63)
Balance – March 31, 2019	4,998,163	$ 500	$ 568	$ 8,751	$ 4	$ 9,823
Adoption of accounting standard	—	—	—	(4)	—	(4)
Balance – April 01, 2019	4,998,163	500	568	8,747	4	9,819
Dividends paid to NNA	—	—	—	(4,000)	—	(4,000)
Net income/(loss)	—	—	—	721	—	721
Other comprehensive income/(loss)						
Unrealized gain/(loss) on derivative instruments during the period – net of tax and reclassification adjustments	—	—	—	—	(109)	(109)
Balance – March 31, 2020	4,998,163	$ 500	$ 568	$ 5,468	$ (105)	$ 6,431
Adoption of accounting standard	—	—	—	(436)	—	(436)
Balance – April 01, 2020	4,998,163	500	568	5,032	(105)	5,995
Net income/(loss)	—	—	—	1,025	—	1,025
Other comprehensive income/(loss)						
Unrealized gain/(loss) on derivative instruments during the period – net of tax and reclassification adjustments	—	—	—	—	61	61
Balance – March 31, 2021	4,998,163	$ 500	$ 568	$ 6,057	$ (44)	$ 7,081

See accompanying notes.

Nissan Motor Acceptance Corporation and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Statements of Cash Flows
(Dollars in Millions)

	Years Ended March 31		
	2021	2020	2019
Operating activities			
Net income/(loss)	$ 1,025	$ 721	$ 749
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for losses – finance receivables, net	2	519	370
Provision for impairment – investment in vehicle operating leases, net	97	154	113
Depreciation and amortization	2,370	2,629	2,988
Deferred tax (benefit)/expense	(632)	(554)	69
(Gain)/loss on sale of leased vehicles	(41)	42	13
Change in operating assets and liabilities:			
Other receivables, net	64	34	(14)
Receivables from affiliates and other, net	476	141	130
Deferred charges and other assets, net	26	7	(13)
Accounts payable and accrued liabilities	490	88	159
Deferred lease subvention	469	805	1,096
Other operating activities	(6)	(4)	17
Net cash provided by/(used in) operating activities	4,340	4,582	5,677
Investing activities			
Proceeds from maturity of long-term loans to and investments in affiliates	1,000	1,180	26
Originations of long-term loans to and investments in affiliates	(833)	(2,662)	—
Net proceeds from/(originations of) loans to affiliates and others less than or equal to 90 days	630	(94)	(107)
Vehicles acquired for lease	(6,667)	(8,165)	(10,334)
Proceeds from sales of leased vehicles	5,630	7,091	6,655
Originations of finance receivables	(10,502)	(10,573)	(12,669)
Principal collected from finance receivables	13,953	13,779	14,665
Net (originations of)/proceeds from wholesale finance receivables	1,836	1,802	239
Proceeds from sale of subsidiaries	—	—	773
Other investing activities	3	—	—
Net cash provided by/(used in) investing activities	5,050	2,358	(752)

Continued on next page.

Nissan Motor Acceptance Corporation and Subsidiaries
(A Wholly Owned Subsidiary of Nissan North America, Inc.)

Consolidated Statements of Cash Flows (continued)
(Dollars in Millions)

	Years Ended March 31		
	2021	2020	2019
Financing activities			
Net (payments)/proceeds from short-term obligations less than or equal to 90 days	1,684	(1,079)	(1,788)
Payments on long-term debt	(27,601)	(20,257)	(18,081)
Proceeds from issuance of long-term debt	16,280	17,655	15,612
Dividends paid to NNA	—	(4,000)	—
Capital contributions from NNA	—	—	500
Net cash provided by/(used in) financing activities	(9,637)	(7,681)	(3,757)
Net increase/(decrease) in cash, cash equivalents and restricted cash	(247)	(741)	1,168
Cash, cash equivalents and restricted cash – beginning of period	1,599	2,340	1,172
Cash, cash equivalents and restricted cash – end of period	$ 1,352	$ 1,599	$ 2,340
Supplemental disclosure of cash flow information			
Cash paid/(received) during the period for:			
Interest	$ 891	$ 1,321	$ 1,356
Income taxes, net	$ 622	$ 165	$ (12)
Supplemental schedules of noncash activities			
Unrealized (loss)/gain on derivative instruments during the period — net of tax	$ 61	$ (109)	$ (63)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets to the amounts shown in the statements of cash flows:

Cash and cash equivalents	$ 234	$ 51	$ 47
Restricted cash	1,118	1,548	2,293
Total cash, cash equivalents and restricted cash	$ 1,352	$ 1,599	$ 2,340

See accompanying notes.

1. General

NMAC is a wholly owned subsidiary of NNA, which is a wholly owned subsidiary of Nissan Motor Co., Ltd. (NML), a publicly traded Japanese corporation. It serves as Nissan and Infiniti's financial services subsidiary, handling auto lease contracts and vehicle financing to consumers; as well as providing commercial lending products to dealers to help them finance their businesses.

NMAC purchases retail installment obligations and lease contracts from dealers in connection with new and used vehicle financing arrangements. NMAC then services these contracts and works directly with customers. NMAC also provides commercial dealer financing for vehicle acquisitions, working capital, and dealership mortgages. NMAC also has VIEs that facilitate the securitization and financing of retail receivables, dealer floor plan receivables, and automobile leases.

NMAC and VIEs where NMAC is the primary beneficiary, will herein be referred to collectively as "the Company."

Subsequent to the year ended March 31, 2021, on April 1, 2021, the Company converted its legal entity status from a corporation to a limited liability company, the Nissan Motor Acceptance Company LLC. Refer to additional discussion in Notes 6 and 11 for impacts related to income taxes and information regarding the new LLC and subsidiaries.

COVID-19 Pandemic

The global economy has experienced significant negative impacts from the pandemic outbreak of the novel coronavirus, or COVID-19, as declared by the World Health Organization in March 2020 ("COVID-19" or the "pandemic"). This has resulted in changes in consumer behavior related to illness, pandemic fears and actions intended to slow the spread of COVID-19, including quarantines, government-mandated actions, stay-at-home orders and other restrictions that create significant volatility and disruption of financial markets.

In addition, the COVID-19 pandemic and restrictions, intended to slow the spread of COVID-19, have adversely affected NMAC's business and the business of NNA, NMAC's immediate parent company. NNA experienced declines in vehicle sales and NMAC experienced a corresponding decline in retail receivable and lease originations. Further, NMAC offered payment relief options

1. General (continued)

to customers and dealers impacted by COVID-19, including retail loan payment extensions, lease payment deferrals, and interest or other payment deferrals for dealer loans. NMAC also temporarily suspended or modified outbound collection activities and repossession activities nationwide. The majority of the relief options offered due to the pandemic were granted in March through September 2020. The number of the relief options granted peaked during April 2020 and has returned to pre-pandemic levels during the second half of the year ended March 31, 2021, and NMAC continues to grant payment relief to customers and dealers under normal business practices.

While uncertain, the impact of the pandemic on the credit risk of NMAC's assets is assessed through the Company's estimated allowance for credit losses on loans and impairment reserves on leases. These estimates consider reputable economic forecast data, such as unemployment rates, and other macroeconomic factors that may be impacted by the pandemic. Refer to additional discussion in Notes 3 and 4 for retail loans and leases, respectively. The ultimate impact of the pandemic on NMAC's income, assets, liabilities, or capital resources cannot be reasonably estimated at this time.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Consolidation

The consolidated financial statements include the accounts of NMAC and all VIEs for which NMAC is the primary beneficiary. The Company continually evaluates its VIE relationships to determine when primary beneficiary criteria are met. The Company's share of non-consolidated affiliate earnings or losses are included in the consolidated operating results using the equity method of accounting when it is able to exercise significant influence over the affiliate's operations and financial decisions. The Company uses the cost method of accounting if it is not able to exercise significant influence over the affiliate's operations and financial decisions. All significant intercompany balances and transactions have been eliminated in consolidation.

Variable Interest Entities

The primary beneficiary of a VIE is the party with both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE. If the Company determines that it is the party with the power to make the most significant decisions affecting the VIE, and it has a significant interest in the VIE, the Company consolidates the VIE.

The VIE assets presented in the consolidated balance sheets can only be used to settle the obligations of the VIE and serve as the sole repayment for the asset-backed securities issued by these entities. Investors in the asset-backed securities issued by VIEs do not have general recourse to NMAC's general credit, with the exception of customary representation and warranty repurchase provisions and indemnities. As a result of its subordinated positions retained in VIEs, overcollateralization, and the restricted cash balances, losses on these pledged assets and the related VIEs have generally accrued to the Company.

2. Summary of Significant Accounting Policies (continued)

The Company is party to certain securitization transactions with an affiliate, see Note 5. Due to rights the Company holds, the asset transfers involving the affiliate are accounted for as non-recourse financings on the consolidated balance sheets. The trust to which the assets are transferred is considered to be a VIE, however the Company has determined it is not the primary beneficiary. After the transfers, the Company is not contractually exposed to losses on the assets as all significant risks transfer to the affiliate, and the affiliate also receives the benefits from the assets.

Cash and Cash Equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be Cash and cash equivalents. Such investments are accounted for at cost, approximating fair value.

Restricted Cash

Restricted cash consists of compensating balances in cash accounts maintained for securitization trusts and amounts relating to warehouse lending facilities in connection with loan, lease, and floorplan asset transfers accounted for as collateralized borrowings. Cash reserve accounts are maintained at predetermined amounts for certain securitization activities in the event that deficiencies occur in cash flows owed to investors.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage certain exposures to interest rate and foreign currency exchange risks. The Company does not hold or issue derivative financial instruments for trading or speculation purposes. The use of derivative financial instruments requires the Company to make assumptions in determining fair market values, which may differ substantially at each reporting date. These derivative financial instruments include foreign currency exchange contracts and interest rate swaps and are recorded on the balance sheet as assets and liabilities, measured at fair value including an adjustment of non-performance risk. These are included in Deferred charges and other assets, net and Other liabilities, respectively.

2. Summary of Significant Accounting Policies (continued)

Gains or losses resulting from changes in the values of those derivatives are accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. Gains or losses related to derivatives that qualify for cash flow hedge accounting are recorded in Other comprehensive income/(loss), net in the accompanying consolidated statements of income and comprehensive income.

For derivatives that qualify for hedge accounting, the Company documents the relationships between hedging instruments and hedged items, including the purpose, strategy, and objective for undertaking various hedge transactions. The process includes linking derivatives to specific assets and liabilities on the balance sheet or specific future cash flows.

In addition, the Company utilizes certain derivative financial instruments that do not qualify or are not designated as hedges for accounting purposes to manage risks related to foreign currency. As these derivatives are economic hedges not designated as accounting hedges, changes in the fair value of the derivative instruments are recorded in Other income/(loss), net, and recognized in earnings when they occur. If a derivative designated in an accounting hedge relationship becomes ineffective, changes in the fair value of the derivative are recorded in Other income/(loss), net.

The Company has elected to present all derivative assets and liabilities gross in the accompanying consolidated balance sheets.

Finance Receivables, Net

Finance receivables, net are carried at amortized cost and consist of retail and wholesale receivables, loans to dealers, as well as other receivables, net of related allowances.

Retail Receivables

Retail receivables are generally due from customers in monthly installments over a period of one to seven years and are collateralized by liens on the related vehicles. Interest income on these receivables is calculated using the effective interest method and is recorded as earned. A retail account is considered delinquent if a substantial portion of a scheduled payment has not been

2. Summary of Significant Accounting Policies (continued)

received by the date the payment was contractually due. Interest accrual on retail receivables is suspended when an account is past due and unpaid for more than 120 days or upon repossession of the underlying collateral, whichever comes first. Loans are generally charged down to the lesser of the unpaid balance or the value of the collateral, less repossession and selling costs, when they are delinquent for over 120 days. When a loan is placed on non-accrual status, the Company reverses accrued interest against interest income. Interest income on non-accrual loans is recorded using the cash basis method of accounting. If and when borrowers demonstrate the ability to repay a loan in accordance with the contractual terms of a loan classified as non-accrual, the loan may be returned to accrual status.

Wholesale Receivables

The Company provides financing to dealers for the purchase of vehicle inventory. The receivables are collateralized by the related vehicles. Interest income on these receivables is calculated using the effective interest method and is recorded as earned. Interest accrual is discontinued when management believes, after considering economic and business conditions and collection efforts, that collection of interest is doubtful. Thereafter, the full amounts of all payments received are applied to the loan principal first. If and when the delinquent principal balance is repaid and there is expectation of continued repayment, accrual of interest income resumes. Loans are generally charged down to the lesser of the unpaid balance or the value of the collateral, less repossession and selling costs, when, in management's opinion, repayment is unlikely.

Loans to Dealers

Loans to dealers primarily consist of mortgage, equipment, dealer signage, capital loans, and direct finance leases to dealers. Loans to dealers are collateralized by liens on the related real and personal property. Interest income on these receivables is calculated using the effective interest method and is recorded as earned. Interest accrual is discontinued when management believes, after considering economic and business conditions and collection efforts, that collection of interest is doubtful. Thereafter, the full amounts of all payments received are applied to the loan principal first. If and when the delinquent principal balance is repaid and there is expectation of continued repayment, accrual of interest income resumes. Loans are generally charged down to

2. Summary of Significant Accounting Policies (continued)

the lesser of the unpaid balance or the value of the collateral, less repossession and selling costs, when, in management's opinion, repayment is unlikely.

Other Receivables

Other receivables primarily consist of commercial receivables, interest receivable on retail and wholesale loans and loans to dealers, payments due and payment deferrals on leases, and customer excess mileage and wear charges.

Origination Fees

Origination fees and certain initial direct costs associated with loan and lease contract originations are included in Finance receivables, net and Deferred charges and other assets, net, respectively, in the accompanying consolidated balance sheets. These fees and initial direct costs are capitalized and amortized over the related loan or lease term using the effective interest method for loans or straight-line method for leases.

Allowance for Credit Losses

Effective April 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, requiring entities to use a new current expected credit loss (CECL) model based on expected losses rather than the incurred loss model. The CECL guidance applies to financial assets at amortized cost including retail receivables, wholesale receivables and loans to dealers, finance lease receivables, contract assets, trade receivables, certain loan commitments, and financial guarantees. The credit loss allowance represents management's estimate of lifetime expected losses. Refer to Adoption of New Accounting Standards, below.

The Company performs periodic reviews of its lending portfolios to identify inherent risks and assess overall collectability. The retail receivables allowance reflects the portfolio's risk and is based on aggregated loan pools that share common risk characteristics including: product type, consumer credit scores, loan duration, loan to value ratios and other relevant factors. The lifetime

2. Summary of Significant Accounting Policies (continued)

expected credit loss is determined by applying a probability of default and loss given default to each loan pool then discounting these cash flows to present value. In the loss models a variety of factors are considered, including, but not limited to: historical loss experience by pool; forward looking macroeconomic conditions including unemployment rates and their effect on projected loss trends; anticipated repossessions or foreclosures based on portfolio trends, delinquencies and other loan servicing metrics. In the application of applying forward looking macroeconomic conditions, the loss model utilizes twelve month reasonable and supportable third-party forecasts which ultimately revert to the macroeconomic factors' long-term average over twenty-four months. The Company has elected to not measure an allowance for credit losses for accrued interest receivables due to timely recognition of non-accrual loans and charge-offs of these amounts at 120 days and the reversion of accrued interest at time of charge-off.

The allowance for credit losses for the Company's dealer portfolio consists of an allowance on wholesale loans and on loans to dealers. The allowance for credit losses is established using a weighted-average remaining maturity method which calculates a loss rate and applies that loss rate to pools of loans on a periodic basis based on the remaining expected life of each pool to calculate the lifetime expected credit losses. The loan-risk pools are determined based on the risk characteristics of the loan (e.g., secured by vehicles, real estate or dealership assets) and analyzed based on factors, including, but not limited to: historical loss experience; forward looking macroeconomic conditions; collateral performance; performance trends within specific geographic and portfolio segments; and other pertinent information. Based on this analysis, an allowance for credit losses is established. The Company has undrawn commitments on wholesale loans and revolving lines of credit offered to dealers, both of which are unconditionally cancellable. The Company is not required to record an allowance for credit losses for any undrawn commitment that is unconditionally cancellable. As a result, no allowance is recorded for the unused or undrawn portion of these commitments.

Loans are also reviewed for credit deterioration on an individual loan basis and, if necessary, an allowance is established for individual dealer loans. If loans are individually evaluated, reserves are established on an individual basis, as appropriate, and the loan is removed from the loan-risk pool for separate monitoring. The allowance related to specifically identified dealer loans is

2. Summary of Significant Accounting Policies (continued)

established based on the estimated fair value of the collateral, discounted expected cash flows, or observable market prices.

If management does not believe the models fully reflect lifetime expected credit losses for the portfolio, an adjustment may be made to reflect management judgment regarding observable changes in recent or expected economic trends and conditions, portfolio composition, and other relevant factors.

Additions to the credit loss allowance are charged to the income statement as a provision for credit losses and uncollectible amounts are charged against the allowance for credit losses. Recoveries of finance receivables previously charged-off as uncollectible are credited to the allowance for credit losses.

As noted in the Adoption of New Accounting Standards below, the comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. Prior to the adoption of ASU 2016-13, the Company's allowance for credit losses was estimated using the incurred loss model.

Under the incurred loss model, portions of the allowance for credit losses are specified to cover the estimated losses on loans made to dealers specifically identified for impairment. The unspecified portion of the allowance for credit losses covers estimated losses on the homogeneous portfolios of finance receivables and loans collectively evaluated for impairment. Additions to the allowance for credit losses are made by charges to the income statement as provision for credit losses. Amounts determined to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to the allowance for credit losses.

The Company performs periodic reviews of its lending portfolios to identify inherent risks and to assess the overall collectability of those portfolios. The allowance relates to portfolios collectively reviewed for impairment, generally consumer finance receivables and loans, and is based on aggregated portfolio evaluations by product type. Loss models are utilized for these portfolios which consider a variety of factors, including, but not limited to, historical loss experience, current

2. Summary of Significant Accounting Policies (continued)

economic conditions and loss trending, anticipated repossessions or foreclosures based on portfolio trends, delinquencies and credit scores, by receivable and loan type.

Loans made to dealers are generally reviewed on an individual loan basis, and if necessary, an allowance is established for individual loan impairment. Loans made to dealers subject to individual reviews are analyzed based on various factors, including, but not limited to, historical loss experience, current economic conditions, collateral and performance trends within specific geographic and portfolio segments, and any other pertinent information, which result in the estimation of specific allowances for credit losses. The allowance related to specifically-identified impaired loans made to dealers is established based on discounted expected cash flows, observable market prices or, for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral. The evaluation of these factors for both consumer and commercial finance receivables and loans involves complex objective and subjective judgments.

Securitization of Finance Receivables and Related Securitized Debt

The Company raises a significant portion of operating funds through asset-backed securitizations. Finance receivable securitizations are accounted for as collateralized borrowings. These securitizations do not meet the de-recognition criteria, as the trusts where the assets have been transferred are VIEs that the Company consolidates. These securitizations also do not meet the de-recognition criteria due to the trusts' inclusion of nonfinancial assets, the resulting trusts' ability to invest in certain non-temporary investments, or the resulting trusts' ability to acquire derivatives relating to beneficial interests retained by the Company. All securitized finance receivables remain on the consolidated balance sheets and can only be used to settle the VIE's obligations (included in pledged retail receivables and pledged wholesale receivables in Note 3) until those obligations have been satisfied.

The Company records interest income on securitized finance receivables over the life of the loans and interest expense on the debt issued in the securitizations over the life of the securitizations. Deferred debt issuance costs related to the debt are included in Borrowings in the accompanying consolidated balance sheets and amortized using the effective interest method over the life of the debt.

2. Summary of Significant Accounting Policies (continued)

Investment in Vehicle Operating Leases, Net

Investment in vehicle operating leases, net represents the leased vehicles at cost less accumulated depreciation, residual value support, and leased vehicle impairment. Income from operating leases, included in Leasing revenues in the accompanying consolidated statements of income and comprehensive income, is recorded as scheduled payments become due. Depreciation expense on vehicles subject to operating leases is recorded on a straight-line basis in an amount necessary to reduce the leased vehicle value to its contractual residual value at the end of the lease term. Generally, the lessee may purchase the leased vehicle at the maturity of the lease by paying the purchase price stated in the lease agreement, which equals the contract residual value determined at origination of the lease, plus any fees and all other amounts owed under the lease. If the lessee decides not to purchase the leased vehicle, the lessee must return it to a dealer by the lease's scheduled lease maturity date.

Impairment of leased vehicles occurs primarily due to the separate or combined effects of declines in the estimated residual values of vehicles expected to be received at the end of the lease, and decreased expected cash flows due to underlying lessee credit issues.

The Company assesses impairment only upon determination that an impairment indicator exists. If it is determined that the asset may not be fully recoverable, impairment is recorded against the basis of the vehicle for the amount in which the carrying value of the asset exceeds the fair value of the asset. The fair value of the asset is based on the estimated discounted cash flows, consisting of lease payments and the estimated vehicle residual values less cost to sell.

Leased vehicle impairment reserves resulting from credit issues are maintained at an appropriate amount that considers historical and other pertinent factors. Reserve adjustments are included in Provision for impairment – investment in vehicle operating leases, net in the accompanying consolidated statements of income and comprehensive income. Reductions to this impairment reserve principally relate to disposals of repossessed leased vehicles before completion of the original lease term (i.e., sales of repossessed vehicles). Changes to the impairment reserve for residual value losses result primarily from gains/losses at the disposition of matured leased vehicles. Repossessed lease and off-lease vehicles that have not yet been sold at auction are

2. Summary of Significant Accounting Policies (continued)

recorded at the lower of cost or fair value and reported in Deferred charges and other assets, net in the accompanying consolidated balance sheets.

Substantially all NMAC contractual residual values are guaranteed by NNA through residual value support as long as the lease has not experienced a credit event (i.e., default by the lessee). Residual value support is included in Investment in vehicle operating leases, net. Proceeds in excess of guaranteed amounts are recorded by the Company in Other income/(loss), net. In addition to NNA's residual value support, the Company has agreements with NNA that provide for interest supplements and other support payments on certain leasing transactions. These subvention payments from NNA are recorded by the Company as deferred income and amortized, on a straight-line basis, into leasing revenues, over the contractual life of the lease. Upon prepayment of a lease, any remaining unamortized subvention is recognized as Leasing revenue.

One of the Company's subsidiaries, Nissan-Infiniti LT (NILT), purchases all NMAC lease contracts from dealers related to vehicles that have been leased to third parties through financing arrangements with NILT. Leased vehicles owned by NILT are occasionally allocated to Special Units of Beneficial Interests (SUBIs), and pledged as collateral for certain financing arrangements.

Debt security offerings secured by such pledged SUBIs and private placement warehouse borrowings are included in Borrowings in the accompanying consolidated balance sheets. Leased vehicles that collateralize the SUBIs are discussed in Note 4.

Receivables from Affiliates and Other, Net

Receivables from affiliates and other, net primarily consist of receivables related to vehicle incentive programs for both retail and lease contracts billed to NNA, intercompany tax receivables, and property tax receivables.

Loans to and investments in affiliates

Loans to and investments in affiliates primarily consists of loans receivable and other investments in affiliates.

2. Summary of Significant Accounting Policies (continued)

Deferred Charges and Other Assets, Net

Deferred charges and other assets, net primarily consists of vehicles held for sale, derivative assets, deferred lease origination costs, prepaid and other deferred costs and right of use lease assets.

Income Taxes

The Company files a consolidated US income tax return and, in certain instances, combined state income tax returns with NNA and other members of the affiliated group. Under the tax allocation agreement with NNA, each group member with taxable income is allocated 100% of its respective current federal and state tax liability calculated on a separate company basis. Any member without a current federal and state tax liability on a separate company basis is allocated 100% of the tax benefits of its tax losses and credits that are realized by the group. For those states in which the Company is included in a combined tax return with NNA, current taxes are allocated in proportion to each member's contribution to the combined tax payable or receivable.

The Company provides for deferred tax balances arising from future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns on a separate company basis adjusted for deferred tax balances utilized by the group. The effects of these future tax consequences are based on enacted laws and rates. For those states in which the Company is included in a combined tax return with NNA, deferred tax balances are measured using the combined group's apportionment rate. Deferred tax assets, netted against the deferred tax liabilities in the accompanying consolidated balance sheets are recognized subject to management's judgment that realization is more likely than not. The Company adjusts these deferred tax assets to their realizable value through the recording of a valuation allowance. In making such determination, the Company considers all available positive and negative evidence, including potential carryback claims, scheduled reversals of deferred tax liabilities, tax planning strategies, projected taxable income and recent financial operations.

Uncertain tax positions are evaluated under the standards of Accounting Standards Codification (ASC) Topic 740-10, Income Taxes, which provides a comprehensive model for the recognition,

2. Summary of Significant Accounting Policies (continued)

measurement, presentation and disclosure of uncertain tax positions that a company has taken or expects to take on a tax return. ASC Topic 740-10 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination. In addition, tax benefits related to positions considered uncertain are recognized only if, based on the technical merits of the issue, the Company believes that it is more likely than not to sustain the position and then at the largest amount that is greater than 50% likely to be realized upon ultimate examination.

Other Liabilities

Other liabilities primarily consists of liabilities for dealer cash management accounts.

Revenue Recognition

Revenue from finance receivables is recognized using the effective interest method. Certain origination costs on receivables are deferred and amortized, using the effective interest method, over the term of the related receivable as a reduction to financing revenue. Operating lease revenue is recognized on a straight-line basis over the lease term, as are initial direct lease costs. NNA also provides interest supplements and support payments to the Company on certain financing and leasing transactions. These payments (known as subvention) are recognized as income over the period that the related finance receivables and leases are outstanding using the effective interest and straight-line methods, respectively.

Other Income/(Loss), Net

Other income/(loss), net primarily consists of derivative income/(loss), re-measurement of foreign currency denominated investments and debt, interest income/(expense), gains/(losses) on the sale of off-lease vehicles and third party servicing income.

2. Summary of Significant Accounting Policies (continued)

Factoring Arrangement

NNA has a purchase agreement with Nissan General Trust Receivables, a 100% owned special purpose entity (SPE) of NMAC, to facilitate factoring of accounts receivable from NNA to NMAC. The agreement encompasses the purchase of receivables of NNA for dealership parts and other commercial receivables. These receivables are included in Finance receivables, net.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that impact reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses. Actual results could differ from those estimates. Estimates are used when accounting for items such as, but not limited to: derivatives, allowance for credit losses, impairment reserves for leased vehicle residual value and credit related losses, deferred tax asset valuation allowances, uncertain tax provisions, recoverability of long-lived assets, and legal contingencies.

Adoption of New Accounting Standards

The Company did not adopt any standards in the current period, except as outlined below, that would have a material impact to the Company's consolidated financial statements or disclosures.

Effective April 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, requiring entities to use a new current expected credit loss (CECL) model based on expected losses rather than the incurred loss model. Under the CECL model, an entity recognizes an impairment allowance equal to its current estimate of all contractual cash flows that the entity does not expect to collect from financial assets measured at amortized cost. The entity's estimate considers relevant information about past events, current conditions, and reasonable and supportable forecasts, which results in the recognition of lifetime expected credit losses upon origination. The impact of adoption was a reduction in the opening balance of Retained earnings

2. Summary of Significant Accounting Policies (continued)

of approximately $436, after tax. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

Effective April 1, 2020, the Company adopted ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, on a prospective basis. The adoption of this ASU did not have a material effect on the consolidated financial statements. ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP if certain criteria are met related to contracts, hedging relationships and other transactions that reference the London Inter Bank Offer Rate (LIBOR) or another reference rate expected to be discontinued. While certain borrowings and derivatives of the Company reference LIBOR, the adoption of, and future elections under ASU 2020-04 are not expected to have a material impact on the Company's consolidated financial statements, as the standard will ease, if warranted, the requirements for accounting for the future effects of the rate reform. The Company will continue to monitor the impact the discontinuance of LIBOR will have on contracts, hedging relationships and other transactions. The Company continues its efforts in preparation for the expected phase-out of the LIBOR rates and currently does not expect a material impact on its financial position or operations.

Recently Issued Accounting Standards Not Yet Adopted

The Company reviews the applicability and impact of all recently issued ASUs. At this time, there are no standards recently issued but not yet adopted, except as outlined below, that would have a material impact to the Company's consolidated financial statements or disclosures.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which removes certain exceptions to the general income tax accounting principles of ASC 740 and simplifies other guidance to improve consistent application of GAAP. Exceptions removed from ASC 740 include the exception to the incremental approach for intraperiod tax allocation principle, the exception for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year, and the exception to the recognition of deferred taxes when foreign investment ownership changes. Simplifications include eliminating the allocation of consolidated income tax expense to separate financial statements of

2. Summary of Significant Accounting Policies (continued)

entities not subject to income tax unless an election to allocate is made, requiring the effect of an enacted change in tax laws or rates to be included in the annual effective tax rate computation in the interim period that includes the enactment date, requiring an entity to recognize a franchise tax or similar tax that is partially based on income as an income-based tax under ASC 740 principles and account for any incremental amount incurred as a non-income-based tax. The amendments in this update are effective for the fiscal year beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 with early adoption permitted. The Company is currently assessing the potential impacts this update will have on its consolidated financial statements and disclosures upon adoption.

3. Finance Receivables, Net

The Company's retail receivables and loans to dealers are recorded on the accompanying consolidated balance sheets, net of certain interest rate incentives or subvention received from NNA (see Note 5); and allowance for credit losses. Net deferred origination fees, commissions and bonuses paid to third parties are recorded in retail receivables and other receivables, which roll-up into Finance receivables, net and are amortized over the life of the related receivable as an adjustment to the yield of the related receivable using the effective interest method.

The following table summarizes the components of finance receivables, net:

	March 31, 2021	March 31, 2020
Retail receivables	$ 20,064	$ 23,088
Wholesale receivables	3,929	5,764
Loans to dealers	1,834	2,346
Other receivables	475	720
Allowance for credit losses	(903)	(637)
Unamortized incentives	(597)	(439)
Deferred loan origination costs	354	445
Finance receivables, net	$ 25,156	$ 31,287

Wholesale receivables and other receivables are generally collected within three months. Included in other receivables are dealer parts and commercial receivables purchased from NNA, totaling $330 and $525 as of March 31, 2021 and March 31, 2020, respectively. Included in other receivables is interest due on finance receivables of $64 and $95 at March 31, 2021 and March 31, 2020, respectively.

3. Finance Receivables, Net (continued)

The following table represents the outstanding principal balance of finance receivables that have been pledged as collateral and the related securitized debt, net of discounts.

	March 31, 2021		March 31, 2020	
	Assets pledged as collateral	Borrowings secured by the collateral	Assets pledged as collateral	Borrowings secured by the collateral
Pledged retail receivables	$ 9,336	$ 4,680	$ 15,301	$ 11,343
Pledged wholesale receivables	2,764	2,000	4,739	4,010
	$ 12,100	$ 6,680	$ 20,040	$ 15,353

Included in pledged retail receivables, in the table above, are repossessed vehicles that have been reclassified to Deferred charges and other assets, net. The net book value adjusted balance (lower of their carrying amount or fair value less cost to sell) of these vehicles is $3 and $17 as of March 31, 2021 and March 31, 2020, respectively.

Management monitors the credit quality of all finance receivables on an ongoing basis. At the inception of each retail contract, the Company considers the credit risk based on a variety of criteria, including, but not limited to, prior payment experience, customer financial information, Fair Isaac Corporation (FICO) credit-ratings, loan-to-value ratios and other internal metrics. On an ongoing basis, the Company monitors the credit quality of retail receivables based on the aging of receivables.

While the Company uses FICO scores at inception of the loan as a measure of credit risk, an aging methodology is used to measure default risk on an ongoing basis since the likelihood of loss increases as receivables age.

3. Finance Receivables, Net (continued)

The following table represents the Company's retail receivables by credit quality indicator at origination as of March 31, 2021 and March 31, 2020:

Customer Risk Rating	March 31, 2021	March 31, 2020
Tier 1 (740+)	$ 9,493	$ 10,505
Tier 2 (720-739)	1,948	2,163
Tier 3 (700-719)	1,886	2,127
Tier 4 (680-699)	1,610	1,874
Tier 5 (660-679)	1,592	1,869
Tier 6 (640-659)	1,375	1,727
Tier 7 (620-639)	729	960
Tier 8 (600-619)	422	556
Tier 9 (0-599 and unknown)	943	1,223
Total	19,998	23,004
Other	66	84
Total retail receivables	$ 20,064	$ 23,088

The following tables present an aging analysis of the retail, wholesale and loans to dealers receivables.

March 31, 2021	Current	30-59 days	60-89 days	90+ days	Total	90 Days + Past Due and Accruing Interest	Nonaccrual
Retail	$ 19,754	$ 234	$ 57	$ 19	$ 20,064	$ 13	$ 27
Wholesale	3,919	—	—	10	3,929	1	9
Loans to dealers	1,691	69	11	63	1,834	39	31
Total	$ 25,364	$ 303	$ 68	$ 92	$ 25,827	$ 53	$ 67

March 31, 2020	Current	30-59 days	60-89 days	90+ days	Total	90 Days + Past Due and Accruing Interest	Nonaccrual
Retail	$ 22,529	$ 394	$ 124	$ 41	$ 23,088	$ 35	$ 31
Wholesale	5,665	10	10	79	5,764	25	57
Loans to dealers	2,146	32	33	135	2,346	104	38
Total	$ 30,340	$ 436	$ 167	$ 255	$ 31,198	$ 164	$ 126

3. Finance Receivables, Net (continued)

Wholesale receivables and loans to dealers are evaluated to determine the credit quality of the related finance receivable. Dealership performance and financial position are routinely monitored to determine if there are any significant financial risks that may be specifically identified. Financial data is obtained monthly to determine the financial health of each dealership and the dealership is internally assigned a credit risk grade based on several factors including profitability, capitalization and other criteria, with category A indicating the lowest risk.

Dealers that are in the Workout risk class are dealers that the Company works with to improve their financial position and ultimate collectability of receivables. Dealers that are in the Status risk class have not met contractual obligations and the Company has specific reserves for these receivables. The Other category primarily represents non-Nissan dealers, whose financial information is not readily available in the same format as that of Nissan dealers but who are graded and monitored through similar metrics as Nissan dealers, and loans in process.

The following tables represent the wholesale receivables and loans to dealers by credit grade:

	March 31, 2021		March 31, 2020	
Credit Quality Indicator	Wholesale Receivables	Loans to Dealers	Wholesale Receivables	Loans to Dealers
A	$ 2,497	$ 940	$ 3,416	$ 1,189
B	384	234	743	302
C	267	104	691	260
D	561	273	546	178
Workout	133	31	177	48
Status	10	48	58	74
Other	77	204	133	295
Total	$ 3,929	$ 1,834	$ 5,764	$ 2,346

3. Finance Receivables, Net (continued)

An analysis of the allowance for credit losses for finance receivables is as follows:

	Retail	Wholesale	Loans to Dealers	Total
Balance — April 01, 2018	$ 497	$ 30	$ 15	$ 542
Charges offs	(900)	(7)	(6)	(913)
Recoveries	542	—	—	542
Provision for losses/(releases)	307	42	21	370
Other	(5)	—	—	(5)
Balance — March 31, 2019	$ 441	$ 65	$ 30	$ 536
Charges offs	(849)	(28)	(18)	(895)
Recoveries	475	1	—	476
Provision for losses/(releases)	468	31	20	519
Other	1	—	—	1
Balance — March 31, 2020	$ 536	$ 69	$ 32	$ 637
Cumulative effect of adoption of CECL	580	—	6	586
Balance — April 01, 2020	$ 1,116	$ 69	$ 38	$ 1,223
Charges offs	(624)	(28)	(17)	(669)
Recoveries	331	—	1	332
Provision for losses/(releases)	(11)	(1)	14	2
Other	15	—	—	15
Balance — March 31, 2021	$ 827	$ 40	$ 36	$ 903

At March 31, 2020, under the incurred loss model, as a result of the COVID-19 pandemic NMAC recorded additional allowances of $150. This adjustment was based on both qualitative and quantitative methods and considered available information at the time including the estimated near term unemployment rate, borrower relief programs, and economic disruption. The total allowance, including these adjustments, was $536 for retail and $101 for wholesale and loans to dealers.

As discussed in Note 2, NMAC adopted CECL effective April 1, 2020. The adoption of CECL resulted in an increase to the allowance for credit losses of $586, primarily for retail loans. The allowance for credit losses at adoption included the considerations outlined in Note 2 under Allowance for Credit Losses, notably an estimate of forward-looking economic conditions based on supportable third-party forecasts that considered the COVID-19 pandemic. We have monitored and updated our forecast throughout the year as well as delinquencies, borrower relief programs, loan servicing metrics specific to the NMAC portfolio, and the effects of government measures.

3. Finance Receivables, Net (continued)

At March 31, 2021, the allowance for credit losses included incremental reserve components related to accounts which had two or more COVID-19 payment extensions. These accounts have demonstrated elevated risk factors not otherwise captured by segmentation and economic variables used in the CECL model. The estimates made by the Company are sensitive to future changes in the factors considered and the impact of changes in these or other factors affecting the estimated allowance for credit losses of the portfolio, which may occur in future periods, is unknown.

NMAC considered the accounting implications of loss mitigation actions taken by the Company related to the pandemic. Customers experiencing financial hardships as a result of COVID-19 were permitted to request short-term payment extensions on retail loans of one to two months. The Company has determined these do not qualify as Troubled Debt Restructurings (TDRs) under ASC 310-40 in accordance with the provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as the extensions are being predominantly granted to customers that were not more than 30 days past due prior to the pandemic and the modifications are short term, representing an insignificant delay in the ultimate repayment of the loan, interest income is not suspended, and no other terms of the loan are being modified. An extension represents a 30 day payment deferral. Extensions received by a borrower reduce the age of the receivable in 30 day increments. The number of extensions offered due to the pandemic peaked during April 2020 and has returned to pre-pandemic levels as of October 2020.

Periodically, the Company may modify the terms of existing loans with dealers. Most of these modifications result only in an insignificant delay of payments and are not considered to be TDRs as discussed in ASU 2011-02, A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring, because the borrower is not considered to be troubled or the modification is not considered to be a concession.

Loan modifications relating to retail loans, wholesale loans and loans to dealers classified as TDRs in accordance with ASC Topic 310-40 approximated less than one percent of the total finance receivables, net balance during the years ended March 31, 2021 and 2020.

Vehicles that were repossessed in connection with defaulted retail auto loans with an estimated fair value less cost to sell of $43 and $63 as of March 31, 2021 and March 31, 2020, respectively, are

3. Finance Receivables, Net (continued)

held for resale by the Company and are included in Deferred charges and other assets, net in the accompanying consolidated balance sheets.

Customer Concentration

At March 31, 2021, the three largest aggregate outstanding dealer or dealer group wholesale receivables totaled approximately $502 or 13% of all wholesale receivables. Adverse changes in the business or financial condition of a dealer or dealer group to whom the Company has extended a substantial amount of financing or commitments, in particular when the financing is unsecured or not secured by marketable assets, could result in a material adverse effect on the Company's consolidated balance sheets, statements of income and comprehensive income, and statements of cash flows.

Concentration of Credit Risk by Geography

The following table approximates the concentration by geography of the Company's Finance receivables, net and Investment in operating leases, net in the U.S. as of March 31, 2021:

Retail/Lease Receivable		Loans to dealers		Wholesale Receivable	
New York	12 %	California	14 %	Texas	13 %
Texas	11 %	Florida	13 %	California	12 %
California	10 %	Texas	13 %	New York	9 %

Any material adverse changes to the economy of these states could have a material adverse effect on the Company's consolidated balance sheets, statements of income and comprehensive income, and statements of cash flows.

4. Investment in Vehicle Operating Leases, Net

Investment in vehicle operating leases, net is summarized as follows:

	March 31, 2021	March 31, 2020
Cost, net	$ 21,497	$ 24,673
Accumulated depreciation	(4,495)	(5,015)
Residual value support and leased vehicle impairment	(1,241)	(1,869)
Investment in vehicle operating leases, net	$ 15,761	$ 17,789

Certain operating leases, consisting of leased vehicles, were allocated to various SUBIs. The Company pledges the SUBIs as collateral for securitized debt, net of discounts. The Company services, administers, and collects payments with respect to these leases. In addition, with respect to the SUBIs, the Company is required to assess the value of the underlying collateral and, when necessary, allocate additional leased vehicles to collateralize the related securitized debt, net of discounts.

The following table represents operating leases stated at depreciated value, before residual value support and leased vehicle impairment, that have been pledged as collateral and the related securitized debt.

March 31, 2021		March 31, 2020	
Assets pledged as collateral	Borrowings secured by the collateral	Assets pledged as collateral	Borrowings secured by the collateral
$ 5,636	$ 2,677	$ 7,505	$ 4,082

Included in pledged assets are off-lease and repossessed vehicles that have been reclassified to Deferred charges and other assets, net. The net book value of these vehicles was $15 and $5 as of March 31, 2021 and March 31, 2020, respectively.

NNA guarantees residual value recoveries on non-credit related automotive lease terminations and maturities, excluding employee-leased vehicles and dealer-leased service loaner vehicles (see Note 5). Under an agreement between NNA and NMAC, residual value losses are incurred and reimbursed by NNA. However, the initially estimated residual value support provided by NNA at lease inception is returned by NMAC to NNA if the subsequent estimates of residual value during

4. Investment in Vehicle Operating Leases, Net (continued)

the contractual lease term improve or actual residual value losses at lease termination are below initial or subsequent estimates and are included in the residual value support and leased vehicle impairment losses as residual value support from NNA in the analysis below.

A breakdown of the residual value support and leased vehicle impairment is as follows:

	Years Ended March 31		
	2021	2020	2019
Beginning of period	$ 1,869	$ 1,705	$ 1,873
Net residual value support (to)/from NNA and other	(498)	738	457
Charge-offs, net of recoveries and other	(227)	(728)	(738)
Net provision for impairment	97	154	113
End of period	$ 1,241	$ 1,869	$ 1,705

During the year ended March 31, 2020, NMAC recognized $295 in net residual value support from NNA based on the expected decrease in residual values of leased vehicles due to the COVID-19 pandemic. No additional net residual value support has been recognized due to COVID-19 in the current fiscal year.

At March 31, 2020, NMAC evaluated additional impairment risk within the lease portfolio. This analysis considered the impact on leased asset impairment driven by the estimated near-term unemployment rate, based on multiple external macroeconomic data sources, repossession availability and expected timing delays, as well as projected decreases in used car values. As a result of this analysis, an additional impairment of NMAC's leased assets was recorded related to the pandemic of $39. The total residual value support and leased vehicle impairment as of March 31, 2020, including these adjustments, was $1,869. We have monitored and updated our forecast throughout the year as well as delinquencies, lessee relief programs, lease servicing metrics specific to the NMAC portfolio, projections of used car values, and the effects of government measures. Based on these analyses we have recorded total residual value support and leased vehicle impairment of $1,241 as of March 31, 2021. The estimates made by the Company are sensitive to future changes in the factors considered and the impact of changes in these or other factors affecting the estimated impairment of the portfolio, which may occur in future periods, is unknown.

4. Investment in Vehicle Operating Leases, Net (continued)

NMAC considered the accounting implications of loss mitigation actions taken by the Company related to the pandemic. Customers experiencing financial hardships as a result of COVID-19 were given the option to defer up to three currently due lease payments until the end of the lease. These payment deferrals do not affect maturity dates of leases as all payments are due upon contractual maturity of the lease. The Company has concluded that these concessions do not result in a substantive change to the total consideration of the lease contract, therefore no change was be made to the recognition of the lease payment receivable or income. The number of deferrals granted peaked during April 2020 and has returned to pre-pandemic levels as of October 2020. NMAC continues to grant payment relief to customers and dealers under normal business practices. Payment deferrals of lease payments are include in Finance receivable, net as a part of other receivables on the consolidated balance sheets.

As of March 31, 2021 and March 31, 2020, repossessed lease and off-lease vehicles of approximately $216 and $421, respectively, net of accumulated depreciation adjustments and allowances of $215 and $368, respectively, were recorded at the lower of cost or estimated fair value less cost to sell. These vehicles, which are held for resale by the Company, are included in Deferred charges and other assets, net in the accompanying consolidated balance sheets.

At March 31, 2021, minimum future rental payments receivable on non-cancelable operating leases related primarily to leased vehicles are summarized as follows:

Years ending March 31:	
2022	$ 2,588
2023	1,424
2024	567
2025	32
2026 and after	—
Total	$ 4,611

5. Related-Party Transactions

The table below summarizes amounts included in the Company's consolidated balance sheets and statements of income and comprehensive income for the respective periods under various related party agreements or relationships:

	March 31, 2021			
Consolidated balance sheet	NNA	NML	Other	Total
Unamortized incentives included in finance receivables, net [1]	$ (597)	$ —	$ —	$ (597)
Other receivables included in finance receivables, net	—	—	6	6
Receivables from affiliates and other [2]	276	—	3	279
Loans to and investments in affiliates	13	—	1,730	1,743
Borrowings	1,993	—	1,214	3,207
Accounts payable and accrued liabilities	881	30	3	914
Deferred income and incentives [3]	915	—	—	915

	For the years ended March 31, 2021			
Consolidated statement of income and comprehensive income	NNA	NML	Other	Total
Total revenues [4]	$ 1,407	$ —	$ 16	$ 1,423
Other income/(loss), net	(2)	—	49	47
Interest, net	3	127	77	207
General and administrative [5]	73	—	11	84

Included in other loans to and investment in affiliates as of March 31, 2021, is a $582 loan receivable from NR Finance Mexico, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada (NRFM) which originated on August 20, 2020 and matures on July 17, 2023, $491 loans receivable from Nissan Financial Services Japan (NFSJP) which originated on March 23, 2021 and matures on March 22, 2024, a $225 loan receivable from Nissan Canada Inc (NCI) which originated on March 31, 2021 and matures on April 1, 2021, a $200 loan receivable from NFSJP which originated on January 22, 2021 and matures on January 20, 2022 and a $200 loan receivable from Nissan Financial Services Australia Pty. Ltd. (NFSA), which originated on December 22, 2020 and matures on June 22, 2021. Included in other borrowings at March 31, 2021 are $689 loans payable to NGRE, maturing through July 2023 and a $460 loan payable to Nissan Extended Services NA (NESNA), which originated on December 16, 2020 and matures on December 15, 2023.

5. Related-Party Transactions (continued)

	March 31, 2020			
Consolidated balance sheet	NNA	NML	Other	Total
Unamortized incentives included in finance receivables, net [1]	$ (439)	$ —	$ —	$ (439)
Other receivables included in finance receivables, net	—	—	10	10
Receivables from affiliates and other [2]	734	—	6	740
Loans to and investments in affiliates	662	—	1,691	2,353
Borrowings	763	—	1,106	1,869
Accounts payable and accrued liabilities	541	33	2	576
Deferred income and incentives [3]	1,338	—	—	1,338

	For the years ended March 31, 2020			
Consolidated statement of income and comprehensive income	NNA	NML	Other	Total
Total revenues [4]	$ 1,517	$ —	$ 9	$ 1,526
Other income/(loss), net	81	—	65	146
Interest, net	4	141	134	279
General and administrative [5]	84	—	9	93

Included in other loans to and investment in affiliates as of March 31, 2020, is a $1,000 loan receivable from Nissan Financial Services Co, Ltd. (NFS) which originated on January 21, 2020 and matured on July 21, 2020, and a $660 loan receivable from NCI which originated on March 25, 2020 and matured on April 27, 2020. Included in other borrowings at March 31, 2020 are $1,053 loans payable to NGRE, maturing through July 2023.

	For the years ended March 31, 2019			
Consolidated statement of income and comprehensive income	NNA	NML	Other	Total
Total revenues [4]	$ 1,713	$ —	$ —	$ 1,713
Other income/(loss), net	6	—	70	76
Interest, net	8	154	204	366
General and administrative [5]	81	—	8	89

5. Related-Party Transactions (continued)

1 Unamortized incentives are related to retail contracts in the vehicle incentive programs, see Vehicle Incentive Programs below.
2 Includes receivables of $280 and $273 related to vehicle incentive programs for both retail and lease contracts that are billed to NNA, as of March 31, 2021 and 2020, respectively, see Vehicle Incentive Programs below.
3 Includes unamortized incentives related to lease vehicles under the vehicle incentive programs, see Vehicle Incentive Programs below.
4 Includes $295, $292 and $301 of retail revenues related to the vehicle incentive programs, as of March 31, 2021, 2020 and 2019, respectively, see Vehicle Incentive Programs below. Includes $914, $1,072 and $1,090 of leasing revenues related to the vehicle incentive programs, as of March 31, 2021, 2020 and 2019, respectively, see Vehicle Incentive Programs below.
5 General and administrative is mostly related to shared services that NNA provides to NMAC.

Borrowings

NML and its affiliates utilize excess cash by providing loans between NML affiliates to support liquidity and working capital of the group. Excess cash from group affiliate members is lent in the form of loans; the Company is either a borrower or a lender, depending on overall excess cash positions.

The Company has a master netting agreement with NNA, which is used to settle payments between NNA and NMAC.

Total borrowings from other affiliates outstanding as of March 31, 2021 and 2020, respectively, comprised of the following:

	March 31, 2021			March 31, 2020		
	Balance	Weighted-average rate	Maturing through	Balance	Weighted-average rate	Maturing through
Term notes:						
NNA	$ 1,993	0.55 %	04/21	$ 763	3.70 %	04/20
Nissan Reinsurance	65	0.70 %	05/21	52	1.98 %	04/20
NESNA	460	1.90 %	12/23	—		
NGRE	150	0.80 %	06/21	—		
	$ 2,668			$ 815		
Securitized debt:						
NGRE [1]	$ 539	8.64 %	07/23	$ 1,053	8.35 %	07/23

[1] NGRE Securitized debt balance is net of discounts in the amount of $3 and $10 as of March 31, 2021 and 2020, respectively.

5. Related-Party Transactions (continued)

Vehicle Incentive Programs

NNA sponsors various vehicle incentive financing programs for both retail and lease contracts. Under these programs, the Company obtains the retail and lease contracts and charges NNA an amount to obtain the estimated current market lending or leasing rates on the contracts, based on the applicable incentive programs.

Lease Residual Value and Employee Lease Programs

NNA guarantees residual value recoveries on non-credit related automotive lease terminations and maturities, excluding employee leased vehicles and dealer leased service loaner vehicles. The total amount the Company expects to be reimbursed if net proceeds are less than contractual values is estimated and recorded in the allowance for incentives and leased vehicle impairment which is included in Investment in vehicle operating leases, net in the accompanying consolidated balance sheets. Provisions to or releases from the Allowance for Leased Vehicle Impairment (non-credit related) have no impact to the Company's consolidated statements of income and comprehensive income. The Company records a receivable or a payable related to such gains or losses. The receivables relating to these programs are recorded in Receivables from affiliates and other, net, in the accompanying consolidated balance sheets.

In addition, NNA serves as a collection agent for the Company for the sale of off-lease vehicles. Once the funds are received, NNA transfers the proceeds to the Company. The Company records a receivable from NNA at the time the vehicle is sold in Receivables from affiliates and other, net in the accompanying consolidated balance sheets.

The following table represents receivables from (payable to) NNA for the shortfall (excess) of expected proceeds compared to residual values for off-lease vehicles, recorded in Receivables from affiliates and other, net in the accompanying consolidated balance sheets as of March 31, 2021 and 2020, respectively. NNA pays the guarantee in advance at the inception of the lease based on residual value estimates. The Company returns any unused portion of the reserve based on actual sales proceeds.

5. Related-Party Transactions (continued)

	March 31, 2021	March 31, 2020
Due from/(to) NNA for off-lease sales	$ (208)	$ 317

The following table represents the receivable from NNA for proceeds from the sale of off-lease vehicles, which are recorded in Receivables from affiliates and other, net in the accompanying consolidated balance sheets as of March 31, 2021 and 2020, respectively.

	March 31, 2021	March 31, 2020
Receivables related to the sale of off-lease vehicles	$ 186	$ 73

During the year ended March 31, 2021, auction proceeds upon sale of off-lease vehicles in excess of leased car book values were realized of approximately $70 million. Leased vehicles are depreciated to the guaranteed residual values agreed with NNA. Under the residual guarantee agreement between NNA and NMAC, NMAC holds rights to such excess proceeds as the legal owner of the vehicles and based on the economic substance of the transactions. NNA is the auction agent and has retained the excess proceeds. Market conditions have been unique and excess proceeds of this nature and magnitude have not previously occurred. NNA and NML are evaluating the appropriate attribution of these gains based on the existing intercompany arrangements and their intentions with regard to the guarantee. Given the uncertainty of the treatment that will ultimately be applied to the transactions by NMAC's parent and whether the proceeds will be remitted to NMAC, neither the proceeds nor any associated net income have been reflected in the accompanying financial statements.

The Company acquires vehicles from NNA primarily related to employee vehicle lease programs provided by NNA. Prior to the adoption of ASC 842 on April 1, 2019, the costs of the vehicles, net of accumulated depreciation, were included in Investment in vehicle operating leases, net in the accompanying consolidated balance sheets. The Company then leased the vehicles back to NNA via an operating lease and revenue related to lease payments from NNA was included in Leasing revenues in the accompanying consolidated statements of income and comprehensive income. This revenue totaled $3, $128 and $302 for the years ended March 31, 2021, 2020 and 2019, respectively. Following the adoption of ASC 842, the costs of vehicles acquired during the period from April 1, 2019 through January 2020 were included in Loans to and investments in affiliates

5. Related-Party Transactions (continued)

in the accompanying consolidated balance sheets. The balance of vehicles acquired and accounted for as loans was $13 and $662 as of March 31, 2021 and 2020, respectively. The payments from NNA on these receivables are applied to the outstanding principal and interest amounts and totaled $91 and $182 for the periods ended March 31, 2021 and 2020, respectively. Beginning January 2020, a subsidiary of the Company, Nissan CV Leasing LLC (NCVL), began acquiring the vehicles from NNA and costs of the vehicles, net of accumulated depreciation, are included in Investment in vehicle operating leases, net in the accompanying consolidated balance sheets. The balance of vehicles acquired and accounted for as investment in vehicle operating leases, net was $551 and $159 as of March 31, 2021 and 2020, respectively. NCVL then leases the vehicles directly to the employees via an operating lease and revenue related to lease payments from the employee and employer incentive compensation from NNA are included in Leasing revenues in the accompanying consolidated statements of income and comprehensive income. This revenue totaled $188 and $8 for the years ended March 31, 2021 and 2020, respectively.

NNA and NMAC had an intercompany agreement until January 2020, which included an early termination fee from NNA to NMAC for employee vehicle leases terminated prior to the contracted 12-month lease term. Early termination fee income of $41 and $37 for the years ended March 31, 2020 and 2019, respectively was recorded in Other income/(loss), net. There was no early termination fee for the year ended March 31, 2021.

The Company's recorded lease payment receivable for employee leases from NNA, which are recorded in Receivables from affiliates and other, net, was $26 and $68 as of March 31, 2021 and 2020, respectively.

Income Taxes

The Company files a consolidated U.S. income tax return and, in certain instances, combined state income tax returns with NNA and other members of the affiliated group. Under the tax allocation agreement with NNA, each group member with taxable income is allocated 100% of its respective current tax liability calculated on an individual company basis. Any member without a current tax liability is allocated 100% of the tax benefits of its losses and credits realized by the group.

5. Related-Party Transactions (continued)

The Company's net receivable from (payable to) NNA related to federal and state income taxes was ($884) and ($577) as of March 31, 2021 and 2020, respectively. The gross receivable (payable) balances are recorded in Receivables from affiliates and other, net and in Accounts payable and accrued liabilities, respectively, in the accompanying consolidated balance sheets.

Keepwell Agreement

The Company entered into an amended Keepwell agreement with NML, dated February 9, 2005, whereby NML provides assurances to Company creditors under debt and derivative obligations. NML has agreed, per the Keepwell, to: (1) maintain a direct or indirect ownership of the entire legal title to and beneficial interest in all of the Company's outstanding shares of stock having the right to vote for the election of members of the Board of Directors, and not to pledge, directly or indirectly, or in any way encumber or otherwise dispose of any such shares of stock or permit its subsidiaries to do so; (2)cause the Company to have a consolidated tangible net worth, as determined in accordance with U.S. GAAP, of at least one U.S. dollar; (3) cause the Company to maintain sufficient liquidity to punctually meet the payment obligations under any indebtedness for borrowed money represented by debt obligations, borrowings, foreign exchange, swap and derivative obligations (Debt) in accordance with its terms, or, where necessary, make available to or arrange for sufficient funds to enable the Company to meet such obligations in full as and when they fall due; and (4) so long as any Debt is outstanding, not to modify, amend, or terminate the Keepwell Agreement in any manner adverse to the interests of the creditors of such debt.

The Keepwell Agreement does not have a stated maturity date. The Company received no monetary support from NML under the Keepwell Agreement as of March 31, 2021 and 2020, respectively. The Company pays a Keepwell-related fee to NML that is calculated as a percentage of outstanding loan balances and the notional amounts of derivatives outstanding.

These fees totaled $127, $133 and $138 for the years ended March 31, 2021, 2020 and 2019 respectively, and are recorded in Interest, net in the accompanying consolidated statements of income and comprehensive income.

5. Related-Party Transactions (continued)

The Company's financial position, results of operations, and cash flows might have been different if the relationships with NML, NNA, and other commonly controlled affiliates did not exist. The Company's business is dependent on the sales and leasing of Nissan and Infiniti vehicles in the United States, and the Company has significant volume of transactions and arrangements with NNA and other affiliates. Significant declines in the volume of sales and leasing activities or adverse changes in availability and extent of arrangements with NNA and other affiliates may have a material adverse impact on the Company's financial position and operating results.

Related Party Debt Guarantees

NMAC guarantees a portion of debt obligations outstanding for its affiliate, NRFM. NMAC guaranteed $1,702 and $3,026 of outstanding debt obligations at NRFM as of March 31, 2021 and 2020, respectively, and was paid an annual yield of 1.5% based on the quarterly aggregate outstanding principal balance guaranteed. The income totaled $36, $44 and $40 for the years ended March 31, 2021, 2020 and 2019, respectively, and is recorded in Other income/(loss) in the accompanying consolidated statements of income and comprehensive income. No liability related to the guarantee has been recorded since NRFM does not have any history of defaults and no additional risks are currently present.

Loans To and Investments in Affiliates

The following table summarizes investments at March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020
Term notes and other receivables	$ 1,712	$ 2,322
Equity method investments	31	31
Total	$ 1,743	$ 2,353

Equity Transactions with NNA

On May 24, 2018, the Company received a $500 equity investment from its parent, NNA. This investment was made on behalf of its global affiliate, NML, for strategic purposes.

5. Related-Party Transactions (continued)

In September 2019, the Board of Directors of NMAC approved and settled a dividend to NNA in the amount of $2,000. Concurrently, NMAC raised funding for the dividend primarily through cash flows from operations, third party financing and an inter-company loan facility from NNA.

In March 2020, the Board of Directors of NMAC approved and settled an additional dividend to NNA in the amount of $2,000. Concurrently, NMAC raised funding for the dividend primarily through cash flows from operations and third-party financing.

See Notes 3, 4, 6, and 8 for additional details on related-party transactions.

6. Income Taxes

The provision (benefit) for income taxes for the years ended March 31, is summarized as follows:

	Years Ended March 31		
	2021	2020	2019
Current:			
Federal	$ 779	$ 494	$ 37
State	158	174	128
Foreign	6	7	7
Total current	943	675	172
Deferred:			
Federal	(524)	(475)	159
State	(108)	(79)	(90)
Foreign	—	—	—
Total deferred	(632)	(554)	69
Total	$ 311	$ 121	$ 241

A reconciliation between the provision for income taxes computed by applying the federal statutory rate of 21% for the years ended March 31, 2021, 2020 and 2019 to the actual income tax provision is as follows:

	Years Ended March 31		
	2021	2020	2019
Provision for income taxes at federal statutory rate	$ 281	$ 177	$ 208
Enacted law change	—	(55)	44
State income taxes - net of federal tax benefit	48	64	40
Federal tax credits	(49)	(45)	(107)
Valuation allowances	—	(63)	135
Return to provision adjustments	(7)	(12)	(6)
Uncertain tax positions	28	15	31
Transaction loss	—	—	(86)
IRS adjustments and other	28	26	9
Correction of deferred taxes	(18)	14	(27)
	$ 311	$ 121	$ 241

6. Income Taxes (continued)

Under the tax allocation agreement with NNA, each group member with taxable income is allocated 100% of its respective current federal and state tax liability calculated on a separate company basis. Any member without current federal and state tax liability on a separate company basis is allocated 100% of the tax benefits of its tax losses and credits that are realized by the group. For those states in which the Company is included in a combined tax return with NNA, current taxes are allocated in proportion to each member's contribution to the combined tax payable or receivable.

The Company's intercompany income tax balance with NNA was an $884 payable and a $577 payable as of March 31, 2021 and 2020, respectively. The balance as of March 31, 2021, consisted of a $770 federal payable and a $114 state tax payable while the net balance as of March 31, 2020, consisted of a $490 federal payable and an $87 state tax payable. Any receivable amounts from NNA are included in Receivables from affiliates and other, net in the accompanying consolidated balance sheets while the payable amounts are included in Accounts payable and accrued liabilities.

6. Income Taxes (continued)

Deferred income tax reflects the estimated future tax consequences arising from differences between the financial statement carrying values of existing assets and liabilities and their tax basis.

The differences giving rise to the net deferred income tax liabilities at March 31, 2021 and 2020 are summarized as follows:

	March 31, 2021	March 31, 2020
Deferred tax assets:		
Allowance for credit and residual value losses	$ 689	$ 690
State net operating loss carryovers	13	17
Intercompany loss carryforwards	100	98
Tax credit carryovers	492	480
Valuation of derivatives	15	36
Other	34	33
Deferred tax assets before valuation allowance	1,343	1,354
Valuation allowances	(102)	(100)
Total deferred tax assets	$ 1,241	$ 1,254

	March 31, 2021	March 31,
Deferred tax liabilities:		
Leasing transactions - depreciation	$ 3,802	$ 4,484
Dealer marketing	87	109
Valuation of finance receivables	—	68
Other	7	13
Total deferred tax liabilities	3,896	4,674
Net deferred tax liabilities	$ 2,655	$ 3,420

6. Income Taxes (continued)

Deferred income tax assets are recorded in the balance sheet at an amount that management believes is more likely than not to be realized. The deferred tax assets for tax credits, loss carryovers and their corresponding valuation allowances as of March 31, 2021 and 2020 were:

	March 31,	March 31, 2020	Expiration
Tax credits:			
Electric vehicle credits	$ 486	$ 474	3/31/2034-3/31/2041
State tax credits	6	6	3/31/2026-Unlimited
Total tax credit carryovers	$ 492	$ 480	
Loss carryovers:			
Intercompany loss carryforward	$ 100	$ 98	Unlimited
State net operating losses	13	17	3/31/2022-Unlimited
Total loss carryovers	$ 113	$ 115	
Valuation allowances:			
Intercompany loss carryforward	$ (100)	$ (98)	
State net operating losses	(2)	(2)	
Total valuation allowances	$ (102)	$ (100)	

As in prior years, the Company generated electric vehicle credits, an investment credit generated from leases related to the Company's all-electric vehicle the Nissan LEAF. The Company accounts for electric vehicle credits as a reduction of income taxes using the flow-through method. The increase to the electric vehicle credit carryforward is a result of current year credit generation exceeding anticipated credit utilization on the March 31, 2021 tax return.

The Company recorded a partial valuation allowance reducing the deferred tax asset for the portion of the state net operating losses which are not more-likely-than-not to be realized prior to expiration. The Company recorded a full valuation allowance reducing the deferred tax asset for the intercompany losses on the sale of its Controlled Foreign Corporations to a related party during the year ended March 31, 2018 which are not more-likely-than-not to be realized.

6. Income Taxes (continued)

The following table summarizes the activity related to the Company's gross unrecognized tax benefits from April 1, 2018 to March 31, 2021:

	March 31,	March 31, 2020	March 31,
Beginning of year	$ 155	$ 125	$ 118
Increases related to prior year tax positions	19	20	2
Decreases related to prior year tax positions	(4)	(1)	(22)
Increases related to current year tax positions	8	15	27
Decreases related to current year tax positions	—	—	—
Decreases due to settlement	—	—	—
Decreases due to lapse of statute	(1)	(4)	—
End of year	$ 177	$ 155	$ 125

The total unrecognized tax benefits that, if recognized, would affect the effective tax rate were $157, $136 and $113 as of March 31, 2021, 2020 and 2019, respectively.

The Company includes interest and penalties on taxes in income tax expense on the consolidated statement of income and comprehensive income. During the years ended March 31, 2021, 2020 and 2019 the Company recorded interest and penalty expense related to uncertain tax positions of $9, $1 and $8, respectively. At March 31, 2021, 2020 and 2019, cumulative accrued interest and penalties were $35, $27 and $26, respectively.

During the next 12 months, the Company anticipates that it is reasonably possible that the IRS examinations for the tax years ended March 31, 2010 through 2017 will close. The estimated decrease of the unrecognized tax benefit as a result of the anticipated closing of the audit cycle is $76.

The Company, its subsidiaries and its parent are routinely examined by U.S. federal, state and local authorities. Tax years ended March 31, 2010 through 2019 are currently under examination by the IRS. The March 31, 2020 tax year remains subject to examination by the IRS. Various tax years are currently under examination by state taxing authorities. Additionally, various tax years beginning after March 31, 2008, remain open to examination by state jurisdictions. Management

6. Income Taxes (continued)

regularly assesses the potential outcome of both ongoing and future examinations for the current and prior years and has concluded that the provision for income taxes is adequate.

Subsequent to the year ending March 31, 2021, on April 1, 2021, the Company converted its legal entity status from a corporation to a limited liability company. As a limited liability company with a single owner, NNA, the Company is disregarded for federal and state income tax purposes. The Company will revalue its state deferred tax assets and liabilities upon conversion as the new disregarded entity tax treatment will create changes in its state income tax filings. Based on intercompany tax sharing agreements including amounts expected to be received from NNA, the Company does not expect a material impact to capital as a result of the conversion.

7. Commitments and Contingencies

IRS Tax Examination

During the year ended March 31, 2019 the Company received a notice of proposed adjustment from the IRS related to an intercompany transfer pricing matter for the tax years ended March 31, 2011 through 2014. The tax years ended March 31, 2015 through 2019 are also currently under examination by the IRS including this item. The proposed adjustment totals $114 in federal tax and would also be subject to federal interest, state income tax and state interest of $51 in the aggregate. In conjunction with the proposed adjustment, the IRS issued a proposed penalty adjustment of $32. The Company estimates the potential range of an unfavorable outcome for the intercompany transfer pricing item for federal income tax, federal interest, state income tax and state interest for all periods open to examination between $0 and $525. The Company disagrees with the IRS proposal with regards to this matter. The Company continues to believe the provision for income taxes is adequate.

Litigation Related Contingencies

There are various claims and pending actions against the Company related to commercial and consumer financing matters, taxes, and other matters arising out of the normal course of business. In management's opinion, the ultimate outcome of these matters is not expected to have a material adverse effect on the Company's consolidated balance sheets; statements of income and comprehensive income; and statements of cash flows.

Superior Auto of Fremont, LLC, et al

In October 2017, the Superior Court of California ruled in favor of NMAC, vacating a May 2017 jury verdict in favor of Superior Auto of Fremont, LLC (Superior), and ordering a new trial. In April 2021, the California Court of Appeals affirmed a new trial order. An unfavorable outcome related to Superior is not considered to be probable or estimable at this time.

7. Commitments and Contingencies (continued)

Wholesale Loans and Loans to Dealers

Certain amounts are available to dealers under wholesale loans as well as revolving lines of credit. Wholesale financing is not considered to be a contractual commitment as the arrangements are not binding agreements under which the Company is required to perform. Amounts available on revolving lines of credit to dealers totaled $154 and $170 as of March 31, 2021 and March 31, 2020.

Related Party Revolving Credit Facility

In May 2020, the Company entered into a $2,000 revolving credit facility loan agreement in which the Company was lending to NNA. This loan was to be used for general corporate purposes and matured on April 30, 2021. If the outstanding loan principal exceeded the sum of NNA's finished goods inventory balance and $750, NNA would repay the excess and accrued interest. At March 31, 2021, there was no outstanding balance under this agreement.

8. Borrowings

The following tables present borrowings and the scheduled maturities assuming that no early redemptions occur. The actual payment of securitized debt may vary based on the payment activity of the related pledged assets (see Notes 3 and 4). Total Borrowings outstanding as of March 31, 2021 and March 31, 2020, respectively, comprised of the following:

	March 31, 2021			March 31, 2020		
	Balance	Weighted-average rate	Maturing through	Balance	Weighted-average rate	Maturing through
Commercial paper	$ —	—%	—	$ 2,871	2.03 %	01/21
Term notes	15,032	1.02 %	10/25	10,840	2.22 %	10/24
Securitized debt	9,357	1.88 %	05/27	19,435	2.65 %	02/24
Corporate bonds, net	7,598	2.21 %	03/28	8,499	2.55 %	09/25
Debt issuance costs	(57)			(50)		
Total borrowings outstanding	$ 31,930	1.55 %		$ 41,595	2.48 %	

As of March 31, 2021 and March 31, 2020, the Company held term notes with Japan Bank for International Cooperation (JBIC) totaling $2,582 and $0, respectively. The latest maturity of JBIC term notes held by the Company as of March 31, 2021 is October 15, 2025 for $2,000.

As of March 31, 2021 and March 31, 2020, the Company held term notes with related parties totaling $2,668 and $815, respectively. As of March 31, 2021 and March 31, 2020, the Company held securitized debt with related parties totaling $539 and $1,053, respectively. The related party borrowings are further discussed in Note 5.

8. Borrowings (continued)

The total Borrowings outstanding at March 31, 2021, mature as follows:

Years ending March 31:	
2019	$ 16,645
2023	7,275
2024	3,567
2025	460
2026 and after	4,045
Total maturities	31,992
Unamortized discounts/premiums and debt issuance costs	(62)
Total borrowings outstanding	$ 31,930

Credit Facilities

As of March 31, 2021, the Company has three credit facilities with a syndicate of banks totaling $6,643 available in the aggregate for general liquidity purposes.

- The 2018 five-year facility of $3,000 matures in June 2023.
- The 2019 three-year facility of $2,000 matures in June 2022.
- The 2020 364-day facility of $1,643 matured in June 2021. The facility was renewed through June 2026.

The Company had no outstanding borrowings under the above three credit facilities as of March 31, 2021.

As of March 31, 2020, the Company had three credit facilities with a syndicate of banks totaling $7,000 available in the aggregate for general liquidity purposes.

- The 2018 five-year facility of $3,000 matures in June 2023.
- The 2019 three-year facility of $2,000 matures in June 2022.
- The 2019 364-day facility of $2,000 matured in June 2020.

8. Borrowings (continued)

The Company had no outstanding borrowings under the above three credit facilities as of March 31, 2020.

The Company participates in a global multicurrency revolving credit facility that matures in July 2023. The maximum credit line, which was shared by the Company and NML, was $2,500 at March 31, 2021 and March 31, 2020. At March 31, 2021 and March 31, 2020, there were no outstanding borrowings under this credit facility.

The carrying values of all unsecured medium-term notes, net of amortized discount or premium, are included as part of the corporate bonds, net caption of the outstanding borrowings schedule above. The balances of unsecured medium-term notes at March 31, 2021 and March 31, 2020 were $7,000 and $7,900.

Compliance with Debt Covenants

Certain credit facilities of the Company require compliance with financial ratios, as well as reporting to lenders. The Company's securitized debt agreements also contain various covenants, such as overcollateralization ratios, payment ratios, or other considerations. As the Company's securitized debt agreements are non-recourse obligations, the Company may, at its discretion, but is not obligated to, contribute or pledge additional cash, finance receivables, or other assets to VIEs that have issued securitized debt related to the financial covenants of those agreements. At March 31, 2021, the Company was in compliance with its debt covenants.

9. Derivative Financial Instruments and Risk Management

The Company's borrowings consist of fixed and floating rate debt. The Company has entered into interest rate swaps and foreign currency swaps to mitigate the interest rate and foreign currency risks. The use of derivatives is intended to reduce fluctuations on cash flows and fair value adjustments of assets and liabilities caused by market movements.

All derivatives are recorded on the consolidated balance sheets at fair value, which is presented on a gross basis and includes an adjustment of non-performance risk. The Company may use the following derivatives:

Fair value hedges – at the inception, the derivative is designated as a hedge of the fair value of a specific asset or liability. The changes in the fair value of the derivative that are not attributable to the hedged risk are referred to as hedge ineffectiveness and recorded in Net income. The changes in the fair value of the hedged item attributable to the hedged risk are recognized in Other income/(loss), net. The Company currently does not have any designated fair value hedges.

Cash flow hedges – at the inception, the derivative is designated as a hedge of the forecasted cash flow associated with floating and fixed rate debt and receivables. Changes in the fair value of the derivative are recorded in Other comprehensive income/(loss), net and are recognized in Net income when the hedged item affects Net income. If a designated hedge relationship is no longer highly effective, future changes in the fair value of the derivative are recognized in Net income in the period in which the changes occur. The Company designates certain derivatives as cash flow hedges to match interest payments related to its term debt, corporate bonds and foreign currency term debt and receivable with affiliates.

Non-hedges – at the inception, the derivative is undesignated. The changes in the fair value of the derivative are recorded in Other income/(loss), net.

9. Derivative Financial Instruments and Risk Management (continued)

Foreign Exchange Contracts

The Company enters into foreign currency swaps to reduce foreign exchange risk arising from foreign currency transactional exposures associated with transactions between affiliates and non-affiliates. The Company does not treat certain currency swaps that are used to convert non-functional foreign denominated debt and investments to functional currency as hedges for accounting purposes. As these derivatives are not designated as hedges for accounting purposes, the gains or losses are recorded in earnings each period. For currency contracts designated as hedges for accounting purposes, the accounting treatment is dependent on whether the hedge is a cash flow hedge or a fair value hedge. Currency swaps generally involve the exchange of payments, which are based on the reference interest rates available at the inception of the contract, on two different currency principal balances that are exchanged.

Interest Rate Contracts

Interest rate contracts are generally used to manage a portion of the Company's interest rate risk. The Company's net interest income is affected by changes in the level of market interest rates and mismatches between the re-measurement dates of its assets and liabilities. Interest rate contracts are used to alter the re-measurement characteristics of assets and liabilities (from floating rate to fixed rate or from fixed rate to floating rate) to achieve a specified level of interest rate exposure over time from assets and liabilities.

The Company has entered into various offsetting derivatives between NMAC and its VIEs to reduce the interest rate risk between VIEs and their external counterparties. These offsetting derivative transactions are not designated for hedge accounting.

9. Derivative Financial Instruments and Risk Management (continued)

Fair Values of Derivative Instruments

The location and fair value of derivatives reported in the consolidated balance sheets were as follows:

		Asset (Liability) Fair Value	
		March 31, 2021	March 31, 2020
Designated derivatives under ASC Topic 815			
Interest rate contracts	Deferred charges and other assets, net	$ 18	$ —
Foreign exchange contracts	Deferred charges and other assets, net	10	—
Interest rate contracts	Other liabilities	(67)	(144)
Foreign exchange contracts	Other liabilities	(67)	—
Total designated contracts		$ (106)	$ (144)
Undesignated derivatives under ASC Topic 815			
Interest rate contracts	Deferred charges and other assets, net	$ 1	$ —
Interest rate contracts	Other liabilities	(1)	—
Total undesignated contracts		$ —	$ —

The gross effect of derivatives designated as hedging instruments on the consolidated statements of income and comprehensive income was as follows:

For the years ended March 31, 2021 and 2020 and 2019

Derivatives in ASC Topic 815 Fair Value Hedging Relationships	Location of Gain (Loss) Recognized in Income on Derivatives	Gain/(Loss) Recognized in Income on Derivatives		
		March 31,	March 31, 2020	March 31, 2019
Interest rate contracts	Interest, net	$ —	$ —	$ 3

Hedged Items in ASC Topic 815 Fair Value Hedging Relationships	Location of Gain (Loss) Recognized in Income on Related Hedged Item	Gain/(Loss) Recognized in Income on Related Hedged Item		
		March 31, 2021	March 31, 2020	March 31, 2019
Fixed-rate debt	Interest, net	$ —	$ —	$ (16)

9. Derivative Financial Instruments and Risk Management (continued)

Derivatives in ASC Topic 815 Cash Flow Hedging Relationships	Gain/(Loss) Recognized in AOCI Inclusive of Reclassification to Income		
	March 31, 2021	March 31, 2020	March 31, 2019
Interest rate contracts	$ 96	$ (148)	$ (83)
Foreign exchange contracts	(13)	—	—
	$ 83	$ (148)	$ (83)

Derivatives in ASC Topic 815 Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from AOCI to Income	Gain/(Loss) Reclassified from AOCI to Income		
		March 31, 2021	March 31, 2020	March 31, 2019
Interest rate contracts [1]	Interest, net	$ (88)	$ 6	$ 59
Foreign exchange contracts [2]	Other income/(loss), net	(43)	13	3
Foreign exchange contracts [1]	Interest, net	(14)	16	(1)
		$ (145)	$ 35	$ 61

[1] Represents the amount net of cash flow interest payments incurred and reclassified out from OCI to earnings.

[2] Represents the amount net of the revaluation of the related foreign denominated debt or receivable.

9. Derivative Financial Instruments and Risk Management (continued)

The following table summarizes the types of derivative financial instruments utilized by the Company and the related fair values, notional amounts outstanding, and weighted-average interest rates. Weighted-average variable rates are based on rates implied in the yield curve which are primarily based upon LIBOR indices.

	Maturing Through	March 31, 2021	March 31, 2020
Interest rate agreements			
Purchased agreements (non-qualifying hedges):	2025		
Notional		$ 6,083	$ 5,825
Fair value		1	—
Average interest rate		3.99 %	4.16 %
Written agreements (non-qualifying hedges):	2025		
Notional		$ 6,083	$ 5,825
Fair value		(1)	—
Average interest rate		3.99 %	4.16 %
Interest rate swap agreement (cash flow hedge)			
Notional	2025	$ 6,532	$ 6,950
Fair value		(49)	(144)
Average pay rate (fixed)		1.30 %	1.89 %
Average receive rate (variable)		0.21 %	1.42 %
Interest rate and foreign currency swaps			
Japanese Yen (JPY) notional amount (cash flow hedge):	2024	JPY 254,413	—
U.S. $ notional amount		$ 2,358	$ —
Fair value		(57)	—
Pay rate (fixed) on USD		1.75 %	—
Receive rate (variable) on JPY		1.19 %	—
Australian $ (AUD) notional amount (non-qualifying hedge):	2021	AUD 263	—
U.S. $ notional amount		$ 200	$ —
Fair value		—	—
Pay rate (fixed) on USD		0.75 %	—
Receive rate (variable) on JPY		1.01 %	—

9. Derivative Financial Instruments and Risk Management (continued)

Notional Amounts of Derivatives

The notional amounts of derivatives do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through derivative use. The amounts exchanged are calculated based on notional amounts and the other terms of the derivatives, related to interest rates and exchange rates. The notional amounts associated with these financial instruments do not represent assets or liabilities on the consolidated balance sheets.

Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. To reduce such credit risk, the Company evaluates the counterparties' credit ratings. The Company does not currently anticipate nonperformance by such counterparties. Concentrations of credit risk, which arise from financial derivative instruments, exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. In management's opinion, the Company does not have a significant exposure to any individual financial derivative counterparty.

10. Fair Value Disclosures

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use, including a consideration of nonperformance risk. Accordingly, the Company applied the following fair value:

Level 1 – Quoted (unadjusted) prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The use of observable and unobservable inputs is reflected in the fair value hierarchy assessment disclosed in the tables within this section.

The fair values of the Company's derivative financial instrument assets and liabilities were determined using Level2 inputs. The fair value of interest rate and foreign currency swap agreements were determined by discounting the expected cash flows using observable market inputs for forward exchange rates, forward swap curves, and relative zero_coupon market interest rates over the remaining terms of the agreements. The fair value of purchased and written interest rate caps was determined from market quotes obtained from dealers. The fair value of derivative financial assets and liabilities incorporate the Company's non-performance credit risk and counterparty non-performance credit risk. Valuation adjustments for non-performance credit risk

10. Fair Value Disclosures (continued)

are derived from observable data related to credit default derivatives for individual counter-parties. Credit default derivatives on NML are used to estimate NMAC's non-performance credit risk.

The following tables summarize the fair values of financial instruments measured at fair value on a recurring basis at March 31, 2021 and March 31, 2020:

	Items Measured at Fair Value on a Recurring Basis			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2021
Assets:				
Derivative assets:				
Interest rate contracts	$ —	$ 19	$ —	$ 19
Foreign exchange contracts	—	10	—	10
Total derivative assets	—	29	—	29
Total assets at fair value	$ —	$ 29	$ —	$ 29
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ —	$ 68	$ —	$ 68
Foreign exchange contracts	—	67	—	67
Total derivative liabilities	—	135	—	135
Total liabilities at fair value	$ —	$ 135	$ —	$ 135

10. Fair Value Disclosures (continued)

	Items Measured at Fair Value on a Recurring Basis			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2020
Assets:				
Derivative assets:				
Interest rate contracts	$ —	$ —	$ —	$ —
Total derivative assets	—	—	—	—
Total assets at fair value	$ —	$ —	$ —	$ —
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ —	$ 144	$ —	$ 144
Total derivative liabilities	—	144	—	144
Total liabilities at fair value	$ —	$ 144	$ —	$ 144

Fair Value of Financial Instruments

The following discloses the estimated fair values of financial instruments not re-measured at fair value on a recurring basis in NMAC's consolidated balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies as described below. Considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The Company did not elect to record any financial instruments at fair value.

10. Fair Value Disclosures (continued)

	March 31, 2021		
	Loans to and investments in affiliates	Finance receivables, net	Borrowings
Financial instruments per consolidated balance sheet	$ 1,743	$ 25,156	$ 31,930
Financial instruments subject to fair value [1]	1,743	25,400	31,992
Fair value adjustment	—	(219)	168
Estimate financial instruments fair value	$ 1,743	$ 25,181	$ 32,160

	March 31, 2020		
	Loans to and investments in affiliates	Finance receivables, net	Borrowings
Financial instruments per consolidated balance sheet	$ 2,353	$ 31,287	$ 41,595
Financial instruments subject to fair value [1]	2,353	31,280	41,669
Fair value adjustment	—	109	(252)
Estimate financial instruments fair value	$ 2,353	$ 31,389	$ 41,417

[1] Items that are not subject to fair value disclosure requirements include debt issuance costs, subvention and certain premiums and discounts.

The carrying value of Cash and cash equivalents, Restricted cash, and Receivables from affiliates and other, net approximates fair value due to the short maturity of these instruments.

The methods and assumptions used to estimate the fair value of other financial instruments are summarized as follows:

Loans to and investments in affiliates – Loans to and investments in affiliates includes a fixed rate term loan with NFSJP and an intercompany floating rate term loan with NRFM. The carrying value of loans to and investment in affiliates approximates fair value due to the stability of the credit risk of the entities and interest rates since origination. The fair value of Loans to and investments in affiliates is categorized within Level 2 of the hierarchy.

Finance receivables, net – The carrying value of variable rate, wholesale receivables, and loans to dealers were assumed to approximate fair value, as they reprice monthly at current market

10. Fair Value Disclosures (continued)

rates. The fair value of fixed rate finance receivables, which is comprised of fixed rate retail receivables and loans to dealers, was estimated by discounting cash flows based on quoted current market interest rates. The fair value of finance receivables is categorized within Level 3 of the hierarchy.

Borrowings – The fair value of public securitized debt and corporate bonds was determined from market value quotes. The fair value for fixed rate term notes was estimated by discounting cash flows based on quoted current market interest rates. The carrying value of floating rate term notes approximates fair value. The fair value of borrowings are categorized within Level 2 of the hierarchy.

The fair value estimates presented herein are based on pertinent information available to management as of March 31, 2021 and March 31, 2020. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively re-evaluated for consolidated financial purposes since the period date, and therefore, current estimates of fair value may differ significantly from the amounts presented herein.

11. Subsequent Events

The Company evaluated subsequent events through June 28, 2021 (the date the consolidated financial statements were available to be issued).

Effective April 1, 2021, the Company and its VIEs converted their legal entity statuses to limited liability companies. In connection with the conversion there were also name changes to the Company and its VIEs. Nissan Motor Acceptance Corporation, formerly a corporation, is now Nissan Motor Acceptance Company LLC, a limited liability company. Based on intercompany tax sharing agreements including amounts expected to be received from NNA, the Company does not expect a material impact to capital as a result of the conversion.

On June 21, 2021, the Board of Directors of NMAC approved a one-time dividend to NNA in the amount of $1,300. Concurrently, NMAC raised funding for the dividend primarily through cash flows from operations, third party financing and inter-company funding.

The COVID-19 pandemic continues to impact the operations of the Company. The full impact of the pandemic on the Company’s ongoing operations will depend on future developments, such as the ultimate duration and scope of the outbreak, its impact on customers and dealers, and the rate at which economic conditions, operations and demand for vehicles return to pre-COVID-19 levels. Accordingly, the ultimate impact on the Company cannot be reasonably estimated at this time. Refer to Notes 1, 3 and 4 for further discussion.

APPENDIX A

INFORMATION REGARDING NISSAN MOTOR CO., LTD.

The following financial and other information concerning Nissan Motor Co., Ltd. or NML, has been provided by NML and is included for background purposes only in view of the existence of the keepwell agreement between NML and us, dated as of February 9, 2005. While we believe that the information in this Appendix A is correct, it is based solely upon information made available by NML. See "Certain Relationships and Related Transactions — Keepwell Agreement." The keepwell agreement is not, and nothing done by NML pursuant to the keepwell agreement shall be deemed to constitute, a guarantee by NML of any of the notes offered hereby.

NML, incorporated in Japan in 1933, is one of the largest automobile manufacturers in Japan and one of the world's leading automobile manufacturers. NML and its consolidated subsidiaries and affiliates accounted for by the equity method (in this section, "the Group") manufactures and distributes vehicles and related parts. In addition, the Group provides sales finance services to support sales activities of the above businesses. As of March 31, 2021, Renault owned 43.7% of NML's total outstanding shares and was NML's largest shareholder. NML also owned 15.18% of Renault's total outstanding shares through a wholly-owned subsidiary. In 2016, NML entered into an agreement with MITSUBISHI MOTORS CORPORATION ("MITSUBISHI MOTORS") on a strategic cooperative relationship including equity participation. As of March 31, 2021, NML owned 34.03% of total outstanding shares of MITSUBISHI MOTORS and is its largest shareholder. NML has entered into various strategic alliances with Renault and MITSUBISHI MOTORS.

Comparison of fiscal years ended March 31, 2021 and 2020

In the fiscal year ended March 31, 2021:

- the Group sold 4,052 thousand units worldwide, a decrease of 878 thousand units, or 17.8%, compared to the fiscal year ended March 31, 2020; and
- NML recorded consolidated operating loss of ¥150.7 billion, a deterioration of ¥110.2 billion, compared to the fiscal year ended March 31, 2020.

In Japan, the Group sold 478 thousand units, a decrease of 10.6% compared to the fiscal year ended March 31, 2020. The Group's market share decreased 0.3 percentage points to 10.3%.

In the United States of America, the Group sold 927 thousand units, a decrease of 25.1% compared to the fiscal year ended March 31, 2020. The Group's market share decreased 1.3 percentage points to 6.2%. In Canada, the Group sold 94 thousand units, a decrease of 23.6% compared to the fiscal year ended March 31, 2020, and the Group's market share decreased 0.8 percentage points to 5.9%. In Mexico, the Group sold 191 thousand units, a decrease of 26.2% compared to the fiscal year ended March 31, 2020. The Group maintained its leading position in Mexico with its market share of 21.0%.

In Europe, excluding Russia, the Group sold 328 thousand units, a decrease of 24.1% compared to the fiscal year ended March 31, 2020. The Group's market share decreased 0.2 percentage points to 2.3%. In Russia, the Group sold 64 thousand units, a decrease of 28.1% compared to the fiscal year ended March 31, 2020. The Group's market share decreased 1.0 percentage points to 4.0%.

In Asia (excluding China) and Oceania, the Group sold 193 thousand units, a decrease of 29.6% compared to the fiscal year ended March 31, 2020. In China, the Group sold 1,457 thousand units, a decrease of 5.8% compared to the fiscal year ended March 31, 2020. The Group's market share in China decreased 0.2 percentage points to 6.2%.

In other foreign countries (including Central and South America (excluding Mexico), the Middle East, and Africa), the Group sold 320 thousand units, a decrease of 26.2% compared to the fiscal year ended March 31, 2020. In those markets, the Group's sales volume in Central and South America decreased by 31.5% to 141 thousand units,

sales volume in the Middle East decreased by 19.2% to 117 thousand units and sales volume in Africa decreased by 25.3% to 62 thousand units.

NML's consolidated net sales totaled ¥7,862.6 billion for the fiscal year ended March 31, 2021, a decrease of 20.4% from the fiscal year ended March 31, 2020. Consolidated operating loss was ¥150.7 billion for the fiscal year ended March 31, 2021, a deterioration of ¥110.2 billion from the fiscal year ended March 31, 2020.

Loss before income taxes totaled ¥339.3 billion for the fiscal year ended March 31, 2021, improving by ¥233.7 billion from the fiscal year ended March 31, 2020. Income taxes totaled ¥92.6 billion for the fiscal year ended March 31, 2021, a decrease of ¥0.6 billion from the previous fiscal year.

Consolidated net special losses totaled ¥118.1 billion for the fiscal year ended March 31, 2021, improving by ¥498.9 billion from the fiscal year ended March 31, 2020.

Net income attributable to non-controlling interests, which represent interests in consolidated subsidiaries which are not wholly owned by NML or its wholly owned subsidiaries, amounted to ¥16.8 billion for the fiscal year ended March 31, 2021, an increase of ¥11.7 billion from the previous fiscal year.

NML recorded consolidated net loss attributable to owners of parent of ¥448.7 billion for the fiscal year ended March 31, 2021, improving by ¥222.5 billion from the fiscal year ended March 31, 2020.

In the automobile segment, net sales, including inter-segment sales or transfers, amounted to ¥6,989.1 billion for the fiscal year ended March 31, 2021, a decrease of 21.6% from the fiscal year ended March 31, 2020. Operating loss of the automobile segment amounted to ¥437.0 billion for the fiscal year ended March 31, 2021, a deterioration of ¥172.8 billion from the previous fiscal year. Net loss attributable to owners of parent of the automobile segment, including eliminations, amounted to ¥636.9 billion for the fiscal year ended March 31, 2021, improving by ¥178.8 billion from the fiscal year ended March 31, 2020.

In the sales financing segment, net sales, including inter-segment sales or transfers, amounted to ¥1,020.0 billion for the fiscal year ended March 31, 2021, a decrease of 12.3% from the fiscal year ended March 31, 2020. Operating income of the sales financing segment amounted to ¥267.9 billion for the fiscal year ended March 31, 2021, an increase of 27.2% from the previous fiscal year. Net income attributable to owners of parent of the sales financing segment amounted to ¥188.2 billion for the fiscal year ended March 31, 2021, an increase of 30.3% from the fiscal year ended March 31, 2020.

Net cash provided by operating activities totaled ¥1,322.8 billion for the fiscal year ended March 31, 2021, an increase of ¥136.9 billion from the previous fiscal year. This was mainly due to a shift from an increase to a decrease in inventories and a shift from a decrease to an increase in trade notes and accounts payable, despite a shift from a decrease to an increase in trade notes and accounts receivable in the automobile business. Net cash from operating activities in the sales finance business remained at the same level from the previous fiscal year.

Net cash used in investing activities totaled ¥369.1 billion for the fiscal year ended March 31, 2021, a decrease of ¥339.6 billion from the previous fiscal year. This was mainly attributable to a decrease in net payment (net difference between the payment for purchase and the proceeds from sales) of leased vehicles in the sales finance business and a decrease in purchase of fixed assets. The Group kept investing in the automobile business including investments for new products and the development of new technology such as advanced driver assistance.

Net cash used in financing activities was ¥639.7 billion for the fiscal year ended March 31, 2021 with an increase in cash outflows of ¥484.2 billion from the previous fiscal year. This was mainly attributable to a decrease in funding needs in the sales finance business.

As of March 31, 2021, the Group's automobile business had ¥636.0 billion in net automotive cash, which was calculated by subtracting out debt (the sum of short-term borrowings, current portion of long-term borrowings, current portion of bonds, commercial papers, lease obligations, bonds, long-term borrowings, and intersegment adjustments) from cash and equivalents (cash on hand and in banks and cash equivalents included in securities).

NML's audited consolidated financial statements as of and for the years ended March 31, 2021, 2020 and 2019 are available at the following website maintained by NML and are incorporated herein by reference: http://www.nissan-global.com/EN/FINANCE/DATA/. Other than the financial statements mentioned above, or as expressly provided in any amendment or supplement hereto, no information on NML's website is, or should be deemed to constitute part of, or is or should be deemed to be incorporated into, this Offering Memorandum.

Any statement contained herein or made a part hereof, or contained in a document all or a portion of which is incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that another statement contained herein (or in any subsequently posted document which is also incorporated or deemed to be incorporated by reference herein) specifically modifies or supersedes such statement. Any statement modified or superseded shall not be deemed, except as so modified or superseded specifically, to constitute a part of this Offering Memorandum. NML will provide, without charge, to each person to whom a copy of this Offering Memorandum has been delivered, upon the written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents should be directed to nissan-ir@mail.nissan.co.jp.

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Nissan Motor Acceptance Company LLC

NISSAN

OFFERING MEMORANDUM

September 10, 2021

Barclays
BofA Securities
Citigroup
HSBC
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Lloyds Securities
Mizuho Securities
MUFG
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TD Securities
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Wells Fargo Securities