

An Energized, Enlightened Alliance

The targets outlined in the Nissan Value-Up plan for sustainable growth would be far harder to achieve without the close and continuing cooperation of our Alliance partner, Renault. With our CEO Carlos Ghosn now heading the executive committees of both companies, the Alliance has become an even greater source of global insights and solutions.

A distillation of best practices from two companies is much more potent than what one alone can produce. The Alliance board meets regularly to develop the strategy and to share the perspectives on major industry issues and opportunities.

Because its scope remains open and flexible, the Alliance has generated a wide spectrum of projects and initiatives. For example, one core benefit of the Alliance is the capacity for in-depth benchmarking which is not possible with a third party.

Nissan and Renault's joint transparency policy encourages such disclosures, giving us the advantage of a dual angle on problems and their potential solutions.

The Alliance presents opportunities in engineering as well. We have collaborated on powertrain development, for example, giving both Renault and Nissan the chance to refine a fundamental component of the carmaking craft. Across functions and borders, our engineers are inspiring each other to devise the vehicles of the future.

Further optimization of the Alliance in areas such as distribution and shared production capacity lowers cost and risk—factors that will help us expand faster in the largely untapped General Overseas Markets (GOM). Where one partner has a presence and the other does not, the support and market knowledge is there to be shared. For a totally new market or segment, we discuss how to enter. Two recent examples of Alliance cooperation are:

- Opening a joint parts warehouse in Hungary that delivers thousands of spare parts to

Renault and Nissan dealer networks in Central Europe. The Alliance partners invested €13 million in the facility, which uses a new IT system Renault and Nissan developed together. Handling parts at a single, centrally located site should bring significant cost reductions and generate synergies in supplies and distribution.

- Nissan initiating sales of the SM3 compact sedan, produced by Renault Samsung Motors (RSM) at its Busan plant in Korea, in various world markets beginning in 2006. This marks the first time Nissan has sourced vehicles for export from Korea. RSM will produce up to 30,000 SM3s—a model originally based on a Nissan product—every year.

To make the Alliance thrive, Nissan and Renault concentrate solely on opportunities with the potential to benefit both partners. One example is shared sales financing services in various markets, including Europe. If a project is not mutually advantageous, we either find a way to balance the return or abandon the venture.

In the end, the true worth of the Alliance springs from its virtually limitless potential. We realize that we have our own strengths and goals, but that only energizes us to discover where we can rely on each other for support. We challenge each other, too, and in doing so, move our businesses to a higher road.

RENAULT NISSAN

Various Models from the B Platform



Clio



Bluebird Sylphy