

Capitalizing on a Changing Automotive Landscape

Our growth plans reflect three global trends: 1) the demand for more affordable mobility; 2) fuel efficiency with lower CO₂ emissions; and 3) the desire from luxury customers for a more personalized driving experience.

We have a comprehensive strategy for affordable mobility that starts with our new A-platform. Vehicles built on this platform are being designed to cost less than \$10,000 and be sold worldwide. In fact, we say the A-platform is “designed to cost” and “designed to localize.” Accordingly, we will produce several models in India, Thailand and other countries with full LCC sourcing.

The small car market is a critical component of our product portfolio. This segment is expected to grow at 7 percent annually in the next five years—more than twice the overall industry rate. Additionally, we anticipate that in the long term these customers will buy C-segment cars. By fiscal 2012, we expect the A-platform to contribute significantly to our revenues and profitability.

In addition to the A-platform, we are developing the Alliance ultra-low-cost car (AULC) with Renault and our Indian partner Bajaj. The AULC is a global car that will serve as an attractive alternative to two-wheel mobility in emerging economies. Some question why we are pursuing the AULC. First of all, this project leverages unique strengths of Nissan: our global culture, respect for diversity, and the Alliance, which emphasizes “win-win” partnerships. Fundamentally, we see the skills, cost-consciousness and customer insights from the AULC having applications across the portfolio, strengthening Nissan’s long-term competitiveness.

As fuel efficiency becomes a greater priority, we are responding with the ultimate commitment: electric vehicles (EVs). This switch to zero-emission mobility is both an exciting challenge and a fundamental strategic move. Zero-emission vehicles will alter the industry forever, and ensure that Nissan both delivers value to customers and leads the industry’s efforts to combat climate change.

Consumers have legitimate concerns about EVs, including driving range, performance and ease of

charging. Nissan’s approach goes far beyond simply developing the vehicle itself. We will deliver a complete EV solution that includes steady improvements in driving range beyond the initial level of 160 km. Our EVs will also offer a compelling level of performance compared to conventional vehicles. Finally, we are forming partnerships that are rapidly building the quick-charge networks of the future.

Thinking creatively, we can envision a world where we “fill up” an EV with energy in a matter of minutes while shopping at a supermarket or relaxing at a coffee shop. Onboard navigation systems would quickly direct the driver to such locations for maximum convenience. Fortunately, we are enjoying strong support for this vision from governments around the world. Partnerships are already in place with Kanagawa Prefecture in Japan, Portugal and the state of Tennessee.

It is worth noting that our EV strategy is not about a single model, but rather a portfolio of vehicles. We can expect that as more EV models come online, we will begin substituting them for models in our conventional portfolio. We can also foresee that vehicles would be sold with or without a battery. In some cases a customer might prefer to purchase an energy package from a mobility service company, including a battery lease and access to the charging network.

Beyond affordable mobility and zero-emission mobility, we have a growth engine in the luxury market. During NISSAN GT 2012, we will double our Infiniti volume from 150,000 units to 300,000 units. Key drivers of this plan include exceptional products, a relentless focus on quality, and expansion into new markets.

Infiniti is the ultimate expression of modern Japanese luxury: both graceful and hospitable, while setting bolder and more inspired standards for automotive performance. Infiniti offers an alternative to stereotypes, a brand with an independent spirit, appealing to self-confident, uncompromising consumers.

For Infiniti, we are targeting the number one spot in quality among Tier 1 luxury brands by fiscal 2012. We were heartened recently when J. D. Power ranked Infiniti number two in its influential 2008 Initial Quality Survey in the United States. The goal of



CARLOS TAVARES
Executive Vice President

number one is clearly in sight, and we will continue to measure our progress against all of the influential indicators in all of our key markets.

The growth of Infiniti is supported by expanding market coverage, including entering Europe—traditionally the toughest Tier 1 luxury market. Russia, for example, will have 22 new showrooms open over the next two years covering every major city in the country.

Affordable mobility, an attractive EV portfolio and a luxury push will require enormous resources. We also need to take care not to fragment our portfolio. I am confident on both counts. We are creating an elite and rationalized family of products with global appeal and positive environmental qualities. They will generate greater volumes and cost efficiencies in the years to come.

Light Commercial Vehicles Take the Stage



ANDY PALMER
Corporate Vice President

Light commercial vehicles are a major pillar of our NISSAN GT 2012 strategy. The LCV sector is extremely complex, with multiple segments in multiple markets. Our portfolio presently covers around 73 percent of those segments globally. We will launch 13 new models

between now and 2012, giving us 94 percent coverage and essentially doubling our turnover.

We have come a long way since 2002. We were OEM buyers then, and planned to sell just 163,000 units. In 2007, we sold 520,000 LCVs in a total market of 8.2 million units by our count, and we have now become OEM suppliers—a business we will continue with Dongfeng in China, Ashok Leyland in India and other customers such as Renault Trucks.

We did major surgery in 2002 and 2003 to make our LCV business profitable, adopting what we call the “Meccano strategy”—using stock and carryover parts and systems on new vehicles whenever possible. By 2012 we will also cut the number of unique LCV platforms from eleven to two, boosting our average volume per platform and gaining significant economies of scale.

We expect TIV in emerging markets like China, India, Southeast Asia, and South America to increase rapidly, pumping up the total market by about 20 percent. We are calling four of our most crucial new markets “URIC”—meaning the United States, Russia, India and China.

Nissan remains the only Japanese maker with a significant LCV presence in China. To ensure sufficient specialized LCV capacity, we are building production facilities in Morocco and Chennai, India. The Morocco plant will begin supplying mainland Europe with vehicles from 2010.

This autumn we launch two vehicles in Russia, and plan to grow the network there and roll out the entire range by 2012. We are investing 118 million dollars in our U.S. factory in Canton to produce three LCVs for our American market debut in 2010. To meet our NISSAN GT 2012 goals, we are going after both conquest and organic growth.

THE ALLIANCE ULTRA-LOW-COST CAR (AULC)

The affordability breakthrough

2011: Alliance ultra-low-cost car with Renault and Bajaj



ELECTRIC VEHICLES (EVs)

Mass-marketed globally in fiscal 2012

