

Managing Through the Global Crisis



Coping with the Crisis, Keeping the Future in Mind

Overcoming the current financial and economic crisis is a primary focus in fiscal 2009. Nissan's total revenue fell over 20 percent in fiscal 2008, and our sales forecast for this fiscal year is down 300,000 units. We cannot rely on increasing revenues, and we also expect fluctuating exchange rates and prices for raw materials and oil.

Fortunately, our company has ample liquidity. We are also being careful to manage our free cash flow—inventory, accounts receivable and payable, capital expenditures, expenses—to preserve cash and to invest in the future.

The whole automotive industry faces many issues. Governments around the world have shown their support for the industry with funding and other economy-boosting measures such as tax incentives and subsidies. Despite these actions, the economy still needs a more solid base to achieve a full recovery.

Today governments are focusing on the economic crisis; just one year ago, however, everybody was talking about the environmental crisis and global warming. The environment and global warming are still crucial

issues. In this area, Nissan has chosen to concentrate on zero-emission vehicles, and we intend to be the world leader in electric vehicles (EVs). We want consumers to think of Nissan first when they think of EVs. We are committed to launching our first electric car in 2010 in the United States and Japan, and we will start the mass production and marketing of these vehicles in 2012.

We are receptive to funding and other assistance from the various governments worldwide that will help us develop environmentally friendly technologies. We need that support to boost production volumes and build infrastructure. Quick deployment of the technology and the infrastructure will be keys to the EV's success.

Many local governments around the world are also intensely interested in expanding EV use. We are collaborating with various levels of governments in different countries to promote infrastructure development and the conditions that will ensure the success of these vehicles. At present, we have agreements with a number of governments, including entities in Japan, China, Europe and the United States. For example, we are now preparing EV charging stations and subsidies for EV users in Yokohama, Japan.



All this activity does not suggest that we have abandoned other environmentally friendly technologies. We are still developing hybrids and fuel-cell vehicles, and we are working continuously on clean diesel technology. We are also introducing a flex-fuel vehicle to the South American market this year.

Supporting the sustainability of the automotive industry is an urgent priority. In the coming decades, the oil supply could be greatly diminished. For the near term, there are concerns as well. Oil prices will undoubtedly rise again after the economic crisis ends. And countries are setting tougher regulatory requirements on fuel consumption.

One product that will contribute to sustainable mobility is our new global entry car, an affordable, fuel-efficient product for the world's consumers, who are growing more price-conscious and fuel-conscious than ever. The small-car market is expanding in China, India, Russia, Mexico and South America, and we want to be a major part of its growth. Our first model launches this fiscal year in Thailand at the beginning of 2010. We will start production there for local sales and exports to other countries, including Japan. We also have plans for production in India and China.

We want customers to understand that our global entry car is in a much different category from other low-cost cars. Like our other small vehicles, this car will possess Nissan's standard qualities: superior

performance, safety, driving pleasure, fuel consumption, creature comforts and style.

In the past, the automotive industry was largely dependent on profits coming from mature markets, such as the United States, Japan and Europe. But I don't believe we can expect significant growth in the mature markets anymore. We need the emerging markets like China, Russia, India, Brazil, the Middle East and elsewhere. If we stop investing in these newer markets, we cannot expect to keep growing.

I want to stress that we are taking prompt actions to regain momentum and turn this current crisis into an opportunity. We must be careful to avoid focusing too much on short-term issues. We need to ensure that we will have the capacity and talented people we need when the company pulls through the crisis. We are investing in our people, our brands and our product technology to ensure Nissan's long-term vitality. We are confident about Nissan's future.

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