LETTER FROM THE COO

Much has been written about the Nissan revival. While innovative product, an improved cost base, greater manufacturing efficiencies and a better-defined brand have all been factors, the strongest element in our revival has been our people. And, what we learned during the crisis in the 90s and through the Nissan Revival Plan and Nissan 180 plan, now guides how we will manage the company in the future. We call it the Nissan Management Way. It is both a philosophy and set of disciplines that guide us at all levels of the organization and will help Nissan build on the momentum of the past six years.

Although our president and CEO Carlos Ghosn has now taken on the same responsibilities at Renault, our basic management style will not change. As in the past, the Executive Committee, chaired by Carlos Ghosn, is still the highest decision making authority for strategy and management policy.

The COO position I now hold was created to provide an “operating officer” in the truest sense of the title. As COO my role is to assist the CEO by executing the business plan, monitoring the Company’s performance and supervising day-to-day operations. The decisions I make are always based on the Nissan Management Way and support the commitments of the NISSAN Value-Up business plan.

What distinguishes the Nissan Management Way is that we are both profit-driven and customer-focused, and that we share our strategy globally and execute in a cross-functional way. These cross-functional activities are particularly important to our success; along with cross-functional thinking, they have helped create an organization of singular structure, focus and culture. In this organization, employees representing each of Nissan’s three axis—regional businesses such as Japan and U.S., functions such as engineering and manufacturing, and products—are actively encouraged to work together to maximize profits and to avoid a ‘silo’ mentality that is only focused on their immediate operational group.

Fiscal 2005 is a year of immense challenges and uncertainties, but we have still pushed ahead with an ambitious business plan for this period. As COO, my priority is to keep a close watch on Nissan’s performance to ensure that we deliver our commitments. These include achieving the final Nissan 180 commitment of one million additional vehicles by the end of September 2005 and hitting our financial targets for fiscal 2005. There is no doubt that we have the strong leadership and management teams capable of sustaining the high level of performance required to reach these goals.

Nissan is now a learning organization. We have fully integrated the changes that began during the Nissan Revival Plan and continue to shape our business in the future. Our employees continually seek to build a better Nissan and fortify the brand, and are not afraid to speak out on issues and openly discuss challenges that face the business. Within the Nissan Management Way, we call that “healthy conflict”— and it strongly related to our belief in transparency and accountability. This is the essence of the evolution that continues to empower our company.

Our alliance with Renault also continues to be a source of immense strength. We expect to further reinforce the Alliance and to develop new synergies now that Carlos Ghosn is the CEO of both companies.

While we have the kinds of advantages I have mentioned, we also have risks. One of those risks is complacency. During the last six years, we have made significant achievements and consistently met tough commitments, but countless challenges remain. Our industry is immensely competitive, our customers more demanding than ever and we have no time to rest and congratulate ourselves. We need to create a culture where employees are always motivated to challenge themselves and the company and to create value for all our stakeholders.

People around the world know that Nissan is a profitable and customer-driven company. As COO, one of my key roles under NISSAN Value-Up is to promote this customer-driven culture throughout the entire value chain, from initial product planning to after-sales service. I truly believe that by enhancing our focus on profit and pursuing a customer-driven approach, we can provide more value to all our stakeholders: employees, communities, suppliers, partners, and, of course, our shareholders.

Toshiyuki Shiga
Chief Operating Officer