

## Message from the CEO

### Firing on All Cylinders: Nissan Power 88 Gains Momentum

In fiscal 2011 we launched our mid-term business roadmap, Nissan Power 88, and made solid progress toward achieving the milestones it sets for us. Our robust partnerships and our work to enhance Nissan's brand and sales power are paving the way for further growth.



**Carlos Ghosn** President and Chief Executive Officer

#### Moving Ahead with Power

Fiscal 2011 was a record year for Nissan in terms of sales and growth. Despite natural disasters and currency exchange headwinds, we demonstrated our ability to manage successfully through crisis, quickly focusing on the actions required to protect the company and to ensure business continuity. Against a turbulent environment caused by factors out of our control, we made substantial progress across many fronts during 2011. In June, we unveiled a comprehensive, structured mid-term business plan: Nissan Power 88, a six-year program for growth.

The word Power symbolizes our goals for brand and sales development, combined with greater focus on the overall customer experience. The numerals 88 represent our targets of 8% global market share and a sustainable 8% operating profit margin. The six-year timeframe reflects our confidence to make the necessary strategic investments in products, technologies and geographic growth that will benefit the company far beyond the end of the plan.

Nissan made progress on multiple fronts during 2011. We made new investments to expand our global manufacturing footprint and we further utilized our Alliance with Renault and our growing network of partners. In China, Nissan's largest global market, we started production of the Tiida hatchback at the second Huadu plant. Huadu is now our largest manufacturing facility worldwide, with annual production capacity of 600,000 units, illustrating the strength of our joint venture with Dongfeng, our Chinese partner. In Brazil and Mexico, we announced new manufacturing plants in Resende and Aguascalientes, respectively. These investments will contribute to production capacity in the Americas of 2,000,000 units by 2014, up from 1,200,000 units last year (2011).

In March, we announced the return of Datsun. We are now preparing for the return of this iconic brand in India, Indonesia and Russia starting in 2014, bringing modern, high-value and robust products to the rapidly expanding middle classes in these important growth markets. In 2011, our light commercial vehicle business passed a significant milestone with sales exceeding 1,000,000 vehicles for the first time and keeping us on track to make Nissan the world's largest LCV manufacturer by 2016.

#### Partnerships and Global Reach

Nissan has the most enduring and successful network of global partners. This network extends from our Alliance with Renault to our growing strategic cooperation with Daimler, Ashok Leyland, Mitsubishi and now AvtoVAZ. At a time when many manufacturers are just starting to work together, Nissan has a proven track record of managing successful relationships with other automakers.

In 2011, valuable progress was achieved with our current partners, and new partnership were established. Together with Renault, we delivered an incremental €1.75 billion of additional synergies. As part of our growing partnership with Russian partner AvtoVAZ, we invested €400 million to produce five vehicles across three brands at the Togliatti facility. The Alliance announced an all-new entry Infiniti model to be created using Daimler's latest vehicle architecture, and we will manufacture engines for Mercedes and Infiniti at Nissan's Decherd engine plant in the United States. In partnership with Ashok Leyland, we started production of the Dost, a compact and affordable pickup truck that will help us grow our LCV presence in the Indian market. And with Mitsubishi, Nissan established a new joint venture to lead the design and engineering of an all-new mini car in Japan.

During 2012, Nissan will completely renew three large-volume global models. The first is the new Altima, which was revealed in April at the New York International Auto Show. In total, we will launch 10 all-new vehicles in 2012 including the Pathfinder, Sylphy/Sentra, NV350 Caravan and a long wheelbase version of the Infiniti M sedan.

Of the 90 new technologies we will launch during Nissan Power 88, 15 will start this year, including an expanded multi-sensing system built on our Around View Monitor image processing technology. We will also launch our next-generation XTRONIC continuously variable transmission (CVT). Nissan is the recognized global leader in CVTs, and this latest generation provides a fuel-economy benefit of up to 10% compared to the current model. Fuel-saving technologies are part of our Blue Citizenship program that guides our environmental, safety and philanthropic actions. During Nissan Power 88 we will invest 70% of our advanced R&D budget into environmental technologies, including those focused on delivering zero-emission leadership.

We will continue our expansion into new and emerging markets during 2012. We are launching the first product from our new Chinese local brand, Venucia, which allows us to compete for the first time in the four million strong entry segment of the Chinese market. In Russia, together with our partners Renault and AvtoVAZ, Nissan is working toward a 40% share. We expanded our relationship with AvtoVAZ last May (2012), and in the second half of this year (2012), we will launch our first entry-level car built locally at the AvtoVAZ plant in Togliatti, the Almera.

At the same time, by no means are we neglecting our premium business. We opened the new global headquarters for Infiniti in Hong Kong in May 2012. In the same year, we will add new markets for Infiniti, such as Chile and Australia, as we drive toward our sales target of 500,000 units across 70 markets by 2016.

### **A Bright Future for the Nissan Brand**

Under Nissan Power 88, we have made both brand power and sales power specific focuses for the company. A strong brand helps our business in every measurable area of the sales and marketing process, from overall opinion to purchase intention to the revenue we generate from every vehicle sold. We will also focus on enhancing overall opinion. Based on the high statistical correlation between overall opinion and market share, this measurement, combined with revenue growth, is the most cost-effective yardstick for growing our market share. Our efforts are being recognized: last year Nissan was named both a top 100 global brand and the most improved brand by the influential Interbrand Group. This year, we rolled out our first-ever global brand campaign in locations like major international airports, reaching hundreds of millions of people with the same consistent message.

Our focus on sales power is driving the expansion of our dealer network in high-growth and emerging markets, using a proven, scientific geomarketing strategy to optimize dealer coverage and increase customer convenience. This year, we will expand our global network by opening 750 new dealer locations, the largest annual increase during Nissan Power 88. We will also increase our sales per outlet, as it is a key measure of operational efficiency.

As we start the new fiscal year, Nissan stands as a company unleashed for success and ready to accelerate growth in all core markets its growth. Together with a stronger brand, investments in products, technologies and global capacity, we have the tools to achieve Nissan Power 88 and beyond. You can continue to expect the best from Nissan.

**Carlos Ghosn**

President and Chief Executive Officer

