

## Message from the COO

### The Power We Need in Volatile Times

Nissan addressed great challenges in the first year of its new mid-term business plan. With a focus on geographic and consumer diversity, as well as environmentally friendly mobility options, it epitomized the Nissan Way: "The power comes from inside."



Toshiyuki Shiga Chief Operating Officer

#### Strong Performance in a Tough Year

The 3/11 earthquake and tsunami inflicted enormous damage, mainly in Japan's Tohoku region. The catastrophe took numerous lives and deprived people of their normal, everyday life. Nissan runs operations in the affected areas, and the company has been taking various actions to support the disaster-stricken regions while restoring its business. Our support includes implementing humanitarian aid, providing Nissan LEAF electric vehicles (EVs) and 4WD Patrols, and dispatching a mobile library for children in the affected areas.

The disaster damaged our Tochigi and Iwaki Plants, and we had to suspend some operations for two months because of the disrupted supply chain. Even in this state of emergency, a number of actions helped us resume production and mitigate the effects on our operations outside Japan. This is a fruit of our swift, companywide cross-functional/cross-regional initiatives based on the Nissan Way: "The power comes from inside." Our guiding principle for all employees, the Nissan Way has been fostered through our business operations. It proved its worth again in addressing such challenges as the strengthening yen and flooding in Thailand and helping to lessen their impacts on us.

Despite a number of difficulties beyond our control, Nissan's sales hit an all-time high in fiscal 2011, while profit grew year-on-year. We were put to the test, but we fulfilled our potential and surmounted the challenges. This success has not made us complacent, the business environment remains volatile, and global competition is intensifying every day. We are increasing our competitive edge to adapt to the changes. Let me describe the changes we face and what we are doing to adjust to them.

#### A Focus on Diversity

Needless to say, many manufacturers including automakers in Japan are struggling in cutthroat competition in the global market. These companies share a common challenge: the Japanese yen is at a historic high. Against this backdrop, We believe that retaining a certain amount of R&D and manufacturing activities in Japan is critical to continue growing and competing in the global arena.



NISSAN



**"The power comes from inside"**

The focus is the customer, the driving force is value creation, and the measurement of success is profit.

For example, the March, our compact car for the Japanese market, was produced previously in our Oppama Plant in Japan but has been relocated to our consolidated entity in Thailand. The 100% all-electric Nissan LEAF is now produced at our Oppama Plant. Our creation of Nissan Motor Kyushu, which capitalizes on its convenient location to import cost-competitive parts from other Asian countries, is another undertaking.

Nissan is making moves to counter the effect of the strong yen. Production entities in Japan are expected to play the role of “mother plants” with state-of-the-art, value-added *monozukuri* (manufacturing excellence), and to keep on building strong technologies and skills. Meanwhile, facilities in other regions are delivering regionally optimal products and services to customers at competitive prices through regionally optimal sourcing. This is mandatory to succeed in the competition with today’s rapidly advancing players, and Nissan is globally directing all its energies to these initiatives.

Nissan is also making efforts to adapt to diversifying customer needs. We are seeing significant growth in emerging markets, in particular the BRICs (Brazil, Russia, India and China) and neighboring countries. Accordingly, diversification of customer needs is increasingly visible. We have clear strategies for working on these new markets. One example is offering products and services that cater to the needs of first-time buyers who drive car demand in emerging markets. Nissan will reintroduce Datsun as a new brand for those customers and a counterpart to Infiniti, our premium brand already available for luxury customers. By combining these with the Nissan brand, we are actively developing an organization that grasps different market needs in more detail, enriching our product line-up and extending market coverage.

### Taking the Green Way Forward

Another Nissan initiative is our diversification of green technologies. Diesel engines and downsized engines are in the mainstream in Europe, whereas plug-in hybrid electric vehicles (HEVs) and fuel-efficient gasoline engines are gaining popularity in Japan and the United States. Needs are diverse in emerging markets, meanwhile, spanning everything from ethanol engines to Thailand’s eco-car project and Indonesia’s green car program. Our technological pillars are zero-emission technologies represented by EVs and our PURE DRIVE technologies including clean diesel, the XTRONIC continuously variable transmission and HEVs. The benefits of Nissan LEAF are not limited to vehicle functions. We are also working on the “LEAF to Home” power supply system, which lets users store electricity in batteries during the low-demand night and supply it to their household in the peak daytime hours.

It is not easy to develop diverse green technologies, including zero emission and PURE DRIVE, on our own. Our Alliance with Renault and our other partnerships play an important role in this aspect. Nissan has been fostering a successful win-win relationship since the start of the Renault-Nissan Alliance in 1999. In addition to economies of scale, we have obtained excellent results in strategic joint operations and other areas that benefit both parties. We enjoy a strong network of partnerships around the world, including our joint venture with Dongfeng in China, a joint operation with Ashok Leyland in India and a capital alliance between the Renault-Nissan Alliance and AvtoVAZ in Russia. This network enables us to adapt to growing emerging markets, diversifying customer needs and demand for a full range of green technologies.

The spirit of the Nissan Way informs all of our efforts to tackle the challenges of disaster recovery and global competition. It is no exaggeration to say that the essence of what it takes to accomplish the goals of Nissan Power 88, our new mid-term business plan, lies in the Nissan Way. As this spirit makes itself felt throughout the organization, it is increasingly bearing fruit. We will continue evolving as a carmaker with both flexibility and robust fundamentals, offering distinctive and innovative products and services that delight our customers. “The power comes from inside” at Nissan, and we intend to share it with the world.

Toshiyuki Shiga  
Chief Operating Officer

