



With Our Business Partners

Working Together for Continued Global Growth

With Our Suppliers

Nissan's success today has been made possible by our suppliers around the world, who provide us with the parts, materials and services we require. Through our business activities we seek to strengthen the win-win relationships of mutually beneficial growth between Nissan and its suppliers, and to increase all of our competitiveness in global markets.

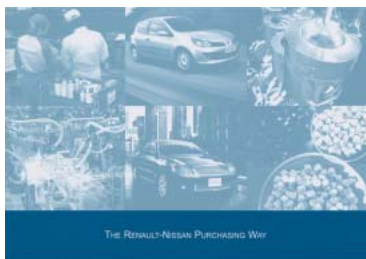
Developing Mutual Trust The thorough pursuit of fair, impartial business

To build relationships of mutual trust with suppliers, Nissan presents a consistent set of business conditions from the very beginning. We select our business partners from among the candidate pool on the basis of a fair, impartial and transparent selection system, regardless of the candidate company's country of origin, size or history of doing business with us. Final decisions on supplier selection are made after the relevant Nissan departments, which may include purchasing, quality, manufacturing and

development, have met and conducted a thorough cross-organizational analysis of the proposals put forward by the candidate firms. We then share a full explanation of the selection results with all participants in the process of building our partnerships.

In all our activities, we do everything we can to ensure fairness and impartiality in accordance with the Nissan Global Code of Conduct's Item 4 (Be Impartial and Fair). To confirm that our operations are being handled in an appropriate manner we monitor them from an external perspective, relying not just on our day-to-day communications with partners but by conducting a number of surveys among our suppliers and providing them with ample opportunities for opinion exchange.

Nissan shares this basic stance with our Alliance partner, Renault. *The Renault-Nissan Purchasing Way*, a guidebook published in February 2006, clearly affirms that conducting business in a fair and impartial manner and selecting our suppliers through a transparent screening process are fundamental principles governing our business. Our aim is to further strengthen the relationships of trust we have with our suppliers.



Nissan and Renault define common business values

Nissan and Renault formed their Alliance in 1999. Since then the purchasing departments of the two companies have worked together with our suppliers to develop the expertise, tools and processes needed for an optimal supply chain. To carry out business with these partners fairly and impartially, we have defined a set of common values. We believe that transparency, trust and respect—the keys to these values—are the basis for any business relationship.

The purchasing departments of Nissan and Renault have produced a booklet

entitled *The Renault-Nissan Purchasing Way* to help us optimize supplier performance. The booklet presents the values and processes we think are important—values that apply to all our purchasing activities around the world and that are shared with our suppliers. This booklet gives a greater understanding of the objectives, thinking, processes and management tools of both Nissan and Renault, and will help us to build long-term relationships with our suppliers together as a team.



Nissan North America, Inc. Smyrna plant (USA)



The module production system is being introduced into plants worldwide. (Oppama plant, Japan)



Nissan Motor Ibérica, S.A. (Spain)

The Project Partner System Forming a new partnership for best practices

The Project Partner System was launched in fiscal 2005. This system leverages medium- to long-term planning as a base for putting together new projects involving Nissan and its suppliers, thus making our partners part of product development planning from an earlier stage. This new form of partnership allows closer consultation with our suppliers on such issues as technology development, product improvement and production investment, and will improve efficiency over the long term.

The selection of suppliers as project partners is also carried out through a transparent, impartial process. The proposals received from suppliers are appraised by the relevant departments and approved at meetings attended by company directors with responsibility in those areas.

Growing Competitiveness A three-party effort to improved performance

The Nissan 3-3-3 Program was initiated in 2000. This is an effort involving three groups: our suppliers, Nissan's purchasing department and Nissan's development department. The program realizes best practices by maximizing performance while striking a balance between cost reduction and quality concerns. These three groups rely on close communication between cost engineers—experts in reducing outlays for the company—and suppliers as they jointly create fresh ideas and strive constantly to produce even more competitive products.

Nissan also participates in efforts to strengthen the production systems of its suppliers around the world, dispatching employees to cooperate with its partners as they carry out improvements in their operations.

Messages for Our Stakeholders



Hitoshi Saitoh

Purchasing Administration Department
Nissan Motor Co., Ltd. (Japan)

Eric Willmann

Strategy Department Manager
Purchasing Department
Renault S.A. (France)

Contributing to a Profitable Partnership

We were part of the editorial staff that produced *The Renault-Nissan Purchasing Way*, which describes the principles on which we rely in our partnerships with suppliers. Six years of joint purchasing have already passed since the formation of the Alliance between our companies, and we have worked together to formulate and refine the values for both Alliance partners. Our companies' shared values and processes were quite clear, and we expected the editing to be an easy task.

When we began, though, the job required us to give deep thought to the values being

discussed, and we spent long hours talking about how best to communicate to our suppliers the transparency, trust and respect that underlie our business approach at Renault and Nissan. We had heated talks and meetings that lasted well into the night, but a strong desire to communicate our message helped us complete the project successfully. We believe the values in this booklet will be useful in forming mutually beneficial business partnerships between Renault and Nissan and our suppliers.



Ceremony of Global Supplier Award 2005

Nissan suppliers implement environmental management systems (Japan)

Nissan follows a set of technical standards to effectively control the environmental impact of its products at a global level. In Japan we have established the Nissan Green Procurement Standards. Under these rules we ask our partners to submit data on substances

that have an impact on the environment, to put environmental management systems in place in their operations and to clearly identify their personnel responsible for environmental protection.

As of March 2006, over 95% of our suppliers had obtained either ISO 14001

certification for environmental management or certification under the Japanese Ministry of the Environment's Eco Action 21 environmental activity evaluation program.

Honoring Our Suppliers

New awards established to recognize our partners' efforts

Each year Nissan offices around the world present awards to suppliers in their regions that have contributed to the company's business development. To complement these regional awards we established the Global Quality Award and the Global Innovation Award in fiscal 2005.

The Global Quality Award is presented to suppliers that have achieved outstanding product quality at a worldwide level. Nissan's purchasing, quality and other departments perform the judging for this award on the basis of universal quality evaluation standards. The Global Innovation Award is presented in two fields, product technology and process

management, following screening of suppliers nominated by our manufacturing, development and quality departments. In fiscal 2005, we presented seven Global Innovation Awards in the product technology field to a total of eight companies, as well as one award for process management.

Nissan's philosophy of sustainability aims at balanced management focusing on three areas: the economic activities of maintaining constant quality, cutting costs and developing technologies; environmental awareness; and the social aspects of our business. We hope that the introduction of these awards will give impetus to this philosophy, helping it spread across the whole supply chain at a global level.

Achieving supplier diversity in North America

Nissan values inclusion in all areas of our business as we strive to mirror the diversity of our customer base and the communities where we do business. Because of this, we have a supplier diversity initiative committed to procuring innovative goods and services from a diverse, qualified supplier base, which will help us to continue to offer our customers

competitively designed market-driven products.

To ensure the effectiveness and success of our minority supplier initiative, progress toward achievement is reviewed regularly by executive management. In addition, Nissan also has employed several strategies to support meeting our corporate goals, which include integrating

recognized supplier diversity best practices into the Nissan purchasing process and by supporting and participating in activities sponsored by the National Minority Supplier Development Council and its regional chapters. Our commitment to diversity and inclusion strengthen the relationships of trust we enjoy with all of our stakeholders.



China dealership



Dealership in the United Kingdom



SS Motors, Infiniti dealership (Korea)

With Our Dealers

Nissan's approach to customer relations is guided by our commitment to providing professional, high-value services to customers and to keeping their needs foremost in mind at all times. Nissan and its dealers have established a set of guidelines, the Nissan Sales and Service Way, to improve the services offered to customers around the world. The NSSW defines the attentive, individually tailored services that build loyalty among customers and make Nissan dealerships open, welcoming places for them.

Services with Nissan Value Making clear promises to our customers

Our aim is to give our customers sales and services with value that only Nissan can provide. We have set the goal of placing Nissan among the top automakers in independent customer satisfaction surveys in every region of the world by 2008. In fiscal 2005 we placed in the top three in about half of 25 countries surveyed, including Japan, China and nations in North America, Europe and Southeast Asia. The level of customer satisfaction with Nissan has improved in approximately 65% of the countries surveyed when compared to the figures for fiscal 2003.

In fiscal 2006, we will make even further improvements to our services, clearly stating our commitments to customers concerning our services and developing services

With Our Business Partners

Messages for Our Stakeholders



Ki-Yeon Kwon
CEO
SS Motors (Korea)

Partnership and Trust Help Infiniti Flourish in Korea

As CEO of Korea's first Infiniti dealership, this past year gave me the meaningful opportunity to learn about the tremendous synergy that can be created by customer trust and partner cooperation. The main impetus propelling Infiniti since the brand's launch in July 2005 has not only been consumers' trust in the product itself, but also in the dealerships that are committed to quality service and customer satisfaction. Without them, such remarkable growth would not have occurred.

The successful opening of SS Motors' Gangnam showroom in late July 2005—the

product of one year of preparation—was made possible by the cooperation and trust we received from Nissan Korea and all global partners.

For the past few months, many Nissan and Infiniti staff from all over the world have visited us at SS Motors' showrooms. Every time visitors come, I feel immensely proud that I am a part of Infiniti's initial steps toward globalization. I am also certain that Infiniti, now a global premium brand, will play a bigger role in Nissan's future growth.



Oman becomes home to world's largest Nissan showroom

on a global scale that properly reflect the Nissan brand. In designing these services, we will keep in mind the cultural conditions and traditions that make requirements different in each area of the world. As an example of this process in action, two years ago in China we announced guidelines promising "five reassurances" in specific areas of car purchase and ownership. Thanks to this finely targeted campaign and our work to make China a leading market in dealership improvement, in 2005 Nissan was rated number one in China in independent customer satisfaction surveys.

In Japan and Southeast Asia, we have been carrying out operations to improve service in five fundamental areas. These activities form a basis for the specific promises we make as we pursue improvements in service quality. In fiscal 2006 we plan to carry out the same type of targeted activity to further improve quality at Nissan North America.

In Europe, meanwhile, we are taking a more regionally integrated approach. Starting in fiscal 2006 we will build a system allowing Nissan Europe, our French headquarters for regional operations, and our dealerships in each country to adopt the same overall approach to increasing the quality of our service.

True customer satisfaction comes not from access to a wide variety of services, but from the quality of the individual services received. Our aim is to achieve nothing short of the highest possible satisfaction ratings. To ensure maximum customer satisfaction we have established a unique appraisal standard: the ratio of our customers who express extraordinary satisfaction. We are putting this metric to work through periodic analysis of customer evaluations of our services, and we will be expanding this appraisal system to cover all our operations worldwide.

World's largest Nissan showroom opens in Oman

June 2005 saw the launch of the largest Nissan showroom ever in Muscat, the capital of Oman. The premises cover 3,367 square meters and feature a showroom with enough interior space to display more than 25 cars. This outlet, which will display both Nissan and Infiniti

models, also includes workshop and after-sales facilities to ensure the provision of service of the highest quality.

Nissan expanded its Infiniti brand into the Middle East in December 2004, following the rollout of these luxury cars in the United States, Canada and other

markets. Today Nissan markets 10 models in the region, including the Infiniti G35 sedan and the Infiniti QX56. By opening this new showroom we aim to accelerate expansion of the Nissan and Infiniti brands in the Middle East, leading to further growth.



Global NSSW Awards ceremony, 2005



Gardena Nissan, a sales company in California (USA)

Global NSSW Awards
A way to recognize our most outstanding dealerships

We initiated the Global NSSW Awards program in fiscal 2003 to accelerate our efforts to improve service quality. These awards are presented to dealerships that have received high customer satisfaction ratings for sales and service. In fiscal 2005 a total of 44 dealerships from 26 countries received awards, with four hailing from Japan, 10 from North America, 16 from Europe and 14 from the General Overseas Markets.

We distribute information on the successes of the award-winning dealerships to our operations around the

globe. As well as motivating sales staff, the practice of giving repeated recognition to outstanding dealers also helps to spread the image of how an ideal Nissan dealership operates. Showing a videotaped interview with the manager of a Global NSSW Award-winning dealership at a seminar in Thailand for the managers of all the country's dealerships, for instance, inspired the participants. We intend to further increase the opportunities for sharing the knowledge and experience of these outstanding dealerships from fiscal 2006 onwards. This is a valuable method for helping Nissan and its dealerships grow together.

Nationwide remodeling of U.S. dealerships

In the United States Nissan is promoting the Nissan Retail Environment Design Initiative, a plan for dealership remodeling. Under the NREDI, Nissan has prepared three levels of financial assistance based on the extent of planned remodeling. Work on over 300 dealerships has been completed, and another 100 are currently undergoing remodeling. Nissan North America plans to

make NREDI assistance available to the majority of its stores by the end of fiscal 2007.

Gardena Nissan, a dealership in an extremely competitive sales environment in the suburbs of Los Angeles, took advantage of the NREDI support system in October 2005 to invest \$1.7 million in a large-scale remodeling effort. Completed in

January 2006, the updated facility features a high showroom ceiling and relaxing customer lounge, as well as improved functions and spaces for its auto parts sales department and service area. With these competitiveness-enhancing renovations in place, Gardena Nissan aims to increase both sales and customer satisfaction.