**DFL Outline**

**Dongfeng Motor Co.**
- Asset investment: 8.35 billion RMB
- Name inherited

**Nissan Motor Co., Ltd.**
- Cash investment: 8.35 billion RMB

**Dongfeng Motor Co., Ltd. (DFL)**
- Core automotive operations
  - Commercial Vehicle div.
  - Passenger Vehicle div.
  - LCV div. (DFAC)
  - Equipment div.
  - Parts div.

*Consolidated 51% from CY06, 100% from CY08*

**DFL Mid-term Plan “Plan 2³”**

“Create Value with Sustainable Profitable Growth”

- **Commercial Vehicles:**
  - Global Top 3
- **Passenger Vehicle:**
  - One of the best brand in China, providing “Value for our customers”

**Plan 2³: Plan Two Cubed (= 2x2x2)**

- “Significant Growth”
  - Double Sales Volume & Revenue
- “Operational Enrichment”
  - Double digit in profitability
- “Learning”
  - Unity & Harmony by DF and Nissan (2 parties)
DFL Mid-term Plan “Plan 2³”

Result of “Plan 2³”

“Significant Growth”
Double Sales Volume & Revenue

- 2003: 298,000 units
- 2007: 610,000 units

“Operational Enrichment”
Double digit in profitability

- Increase Operating Profit by 69% in 2007, vs. 2004

“Learning”
Unity & Harmony by DF and Nissan (2 parties)

- Establishment of “Dongfeng Nissan Management Way”

Agenda

- Review of “Plan 2³”
- Overview of “Plan 1³”
  - Strategic Structure
  - Objectives & Core Actions
Road Map to Long-term Vision

Plan 1
“Build a strong position with global competitiveness”

Plan 2
“Build up the company foundation”
- Full-scale entrance of global competitors
- Fierce competition

China will be a main battlefield in global automotive competition

“Create Value with Sustainable Profitable Growth”

Strategic Structure of Post-Plan 2

3 core strategies will not change but extend!

New DFL Mid-term Plan

Significant Growth
Further Business Expansion

Operational Enrichment
Product & Service Competitiveness

Trusted Company
by creating robust DFL culture
**Significant Growth**
- Sales volume: 1 Million units
- Revenue: 100 billion RMB

**Operational Enrichment**
- 1st Class in
  - Product quality
  - Sales & service quality
  - Cost competitiveness

**Trusted Company**
“Learning” by 2 companies ⇒ 1 company “DFL”

“Trusted Company” by Respect stakeholders

**Agenda**
- Review of “Plan 2³”
- Overview of “Plan 1³”
  - Strategic Structure
  - Objectives & Core Actions
**Strategic Objectives of “Plan 13”**

**Significant Growth**

**Market Share in China**

<table>
<thead>
<tr>
<th>PV</th>
<th>Top Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>H&amp;MDT</td>
<td>No.1 Position</td>
</tr>
<tr>
<td>LCV</td>
<td>Solid No. 2 Position with DF &amp; N brands</td>
</tr>
</tbody>
</table>

**Sales Objective**

**Significant Growth**

'07 by '12

610K ⇒ More than 1 Million Units

K units

<table>
<thead>
<tr>
<th>'07</th>
<th>'08 Plan</th>
<th>by '12</th>
</tr>
</thead>
<tbody>
<tr>
<td>304</td>
<td>306</td>
<td>400</td>
</tr>
<tr>
<td>610</td>
<td>680</td>
<td>600</td>
</tr>
</tbody>
</table>

>+64%
New TEANA

Meet China customer needs ⇒ More than 10 new China-driven models by '12

1st vehicle roll-out Today:
Price: RMB 190,800– RMB 332,800
Target Volume: 8,000 units/month
Sales starts from the end of June 2008.

PV Products

Significant Growth

Globally competitive performance and quality ⇒ HDT: D310 series, MDT: D530 series

H&MDT Products

HDT D310 Series

MDT D530 Series
**Double brand: DF & NISSAN**
- Strong & popular DF-Brand
- Advanced N-Brand for high-end market
⇒ More than 5 new China-driven models by ’12

- **Euro3 Compatible LDT**
- **New NISSAN-Brand LDT**

**ZNA 2nd Plant Establishment**

**Location:** Zhengzhou, Henan Province

**Start Production:** In 2010

**Capacity:** >120K units/year

**Investment:** Around 1 Billion RMB
**Sales & Service Network**

**Significant Growth**

Sales & Service capacity increase  
⇒ Provide customers with convenient access

<table>
<thead>
<tr>
<th>DF-NISSAN</th>
<th>LCV (DFAC&amp;ZNA)</th>
<th>H&amp;MDT</th>
</tr>
</thead>
<tbody>
<tr>
<td>'07</td>
<td>300</td>
<td>420</td>
</tr>
<tr>
<td>by '12</td>
<td>420 (+&gt;40%)</td>
<td>630 (+&gt;50%)</td>
</tr>
</tbody>
</table>

Tier 1 dealers only

---

**Overseas Business**

**Significant Growth**

- **Geographic expansion**  
  - South & East Asia, Middle East, South America, etc

- **Strong products**  
  - D310(HDT), D530(MDT), New LDT

- **Business infrastructure**  
  - Establish Sales & service network
  - KD base expansion
  - Utilize NISSAN resource

- **Parts export acceleration**

---Volume
Operational Enrichment

PV: Top group in IQS, SSI, CSI
CV: Leading position in industry

- Product Quality
  - R&D capability enhancement
  - Continuous Quality Kaizen activities

- Sales & Service Quality
  - Best Practice activities
  - Customer-driven management

CV R&D Test Center in Wuhan

Operational Enrichment

PV
- Accelerate localization with keeping same quality '07: 71% ⇒ by '12: 90%

CV
- Accelerate technical cost reduction
- Enhance concurrent development with suppliers

Xtronic CVT (PV)

KAIZEN with Suppliers
**Operational Enrichment**

- QCD activities
- Plant/Headcount rationalization
- Optimum product allocation

**Productivity**

**Productivity (DFL TTL)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>'03</td>
<td>4.2</td>
</tr>
<tr>
<td>'07</td>
<td>8.8</td>
</tr>
<tr>
<td>'12</td>
<td>13.0</td>
</tr>
</tbody>
</table>

Production Volume / Full-time Labor

**Productivity improvement**

Index (‘07 productivity=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>'03</td>
<td>45</td>
</tr>
<tr>
<td>'07</td>
<td>70</td>
</tr>
<tr>
<td>'12</td>
<td>100</td>
</tr>
</tbody>
</table>

---PV

---CV

**Trusted Company**

*Significant Growth*  
*Operational Enrichment*

**Plan 1³**

*“Trusted Company” by Respect stakeholders*

Creating robust DFL Culture
- Customer-focus
- Cultures unification
- Best Practice
- Human Resources enhancement

**New Pillar**

- Environmental friendliness
- Social contribution

Customer-focus

Cultures unification

Best Practice

Human Resources enhancement

<Respect>

Customers

Employees

Partners

Society

Create Value and prosperity together

Creating Value and prosperity together
**Trusted Company**

1) Product
- PV: Global top level by utilizing NISSAN technology
- CV: Energy saving, Low emission, Alternative energy

Xtronic CVT (PV)  Electronic Vehicle  LNG Truck

PIVO2 (Concept Car)

**Environmental Friendliness**

Extend CVT Volume/Mix in PRC
- The rapid growth of CVT to be planned
  - 2007: 13% ⇒ 2012: >50%

![Graph showing CVT Volume and Mix growth from 2007 to 2012](chart.png)
Environmental Friendliness

Trusted Company

Better Fuel Economy and Environment

Triple Layered Approach

Traffic

Driver

Vehicle

• Reduce Congestions
• Support eco-driving
• Engine/Transmission

Integrated approach with other sectors

Eco. Meter
Eco-driving Advice

High-efficient Engine

Environmental Friendliness

2) Production

- Accelerate clean production
- Far beyond the governmental requirement

\[\begin{align*}
\text{CO}_2^* &\quad 05\text{(Base)} \quad 10 \quad 12 \\
0\% &\quad -20\% \quad -40\% \\
10\% &\quad -30\% \quad -50\% \\
20\% &\quad -40\% \quad -60\% \\
30\% &\quad -50\% \quad -70\% \\
40\% &\quad -60\% \quad -80\% \\
50\% &\quad -70\% \quad -90\%
\end{align*}\]

---Governmental Requirement
---DFL Target

*Calculated based on fuel consumption per 10K RMB value added
Goal in ’12
Globally competitive HR & Management

- Motivation
- Employees’ Capability

Distinct Corporate Culture

DFL Culture “DFL Way”

Trusted Company

Dongfeng Motor Co., Ltd.
’08–’12 Mid-Term Business Plan

Significant Growth
1 Million units
100 billion RMB

Operational Enrichment
1st Class

Trusted Company
1 company “DFL”

Thank You