

CEO Statement



With the completion of our NISSAN 180 business plan, it would be fair to say that the revival process of Nissan is complete. In April we began to implement our current three-year plan, which we have named NISSAN Value-Up. The name of this plan shows our intent to stay on a course of sustainable, profitable growth – we intend to keep creating value in a positive way – and it is a course we can only follow in synergy with our stakeholders.

An important word in the phrase “sustainable, profitable growth” is the word “sustainable.” At Nissan, we believe it is vital to have consistency between short-term goals and actions and long-term strategy. It is important to balance the growth of the business and the effectiveness of business in society. Balance does not mean compromise. Rather, keeping an effective balance requires us to stretch and adapt to changes in our business, in our environment and in the communities where we operate.

This report addresses the contributions we are making to sustainable development and the effects of our actions, both inside and outside our company. Major chapters of the report relate to the goals and plans we have set for each of our five main stakeholder groups: customers, shareholders, employees, business partners and society at large. Our desire is to demonstrate to every single stakeholder that being associated with Nissan is beneficial for us all.

The Nissan-Renault Alliance

Since the publication of last year's Sustainability Report, I have taken on the responsibility of serving as president and CEO of both Nissan and our Alliance partner, Renault.

Since the Alliance was established in March 1999, we have created something unique in our industry, and we have worked as partners to create a lot of value, always honoring strict principles of respect for autonomy and corporate identity.

Today, as the CEO of both companies, I am committed to preserving the original principles upon which the Alliance was built and now succeeds. In areas related to sustainability, if we choose to collaborate and can demonstrate the benefits for each company, then we will do it, but only for the sake of better performance. When we join forces, we can often aim higher, go faster and achieve more than if each company were working on its own.

Environment, Governance and Corporate Citizenship

At Nissan, our sustainability actions are focused in three primary areas: the environment, governance and corporate citizenship.

In the environmental field, our strategy is backed by investments and ongoing research in various technologies. For example, we have designed and developed our first in-house fuel cell stack and a new high-pressure hydrogen storage system, which can significantly improve the performance required of fuel cell vehicles. Nissan is a leader in marketing ultra-low emission vehicles and super ultra-low emission vehicles (SU-LEVs), and we expect 80% of our new models sold in Japan to be SU-LEVs by March 2006. We are continuing our efforts to improve diesel and internal combustion gasoline engines. We are also exploring the development of biofuels, such as the flex-fuel engines used in the Brazilian market, which run on ethanol or gasoline or any combination of both.

In 2006, Nissan will launch the Altima Hybrid in the United States market. A breakthrough model, the Altima Hybrid sedan will allow our customers to achieve the acceleration performance of V6 engines with a fuel efficiency that is higher than compact cars. The introduction of hybrid technology in one of our best-selling models is a significant development.

Our concern for the environment is not just about creating cleaner products, but making a cleaner world. How to deal with carbon dioxide emissions is an important, pervasive theme for Nissan. With our products and with our operations, whether through enhancing recycling activities, eliminating landfill waste, reducing waste emissions or preserving natural resources, we take care to reduce environmental impacts. You can read about the many environmental initiatives we are undertaking in this report or in our separate global Environmental Report.

In the field of governance, the Nissan Management Way is the common ideology that guides, inspires and connects us in everything we say and do. Our values do not change, but we recognize that management is never static. We learn and make changes constantly as our business and the business environment evolves. For example, the Nissan V-up program, a management tool used to solve problems quickly and cross-functionally, challenges us to question our practices, seek opportunities and modify behaviors to align with corporate principles and objectives. V-up started in Japan, but it has now spread worldwide, producing tangible, important results for the company and for the people who participate in it.

Overall, in terms of governance, I believe Nissan is creating a positive reference in the global arena through our commitment to operational transparency. Nissan is one of the very few companies in the world that, on a regular basis, announces clearly what we are currently doing and what we will be doing in the next few years. Not only do we announce our plan, but we commit to deliver results according to the plan's timing, sometimes as much as three years in advance.

Obviously, that kind of transparency is powerful, but it comes with a risk. If we miss a commitment, we open ourselves to criticism. On the other hand, transparency is rewarding because it builds stronger motivation among the people working in and around Nissan. Nothing is hidden. The scorecard is always clear, and this approach encourages people to give their best efforts to achieve our goals.

An example of a goal that is backed by highly motivated employees is our plan to increase the ratio of our company's female managers in Japan to 5% by the end of fiscal year 2007, tripling the number of female managers we now have. Even though that percentage seems low, it is higher than the national average among all Japanese industries, which is 2.8%, and it is the best ratio among Japanese companies in

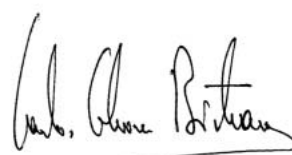
our industry, which averages less than 1%. Our Diversity Development Office, which was established in October 2004, is accelerating its efforts to make forceful and speedy progress on reform activities to promote greater diversity within Nissan worldwide.

Finally, in terms of corporate citizenship, I like to picture Nissan as a house with a garden. The house represents our core business, and, prior to Nissan's revival, it was in danger of collapse. During the revival, we had to rebuild our house, making sure it was sound, on a solid foundation and attractive from the inside out. Now that the house is restored, we can turn to the garden – to elements that surround us and for which we feel responsible. In other words, these elements include what we do to support education, to take care of our environment, or to provide humanitarian relief when necessary. The garden represents things we do to create value without expecting any immediate return. Quite often, people tend to see more of the garden than they see of the house.

Our garden work includes responses such as the corporate pledge and employee-donation match to help disaster relief efforts following the devastating December 2004 tsunami in Asia and East Africa. Corporate citizenship is also seen in our long tradition of contributions to children's education, through the academic research grants from the Nissan Science Foundation, and many other global activities that benefit society.

As we continue to make corporate contributions in the future, we want to make sure that our donations are used effectively. In other words, we want to be good stewards of the resources we have. We want to avoid making donations to soothe our conscience or attract attention. We have to make sure that the main objectives of our support are being served and that people are receiving and benefiting from the efforts we make.

As a company, Nissan is committed to a business strategy of creating value and profitable growth while contributing to the world in which we live and work. To benefit all our stakeholders, we are committed to sustainability, for the sake of good business and good corporate citizenship.



Carlos Ghosn
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