



## Growing in Areas of Expansion



**JED CONNELLY**  
Senior Vice President  
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**"We had a terrific year in North America; sales for calendar year 2004 grew by 24.7 percent, and that growth that came in a flat U.S. market. The auto industry here only rose by about 237,000 vehicles, while Nissan was up by 191,000 cars. It was a strong year with a rich mix of products. The Altima continues to be a core car**

**for us, and our most important car in terms of volume. We sell over 200,000 Altimas a year, at a rate of 20,000 units per month—outstanding for a car so far along in its lifecycle. The Infiniti has also been phenomenal over the past few years. The G35 sedan and coupe continue to be the icons of the brand, driving both volume and profit.**

**Our success always comes down to the product. We had great products from top to bottom, throughout the lineup and in both divisions. We were also very intelligent, I believe, in the way we price our vehicles—very close to the transaction price, and with limited reliance on incentives. That's been our strategy for four years, and it works. Customers understand that we provide a great product at a fair price. The other key to our success has been a very consistent marketing message. The SHIFT\_ campaign is consistent and has been in place for some time now, and it's starting to gain traction with the public. Consumers look at Nissan products and our dealerships and say, 'Hey, something really is going on at Nissan!'**

In a year full of successes, the one thing we would like to have handled better was the Quest. We had some initial quality issues, and some trim mix issues. We've corrected

these, however, and repackaged the Quest to give people their most popular options. We've also made great strides in quality and on other aspects get it right.

For fiscal 2005 we have a volume growth target of 3.3 percent, but in the first three months of this period we were actually up by 18 percent! We launched a few new products at the end of the last year, so it's probably not realistic to expect that kind of volume for the whole year, but it makes us very confident of reaching our target.

We won't have any completely new products in fiscal 2005. That means that, while we will have solid, enviable growth, it won't translate into the spectacular numbers we've had over the past four years. The Altima will continue to drive our growth—it's in its fifth year, but still a remarkable performer. We've gotten a good boost in the market from the Pathfinder, which was relaunched last fall. We also expect to make some inroads with the Frontier, which is outperforming its competitors—it's clearly the best truck in the mid-size truck segment. This is, however, a difficult segment at the moment.

We have a great opportunity to build on the strengths that we've demonstrated in North America over the past four years. We have solid growth, and we continue to establish the Nissan brand. We have new models that continue to gain strength, such as the Murano, which has done wonderful things for Nissan's image in the market. On the Infiniti side, we just launched the M45, the mid-size luxury sedan that competes with the BMW 5 series. In the first three months after its launch, the M45 is doing very well. As we continue to establish Nissan brand recognition, we also will continue to define Infiniti, because now we're strong with the M45, strong in the luxury crossover market with the FX, and with the M we have a luxury sedan that can compete with anything in its class. Infiniti is strong all across the board.

Not having a new product launch in fiscal year 2005 might be seen as a risk, but the current models are strong and selling well, and we'll have a host of new models in 2006. Most of our risks in the coming year are from