RENAULT NISSAN

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A NEW STEP FORWARD FOR THE ALLIANCE

- **Ten years into the Alliance, Renault and Nissan are taking cooperation to a higher level.**
- **In 2009, identified synergies will contribute €1.5 billion (¥180 billion[1]) in free cash flow to the Alliance partners.**
- **A small, dedicated team has been set up to foster deeper, broader cooperation and to maximize the contribution of synergies to the performance of both partners.**

"Over the last decade, we used the Alliance to develop win-win synergies between Renault and Nissan, and that approach worked well when both were profitable and growing," says Carlos Ghosn, Chairman and CEO of the Renault-Nissan Alliance. "Today, we have to move faster. Seeking synergies is no longer optional, but mandatory. We have assigned a group of experts to focus on building greater synergies to get us through the crisis and position us competitively for the future."

Since 1999, Renault and Nissan have achieved and developed an alliance that has created significant value for the two companies. The achievements include shared platforms and powertrains, cooperation on advanced technologies, standardization of manufacturing methods, the expansion of the product line-ups and the extension of the global footprint of each partner. Combined vehicle sales have increased from 4.9 million units in 1999 to 6.9 million in 2008 (including AvtoVAZ), making the Renault-Nissan Alliance the world's third-largest automotive group.

[1] Exchange rate : ¥120/euro

In the current economic environment, cooperation between the two companies will accelerate. The target set for 2009 is €1.5 billion in synergies evenly divided between the two Alliance partners. These synergies can be analyzed as follows:

- Manufacturing and logistics are expected to account for €363 million of total synergies. The Alliance partners will continue to share manufacturing facilities to benefit from local industrial opportunities, manufacture in local currencies and optimize existing plant capacity. In 2009, for example, Renault's plant in Brazil began producing three Nissan vehicles in addition to the Frontier, while Nissan's plant in South Africa is building two additional vehicles based on Renault models. By the end of 2009, a total of 13 vehicles will be cross-manufactured. In logistics, further savings will be generated in both inbound and outbound logistics by sharing additional CKD centers and standardizing logistics flows, particularly in Europe.

- Powertrains will generate €289 million of total synergies. The Alliance partners will boost cooperation from the exchange of engines to the co-ownership of engine families, generating savings on development, purchasing and manufacturing costs. One example is the development by Renault of new small, turbo-charged gasoline engines from Nissan's engine base. So far, some 50% of powertrain components are shared.

- Vehicle engineering represents €279 million of total synergies through the use of common platforms and interchangeable components. Common and shared platforms currently account for 70% of the Alliance's production volume. For example, Renault and Nissan plan to use a common platform for an entry-level project in India. The use of interchangeable components on Renault and Nissan vehicles is a growing source of savings. For instance, a single core component in air conditioning systems will be used on 24 body variants on the B and C platforms.

- Purchasing synergies will generate savings of €157 million. Since April 2009, the Renault-Nissan Purchasing Organization has handled 100% of the Alliance's purchasing requirements. To date, the focus has been on parts and raw materials, but the scope is being expanded to purchased services. Synergy examples include brake sourcing opportunities and increasing Nissan's sourcing in Korea to leverage the Renault/Samsung supplier network. Further savings are expected as the two companies reduce the diversity of their parts range.

- Sales and marketing synergies represent €147 million of total synergies. In media buying, for example, a single company now handles both Renault's and Nissan's accounts in Europe.

- Research and advanced technology is expected to bring cost savings of €115 million, as the two companies coordinate efforts to avoid overlaps and improve resource allocation. For example, both Renault and Nissan's electric vehicles will be equipped with jointly developed batteries. Renault's fuel cell vehicle, presented last year, uses Nissan's fuel cell technology. The two companies will also pool their efforts in technologies related to CO_2 emissions, life on board, safety and dynamic performance.

- Light commercial vehicles account for €102 million of identified synergies. For example, the two partners recently agreed to move to one common platform in Europe to build two differentiated light commercial vehicles.

- Information systems and support functions account for €48 million of identified synergies. In Europe, the two partners will intensify the use of available common internal resources in IS/IT. The two partners will further consolidate their data network infrastructure.

Today, the Alliance gives Renault and Nissan a unique competitive advantage in a sector hit by the global economic crisis. To maximize the know-how gained from 10 years of cross-cultural management and shared experience, the Alliance has set up a small dedicated team of six persons from Nissan and five from Renault. Beginning June 1, they will apply their in-depth understanding of both companies to foster synergies at all levels and push for greater commonization and standardization, not just in 2009 but well into the future.

This dedicated Alliance team will focus on the following areas identified as priorities: Purchasing, Global Sourcing, Common Platforms and Parts, Powertrains, Support Functions, Global Logistics, IS/IT, Research and Advanced Technologies, and Zero Emission Business.

The Alliance has been a tool for better performance, based on the trust and confidence gained through 10 years of working together. Accelerating synergies and supporting them with a dedicated organization will help both companies weather the current crisis and emerge as stronger and more competitive global companies.

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