

# auto**beat**

## *daily*<sup>TM</sup>

**TUESDAY**  
**MAY 18, 2004**  
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**OIL PRICES SET ANOTHER RECORD.** Prices for crude oil set new records just about everywhere yesterday, adding pressure on the Organization of the Petroleum Exporting Countries to boost output quickly.

Oil futures jumped briefly to \$41.85 per barrel on the New York Mercantile Exchange on Monday before settling at a record \$41.55. June gasoline futures also set a new record of about \$1.42 per gallon in the U.S.

The widely followed AAA Daily Fuel Gauge Report calculated average price of a gallon of unleaded regular gasoline at a record \$1.97 per gallon on Monday—47 cents higher than a year ago. The federal Energy Information Administration puts the average at \$2.02.

OPEC meets informally at the end of this week. Many pundits expect the cartel to announce it will increase oil production by at least 1.5 million barrels per day.

But such an announcement will have zero effect on prices unless OPEC truly increases output. That's because the cartel is shipping more than 1.5 million bpd above its official quota of 23.5 million bpd already.

**MITSUBISHI MOTORS PICKS A NEW PRESIDENT, PREPARES EXECUTIVE HOUSECLEANING.** As part of the recovery plan it unveils on Friday, Mitsubishi Motors Corp. will name as its new president Hideyasu Tagaya, currently general manager of MMC operations in Asia, the Middle East and Latin America, says this morning's *Nihon Keizai Shimbun*.

The newspaper says MMC finalizes the decision on Monday. Tagaya will acquire the post from Yoichiro Okazaki, a Mitsubishi Heavy Industries managing director who will continue as chairman.

The plan also will remove all MMC inside directors except Okazaki, according to report. And three executive

vice presidents—Ulrich Walker, Eiji Iwakuni and Keiichiro Hashimoto—will resign and be replaced by appointees from Mitsubishi Corp. and Bank of Tokyo-Mitsubishi.

Two DaimlerChrysler AG executives, Eckhard Cordes and Rudiger Grube, are expected to continue as outside directors under the plan. Also remaining on the board will be Mitsubishi Heavy Industries Chairman Takashi Nishioka and Mitsubishi Corp. Chairman Mikio Sasaki.

MMC also will gain at least two directors from Phoenix Capital Co., which reportedly will invest \$1.8 billion in the company and gain up to 50% of its voting stock.

**STOCKS SET A NEW LOW FOR 2004.** All three of the major stock indexes fell in active trading to their lowest closing levels this year over worries about oil prices and the prospect of instability in the Middle East after yesterday's bombing death of the leader of Iraq's interim governing council.

The Dow Jones Industrial Average and S&P 500 index each declined 1% to levels not seen since December. The NASDAQ finished at its lowest point since October.

**HYUNDAI CEO INDICTED IN CAMPAIGN FINANCE SCANDAL.** Kim Dong-jin, CEO of Hyundai Motor Co. and vice chairman of the Hyundai Motor Group conglomerate, was indicted by South Korean prosecutors yesterday on charges of managerial negligence and for violating the country's campaign finance laws.

Kim is being investigated as part of a probe that has detained or indicted a dozen members of parliament and several aides to Korean President Roh Moo-hyun.

The investigation involves illegal contributions to a slush fund that was set up to help Roh and other politicians in the 2002 elections. It's also part of a more

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general push by the Korean government to reform the operation of the country's conglomerates and thereby attract more foreign investment.

Reuters says Chung Mong-koo, the chairman of Hyundai Motor Group, also has been investigated but won't be charged.

**FORD CREDIT TO RESTRUCTURE BRANCHES.** Ford Motor Credit Co. will spend the next two years integrating 163 offices in North America into 78 multi-brand sales branches. The company also will combine 18 regional sales offices into 11.

The reorganization aims to improve service, impose a common business model for all outlets and make it easier to adopt standardized credit applications and electronic processing systems.

Each new branch will handle Ford Credit, Volvo Car Finance, Primus, Jaguar Credit, Land Rover Capital Group, Mazda Credit and Commercial Lending Services. Many of those service currently operate independently.

Ford Credit says about 30% of its 3,100 sales employees will be asked to relocate or change jobs. It also says the restructuring won't change local sales contacts for dealers, who generate more than 70% of the company's business.

**LEAR EXECUTIVES SWAP JOBS.** Lear Corp. says Douglas DelGrosso, president of its Americas operations, and Don Stebbins, president of its businesses in Europe, Asia and Africa, will swap jobs on Aug. 1.

Both men will continue to report to Lear CEO Bob Rossiter, who describes the switch as part of a development plan to give both men more global experience.

Similarly, Jeff Vanneste, vice president of operational finance in the U.S., and Matt Simoncini, vice president of European finance, will exchange jobs on June 1.

Lear plans other management changes this summer:

- Ray Scott becomes president of the company's European customer-focused division.
- Frank Sovis, current president of the Interior Systems unit, replaces Scott as president of the General Motors division.
- Lou Salvatore, president of Lear's Ford and Electrical Systems units, adds responsibility for Sovis' Interior Systems unit.

**MAGNA TO BUY DCX'S NEW VENTURE GEAR.** Canada's Magna International Inc. has finally completed a long-expected deal to buy DaimlerChrysler AG's New Venture Gear business for about \$435 million.

Magna will buy 80% of the Troy, Mich.-based business initially and then acquire DCX's remaining 20% stake by September 2007.

Magna will buy 100% of New Venture Gear's German operations outright but run the U.S. operations as a joint venture with DCX until the purchase is completed about three years from now.

New Venture Gear, which describes itself as the world's largest maker of transfer cases used in four-wheel-drive systems, also designs and produces manual transmissions and transaxles. Its customers include Detroit's Big Three automakers and Porsche.

**FEDERAL-MOGUL'S BANKRUPTCY JUDGE REMOVED FROM THREE OTHER ASBESTOS CASES.** The federal judge overseeing Federal-Mogul Corp.'s bankruptcy has been removed from three other asbestos-related bankruptcies because of complaints that some of his advisors had conflicts of interest, reports the Associated Press.

Judge Alfred Wolin remains in charge of Federal-Mogul because none of the parties in that bankruptcy asked for his removal.

Wolin was removed in a 2-1 decision by the U.S. Circuit Court of Appeals in Philadelphia from the W.R. Grace, Owens-Corning and U.S. Gypsum bankruptcies he was assigned three years ago. His standing with Armstrong World's bankruptcy is still under review.

The appellate court emphasized that Wolin committed no wrongdoing and displayed no bias, but it ruled his actions gave the appearance of prejudice, AP says.

**EUROPE WORRIED ABOUT OUTSOURCING TOO.** European companies are moving jobs to least costly venues. And with the addition of 10 eastern European countries to the European Union this month, access to cheaper labor within the EU is easier.

Just as in the U.S., hard data about job outsourcing is hard to find. But, as a lengthy Associated Press report notes, the issue is becoming as big a topic in Europe as in North America. The European Commission plans its first

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report on the issue in November. In the meantime, experts say Europe's industrial sector has been losing jobs for decades, but its contribution to the regional economy is as strong as ever. Economists note the same is so in the U.S.

**PORSCHE LAUNCHES DEALER NETWORK IN INDIA.** Porsche AG will open two dealerships in India next month and introduce its Boxster, 911 and Cayenne vehicles to the Indian market, reports Dow Jones Newswires.

It says Porsche expects to add more outlets in India, whose auto market is expected to reach 975,000 units in 2004, later this year.

**VW EXPANDS IN ARGENTINA.** Volkswagen AG says it will spend some \$206 million to add a new vehicle and expand transmission capacity in Argentina by 2006, notes Dow Jones Newswire.

The new vehicle will be produced exclusively in Argentina, and 90% of its production will be exported. The transmission expansion will boost VW's local output from 500,000 by the end of this year to 700,000 in 2005.

**AUDI AIMS TO BOOST SALES 25% IN CHINA.** Audi hopes to sell up to 80,000 cars in China this year vs. nearly 64,000 in 2003. Sales through the first four months are slightly ahead of that pace.

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Audi currently assembles the small A4 and midsize A6 sedan in China and imports the A4 convertible, Audi TT sports coupe and A8 full-size sedan. This week it began importing the 12-cylinder version of the A8.

Audi has capacity to boost A4 and A6 production in China through a venture with First Automobile Works in Changchun that also assembles the Volkswagen Jetta.

Reuters says the top-of-the-line A8 sedan Audi it is introducing this week sells in China for between \$145,000 and \$181,200.

**MONDAY'S CLOSING STOCKS**

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		9,906.91	-105.96	Ford	F	14.27	-0.43
NASDAQ		1,876.64	-27.61	General Motors	GM	43.40	-0.95
American Axle	AXL	34.70	-1.11	Gentex	GNTX	34.98	-0.99
ArvinMeritor	ARM	18.31	-0.10	Goodyear	GT	7.85	-0.17
Autoliv	ALV	39.70	-0.41	Hayes Lemmerz	HAYZ	12.54	-0.31
BorgWarner	BWA	76.90	-2.20	Honda	HMC	20.59	+0.14
Cooper Tire	CTB	19.95	-0.45	Johnson Controls	JCI	52.13	-0.60
DaimlerChrysler	DCX	41.95	-0.32	Lear	LEA	54.89	-1.26
Dana	DCN	18.54	-0.53	Magna International	MGA	74.15	-1.91
Delphi	DPH	9.88	-0.13	Tenneco Automotive	TEN	11.34	-0.62
Dura Automotive	DRRA	9.37	-0.68	Toyota	TM	67.45	-0.63
Eaton	ETN	56.40	-1.38	TRW Automotive	TRW	17.98	-0.28
EDS	EDS	15.91	-0.16	Visteon	VC	9.66	-0.41

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