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HARBOUR REPORT: NISSAN SETS NEW PRODUCTIVITY STANDARD. Harbour and Associates Inc. says Nissan Motor Co.'s auto plant in Smyrna, Tenn., is the most productive such facility it has ever measured.

The latest Harbour Report calculates the Smyrna plant requires only 15.7 labor hours to assemble a vehicle. General Motors Corp.'s Oshawa, Ont., plants #1 and #2 ranked second and third with 16.4 hours and 17.1 hours per vehicle in this year's report.

Harbour rates facilities by dividing the number of hours their employees, including salaried staff, work per year divided by annual unit production. The firm produces overall OEM ratings and plant by plant ratings for their assembly, stamping and powertrain operations.

This year's study says North American auto assemblers boosted productivity by 5%. It shows Japanese OEMs retain a significant lead in productivity, but Big Three automakers are catching up rapidly.

The 2003 report has plenty of good news for domestic automakers. It deems Chrysler Group the most improved, with an overall productivity improvement of 8.3% in 2002. It says GM boosted its overall productivity by 7.4% last year. And Ford Motor Co., whose Harbour productivity ratings have been slipping, reversed that trend with a 2.3% improvement.

JAPANESE TRANSPLANTS LEAD IN CAPACITY UTILIZATION. Automakers achieved between 89% capacity utilization (Chrysler) and 107% (Toyota) last year in North America, according to the annual productivity report by Harbour and Associates Inc.

But the totals mask sharp differences among a company's plants. General Motors facilities, for example, varied in utilization from 37% to 138% in 2003. Chrysler

plants ranged between 39% and 122% utilization. And Ford operations varied from 46% to 125%.

In contrast, the range for Nissan plants was 77%-112%, Honda facilities varied between 91% and 100% and Toyota's operations ranged from 102% to 124%.

Harbour President Ron Harbour says the higher range of utilization among Japanese OEMs shows their plants are more flexible.

HONDA TO DETROIT: TRY HARDER. Honda Motor Co. President Hiroyuki Yoshino tells reporters in Tokyo the Big Three automakers should "try harder" if they want to stop market share erosion at the hands of Japanese OEMs. Yoshino opines that Japanese OEMs respond better to customers and develop product faster than do their American counterparts.

NORTH AMERICA'S MOST PRODUCTIVE OEM? WHO KNOWS? This year's Harbour Report ranks the productivity of North America's OEMs in terms of hours per vehicle produced. But procedural issues leave the list incomplete.

Harbour rightly considers only OEMs who have supplied it with production data for all their North American plants. BMW, Honda, Mercedes-Benz, Nissan and Toyota didn't and thus were excluded.

Among OEMs who did report fully, Mitsubishi tops the list with 21.3 hours per vehicle. But its rating is based upon results from the company's sole North American plant in Normal, Ill.

The ratings for second-place General Motors (24.4 hours per vehicle), third-place Ford (26.1 hours) and fourth-place Chrysler (28 hours) are calculated by averaging ratings at dozens of assembly plants in Canada, Mexico and the U.S.

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Harbour says the industry requires an average 25.2 hours to build a car or truck. The numbers range from 19.5 hours to assemble a midsize car to 34.1 hours to build a luxury car.

Surprisingly, a subcompact car requires an average 26.3 hours to build—about three hours more than a compact car and one hour more than a large car.

EDS TO TRIM 2,700 JOBS. Electronic Data Systems Corp. says it will reduce its workforce by 2% (about 2,700 people) and sell unspecified assets to offset spending cuts by its customers and continue its restructuring effort.

EDS says the layoffs—most of them in Europe—should save \$230 million. The Plano, Tex.-based company plans to cover the cutbacks with a charge of up to \$475 million in the current quarter.

FORD MAY ADD SUV PRODUCTION IN ONTARIO. Ford Motor Co. is considering retooling its Oakville, Ont., plant to produce two new SUV/crossover vehicles—codenamed U387 and U388—beginning in August 2005, reports *The Globe and Mail*. The Toronto-based newspaper says Ford originally planned to build the vehicles at its Atlanta plant.

Ford intends to redesign the Freestar and Monterey minivans currently built at Oakville to share the same CD132 platform used by the two new vehicles beginning in 2008, according to the report. It says the makeover will give the plant capacity to build 200,000 SUVs and 150,000 minivans annually.

The newspaper describes the two new SUV/crossover vehicles as larger than the Ford Escape but smaller than the Explorer. One will be sold under the Lincoln brand to compete with the Lexus RX 330 and Acura MDX.

Ford says a final decision on the Oakville plan is several months away. Approval will depend upon Ford's internal business analysis and the Canadian govern-

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ment's willingness to assist with tax breaks, training and infrastructure investments.

CHINESE OEM DEFENDS COPYING OTHER DESIGNS. SAIC Chery Automobile Co., the six-year-old Chinese automaker that specializes in developing cheap vehicles, shrugs off its use of designs from other OEMs as a routine practice in the auto industry.

General Motors Corp. is considering suing Chery for copying its Chevrolet Spark minicar—a rebadged version of the GM Daewoo Matiz—and introducing it this year as the Chery QQ.

The GM-Chery dispute is delicate, since Chery's 20% owner is SAIC (Shanghai Automotive Industry Corporation Group), GM's joint venture partner in China. The *Financial Times* says GM is pressuring SAIC to sell its stake in Chery. Chery, which concedes it looked at competing products in developing the QQ, says there are "countless examples" of OEMs borrowing each other's vehicle features.

WEDNESDAY'S CLOSING STOCKS

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		9,293.80	-29.22	EDS	EDS	24.20	+1.70
NASDAQ		1,677.14	+8.70	Ford	F	11.52	-0.16
American Axle	AXL	24.82	-0.18	General Motors	GM	38.55	-0.59
ArvinMeritor	ARM	21.19	+0.16	Gentex	GNTX	32.17	+0.07
Autoliv	ALV	27.02	-0.33	Goodyear	GT	7.01	+0.05
BorgWarner	BWA	65.44	-0.59	Honda	HMC	19.50	+0.01
Cooper Tire	CTB	17.59	-0.06	Johnson Controls	JCI	88.03	-1.12
DaimlerChrysler	DCX	34.72	-0.10	Lear	LEA	47.20	-0.36
Dana	DCN	11.73	+0.08	Magna International	MGA	68.68	+0.01
Delphi	DPH	9.06	+0.15	Tenneco Automotive	TEN	4.10	+0.10
Dura Automotive	DRRA	9.82	-0.08	Toyota	TM	52.85	+0.03
Eaton	ETN	82.62	-2.53	Visteon	VC	6.96	-0.02

viewpoint

MORTGAGES FOR FIRST-TIME HOMEOWNERS

Accumulating enough money to buy your first home can be difficult for young consumers. But GMAC Mortgage has three programs that make the process dramatically easier. Mark Gelbman, associate district manager for GMAC Mortgage in Troy, Mich., explains.

Who is GMAC Mortgage targeting with these three programs?

We're aiming at young first-time home buyers. We know they don't have big nest eggs and perhaps not much of a credit history yet. Salaries haven't gone up very much in recent years, and it can be hard to accumulate money. These people have decent jobs and they pay their bills on time. They don't want to rent, but they can't come up with enough for a traditional down payment and closing costs.

We have two unique programs—HomeStretch and HomeStrength—for this group. We also participate in a third program we call Settle America that works a little differently but also aims at first-time buyers.

Some people may think, "GMAC: They must be conservative and want 20% down on anything." But these are very aggressive programs to help young consumers get over not just the hurdle of a large down payment but most of the costs of escrows and prepayments as well. In some cases, we've been able to get a customer into a \$150,000 home for only \$500 in cash.

What is the HomeStretch program?

We launched this nationwide program about 18 months ago in partnership with the Federal Housing Administration. It's based upon an FHA 30-year fixed mortgage and can be used to buy a condominium, single family home and two- to four-unit homes.

HomeStretch is for borrowers with less than perfect credit. The maximum amount available is determined by the FHA on a regional basis.

The FHA normally requires a 3% down payment. With HomeStretch, GMAC Mortgage "gifts" a silent second mortgage worth 4% of the base mortgage amount. The second mortgage has no payments and no accrued interest. Its purpose is to cover the down payment and most but not all of the closing costs.

HomeStretch customers who refinance within five years must pay off the second mortgage in its entirety. But if they continue with the program beyond five years, the

amount due on the second mortgage begins to decrease by 20% per year and disappears entirely at 10 years.

How does the HomeStrength program work?

GMAC Mortgage partnered with Fannie Mae in April on this nationwide program, which can be used for single-family units and condos.

With HomeStrength, there is no cap on the amount that may be borrowed. But the household income of the borrower cannot exceed the median income for the county in which the house is located.

HomeStrength also has a gift silent second mortgage from us with no payments or accrued interest to cover all closing costs, prepays and escrows. This program does require a minimum cash payment from the borrower equal to the lesser of \$500 or 1% of the selling price.

What about the Settle America program?

This is an even newer program but with similar intent: to help people get started with home ownership.

With Settle America, the minimum cash investment is 2% of the purchase price, and there is a less rigorous credit history requirement. Basically, the loan underwriting rests upon the risk factor of the loan itself.

Settle America also has a second mortgage. But in this case, the second mortgage is put up by a church, city or state agency. It's available for individual residences, condos and multiplex housing with up to four units.

Settle America program is part of a larger nationwide initiative that involves other lenders.

Is there a simple way for a consumer to determine which program is best?

These programs are for first-time buyers with little money and lots of questions. We urge customers to contact our Personal Move Consultants (PMCs) toll-free at (877) 209-0097. A PMC can connect the caller with a Certified Loan Officer at one of more than 300 GMAC Mortgage offices nationwide to answer questions about HomeStretch, HomeStrength and Settle America. Our PMCs also can help callers with other home financing and ownership needs.

To learn more about HomeStretch, HomeStrength and Settle America, please call the Personal Move Consultants of GMAC toll-free at (877) 209-0097, and they will place you with a Certified Loan Officer to help you with all your financing needs.