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FORD PREDICTS A THIRD-QUARTER OPERATING PROFIT. Ford Motor Co., which warned in July it would post a loss in the third quarter, now says it expects a small operating profit for the period. Analysts have been expecting an operating loss of 10 cents per share.

Chairman Bill Ford points out that his company beat analysts' estimates in the first half of 2002 and reiterates the company's expectation of posting a modest profit for the year, excluding any items.

OIL PRICES RISING AGAIN. Crude oil prices, which fell from nearly \$30 to about \$27 per barrel last week, have inched back to \$30 again, reports Bloomberg.com.

Analysts say the higher prices are likely to stick until the U.S. push to remove Iraqi President Saddam Hussein is resolved. But a sustained price over \$28 may prompt the Organization of the Petroleum Exporting Countries, which includes Iraq, to increase oil production.

The cartel meets on Sept. 19 to decide what, if anything, it will do. A Saudi Arabian newspaper cites an anonymous OPEC source as saying the group may agree to raise its official output by 1.5 million barrels per day. Analysts point out that the 11-member cartel is overproducing by about 2 million barrels per day now.

SUPPLIERS AREN'T KEEPING UP WITH PRICE CUT DEMANDS. Most U.S. auto suppliers can't keep up with abrupt demands from OEMs to cut prices, so they're squeaking by on less revenue, reports *Automotive News*.

It cites a confidential survey by Planning Perspectives Inc. in Birmingham, Mich., that suggests about two-thirds of suppliers are unable to find cost savings fast enough to offset the price cuts OEMs require.

The trend isn't new: Figures from the Center for Automotive Research in Ann Arbor, Mich., indicate average parts prices have been declining for at least six years.

AN says many suppliers are simply giving up trying to cut costs on mature components and are focusing instead upon new programs where price cutting is easier to do.

MICHELIN TOPS TIRE SURVEY AGAIN. Michelin, a perennial winner in the J.D. Power and Associates original equipment tire satisfaction survey, won again this year. It topped the passenger car category for the fifth consecutive year and the light-truck category for the third year running.

J.D. Power bases its assessment on the views of some 33,700 consumers during the first three years of new-vehicle ownership.

KOREA DELPHI PRESIDENT RESIGNS AMID DAEWOO BOYCOTT. Gil-hoon Bay, the president of Korea Delphi Automotive Components Corp., unexpectedly tendered his resignation Friday. The company's board is expected this week to decide whether to accept it, reports Reuters.

KDAC wouldn't say whether Gil-hoon's resignation is over the company's boycott of bankrupt Daewoo Motor Co. Korea Delphi, which figures it is owed more than \$200 million by the automaker, says it won't resume shipping parts to Daewoo until the company's creditors explain when and how they intend to pay their bill.

KDAC is a joint venture between U.S.-based Delphi Corp. and the former components operations of Daewoo Motor. Delphi invested about \$85 million in the venture and has a 50% equity stake. Delphi has the power to choose the venture's chief financial officer, but Daewoo



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controls all other executive appointments and is responsible for operations.

The KDAC board includes representatives from Delphi, Daewoo and Daewoo's lead creditor, the Korea Development Bank.

FORD EXTENDS POWERTRAIN WARRANTY ON FOCUS. Ford Motor Co. is adding a five-year, 100,000-mile powertrain warranty on its 2003 Focus. The plan, which can be transferred to another owner, includes free roadside assistance coverage.

Ford added the warranty to bolster sales and improve the resale value of the Focus, which has been recalled nine times over the past two years. Six investigations into various safety-related complaints are still pending at the National Highway Traffic Safety Administration.

BUSH TO THE WORLD: CUT STEEL SUBSIDIES. President Bush, roundly condemned overseas for imposing protective import tariffs on steel last March, isn't likely to win new friends with a proposal that foreign governments stop subsidizing their own steel industries.

Bush will announce the proposal, aimed at reducing decades of global glut in steelmaking capacity, during this week's Paris meeting of the Organization for Economic Cooperation and Development, reports the Associated Press.

The president's proposal would eliminate all subsidies to steelmakers and, ironically, end trade barriers that block imported steel. He will suggest that governments limit their support to helping retrain workers if steel plants close.

FOREIGN BRANDS HAVE MORE PERCEIVED VALUE. Analysts have been saying for months that Detroit's sales incentive binge may move the iron, but it also cheapens the perceived value of the product. A new analysis by Strategic Vision, a San Diego-based consulting firm, seems to support that view.

It reports that foreign nameplates topped 16 of 17 categories in its 2002 Total Value Index. The only domestic winner: General Motors Corp.'s soon-to-be-discontinued Oldsmobile Aurora in the "large car" segment.

Toyota Motor Corp. and its Lexus unit captured six

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HYUNDAI OVERSTATED HORSEPOWER RATINGS. Hyundai Motor America says it overstated the horsepower ratings on 1.3 million vehicles sold in the U.S. over the past 10 years.

Affected vehicles include the Accent, Elantra, Sonata and Tiburon. The total also includes last year's Kia Optima sedan, for which Hyundai supplies engines. Hyundai owns 51% of Kia.

Hyundai describes the errors, which averaged less than 5 hp per vehicle, as a marketing mistake and points out they have no effect on vehicle safety or reliability. It blames the former lack of a system to verify horsepower figures before they end up in sales brochures. Now the company's director of engineering will be responsible for signing off on the numbers.

To make amends, Hyundai will offer owners of pre-1999 Hyundai models five years of free roadside assistance coverage. Owners of new cars will get a choice of three vehicle warranty enhancements: up to 10 years of roadside assistance, a sixth year and 12,000 miles of coverage to the new-vehicle warranty, or two more years and 20,000 miles added to the current 10 year/100,000-mile powertrain warranty.

DELPHI LANDS \$1.6 BILLION IN NEW CONTRACTS. Delphi Corp. says it had signed eight steering column supply contracts worth more than \$1.6 billion over the next five years. The deals are with unspecified OEMs in North America, South America, Europe and Asia Pacific.



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GM, TOYOTA DROP JOINT HYBRID EFFORT. General Motors Corp. and Toyota Motor Corp. have stopped collaborating on hybrid technology and will work together only on fuel cell research, reports *The Wall Street Journal*.

In 1999 the two companies announced a much broader five-year plan for cooperative development of hybrid, electric and fuel cell technologies. By early 2001, Toyota said it hoped to join GM in developing a joint hybrid-powered car.

At the time, the two companies—which collectively accounted for about 25% of global vehicle sales—could establish technical standards in such areas as fuels and electrical recharging systems that would help reduce advanced powertrain hardware costs for the entire industry.

Toyota President Fujio Cho says the companies have dropped cooperative hybrid development for now because Toyota has focused on small cars, while GM's interest is in hybrid systems for larger vehicles.

DETROIT'S INCENTIVES FUEL USED-CAR GLUT. Months of intensive sales incentives by Detroit's Big Three automakers is generating a record supply of 43.5 million used cars this year, reports *Fortune*.

The glut is depressing used-car prices and eroding resale value. It hits domestics brands hardest, says the

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magazine, because they must "pay customers more to compensate for lower quality."

Fortune cites figures that put the value of a three-year-old Dodge Caravan minivan at about 35% vs. 56% for a Honda Odyssey. Similarly, it projects a three-year-old Ford Explorer SUV will be worth about 38% of its original price vs. nearly 57% for an Acura MDX.

Detroit OEMs are trying to bolster used-car prices with such programs as "certified" used cars. The main risk, says the magazine: If such programs are too successful, they could lure too many would-be new-car buyers.

MONDAY'S CLOSING STOCKS

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		8,519.38	+92.18	EDS	EDS	39.74	+1.56
NASDAQ		1,304.60	+9.30	Ford	F	10.80	+0.60
American Axle	AXL	30.93	+0.43	General Motors	GM	45.89	+0.09
ArvinMeritor	ARM	24.58	+0.82	Gentex	GNTX	30.68	+0.33
Autoliv	ALV	22.55	-0.09	Goodyear	GT	12.74	+0.02
DaimlerChrysler	DCX	41.25	+0.24	Johnson Controls	JCI	85.10	+0.78
Dana	DCN	16.83	+0.38	Lear	LEA	48.30	+0.46
Delphi	DPH	10.32	+0.25	Magna International	MGA	62.63	+0.18
Donnelly	DON	27.78	+0.05	TRW	TRW	58.10	+0.20
Eaton	ETN	69.19	+0.81	Visteon	VC	11.61	+0.26

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David Cole, president of the Center for Automotive Research, will unveil a benchmark study on supplier profitability.

Other Speakers:

- David Andrea, director, CAR
- Rick Hahn, president/CEO, Salion

