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GASOLINE PRICES DOWN 12 CENTS IN 30 DAYS. The average price for a gallon of gasoline in the U.S. has dropped just below \$1.57 from about \$1.69 in mid-September, according to AAA's Fuel Gauge Report.

Prices are 12 cents higher than they were at this time last year. Current averages range from \$1.66 in the west to \$1.50 in the southwest, according to AAA.

CHRYSLER IDLES TWO PLANTS THIS WEEK. Chrysler Group has suspended auto production this week at assembly plants in Sterling Heights, Mich., and Toluca, Mex., reports *The Oakland (Mich.) Press*.

The cuts affect 3,200 workers who make Dodge Stratus and Chrysler Sebring cars in Sterling Heights and 2,600 workers who produce the Chrysler PT Cruiser crossover vehicle in Toluca.

NHTSA SAYS HEAVIER VEHICLES ARE SAFER...UP TO A POINT. Even a 100-pound reduction in vehicle curb weight can increase the fatality rate for its occupants by as much as 7% in certain collisions, says a report by the National Highway Traffic Safety Administration.

The complex 334-page analysis—containing enough statistics to bolster almost any viewpoint—evaluates accident figures for vehicles built during model years 1991 to 1999. Its conclusion: Trimming vehicle weight is tricky.

The report says pickup trucks and SUVs have higher overall fatality rates than cars or minivans of the same weight. But it also calls heavier vehicles “intrinsicly safer” than lighter vehicles. The study figures a 1% weight advantage in a vehicle-to-vehicle crash reduces the fatality risk by 5% for the driver of the heavier vehicle.

NHTSA says the negative effect of less weight is most pronounced for vehicles that weigh 3,870 lbs or less. But

for those weighing more than 5,000 lbs, it says fatality rates may actually go up as vehicles get heavier because of their increased risk to other drivers.

NHTSA describes the new report as correcting “flaws” in its 1997 study. The report said, among other things, that lighter cars cause fewer pedestrian fatalities and that fatalities in car-to-car and truck-to-truck crashes decreases as the weight of the vehicles decreases.

The new study comes to the opposite conclusion. It also says heavier vehicles are less prone to rollover and easier for the average driver to control in a panic situation.

OEMs, who have warned that traffic fatalities could rise if fuel economy laws force them to make lighter vehicles, applaud the report. Critics say NHTSA has again failed to consider the effect of safety equipment.

PRIUS AVERAGE MILEAGE RATING: 55 MPG. The U.S. Environmental Protection Agency has given Toyota Motor Corp.'s second-generation Prius hybrid sedan city, highway and combined fuel economy ratings of 60, 51 and 55 mpg, respectively.

The previous model—which was smaller, less powerful and emitted about 43% more pollutants, averaged 48 mpg. Toyota calculates that driving a Prius for 150,000 miles emits less smog-related pollution than coating a 500 sq. ft. room with latex paint.

HYUNDAI PROTESTS DCX DEAL WITH BEIJING AUTOMOTIVE. Hyundai Motor Co. says its joint-venture partner in China, Beijing Automotive Industry Holding Corp., violated their agreement by expanding a similar partnership last month with DaimlerChrysler AG.

Hyundai tells Reuters its contract with Beijing Automotive “clearly states the exclusivity in the auto busi-



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ness." Hyundai, which is 10.5% owned by DCX, says it will protest but has no plans to take legal action.

All major Chinese OEMs have multiple partnerships with foreign automakers. Beijing Automotive is no exception, having launched Beijing Jeep Corp. with Chrysler Corp. two decades ago.

DCX and Beijing Automotive agreed last year to extend that venture for 30 years. Beijing Jeep also has begun producing the Pajero Sport SUV for Mitsubishi Motors Corp., another DCX affiliate.

Last month's \$1.1 billion deal between DCX and Beijing Automotive would expand Beijing Jeep to produce Mercedes-Benz E- and C-Class sedans, commercial trucks and engines beginning in 2005.

The year-old Hyundai Beijing Automotive Corp. expects to assemble 52,000 Sonata sedans this year.

FORD LAUNCHES SUV ASSEMBLY IN INDIA. Ford Motor Co. has begun producing the Endeavor, a \$28,000 SUV, in India to compete with small SUVs from Chevrolet, Honda, Hyundai and Suzuki.

The truck, assembled from kits shipped from Ford's AutoAlliance venture in Thailand, has about 20% local content. Ford hopes to sell 150 units per month.

Ford's announcement comes as General Motors Corp. announced it will double its production capacity in India to 50,000 units by year-end.

AUTO SALES UP IN WESTERN EUROPE. Passenger car registrations in western Europe rose 4.4% in September over year-ago levels, reports the Brussels-based European Automobile Manufacturers Assn.

Country-by-country sales ranged from a 27% jump in Finland to a 27% drop in Greece, but all five of Europe's largest markets improved for the month.

Monthly sales by General Motors and DaimlerChrysler rose 4% and 9%, respectively, in the region. Ford fell 5%.

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GM has maintained its European market share at 9.9% this year. But Ford, at 11.1%, has slipped by 0.4 points. DCX, at 6.5%, is down by 0.2 points.

Volkswagen's share to date has slipped from 18.3% to 18%. PSA Group is up 0.1 point to 15.1%. Renault has declined by 0.2 points to 10.3%. Fiat dropped 0.8 points to 7.4%. BMW declined by one-tenth point to 4.3%.

Japanese brands, at a combined 12.6% of the market, gained more than one point of share so far this year. Korean nameplates are at 3.3% vs. 2.7% last year.

VW NAMES NEW CHIEF FOR BUGATTI. Thomas Bscher, a German banker and race car driver, has been selected to run Volkswagen AG's Bugatti sports car unit. Bscher's appointment begins in December. He succeeds Karl-Heinz Neumann, who is retiring after 38 years with VW.

Bugatti is reviving itself with the upcoming Veyron, a \$1 million sports car with a turbocharged 16-cylinder engine that produces nearly 1,000 hp. and can reach 250 mph. Bugatti plans to make 50 Veyrons per year. No word yet on whether Bscher's post will include a company car.

TUESDAY'S CLOSING STOCKS

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		9,812.98	+48.60	EDS	EDS	21.97	+0.13
NASDAQ		1,943.19	+9.66	Ford	F	11.95	-0.02
American Axle	AXL	32.90	+0.55	General Motors	GM	43.97	+0.43
ArvinMeritor	ARM	17.89	+0.04	Gentex	GNTX	38.83	+0.05
Autoliv	ALV	32.41	+0.25	Goodyear	GT	7.10	-0.04
BorgWarner	BWA	78.43	+1.08	Honda	HMC	20.47	-0.05
Cooper Tire	CTB	18.10	+0.06	Johnson Controls	JCI	104.93	+1.07
DaimlerChrysler	DCX	37.12	+0.29	Lear	LEA	62.04	+0.92
Dana	DCN	15.72	+0.05	Magna International	MGA	78.92	+1.25
Delphi	DPH	9.24	+0.15	Tenneco Automotive	TEN	6.91	-0.07
Dura Automotive	DRRA	10.40	+0.15	Toyota	TM	63.22	+0.22
Eaton	ETN	98.90	+3.16	Visteon	VC	7.00	+0.07

viewpoint

SUPPLIER STRATEGIES FOR CHALLENGING ECONOMIC TIMES

In the wake of price reduction requests by customers and their increasing desire to reduce the number of companies in their supplier base, automotive suppliers face economic challenges that often seem insurmountable.

Attorney Nicole Y. Lamb-Hale, a partner in Foley & Lardner's Business Reorganization Practice Group and Automotive Industry Team, offers strategies for automotive suppliers to employ as they navigate the current economic times.

Be proactive

Companies often ignore the warning signs of financial trouble. Management slips into "debtor denial," the result of which is an insecure customer base, a fatigued lender and frustrated trade creditors. By not recognizing the declining financial state of the company at an early date, management unwittingly closes the door to the variety of available restructuring options.

Conduct an internal review

One means of being proactive is to analyze the operational and financial performance of your company before your customers, lenders and trade creditors force you to do so. For example, analyze your cost structure to identify excess operational expenses. In addition, examine your financial statements to ensure that your price quotes to customers reflect the true costs incurred by you to produce the product. These are examples of steps you will be forced to take if your third-party stakeholders become insecure about your financial viability. Stay one step ahead of them.

Manage your own supply base

Just as your customers are attempting to cut costs and consolidate, you too should evaluate your supply base to ensure that you are receiving the best service, prices and quality. This strategy must be developed and implemented together with the analysis of your company's operational performance.

Analyze your debt structure

Review your debt structure to determine if it is at a level that is consistent with your current needs. Evaluate interest rates to determine if they are consistent with the current market rates offered to similarly situated companies. Review financial covenants to assess whether they are overly stringent and inhibit your ability to take advan-

tage of strategic business opportunities. If you find that modifications are appropriate, approach your lender about re-documenting your loan or consider refinancing.

Consider strategic alliances

If your internal due diligence reveals that your financial performance cannot sustain your company on a long-term, stand-alone basis, consider teaming up with other companies in the market that will result in synergies that make sense for you and benefit your customers.

By considering this option early, you are more likely to structure a transaction that realizes value for your equity in the company.

Assess your management team

Engage in preventive troubleshooting to ensure that your management team is performing at the levels both you and your customers expect.

Every level of management is critical to the quality of the products you produce and the overall financial health of your company. In the event that your customers and creditors begin to question your performance, one of the key inquiries they will make is whether a lack of proficiency and effectiveness on the part of current management is the cause of your decline. If you are proactive in assessing the strength of your management, you will maintain greater control over the identity of your management team and the future of your company.

Enlist the expertise of professionals

Consider hiring professionals to give your management team an objective perspective on the operational and financial performance of your company. Such professionals can identify the legal and financial options available to your company. The retention of such professionals is often a requirement imposed by your significant customers and your lender when they become aware that your company's performance is faltering.

If you take this step before your financial challenges become apparent to your customers, lenders and trade creditors, you will have more control over your company's destiny, and you may avoid the need to retain professionals not of your choosing.

Foley & Lardner is a national law firm with offices in 18 cities, including Detroit. For more information concerning Foley & Lardner's Automotive Industry Team, call John Trentacosta at (313) 963-9548 or Steve Hilfinger at (313) 963-9577.