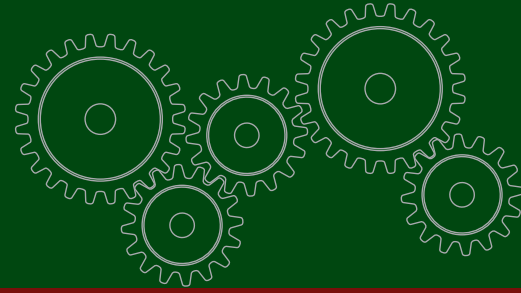




MANHEIM CONSULTING

6205 Peachtree Dunwoody Road Atlanta, Georgia 30328
phone: 678.645.3500 www.manheimconsulting.com



Accelerate Your Business

December 2008

OVERALL INDUSTRY/ECONOMY:

- November auto sales down 37% vs. prior year and annual selling rate was 10.2 m, lowest since 1983. Year-to-date, industry down 16% to 12.35m, will probably barely break 13 million full-year (last year = 16.1m; industry sales are currently 2.4 million fewer than last year). For November: GM off 41%, Ford off 31% and Chrysler off 47%; Toyota down 34%, Honda down 32% and Nissan off 42%. Car/truck split was within 1,000 units of being 50-50 (trucks were ahead).
- Sales of fuel efficient vehicles have dropped significantly since their May \$4 a gallon peaks. Top four selling vehicles of any kind in May and in order were: Civic, Corolla, Camry and Accord (# 5 was F-150); their November unit sales compared to May's: Civic down 67%, Corolla down 59%, Camry down 51% and Accord down 60%.
- Detroit Three market share now vs. 2000: GM—22% vs. 29%; Ford—15% vs. 24%; and Chrysler—11% vs. 15% (year to date 2008 vs. full-year 2000). TIME, December 15, 2008.
- November jobs report: net decline of 533,000, worst since 1974 and jobless rate now at 6.7%, 2008 total # of jobs lost for first 11 months = 1.9m. Kiplinger now forecasts unemployment to rise to nearly 9% by end of 2009 (December 5 Kiplinger Letter). November 21 Letter had it at 8%.
- “Washington isn’t going to let Detroit automakers crash and burn....period. It’s about the workers, the estimated one in 10 who are tied, one way or another, to the industry, whether toiling on assembly lines, writing ad copy for dealerships or serving up coffee and pie at the local café in a car factory town. In effect, it will be bankruptcy, without the stigma the word carries.” Kiplinger Letter, December 12, 2008, p.4
- “Gas price hits lowest since February 2004,”USA Today, December 9, 2008. Average price in the past week dropped 11 cents to \$1.70 a gallon, cheapest price since February 2004. The national price for regular unleaded gasoline is down \$1.30 from a year ago. Diesel prices ranged from \$2.42-\$2.85.



FORD:

- sold 20% of its 33.4% stake in Mazda to raise \$540 million. Ford first took a stake in Mazda in 1979, had a controlling interest (33.4%) since 1996.

CHRYSLER:

- “Cerberus Wants Its Money Back on Deal With Daimler,” USA Today, 11/18/08. Cerberus says it based its purchase on misleading information from Daimler. Cerberus spent \$7.4 billion to take control of Chrysler, but much of it went back into Chrysler, not to Daimler. In addition, Daimler pumped \$700 million into the pension fund, took on some health care obligations paid closing costs and ended up about \$650 million in the hole once the deal closed. Cerberus is now demanding more than \$7.2 billion.

TOYOTA:

- “Even Toyota’s Got The Blues:” Business Week, December 5, 2008. Amid plunging sales and mounting losses, the world’s No. 1 carmaker is desperately offering discounts. Average incentive costs per vehicle sold in November: GM-\$4,956; Toyota-\$4,705; Honda-\$3,172.
- “Toyota halts U.S. Prius Project,” Automotive News, December 15, 2008. With its sales plunging in the United States, Toyota is freezing its plan to build the Prius in a new plant near Tupelo, Mississippi. For how long ? The automaker doesn’t know. The \$1.3 billion assembly plant is 90% complete, and will be completed. Toyota made the Prius decision before it had begun ordering the equipment that would go in the plant. Originally, when Toyota broke ground on the plant in February 2007, the plan was to build the next generation Highlander crossover there; that changed to Prius several months ago when gas hit \$4.00 a gallon.

