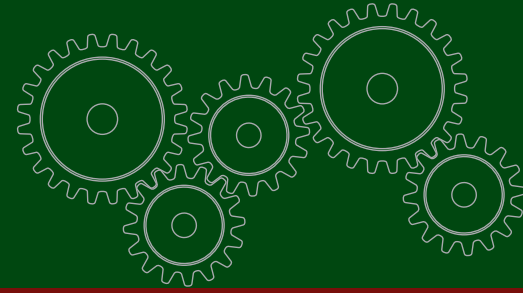




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Accelerate Your Business

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THE ECONOMY:

Looking ahead at the 2008 economy: for every negative, there's a positive offsetting or at least tempering the downside. The result is a precarious balance, an economy vulnerable to any shock. The challenges: flat or falling U.S. house prices, high energy prices, sluggish growth in business profits, state and local government cutbacks, stirring inflation and many big industries clearly in pain. Offsetting assets: employment, productivity growth, Fed involvement to keep economic growth going, energy conservation and technology advances, strong corporate balance sheets, foreign investment in the U.S. and thriving exports (12/28/07 Kiplinger Letter).

OVERALL INDUSTRY:

- Full year industry sales down 2.5% to 16.1 million, most forecasts call for 2008 to drop further to 15.5 to 15.7 million, would make it the industry's worst year in a decade. For full-year 2007: GM off 6%, Ford down 12% and Chrysler off 3%; Toyota up 3%, Honda up 3% and Nissan rose 5%.
- Toyota displaced Ford as # 2 in U.S. new vehicle sales in 2007, ending Ford's 75 year-run. In 2006, Toyota displaced Chrysler as # 3. When global sales figures are published later this month, Toyota is also set to topple GM's 77-year reign as the world's biggest carmaker.
- The minivan market, which missed the one million sales mark for the first time in 13 years in 2006, fell even further in 2007 to just below 800,000. Minivans now account for just 4% of the overall market from 7% in 2004. Buyers have flocked to crossovers. High gas prices and the downturn in housing may also be affecting minivan buyers more than car buyers, industry watchers say.
- Detroit Three Continue To Trim Fleet Sales: Through September, as a % of each automaker's total sales, fleet was: Ford-31%; Chrysler-30%; G.M.-27%; Nissan-11%; Toyota-9% and Honda-3%.
- Five years ago, the Detroit Three had a 62% market share; 2007 = 51%.
- White edged out silver as the most popular auto color in 2007 after a seven year run. Top three and bottom three colors in a DuPont Report, and their share: white-



19%; silver-18%; black-16%. Bottom three: green-2%; yellow/gold-3% and beige/brown-5%.

G.M.:

- Continuing its string of hit new products, the 2008 Cadillac CTS was named Motor Trend Car of the Year. Getting lots of positive ink, as is the all-new Chevrolet Malibu.
- G.M. recently made two moves to spur dealer profits on December 21: increased dealer margins on most of its vehicles by an average of half a percentage point and is boosting the number of days it will pay the interest expense on new vehicles to 91 days from the current 69.

TOYOTA:

- The all-new 2009 Corolla goes on sale next month, is the # 3 selling car in the U.S. (combined with Matrix, its five-door variant). Corolla/Matrix, now in their 6th year on the market, outsell Ford Focus, Chevrolet Cobalt and all other variants combined. 2009 Corolla: same wheelbase and length as current model, but 2.5" wider, 200 pounds heavier, ½ " shorter; calendar 2008 sales goal for the new 2009 model is 360,000 units then up to 390,000 in 2009 and beyond. Toyota aiming to appeal to younger buyers as 25% of current Corolla buyers are over 60 (Civic has been the "youth car of choice" for eons).

HONDA:

- It expects to increase its U.S. sales by 3% in 2008 (fiscal year ending 3/31/08). It also will open a new auto assembly plant in Indiana this fall to increase its North American production capacity to 1.62 million units (its U.S. sales in 2007 were 1.55 million—do not have Canada, but some production goes there Honda also has a plant in Canada which is included in the 1.62 million #).