



Parts Committee

OEM Parts Supply Status

July 29, 2009

Washington, D.C.



Parts Committee

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Vice-Chairman – Javier Avalos



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OEM Parts Supply Status

An Update Presented By

Steve Nantau

Ford Motor Company

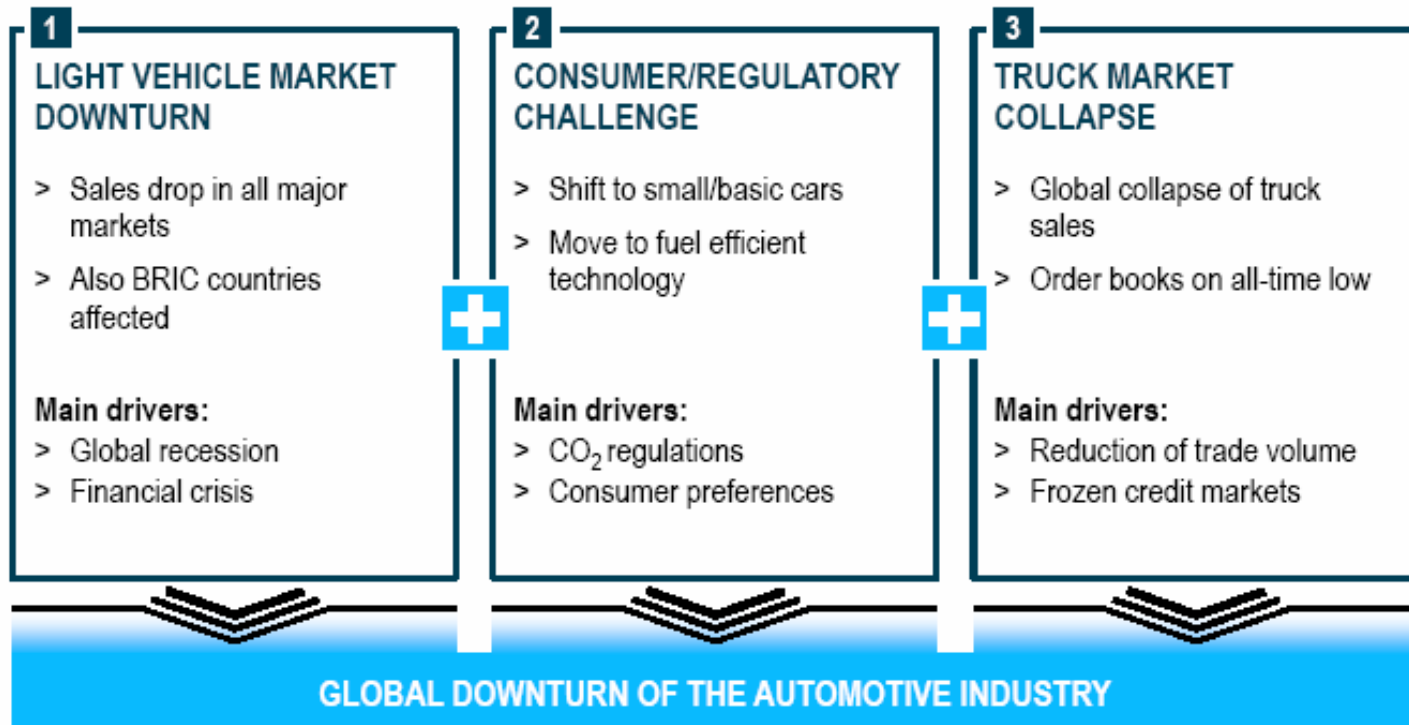
&

John Bosin

EDM Davis LLC



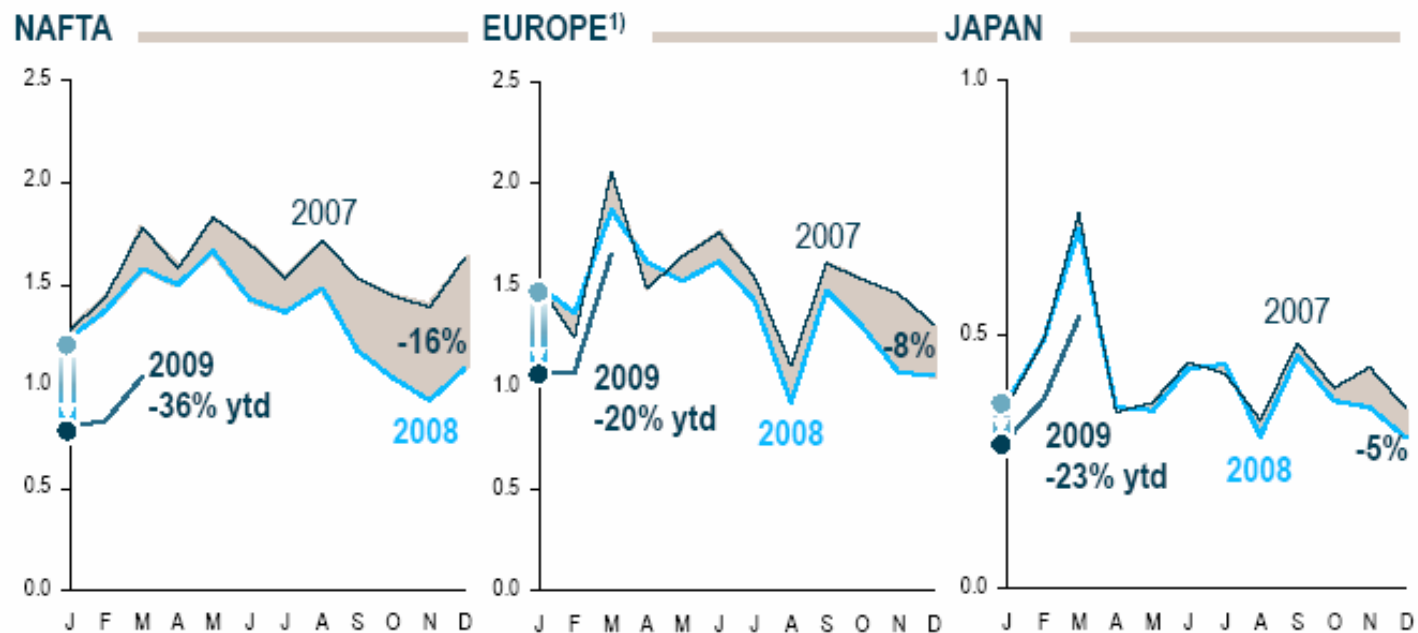
The current crisis is putting immense pressure on the global automotive industry





NAFTA is suffering the most from falling sales volumes among triad markets

Monthly new light vehicle registrations [units m]



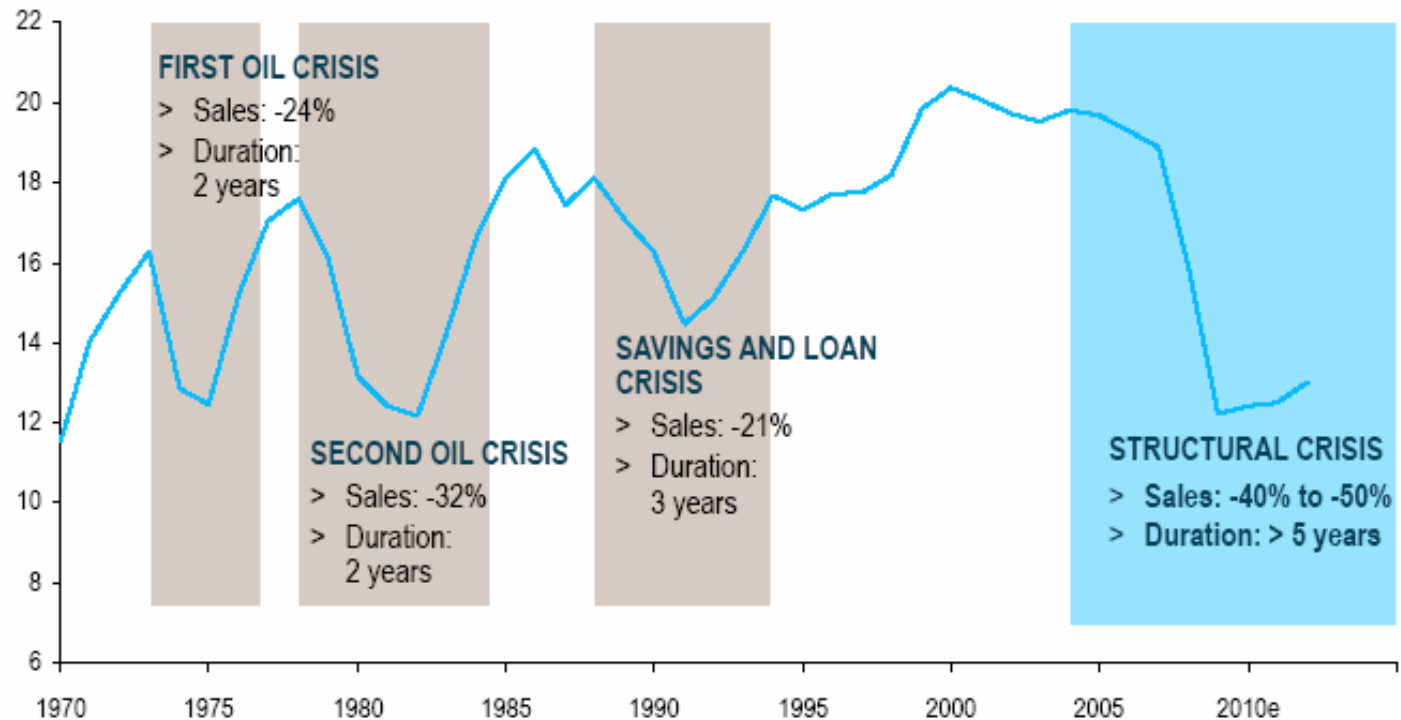
1) EU + EFTA

Source: Ward's Automotive; Roland Berger analysis



This time it's different: We are right in the middle of a structural crisis

New light vehicle sales – NAFTA [units m]





Post-recovery sales and production volumes will stay far below previous peaks

Light vehicles sales and production – NAFTA [m units]

SALES

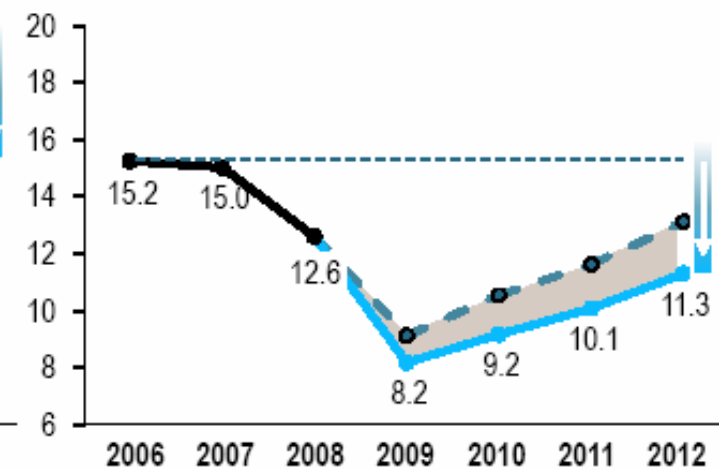
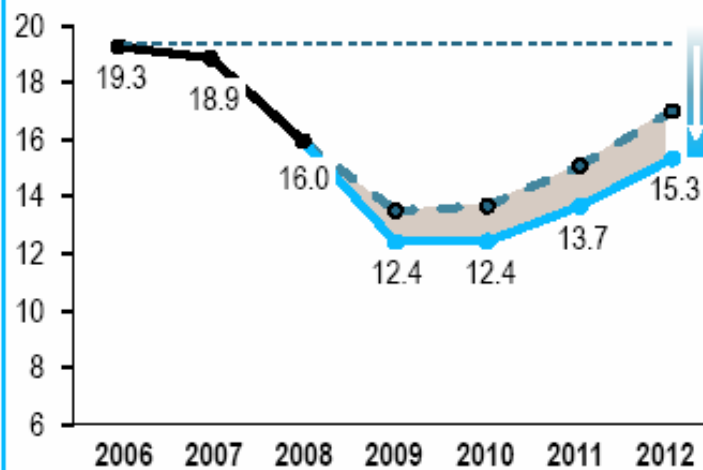
PRODUCTION

Δ vs. 2006 [%]

-35 -35 -29 -21

Δ vs. 2006 [%]

-46 -39 -33 -26

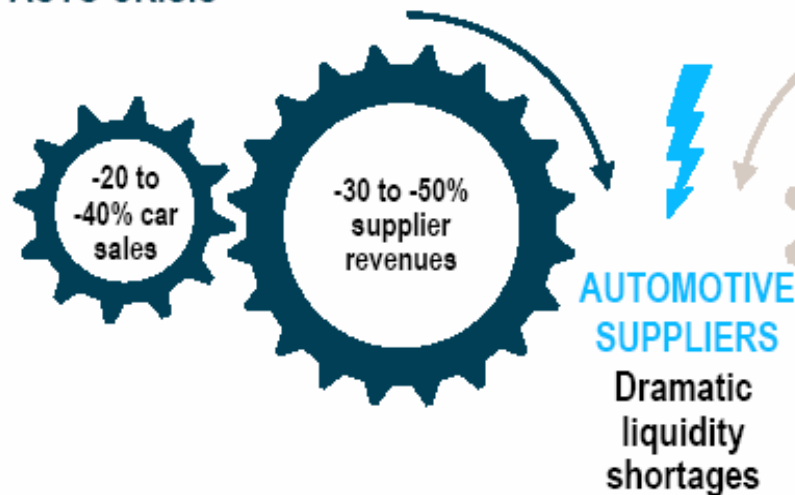


● Actual ● Roland Berger FC ● Roland Berger optimistic case



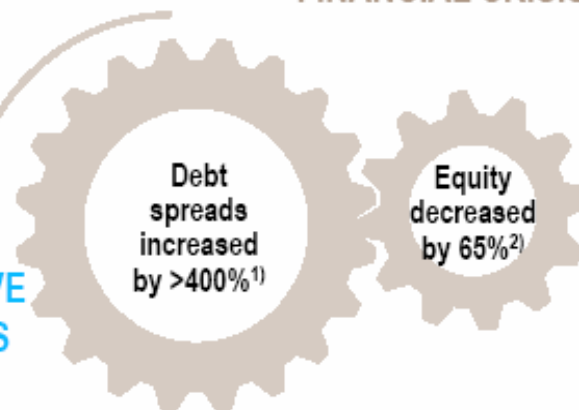
The sales downturn has driven the global supplier industry into a severe financial crisis

AUTO CRISIS



- > Current **production stops** and **bankruptcies** increase pressure

FINANCIAL CRISIS



- > Dramatically **reduced financial headroom** and **credit facilities**

1) Calculated for BBB 5 year spreads to Bunds from Aug. 1, 2007 to Feb. 10, 2009

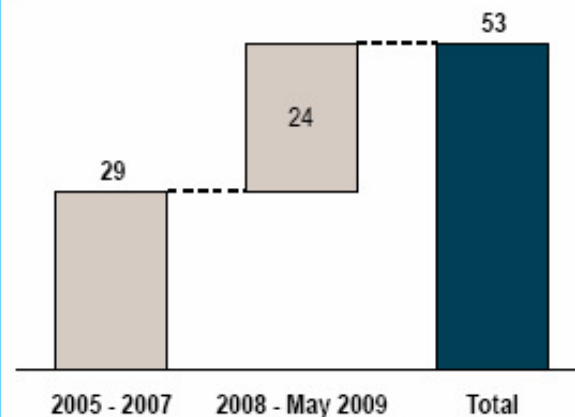
2) Based on average change in market cap. of 262 auto suppliers from Aug. 1, 2007 to Feb. 10, 2009



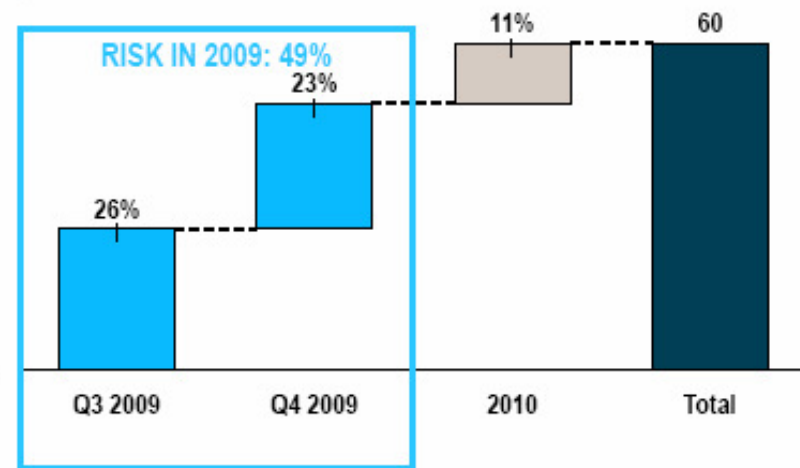
Half of the supply base is expected to be in severe financial conditions in 2009 – more to follow in 2010

NAFTA Insolvency Barometer

INSOLVENCIES SINCE 2005
[# of NAFTA suppliers]



INSOLVENCY OUTLOOK NAFTA
[% of total suppliers]



Danger of partial or entire breakdown of supplier industry in NAFTA



OEM Parts Supplier Status

- OEM working 24/7 on supplier issues
- Currently no production issues
- Selected service part issues
- Part order fill rate still high
- New car dealer reductions
- Small number of large wholesaling dealers



OEM Parts Supplier Status

■ Toyota:

- ◆ No disruptions in parts
- ◆ Fill rate is normal
- ◆ Monitoring all suppliers
- ◆ Contingency plans are in place



OEM Parts Supplier Status

■ Nissan:

- ◆ Initial fill: 94.3%
- ◆ Final fill: 98.1%

■ Honda:

- ◆ Fill rate is at an all time high
- ◆ Anticipates no issues



OEM Parts Supplier Status

- General Motors Collision Parts
 - ◆ Initial fill rate has improved
 - ◆ 86% in 2008
 - ◆ 92.27% in June 2009
 - ◆ All parts are available in 10 days
 - ◆ Monitoring suppliers
 - ◆ Contingency plans in place
- 2000 fewer dealers by October 2010



OEM Parts Supplier Status

■ Ford Parts Fill Rates

- ◆ Dealer fill from depot – 97.4% (98%)
 - ◆ Supplier direct ship – 89.7% (97%)
 - ◆ All dealers receive a daily stock order
 - ◆ Monitoring all suppliers
 - ◆ Contingency plans are in place
- As of May 2009 – 3700 dealers
- 4400 dealers in 2005