

Automotive Industry Review

Corporate Advisory Services Spring 2008

1st Quarter U.S. Automotive Highlights

Declining U.S. Vehicle Sales and Dampening Economic Influences

For the first three months of 2008, total light-duty vehicle sales fell nearly 307,000 units or 7.9% compared to the prior year. According to CNW Research, industry new vehicle U.S. retail sales declined even further, down approximately 11% in the quarter. The highly competitive U.S. automotive sector's struggles continue and are driven by continued tightness in the credit markets, softness in the residential construction markets, declining employment levels, record high commodity prices and falling consumer confidence.

Vehicle Segmentation Shifts to Passenger Cars Impact Domestic 3

As customers continue to shift away from large pickups and SUVs to more fuel-efficient passenger cars, sales of the "Detroit 3" continue to weaken (whose product mix still consists of mostly passenger trucks). In

fact, Chrysler and General Motors both sold fewer light trucks in the first quarter of 2008 compared to the prior year. To the contrary, Ford which has the largest passenger truck mix among the "Detroit 3", still posted a slight up-tick in passenger truck mix from 65.3% to 65.6%. Ford represents one of the few large OEMs to report an increase in truck sales mix. Ford is responding to the slump in sales of pickups and SUVs with the launch for later this year of a global subcompact car, the new Fiesta. (See page 5 for additional analysis on segmentation shifts).

New CAFE Regulation Proposals and \$4/Gallon Gasoline

With the likelihood of some variant of the 35-mpg CAFE for 2020 passing Congress in the near future, OEMs are focusing efforts to meet these standards and avoid costly penalties for not achieving the 40% increase in fuel economy standards. OEMs

are working to meet the new standards through advanced powertrain technologies and reductions in gross vehicle weight. Meanwhile, consumers are moving away from large passenger trucks to more fuel efficient cars in the wake of >

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1st Quarter U.S. Automotive Industry Highlights (continued)

gasoline prices pointing toward \$4/gallon. Toyota, Daimler and General Motors are in a race to be the first manufacturer to offer a vehicle equipped with advanced hybrid technologies to the mass market.

Detroit 3 Pairing Down to Compete Globally/UAW Membership Declines

In 1Q 2008, domestic automakers announced further plans to shed jobs, decrease production and reduce inventories in order to match its fixed-cost structures with declining market shares. In order to compete globally, OEMs and their suppliers have focused union negotiations on workforce and cost

reductions through two-tiered wage structures, employee buyouts and early retirement packages. Of significance, the union released its annual report to the U.S. Dept. of Labor indicating that UAW membership dropped to its lowest point in nearly 70 years. Union membership fell below 500,000 at the end of 2007, down from nearly 540,000 a year earlier.

Domestic OEMs Announce More Dealer Consolidation is Necessary

As the U.S. light-vehicle top-line sales outlook continues to weaken from prior years, domestic automakers have proposed frameworks for consolidation

efforts at the dealer level. Automakers are attempting to right-size their production capacity and vehicle portfolio to better correlate with their market shares. A necessary result is a reduction in the number of dealers, and further distribution channel realignments including combining more brands at one dealership point. Under Chrysler's project Genesis program, it has already begun forming a series of "business solutions teams" that will visit each metro area to help dealers evaluate their business options. •

Financial/Economic Snapshot

U.S. Economy Grew in First Quarter

In the first three months of the year, the gross domestic product growth grew at an annual rate of 0.6%. Rising inventories were said to have helped fuel much of this growth for the quarter.

Amid increased concerns that the economy is slipping into a recession, we expect the Federal Reserve to make further interest rate cuts next quarter. •

Economic Metrics	Period	Value	Change
GDP Growth Rate			
Current Period (quarterly)	Q1-08	0.6%	0.0%
Prior Period (quarterly)	Q4-07	0.6%	
Inflation (CPI)			
Current Period (yoy)	Mar-08	4.0%	0.0%
Prior Period (yoy)	Feb-08	4.0%	
Inflation (PCE, 1 month annualized)			
Current Period (monthly)	Mar-08	3.7%	2.0%
Prior Period (monthly)	Feb-08	1.7%	
UofM Consumer Confidence			
Current Period (monthly)	Mar-08	69.5	-1.3
Prior Period (monthly)	Feb-08	70.8	
Prior Period (prior year)	Mar-07	88.4	
ISM - PMI Index			
Current Period (monthly)	Mar-08	48.6	0.3
Prior Period (monthly)	Feb-08	48.3	
Unemployment Rate (seasonally adj.)			
Current Period (monthly)	Mar-08	5.10%	0.30%
Prior Period (monthly)	Feb-08	4.80%	
Prior Period (prior year)	Mar-07	4.50%	
Leading Indicators Index			
Current Period (monthly)	Mar-08	0.10%	0.40%
Prior Period (monthly)	Feb-08	-0.30%	
Lagging Indicators Index			
Current Period (quarterly)	Mar-08	0.3%	0.0%
Prior Period (quarterly)	Feb-08	0.3%	

On the Radar for Next Quarter

Gasoline Prices Head Toward \$4/gallon

Rising global demand and oil supply capacity constraints are contributing to record high retail gasoline prices, currently at more than \$3 per gallon. According to the Energy Information Administration, the nationwide average price of regular gasoline for the first quarter was \$3.16 per gallon, an increase of 32% over the same period last year. If gasoline prices continue to rise or stay elevated for an extended period of time, there will most likely be a price point where a large-scale shift to smaller passenger vehicles and alternative fuels will take shape.

Automakers Response to Stricter CAFE Regulations

With stricter fuel economy vehicle regulations expected to come into effect soon, automakers may be required to achieve a 40% increase in car and truck fuel economy by 2020, to an industry average of 35 mpg. Analysts predict the impact of the current rules will vary significantly among automakers depending on vehicle specification, classification, and volume. To what extent each automaker will be affected differently by these new standards from a cost and product portfolio standpoint remains to be seen.

Impact of Government Tax Rebate Checks

In early 2008, many industry analysts and economic forecasters predicted moderate to flat growth for the year. Given the credit crunch, high energy, increased food and commodity prices, and continued weakness in housing, analysts are now revising their forecasts downward. 1Q 2008 GDP growth came in at only 0.6% suggesting the near-term possibility of a recession. Will the rebate checks be spent, thus providing a financial stimulus to the economy, or will Americans save the money, thus limiting its potential near-term effect?

Further Dealer Rebates and Incentives Possible

As U.S. industry sales continue to hover around the low 15 million unit mark for longer than analysts initially predicted the probability of a strong rebound in the second half of 2008 seems increasingly unlikely. If sales remain soft, inventories high, and plants idle, automakers may feel pressure to attract customers by reverting back to offering more incentives.

Increasing Raw Material Prices

According to CSM Worldwide, total raw material prices rose 13% from 2006 to 2007, and they are forecast to increase another 23% in 2008. How much further can they rise before causing a ripple effect of bankruptcy filings amongst the supply base? In an already soft automotive industry, how much room is there to absorb raw material cost increases throughout the value chain?

U.S. Currency Fluctuations

As shown in the table above, the movement of the U.S. dollar has changed significantly against the other major currencies from last quarter. Given the current economic environment, we expect this trend to continue. In the near-term, the weakening of the U.S. dollar may lead to greater negative implications to various stakeholders. •

Financial Indexes and Other Key Trading Metrics

	Current value		%Change YTD	52 - Week Range		% of 52 wk Quartile
	3/31/2008	12/31/2007		Low	High	
Indexes - U.S. Stock¹						
DJ Industrial Average	12,262.89	13,264.82	-7.6%	11,740.15	14,164.53	21.56%
NASDAQ Composite	2,279.10	2,652.28	-14.1%	2,169.34	2,859.12	15.91%
S&P 500	1,322.70	1,468.36	-9.9%	1,273.37	1,565.15	16.91%
DJ Wilshire 5000	13,332.01	14,819.58	-10.0%	12,822.54	15,806.69	17.07%
Russell 2000	687.97	766.03	-10.2%	643.97	855.77	20.77%
Indexes - Global Stock¹						
DJ World Index	273.10	300.88	-9.2%	261.44	320.33	19.80%
MSCI EAFE ²	2,038.62	2,253.36	-9.5%	1,913.54	2,388.74	26.32%
CAC40	4,707.07	5,614.08	-16.2%	4,431.04	6,168.15	15.89%
DAX	6,534.97	8,067.32	-19.0%	6,182.30	8,105.69	18.34%
FTSE100	5,702.10	6,456.90	-11.7%	5,414.40	6,732.40	21.83%
Hang Seng	22,849.20	27,812.65	-17.8%	19,809.70	31,638.22	25.70%
Bombay Sensex	15,644.44	20,286.99	-22.9%	12,455.37	20,873.33	37.88%
Nikkei	12,525.54	15,307.78	-18.2%	11,787.51	18,261.98	11.40%
Indexes - Commodity & Currency¹						
DJ-AIG Commodity	201.60	184.96	9.0%	161.06	219.09	69.85%
JP Morgan US Dollar Index	79.10	82.30	-3.9%	88.10	78.60	94.74%

¹ Sources: Reuters, WSJ Market Data Group

² Europe, Australia, Far East; Figures in U.S. - dollar terms

Other Key Data ¹	3/31/2008	12/31/2007	% Change
Petroleum Derived			
Resin, \$ per metric tonne	1,487.50	1,512.50	-1.65%
Crude Oil, \$ per barrel	101.59	96.01	5.81%
Natural Gas, \$/MM Btu	9.94	7.47	33.09%
Heating Oil, \$ per gallon	2.91	2.65	9.81%
Retail Gasoline, \$ per gallon	3.29	3.05	7.76%
Metals (Non-Steel)			
Aluminum, \$ per metric tonne	2,940.75	2,358.25	24.70%
Magnesium, \$ per metric tonne	5,100.00	4,300.00	18.60%
Zinc, \$ per metric tonne	2,292.75	2,353.50	-2.58%
Nickel Plating, \$ per pound	14.27	12.45	14.62%
Nickel Melting, \$ per pound	1,407.27	1,225.45	14.84%
Copper, \$ per pound	3.93	3.09	27.18%
Silver, \$ per troy ounce	17.24	14.80	16.49%
Gold, \$ per troy oz.	935.74	837.57	11.72%
Platinum, \$ per troy ounce	1,996.00	1,526.00	30.80%
Palladium, \$ per troy ounce	438.50	368.75	18.92%
FerroMolybdenum, \$ per pound	36.50	34.75	5.04%
Stainless Steel, \$ per ton	4,211.00	4,070.00	3.46%
Other Commodities			
Rubber, \$ per kg	2.79	2.93	-4.78%
Currencies			
Euro, per US \$	0.63	0.69	-7.53%
British Pound, per £	1.98	1.99	-0.12%
Yen, per US \$	99.69	111.45	-10.55%

¹ Sources: Reuters, WSJ Market Data Group, Bloomberg

² Europe, Australia, Far East; Figures in U.S.-dollar terms

Note: 3/31/2008 or last day of quarterly results

Quarterly Spotlight: Segment Shifts and the Related Impact on Sales Volumes

U.S. 1st Quarter Sales Review

In the first quarter, U.S. total light vehicle sales hit their lowest level in at least 5 years, declining 306,855 units, or 7.9% vs. the prior period. Monthly sales in January, February and March did not provide the relief automakers had hoped for, each posting 5-year lows. A rebound in April or May, even small, would certainly help reestablish the appearance of some level of stability to the market.

Car/Truck Segment Shift

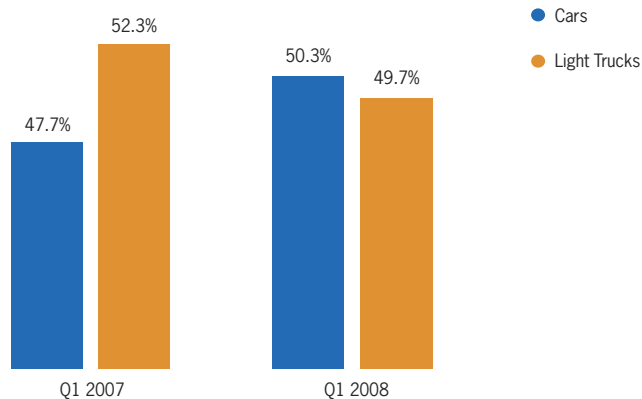
- In the first quarter, both car and truck segments were unable to escape the lower volume U.S. market as both segments contributed to the first quarter 7.9% sales decrease, dropping 53,746 and 253,109 units, respectively.
- As illustrated in the adjacent chart, a noticeable shift in consumer purchasing away from light trucks and large SUVs occurred this quarter.
- The share of light trucks decreasing from 52.3% to 49.7% in the quarter, a difference of 2.6%.
- In fact, light truck deliveries fell 13% marking only the third time in the last 23 quarters (5+ years) that light truck sales commanded less than 50% of total vehicle sales.
- Despite all the media attention surrounding the UAW-American Axle strike and its impact on GM's truck sales, we expect the net effect overall to be low given the slowdown in light duty truck vehicle demand and GM's ability to resource parts from other plants.

U.S. Sales

	Jan-08	Feb-08	Mar-08	YTD 2008	YTD 2007	Unit Difference
Cars	515,949	576,369	703,569	1,795,887	1,849,633	(53,746)
Light Trucks	525,756	597,251	653,607	1,776,614	2,029,723	(253,109)
Total Sales	1,041,705	1,173,620	1,357,176	3,572,501	3,879,356	(306,855)

Source: J.D. Power and Associates

U.S. Total Light Duty Vehicle Sales (1Q 2007 vs. 1Q 2008)



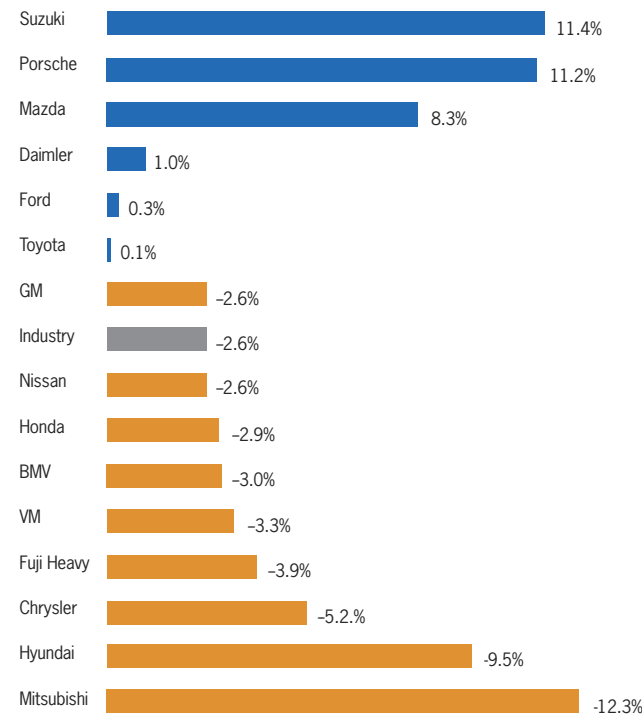
Product Lineup Segment Changes – Light Trucks

As automakers continue to examine their product line-ups, the need to make products more fuel-efficient and environmentally friendly seems overdue. Recently, several automakers have announced plans to rebalance their product portfolio toward smaller, more fuel-efficient vehicles. However, based on first quarter sales performance, many automakers seem headed in the opposite direction. As illustrated in the adjacent chart, six of the 15 manufacturers presented exhibited an increase in light truck deliveries, including: Toyota, Ford, Daimler, Mazda, Porsche and Suzuki compared to the prior year.

- Suzuki, for instance, experienced a surge in its truck mix, reaching 55.0% from 43.7% a year ago, due to strong performance from its XL-7 CUV model.
- Porsche posted double-digit declines among its entire model line-up, with the exception of the Porsche Cayenne CUV, which increased 11.0% over the prior year.
- Mazda's uptick in truck deliveries was lead mostly by its CUVs as well, with its Tribute and CX-9 posting strong sales gains of 141.6% and 82.2%, respectively.
- Daimler's M-Class midsize CUV performed well, increasing 28.5% over the previous quarter.
- Meanwhile, Ford's F-Series pick-up decreased nearly 14% in the quarter, however, its midsize CUV, the Ford Edge, posted a significant offsetting sales gain of 47.2% over the prior period.
- Toyota, a company that continues to look for ways to expand its footprint in the U.S., is seemingly relying more and more on the success of light trucks, with more trucks models in its current product lineup than cars. Interestingly, in the face of record high gasoline prices, Toyota's Tundra pick-up and Sequoia and Land Cruiser SUVs all achieved significantly higher sales gains than the Prius hybrid, which is estimated to achieve fuel economy of approximately 50 mpg.

Light Truck Market Share Point Difference by OEM (1Q 2007 vs. 1Q 2008)

Truck Market Share Pt. Diff.



Source: J.D. Power and Associates

Domestic OEMs – New Vehicle Outlook

Given the increasing level of movement toward smaller, more compact and fuel efficient passenger vehicles, automakers with a large truck mix are taking note. Interestingly, more than one out of every two vehicles sold at Ford, Chrysler, and GM are light trucks. As such, these U.S. automakers are rumored to be responding by phasing out some of their low volume truck models from future production plans.

- Chrysler, for instance, is expected to discontinue several models by 2010, including the Chrysler Pacifica, Dodge Dakota, Dodge Durango, Jeep Commander and Jeep Compass. Despite these efforts, no additional car models are expected to be launched in the near-term, which could lead to a prolonged period of soft performance at the company.

- Ford is making strategic changes as well, with a focus on global platform sharing. The company is betting big on the success of its new global subcompact car, the Fiesta, which is expected to launch in 2010. By 2010, the company is also expected to discontinue sales of several trucks, including the Ford Ranger, Lincoln Mark LT and Taurus X.
- Meanwhile, GM, with more than 30 trucks in its current vehicle lineup, does not appear to be rebalancing its U.S. product portfolio at the same pace of the other domestics. Despite rumors that GM is expected to stop selling several truck models by 2010, including the Cadillac SRX, Chevrolet Uplander and Pontiac Montana SV6, it is uncertain if these changes will be enough. However, strong performance from future car model launches, including the Cadillac CTC, Chevrolet Camaro and Chevrolet Volt may provide some improvement related to GM's car vs. truck product portfolio. >

Illustrated in the table is a snapshot of first quarter U.S. light duty vehicles sales by OEM. The Domestic 3 automakers now represent 51.2% of total U.S. sales, with Asian automakers representing 43.0% and European manufacturers making up the rest, or 5.8%. Domestic automakers experienced the largest quarterly percentage decline based on 2008 YTD sales. However, on a per unit basis, the magnitude of the sales decline for domestic automakers was far greater given the market share of the Domestic 3. For example, the three automakers comprising the D3 category combined loss nearly 240,000 units in the quarter. Meanwhile the nine corporations comprising the Asian category saw a decline of approximately 60,000 and the four manufacturers comprising the European category saw only a slight total combined decline of 5,209 units.

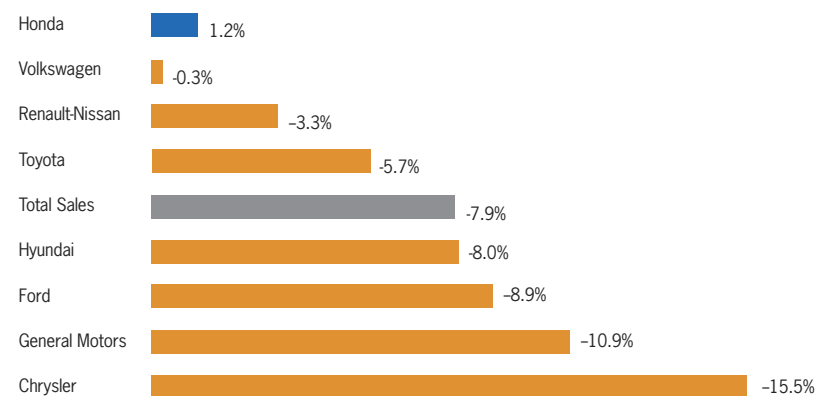
At the OEM level, Honda was the only manufacturer among the large OEMs charted above to experience growth in the first quarter. Despite weak performance from its Acura luxury branded vehicles, Honda's compact cars performed particularly well, with the Fit posting a quarterly increase of 77.0% and Civic increasing by more than 10,000 units, or 22.0%. Further, among these OEMs, Volkswagen, Renault-Nissan and Toyota were the only automakers to experience sales declines above the industry average of -7.9%. In general, these automakers, benefited from positive sales results from models based in non-premium, small compact vehicle segments. >

U.S. Sales Overview

	1Q 2008	1Q 2007	PtChg
General Motors Group	800,366	898,387	-10.9%
Ford Group	576,153	632,570	-8.9%
Chrysler Group	453,871	537,249	-15.5%
Domestic 3	1,830,390	2,068,206	-11.5%
Honda Group	358,314	354,208	1.2%
Hyundai Group	163,552	177,808	-8.0%
Isuzu Motors	1,906	1,802	5.8%
Mazda Motors	77,689	79,074	-1.8%
Mitsubishi Motors	26,765	31,645	-15.4%
Renault-Nissan Group	269,745	278,981	-3.3%
Fuji Heavy	40,880	42,978	-4.9%
Suzuki Group	26,430	27,794	-4.9%
Toyota Group	571,032	605,853	-5.7%
Asian	1,536,313	1,600,143	-4.0%
BMW Group	68,529	75,433	-9.2%
Daimler Group	59,381	55,985	6.1%
Porsche AG	6,777	8,229	-17.6%
Volkswagen Group	71,111	71,360	-0.3%
European	205,798	211,007	-2.5%
Passenger Car Total	1,795,887	1,849,633	-2.9%
Light Truck Total	1,776,614	2,029,723	-12.5%
Total Light Vehicle Sales	3,572,501	3,879,356	-7.9%

Source: J.D. Power and Associates

U.S. Sales % Change by OEMs (1Q 2007 vs. 1Q 2008)



2008 Light Duty Vehicle Sales Outlook – As of 1st Quarter

Forecasts for 2008 U.S. light duty vehicle sales have been declining since January. Adjacent is a list of annual sales projections, acquired from public sources. •

For the 2008 U.S. light-duty sales forecast risks to the downside are greater than risks to the upside; therefore we expect the current sales estimates to be revised downward later this year.

Company	Date	Estimates (millions)
Bank		
Morgan Stanley	3/13/2008	15.4
Fifth Third Bank	2/1/2008	15.5
Goldman Sachs	1/31/2008	15.7
JP Morgan	1/31/2008	15.7
Credit Suisse	1/31/2008	15.9
Bear Stearns	1/31/2008	16.1
		Average 15.7
OEM		
Chrysler	1/28/2008	15.5
Nissan	2/1/2008	15.5
Ford Motor Company	1/21/2008	15.7
Honda	2/4/2008	15.9
General Motors	1/21/2008	16.0
Toyota	11/19/2007	16.1
		Average 15.8
Other		
J.D. Power and Associates	3/18/2008	14.95
Standard and Poor's	3/27/2008	15.0
Global Insight	1/31/2008	15.6
NADA	2/18/2008	15.7
CSM Worldwide	1/1/2008	15.8
Bloomberg Economists	1/31/2008	16.0
Edmunds.com	1/31/2008	16.1
		Average 15.6
		Total Average 15.7

The Grant Thornton Viewpoint

Car / Truck Segment Shift Occurring

- As pointed out earlier, the Domestic 3 was the most negatively impacted (highest truck mix)
- This is not the first time that market share of U.S. light duty trucks has fallen below 50% (third time in approximately five years)

Lower sales levels we have seen in many years

Decreases to annual earnings estimates seem to surface frequently and U.S. top-line sales have declined to recent historic lows. Many analysts are now predicting U.S. sales to decline to somewhere between a low of 15 million and a high of 14 million units, which represents approximately a 1 million unit decrease over 2007 sales.

Highly competitive U.S. automotive market

The U.S. automotive market is highly competitive. The sector consists of more than 250 models representing 20 plus vehicle segments and foreign competition across nearly every vehicle segment. Consumers have more vehicle selection than ever. Plus, new competitors seem to pop up at auto shows every year with new product offerings, all trying to grab a small piece of the pie.

At the same time, many OEMs are announcing plans to rebalance their product portfolio toward cars, by launching new passenger vehicles. Does the industry need more vehicles? While the announcement and appearance of such actions are noteworthy, the competition is not going away. As such, how well these new models perform and distinguish themselves within their segment remains critical.

Consumer purchase intentions and behavior are changing

It is important to point out that consumers are not rushing to dealerships to purchase a car as a result of these segment shifts. Rather these segment shifts are a result on changing consumer purchasing intentions. When launching new models, automakers are certainly making note of the following three consumer driven shifts:

1. **Consumers are feeling a pocket book pinch**
 - Gas prices have reached record highs – pay more at the pump
 - Home values have decreased – increased financial uncertainty
 - Tightening credit standards – purchase decisions have been put off
 - Unemployment – every neighborhood seems to include a recent laid off worker or foreclosed home
2. **Vehicle downsizing is occurring**
 - Smaller vehicles
 - More compact vehicles (less cargo space)
 - Smaller displacement engines
 - Lighter vehicles
 - Less expensive vehicles (non-premium segments are performing better)

3. **Consumers are more educated and aware of vehicle offerings and options**
 - Internet has made information more accessible to the average consumer
 - Increased fuel economy has become increasingly important
 - Vehicles with high mpg estimates have fared better
 - New technology has not gained enough mass marketability/acceptance/appeal
 - Hybrids – Overall ownership cost and long term payoff concerns
 - Diesels – A consumer perception gap between “clean” and “dirty” still exists
 - E85 – Infrastructure limitations and concerns about world food prices •

Given the number of product offerings, lower sales levels, increased competition and weakening economic environment, we expect that automakers may have to buckle in for a long and bumpy ride. Plus, if gasoline prices continue to steadily increase, we expect the segment shift to be more than a just a knee-jerk reaction – we expect a more rapid fall in truck market share, like never seen before. In summary, it is going to take an exceptional event with a lasting impact, whether that is \$5 per gallon gasoline or some other catalyst to make significant change occur.

Key Developments

Automotive Industry – Select Merger & Acquisition Activity (Announced Date)

- March 31, 2008 – **ElringKlinger AG** signed an agreement to acquire Sevex Ag.
- March 17, 2008 – **AIG Global Investment Group, Inc. and ORIX Corporate Finance Group** acquired AZ Automotive Corp. from Questor Management Company.
- March 17, 2008 – **Bentley Motors Ltd** agreed to acquire 27.91% stake in HR Owen plc.
- March 12, 2008 – **Robert Bosch GMBH** signed an agreement to acquire Accu Industries, Inc.
- March 10, 2008 – **Tenneco Inc.** signed a definitive agreement to acquire certain assets from
- March 11, 2008 – **Pirelli & C. SpA** agreed to acquire Pirelli Tyre S.p.A. from One Equity Partners LLC, Intesa Sanpaolo SpA, Banca Leonardo SpA, Mediobanca S.p.A, Unicredito Italiano, and Lehman Brothers Inc. for €835.5 million.
- March 11, 2008 – **Robert Bosch GMBH** agreed to acquire assets and business of Shenzhen Wei Ning Da Industrial Co., Ltd.
- Delphi Automotive Systems LLC for \$9 million.
- March 3, 2008 – **Kuka Toledo Production Operations, Llc** agreed to acquire the production systems in Toledo Supplier Park from Chrysler LLC for €85 million.
- February 26, 2008 – **Goodyear Tire & Rubber Co.** made an offer to acquire an additional 6.12% stake in Firma Oponiarska TC Debica SA from Pzu Asset Management Sa and others for approximately PLN 101.4 million in cash.
- February 26, 2008 – **TRC Capital Corporation** made a bid to acquire a 0.27% stake in Honeywell International Inc. for \$111 million.
- February 21, 2008 – **Hephaestus Holdings, Inc.** entered into an asset purchase agreement to acquire the Wheel Bearings Business from Delphi Corp. for \$46.2 million.
- February 14, 2008 – **Flex-N-Gate Corporation** made a stalking horse bid to acquire the assets of Blackhawk Automotive Plastics, Inc. for \$20.77 million.

Automotive Industry – Significant Bankruptcy Filings (Filing Date)

- March 5, 2008 – **Kwik-Way Products, Inc.** filed a voluntary petition for reorganization under Chapter 11 in the US Bankruptcy Court for the Northern District of Iowa. The company listed its assets of less than \$0.05 million and liabilities in the range of \$1 million to \$10 million.
- February 19, 2008 – **Colaco Tubular Services, Inc.** filed a voluntary petition for liquidation under Chapter 7 in the US Bankruptcy Court for the Southern District of Texas. The company listed assets of less than \$0.05 million and liabilities between \$1 million to \$10 million.
- February 12, 2008 – **Blue Water Automotive Systems, Inc.** (BWAS Holdings, Inc.) filed a voluntary petition for reorganization under Chapter 11 in the US Bankruptcy Court for the Eastern District of Michigan. The company listed assets in the range of \$1 million to \$10 million and liabilities between \$10 million and \$50 million.
- February 1, 2008 – **Plastech Engineered Products, Inc.** filed a voluntary petition for reorganization under Chapter 11 in the US Bankruptcy Court for the Eastern District of Michigan on February 1, 2008. The company listed assets and liabilities of more than \$100 million
- January 28, 2008 – **American LaFrance, LLC** filed a voluntary petition for reorganization under Chapter 11 in the U S Bankruptcy Court for the District of Delaware. The company listed assets and liabilities in the range of \$100 million to \$500 million.
- January 22, 2008 – **Liberator Technologies, LLC** – Petitioning Creditors filed an involuntary petition for liquidation under Chapter 7 against Liberator Technologies, LLC in the US Bankruptcy Court for the Eastern District of Michigan. The total amount of claims cited in the filings is \$2.09 million.
- January 16, 2008 – **Muffler Center, Inc.** filed a voluntary petition for liquidation under Chapter 7 in the US Bankruptcy Court for the Northern District of Alabama, Decatur. The Company listed assets of less than \$0.01 million and debts of \$2.00 million.

Financial Statistics

Automotive Industry – Public Trading Metrics As of 3/31/2008

Company	Ticker	Stock price			Equity Market Cap	Enterprise Value (EV)	Net Debt/ LTM ² EBITDA	EPS LTM ²	NTM ³	Price earnings		EV/ LTM ² EBITDA
		Current	% of 52 week high	Quartile ¹						LTM ²	NTM ³	
OEM												
Daimler AC	DAI	\$54.23	69%	23%	\$54,983	\$97,860	2.7x	\$3.32	\$6.24	163x	8.7x	6.5x
Ford Motor Co.	F	\$5.72	59%	16%	\$12,624	\$159,805	13.9x	\$(1.18)	\$(0.35)	NM	NM	15.2x
General Motors Corp.	GM	\$19.05	44%	6%	\$10,783	\$32,974	3.8x	\$(82.17)	\$(2.03)	NM	NM	6.1x
Honda Motor Co. Ltd.	7267	\$2,845.00	62%	12%	\$5,162,540	\$8,648,261	2.3x	\$330.54	\$285.40	8.6x	0.0x	5.9x
Nissan Motor Co. Ltd.	7201	\$824.00	59%	6%	\$3,370,300	\$8,495,664	2.9x	\$103.72	\$90.13	7.9x	.1x	5.1x
Toyota Motor Corp.	7203	\$4,970.00	63%	5%	\$15,754,306	\$27,478,330	2.8x	\$577.26	\$439.42	8.6x	11.3x	6.9x
Volkswagen AG	VOW	\$183.90	92%	84%	\$72,930	\$116,080	3.4x	\$10.81	\$12.76	17.0x	14.4x	9.1x
Mean										11.7x	10.7x	7.8x
Median										10.2x	10.3x	6.7x
SUPPLIER												
American Axle	AXL	\$20.50	66%	31%	\$1,097	\$1,645	1.7x	\$ (0.11)	\$ 0.92	NM	22.3x	5.1x
ArvinMeritor	ARM	\$12.51	53%	24%	\$922	\$1,916	3.4x	\$(0.06)	\$ 1.95	NM	6.4x	7.1x
Autoliv	ALIV SDB	\$296.50	71%	12%	\$21,814	\$ 23,106	1.4x	\$3.86	NM	76.7x	N/A	26.2x
BorgWarner	BWA	\$43.03	81%	39%	\$5,009	\$5,646	0.7x	\$2.70	\$3.13	15.9x	13.8x	7.7x
Cooper Tire	CTB	\$14.97	53%	12%	\$893	\$1,025	0.2x	\$1.46	\$0.99	10.3x	15.1x	3.7x
Cummins	CMI	\$46.82	65%	30%	\$9,467	\$9,647	(0.1)x	\$3.96	\$ 4.99	11.8x	9.4x	7.5x
Dana Holding	DAN	\$10.00	75%	31%	\$980	\$2,627	3.8x	\$(2.89)	\$2.24	NM	4.5x	6.5x
Delphi	DPHI.Q	\$ 0.04	1%	0%	\$25	\$5,081	(35.2)x	\$(4.11)	\$1.18	NM	0.0x	(36.6)x
Dura	DRRA.Q	\$ 0.01	1%	0%	\$0	\$1,294	81.7x	\$(48.83)	NM	NM	N/A	82.0x
Eaton	ETN	\$79.67	77%	35%	\$11,683	\$15,265	2.0x	\$6.47	\$8.07	12.3x	9.9x	8.7x
Federal-Mogul	FDML	\$19.80	67%	16%	\$1,990	\$4,258	3.3x	\$14.72	\$1.40	1.3x	14.1x	6.5x
Gentex	GNTX	\$17.15	76%	40%	\$2,470	\$2,070	(2.2)x	\$ 0.85	\$ 0.93	20.1x	18.5x	11.2x
Goodyear Tire	GT	\$25.80	70%	24%	\$6,198	\$9,145	1.0x	\$1.65	\$2.99	15.6x	8.6x	4.9x
Hayes Lemmerz	HAYZ	\$2.79	35%	1%	\$282	\$802	2.6x	\$(2.26)	NM	NM	N/A	4.7x
Johnson Controls	JCI	\$33.80	76%	29%	\$20,069	\$24,304	1.5x	\$2.31	\$2.72	14.7x	12.4x	9.0x
Lear	LEA	\$25.91	63%	28%	\$1,999	\$3,774	1.6x	\$3.44	\$3.72	7.5x	7.0x	3.5x
Linamar	LNR	\$13.74	52%	6%	\$946	\$1,330	1.0x	\$1.56	\$1.78	8.8x	7.7x	3.9x
Magna Intl.	MG.A	\$74.64	73%	21%	\$8,664	\$6,568	(1.1)x	\$5.69	\$7.18	13.1x	10.4x	3.3x
Navistar	NAVZ	\$60.15	81%	53%	\$4,223	\$6,805	3.1x	\$4.12	\$2.19	14.6x	27.4x	8.1x
International												
Tenneco	TEN	\$27.94	74%	44%	\$1,302	\$2,638	2.7x	\$(0.09)	\$2.28	NM	12.2x	5.5x
TRW Automotive	TRW	\$23.37	55%	21	\$2,353	\$5,096	2.1x	\$2.60	\$2.51	9.0x	9.3x	4.0x
Visteon	VC	\$3.76	37%	10%	\$487	\$1,975	2.4x	\$(2.45)	\$(1.79)	NM	NM	3.9x
Mean										11.7x	10.8x	8.0x
Median										12.1x	9.9x	6.0x
DEALER												
AutoNation	AN	\$14.97	65%	29%	\$2,690	\$6,554	5.1x	\$1.36	\$1.46	11.0x	10.2x	8.6x
Asbury Automotive	ABG	\$13.76	46%	11%	\$439	\$1,563	5.3x	\$1.92	\$1.89	7.2x	7.3x	7.4x
CarMax	KMX	\$19.42	71%	31%	\$4,241	\$4,556	0.9x	\$ 0.83	\$ 0.84	23.5x	23.2x	13.1x
Group 1 Automotive	GPI	\$23.48	54%	16%	\$543	\$2,064	6.9x	\$2.91	\$3.33	8.1x	7.1x	9.3x
Lithia Motors	LAD	\$10.16	35%	6%	\$200	\$1,130	9.1x	\$0.87	\$1.22	11.6x	8.3x	11.1x
Penske Automotive	PAG	\$19.46	85%	63%	\$1,856	\$4,381	6.4x	\$1.53	\$1.72	12.7x	11.3x	11.1x
Sonic Automotive	SAH	\$20.55	64%	29%	\$840	\$2,809	6.1 x	\$2.51	\$2.47	8.2x	8.3x	8.7x
Mean										11.8x	10.8x	9.9x
Median										11.3x	9.3x	9.6x

¹Quartile is calculated as (stock price current minus 52 week low)/(stock price 52 week high minus 52 week low).

²Latest 12 months diluted earnings per share before extraordinary items.

³Next 12 months estimated diluted earnings per share, based on today's date.

Automotive Industry – Public Comparables Comparison
As of 3/31/2008

Company	Ticker	Stock price				LTM ¹ Revenues				LTM ¹ EBITDA						
		Current	1 month	1 Year%	Current	1 month	1 Year%	Current	1 month	1 Year%						
		Prior	% ?	Prior	% ?	Prior	% ?	Prior	% ?	Prior	% ?	Prior	% ?			
OEM																
Daimler AC	DAI	\$54.23	\$55.35	1-2%	\$61.73	1-12%	\$99,484	\$99,399	10%	\$99,230	10%	\$15,107	\$16,113	1-6%	\$20,324	1-26%
Ford Motor Co.	F	\$5.72	\$6.53	1-12%	\$7.8-9	1-28%	\$168,855	\$172,455	1-2%	\$162,353	1-4%	\$10,522	\$13,841	1-24%	\$7,102	1-48%
General Motors Corp.	GM	\$19.05	\$23.28	1-18%	\$30.64	1-38%	\$180,405	\$181,122	10%	\$198,822	1-9%	\$5,427	\$6,320	1-14%	\$32,143	1-83%
Honda Motor Co. Ltd.	7267	\$2,845.00	\$3,360.00	1-15%	\$4,110.00	1-31%	\$12,002,834	\$12,035,173	10%	\$11,087,140	1-8%	\$1,471,534	\$1,525,592	1-4%	\$1,223,367	1-20%
Nissan Motor Co. Ltd.	7201	\$824.00	\$991.00	1-17%	\$1,263.00	1-35%	\$11,426,024	\$10,998,678	14%	\$9,513,195	1-20%	\$1,655,239	\$1,597,196	14%	\$1,524,901	1-9%
Toyota Motor Corp.	7203	\$4,970.00	\$5,750.00	1-14%	\$7,550.00	1-34%	\$26,051,810	\$25,488,411	12%	\$23,368,835	111%	\$3,955,347	\$3,898,371	11%	\$3,626,131	1-9%
Volkswagen AG	VOW	\$183.90	\$150.25	1-22%	\$112.60	1-63%	\$109,270	\$108,897	10%	\$106,178	1-3%	\$12,748	\$12,905	1-1%	\$11,932	1-7%
Supplier																
American Axle	AXL	\$20.50	\$19.68	1-4%	\$27.35	1-25%	\$3,034	\$3,248	1-7%	\$3,159	1-4%	\$324	\$393	1-18%	\$257	26%
ArvinMeritor	ARM	\$12.51	\$11.29	111%	\$18.25	1-31%	\$6,698	\$6,544	1-2%	\$6,517	1-3%	\$271	\$251	1-8%	\$269	1-1%
Autoliv	ALIV SDB	\$296.50	\$313.00	1-5%	\$399.00	1-26%	\$6,898	\$6,769	1-2%	\$6,319	1-9%	\$883	\$877	1-1%	\$823	1-7%
BorgWarner	BWA	\$43.03	\$43.11	10%	\$37.71	114%	\$5,550	\$5,329	1-4%	\$4,708	118%	\$729	\$683	1-7%	\$607	1-20%
Cooper Tire	CTB	\$14.97	\$18.07	1-17%	\$18.29	1-18%	\$2,933	\$2,984	1-2%	\$2,575	114%	\$280	\$272	1-3%	\$139	1102%
Cummins	CMI	\$46.82	\$50.38	1-7%	\$36.18	1-29%	\$13,705	\$13,048	1-5%	\$11,501	119%	\$1,291	\$1,221	1-6%	\$1,254	1-3%
Dana Holding	DAN	\$10.00	\$11.80	1-15%	N/A	N/A	\$8,721	\$8,562	1-2%	\$8,504	1-3%	\$404	\$318	1-27%	\$197	1105%
Delphi	DPHI.Q	\$0.04	\$0.16	1-72%	\$2.90	1-98%	\$22,283	\$26,333	1-15%	\$22,737	1-2%	\$(139)	\$(35)	1-297%	\$(677)	1-79%
Dura	DRRA.Q	\$0.01	\$0.02	1-56%	\$0.34	1-98%	\$2,091	\$2,211	1-5%	\$2,291	1-9%	\$16	\$91	1-83%	\$174	1-91%
Eaton	ETN	\$79.67	\$80.63	1-1%	\$83.56	1-5%	\$13,416	\$13,033	1-3%	\$12,389	1-8%	\$1,751	\$1,710	1-2%	\$1,627	1-8%
FederalMogul	FDML	\$19.80	\$20.20	1-2%	N/A	N/A	\$7,057	\$6,914	1-2%	\$6,443	110%	\$660	\$710	1-7%	\$630	1-5%
Gentex	GNTX	\$17.15	\$16.12	1-6%	\$16.25	1-6%	\$675	\$654	1-3%	\$590	114%	\$184	\$179	1-3%	\$161	114%
Goodyear Tire	GT	\$25.80	\$27.10	1-5%	\$31.19	1-17%	\$20,087	\$19,644	1-2%	\$18,788	1-7%	\$1,848	\$1,613	115%	\$1,070	173%
Hayes Lemmerz	HAYZ	\$2.79	\$3.18	1-12%	\$7.31	1-62%	\$2,127	\$2,299	1-8%	\$1,797	118%	\$172	\$196	1-12%	\$150	115%
Johnson Controls	JCI	\$33.80	\$32.86	1-3%	\$31.54	1-7%	\$36,812	\$35,898	1-3%	\$33,242	111%	\$2,714	\$2,618	1-4%	\$2,310	117%
Lear	LEA	\$25.91	\$27.58	1-6%	\$36.51	1-29%	\$15,447	\$15,995	1-3%	\$17,567	1-12%	\$1,090	\$1,088	10%	\$895	1-22%
Linamar	LNR	\$13.74	\$14.00	1-2%	\$15.79	1-13%	\$2,314	\$2,329	1-1%	\$2,262	1-2%	\$340	\$350	1-3%	\$305	112%
Magna Intl.	MG.A	\$74.64	\$72.18	1-3%	\$86.62	1-14%	\$26,266	\$26,067	11%	\$24,584	1-7%	\$1,993	\$2,007	1-1%	\$1,606	1-24%
Navistar International	NAVZ	\$60.15	\$56.45	1-7%	\$45.75	1-31%	\$14,200	\$12,124	117%	\$10,337	1-37%	\$837	\$544	1-54%	\$706	119%
Tenneco Inc.	TEN	\$27.94	\$25.25	111%	\$25.46	110%	\$6,344	\$6,184	1-3%	\$4,951	1-28%	\$482	\$486	1-1%	\$426	113%
TRW Automotive	TRW	\$23.37	\$22.08	1-6%	\$34.82	1-33%	\$15,279	\$14,702	1-4%	\$13,315	115%	\$1,266	\$1,229	1-3%	\$1,136	111%
Visteon	VC	\$3.76	\$3.50	1-7%	\$8.54	1-56%	\$11,238	\$11,266	10%	\$11,230	10%	\$502	\$409	1-23%	\$356	1-41%
Dealer																
AutoNation	AN	\$14.97	\$14.57	1-3%	\$21.24	1-30%	\$17,391	\$17,692	1-2%	\$18,377	1-5%	\$761	\$797	1-5%	\$859	1-11%
Asbury Automotive	ABG	\$13.76	\$14.02	1-2%	\$28.25	1-51%	\$5,598	\$5,713	1-2%	\$5,798	1-3%	\$210	\$215	1-2%	\$212	1-1%
CarMax	KMX	\$19.42	\$18.36	1-6%	\$24.54	1-21%	\$8,285	\$8,156	1-2%	\$7,598	1-9%	\$347	\$383	1-9%	\$367	1-6%
Group 1Automotive	GPI	\$23.48	\$24.50	1-4%	\$39.77	1-41%	\$6,400	\$6,393	10%	\$6,189	1-3%	\$221	\$218	11%	\$216	1-2%
Lithia Motors	LAD	\$10.16	\$10.28	1-1%	\$27.41	1-63%	\$3,144	\$3,219	1-2%	\$3,242	1-3%	\$102	\$116	1-12%	\$131	1-22%
Penske Automotive	PAG	\$19.46	\$18.04	1-8%	\$20.30	1-4%	\$13,082	\$12,958	11%	\$11,796	111%	\$395	\$394	10%	\$364	1-9%
Sonic Automotive	SAH	\$20.55	\$17.78	116%	\$28.50	-28%	\$2,355	\$8,337	10%	\$7,982	1-5%	\$322	\$326	1-1%	\$295	1-9%

¹Latest 12 months diluted earnings per share before extraordinary items.

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