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TUESDAY
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NISSAN REPORTS FIFTH CONSECUTIVE RECORD EARNINGS YEAR. Nissan Motor Co. reports it earned \$4.8 billion in the fiscal year ended March 31, its fifth record in five years.

Group revenue for the year was \$80 billion, up 15%, and unit sales climbed 11% to nearly 3.4 million vehicles. Unit sales grew only 1% in Japan but surged 18% in the U.S. to just above 1 million vehicles, a record.

The company predicts 5% growth in group revenue for the current fiscal year under its new three-year business plan, dubbed Value-Up.

CEO Carlos Ghosn says the plan, which began on April 1, aims for Nissan to maintain a "top level" operating profit margin among the world's OEMs (its margin last year was 10%). The plan also calls for averaging 20% return on invested capital and achieving global sales of 4.2 million units in fiscal 2008.

HYBRID SALES IN THE U.S. TOPPED 83,000 LAST YEAR. Sales of hybrid vehicles climbed 81% to 83,200 units last year, according to registration figures from R.L. Polk & Co., the industry's oldest statistical service.

The Toyota Prius sedan accounted for nearly two-thirds of last year's volume with sales of nearly 53,800 cars. The next-biggest seller, with 31% of the market, was the Honda Civic hybrid at 25,600 units.

Three other models—the Honda Insight and hybrid versions of the Honda Accord and Ford Escape SUV—accounted for the remaining 3,800 sales.

California accounted for 30% of last year's hybrid sales, followed by Virginia with 7% and Washington, D.C., and Florida with about 4% each. The largest concentration of hybrids—13% of nationwide sales—were in Los Angeles, followed by San Francisco with about 10%.

TODAY'S VIEWPOINT

LEAN MANUFACTURING BOOSTS WIRING HARNESS QUALITY.

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Polk, noting that at least six new hybrids are being introduced this year in the U.S., predicts another jump in sales for 2005.

SHOULD JAPANESE OEMs RAISE PRICES TO HELP GM, FORD? Maybe so, suggests Toyota Motor Corp. Chairman Hiroshi Okuda. He told reporters in Tokyo yesterday that Toyota and other Japanese automakers should consider hiking prices on the vehicles they sell in the U.S. to give Detroit automakers "a little time to breath," according to media reports.

"I am talking about giving them time so they can compete," Okuda is quoted as saying. "The Japanese auto industry as a whole has to respond to this appropriately." Raising prices, he says, might reduce unit sales but would offset the decline with higher margins per unit sold.

Okuda says higher prices on Japanese models might help Detroit shed its reliance upon sales incentives and return to the industry's traditional practice of raising prices periodically to cover rising production costs.

IRANIAN OEM MAY BUY MG ROVER. Iran's Minister of Industry says one of his country's automakers is mulling whether to buy the U.K.'s collapsed MG Rover Group outright, according to several media reports.

Ishaq Jahangiri says SAIPA, Iran's second-largest OEM, might acquire the company and continue to sell its Rover vehicles under the same brand. Jahangiri says

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Iran's largest automaker, Iran Khodro, apparently isn't interested in pursuing Rover.

Media reports note that Iran has long ties to the British auto industry: It has been building a version of the Hillman Hunter, renamed the Paykan, for nearly 40 years. That model is finally being phased out.

GM RECALL TOTAL: 2.1 MILLION+. Yesterday General Motors Corp. confirmed six recalls it is launching this spring and said the campaigns will involve a total of nearly 2.1 million vehicles—including about 127,000 units that were sold outside the U.S.

Over the weekend the National Highway Traffic Safety Administration posted the six recalls on its Web site but reported only the units to be recalled within the U.S.

GM says it is aware of only 28 crashes and one injury related to the six defects. It also points out it initiated the largest of the recalls—of nearly 1.5 million large SUVs and pickup trucks to reroute the center seatbelt in the second-row seats—on its own and without an NHTSA investigation.

NAVISTAR ADJUSTS FIRST-QUARTER EARNINGS. Navistar International Corp. says it earned \$18 million in the quarter ended Jan. 31, not the \$20 million it reported two weeks ago.

The downward adjustment came after the Warrenville, Ill.-based truck company decided it needed to increase a one-time charge related to engine foundry operations from \$8 million to \$12 million.

Navistar is currently being investigated by the U.S. Securities and Exchange Commission regarding its restatement of financial results from 2002 through the first three quarters of 2004. It says the new adjustment doesn't change its full-year profit prediction of \$4.60-\$5 per share.

EX-FORD CEO ALEX TROTMAN DIES. Alex Trotman, Ford Motor Co.'s chairman and CEO between 1993 and 1998, died Monday in his native England. He was 71 years old.

Trotman joined Ford as a student trainee in 1955. He eventually ran product planning in Europe, for Lincoln-Mercury and the corporation's car development group.

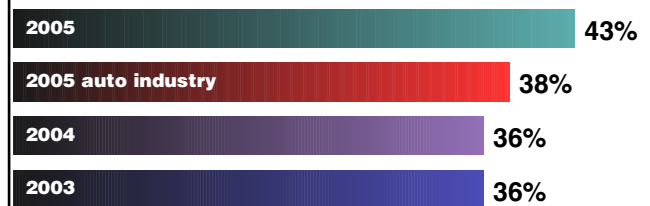
He later served as president of Ford Asia-Pacific,



Healthcare Analysis

U.S. companies are increasing the amount of quantitative analysis to guide their healthcare strategy.

Percent of U.S. companies who analyze healthcare data quantitatively:



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president and then chairman of Ford of Europe and executive vice president in charge of North American automotive operations. He was president and chief operating officer of Ford Automotive Group before becoming chairman and CEO in November 1993.

Trotman headed a previous Ford restructuring a decade ago and championed Ford 2000, an effort to integrate global operations and cut costs by sharing more components. But the program stumbled and was dismantled by his successor, Jacques Nasser.

Trotman was knighted in 1996 by Queen Elizabeth II.

VALEO EARNINGS TUMBLE. Valeo SA reports a 76% drop in its first-quarter net income to \$32.5 million this year. Group sales revenue slipped 1.6% to \$3 billion.

The French auto supplier blamed the downturn on

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higher raw materials costs, lower vehicle production in its key markets, a year-ago tax gain and accounting changes.

MERCEDES-BENZ ADDS SECOND CREDIT CARD. Mercedes-Benz Credit is adding a swankier rewards-based Visa credit card for its customers this month.

The new Visa Signature card, which costs \$90 per year, joins an existing no-fee Mercedes-Benz Visa card program (previously called Mercedes-Benz Visa Platinum) with more points per charged purchase and the ability to customize rewards or convert points to charitable donations. Both cards are handled by Bank of America.

GM BRAZIL FRETS OVER WEAK DOLLAR. The head of General Motors Corp.'s Brazilian operations injudiciously declares in a local financial newspaper interview that he is "in a panic" over the weak dollar's negative impact on his unit's export sales, Reuters reports.

The paper quotes Ray Young, managing director of GM Brazil, as lamenting, "I cannot sleep because of this dollar."

Exports normally generate about 35% of GM Brazil's revenue. But Reuters notes that Brazil's currency, the real, is at a three-year high against the dollar. Young says the unfavorable exchange rate left his unit with a net loss on its export business that wiped out a profit on domestic sales in the first quarter this year.

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If the dollar doesn't strengthen within three months, he is quoted as saying, GM may cut production in Brazil.

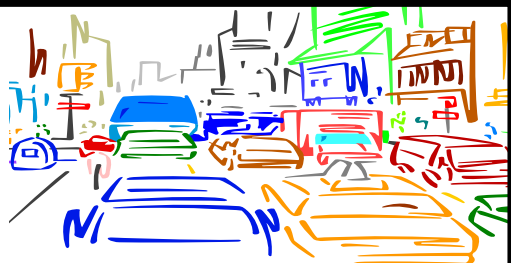
PROFITS PLUNGE FOR BRILLIANCE CHINA. Brilliance China Automotive Holdings Ltd. says its earnings last year plummeted 95% to \$5.9 million and sales fell 35% to \$790 million. The OEM blames economic controls by the Chinese government and predicts they will continue through this year.

MONDAY'S CLOSING STOCKS

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		10,242.47	+84.76	General Motors	GM	26.75	+0.01
NASDAQ		1,950.78	+18.59	Gentex	GNTX	33.79	+0.14
American Axle	AXL	21.89	-0.11	Goodyear	GT	11.78	+0.01
ArvinMeritor	ARM	13.35	-0.14	Hayes Lemmerz	HAYZ	5.39	+0.04
Autoliv	ALV	45.18	+0.43	Honda	HMC	24.95	+0.39
BorgWarner	BWA	45.89	-0.75	Johnson Controls	JCI	55.83	+0.97
Cooper Tire	CTB	17.76	-0.15	Lear	LEA	36.60	-0.17
DaimlerChrysler	DCX	39.85	+0.15	Magna International	MGA	62.12	+0.21
Dana	DCN	12.23	+0.07	Nissan Motor	NSANY	19.65	+0.05
Delphi	DPH	3.79	0.00	Tenneco Automotive	TEN	13.91	+0.41
Dura Automotive	DRRA	3.80	-0.06	Toyota	TM	73.58	+1.13
EDS	EDS	19.40	+0.01	TRW Automotive	TRW	18.74	+0.04
Ford	F	9.79	-0.10	Visteon	VC	4.62	-0.09

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viewpoint

LEAN MANUFACTURING BOOSTS WIRING HARNESS QUALITY

Manufacturing experts know that empowering employees can have a huge impact on everything from innovation to profitability, especially when empowerment is paired with a corporate quest for continuous improvement.

Empire Electronics—the Troy, Mich.-based automotive



supplier of wiring harnesses, molded components and PCB assemblies—says the combination of those philosophies has been a critical factor in

driving its 300% growth over the past three years. Chairman, CEO and owner Steven C. Doman describes the company's approach.

How has Empire been able to grow so fast?

The key to our success is leadership, and I don't mean at my level. It goes all the way through the organization. Our employees treat the company as their own. I see leadership at every level of the organization, and that's what separates us from the pack.

We focus on responsibility, because with responsibility comes ownership. Everyone has to want to be a leader and take responsibility.

How do you instill a sense of ownership?

We're very big advocates of lean manufacturing and continuous improvement.

Those things mean encouraging and empowering everyone in the organization to think outside the box. We get a lot out of our people by encouraging brainstorming. We know there is always room for further improvement, and you never know who will come up with the next contribution.

We're also big advocates of training. I don't mean just an initial program for new hires; I mean continuous training. Our employees get paid more as they add proficiency, and

we encourage them to apply it by looking for ways to combine production steps or eliminate them entirely.

What about motivating your employees?

Our manufacturing operations are in Honduras, and our workforce is highly motivated. Turnover is very low. Employees are very aware of the pressures of global competition. They understand the potential threat, and they know we have to work smarter to compete.

RON HARBOUR COMMENTS:

Ron Harbour is president of Harbour Consulting, whose widely followed Harbour Report assesses manufacturing plant efficiency. He offers these personal observations about Empire Electronics' operations:

- Efficient plant floor utilization
- Excellent documented visual management
- Latest lean manufacturing techniques
- Employee alignment and empowerment throughout the organization
- Documented and comprehensive classroom training at all levels
- Exceptional humanitarian outlook

"They've done the right thing. They've invested in high-quality talent and they built a facility with lots of flexibility and systems that guarantee high quality. It's not just about labor costs. What they've built is truly a lean, high-quality operation."

How does that apply to making wiring harnesses?

Our production teams have come up with several ways to combine operations and streamline production, and they continue to look for more. One example: They test and simultaneously measure each wire as it's fabricated rather than waiting until the entire harness has been completed.

This approach—which is the result of local team effort rather than management telling workers what to do—streamlines production, reduces scrap and helps eliminate wasted manpower by identifying and correcting problems quickly.

This team approach is one reason we are an ISO/TS 16949: 2002-certified supplier by Underwriter Laboratories. Last year we had a defect rate below 25 ppm.

Where do you go from here?

We're continuing to expand, both in capacity and capability. We're just completing a project in Honduras to increase our plant floorspace by 40% and boost employment there by 30% to 1,800 workers. In 2004 we expanded

our capabilities by adding in-house tooling capacity to make our own molds for such parts as connectors, grommets, etc. We are continuing to move rapidly into connector fabrication.

To learn more about Empire Electronics, contact Steve Doman in Troy, Mich., at sdoman@empireelect.com or (248) 585-8130 or visit www.empireelectronics.com.