



CHRYSLER

***Outlook for the
Automotive Industry***

***P. M. Traub
March 20, 2008***

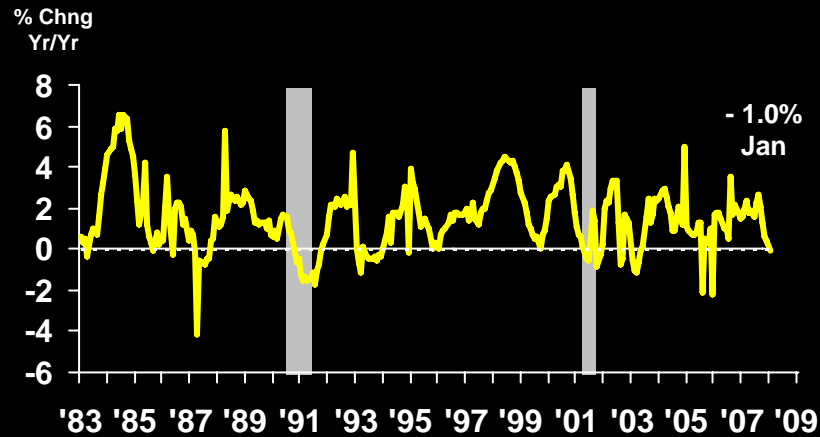
Auto Industry Leading Indicators

Ability To Buy

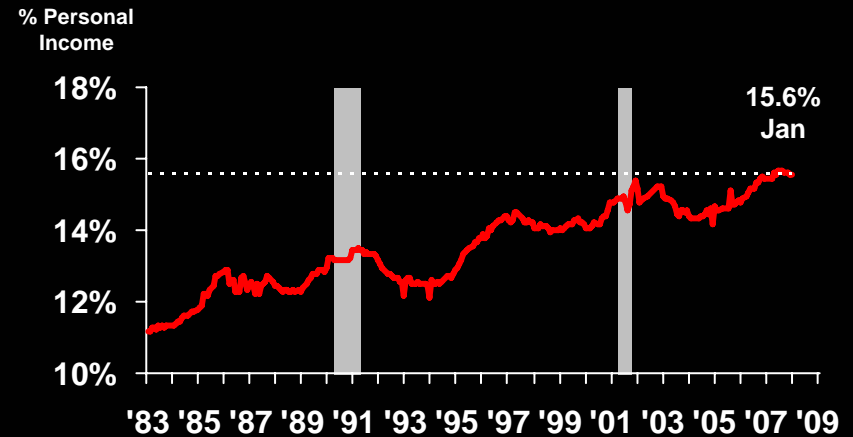
| | <u>Mar '07</u> | <u>Mar '08</u> |
|-------------------|----------------|----------------|
| Disposable Income | Green | Yellow |
| Household Debt | Red | Red |
| Yield Curve | Red | Green |
| Inflation | <u>Yellow</u> | <u>Red</u> |
| Composite | Red | Red |

Ability to Buy Indicators

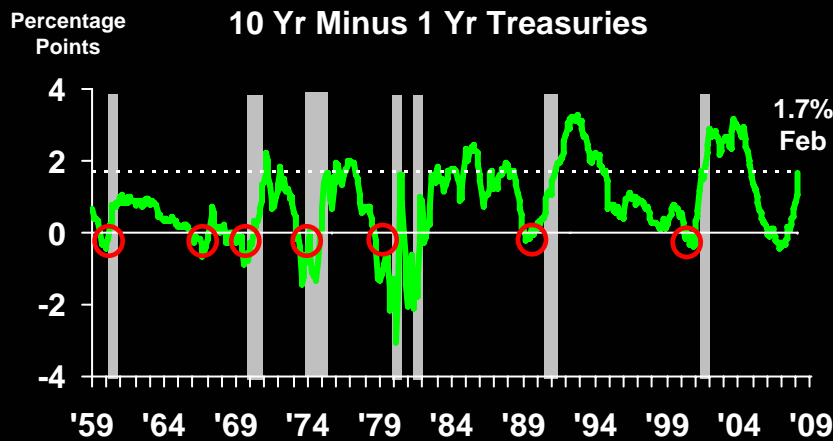
Real Disposable Income Per Household



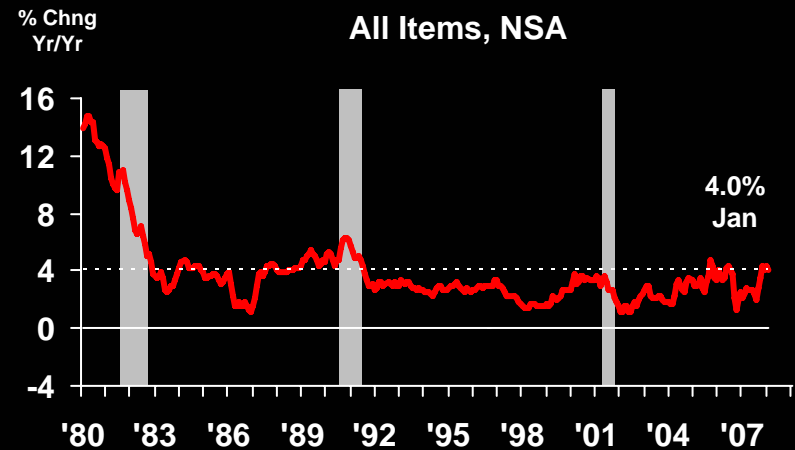
Consumer Debt Payments Installment, Mortgages & Auto Leases



Yield Curve



Consumer Prices All Items, NSA



Auto Industry Leading Indicators

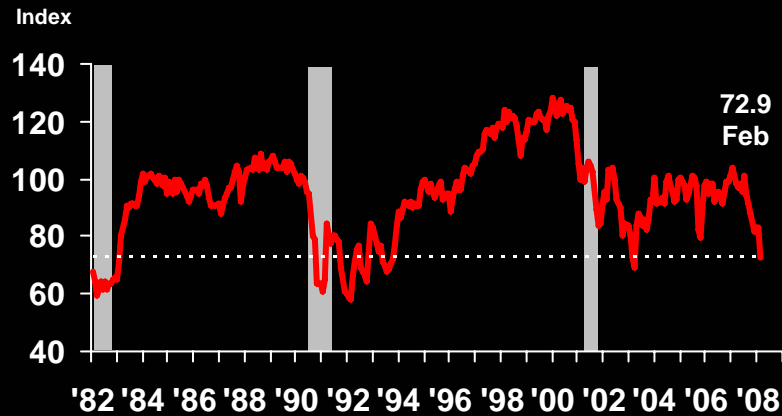
Willingness to Buy

| | <u>Mar '07</u> | <u>Mar '08</u> |
|---------------------|----------------|----------------|
| Consumer Attitudes | Green | Red |
| Unemployment Claims | Green | Yellow |
| Workweek | Green | Green |
| Stock Market | <u>Green</u> | <u>Yellow</u> |
| Composite | Green | Yellow |

Willingness to Buy Indicators

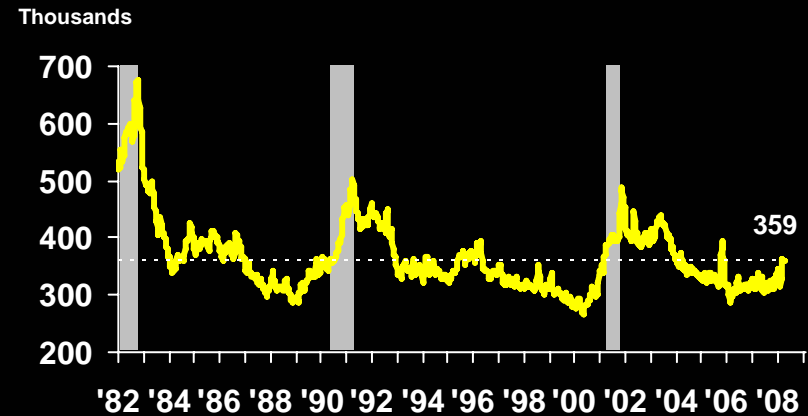
Consumer Attitudes

Average U of M & Conference Board



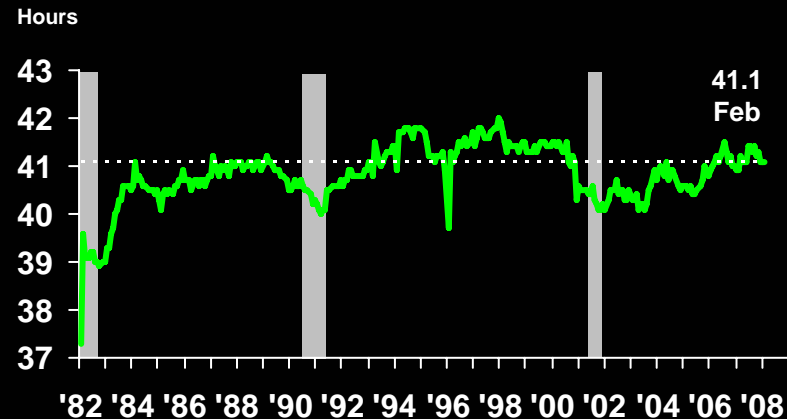
Unemployment Claims

4 Week Moving Average



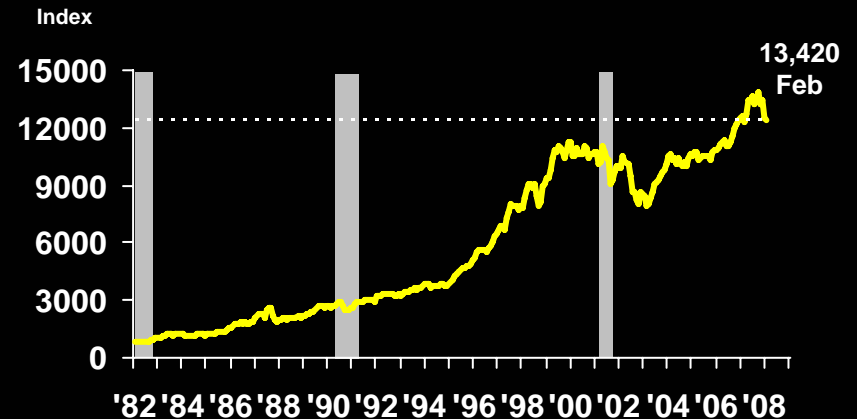
Manufacturing Workweek

Includes Part Time & Overtime



Stock Market

Dow Jones Industrial Average



Challenging Economic Environment

Risks

- Continued decline in house prices
- Accelerating mortgage defaults
- Tightening credit conditions
- Consumers cut back on spending
- Higher energy prices

Challenging Economic Environment

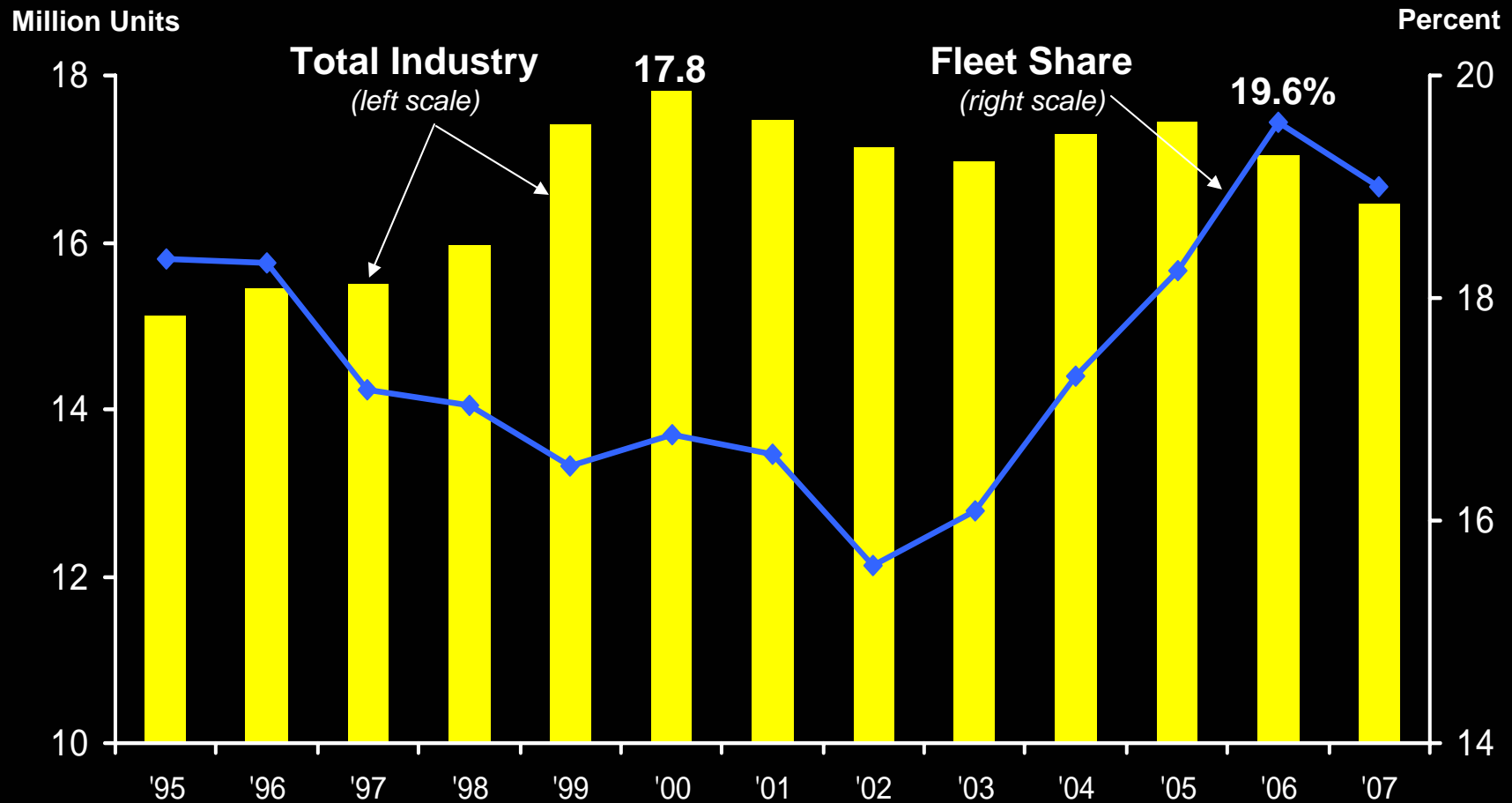
Opportunities

- Lower fleet leads to higher margins
- Falling dollar helping exports and offsetting housing/residential construction
- Fiscal stimulus
- Fed rate cuts should begin to take affect

Recent Industry Changes

Fleet Share of Total Industry

U.S. Auto Industry



2007 Fleet Estimated

U.S. Fleet Sales

U.S. Auto Industry

| Calendar <u>Year</u> | Total Industry | | Fleet Sales | |
|-------------------------|-----------------|---------------------|-----------------|---------------------|
| | <u>% Change</u> | <u>Units (000s)</u> | <u>% Change</u> | <u>Units (000s)</u> |
| 2004 | 2.0% | 333 | 9.6% | 263 |
| 2005 | 0.8% | 146 | 6.4% | 193 |
| 2006 | -2.3% | (396) | 4.9% | 156 |
| 2007 | -3.5% | (597) | -5.6% | (188) |
| 2008 YTD | -6.3% | (152) | -7.0% | (38) * |

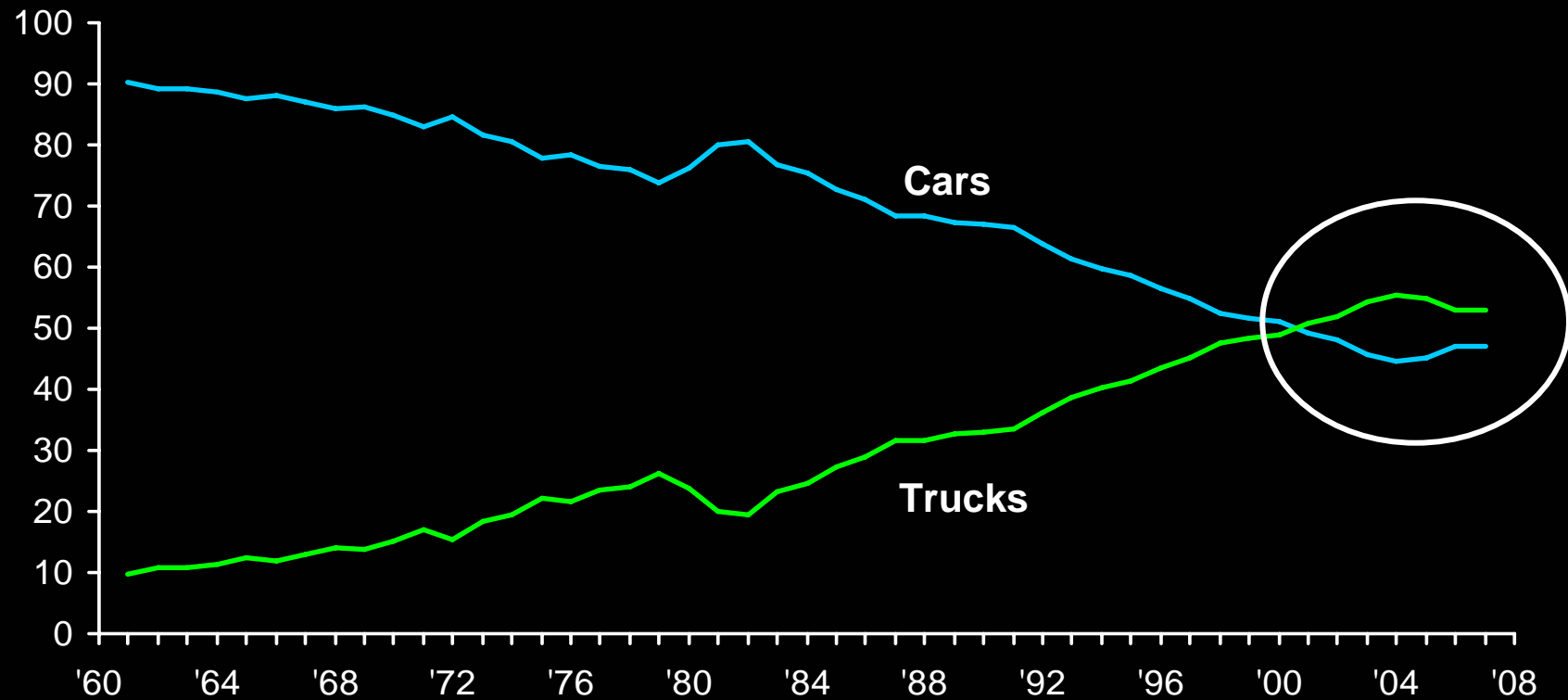
Note: Daily Rental accounted for the majority of the total reduction in fleet sales.

* Estimate using Bobit fleet sales data.

Car/Truck Mix

U.S. Auto Industry

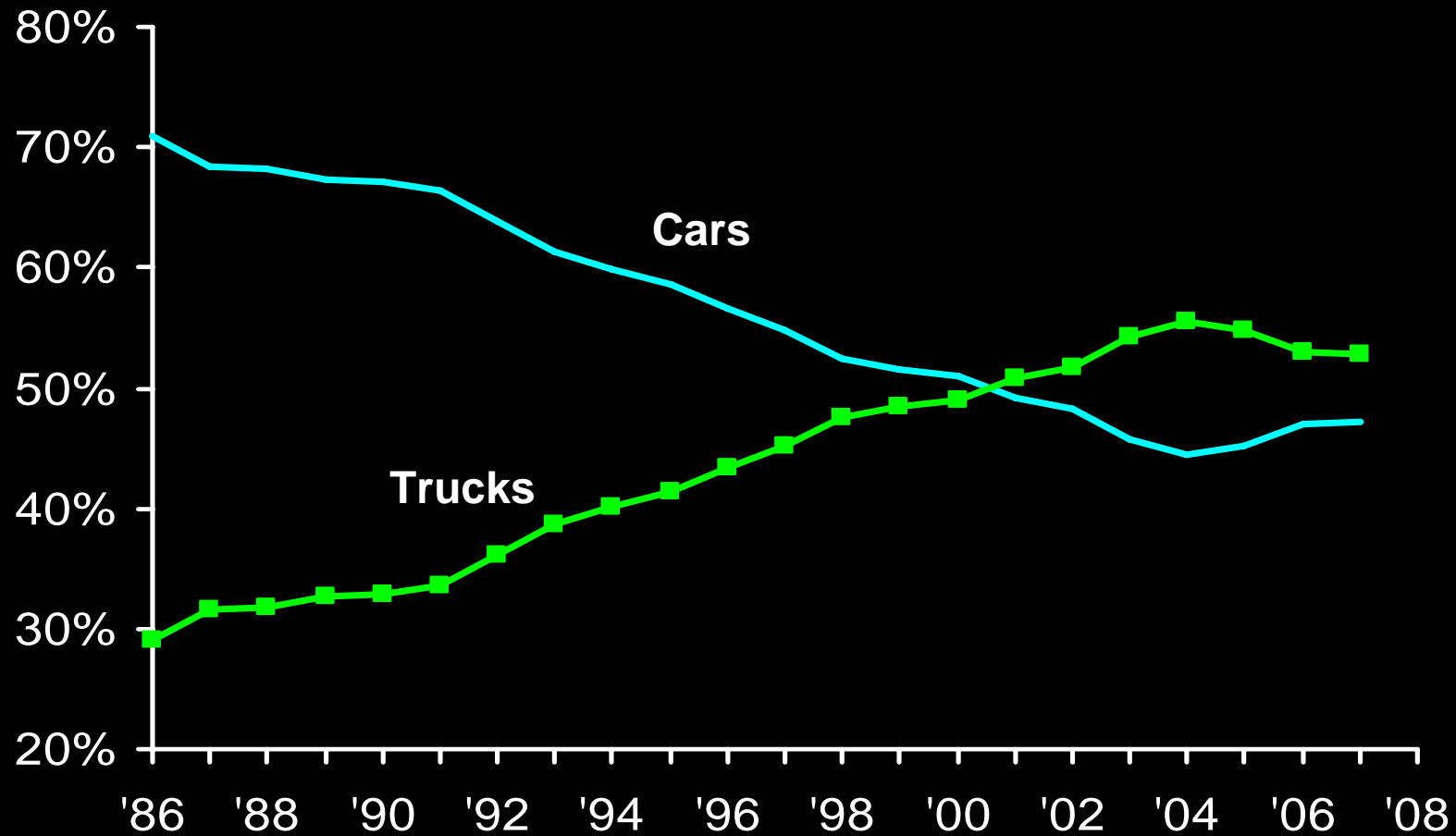
% Share of Light Vehicle Industry



Car/Truck Mix

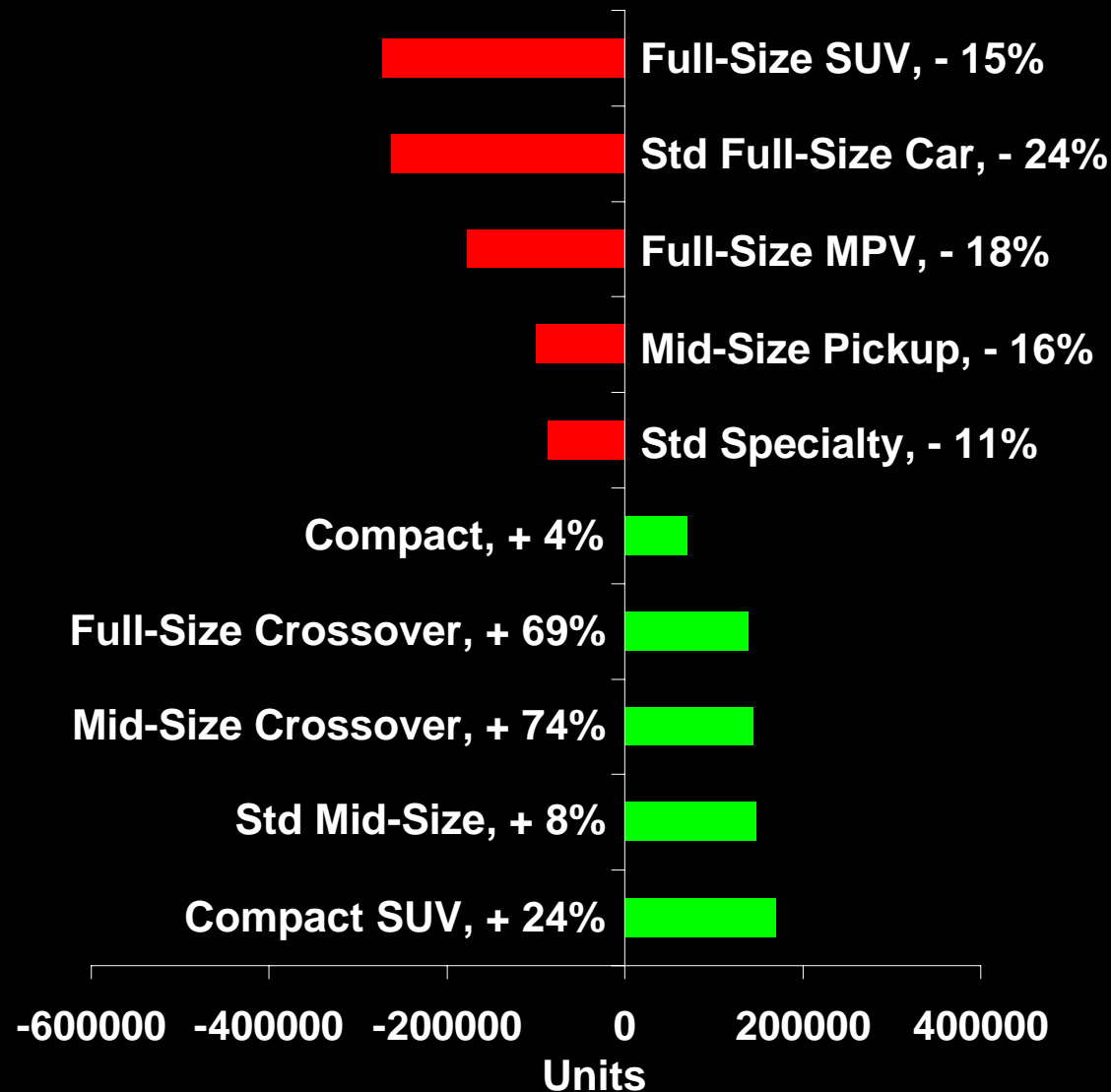
U.S. Auto Industry

% Share of Light Vehicle Industry



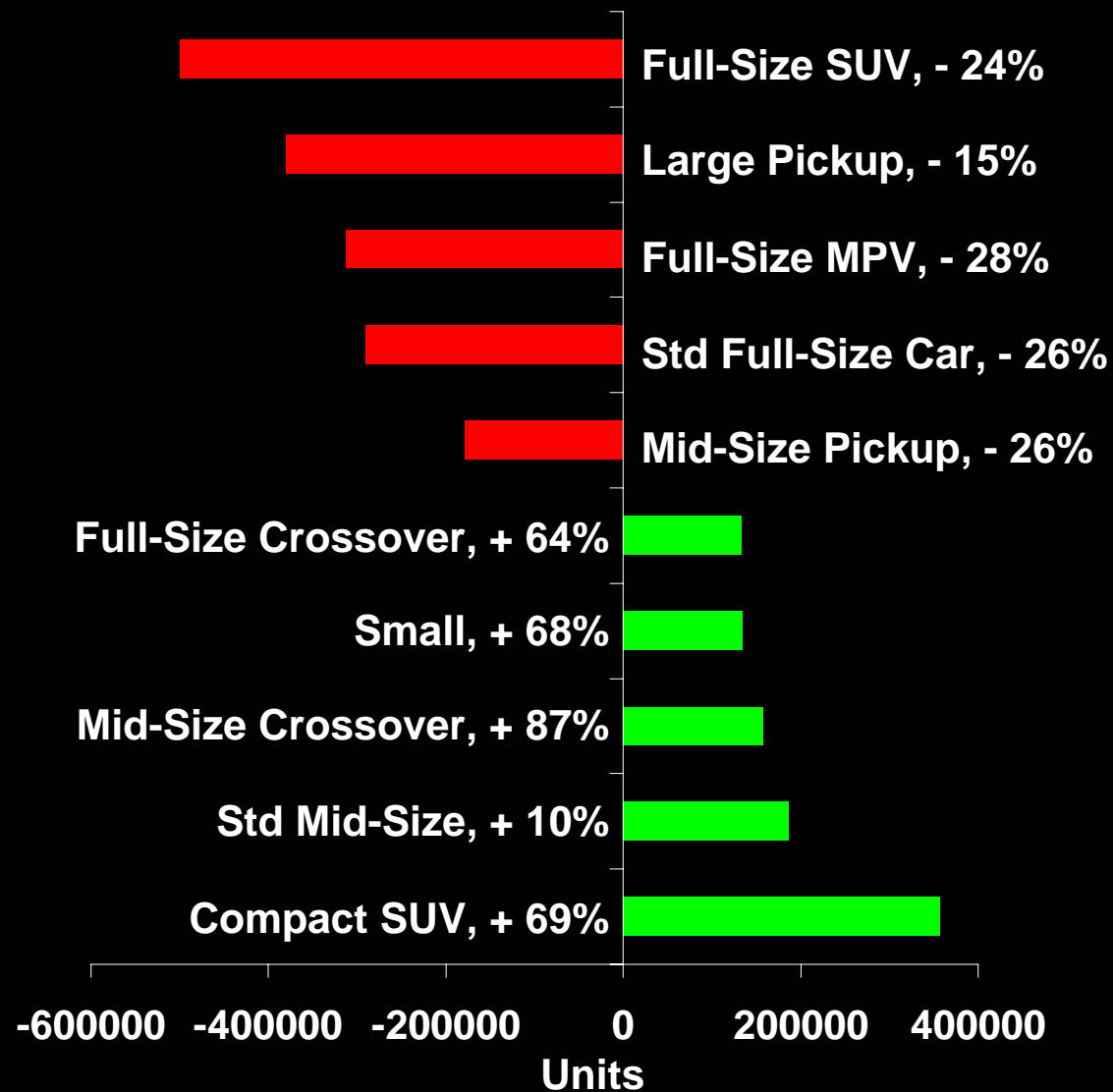
U.S. Vehicle Sales by Segment

Change in Sales Volume 2006-2007



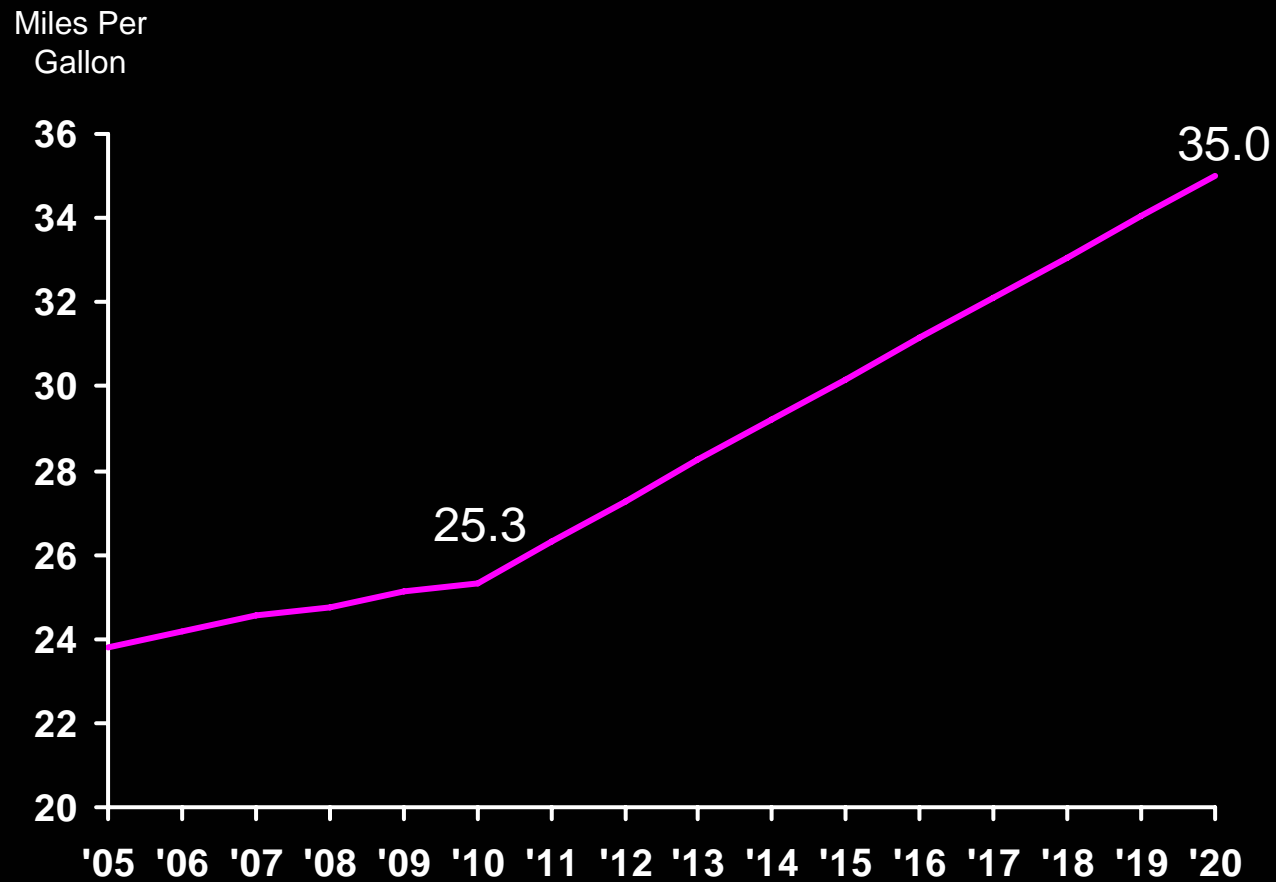
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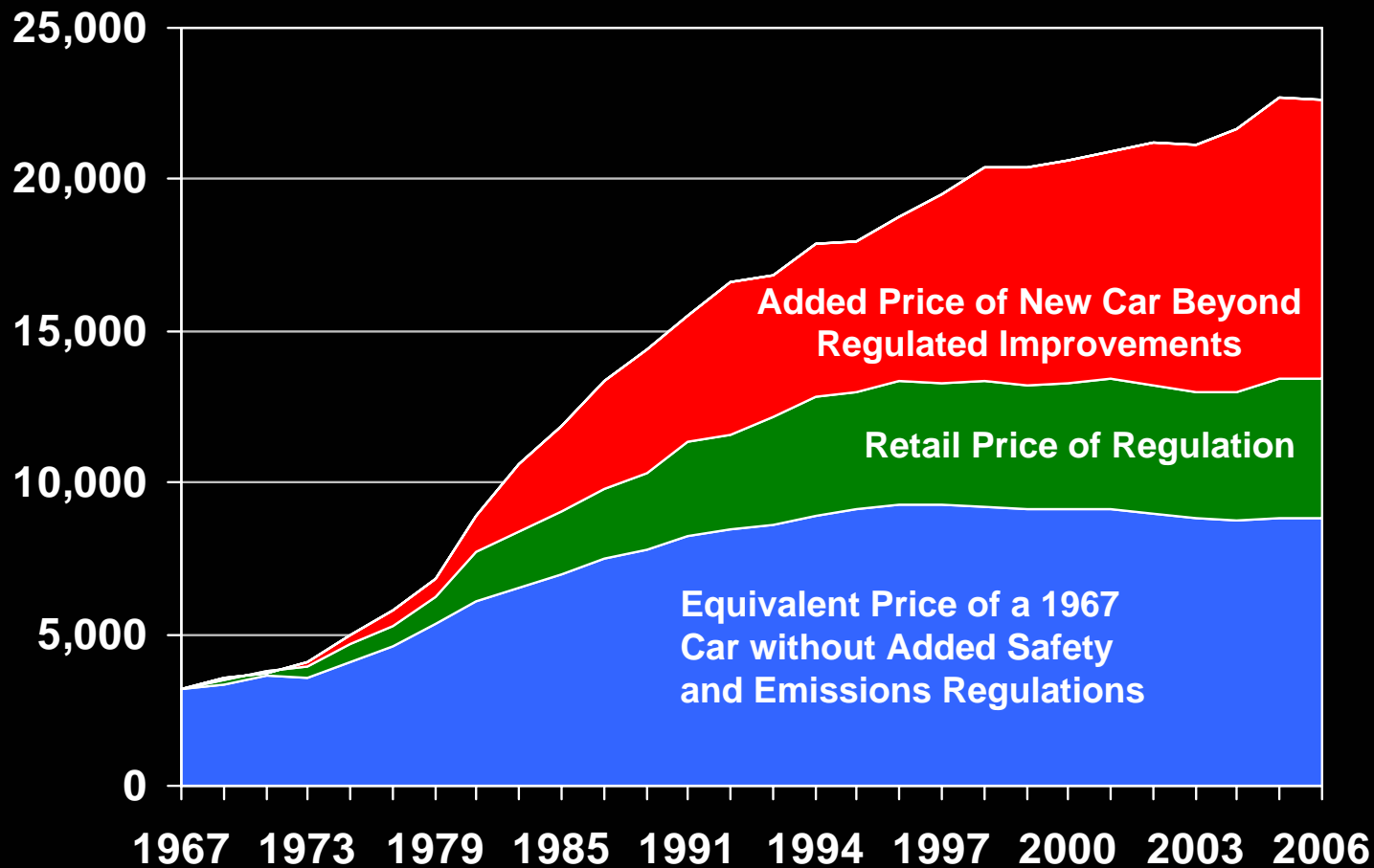
CAFE

CAFE Standards



Cost of Compliance for a New Car

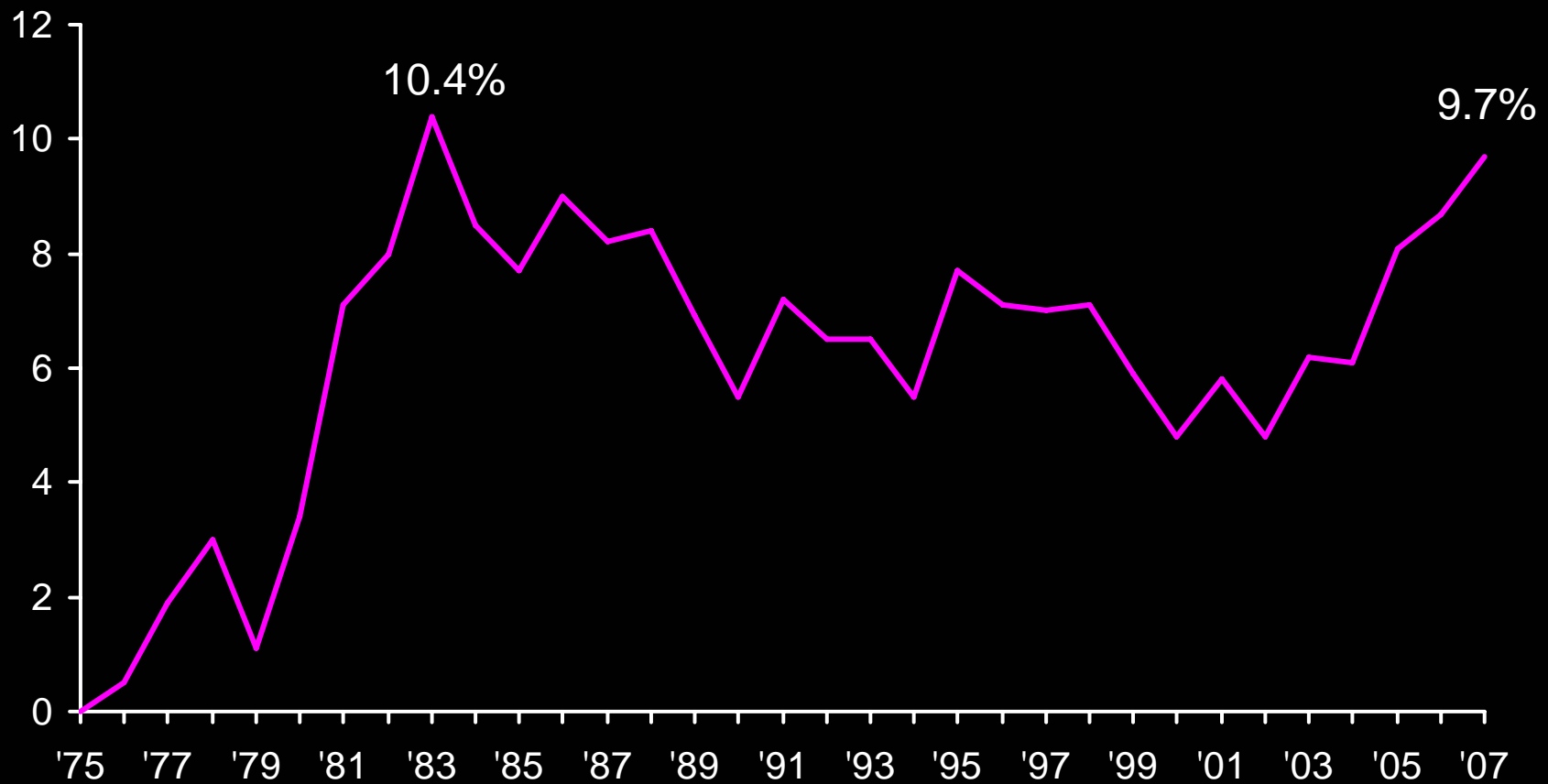
2006 Dollars



Source: Wards Automotive Group, BLS, BEA

Share of Light Vehicle Sales that Exceed 35 MPG

% Light
Vehicle Sales



Fuel Economy Analysis

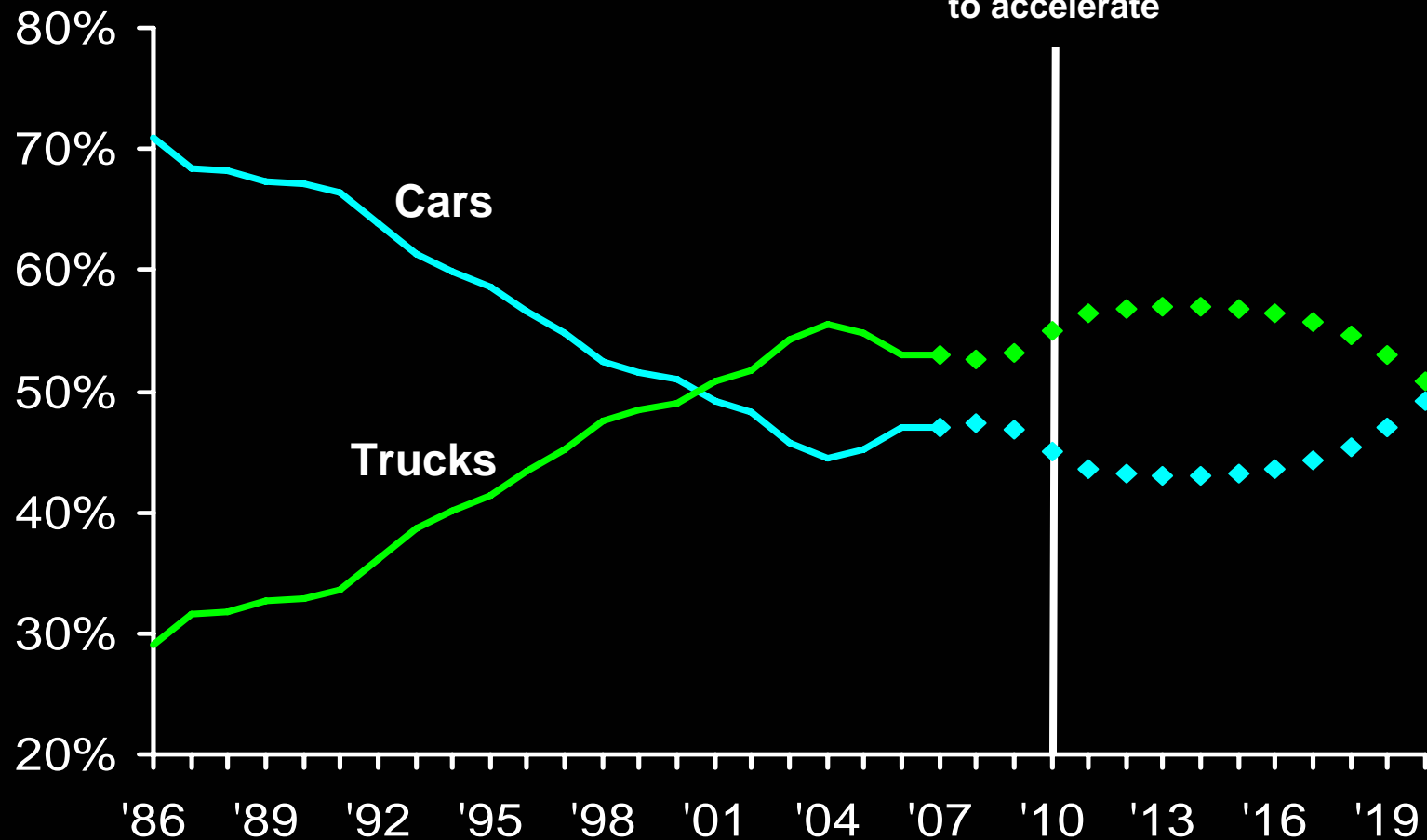
Mix Effect of CAFE

- **Simulating effect of CAFE using price of gasoline**
- **What would gasoline need to be today for over 50% of the consumers to demand 35 MPG?**
- **Modeled out to 2020 by car/truck and by segment assuming 4% annual fuel efficiency gains**

Potential Car/Truck Mix

U.S. Auto Industry

% Share of Light Vehicle Industry



Biggest Winners & Losers

CAR WINNERS

Small & Compact

TRUCK WINNERS

MPVs & Crossovers

CAR LOSERS

Standard Large

TRUCK LOSERS

Large SUVs

Potential Effects on Volume

Price Changes from adding Fuel Economy Technology





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