## 2004 U.S. Outlook: Risk and Opportunities

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<td>17.2</td>
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<td>Fed holds steady through mid-2004</td>
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<td>Continued weak recovery</td>
<td>2.5</td>
<td>16.5</td>
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<td>Further cuts</td>
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<td>Recovery falters</td>
<td>1.5</td>
<td>15.8</td>
<td>1.5</td>
<td>Consumers pull back, savings increase</td>
<td>&lt; $20</td>
<td>Unconventional monetary policy</td>
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Annual Vehicle Sales

U.S. Automotive Industry

Million Units

'60 '65 '70 '75 '80 '85 '90 '95 '00 '05

17.8

17.0

Oil Shock

Oil Shock

15.4

10.5

16.3

12.5
CPI New Vehicles and Yen/Dollar Exchange Rate

% Change Year/Year

% O/(U) Structural Rate

Yen/$

'90 '91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05

-35%

-20%

-5%

0%

5%

10%

15%

20%

25%

30%

35%

40%

New Vehicle CPI

Yen/Dollar (inverted scale)

Weaker Yen

Stronger Yen
Incentives and the Market

United States

Million Units

$/Vehicle

'90 '91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05

Industry SAAR

Big 3 Incentives
# Auto Industry Leading Indicators

**Ability To Buy**

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<th>Indicator</th>
<th>May '03</th>
<th>May '04</th>
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<tr>
<td>Disposable Income</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>Household Debt</td>
<td>Yellow</td>
<td>Green</td>
</tr>
<tr>
<td>Yield Curve</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>Inflation</td>
<td>Green</td>
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<td>Composite</td>
<td>Green</td>
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## Auto Industry Leading Indicators

**Willingness to Buy**

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<th>May ‘03</th>
<th>May ‘04</th>
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<tr>
<td><strong>Consumer Attitudes</strong></td>
<td>Red</td>
<td>Yellow</td>
</tr>
<tr>
<td><strong>Unemployment Claims</strong></td>
<td>Red</td>
<td>Green</td>
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<tr>
<td><strong>Workweek</strong></td>
<td>Red</td>
<td>Green</td>
</tr>
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<td><strong>Stock Market</strong></td>
<td>Red</td>
<td>Green</td>
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<td><strong>Composite</strong></td>
<td>Red</td>
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Consumer Attitudes

Average of U of M & Conference Board

Index

Yearly Index:
- '82: 58.1
- '84: 91.7
- '90: 58.1
- '94: 128.4
- May '02: 91.7

Graph shows fluctuations in consumer attitudes over time, with notable peaks and troughs.
Payroll Job Growth During Recoveries

% Change From Trough

Average of Previous Cycles

Early 1990s

Current

Shaded Bar indicates length of 2001 recession
CEO Confidence Survey

The Conference Board

Index

Future Economic Conditions

Current Economic Conditions
Institute for Supply Management Index

Non-Manufacturing
68.4 April

Manufacturing
62.4 April
Payroll Employment

Change in Employment Level

2002 2003 2004
Oil Prices

Dollars Per Barrel

Nominal

Real

Oil Shock

'70 '72 '74 '76 '78 '80 '82 '84 '86 '88 '90 '92 '94 '96 '98 '00 '02 '04

$37

$91

$51

$1
Gasoline Prices: Regional

Los Angeles & Atlanta, Including Taxes

Cents Per Gallon

Los Angeles $2.23
Atlanta $1.85
Oil Consumption & Resources

Trillions of Barrels

- Proven Conventional: 1.0
- Undiscovered Conventional: 1.3
- Shale: 2.0
- Proven Unconventional: 1.1
- Undiscovered Unconventional: 2.3
- 20th Century Consumption: 0.7
Buying Conditions for Vehicles

During Next 12 Months

Index

170 - 160 - 150 - 140 - 130 - 120 - 110 - 100 - 90 - 80 - 70

'82 '84 '86 '88 '90 '92 '94 '96 '98 '00 '02 '04

165

119

104

144

May

164

Good

Bad
## U.S. Market Share

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<tr>
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<th>2003 YTD</th>
<th>2004 YTD</th>
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<tr>
<td>Car</td>
<td>44.5%</td>
<td>42.8%</td>
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<tr>
<td>Truck</td>
<td>55.5%</td>
<td>57.2%</td>
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<tr>
<td>Total SUVs</td>
<td>24.3%</td>
<td>24.6%</td>
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<td>Large SUVs</td>
<td>5.9%</td>
<td>5.8%</td>
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Consumer Prices: Core Inflation

All Items Less Food & Energy, Seasonally Adjusted

% Change Yr/Yr

13.6% 1982
5.6% 1990

1.8% April
Small Business Pricing Trends

National Federation of Independent Business

Net Percent

Price Plans

Actual Price Changes

Net Percent

'86 '88 '90 '92 '94 '96 '98 '00 '02 '04
Cost of Financing

$ 25,000 Loan for 60 Months

6% APR
$ 3,500

7% APR
$ 4,000

+ $ 500
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<td>Fed raises rates smoothly</td>
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<td>Tepid Growth</td>
<td>3.0</td>
<td>17.0</td>
<td>2.0</td>
<td>Tax increases push growth below trend</td>
<td>&gt;$25</td>
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## 2005 Segment Winners & Losers

### CARS
- **Compact**: ++
- **Standard Mid-Size**: --
- **Luxury Mid-Size**: --
- **Standard Full-Size**: --
- **Standard Large**: --
- **Composite**: --

### TRUCKS
- **Minivan**: 0
- **Sports Tourer**: ++
- **Mid-Size SUV**: --
- **Full-Size SUV**: +
- **Large Pickup**: --
- **Composite**: ++