

STATE OF THE AUTO INDUSTRY

GM/Chrysler Dealer Cuts

Ford / GM Capital Structure Thoughts

U.S. Corporate Research

Autos Equity Analyst
Himanshu A. Patel, CFA^{AC}
(1-212) 622-3906
J.P. Morgan Securities Inc.

Autos Credit Analyst
Eric J. Selle, CFA^{AC}
(1-212) 270-9624
J.P. Morgan Securities Inc.

Conference Call Details

Today (5/20), 3 PM ET (expected duration: 60 mins.)

Domestic: (888) 889 1819

International: 1 - (773) 756 0343

Passcode: Autos

Replay Domestic: (866) 359 6494

Replay International: (203) 369 0151

Replay Passcode: 24567 (Available through May 27)

See page 46 for analyst certification and important disclosures, including investment banking relationships.

JPMorgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Customers of JPMorgan in the United States can receive independent, third-party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can access this independent research at www.morganmarkets.com or can call 1-800-477-0406 toll free to request a copy of this research.

- **State of the Auto Industry**
- Thoughts on GM/Chrysler Dealer Cuts
- GM Capital Structure Outlook
- Ford Equity Valuation
- Credit Slides

Overall Thoughts

- Sector could have a near-term correction on SAAR moderation (absent scrappage) on GM/Chrysler restructuring-related cuts.

- GM bankruptcy highly likely, but supplier damage should be contained:
 - UST unlikely to offer direct loans to distressed suppliers, having noted recent capital inflows to space (Hayes DIP, equity/convert deals);
 - Most supplier bankruptcies will be concentrated at Tier 2/Tier 3 level, but also see high bankruptcy risk at LEA;
 - As for GM, gov't likely will likely have to subordinate even more of its own debt than already announced;
 - Increasingly impressed with GM's restructuring depth.

- Stock Views:
 - GT / CTB – like all global tire stocks on raw mats, volumes, and relatively stable pricing;
 - Ford – \$6-9 fair value case... would get constructive on pullback;
 - BWA – clear winner in new Obama fuel regulations (maybe also ALV);
 - ARM – amongst single digit high risk names, most attractive risk / reward --> Warming up.

US and Western Europe Light Vehicle Sales

US Lt. Vehicle SAAR

(MM units)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2001	17.1	17.3	16.8	16.4	16.6	17.1	16.2	16.3	16.1	21.6	17.7	16.3	17.1
2002	15.9	16.8	16.7	17.2	15.9	16.4	17.9	18.4	16.4	15.7	16.1	18.1	16.8
2003	16.1	15.6	16.1	16.4	16.3	16.5	16.9	18.4	17.0	15.9	16.9	17.7	16.6
2004	16.1	16.3	16.6	16.4	17.8	15.4	17.2	16.6	17.5	16.9	16.3	17.9	16.9
2005	16.3	16.5	16.9	17.2	16.8	17.8	20.7	16.8	16.5	14.8	16.0	17.1	16.9
2006	17.4	16.5	16.5	16.7	16.2	16.2	16.9	16.1	16.5	16.3	16.1	16.6	16.5
2007	16.6	16.5	16.2	16.2	16.3	15.6	15.2	16.2	16.2	16.0	16.1	16.2	16.1
2008	15.3	15.3	15.1	14.4	14.3	13.6	12.5	13.7	12.5	10.6	10.2	10.3	13.1
2009	9.6	9.1	9.9	9.3	9.1								
YOY	-37.3%	-40.4%	-34.5%	-35.3%	-36.3%								

Source: U.S. Department of Commerce and JPMorgan estimates.

Note: January 2004 SAAR adjustment factors are JPMorgan estimates based on prior U.S. Dept. of Commerce figures.

- US monthly SAAR probably at about bottom
- Forecast US May US LV SAAR in the low 9MM's

Western Europe Lt. Vehicle SAAR

(MM units)

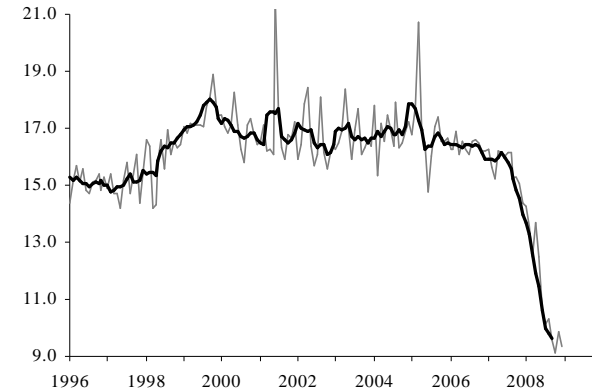
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2001	14.6	14.2	14.4	14.4	14.8	15.3	14.9	14.9	14.5	15.4	15.3	14.6	14.8
2002	14.6	14.4	13.7	15.3	13.8	13.9	14.3	14.2	14.7	14.7	14.2	16.9	14.4
2003	13.9	14.1	14.4	13.8	13.7	14.8	14.7	14.1	15.1	14.5	14.2	15.2	14.2
2004	13.7	14.5	15.4	14.5	14.2	15.2	13.8	13.9	15.0	14.1	15.6	15.9	14.5
2005	13.9	13.8	13.9	14.9	13.7	15.5	14.2	14.1	15.1	14.4	14.5	15.3	14.5
2006	14.2	14.1	14.5	14.3	14.6	14.6	13.7	13.8	15.0	14.4	15.1	15.5	14.6
2007	13.8	13.7	14.9	13.6	14.4	15.2	14.4	14.2	15.2	14.8	14.7	15.6	14.7
2008	13.8	14.5	13.8	14.8	13.9	13.6	13.4	12.8	12.9	12.4	11.4	11.7	13.5
2009	10.8	12.6	12.8	13.3									
YOY	-21.8%	-12.9%	-7.0%	-9.9%									

Source: ACEA data

J.P.Morgan

US Lt. Vehicle SAAR

(MM units)

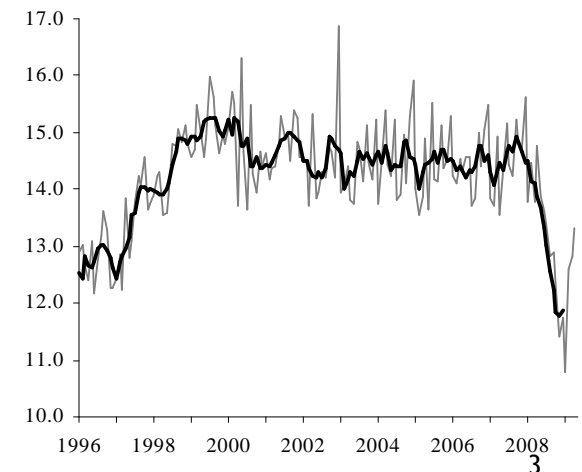


Source: U.S. Department of Commerce and JPMorgan estimates.

Note: January 2004 SAAR adjustment factors are JPMorgan estimates based on prior U.S. Dept. of Commerce figures.

Western Europe Lt. Vehicle SAAR

(MM units)

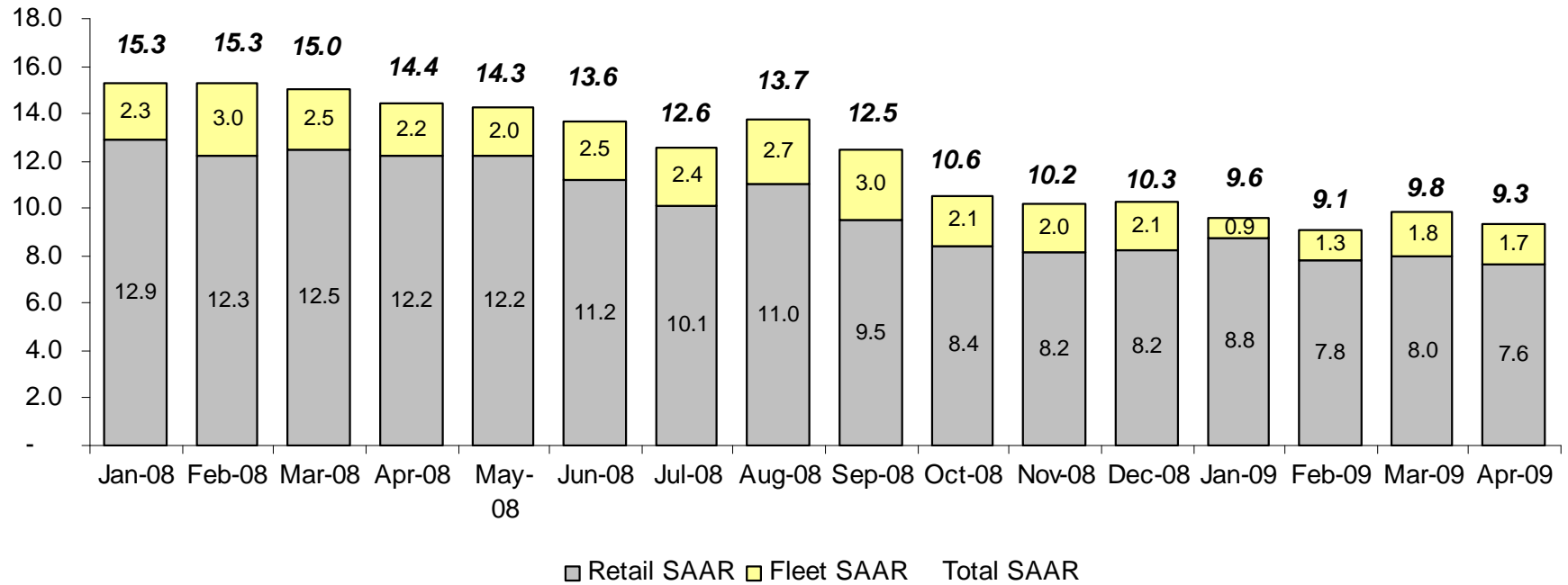


Source: ACEA data

Retail vs. Fleet SAAR

➤ Retail SAAR weak but relatively stable in recent months

STATE OF THE AUTO INDUSTRY CONFERENCE CALL



Source: Company Reports, J.P. Morgan Estimates

Near-term US LV SAAR Outlook

- Near-term US LV SAAR outlook clouded by:
 - (1) Further potential fleet cuts (fleets purchase vehicles in month produced)
 - GM / Chrysler shutdowns could cost 0.5-1.0MM SAAR
 - (2) Consumer deferrals in anticipation of scrapping rebates
 - (3) Personal Disposable Income pothole in Q3 evidenced in table below

Support to Personal income from Public Sector (a partial tally)

	Jan	Feb	Mar	Apr	May	Jun	Jul-Dec
COLA	3	3	3	3	3	3	3
Make Work Pay	0	0	0	5	5	5	5
Soc. Sec One time	0	0	0	0	14	0	0
Tax Refunds	<u>3</u>	<u>9</u>	<u>10</u>	<u>9</u>	<u>3</u>	<u>0</u>	<u>0</u>
Total	6	12	13	17	25	8	8
Change (month-to-month)	6	6	1	4	8	-17	0

Source: J.P. Morgan Economics Research

Brazil, Argentina and China Light Vehicle Sales

Brazil & Argentina Lt. Vehicle sales

('000 units)

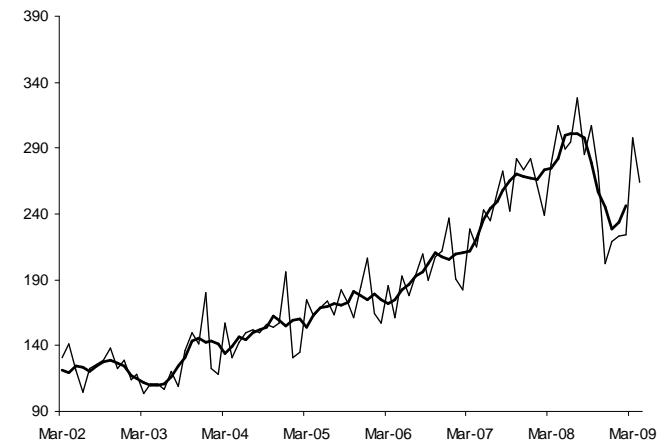
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2002	112	100	130	141	121	105	123	126	129	138	123	128	1477
2003	114	118	103	111	111	106	120	109	137	150	141	180	1500
2004	123	118	157	131	142	150	152	150	156	154	157	196	1787
2005	131	135	175	163	168	174	163	183	172	162	185	206	2017
2006	165	157	185	161	192	178	194	209	190	207	212	236	2286
2007	191	182	229	214	243	234	256	272	241	282	273	280	2898
2008	278	254	302	334	317	323	362	319	307	273	202	220	3490
2009	223	224	298	264									
YOY	-19.7%	-11.5%	-1.3%	-21.1%									

Source: Brazil sales data from Anfavea & Argentina Sales data from Adefa

- Brazil auto sales in Mar and April likely be an encouraging sign after poor sales numbers for the four consecutive mths.
- China Auto sales increased sharply in April. Sales may further improve backed on scrappage incentives launched lately.

Brazil & Argentina Lt. Vehicle sales

('000 units)



Source: Brazil sales data from Anfavea & Argentina Sales data from Adefa

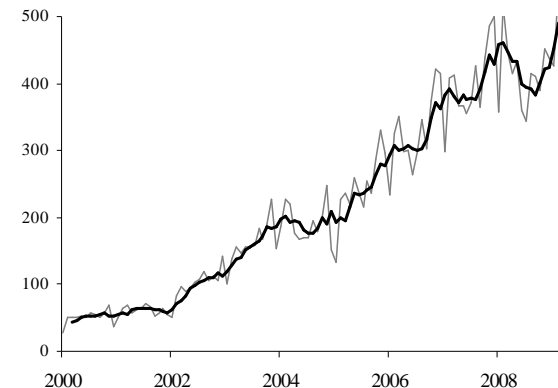
China Sedan Sales('000 units)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2001	37	51	63	70	57	63	64	70	67	52	58	65	717
2002	56	51	83	96	89	95	103	107	120	105	113	105	1,122
2003	141	100	139	156	147	157	157	159	184	166	191	227	1,924
2004	155	185	226	220	178	167	170	170	194	179	203	247	2,295
2005	152	134	227	236	221	259	236	215	255	237	286	331	2,788
2006	296	235	325	351	297	301	264	297	346	304	374	423	3,812
2007	414	298	409	412	368	368	355	372	426	365	437	486	4,711
2008	501	357	516	445	415	434	361	345	416	410	390	452	5,040
2009	439	427	546	592									
YOY	-12.3%	19.6%	5.9%	33.0%									

Source: Auto Consultancy affiliated with the state information center.

Note: Data include only sedans.

China Sedan Sales('000 units)

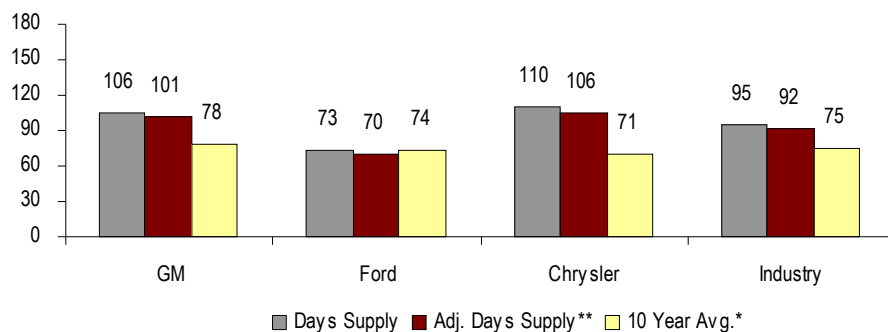


Source: Auto Consultancy affiliated with the state information center.

Note: Data include only sedans.

Dealer Inventories

Big 3 and Industry April ending inventory (days supply)



+193 -5 +119 +392

Source: Ward's Automotive Reports, Autodata Corp., and JPMorgan estimates.

➤ Production cuts reining in days supply: even as SAAR fell m/m in April, both total industry inventory units and days on hand improved

Big 3 and Industry Monthly Inventory (000 units)

	Apr-09	Mar-09	Apr-08
Industry	2,563	2731	3,273
GM	729	752	805
Ford	388	405	589
Chrysler	337	350	422

Source: Ward's Automotive Reports, Autodata Corp., and JPMorgan estimates.

• Industry average for 1993-2002.

**Adjusted days supply compares month end inventory to the seasonally adjusted

average six-month daily sales rate.

† Historical GM dealer inventory adjusted for new dealer inventory reporting method adopted in 5/01.

Big 3 year end inventories

	2005	2006	2007	2008	08/07%
US Light Veh SAAR, MM	16.9	16.5	16.1	13.1	
GM					
US Inventory, 000	994	1019	888	854	-4%
Days Supply	69	79	72	101	40%
Memo: US Market Share	26.3%	24.6%	23.8%	22.4%	
Ford					
US Inventory, 000	725	595	540	437	-19%
Days Supply	72	68	68	84	23%
Memo: US Market Share	18.3%	17.3%	15.5%	14.9%	
Chrysler					
US Inventory, 000	592	538	438	398	-9%
Days Supply	79	74	60	116	94%
Memo: US Market Share	13.6%	13.0%	12.9%	11.0%	

Note: days supply based on 12-mth sales

Source: CSM, Wards, Company reports and JPMorgan estimates.

Dealer Inventory - Key Platforms

STATE OF THE AUTO INDUSTRY CONFERENCE CALL

		2008									2009			
		Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<i>Inventory By Platform - Absolute Units (000s)</i>														
GM	T900 Pickups	239	227	230	214	196	161	155	156	153	162	184	182	190
	T900 SUVs	114	110	108	91	74	66	66	64	60	51	53	61	59
	Total T900	353	337	338	305	270	228	221	220	213	212	238	242	248
	Lambda	29	23	29	33	32	33	42	47	50	43	38	34	28
	Mid-size SUVs	20	18	21	22	21	15	15	13	13	10	8	7	6
	Malibu	23	18	25	25	31	35	50	58	60	51	43	39	36
Ford	F Series	223	226	215	185	152	132	113	101	89	88	107	121	121
	Large SUVs	25	26	26	22	17	16	17	15	10	7	5	3	3
	Edge/MKX	54	49	44	38	34	34	34	36	34	32	28	26	25
	Mid-Size SUVs	32	33	30	27	24	23	21	19	13	12	10	11	12
Chrysler	Dodge Ram	102	104	108	91	73	71	74	79	80	74	79	85	83
	Minivans	57	58	64	56	48	52	54	57	57	50	49	48	48
<i>Adjusted Days Supply (Days) - Compares month end inventory to the 3 month daily average sales rate for individual platforms</i>														
GM	T900 Pickups	109	113	120	116	91	65	64	77	92	105	136	152	152
	T900 SUVs	128	130	125	108	80	78	89	103	89	74	86	129	108
	Memo: Total T900	115	118	122	113	87	69	70	83	92	96	120	145	138
	Lambda	57	46	66	78	67	61	87	130	185	156	121	100	74
	Mid-size SUVs	63	87	74	75	49	35	37	51	82	63	64	79	97
	Malibu	41	30	42	42	53	52	83	109	125	109	87	82	66
Ford	F Series	113	125	131	112	95	87	76	68	57	64	91	111	105
	Large SUVs	84	92	110	108	94	92	92	77	53	42	42	38	42
	Edge/MKX	93	84	82	77	73	84	95	122	122	116	99	87	76
	Mid-Size SUVs	77	88	93	91	92	113	115	108	67	59	59	73	78
Chrysler	Dodge Ram	107	116	138	123	91	81	90	110	126	126	138	135	119
	Minivans	58	58	65	66	63	74	75	86	99	105	95	80	69

Source: Autodata Corp.

CSM Production Estimates for NA/Europe - May vs. April

STATE OF THE AUTO INDUSTRY CONFERENCE CALL

Production (Units, '000s)	CSM Mid- April Estimates				CSM Mid- May Estimates			
	2Q09	3Q09	FY09	FY10	2Q09	3Q09	FY09	FY10
GM - Car	189	199	686	851	168	206	675	830
GM - Truck	342	287	1,161	1,346	221	267	1,055	1,273
GM Total	530	486	1,848	2,196	389	472	1,729	2,104
Ford - Car	150	147	543	763	169	156	576	759
Ford - Truck	275	266	1,056	1,248	297	289	1,129	1,244
Ford Total	426	413	1,599	2,011	467	445	1,705	2,003
Chrysler	235	181	847	681	82	88	683	635
Memo: Detroit 3	1,191	1,079	4,293	4,888	937	1,005	4,118	4,741
Memo: Total Transplants	919	1,075	3,856	5,004	877	1,084	3,822	4,925
Total - NA	2,110	2,154	8,149	9,892	1,814	2,090	7,939	9,667
Total - Europe	4,226	4,027	15,885	16,805	4,420	4,159	16,365	16,516
Production - y/y Change %	CSM Mid- April Estimates				CSM Mid- May Estimates			
	2Q09	3Q09	FY09	FY10	2Q09	3Q09	FY09	FY10
GM - Car	(51)	(54)	(56)	24	(56)	(53)	(56)	23
GM - Truck	(24)	(40)	(39)	16	(51)	(44)	(45)	21
GM Total	(36)	(47)	(46)	19	(53)	(48)	(50)	22
Ford - Car	(39)	(20)	(33)	41	(31)	(15)	(28)	32
Ford - Truck	(37)	17	(25)	18	(32)	27	(20)	10
Ford Total	(38)	0	(28)	26	(32)	8	(23)	17
Chrysler	(18)	(32)	(54)	(20)	(18)	(32)	(63)	(7)
Memo: Detroit 3	(43)	(36)	(43)	14	(55)	(40)	(45)	15
Memo: Total Transplants	(34)	(16)	(26)	30	(37)	(16)	(26)	29
Total - NA	(40)	(28)	(36)	21	(48)	(30)	(37)	22
Total - Europe	(29)	(16)	(22)	6	(26)	(13)	(20)	1

Source: CSM Worldwide

NA Production: Key Platforms

North American Production - Quarterly (Units, 000's)

STATE OF THE AUTO INDUSTRY CONFERENCE CALL

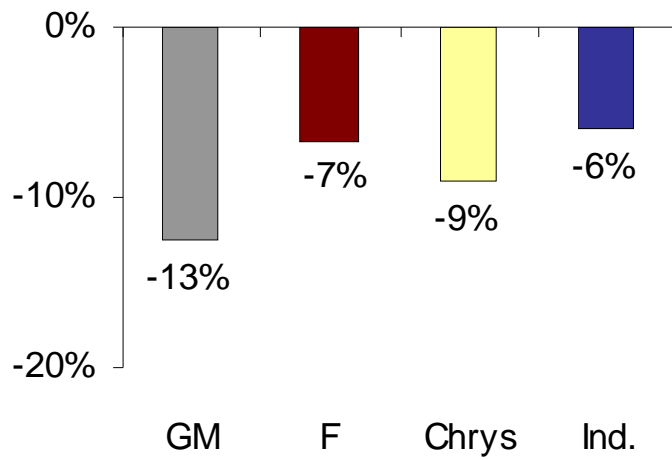
	2006	2007				2007	2008				2008	2009E				2009E	2010E				2010E
		Q1	Q2	Q3	Q4	2007	Q1	Q2	Q3	Q4	2008	Q1	Q2E	Q3E	Q4E	2009E	Q1E	Q2E	Q3E	Q4E	2010E
GM																					
Cobalt/Ion/Pursuit/G4/G5/Ion/Lacetti/9-1	530	119	100	99	96	414	92	98	115	114	419	21	26	37	38	121	44	46	72	72	234
Malibu/Aura/G6/BLS	417	75	85	84	98	342	117	114	133	109	473	38	55	75	67	235	72	72	55	56	254
Impala/LaCrosse/Allure/Monte Carlo/Intrigue/Grand Pix	543	121	137	117	95	470	81	91	98	89	359	20	40	40	42	143	36	42	40	40	158
Trailblazer/Rainer/Envoy/Ascender/Bravada/SSR/9-7X	245	51	54	53	48	206	27	20	33	23	103	0	0	0	0	0	0	0	0	0	0
GMT800/T900 Full size Pickups	937	273	288	223	232	1,017	151	138	150	150	589	138	69	83	126	415	134	134	121	122	512
GMT800/T900 Large SUVs	612	115	136	125	132	508	119	78	43	72	312	52	27	45	56	180	48	53	49	50	201
Enclave/Traverse/Acadia/Outlook/Escalade	7	36	49	46	59	190	46	36	63	80	224	23	50	48	42	162	49	49	44	45	187
Equinox/Torrent/Vue/Terrain/XL-7/Captiva Sport	294	49	57	57	65	228	60	64	56	36	217	15	30	41	42	128	36	36	32	33	137
*Memo GMT800/900 Total	1,549	388	424	348	364	1,524	270	216	193	222	901	189	96	127	182	595	182	188	171	173	713
Ford																					
Fusion/Milan/MKZ	287	55	66	71	57	250	66	77	62	68	273	28	67	62	63	220	61	61	57	56	236
Edge/ MKX	11	62	60	50	54	225	61	45	26	29	161	18	32	23	28	100	27	30	25	25	107
F Series Super Duty	325	82	111	70	61	324	133	63	31	39	265	42	48	43	38	171	40	54	49	50	193
F Series	532	137	149	123	109	519	137	116	28	65	346	94	80	97	97	369	86	99	105	107	397
Expedition/Navigator	107	45	35	26	28	133	23	24	7	13	68	0	14	14	13	41	12	15	14	14	54
Explorer/Aviator/Mountaineer	321	75	88	60	62	284	63	59	38	26	187	29	33	33	24	119	30	30	13	13	87
*Memo F Series Total	858	220	260	193	170	843	270	179	58	104	611	136	128	141	135	540	126	153	154	157	589
Chrysler																					
Ram Pickup/ Full Size SUV	412	45	35	26	28	411	72	90	48	72	281	59	20	23	72	175	47	47	44	43	182
Pacifica/Caravan/Town & Country/Midsize Van/Voyager	502	144	82	59	115	400	86	117	57	58	318	41	17	25	90	173	42	42	37	38	158
300/300C/Challenger/Charger/Imperial/Pacifica/Magnum	314	62	80	52	79	273	61	57	48	44	211	32	11	19	55	116	29	29	26	26	109
YoY Change in Production (%)																					
GM																					
Cobalt/Ion/Pursuit/G4/G5/Ion/Lacetti/9-1	12	-14	-27	-19	-27	-22	-22	-2	16	18	1	-78	-74	-68	-67	-71	116	76	94	91	93
Malibu/Aura/G6/BLS	13	-29	-14	-14	-15	-18	56	33	59	11	38	-68	-52	-44	-38	-50	91	30	-27	-18	8
Impala/LaCrosse/Allure/Monte Carlo/Intrigue/Grand Pix	3	-17	5	-10	-31	-14	-33	-34	-16	-6	-24	-75	-56	-59	-53	-60	78	7	-2	-5	11
Trailblazer/Rainer/Envoy/Ascender/Bravada/SSR/9-7X	-38	-41	-18	26	-6	-16	-48	-62	-38	-52	-50	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
GMT800/T900 Full size Pickups	-9	7	13	10	4	8	-45	-52	-33	-36	-42	-9	-50	-45	-16	-29	-2	95	47	-3	23
GMT800/T900 Large SUVs	35	-5	-20	-26	-12	-17	3	-43	-65	-45	-39	-56	-65	4	-23	-42	-8	97	10	-10	12
Lambda	NA	NA	NA	NA	750	NA	26	-26	37	35	18	-50	37	-24	-48	-28	118	0	-8	7	16
Theta	6	-35	-26	-23	-4	-23	23	14	-2	-44	-5	-75	-54	-27	16	-41	138	22	-21	-23	7
*Memo GMT800/900 Total	4	3	0	-7	-3	-2	-31	-49	-45	-39	-41	-30	-56	-34	-18	-34	-4	96	34	-5	20
Ford																					
Fusion/Milan/MKZ	340	-24	-18	24	-24	-13	19	16	-13	19	9	-58	-13	1	-8	-20	119	-8	-8	-11	7
Edge/MKX	NA	NA	NA	NA	385	NA	-1	-26	-48	-46	-29	-71	-28	-12	-6	-38	56	-8	11	-9	7
F Series Super Duty	-23	-26	7	7	37	0	61	-43	-56	-36	-18	-68	-23	41	-2	-35	-5	12	13	32	13
F Series	-20	-14	-9	11	10	-3	0	-22	-78	-40	-33	-31	-31	252	49	7	-9	24	8	10	8
Expedition/Navigator	-23	78	11	64	-20	24	-48	-30	-71	-54	-49	-99	-44	83	4	-40	NA	12	0	4	34
Explorer/Aviator/Mountaineer	-17	-25	-9	-16	16	-11	-15	-33	-36	-58	-34	-54	-43	-14	-9	-36	3	-9	-60	-46	-27
*Memo F Series Total	-21	-19	-3	10	19	-2	23	-31	-70	-39	-27	-50	-28	141	30	-12	-8	19	10	16	9
Chrysler																					
Ram Pickup/ Full Size SUV	-8	-34	12	33	-4	0	-2	-34	-55	-25	-32	-17	-78	-51	0	-38	-21	139	88	-40	4
Pacifica/Caravan/Town & Country/Midsize Van/Voyager	-17	10	-51	-37	4	-20	-40	42	-4	-49	-21	-52	-86	-55	55	-45	1	149	46	-58	-9
300/300C/Challenger/Charger/Imperial/Pacifica/Magnum	-2	-29	-11	-26	18	-13	-1	-29	-7	-44	-23	-48	-81	-61	25	-45	-9	167	38	-53	-6

Source: CSM Worldwide

Retail Incentives

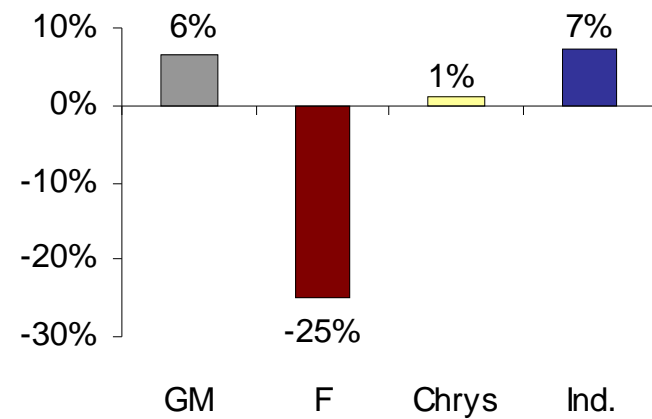
STATE OF THE AUTO INDUSTRY CONFERENCE CALL

M/M change (Apr vs Mar 09)



Source: Autodata

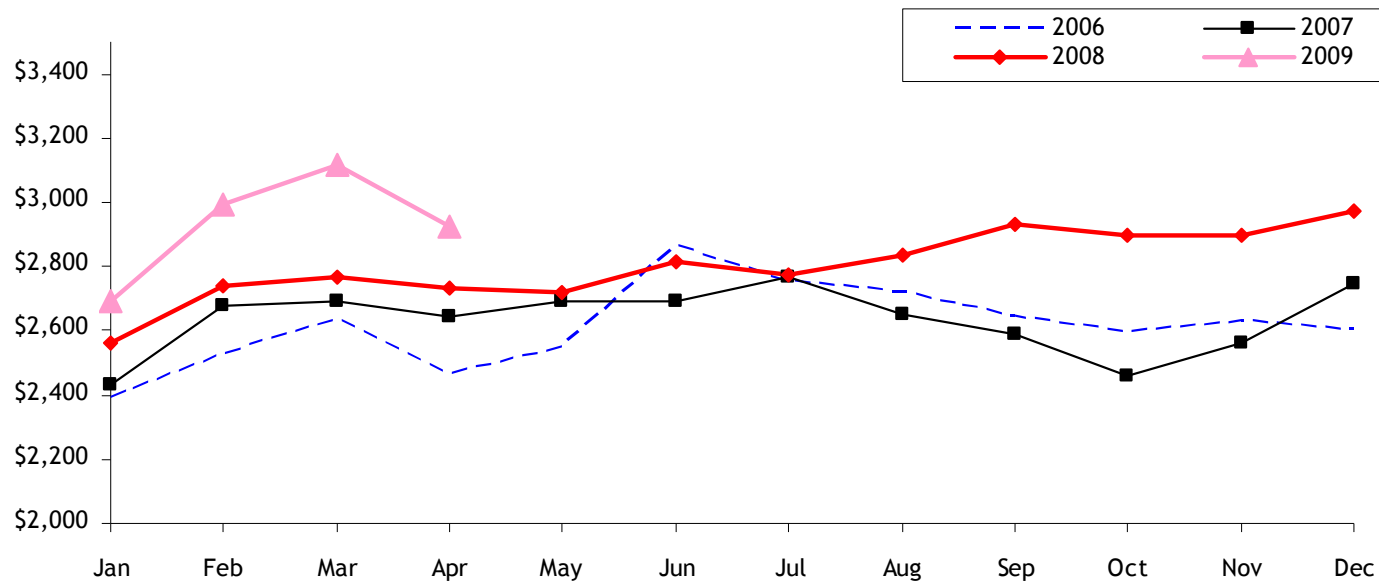
Y/Y change (Apr 09 vs Apr 08)



Source: Autodata

Retail Incentives

Monthly Light Vehicle Retail Promotion Costs
\$ per vehicle



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg.
2002*	\$1,539	\$1,673	\$1,685	\$1,701	\$1,681	\$1,932	\$2,250	\$1,980	\$1,773	\$1,868	\$1,927	\$2,355	\$1,873
2003*	\$2,025	\$2,225	\$2,207	\$2,508	\$2,724	\$2,867	\$3,029	\$3,004	\$2,917	\$2,715	\$2,685	\$2,803	\$2,628
2004*	\$2,750	\$2,906	\$3,029	\$2,994	\$3,046	\$2,979	\$3,090	\$3,121	\$3,125	\$2,781	\$2,655	\$2,705	\$2,942
2005*	\$2,542	\$2,777	\$2,921	\$2,844	\$2,965	\$3,269	\$3,263	\$2,886	\$2,598	\$2,204	\$2,363	\$2,572	\$2,809
2006*	\$2,391	\$2,527	\$2,635	\$2,468	\$2,548	\$2,863	\$2,752	\$2,720	\$2,645	\$2,597	\$2,632	\$2,606	\$2,621
2007*	\$2,434	\$2,675	\$2,690	\$2,646	\$2,694	\$2,694	\$2,766	\$2,648	\$2,587	\$2,460	\$2,563	\$2,746	\$2,641
2008*	\$2,562	\$2,743	\$2,767	\$2,733	\$2,717	\$2,812	\$2,773	\$2,838	\$2,933	\$2,896	\$2,898	\$2,975	\$2,793
2009*	\$2,691	\$2,993	\$3,116	\$2,928									
YOY	5.0%	9.1%	12.6%	7.1%									
MOM	-9.5%	11.2%	4.1%	-6.0%									

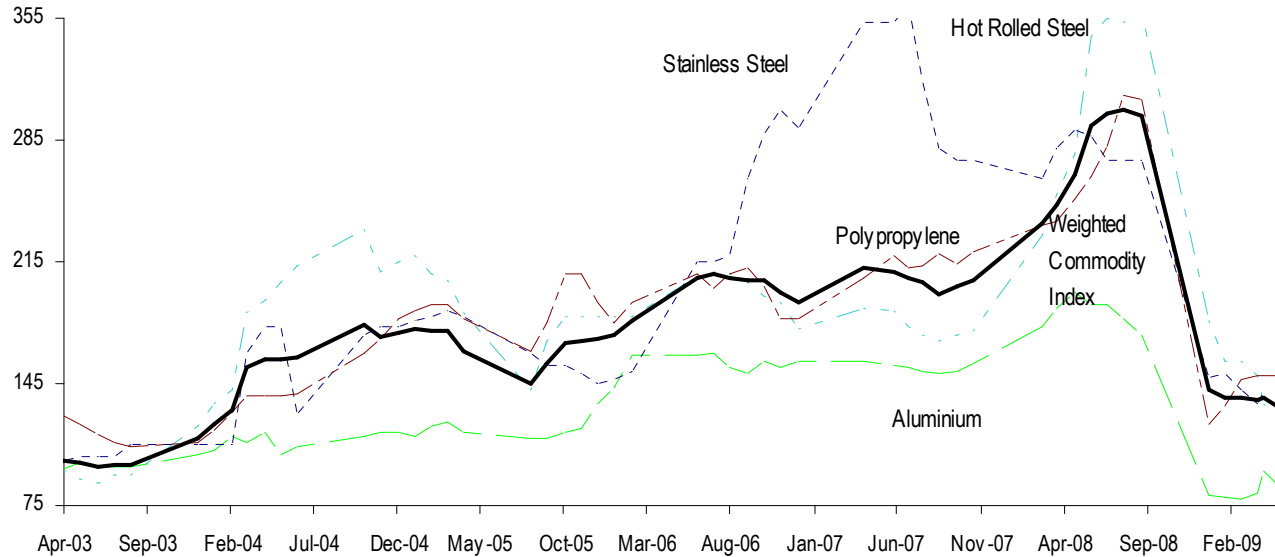
Source: Autodata Corp.

* Starting in August 2002, the methodology for tracking U.S. retail promotion costs was revised. 2002 and 2001 figures have been restated; however, data prior to 2001 have not been revised, and comparability is skewed.

Key Commodities in a Vehicle

JPM Weighted Vehicle Raw Material Index

STATE OF THE AUTO INDUSTRY CONFERENCE CALL



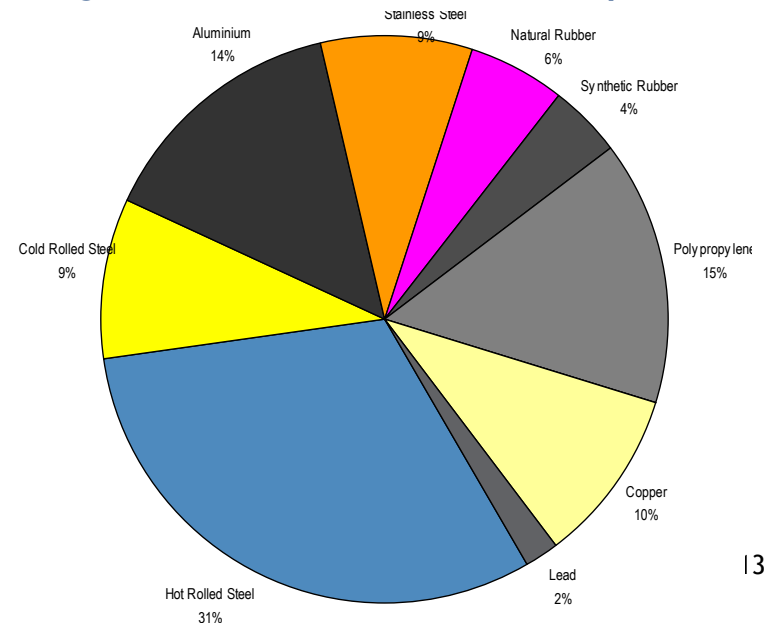
Indexed to 100 by January 2003

Source: CRU Monitor, Bloomberg, Datastream, Wardsauto.com, JPMorgan estimates

Note: Commodities we track represent approximately 87% of the total raw material by weight in a light vehicle.

- 1 Hot rolled steel and Cold rolled steel prices from CRU Monitor
 - 2 Aluminium, Lead and Copper Cash (Spot) market prices from LME
 - 3 Stainless Steel Asia 2mm CR Coil from MBSTCHSC Index
 - 4 Natural rubber and synthetic rubber price (SBR EO 1712 polymer) from Bloomberg
 - 5 Polypropylene NA Domestic Market (Contract) GP- Homopolymer from CMAI
- Weighted commodity index composed up of following materials: Hot & Cold Rolled Steel, Aluminium, Stainless Steel, Natural & Synthetic Rubber, Polypropylene, Copper & Lead.

Weighted Raw Material Index Composition by Cost

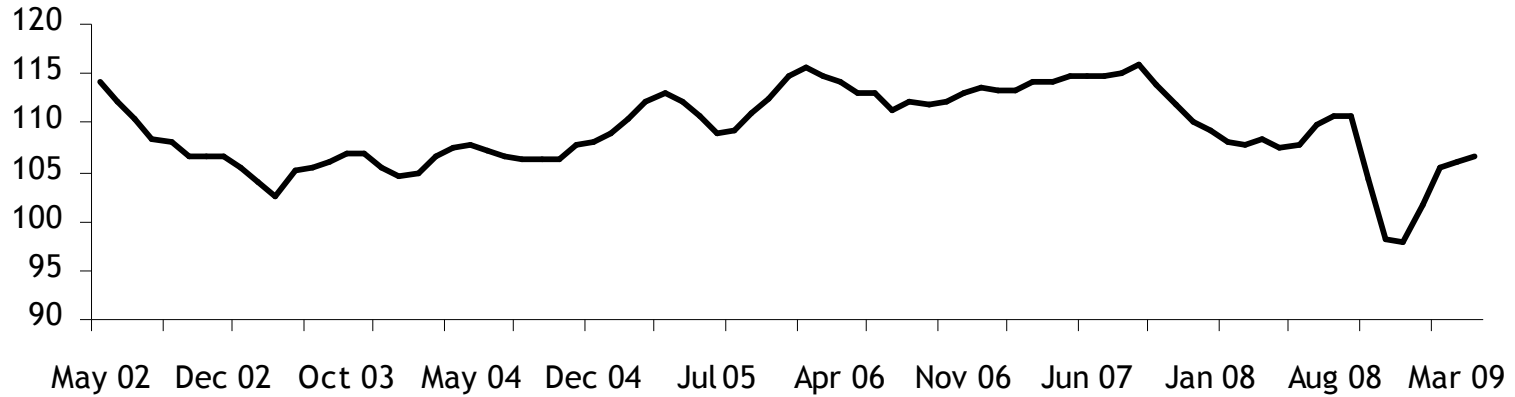


Source: JPMorgan estimates

US Used Vehicle Pricing

Manheim Used Vehicle Index

(January 1995=100)

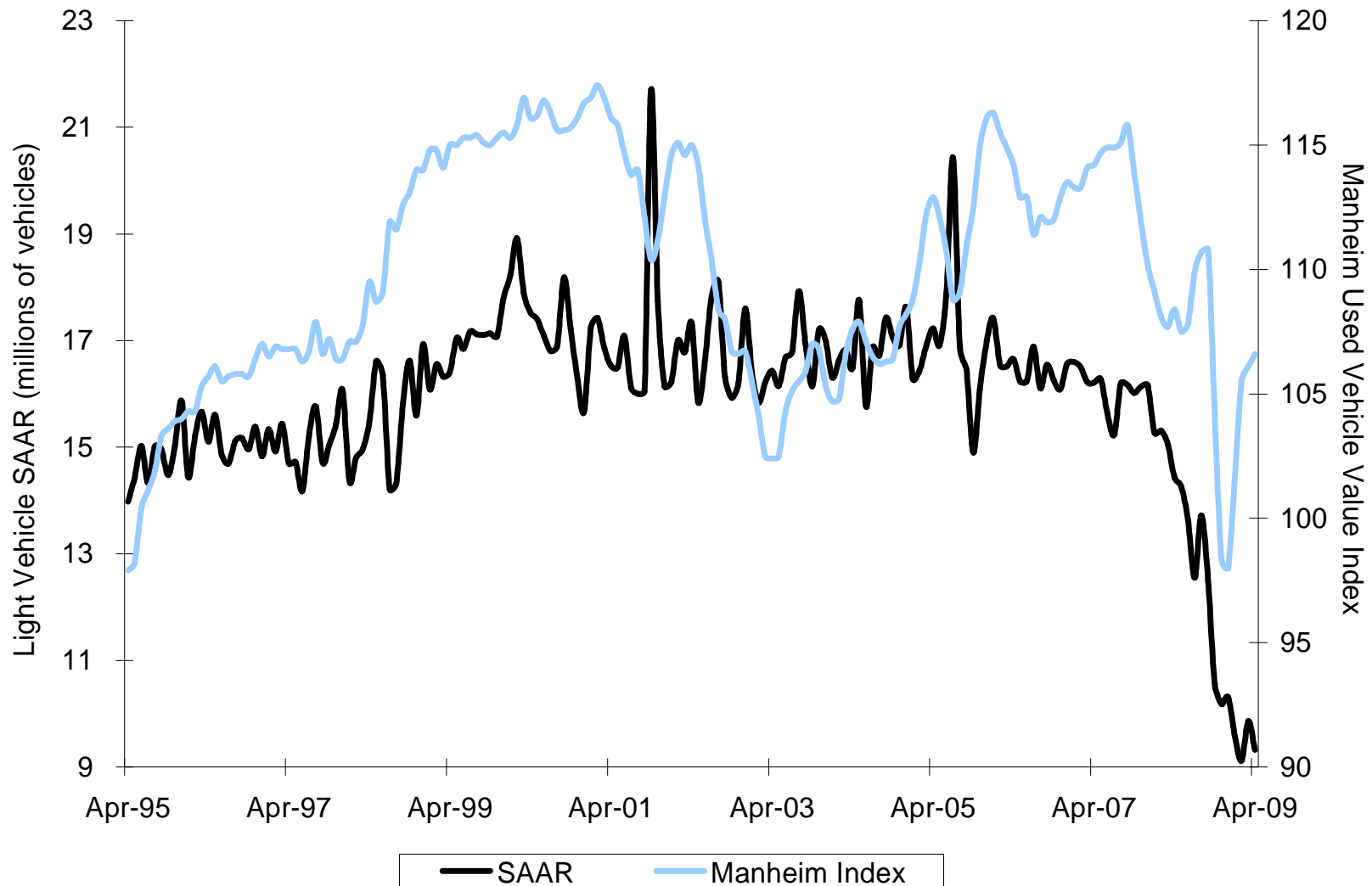


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	vs. prior Dec
2002	114.6	115.1	114.6	115.0	114.2	112.0	110.4	108.4	108.0	106.7	106.6	106.7	-5.5%
2003	105.5	104.1	102.5	102.4	102.8	104.3	105.1	105.5	105.9	107.0	106.8	105.3	-1.3%
2004	104.7	104.8	106.6	107.6	107.9	107.1	106.5	106.2	106.3	106.4	107.7	108.2	2.8%
2005	108.8	110.3	112.2	112.9	112.1	110.7	108.8	109.1	110.9	112.5	114.9	116.1	7.3%
2006	116.3	115.5	114.9	114.2	112.9	112.9	111.4	112.1	111.9	112.0	112.9	113.5	-2.2%
2007	113.3	113.3	114.1	114.2	114.7	114.9	114.9	115.1	115.8	113.9	111.9	110.2	-2.9%
2008	109.1	108.1	107.7	108.4	107.5	107.8	109.9	110.7	110.8	104.2	98.3	98.0	-11.1%
2009	101.7	105.5	106.1	106.6									
vs. prior mo.	3.8%	3.7%	0.6%	0.5%									

Source: Manheim Auctions

US Used Vehicle Pricing

- Used vehicle prices offer general barometer on industry and historically correlated with new vehicle sales
 - Recent sequential strengthening in used prices a potential positive for retail SAAR



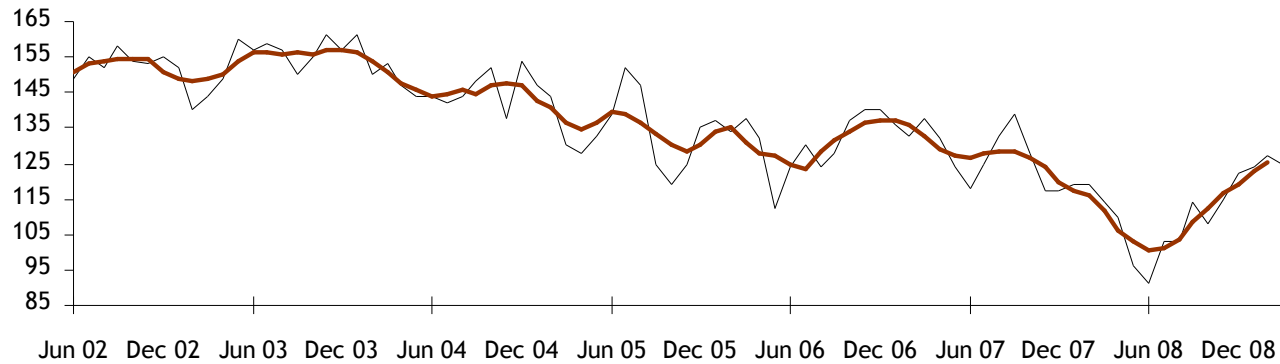
Source: Manheim Auctions, US BEA

US Consumer Confidence for Car Buying

STATE OF THE AUTO INDUSTRY CONFERENCE CALL

University of Michigan Consumer Confidence Index - Buying Conditions for Cars

Unsmoothed and five-month moving average

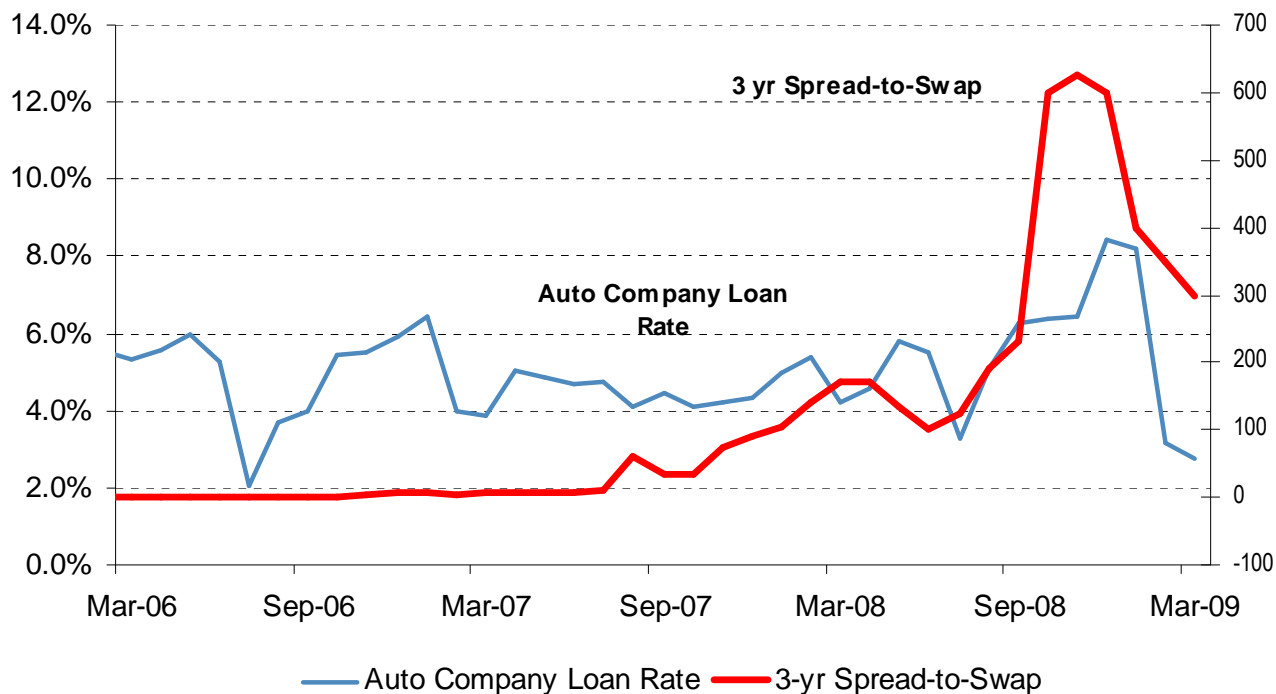


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	vs. prior Dec
2002	156.0	156.0	149.0	148.0	151.0	149.0	155.0	152.0	158.0	154.0	153.0	155.0	-4.9%
2003	152.0	140.0	144.0	149.0	160.0	157.0	159.0	157.0	150.0	155.0	161.0	157.0	1.3%
2004	161.0	150.0	153.0	147.0	144.0	144.0	142.0	144.0	148.0	152.0	138.0	154.0	-1.9%
2005	147.0	144.0	130.0	128.0	133.0	139.0	152.0	147.0	125.0	119.0	125.0	135.0	-12.3%
2006	137.0	134.0	138.0	132.0	112.0	124.0	130.0	124.0	128.0	137.0	140.0	140.0	3.7%
2007	136.0	133.0	138.0	132.0	124.0	118.0	125.0	133.0	139.0	128.0	117.0	117.0	-16.4%
2008	119.0	119.0	114.0	110.0	96.0	91.0	103.0	103.0	114.0	108.0	115.0	122.0	4.3%
2009	124.0	127.0	125.0	129.0									
vs. prior mtl	1.6%	2.4%	-1.6%	3.2%									

Source: University of Michigan

Auto Finance Company Loan Rates

STATE OF THE AUTO INDUSTRY CONFERENCE CALL



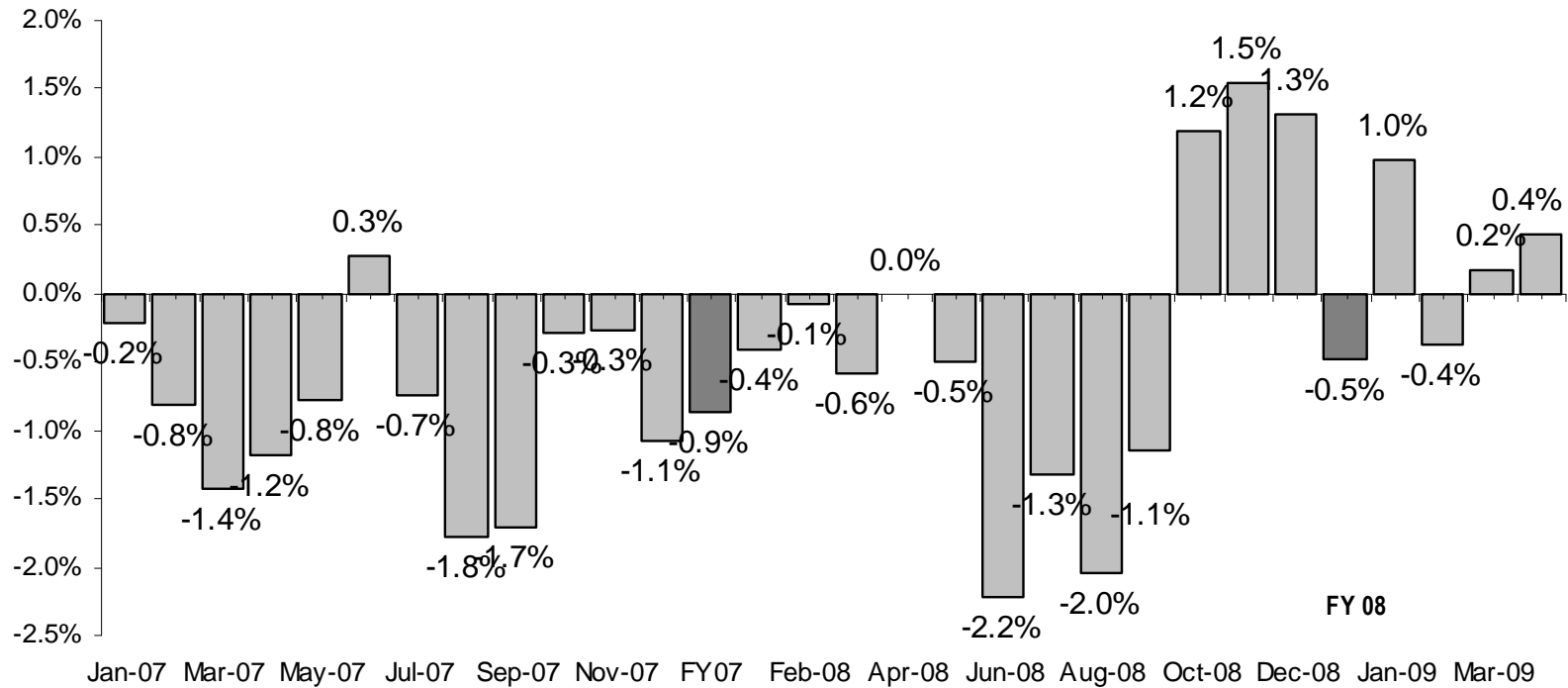
Auto Company Loan Rates

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2002	4.0%	6.1%	5.9%	5.5%	6.2%	6.3%	3.5%	2.2%	2.4%	2.8%	3.3%	3.5%
2003	3.1%	4.0%	3.8%	2.5%	2.4%	2.9%	3.3%	3.6%	3.8%	3.9%	3.9%	3.6%
2004	3.2%	3.0%	3.5%	3.6%	3.3%	4.0%	5.3%	5.6%	5.7%	4.4%	5.6%	5.0%
2005	5.6%	4.7%	4.4%	4.8%	5.3%	5.6%	5.7%	5.8%	5.9%	6.1%	6.4%	5.4%
2006	5.1%	5.5%	5.4%	5.6%	6.0%	5.3%	2.1%	3.7%	4.0%	5.4%	5.5%	5.9%
2007	6.5%	4.0%	3.9%	5.0%	4.9%	4.7%	4.7%	4.1%	4.5%	4.1%	4.2%	4.3%
2008	5.0%	5.4%	4.2%	4.5%	5.8%	5.5%	3.3%	5.1%	6.2%	6.4%	6.4%	8.4%
2009	8.2%	3.2%	2.7%									

Source: Federal Reserve Board and JPMorgan Fixed Income Research

Ford: Retail Market Share

Y/Y Change in Retail Market Share (% points, estimated)

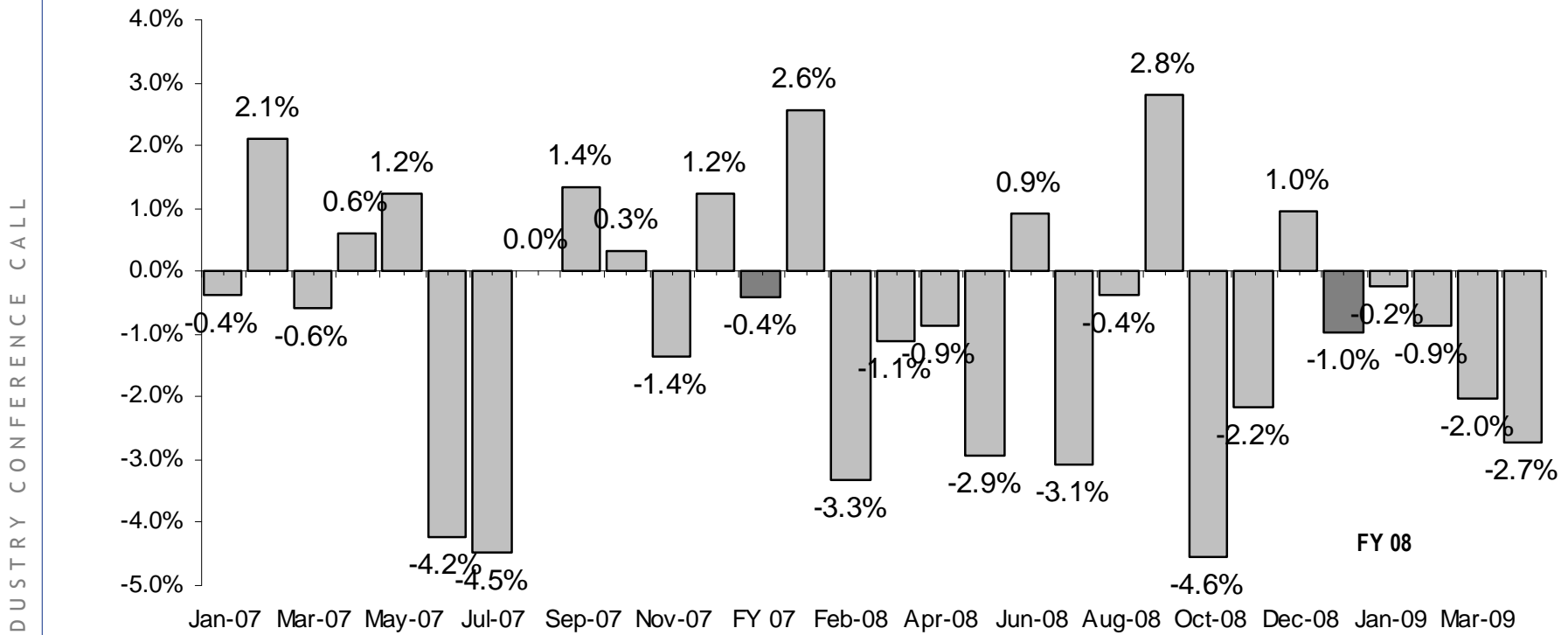


Source: Ward's Automotive Reports, Company Reports and JPMorgan.

Retail Market Share calculated as Ford(includes Ford/ Lincoln/ Mercury only) retail sales to overall Industry sales

GM: Retail Market Share

Y/Y Change in Retail Market Share (% points, estimated)



Source: Ward's Automotive Reports, Company Reports and JPMorgan.
 Retail Market Share calculated as GM retail sales to overall Industry sales

- State of the Auto Industry
- **Thoughts on GM/Chrysler Dealer Cuts**
- GM Capital Structure Outlook
- Ford Equity Valuation
- Credit Slides

Thoughts on GM/ Chrysler Dealership Cuts

- We largely agree with the magnitude (~40%) of GM's dealer reduction plans, but would argue for faster implementation (currently by 2010-end).
 - High profile opposition by dealers, dealer trade groups, and dealer-sympathetic politicians we think should be viewed skeptically
 - A bankruptcy of GM (which we view as highly likely) offers unique opportunity to address this often-overlooked burden

- Dealer Cut Benefits Are Multi-Faceted:
 - (1) Marketing Share – profitable dealership is more likely to reinvest in storefront/facilities;
 - (2) Brand Equity – healthier stores offer superior customer service;
 - (3) Pricing – fewer dealerships competing amongst themselves should improve vehicle pricing;
 - (4) Costs – fewer dealers rationalize distribution costs; in GM's case, curtail unprofitable brands.

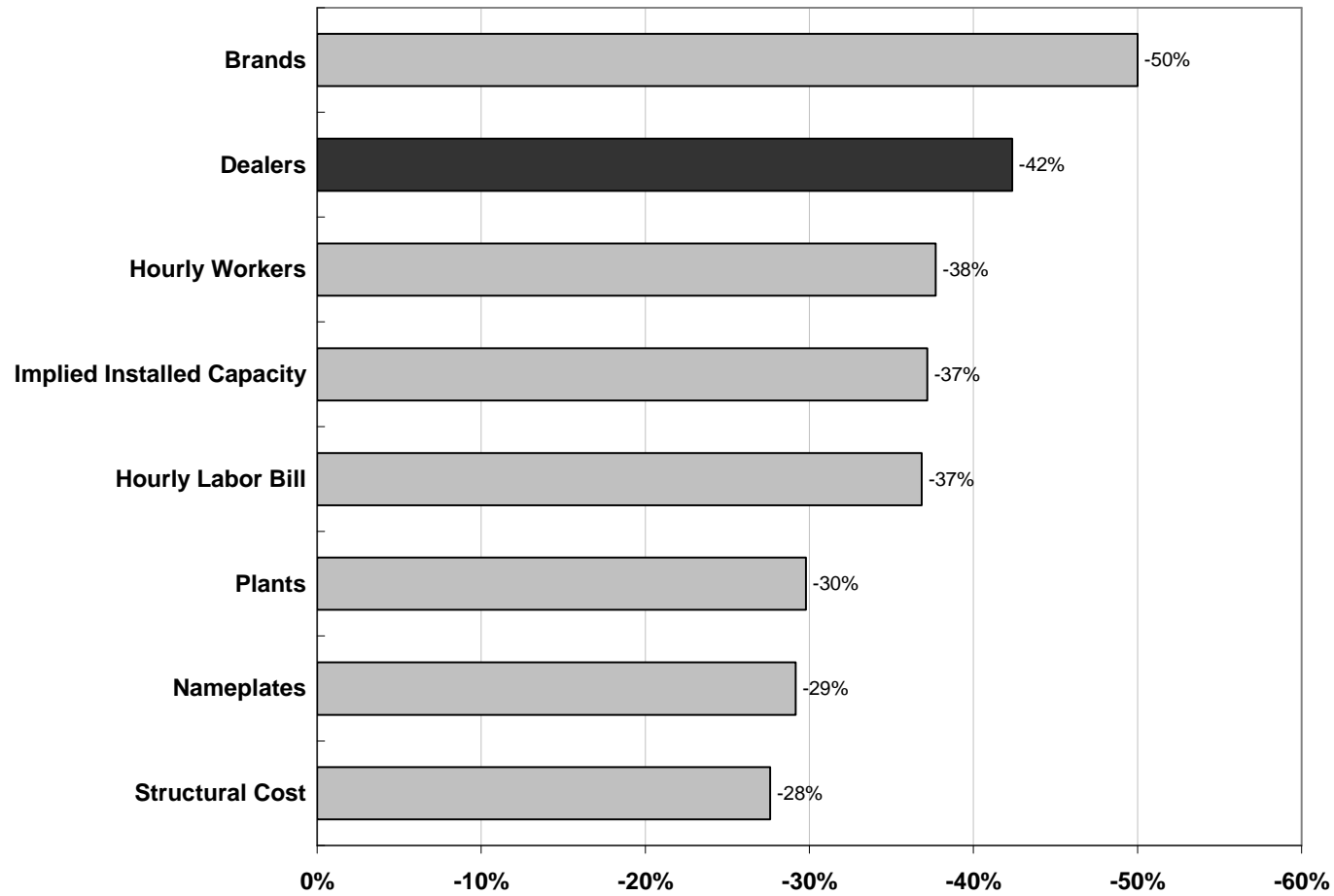
- GM Dealer Cut Plans: A Decent Start:
 - GM '08 US throughput 444 units/year (Chrysler 457), the lowest of any high volume OEM
 - Toyota's '08 throughput was 1,526 (industry average was 562)
 - Dealership reduction could increase GM throughput to 665 for GM and 553 for Chrysler in '11

- Ford Dealer Cuts Are Slow, But Share Gains Help Dealer Throughput
 - Assuming it does not file for bankruptcy, Ford's will need to rely primarily on natural attrition
 - Reduction in dealers, debt and VEBA obligations undermines argument Ford can't be competitive with "quick-rinsed" GM/Chrysler

GM Plan Calls for ~40% Dealer Reduction

- Dealer reduction goal consistent with other actions to right-size company
 - We see a very high bankruptcy risk but view GM's ongoing restructuring increasingly positively

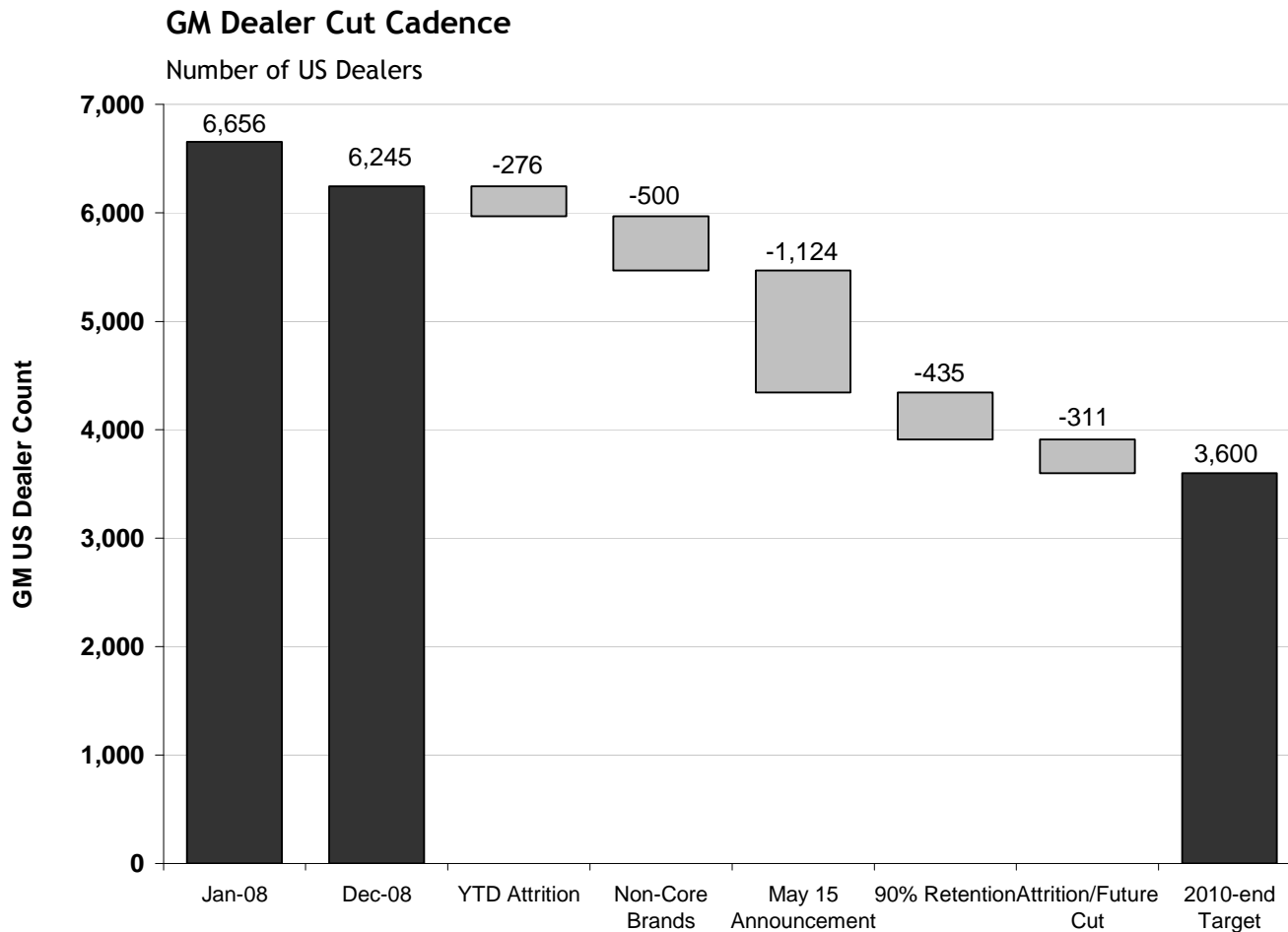
GM Restructuring Plan -- % Rationalization of Various Metrics, 2011 vs. 2008



Source: Company Reports

GM Dealer Cut Cadence; Timing Not Aggressive Enough In Our View

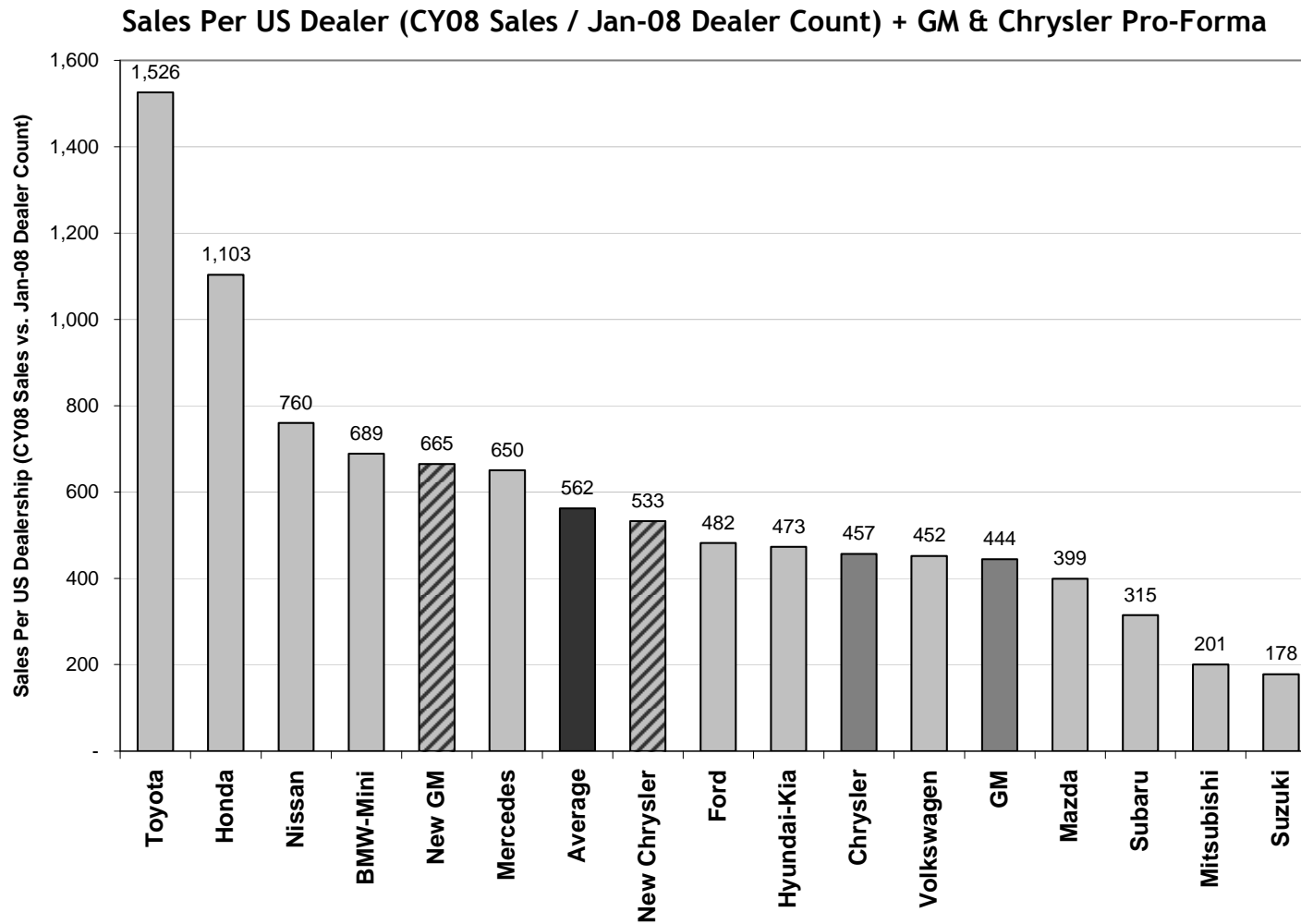
- GM has outlined how it will cut all but ~300 dealer cuts, suggesting potential further involuntary reductions
 - Chrysler moving much faster – axing 25% by June 9



Source: Company Reports and J.P. Morgan Estimates

Throughput Improves But Still Lags Industry Leaders

➤ GM's 40% dealer reduction plan by 2010-end sounds a good move, but we argue for faster implementation



Source: Ward's Automotive, AutoData, company reports, and J.P. Morgan estimates.

Sales / US Dealership

CY08 Throughput Calc

Manufacturer	# of US Dealers (Jan-08)	% of US Dealers (Jan-08)	US Sales (CY08)	Market Share	Sales Per Dealer	Sales Per Dealer / Mo.	Sales/Dealer Above/Below Avg	Sales/Dealer % Above/Below Avg
Toyota	1,453	6.2%	2,217,662	16.7%	1,526	127	964	171%
Honda	1,295	5.5%	1,428,765	10.8%	1,103	92	541	96%
Nissan	1,252	5.3%	951,350	7.2%	760	63	197	35%
BMW-Mini	440	1.9%	303,190	2.3%	689	57	127	23%
Mercedes	346	1.5%	225,009	1.7%	650	54	88	16%
Average					562	47	0	0%
Ford	4,110	17.5%	1,980,966	15.0%	482	40	(80)	-14%
Hyundai-Kia	1,428	6.1%	675,139	5.1%	473	39	(90)	-16%
Chrysler	3,181	13.5%	1,453,122	11.0%	457	38	(106)	-19%
Volkswagen	688	2.9%	310,888	2.3%	452	38	(111)	-20%
GM	6,656	28.3%	2,954,819	22.3%	444	37	(118)	-21%
Others	247	1.0%	103,268	0.8%	418	35	(144)	-26%
Mazda	661	2.8%	263,949	2.0%	399	33	(163)	-29%
Subaru	596	2.5%	187,699	1.4%	315	26	(247)	-44%
Mitsubishi	485	2.1%	97,257	0.7%	201	17	(362)	-64%
Suzuki	476	2.0%	84,861	0.6%	178	15	(384)	-68%
Isuzu	232	1.0%	4,757	0.0%	21	2	(542)	-96%
Total	23,546	100.0%	13,242,701	100.0%	562	<< (avg)	0	0%

JPM est. CY11 Throughput Calc

Manufacturer	# of US Dealers (Jan11)	% of US Dealers (Jan-11)	US Sales (CY11)	Market Share	Sales Per Dealer	Sales Per Dealer / Mo.	Sales/Dealer Above/Below Avg	Sales/Dealer % Above/Below Avg
Toyota	1,453	7.6%	2,366,000	18.2%	1,628	136	946	138%
Honda	1,295	6.8%	1,495,000	11.5%	1,154	96	472	69%
Nissan	1,252	6.6%	988,000	7.6%	789	66	106	16%
BMW-Mini	440	2.3%	297,633	2.3%	676	56	(6)	-1%
Average					683	57	0	0%
GM	3,600	18.9%	2,392,000	18.4%	665	55	(18)	-3%
Mercedes	346	1.8%	221,000	1.7%	639	53	(44)	-6%
Ford	3,450	18.1%	2,145,000	16.5%	622	52	(61)	-9%
Hyundai-Kia	1,428	7.5%	793,000	6.1%	555	46	(127)	-19%
Chrysler	2,392	12.6%	1,274,000	9.8%	533	44	(150)	-22%
Volkswagen	688	3.6%	305,190	2.3%	444	37	(239)	-35%
Others	247	1.3%	104,000	0.8%	421	35	(262)	-38%
Mazda	661	3.5%	260,000	2.0%	393	33	(289)	-42%
Subaru	596	3.1%	184,259	1.4%	309	26	(374)	-55%
Suzuki	476	2.5%	83,306	0.6%	175	15	(508)	-74%
Mitsubishi	485	2.5%	95,475	0.7%	197	16	(486)	-71%
Isuzu	232	1.2%	-	0.0%	-	-	(683)	-100%
Total	19,041	100.0%	13,000,000	100.0%	683	<< (avg)	0	0%

GM Market Share Walk: 2008 - 2011

Share Loss Attributable to Core vs. Non-Core Erosion

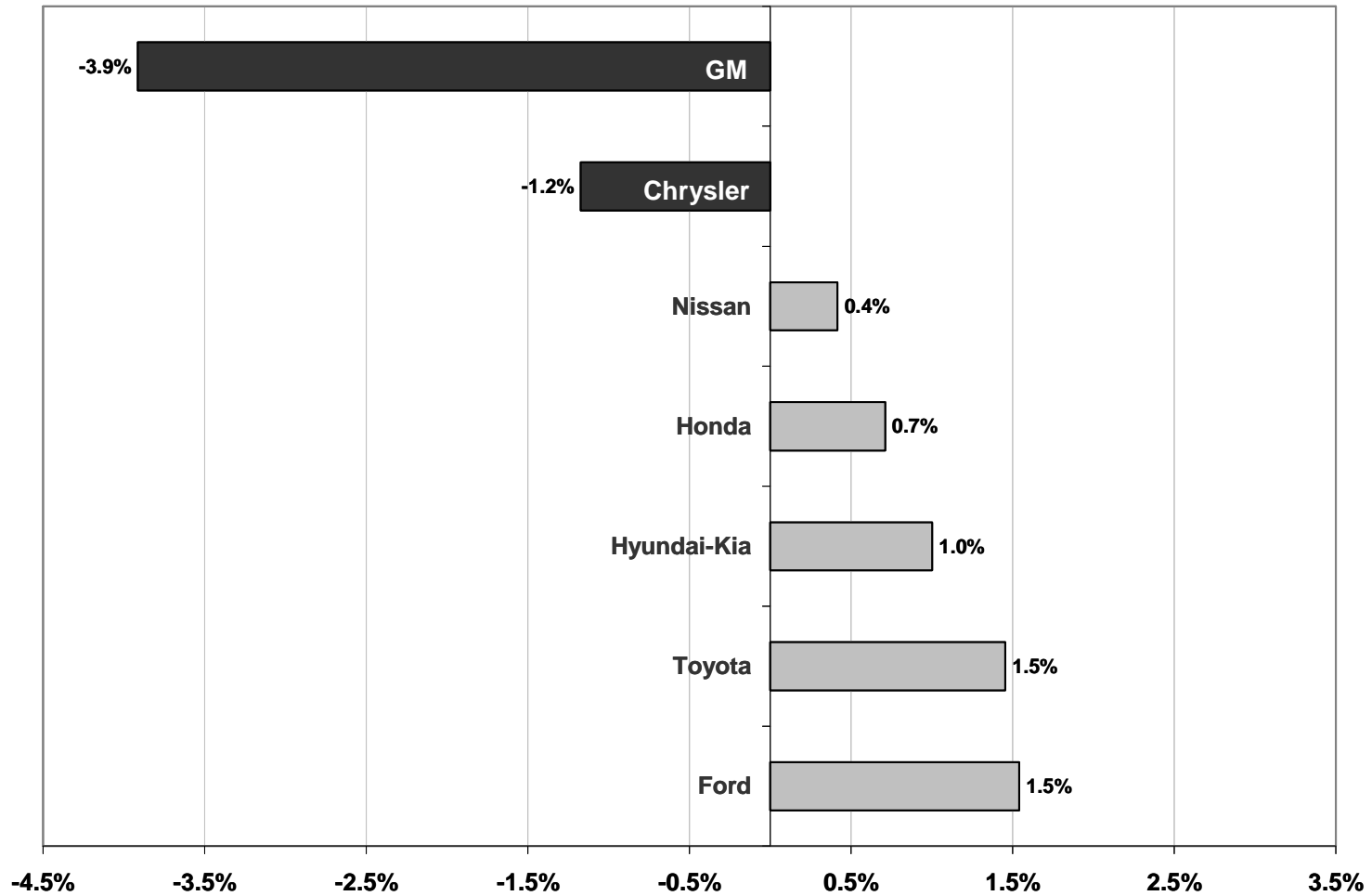
	2008	2011	Δ	
Total	22.30%	18.40%	-3.90%	
Non-Core	3.80%	2.15%	-1.65%	<<< Implies 1.65 % points of share do not transition to core brands
Core	18.50%	16.25%	-2.25%	<<< Implies 75bps / yr core brand share loss

Source: J.P. Morgan Estimates

Ford/Toyota Biggest Beneficiaries of GM/Chrys Market Share Loss

- Ford product lineup best overlaps with GM/Chrysler, benefiting Ford throughput

JPM Allocation of GM/Chrysler Market Share (for purposes of throughput math)



Source: J.P. Morgan Estimates

GM Market Share Loss Hinders Throughput Progress

- We expect GM to lose 1.7 % points of 3.8 % points non-core share
 - Hummer/Saturn/Saab GM loyalty likely to be low

CY08 GM Unit Sales & Market Share Loss Attributable to Non-Core Brands

		CY08 Deliveries	Market Share	% Retained	Units Retained	Units Lost	Market Share Lost
Hummer	Fleet	3.1	0.02%	75%	2.3	0.8	0.01%
	Employee	3.8	0.03%	95%	3.6	0.2	0.00%
	Non-Employee Retail	20.6	0.16%	10%	2.1	18.5	0.14%
	Total Hummer	27.5	0.21%	29%	8.0	19.5	0.15%
Saab	Fleet	1.2	0.01%	75%	0.9	0.3	0.00%
	Employee	4.2	0.03%	95%	4.0	0.2	0.00%
	Non-Employee Retail	16.1	0.12%	10%	1.6	14.5	0.11%
	Total Saab	21.5	0.16%	30%	6.5	15.0	0.11%
Saturn	Fleet	32.5	0.25%	75%	24.4	8.1	0.06%
	Employee	32.1	0.24%	95%	30.5	1.6	0.01%
	Non-Employee Retail	123.4	0.93%	20%	24.7	98.7	0.75%
	Total Saturn	188.0	1.42%	42%	79.6	108.5	0.82%
Pontiac	Fleet	88.1	0.67%	75%	66.1	22.0	0.17%
	Employee	34.6	0.26%	95%	32.9	1.7	0.01%
	Non-Employee Retail	144.6	1.10%	65%	94.0	50.6	0.38%
	Total Pontiac	267.3	2.03%	72%	192.9	74.4	0.56%
Total Non-Core Brands	Fleet	124.9	0.95%	75%	93.7	31.2	0.24%
	Employee	74.7	0.57%	95%	71.0	3.7	0.03%
	Non-Employee Retail	304.7	2.31%	40%	122.3	182.4	1.38%
	Total Non-Core Brands	504.3	3.82%	57%	287.0	217.3	1.65%

*Memo: 13.2MM US LV sales in CY08

Source: Company Reports and J.P. Morgan Estimates

- State of the Auto Industry
- Thoughts on GM/Chrysler Dealer Cuts
- **GM Capital Structure Outlook**
- Ford Equity Valuation
- Credit Slides

Potential GM Valuation

	YE FY09	Pro-forma Exchange
Secured debt	6,000	6,000
US Treasury loans	29,600	19,600 < 50% equitization
Foreign gov't loans (\$3B CAD line)	430	430
DOE loans	-	-
Unsecured bonds (assumes 90% acceptance)	27,000	2,700 < 90% equitization
UAW VEBA obligations	20,000	10,000 < 50% equitization
<u>Cash</u>	<u>(12,400)</u>	<u>(12,400)</u>
Net Obligations	70,630	26,330
EV/EBITDA multiple	5.0x	5.0x

Scenario 1:

2010 EBITDA of \$4.6B (13MM SAAR)

	4,641	4,641
Implied EV	23,205	23,205
Less Net Obligations	(70,630)	(26,330)
Implied Equity Value	(47,425)	(3,125)
Memo: Gross Debt/EBITDA	17.9x	8.3x < Non-viable

Equity Value Distribution

UST (50%)	(1,563)
UAW (39%)	(1,219)
Bondholders (10%)	(313)
Old Equity (1%)	(31)

Scenario 2:

2010 EBITDA of \$8B (16MM SAAR)

	8,000	8,000
Implied EV	40,000	40,000
Less Net Obligations	(70,630)	(26,330)
Implied Equity Value	(30,630)	13,670
Memo: Gross Debt/EBITDA	10.4x	4.8x < Barely Viable

Equity Value Distribution

UST (50%)	6,835
UAW (39%)	5,331
Bondholders (10%)	1,367
Old Equity (1%)	137

- State of the Auto Industry
- Thoughts on GM/Chrysler Dealer Cuts
- GM Capital Structure Outlook
- **Ford Equity Valuation**
- Credit Slides

Ford Equity Valuation: Some Upside Left

Implied Equity Value on JPM Forecast and Upside EBITDA

	JPM Fcst	Upside Case*
2010 EBITDA @ 13MM SAAR (\$B USD)	7.8	9.5
EV Multiple	5.0x	5.0x
Enterprise Value	39.0	47.5
Less Net Debt ('09-end)	-13.8	-13.8
Less Remaining VEBA Note A	-5.4	-5.4
Implied Equity Value	19.8	28.3
Pro-Forma Share Count	3.1	3.1
Implied Share Price	\$6.39	\$9.13

Source: JPM estimates

*Upside EBITDA case includes 1.5pts share gain in NA and stemming of Volvo losses via sale

Ford Cash Flow Outlook

Ford 2007A-2010E Managerial Cash Flow Outlook

	2007	1Q/08	2Q/08	3Q/08	4Q/08	2008	1Q/09E	2Q/09E	3Q/09E	4Q/09E	2009E	2010E
Automotive Pre-tax profits	(1.4)	0.7	(0.7)	(2.9)	(3.3)	(6.2)	(1.9)	(2.0)	(2.0)	(0.7)	(6.6)	(1.3)
Capital Spending	(6.0)	(1.4)	(1.6)	(1.8)	(1.8)	(6.6)	(1.4)	(1.3)	(1.3)	(1.3)	(5.2)	(5.0)
Depreciation and Amortization	6.8	1.5	1.5	1.3	1.2	5.5	1.1	1.3	1.3	1.3	5.0	5.0
Changes in receivables, inventory, and trade payables	(0.7)	(1.3)	(1.5)	(3.6)	(2.7)	(9.1)	1.0	0.5	0.5	0.5	2.5	2.0
Other- Primarily expenses and payment timing differences	1.6	0.0	0.0	0.0	0.0	0.0	(2.0)	(1.0)	(0.8)	(0.7)	(4.5)	(1.0)
Accelerated Subvention Payments (auto to FMC)	0.0	(1.0)	(0.8)	(0.7)	(0.6)	(3.1)	(0.5)	(0.5)	(0.5)	(0.5)	(2.0)	0.0
Auto Operating-Related Cash Flow (Recurring)	0.3	(1.5)	(3.1)	(7.7)	(7.2)	(19.5)	(3.7)	(2.9)	(2.8)	(1.4)	(10.8)	(0.3)
Cash Impact of Buyouts	(2.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.7)	(0.3)	(0.3)	(0.1)	(0.1)	(0.8)	(0.8)
Total automotive operating-related cash flow	(2.0)	(1.6)	(3.3)	(7.9)	(7.4)	(20.2)	(4.0)	(3.2)	(2.9)	(1.5)	(11.6)	(1.1)
<u>Other changes in cash</u>												
Pension contributions	(1.7)	(0.6)	(0.2)	(0.1)	(0.1)	(1.0)	(0.4)	(0.4)	(0.4)	(0.4)	(1.5)	(1.5)
Net Effect of VEBA on Cash	1.3	0.0	0.0	(0.1)	0.0	(0.1)	2.0	0.0	0.0	0.0	2.0	0.0
Contributions to UAW VEBA	0.0	(4.5)	0.0	0.0	0.0	(4.5)	0.0	0.0	0.0	(1.9)	(1.9)	(0.9)
Equity Raise for VEBA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.0
Tax Refunds	2.5	0.9	0.0	0.0	1.3	2.2	0.3	0.0	0.0	0.0	0.3	0.0
Capital Transactions with Financial Services Sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Divestitures and Acquisitions	1.2	0.1	1.7	0.2	0.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Dividends to shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Final Land Rover payment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visteon Restructuring	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FMC Distributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Hertz Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revolver Draw	0.0	0.0	0.0	0.0	0.0	0.0	10.1	0.0	0.0	0.0	10.1	0.0
Debt Repurchase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DOE Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.8	1.7
All Other	(0.6)	(0.2)	(0.3)	0.2	0.2	(0.1)	(0.1)	0.0	0.0	0.0	(0.1)	0.0
Total Change in Gross Cash+ST VEBA	0.7	(5.9)	(2.1)	(7.7)	(5.5)	(21.2)	7.9	(3.6)	(2.8)	(2.7)	(1.2)	(0.7)
Cash+ST VEBA	34.6	28.6	26.6	18.9	13.4	13.4	21.3	17.7	14.9	12.2	12.2	11.5

Source: Company Reports, J.P. Morgan estimates.

Ford Earnings Outlook

Ford 2007A-2010E Quarterly Pre-tax Bridge & EPS Outlook

	1Q:08A	2Q:08A	3Q:08A	4Q:08A	FY07A-08A	1Q:09A	2Q:09E	3Q:09E	4Q:09E	FY08-09E	FY09-10E
Group Pretax - Period Beginning	(0.2)	0.3	0.1	(0.7)	(0.5)	0.7	(1.0)	(2.7)	(3.7)	(6.7)	(6.8)
NA Pre-tax, Period beginning	(0.6)	(0.3)	(1.0)	(1.6)	(3.5)	(0.0)	(1.3)	(2.6)	(1.9)	(5.8)	(3.6)
Memo: US light SAAR					13.2	9.5	9.8	11.2	11.6	10.5	13.0
Memo: Ford market share	15.0%				14.0%					13.5%	13.4%
Memo: NA Production	692	685	418	429	2,224	349	425	433	484	1,691	2,200
					-21%	-50%	-38%	4%	13%	-24%	30%
Memo: Implied contribution margin (K USD)	\$ 10,417	\$ 11,905	\$ 8,676	\$ 7,547		\$ 5,831	\$ 6,000	\$ 7,000	\$ 8,000	\$ 5,657	\$ 7,000
Volume/Mix	-0.5	-1.5	-1.9	-1.6	-5.5	-2.0	-1.6	+0.1	+0.4	-3.0	+3.6
Net Pricing	-0.3	-0.3	-0.4	-0.2	-1.2	+0.6	+0.4	+0.2	+0.0	+1.2	+0.0
Warranty	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Pension/OPEB	+0.1	+0.1	+0.3	+0.5	+1.0	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Mfg./Engg.	+0.4	+0.2	+0.7	+0.7	+1.9	+1.3	+1.3	+0.5	+0.3	+3.4	+0.5
Lower D&A	+0.3	+0.3	+0.3	+0.6	+1.4	+0.0	+0.1	+0.1	+0.1	+0.2	+0.1
Net Product Costs	+0.3	+0.0	-0.7	-0.5	-0.9	-0.5	+0.0	+0.4	+0.6	+0.5	+0.5
All Other Costs	+0.1	+0.0	+0.0	+0.0	+0.1	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
FX	+0.1	+0.1	+0.2	+0.3	+0.7	+0.0	+0.0	+0.0	+0.0	+0.0	-0.0
Other	+0.1	0.1	0.0	(0.1)	+0.1	+0.0	+0.0	+0.0	+0.0	+0.0	-0.1
NA Swing	0.6	(1.0)	(1.6)	(0.3)	(2.3)	(0.6)	0.2	1.2	1.4	2.2	4.6
NA Pre-tax, Period end	-0.0	-1.3	-2.6	-1.9	-5.8	-0.6	-1.1	-1.4	-0.5	-3.6	+1.0
Intl Profit Swing	0.5	0.5	(0.5)	(1.8)	(1.3)	(1.7)	(1.5)	(0.5)	1.1	(2.6)	0.9
Other Auto Swing	0.2	(0.2)	(0.4)	(0.2)	(0.7)	(0.3)	0.1	0.1	0.0	(0.1)	(0.1)
FMC Swing	(0.2)	(0.4)	(0.4)	(0.7)	(1.7)	(0.1)	0.3	(0.2)	0.3	0.3	0.2
Group Pretax Period End	0.7	(1.0)	(2.747)	(3.7)	(6.7)	(2.0)	(2.0)	(2.1)	(0.8)	(6.8)	(1.3)
Memo: EPS	\$ 0.19	\$ (0.62)	\$ (1.31)	\$ (1.37)	\$ (3.13)	\$ (0.75)	\$ (0.68)	\$ (0.73)	\$ (0.32)	\$ (2.46)	\$ (0.50)

Source: Company Reports, J.P. Morgan estimates.

Ford Segment Earnings Outlook

Ford 2007A-2010E Segment Pre-tax Earnings Outlook

SEGMENT ANALYSIS - Automotive

	2007	1Q/08	2Q/08	3Q/08	4Q/08	2008	1Q/09E	2Q/09E	3Q/09E	4Q/09E	2009E	2010E
North America												
Sales	70,464	17,110	14,219	10,748	11,305	53,382	10,161	12,199	12,429	13,892	48,681	52,575
% Growth (yoy)	1.6%	-6.1%	-24.3%	-34.9%	-33.3%	-24.2%	-40.6%	-14.2%	15.6%	22.9%	-8.8%	8.0%
Pre-Tax Profit	(3,467)	(45)	(1,337)	(2,589)	(1,859)	(5,830)	(637)	(1,135)	(1,372)	(457)	(3,600)	1,024
Pre-Tax Margin	-4.9%	-0.3%	-9.4%	-24.1%	-16.4%	-10.9%	-6.3%	-9.3%	-11.0%	-3.3%	-7.4%	1.9%
Europe												
Sales	36,450	9,140	10,403	8,694	7,643	39,017	5,993	6,692	7,352	8,019	28,056	28,610
% Growth (yoy)	19.9%	17.6%	25.6%	16.0%	-25.7%	7.0%	-41.0%	-42.1%	-23.9%	4.9%	-28.1%	2.0%
Pre-Tax Profit	997	739	582	69	(330)	1,060	(550)	(500)	(250)	0	(1,300)	(834)
Pre-Tax Margin	2.7%	7.3%	5.0%	0.7%	-4.3%	2.7%	-9.2%	-7.5%	-3.4%	0.0%	-4.6%	-2.5%
South America												
Sales	7,585	1,842	2,346	2,712	1,748	8,648	1,404	1,408	1,736	1,398	5,946	6,125
% Growth (yoy)	33.1%	43.6%	28.4%	31.4%	-27.5%	14.0%	-23.8%	-40.0%	-36.0%	-20.0%	-31.2%	3.0%
Pre-Tax Profit	1,172	257	388	480	105	1,230	63	70	139	140	412	459
Pre-Tax Margin	15.5%	14.0%	16.5%	17.7%	6.0%	14.2%	4.5%	5.0%	8.0%	10.0%	6.9%	7.5%
Asia Pacific												
Sales	7,046	1,668	1,778	1,697	1,331	6,474	1,165	1,360	1,298	1,597	5,421	5,692
% Growth (yoy)	7.8%	-5.7%	3.0%	-4.8%	-24.8%	-8.1%	-30.2%	-23.5%	-23.5%	20.0%	-16.3%	5.0%
Pre-Tax Profit	40	1	50	4	(208)	(153)	(96)	0	(32)	24	(104)	(23)
Pre-Tax Margin	0.6%	0.1%	2.8%	0.2%	-15.6%	-2.4%	-8.2%	0.0%	-2.5%	1.5%	-1.9%	-0.4%
Volvo												
Sales	17,859	4,197	4,326	2,916	3,240	14,679	2,645	2,920	3,062	3,078	11,705	12,290
% Growth (yoy)	10.9%	-8.2%	-1.1%	-24.1%	-36.1%	-17.8%	-37.0%	-32.5%	5.0%	-5.0%	-20.3%	5.0%
Pre-Tax Profit	-164	-151	-120	-458	-736	-1,465	-255	-117	-214	-154	-740	(464)
Pre-Tax Margin	-0.9%	-3.6%	-2.8%	-15.7%	-22.7%	-10.0%	-9.6%	-4.0%	-7.0%	-5.0%	-6.3%	-3.8%
Subtotal Automotive	-1,219	850	-334	-2,495	-2,949	-4,928	-1,475	-1,681	-1,729	-447	-5,332	162
Other Automotive (Net Interest)	(548)	(181)	(336)	(411)	(330)	(1,258)	(445)	(286)	(291)	(296)	(1,318)	(1,463)
Total Sales	140,405	34,972	34,228	27,733	25,267	122,200	21,368	24,579	25,876	27,985	99,808	105,292
Total Auto Pre-Tax Profit	(1,767)	669	(670)	(2,906)	(3,279)	(6,186)	(1,920)	(1,967)	(2,020)	(743)	(6,650)	(1,301)

Source: Company Reports, J.P. Morgan estimates.

- State of the Auto Industry
- Thoughts on GM/Chrysler Dealer Cuts
- GM Capital Structure Outlook
- Ford Equity Valuation
- **Credit Slides**

Ford Motor Co. Financial Summary

STATE OF THE AUTO INDUSTRY CONFERENCE CALL

	FYE 2003	FYE 2004	FYE 2005	1st Qtr 3/31/06	2nd Qtr 6/30/06	3rd Qtr 9/30/06	4th Qtr 12/31/06	FYE 2006	1st Qtr 3/31/07	2nd Qtr 6/30/07	3rd Qtr 9/30/07	4th Qtr 12/31/07	FYE 2007	1st Qtr 3/31/08	2nd Qtr 6/30/08	3rd Qtr 9/30/08	4th Qtr 12/31/08	FYE 2008	1st Qtr 3/31/09	Q2 Est 6/30/09	Q3 Est 9/30/09	Q4 Est 12/31/09	FYE Est 2009
Adjusted Pretax Income (\$millions)																							
Ford North America	2,043	1,307	(1,502)	(442)	(789)	(2,073)	(2,720)	(6,024)	(613)	(270)	(1,017)	(1,546)	(3,446)	(45)	(1,337)	(2,589)	(1,910)	(5,881)	(637)	(1,001)	(1,222)	(1,308)	(4,169)
Ford South America	(129)	127	253	137	99	201	114	551	113	255	386	418	1,172	257	388	480	105	1,230	63	39	96	108	305
Ford Europe	(804)	226	73	65	185	(13)	218	455	219	262	293	223	997	739	582	69	(338)	1,052	(550)	(353)	(252)	(178)	(1,333)
Volvo								(256)	94	(91)	(167)	-	(164)	(151)	(120)	(458)	(736)	(1,465)	(255)	-	-	-	(255)
Jaguar, Land Rover & Aston Martin								(88)	308	231	70	59	668	-	-	-	-	-	-	-	-	-	-
PAG	139	(720)	(356)	152	(162)	(508)	430	(185)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Pacific & Africa	(72)	45	61	2	4	(56)	(135)	(185)	(26)	26	30	10	40	1	50	4	(208)	(153)	(96)	(113)	(73)	(59)	(341)
Mazda & Assoc. Operations	69	118	247	45	32	40	65	182	21	72	14	75	182	49	103	(1)	79	230	-	-	-	-	-
Other Automotive	(572)	(276)	(61)	(162)	(85)	553	(59)	247	(342)	(107)	29	(128)	(547)	(228)	(336)	(411)	(299)	(1,274)	(445)	(270)	(270)	(270)	(1,255)
Total Automotive	674	827	(1,018)	(203)	(716)	(1,856)	(2,087)	(5,118)	(226)	378	(362)	(889)	(1,098)	622	(670)	(2,906)	(3,307)	(6,261)	(1,920)	(1,698)	(1,721)	(1,708)	(7,047)
Financial Services	2,010	3,710	2,839	382	435	730	406	1,953	293	105	556	269	1,224	64	(334)	159	(384)	(495)	(62)	(166)	99	87	(42)
Hertz	228	493	654	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corp./ Other	63	39	(62)	(7)	(10)	20	(5)	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Adjusted Pre Tax Income	2,975	5,069	2,413	172	(291)	(1,106)	(1,686)	(3,167)	67	483	194	(620)	126	686	(1,004)	(2,747)	(3,691)	(6,756)	(1,982)	(1,864)	(1,622)	(1,621)	(7,089)
Operating Related Cash Flow (\$millions)																							
Automotive Pre-tax Profit (excludes special items)	674	827	(1,018)	(203)	(716)	(1,856)	(2,087)	(5,118)	(226)	378	(362)	(889)	(1,098)	622	(670)	(2,906)	(3,307)	(6,261)	(1,920)	(1,698)	(1,721)	(1,708)	(7,047)
D&A (excludes special items)	5,458	6,420	6,857	2,005	1,800	1,775	1,778	7,358	1,774	1,759	1,592	1,638	6,763	1,510	1,549	1,354	1,200	5,500	1,100	1,081	1,081	1,081	4,343
Capex	(7,347)	(6,280)	(7,122)	(1,820)	(1,561)	(1,831)	(1,597)	(6,809)	(1,300)	(1,300)	(1,600)	(1,800)	(6,000)	(1,490)	(1,658)	(1,800)	(1,800)	(6,500)	(1,366)	(1,295)	(1,295)	(1,295)	(5,250)
Change in Receivables, Payables & Inventory	(1,000)	(1,100)	1,300	(400)	(300)	(400)	(700)	(2,000)	800	(100)	(600)	(800)	(700)	(1,259)	(2,240)	(3,600)	(2,700)	(9,400)	(1,000)	942	267	299	508
Other-Primarily Expense & Payment Timing Differences	2,900	1,400	(1,400)	(100)	1,100	(1,100)	1,300	1,200	-	1,000	(300)	700	1,400	(1,000)	700	(700)	(600)	(2,900)	(500)	(500)	(500)	(500)	(2,000)
Total Automotive Operating-Related Cash Flow	685	1,267	(1,383)	(518)	323	(3,412)	(1,306)	(5,369)	1,048	1,737	(1,270)	(1,151)	365	(1,617)	(2,319)	(7,652)	(7,207)	(19,561)	(3,686)	(1,469)	(2,168)	(2,122)	(9,446)
Other Changes in Cash																							
Restructuring-Related	-	-	(400)	(400)	(300)	(400)	(100)	(1,200)	(1,200)	(400)	(400)	(300)	(2,500)	(100)	(200)	(200)	(200)	(700)	(300)	(1,150)	(1,150)	-	(2,600)
Pension Contributions	(4,800)	(2,200)	(2,500)	(300)	(200)	(100)	(200)	(800)	(900)	(400)	(200)	(200)	(1,700)	(600)	(200)	(100)	(100)	(1,000)	(400)	(575)	(575)	(575)	(2,125)
Net Effect of VEBA on Cash	-	(2,800)	(200)	-	1,400	1,300	700	3,400	400	400	300	200	1,300	(4,500)	-	(100)	-	(4,600)	2,000	-	-	(1,853)	147
Tax Refunds	1,700	-	-	-	-	-	-	-	400	-	(200)	700	900	-	-	-	-	-	-	-	-	-	-
Capital Transactions with the Financial Services Sector	3,600	4,200	2,300	500	300	100	500	1,400	1,600	-	-	-	1,600	900	(800)	-	1,300	2,200	300	-	-	-	300
Acquisitions and Divestitures	500	507	5,300	50	(13)	-	19	56	-	900	100	100	1,100	100	1,700	200	500	2,500	-	-	1,000	-	1,000
Dividends to Shareholders	(733)	(732)	(738)	(186)	(186)	(96)	-	(468)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in total Automotive sector debt	(100)	(2,400)	(500)	(100)	-	-	11,800	11,700	(298)	-	-	-	-	(298)	-	-	-	(298)	10,100	1,421	(218)	1,782	13,085
All Other	300	-	(500)	(300)	(100)	100	500	200	(100)	(50)	(100)	(300)	(550)	-	(298)	200	200	102	(100)	-	-	-	(100)
Total Operating including Other Items	467	(3,425)	2,762	(736)	901	904	13,219	14,288	200	450	(500)	200	150	(4,498)	202	-	1,700	(1,796)	11,600	(304)	(943)	(646)	9,706
Net Change in Cash & Cash Related	1,152	(2,158)	1,379	(1,254)	1,224	(2,508)	11,913	8,919	1,248	2,187	(1,770)	(951)	515	(6,115)	(2,117)	(7,652)	(5,507)	(21,357)	7,914	(1,774)	(3,111)	(2,769)	260
Beginning Cash, Marketable Securities, Loaned Securities & ST VEBA				25,109				33,888	33,888	35,136	37,323	35,553		34,637	28,711	26,594	18,884		13,373	21,285	19,511	16,400	
Ending Cash								33,888	35,136	37,323	35,553	34,637		28,711	26,594	18,884	13,373		21,285	19,511	16,400	13,631	

Source: Company Reports, J.P. Morgan Estimates

Ford Motor Co. EBITDA Bridge (\$ millions)

2008 EBITDA	2,090	
NA Volume	(2,973)	NA car production drops 297,100 units and Ford generates \$4,000 variable profit contribution per car and light truck production drops 300,200 and Ford generates \$7,500 variable profit contribution per light truck.
Non US Profit Growth	(3,728)	Mazda, SA, Asia Pacific and Europe
Pricing/ Mix	432	0.5% decline on average \$24,881 NTP for 2.3 mm units US production.
Materials Cost Reductions offset by Commodity Inflation	1,500	Price concessions forced on suppliers of 3% annual discounts are offset by 1% growth in raw material prices on Ford's \$75 billion purchase goods expense (55% of COGS).
Attrition Savings from 2008 Program	252	Half year benefit from 4,200 workers retiring and rehires at new entry level wages and benefits that save \$35/hour
ACH Savings	284	Half year benefit from 7,800 workers retiring
Savings from salaried cuts in mid 2008	68	15% of 24,300 workers gone by Aug. 1, 2008. Assume 1 quarter of benefit due to severance
2009 Restructuring Savings	1,896	Plug to achieve company's \$4bn structural cost reduction targets
UAW Contract Modification Savings	375	Three quarters of the \$500mm savings from suspension of COLA, performance bonus, holiday bonus
2009 Estimated EBITDA	196	
NA Volume/ Mix	1,810	NA car production increases 264,800 units and Ford generates \$4,000 variable profit contribution per car and light truck production increases 174,100 and Ford generates \$7,000 variable profit contribution per light truck.
Materials Cost Reductions offset by Commodity Inflation	750	Price concessions forced on suppliers of 3% annual discounts are offset by 2% growth in raw material prices on Ford's \$75 billion purchase goods expense (55% of COGS).
OPEB Savings	1,637	Post buydown of UAW OPEB liability
2009 Restructuring Savings	1,300	Half year benefit from yet to be identified savings from the company's restructuring spending plans.
UAW Contract Modification Savings	125	Remainder of the \$500mm savings from suspension of COLA, performance bonus, holiday bonus
2010 Estimated EBITDA	5,818	

Source: Company Reports, J.P. Morgan Estimates

Ford Motor Co. Long Term Liquidity Analysis

	2007	2008	2009E	2010E	Assumptions
Automotive Pre-tax Profit (excludes special items)	(1,098)	(6,261)	(7,047)	(2,025)	2008 hourly attrition, 2008 salary worker cuts, net OPEB Savings (x/ additional interest), flat intl earnings and CSM
D&A (excludes special items)	6,763	5,500	4,343	6,000	2009-10 production guidance.
Capex	(6,000)	(6,500)	(5,250)	(6,000)	Plant closures offset by additional tooling
Change in Receivables, Payables & Inventory	(700)	(9,400)	508	3,332	Spending on fuel saving technologies & plant retooling is offset by more efficient global product development.
<u>Other--Primarily Expense & Payment Timing Differences</u>	<u>1,400</u>	<u>(2,900)</u>	<u>(2,000)</u>	<u>(2,000)</u>	Negative Working Capital is outflow with production decline and becomes a source when production grows.
Total Automotive Operating-Related Cash Flow	365	(19,561)	(9,446)	(693)	Mostly \$5bn subvention true up in 2008-09.
Restructuring-Related	(2,500)	(700)	(2,600)	(500)	During 2007-09, cumulative Auto cash expenditures for restructuring actions expected to be \$5-6 billion
Pension Contributions	(1,700)	(1,000)	(2,125)	(1,500)	
Net Effect of VEBA on Cash	1,300	(4,600)	147	(570)	Per March Veba Deal: New Note A payments in cash plus half of New Note B payments in cash & half in stock
Tax Refunds	900	-	-	-	
Capital Transactions with the Financial Services Sector	1,600	2,200	300	2,000	FMC Dividends resume in 2010
Acquisitions and Divestitures	1,100	2,500	1,000	-	Mazda stake sale plus Volvo sale in 1H09
Dividends to Shareholders	-	-	-	-	
Changes in total Automotive sector debt	-	(298)	13,085	(807)	Revolver drawdown in Q2 2009, Gov. DOE loan of \$2bn in 2009 less debt maturities.
<u>All Other</u>	<u>(550)</u>	<u>102</u>	<u>(100)</u>	<u>-</u>	
Total Other Items	150	(1,796)	9,706	(1,377)	
Net Change in Cash & Cash Related	515	(21,357)	260	(2,070)	
Beginning Cash, Marketable Securities, Loaned Securities & ST VEBA		34,637	13,373	13,631	
Ending Cash	34,637	13,373	13,631	11,561	

Source: Company Reports, J.P. Morgan Estimates

Automotive Dealer Comp Table (as of FY2008)

Financial Summary (\$millions)	ABG	AN	GPI	PAG	SAH	Average
Sales	4,619.5	14,131.9	5,654.1	11,646.3	6,034.8	8,417.3
EBITDA	140.6	565.7	176.2	297.6	170.5	270.1
<i>EBITDA Margin</i>	<i>3.0%</i>	<i>4.0%</i>	<i>3.1%</i>	<i>2.6%</i>	<i>2.8%</i>	<i>3.2%</i>
EBITDA w/o Floorplan Interest Added Back	109.8	478.3	129.9	233.1	132.2	216.7
<i>EBITDA w/o Floorplan Margin</i>	<i>2.4%</i>	<i>3.4%</i>	<i>2.3%</i>	<i>2.0%</i>	<i>2.2%</i>	<i>2.6%</i>
Interest Expense	40.1	89.4	28.9	54.9	54.4	53.5
Floorplan Interest Expense	30.8	87.4	46.3	64.5	38.3	53.5
Capital Expenditures ¹	67.5	114.1	124.1	173.6	130.8	122.0
Taxes	(134.1)	0.0	(21.7)	(100.0)	(130.8)	(77.3)
<u>Changes in Working Capital</u>	<u>(103.4)</u>	<u>(382.1)</u>	<u>(32.2)</u>	<u>(74.3)</u>	<u>(259.0)</u>	<u>(170.2)</u>
Free Cash Flow before Discretionary Items	239.7	656.9	30.8	178.9	336.8	288.6
Acquisitions (Asset Sales)	224.4	(17.4)	42.1	366.1	(14.9)	120.1
<u>Share Repurchases (Issuance)/ Dividends/ Debt Reduction</u>	<u>(155.2)</u>	<u>57.8</u>	<u>11.7</u>	<u>87.5</u>	<u>47.7</u>	<u>9.9</u>
Free Cash Flow	170.5	616.5	(23.0)	(274.7)	303.9	158.6
Discretionary FCF	136.3	274.8	(1.4)	104.6	77.8	118.4
EBITDA / Total Interest Expense	2.0x	3.2x	2.3x	2.5x	1.8x	2.4x
EBITDA (w/o floorplan) / Non Floorplan Interest	2.7x	5.4x	4.5x	4.2x	2.4x	3.9x
SGA / Gross Profit	81.4%	76.2%	80.8%	83.4%	82.7%	80.2%
Share Repurchase and Acquisitions as % of EBITDA	49%	7%	31%	152%	19%	52%
Inventory Turns	5.8x	6.3x	5.1x	6.2x	5.5x	5.8x
Days Inventories	62.1 days	57.5 days	70.6 days	58.2 days	65.4 days	63.3 days
Bank Facilities	50.0	600.0	50.0	304.1	70.8	
Floor-Plan Debt	612.8	1,927.9	822.3	1,480.2	921.0	
Mortgage Facilities	177.5	233.3	178.0	0.0	114.4	
<u>Capital Leases and other</u>	<u>0.3</u>	<u>25.2</u>	<u>94.0</u>	<u>45.2</u>	<u>29.6</u>	
Senior Secured Debt	840.6	2,786.4	1,144.3	1,829.5	1,135.8	
Bonds	317.0	367.1	73.0	750.0	273.1	
Converts	62.0	0.0	220.6	0.0	263.5	
<u>Other Debt</u>	<u>0.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Total Debt	1,219.9	3,153.5	1,437.9	2,579.5	1,672.4	
<u>Operating Leases</u>	<u>340.2</u>	<u>569.3</u>	<u>442.8</u>	<u>4,821.2</u>	<u>1,032.9</u>	
Total Debt and Operating Leases	1,560.1	3,722.8	1,880.7	7,400.7	2,705.3	
Total Non-Floor-Plan Debt/EBITDA	5.5x	2.6x	4.7x	4.7x	5.7x	4.6x
Senior Debt/EBITDA	8.2x	5.6x	6.9x	8.7x	8.3x	7.5x
Total Debt/EBITDA	8.7x	5.6x	8.2x	8.7x	9.8x	8.2x
Total Debt and Leases/EBITDAR	8.0x	5.7x	8.2x	16.2x	10.2x	9.7x
Floor-Plan Debt/Total Debt	50.2%	61.1%	57.2%	57.4%	55.1%	56.2%

Source: Company Reports, J.P. Morgan Estimates

Automotive Dealer Comp Table (as of FY2008)

Geographic Footprint	ABG	AN	GPI	PAG	SAH	Average
	AR, CA, FL, GA, MO, MS, NJ, NC, SC, TX, VA	Southeast, Southwest, New England, California (50% of new vehicle revenue from FL and CA)	AL, CA, CO, FL, GA, OK, LA, MA, MS, NH, NJ, NM, NY, TX (% of new vehicle unit sales - Central US 43% and CA 16%)	NE, SE, SW, Midwest, California, Germany, Puerto Rico, UK	AL, CA, CO, FL, GA, MD, MI, NC, NV, OH, OK, SC, TN, TX, VA	
Brand Mix (New Vehicle Sales)						
Luxury	37%	16%	37%	65%	53%	42%
Foreign	49%	53%	45%	30%	32%	42%
Domestic	14%	31%	19%	5%	15%	17%
Ford Brands, ex. Jaguar	9%	13%	10%	NA ³	5%	9%
Jaguar	0%	NA	NA	NA	na	na
GM Brands, ex Cadillac	4%	12%	5%	NA ³	9%	7%
Cadillac	1%	NA	0%	NA ³	5%	na
Chrysler Group	3%	5%	6%	NA ³	1%	4%
Mercedes-Benz	8%	7%	10%	10%	12%	na
BMW	10%	5%	13%	22%	21%	14%
Honda	30%	14%	12%	15%	13%	17%
Toyota	16%	24%	32%	19%	18%	22%
Nissan	15%	12%	11%	0%	2%	8%
Other	4%	9%	3%	34%	16%	13%
Segment Data						
Sales Split						
New Vehicles (including fleet)	59%	55%	60%	51%	57%	56%
Used Vehicles (including wholesale)	23%	24%	23%	24%	24%	24%
Parts & Service	15%	17%	13%	12%	16%	15%
Finance & Insurance	3%	3%	3%	2%	3%	3%
Gross Profit Split						
New Vehicles (including fleet)	24%	21%	23%	27%	24%	24%
Used Vehicles (including wholesale)	12%	12%	12%	12%	10%	12%
Parts & Service	46%	45%	44%	44%	50%	46%
Finance & Insurance	18%	20%	20%	14%	17%	18%

Source: Company Reports, J.P. Morgan Estimates

Relative Value Table

STATE OF THE AUTO INDUSTRY CONFERENCE CALL

JPMorgan Automotive Credit Research												Eric J. Selle, CFA (212) 270-9624						
Weekly Bond Data as of 5/20/09												Atiba T. Edwards (212) 270-9455						
Issue Data					Bond and CDS Data						Credit Metrics							
Coupon	Issue	Maturity	Ratings	Amt. (\$MM)	Bid Price (\$)	Current Yield	YTW	YTW Spread	YTW Date	Next Call Date	Price (\$)	EBITDA (\$MM)	EBITDA Margin	Interest Coverage	EBITDA - Capex/Int. Exp.	Total Leverage	Net Leverage	TEV/EBITDA
AUTOMOTIVE OEMs												FY2008 (Automotive Only)						
7.450%	Sr. Notes	7/16/31	Ca/CCC-/CC	3,699	57.00	13.07%	13.65%	1,057	7/16/31	nc	nc	2,090.0	1.6%	1.1x	-2.4x	12.4x	6.0x	11.6x
L + 300	Sr. Sec. Term Loan	12/15/13	Caa1/CCC+/B	7,000	63.75	5.83%	z-spread	1,203										
Ford Motor Credit Co. (F)												FY2008 (Ford Motor Credit)						
9.750%	Sr. Notes	9/15/10	Caa1/CCC+/B-	1,500	92.00	10.60%	16.78%	1,632	9/15/10	nc	nc	Net Income (ex-items)		Managed Leverage Ratio				
L + 525	FRN Sr. Notes	6/15/11	Caa1/CCC+/B-	1,045	82.00	4.53%	16.35%	1,593	6/15/11	nc	nc	(1,536.0)		9.9x				
7.250%	Sr. Notes	10/25/11	Caa1/CCC+/B-	3,500	86.00	8.43%	14.28%	1,337	10/25/11	nc	nc							
7.000%	Sr. Notes	10/1/13	Caa1/CCC+/B-	3,000	79.00	8.86%	13.53%	1,179	10/01/13	nc	nc							
12.000%	Sr. Notes	5/15/15	Caa1/CCC+/B-	1,100	89.00	13.48%	z-spread	1,133	5/15/15	nc	nc							
8.000%	Sr. Notes	12/15/16	Caa1/CCC+/B-	1,500	78.00	10.26%	12.59%	967	12/15/16	nc	nc							
General Motors Corp. (GM)												FY2008 (Automotive Only)						
7.200%	Sr. Notes	1/15/11	C/C/C	1,500	4.50	160.00%	395.79%	39,487	1/15/11	nc	nc	1,215.0	0.8%	0.6x	-3.3x	37.3x	25.8x	26.4x
7.125%	Sr. Notes	7/15/13	C/C/C	1,000	4.50	158.33%	171.46%	17,103	7/15/13	nc	nc							
8.250%	Sr. Notes	7/15/23	C/C/C	1,250	4.50	183.33%	173.13%	17,296	7/15/23	nc	nc							
8.375%	Sr. Notes	7/15/33	C/C/C	3,000	5.00	167.50%	159.45%	15,524	7/15/33	nc	nc							
L + 237.5	Sr. Sec. Term Loan	11/17/13	Caa2/CCC/CCC	1,500	69.50	4.45%	z-spread	15,802		LCDS bid/offer	1,999							
GMAC, LLC (GMAC)												FY2008						
7.750%	Sr. Notes	1/19/10	C/CCC/CC	2,500	93.00	8.33%	19.56%	1,910	1/19/10	nc	nc	Net Income ex-Items		Managed Leverage Ratio				
6.875%	Sr. Notes	9/15/11	C/CCC/CC	5,500	88.50	7.77%	12.77%	1,185	9/15/11	nc	nc	(9,284.0)		2.8x				
6.000%	Sr. Notes	12/15/11	C/CCC/CC	1,000	86.50	6.94%	12.30%	1,093	12/15/11	nc	nc							
6.750%	Sr. Notes	12/1/14	C/CCC/CC	1,750	81.00	8.33%	11.49%	904	12/01/14	nc	nc							
8.000%	Sr. Notes	11/1/31	C/CCC/CC	4,000	71.50	11.19%	z-spread	897										
							z-spread	851	11/01/31	nc	nc							
							z-spread	816										
Subsector Average					\$60.87	51.16%	70.31%	6,875				\$8,028.3	4.3%	6.3x	1.6x	18.2x	11.9x	15.4x
Index Data																		
BBB Average							6.75%		6-Month LIBOR		1.24%							
Market Weighted Average							14.13%		10-Year Treasury		3.22%							
BB Average							9.45%											
B Average							12.54%											
CCC Average							22.45%											

Source: Company Reports, J.P. Morgan Estimates and Bloomberg LP

Relative Value Table

STATE OF THE AUTO INDUSTRY CONFERENCE CALL

JPMorgan Automotive Credit Research												Eric J. Selle, CFA (212) 270-9624								
Weekly Bond Data as of 5/20/09												Atiba T. Edwards (212) 270-9455								
Issue Data					Bond and CDS Data						Credit Metrics									
Coupon	Issue	Maturity	Ratings	Amt. (\$MM)	Bid Price (\$)	Current Yield	YTW	YTW Spread	YTW Date	Next Call Date	Price (\$)	EBITDA (\$MM)	EBITDA Margin	Interest Coverage	EBITDA - Capex/ Int. Exp.	Total Leverage	Net Leverage	TEV/ EBITDA		
AUTOMOTIVE SUPPLIERS																				
American Axle & Manufacturing, Inc. (AXL)																				
5.250%	Sr. Notes	2/11/14	Ca/CCC-/C	250	27.00	19.44%	41.92%	3.980	2/11/14	nc	nc	LTM 03/31/09		79.7	4.1%	1.1x	-1.0x	8.1x	6.1x	7.7x
							z-spread	3.970												
7.875%	Sr. Notes	2/22/17	Ca/CCC-/C	300	25.00	31.50%	39.27%	3,635	2/22/17	nc	nc									
L +250	Term Loan	6/14/12	Caa2/B-/B+	250	42.50	7.57%	36.02%	3,531	6/14/12	nc	nc									
ArvinMeritor, Inc. (ARM)																				
8.750%	Sr Notes	3/1/12	Caa2/CCC-/CC	311	41.00	21.34%	50.53%	4,916	3/01/12	nc	nc	LTM 03/31/09		222.0	3.6%	2.7x	0.4x	6.8x	6.1x	7.0x
							z-spread	4,896												
8.125%	Sr Notes	9/15/15	Caa2/CCC-/CC	250	30.00	27.08%	38.11%	3,567	9/15/15	nc	nc									
Cooper Standard Automotive, Inc. (COOPER)																				
7.000%	Sr. Notes	12/15/12	Ca/C/NR	200	19.00	36.84%	74.11%	7,237	12/15/12	12/15/09	101.75	LTM 03/31/09		148.9	6.6%	1.7x	0.8x	7.8x	7.2x	Private Equity:
8.375%	Sr Sub Notes	12/15/14	Ca/C/NR	331	12.00	69.79%	82.60%	8,052	12/15/14	12/15/09	104.19									Cypress Group, LLC & Goldman Sachs
Cummins, Inc. (CMI)																				
7.125%	Sr. Notes	3/1/28	Baa3/BBB/BBB+	250	78.00	9.13%	9.69%	661	3/01/28	nc	nc	LTM 03/31/09		1,472.0	11.1%	38.7x	25.1x	0.5x	0.2x	4.6x
							z-spread	620												
Dana Corp. (DCN)																				
L + 375	Secured TL B	1/31/15	B3/B+/NR	1,350	64.00	6.98%	10.93%	1,021	1/31/15	nc	nc									
Federal Mogul																				
L + 193.75	Secured TL B	12/27/14	Ba2/BB-/na	1,960	58.00	4.58%	12.21%	1,149	12/27/14	nc	nc									
L + 193.75	Secured TL C	12/27/15	Ba2/BB-/na	1,000	58.00	4.58%	10.55%	983	12/27/15	nc	nc									
Johnson Controls, Inc. (JCI)																				
5.500%	Sr. Notes	1/15/16	Baa2/BBB/BBB	800	94.25	5.84%	6.58%	382	1/15/16	nc	nc	LTM 03/31/09		1,666.0	5.1%	6.5x	3.3x	2.9x	2.7x	9.8x
							z-spread	379												
6.000%	Sr. Notes	1/15/36	Baa2/BBB/BBB	400	66.00	9.09%	9.54%	646	1/15/36	nc	nc									
Lear Corp. (LEA)																				
8.500%	Sr. Notes	12/1/13	Caa2/CCC/NR	300	25.00	34.00%	84.70%	8,424	12/01/13	12/01/10	104.25	LTM 03/31/09		456.2	3.8%	2.3x	1.6x	7.7x	5.0x	5.3x
5.750%	Sr. Notes	8/1/14	Caa2/CCC/NR	399	31.00	18.55%	36.03%	3,391	8/01/14	nc	nc									
8.750%	Sr. Notes	12/1/16	Caa2/CCC/NR	600	24.50	35.71%	43.12%	4,020	12/01/16	12/01/11	104.38									
							z-spread	4,064												
L +275	Sr. Sec. Term Loan	4/25/12	Caa1/B+/NR	2,600	63.00	5.50%	11.86%	1,114	4/25/12	nc	nc									
Tenneco Automotive, Inc. (TEN)																				
10.250%	Sr. Secured	7/15/13	B1/B/CC	475	84.38	12.15%	15.50%	1,375	7/15/13	7/15/10	101.71	LTM 03/31/09		323.0	6.1%	2.7x	1.0x	4.9x	4.6x	5.5x
8.125%	Sr. Notes	11/15/15	B3/B-/CC	250	60.25	13.49%	19.06%	1,661	11/15/15	11/15/11	104.06									
8.625%	Sr Sub Notes	11/15/14	Caa2/CCC/CC	500	51.00	16.91%	25.81%	2,369	11/15/14	11/15/09	104.31									
TRW Automotive Holdings Corp. (TRW)																				
7.000%	Sr. Notes	3/15/14	Caa2/B/CCC	500	64.50	10.85%	18.44%	1,632	3/15/14	nc	nc	LTM 03/31/09		737.0	5.6%	4.2x	1.8x	4.0x	3.3x	4.5x
7.250%	Sr. Notes	3/15/17	Caa2/B/CCC	600	62.00	11.69%	15.92%	1,300	3/15/17	nc	nc									
							z-spread	1,305												
L +112.5	Senior Sec. TL	5/9/13	Baa3/BBB/BB+	600	70.00	2.63%	10.65%	993	5/09/13	nc	nc									
L+150	Senior Sec. TL	5/9/14	Baa3/BBB/BB+	500	78.00	2.84%	6.35%	563	5/09/14	nc	nc									
Visteon Corp. (VC)																				
8.250%	Sr. Notes	8/1/10	CCC/C	206	8.00	103.13%	440.32%	43,986	8/01/10	nc	nc	LTM 03/31/09		182.0	2.3%	1.0x	-0.3x	14.9x	10.7x	11.0x
7.000%	Sr. Notes	3/10/14	CCC/C	450	7.00	100.00%	116.20%	11,577	3/10/14	nc	nc									
							z-spread	11,431												
12.250%	Sr. Notes	12/31/16	C/CC/C	206	5.75	213.04%	205.49%	20,531	12/31/16	nc	nc									
L + 300	Sr. Sec. Term Loan	6/13/13	Ba3/B+/B	1,500	28.00	13.27%	42.73%	4,201	6/13/13	nc	nc									
Subsector Average					\$37.63	41.60%	77.69%	7,231				\$441.1	5.1%	2.6x	0.9x	7.0x	5.7x	7.2x		
Index Data																				
BBB Average							6.75%	6-Month LIBOR			1.24%									
Market Weighted Average							14.13%	10-Year Treasury			3.22%									
BB Average							9.45%													
B Average							12.54%													
CCC Average							22.45%													

Source: Company Reports, J.P. Morgan Estimates and Bloomberg LP

Relative Value Table

JPMorgan Automotive Credit Research Weekly Bond Data as of 5/20/09

Eric J. Selle, CFA (212) 270-9624

Atiba T. Edwards (212) 270-9455

Issue Data				Bond and CDS Data						Credit Metrics									
Coupon	Issue	Maturity	Ratings	Amt. (\$MM)	Bid Price (\$)	Current Yield	YTW	YTW Spread	YTW Date	Next Call Price (\$)	EBITDA (\$MM)	EBITDA Margin	Interest Coverage	EBITDA - Capex/ Int. Exp.	Total Leverage	Net Leverage	TEV/ EBITDA		
TIRE MANUFACTURERS																			
Cooper Tire & Rubber Co. (CTBUS)																			
7.750%	Sr. Notes	12/15/09	Caa1/B/NR	192	100.00	7.75%	7.75%	729	12/15/09	nc	nc	LTM 03/31/09							
8.000%	Sr. Notes	12/15/19	Caa1/B/NR	153	57.50	13.91%	16.69%	1,361	12/15/19	nc	nc	26.0	0.9%	0.6x	-2.1x	24.3x	15.4x	39.1x	
				z-spread				1,363					5-yr CDS bid/offer 10.0 +500						
Goodyear Tire & Rubber Co. (GT)																			
L +375	FRN Sr. Notes	12/1/09	B1/B+/B+	500	99.00	4.51%	7.06%	570	6/19/09	6/19/09	100.00	LTM 03/31/09 ²							
7.857%	Sr. Notes	8/15/11	B2/B+/B+	650	95.88	8.20%	9.97%	905	8/15/11	nc	nc	870.0	4.8%	2.9x	-0.6x	6.4x	4.2x	7.6x	
8.625%	Sr. Notes	12/1/11	B1/B+/B+	500	96.25	8.96%	10.35%	898	12/01/11	12/01/09	104.31								
9.000%	Sr. Notes	7/1/15	B1/B+/B+	400	94.25	9.55%	10.29%	785	7/01/15	7/01/10	104.50								
				z-spread				768					5-yr CDS bid/offer 5.8 +500						
10.500%	Sr. Notes	5/15/16	B1/B+/B+	1,000	97.50	10.77%	11.02%	826	5/15/16	5/15/12	107.88								
L + 175	2nd Lien TL	4/30/14	Ba1/BB/BB+	1,200	81.50	3.03%	5.41%	470	4/30/14	nc	nc								
Subsector Average				\$90.48	8.81%	10.35%	875					\$448.0	2.9%	1.8x	-1.4x	15.3x	9.8x	23.3x	
AUTOMOTIVE DEALERS																			
Asbury Automotive Group, Inc. (ABG)																			
8.000%	Sr. Sub Notes	3/15/14	Caa1/B-/NR	200	72.00	11.11%	16.69%	1,457	3/15/14	6/19/09	104.00	LTM 03/31/09							
7.625%	Sr. Sub Notes	3/15/17	Caa1/B-/NR	150	68.00	11.21%	14.63%	1,171	3/15/17	3/15/12	103.81	123.5	2.9%	1.8x	1.0x	8.4x	8.1x	10.8x	
3.000%	Convertible	9/15/12	NR/B-/NR	115	65.00	4.62%	13.41%	1,204	9/15/12	nc	nc	96.0		2.3x		5.7x		8.8x	
AutoNation, Inc. (AN)																			
L + 200	FRN Sr. Notes	4/15/13	Ba2/BB+/NR	300	87.25	3.11%	6.43%	576	4/15/13	6/19/09	102.00	LTM 03/31/09							
7.000%	Sr. Notes	4/15/14	Ba2/BB+/NR	300	95.50	7.33%	8.13%	601	4/15/14	6/19/09	105.25	572.5	4.2%	3.7x	3.0x	4.6x	4.5x	9.6x	
												497.2		6.1x		1.9x		7.5x	
Group 1 Automotive, Inc. (GPI)																			
8.250%	Sr. Sub Notes	8/15/13	B3/B-/NR	150	83.50	9.88%	13.49%	1,175	8/15/13	6/19/09	104.13	LTM 03/31/09							
												153.1	3.0%	2.2x	1.5x	7.2x	7.1x	10.0x	
												109.8		4.1x		4.8x		8.6x	
Penske Auto Group, Inc. (PAG)																			
7.750%	Sr. Sub Notes	12/15/16	Caa1/B-/NR	375	75.25	10.30%	12.98%	1,006	12/15/16	12/15/11	103.38	LTM 03/31/09							
												271.7	2.5%	2.4x	1.0x	8.3x	8.3x	12.4x	
												214.3		3.7x		4.2x		9.4x	
Sonic Automotive, Inc. (SAH)																			
8.625%	Sr. Sub Notes	8/15/13	Caa1/CCC-/NR	275	61.00	14.14%	23.72%	2,198	8/15/13	6/19/09	104.31	LTM 03/31/09							
4.250%	Convertible	11/30/15	Caa1/CCC-/NR	160	71.38	5.95%	10.40%	764	11/30/15	11/30/10	100.00	185.1	3.3%	1.8x	1.0x	8.4x	8.4x	10.4x	
												143.5		2.3x		2.5x		2.5x	
Subsector Average				\$77.50	9.58%	13.73%	1,169					\$261.2	3.2%	2.4x	1.5x	7.4x	7.3x	10.6x	
SPEEDWAY OPERATORS																			
International Speedway Co (ISCA)																			
5.400%	Sr. Notes	4/15/14	Baa2/BBB/BBB	150	92.00	2.95%	7.38%	526	4/15/14	4/15/14	100.00	LTM 03/31/09							
												254.4	43.2%	6.8x	4.9x	2.8x	2.4x	5.1x	
Speedway Motor Sports (TRK)																			
6.750%	Sr. Notes	6/1/13	Ba2/B+/BB	330	93.50	7.22%	8.70%	695	3/15/14	6/19/09	102.25								
8.750%	Sr. Notes	6/1/16	Ba1/BB/BB	275	96.88	9.03%	9.37%	661	6/01/16	6/01/13	104.38								
Subsector Average				\$94.13	6.40%	8.48%	627					\$254.4	43.2%	6.8x	4.9x	2.8x	2.4x	5.1x	
DISTRESSED																			
Delphi Corp. (DPH)																			
L + 400	Secured TL B	12/31/08	NR/WR/BB	500	92.00	5.13%					nc								
L + 525	Secured TL C	12/31/08	NR/WR/BB-	2,750	20.00	29.83%					nc								
Metaldyne Corp. (METALD)																			
L + 375	Term Loan B	1/1/14	B3/B/ma	418	11.00	40.60%	77.83%	7,711	1/01/14	nc	nc								
Consolidated Automotive Average				\$66.62	27.79%	43.02%	4,037					\$2,294.7	3.9%	3.3x	0.7x	12.0x	8.6x	14.1x	
Consolidated Automotive Average- 5/15/09				\$65.03	25.71%	40.15%	3,742					\$2,306.8	3.9%	3.4x	0.7x	11.7x	8.4x	13.9x	
Index Data																			
BBB Average												6.75%		6-Month LIBOR				1.24%	
Market Weighted Average												14.13%		10-Year Treasury				3.22%	
BB Average												9.45%							
B Average												12.54%							
CCC Average												22.45%							

Source: Company Reports, J.P. Morgan Estimates and Bloomberg LP
Note 1: Excludes USW strike impact on operating profit in 4Q 2007.

Q & A?

This document reflects solely information available in recently published research. For additional information on each stock's investment thesis, and full disclosure on each company recommended including valuation methodology and risks, please contact your salesperson, the covering analyst's team, or www.morganmarkets.com

Analyst Certification:

The research analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect his or her personal views about any and all of the subject securities or issuers; and (2) no part of any of the research analyst’s compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report.

Conflict of Interest:

This research contains the views, opinions and recommendations of J.P. Morgan credit research analysts. Research analysts routinely consult with J.P. Morgan trading desk personnel in formulating views, opinions and recommendations in preparing research. Trading desks may trade, or have traded, as principal on the basis of the research analyst(s) views and report(s). Therefore, this research may not be independent from the proprietary interests of J.P. Morgan trading desks which may conflict with your interests. In addition, research analysts receive compensation based, in part, on the quality and accuracy of their analysis, client feedback, trading desk and firm revenues and competitive factors. As a general matter, J.P. Morgan and/or its affiliates normally make a market and trade as principal in fixed income securities discussed in research reports.

Important Disclosures

Lead or Co-manager: JPMSI or its affiliates acted as lead or co-manager in a public offering of equity and/or debt securities for General Motors within the past 12 months.

J.P. Morgan and/or its affiliates is acting as financial advisor to ArvinMeritor Inc. (NYSE: ARM) on the spinoff of its Light Vehicle Systems (LVS) business to ArvinMeritor shareholders. ArvinMeritor shareholders will own 100 percent of the common stock of Arvin Innovation. Approval of the spinoff by ArvinMeritor shareholders is not required, and the company expects to complete the spinoff within the next 12 months, contingent upon satisfactory financial and automotive market conditions as well as other customary approvals.

J.P. Morgan PLC and J. P. Morgan India Private Limited (collectively referred to known as "J.P. Morgan") are acting as financial advisors to Tata Motors Limited in respect of its potential acquisition from Ford Motor Company of its Jaguar and Land Rover business units. J.P. Morgan will receive an advisory fee for so acting. This report is based solely on publicly available information. No representation is made that it is accurate or complete. This report is not a recommendation to buy or sell the securities mentioned. Please refer to the end of this report for further important disclosures.

Important Disclosures for Equity Research Compendium Reports: Important disclosures, including price charts for all companies under coverage for at least one year, are available through the search function on J.P. Morgan's website <https://mm.jpmorgan.com/disclosures/company> or by calling this U.S. toll-free number (1-800-477-0406)

Explanation of Equity Research Ratings and Analyst(s) Coverage Universe:

J.P. Morgan uses the following rating system: **Overweight** [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] **Neutral** [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] **Underweight** [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] The analyst or analyst's team's coverage universe is the sector and/or country shown on the cover of each publication. See below for the specific stocks in the certifying analyst(s) coverage universe.

J.P. Morgan Equity Research Ratings Distribution, as of March 31, 2009

	Overweight (buy)	Neutral (hold)	Underweight (sell)
JPM Global Equity Research Coverage	35%	46%	19%
IB clients*	54%	54%	42%
JPMSI Equity Research Coverage	35%	51%	14%
IB clients*	75%	73%	57%

*Percentage of investment banking clients in each rating category.

For purposes only of NASD/NYSE ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category.

Equity Valuation and Risks: Please see the most recent company-specific research report for an analysis of valuation methodology and risks on any securities recommended herein. Research is available at <http://www.morganmarkets.com>, or you can contact the analyst named on the front of this note or your J.P. Morgan representative.

Explanation of Credit Research Ratings:

Ratings System: J.P. Morgan uses the following sector/issuer portfolio weightings: Overweight (over the next three months, the recommended risk position is expected to outperform the relevant index, sector, or benchmark), Neutral (over the next three months, the recommended risk position is expected to perform in line with the relevant index, sector, or benchmark), and Underweight (over the next three months, the recommended risk position is expected to underperform the relevant index, sector, or benchmark). J.P. Morgan’s Emerging Market research uses a rating of Marketweight, which is equivalent to a Neutral rating.

Valuation & Methodology: In J.P. Morgan’s credit research, we assign a rating to each issuer (Overweight, Underweight or Neutral) based on our credit view of the issuer and the relative value of its securities, taking into account the ratings assigned to the issuer by credit rating agencies and the market prices for the issuer’s securities. Our credit view of an issuer is based upon our opinion as to whether the issuer will be able service its debt obligations when they become due and payable. We assess this by analyzing, among other things, the issuer’s credit position using standard credit ratios such as cash flow to debt and fixed charge coverage (including and excluding capital investment). We also analyze the issuer’s ability to generate cash flow by reviewing standard operational measures for comparable companies in the sector, such as revenue and earnings growth rates, margins, and the composition of the issuer’s balance sheet relative to the operational leverage in its business.

Analysts’ Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities, Fixed Income, and Investment Banking.

Other Disclosures

J.P. Morgan is the global brand name for J.P. Morgan Securities Inc. (JPMSI) and its non-US affiliates worldwide.

Options related research: If the information contained herein regards options related research, such information is available only to persons who have received the proper option risk disclosure documents. For a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options, please contact your J.P. Morgan Representative or visit the OCC's website at <http://www.optionsclearing.com/publications/risks/riskstoc.pdf>.

Legal Entities Disclosures

U.S.: JPMSI is a member of NYSE, FINRA and SIPC. J.P. Morgan Futures Inc. is a member of the NFA. JPMorgan Chase Bank, N.A. is a member of FDIC and is authorized and regulated in the UK by the Financial Services Authority. **U.K.:** J.P. Morgan Securities Ltd. (JPMSL) is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. Registered in England & Wales No. 2711006. Registered Office 125 London Wall, London EC2Y 5AJ. **South Africa:** J.P. Morgan Equities Limited is a member of the Johannesburg Securities Exchange and is regulated by the FSB. **Hong Kong:** J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong. **Korea:** J.P. Morgan Securities (Far East) Ltd, Seoul branch, is regulated by the Korea Financial Supervisory Service. **Australia:** J.P. Morgan Australia Limited (ABN 52 002 888 011/AFS Licence No: 238188) is regulated by ASIC and J.P. Morgan Securities Australia Limited (ABN 61 003 245 234/AFS Licence No: 238066) is a Market Participant with the ASX and regulated by ASIC. **Taiwan:** J.P.Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. **India:** J.P. Morgan India Private Limited is a member of the National Stock Exchange of India Limited and Bombay Stock Exchange Limited and is regulated by the Securities and Exchange Board of India. **Thailand:** JPMorgan Securities (Thailand) Limited is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Indonesia:** PT J.P. Morgan Securities Indonesia is a member of the Indonesia Stock Exchange and is regulated by the BAPEPAM. **Philippines:** J.P. Morgan Securities Philippines Inc. is a member of the Philippine Stock Exchange and is regulated by the Securities and Exchange Commission. **Brazil:** Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. **Mexico:** J.P. Morgan Casa de Bolsa, S.A. de C.V., J.P. Morgan Grupo Financiero is a member of the Mexican Stock Exchange and authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **Singapore:** This material is issued and distributed in Singapore by J.P. Morgan Securities Singapore Private Limited (JPMS) [MICA (P) 132/01/2009 and Co. Reg. No.: 199405335R] which is a member of the Singapore Exchange Securities Trading Limited and is regulated by the Monetary Authority of Singapore (MAS) and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore) which is regulated by the MAS. **Malaysia:** This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets Services License issued by the Securities Commission in Malaysia. **Pakistan:** J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Saudi Arabia:** J.P. Morgan Saudi Arabia Ltd. is authorised by the Capital Market Authority of the Kingdom of Saudi Arabia (CMA) to carry out dealing as an agent, arranging, advising and custody, with respect to securities business under licence number 35-07079 and its registered address is at 8th Floor, Al-Faisaliyah Tower, King Fahad Road, P.O. Box 51907, Riyadh 11553, Kingdom of Saudi Arabia.

Country and Region Specific Disclosures

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by JPMSL. Investment research issued by JPMSL has been prepared in accordance with JPMSL's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require that a firm to establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Australia:** This material is issued and distributed by JPMSAL in Australia to "wholesale clients" only. JPMSAL does not issue or distribute this material to "retail clients." The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of JPMSAL. For the purposes of this paragraph the terms "wholesale client" and "retail client" have the meanings given to them in section 761G of the Corporations Act 2001. **Germany:** This material is distributed in Germany by J.P. Morgan Securities Ltd., Frankfurt Branch and J.P.Morgan Chase Bank, N.A., Frankfurt Branch which are regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for persons licensed by or registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months' prior.) J.P. Morgan Broking (Hong Kong) Limited is the liquidity provider for derivative warrants issued by J.P. Morgan International Derivatives Ltd and listed on The Stock Exchange of Hong Kong Limited. An updated list can be found on HKEx website: <http://www.hkex.com.hk/prod/dw/Lp.htm>. **Japan:** There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading. In the case of share trading, JPMorgan Securities Japan Co., Ltd., will be receiving a brokerage fee and consumption tax (shouhizei) calculated by multiplying the executed price by the commission rate which was individually agreed between JPMorgan Securities Japan Co., Ltd., and the customer in advance. Financial Instruments Firms: JPMorgan Securities Japan Co., Ltd., Kanto Local Finance Bureau (kinsho) No. 82 Participating Association / Japan Securities Dealers Association, The Financial Futures Association of Japan. **Korea:** This report may have been edited or contributed to from time to time by affiliates of J.P. Morgan Securities (Far East) Ltd, Seoul branch. **Singapore:** JPMS and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above. **India:** For private circulation only, not for sale. **Pakistan:** For private circulation only, not for sale. **New Zealand:** This material is issued and distributed by JPMSAL in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. JPMSAL does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of JPMSAL.

General: Additional information is available upon request. Information has been obtained from sources believed to be reliable but JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) do not warrant its completeness or accuracy except with respect to any disclosures relative to JPMSI and/or its affiliates and the analyst's involvement with the issuer that is the subject of the research. All pricing is as of the close of market for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein. JPMSI distributes in the U.S. research published by non-U.S. affiliates and accepts responsibility for its contents. Periodic updates may be provided on companies/industries based on company specific developments or announcements, market conditions or any other publicly available information. Clients should contact analysts and execute transactions through a J.P. Morgan subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

"Other Disclosures" last revised January 30, 2009.

Copyright 2009 JPMorgan Chase & Co. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.