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**J.D. Power and Associates Reports:
Four-Wheel-Drive Vehicle Production Expected to Increase**

FOR IMMEDIATE RELEASE: March 8, 2004

WESTLAKE VILLAGE, Calif.—Production of four-wheel-drive (4WD) vehicles in North America is expected to increase 10 percent over the next four years, according to the J.D. Power and Associates 2004 Global 4WD-Driveline Market ReportSM released today.

Four-wheel-drive vehicles, which currently account for one-quarter of all new light vehicles produced in North America, are expected to approach 37 percent market penetration by 2008, according to the report. This expected growth is fueled by systems based on front-wheel drive, which should double from the current 13 percent of the market to 32 percent in 2008, while the market share for systems based on rear-wheel drive is expected to decrease from 87 percent to 68 percent.

The report defines four-wheel drive as the ability to send torque to all four wheels, regardless of whether a vehicle rides on a rear-wheel- or front-wheel-derived platform, or is car-based or truck-based.

“The explosion of the SUV market in North America has naturally led to an increase in interest in four-wheel-drive systems,” said Patrick Nally, senior manager of component forecasting at J.D. Power and Associates. “While the SUV and pickup segments will continue to make up the bulk of four-wheel drive-vehicles, we see fairly substantial growth of these systems in the van, crossover and car segments.”

The report notes that approximately 64 percent of all SUVs are equipped with 4WD, followed by pickups (42 percent), vans (4 percent) and cars (3 percent).

While 4WD penetration in North America is expected to increase significantly, 4WD vehicle

sales in Japan and Korea are expected to decrease from 29 percent of the market today to 23 percent by 2008.

“The Asian market is not as interested in trucks—the traditional four-wheel-drive vehicles—as is the North American market,” Nally said. “Consumers in Japan and Korea who want a four-wheel-drive vehicle already have one, so we don’t see the opportunity for growth there like we do in the United States and Canada. Also, with the shifting of production to North America, there will be less production of four-wheel-drive vehicles in Japan and Korea.”

The story is different in Europe, however, where interest in 4WD is relatively low but growing. Four-wheel-drive vehicles currently make up 4 percent of all vehicles sold in Europe, and are expected to increase to 8 percent market share by 2008.

“We’re seeing a growing demand for four-wheel-drive systems in Europe, where consumers want their vehicles keep up with their active lifestyle, regardless of the terrain or weather,” said Nally.

The 2004 Global 4WD-Driveline Market Report is based on automotive historical sales and production, demographic patterns, economic indicators and market intelligence.

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