

8710 J Street
Omaha, NE 68127
(402) 537-9009



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1607 Avenue I
Council Bluffs, IA 51501
(712) 322-7217

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US TRAFFIC VOLUME CONTINUES NEAR RECORD DECLINES

Newest data shows Americans still driving much less, even with \$2.00 gas.

Government data from the late summer showed that total miles driven continued to decline in the U.S. even while gas prices began their descent from \$4.00. But the real drop in fuel prices did not occur until later in the fall and the question remained whether Americans would begin to drive more as fuel prices once again approached \$2.00 per gallon, or the shock of \$4.00 gas made a lasting impression on American driving habits.

The latest report from the Federal Highway Administration (FHWA) shows that Americans not only didn't increase their driving when the price of gasoline fell well below the \$3.00 mark in November, they in fact drove 5.1 percent less than they did the previous November making it the second biggest percentage drop ever, after August of this year when driving fell 5.5 percent. The drop also extended what was already the largest continuous decline in American driving history, according to the Transportation Department.

MERCEDES-BENZ APPROVES PPG PREMIUM PAINT BRANDS FOR REPAIR WORK

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STRONGSVILLE, Ohio –
February 6, 2009 – Daimler AG, manufacturer of Mercedes-Benz vehicles, announced it has approved PPG's Global Refinish

(article continues in the right column.)

System[®], including its innovative Envirobase[®] High Performance waterborne basecoat, for repair in North America of all Mercedes-Benz passenger cars. In addition, PPG's Delfleet[®] commercial coatings system has been approved for repair of Mercedes-Benz commercial vehicles. The approvals were based on the results of a rigorous four-day audit conducted by Mercedes-Benz representatives at PPG facilities in the United States and Germany.

Michael Gimpl, Daimler AG, Manager Global Service & Parts, said, "We are pleased to continue the collaboration with PPG in aftermarket sales as we are convinced of their premium product quality as well as their worldwide service capabilities that add value to our network."

PPG locations visited by Daimler AG included the PPG corporate headquarters in Pittsburgh, Pennsylvania, the production facilities and training center located in Delaware, Ohio and the PPG European Technical Center in Ingersheim, Germany.

"We are, of course, very pleased to be recognized by Daimler AG in this manner and to continue our partnership with them," said Kevin Loop, PPG business development manager. "The audit, known as the Quality Management System Alignment, was extremely thorough and informative. There's no better confirmation of quality than being approved by a premium manufacturer like Mercedes-Benz. Their choosing PPG as a paint partner is something we can be very proud of."

The Daimler AG audit covered several elements:

- Quality planning
- Quality of supplied parts and materials
- System/process quality
- Quality product/process
- Failure management

"One of Mercedes-Benz's highest priorities is customer satisfaction. To ensure they attain that goal, they require their partners to design, manufacture and deliver high quality products," added Loop. "PPG will continue to provide Daimler AG with the high quality products they expect."

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Toyota sees first annual net loss since 1950 World's largest carmaker blames economic slump for sales slump

TOKYO - Toyota forecast its first annual net loss since 1950 on Friday as plunging demand for cars, especially in the U.S., and the strong yen pummeled earnings at the world's No. 1 automaker.

Toyota Motor Corp. reported a 164.7 billion yen (\$1.8 billion) loss for the October-December quarter, down sharply from the 458.6 billion yen profit for the same period the previous year. Quarterly sales plunged 28.4 percent to 4.8 trillion yen. Joining a string of Japanese companies that are now expecting to slide into the red for the year, Toyota said it expects a net loss of 350 billion yen (\$3.85 billion) for the fiscal year through March — a stunning reversal from the record 1.72 trillion yen profit it posted the previous year.

In December, Toyota, maker of the Prius hybrid and Camry sedan, thought it would eke out a small annual net profit, but the outlook has darkened since then, particularly as the U.S. auto market has collapsed.

"Toyota is having serious problems responding," said Yasuaki Iwamoto, analyst with Okasan Securities Co. in Tokyo. "It boasts a full and global lineup of products. But the world's auto demand changed in a flash."

Since the company can't count on global sales picking up next fiscal year, at best it can aim to cut costs to minimize the damage, Iwamoto said.

The last time Toyota had the equivalent of a net loss was in 1950, when it reported just parent results under different accounting standards than it uses now. It has not had a quarterly net loss since it began reporting quarterly numbers in 2002.

Toyota, which last year overtook General Motors Corp. to become the world's best-selling auto company, is shutting down production at its 11 plants in Japan for 14 days during the first three months of this year, and further such suspensions may be needed.

The company announced no further job cuts Friday. It has said it plans to reduce the number of contract workers — who lack most of the benefits given to regular salaried workers, as well as the tacit guarantee of lifetime employment — from 8,800 in June last year to 3,000 in March.

The rapid rise of the yen against the dollar, euro and other currencies, which reduces the value of overseas earnings, also hurt results. [\(article continues in the right column.\)](#)

Executive Vice President Mitsuo Kinoshita promised Toyota will turn itself around through cost cuts and new products. He said Toyota continues to be committed to developing gas-electric hybrids as a pillar of its growth strategy. "By taking these measures, we will overcome the current crisis and evolve into a company with a higher level of efficiency and resilience," Kinoshita said.

Last month, the company tapped as incoming president a member of the founding family, Akio Toyoda, an executive vice president who at 52 is considered young by Japanese standards for heading a major corporation.

Toyota officials and analysts say he can help bring employee ranks, group companies and dealerships together during hard times because he has the special charm of a Toyoda. Just a few hours before the earnings were released, Moody's Investors Service lowered its top credit rating of "Aaa" on Toyota by one notch to "Aa1," citing fears about its profitability.

Toyota's global vehicle sales for the October-December quarter shrank by 443,000 from the same period a year earlier to 1.84 million as sales dropped throughout the world, including North America, Europe, Japan and other Asian nations, it said.

The dramatic contraction in the American vehicle market has been particularly painful. In January, Toyota's U.S. sales dropped 32 percent amid a 37 percent contraction in the overall U.S. market.

Toyota lowered its global vehicle sales forecast for the fiscal year by 220,000 from its December forecast to 7.32 million. It now expects 21 trillion yen in annual sales, down from a record 26.3 trillion yen the previous year.

The company also said its yearly operating loss will balloon to 450 billion yen, worse than its earlier forecast of a 150 billion yen loss. That would be the company's first operating loss in 70 years. Operating income excludes taxes and other items included in net profit, and often gives a picture of a company's core business.

Until the U.S. financial crisis erupted last year, Toyota had been on a roll, boosting profits each year for seven straight years, riding on the success of its fuel-efficient models. Other big Japanese exporters are suffering, too. Electronics makers Sony Corp. and Panasonic Corp. are both forecasting losses for the fiscal year through M

Honda Motor Co., Japan's second-biggest automaker, expects to stay in the black for the year through March with a 80 billion yen profit, although that's down 87 percent from a record 600 billion yen the previous year.