

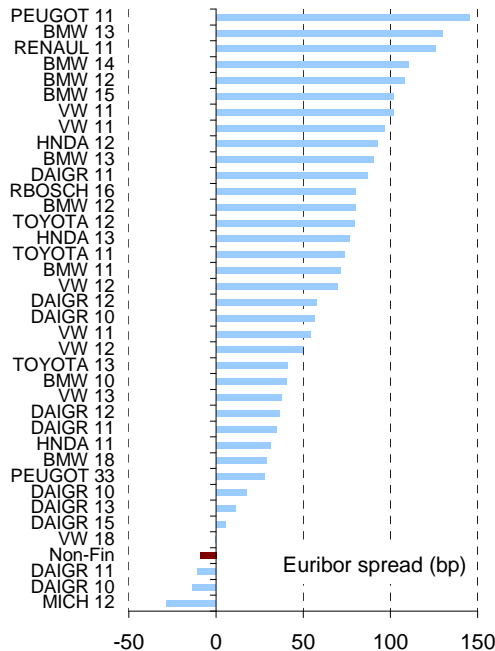
Christophe Boulanger

Senior Autos Analyst

(+44 20 7214 6402) christophe.boulanger@uk.calyon.com

Q209 Update

Auto iBoxx bonds change since 2 January



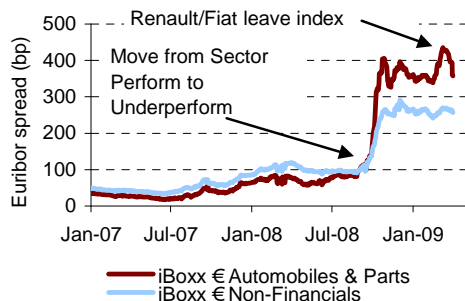
Not yet reached the trough of the cycle

■ Sentiment to remain affected by still-declining macro metrics

Sentiment towards the Autos sector is likely to remain murky in Q209 despite recent newsflow suggesting that the vehicle-scrapping incentives are slowing down the decline of auto sales in the regions where they are available. This pull-forward effect on future demand will negatively impact volume sales and margins, given it will be difficult to stimulate sales beyond this incentive programme unless automakers lower prices (increase incentives). In addition, macroeconomic metrics are showing little signs of improvement, as illustrated by the ongoing increase in unemployment in the US and Europe as well as no significant rebound in consumer confidence. This fragile environment faces the risk of being impacted further by a Chapter 11 filing at Chrysler and/or General Motors by early June 2009, which would likely result in thousands of job losses and potential supplier disruption for other automakers. In the immediate future the Q1 earnings season is going to disclose large cash burn.

Auto spreads are moving in sync with the current market technicals driven by macro, equity and credit indices. At times of widening market spreads we would expect higher-rated Autos names, eg, BMW, Daimler, VW, Scania, Volvo, to outperform and lower-rated names to underperform, with a more bearish trend on auto suppliers. In addition, at times of improving market sentiment (lower oil price, higher equity, reassuring measures to normalise market liquidity) we would expect lower-rated credits to outperform higher-rated credits and vice versa.

Auto iBoxx vs Non-Financials



■ YTD Autos bond supply close to average full-year levels

For the remaining part of 2009, we expect new bond supply for the auto/truckmakers/suppliers in our coverage to be USD16-26bn across all currencies, of which we estimate EUR4-13bn to be in EUR.

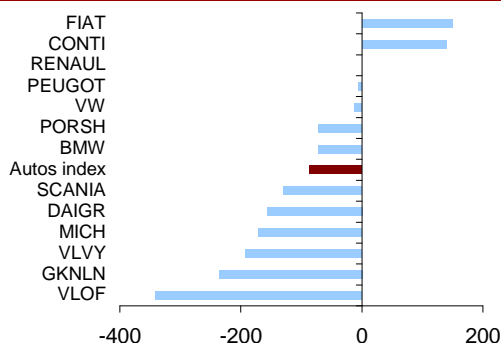
■ Sector recommendations unchanged

- CDS recommendation: Underperform
- Cash recommendation: Underperform

■ What to expect from Q1 earnings releases?

Auto sales in Q109 showed double-digit percentage declines YoY of 15-25% in Europe and 38% in the US, which has led to large production cuts of 25-40% and subsequent large cash burn due to negative swings in working capital. As a result, quarterly results will weigh on sentiment with concerns over liquidity cushions remaining the main priority for investors. BMW, Daimler and Volkswagen are the fittest in terms of liquidity/cash cushion for FY09.

Under/outperformers in Auto CDS YTD



In this issue:

| | Page |
|-----------------------------------|------|
| Sector recommendations..... | 2 |
| Issuer recommendations..... | 3 |
| Primary activity and outlook..... | 4 |
| Credit trend..... | 9 |
| Issuer snapshot..... | 15 |
| Autos earnings calendar..... | 21 |

Sources: Bloomberg, Calyon

EUROMONEY CREDIT RESEARCH SURVEY 2009

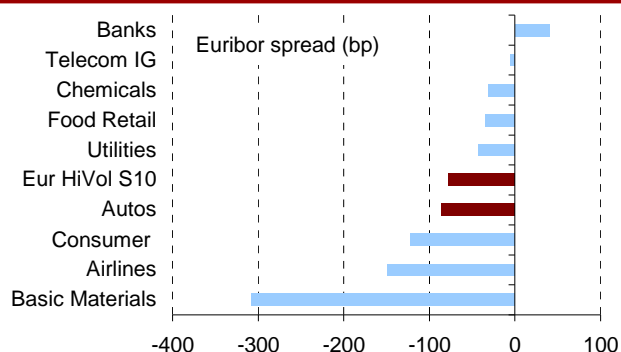
Euromoney's annual survey of the world's Fixed Income Investors/Credit Research & Primary Debt Polls is now underway and closes 24 April 2009.

<http://www.euromoney.com/FixedIncome2009>

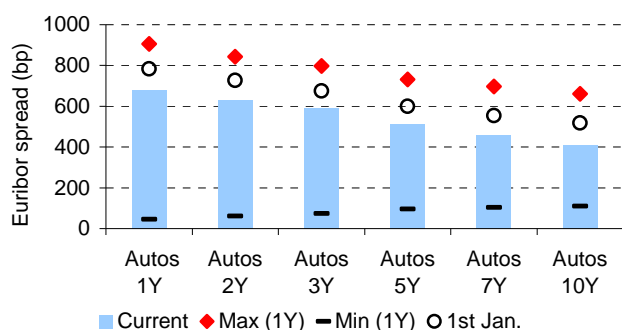
www.calyon.com

Sector recommendations

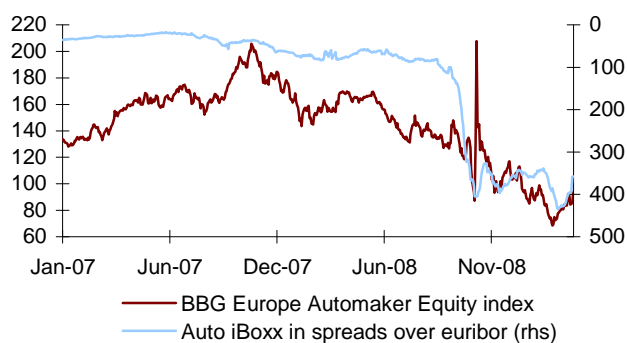
Sector CDS YTD performance



CDS Autos index curve



Cash bonds versus equity



Source all charts: iBoxx, Bloomberg

Recommendation performance

Autos sector environment still very murky

Sentiment towards the Autos sector is likely to remain murky in Q209 despite recent newsflow suggesting that the vehicle-scraping incentives are slowing down the decline of auto sales in the regions where they are available. This pull-forward effect on future demand will negatively impact volume sales and margins, given it will be difficult to stimulate sales beyond this incentive programme unless automakers lower prices (increase incentives). In addition, macroeconomic metrics are showing little sign of improvement, as illustrated by the ongoing increase in unemployment in the US and Europe as well as no significant rebound in consumer confidence. This fragile environment faces the risk of being impacted further by a Chapter 11 filing at Chrysler and/or General Motors by early June 2009, which would likely result in thousands of job losses and potential supplier disruption for other automakers. In the immediate future the Q1 earnings season is going to disclose large cash burn for the whole sector due to negative swings in working capital coming from large production cuts to reduce dealers' inventories to reduced levels of demand.

Cash bonds at Underperform on new supply

As seen in the charts (left and previous page) the Autos iBoxx has underperformed year-to-date. From 2 January to 31 March, ie, before the removal of Renault SA and Fiat from the IG Auto iBoxx, it widened by 30bp while the Non-Financial iBoxx tightened by 4bp. We maintain our Underperform stance for the time being since we see little client appetite following the recent huge amount of bond issuance that is still floating around (EUR19bn of new issuance in Q1 equivalent to one year of issuance). Additional issuance will likely continue to weigh on spreads in the next few weeks on top of the poor Q1 earnings season. Once we feel that bond issuance is taking a back seat and that GM and Chrysler have sorted out their destiny we could look to review our stance.

- Cash recommendation: Underperform (since 17 June 2008)

CDS at Underperform on recent rally and still-weak fundamentals

Since we moved to Underperform CDS Autos on 17 September 2008, our 5Y Autos CDS index has widened by 150bp (iTraxx Non-Financials wider 69bp). Since 1 April the index has tightened by 47bp while the iTraxx HiVol and Crossover have tightened by 36bp and 40bp, respectively. The tightening has moved in sync with equity, a tactical move that we consider short-lived given that no clear signs of significant improvement have been witnessed on the fundamental side.

- CDS recommendation: Underperform (since 19 September 2008)

Issuer recommendations

Recommendation performance YTD and open trades

As seen in the table below, year-to-date performance based on EUR10m notional for each leg of the trades stands at EUR3.9m on closed trade ideas. We took profit on our 5Y CDS compression trade between Fiat and Valeo on 6 April and we keep our 1Y CDS compression trades between Fiat and Renault as well as Fiat and Peugeot open, with the intention of holding them to maturity as we do not expect any default at Fiat to occur over the recommended period.

Trade recommendation performance year-to-date

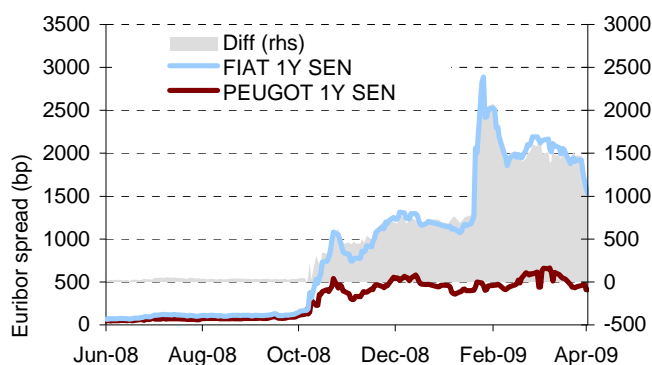
| Closed Strategies | Entry Date | P&L (€) | Selling Leg | Amount | Entry Spread | | Buying Leg | Amount | Entry Spread | | Closing Date |
|--|------------|------------------|-------------|--------|--------------|-------------|------------|--------|--------------|-----|--------------|
| | | | | | Last Spread | Last Spread | | | Last Spread | | |
| Sell BMWGR CDS EUR SR 5Y - Buy PEUG CDS EUR SR 5Y | 17/12/2008 | 374 377 | BMWGR | 10M | 413 | 312 | PEUG | 10M | 412 | 374 | 26/01/2009 |
| Sell BMWGR CDS EUR SR 5Y - Buy RENAUL CDS EUR SR 5Y | 17/12/2008 | 95 276 | BMWGR | 10M | 413 | 312 | RENAUL | 10M | 406 | 391 | 26/01/2009 |
| Sell DCX CDS EUR SR 5Y - Buy PEUG CDS EUR SR 5Y | 17/12/2008 | 387 198 | DCX | 10M | 418 | 231 | PEUG | 10M | 412 | 374 | 26/01/2009 |
| Sell DCX CDS EUR SR 5Y - Buy RENAUL CDS EUR SR 5Y | 17/12/2008 | 155 443 | DCX | 10M | 418 | 231 | RENAUL | 10M | 406 | 391 | 26/01/2009 |
| Sell CONGR CDS EUR SR 1Y - Buy PEUG CDS EUR SR 1Y | 11/12/2008 | 717 968 | CONGR | 10M | 2 378 | 2 154 | PEUG | 10M | 496 | 448 | 26/01/2009 |
| Sell CONGR CDS EUR SR 1Y - Buy VW CDS EUR SR 1Y | 11/12/2008 | 650 224 | CONGR | 10M | 2 378 | 2 154 | VW | 10M | 378 | 345 | 26/01/2009 |
| Sell CONGR CDS EUR SR 1Y - Buy RENAUL CDS EUR SR 1Y | 11/12/2008 | 687 498 | CONGR | 10M | 2 378 | 2 154 | RENAUL | 10M | 536 | 490 | 26/01/2009 |
| Sell BMWGR CDS EUR SR 5Y - Buy VW CDS EUR SR 5Y | 11/12/2008 | 192 651 | BMWGR | 10M | 413 | 312 | VW | 10M | 297 | 278 | 04/02/2009 |
| Sell DCX CDS EUR SR 5Y - Buy VW CDS EUR SR 5Y | 17/12/2008 | 233 871 | DCX | 10M | 418 | 231 | VW | 10M | 297 | 260 | 05/02/2009 |
| Sell FIAT SPA CDS EUR SR 5Y - Buy VLOF CDS EUR SR 5Y | 05/03/2009 | 453 537 | FIAT SPA | 10M | 1 410 | 1 002 | VLOF | 10M | 545 | 364 | 06/04/2009 |
| P&L Closed Strategies | | 3 948 043 | | | | | | | | | |

Open Strategies

| Open Strategies | Entry Date | Current MtM | Selling Leg | Amount | Entry Spread | | Buying Leg | Amount | Entry Spread | | P&L at maturities if no default |
|--|------------|-------------|-------------|--------|--------------|-------------|------------|--------|--------------|---------|---------------------------------|
| | | | | | Last Spread | Last Spread | | | Last Spread | | |
| Sell FIAT SPA CDS EUR SR 1Y - Buy PEUG CDS EUR SR 1Y | 11/02/2009 | 187 932 | FIAT SPA | 10M | 1648,51 | 29/11/1903 | PEUG | 10M | 427 | 425,698 | 995 085 |
| Sell FIAT SPA CDS EUR SR 1Y - Buy RENAUL CDS EUR SR 1Y | 11/02/2009 | 200 225 | FIAT SPA | 10M | 1648,51 | 29/11/1903 | RENAUL | 10M | 453 | 465,043 | 971 641 |

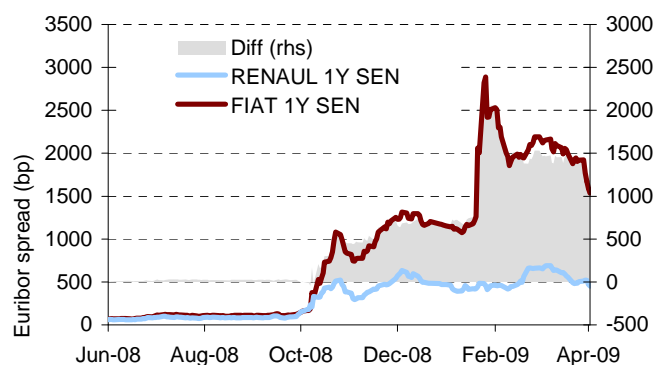
Source: Calyon

1Y CDS Fiat vs PSA



Source: Calyon

1Y CDS Fiat vs Renault



Source: Calyon

Summary of our recommendations on CDS

| Issuer | Ratings | | CDS Recommendation | | |
|--------------------|---------------------|----------|--------------------|------------|---------------------|
| | S&P/Moody's | Calyon | Previous | Since | New |
| BMW AG | A neg/A3 neg | Low-A | Sectorperform | 05/11/08 | Sectorperform |
| Michelin | BBB neg/Baa2 | Low-BBB | Underperform | 17/06/08 | Underperform |
| Conti AG | BB neg/Baa2 neg | Mid-BB | Sectorperform | 19/09/08 | Sectorperform |
| Daimler | A- neg/A3 neg | High-BBB | Sector perform | 17/02/09 | Sectorperform |
| Fiat SpA | BB+ CW neg/Baa1 neg | High-BB | Sectorperform | 17/12/08 | Sectorperform |
| Peugeot SA | BBB- neg /Baa3 neg | High-BB | Underperform | 17/12/08 | Underperform |
| Porsche | NR | Mid-BBB | Sectorperform | 17/12/08 | Sectorperform |
| Renault | BBB- neg/Baa1 | High-BB | Underperform | 17/12/08 | Underperform |
| Scania | A-/NR | High-BBB | Sectorperform | 30/10/07 | Sectorperform |
| Valeo | NR/Baa1 | Mid-BB | Underperform | 19/03/09 | Underperform |
| Volkswagen AG | A-/A3 | High-BBB | Sectorperform | 02/02/09 | Sectorperform |
| Volvo | A- neg/Baa1 | High-BBB | Sectorperform | 19/09/08 | Sectorperform |
| Index Autos | | | | 19/09/2008 | Underperform |

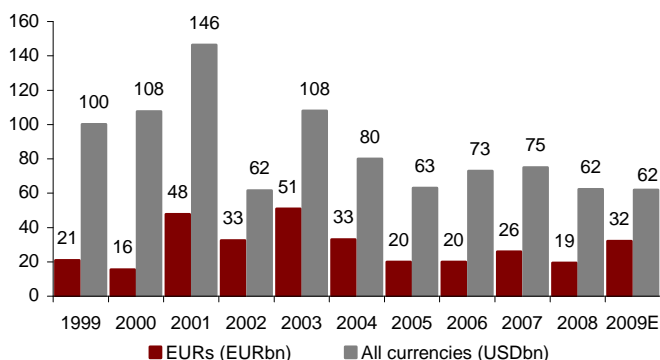
Source: Calyon

Primary activity and outlook

Issuance remaining to be below Q109 levels

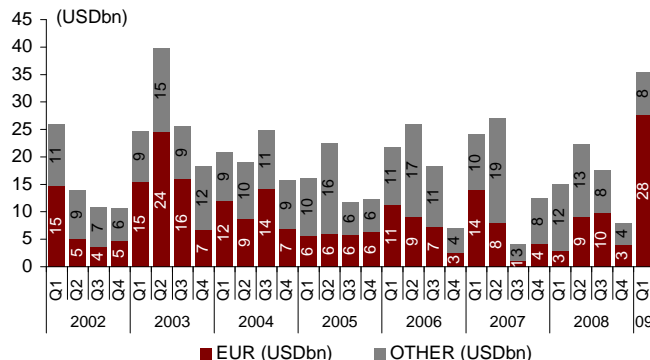
Euro-denominated bond supply for the top 11 auto/truckmakers (FMCC, GMAC, Toyota, BMW, Volkswagen, Porsche, Peugeot, Renault, Fiat, Volvo and Scania) and the main auto suppliers in our coverage (Continental AG, Valeo, Michelin, GKN) stands at EUR19.2bn 2009 year-to-date. We are upgrading our FY09 euro-denominated range estimate from EUR18-21bn to EUR23-32bn. Across all currencies 2009 year-to-date issuance stands at USD35.2bn. We are also upgrading our 2009 estimate from USD39-43bn to USD51-62bn.

Autos global bond issuance since 1999



Sources: Calyon, Bloomberg

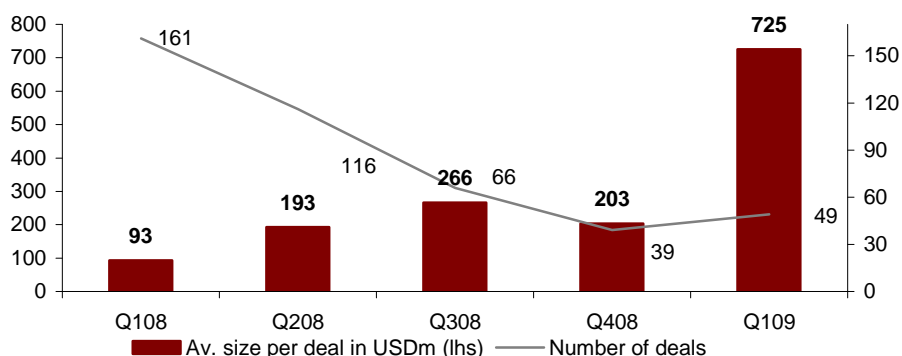
Autos quarterly global bond issuance



Sources: Calyon, Bloomberg

As discussed in our *Autos 2009 Outlook* ('Falling off a cliff?', 17 December 2008), Q408 issuance collapsed following the bankruptcy of Lehman Brothers in mid-September 2008 and subsequent waves of negative headlines surrounding the banking industry. The delay in refinancing had reached such a high level that, once client appetite resurfaced, the better-rated carmakers came in force to the bond market. In Q109 bond issuance of Autos companies was close to a full year of issuance (see above charts). Although client appetite for cyclical names remains fragile, new deals have been priced to reflect the deterioration in credit metrics that currently affect the sector. The large premium attached to the new bonds (ranging between 100bp and 200bp versus secondary cash spreads) combined with an orderly execution of new deals, ie, highly rated and well-known companies coming to the market first, enabled syndicate desks to keep the ball rolling during the bulk of the quarter.

Quarterly average size of deals and no. of deals



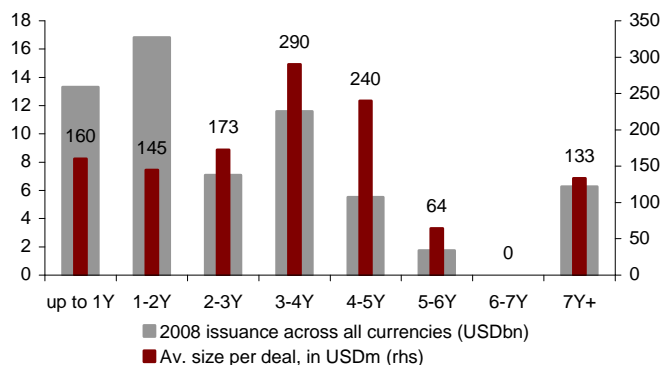
Source: Calyon, Bloomberg

As seen in the charts above, the average size per deal has reached the highest level since Q108. Last year the bulk of the new issuance was done at the short end of the curve (up to two years) with smaller-sized deals (see chart below) due to net redemption of assets under management among investors which triggered

low client appetite and hesitation among the issuer community to come to the bond market at wider spreads levels.

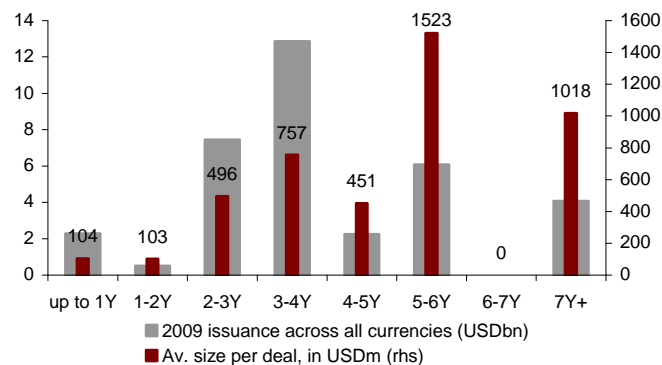
In Q109 the trend reversed with issuers coming to the realisation that the world economy had changed and so had the risk premium that had to be attached to it. On the investor side, assets under management stabilised (excluding hedge funds), which set the picture for better technicals in the market.

2008 Issuance and avg size per maturity bucket



Sources: Calyon, Bloomberg

Q109 issuance and avg size per maturity bucket



Sources: Calyon, Bloomberg

Autos issuance likely to be moderate for the rest of 2009

Lower-rated automobile companies yet to access the bond market

Given the size of issuance that has been concentrated in such a small period of time and the likelihood that lower-rated companies will try to access the bond market, we feel that client appetite with regard to the Autos sector could fade away again.

It is worth pointing out that 96% of Autos issuance year-to-date was rated low single A and above, with the remaining 4% from Volvo, which is rated high-BBB. We consider that these companies have covered about 60% of their 2009-10 bond debt refinancing needs.

All other carmakers/suppliers rated below BBB+ have not yet accessed the bond market. When looking at bond debt redemption statistics we notice that European corporates rated below BBB+ account for about 30% of 2009 redemptions and about 35% of 2010 redemptions. These companies have yet to refinance this debt due to lack of access to the capital markets. We therefore believe that when and if lower-rated auto companies try to access the bond market it will have to come with a much higher risk premium than secondary spreads, potentially weighing on the performance of recent issuance, which in turn could limit client appetite. In addition, investment-grade funds are reluctant to increase exposure to companies that are borderline sub-investment grade as they would be forced sellers once a company joins the High Yield indices, which most of the time triggers a potential loss given the current poor liquidity of the secondary market.

Who are the potential issuers for the rest of 2009?

New bond supply in the Autos sector typically comes from the captive finance operations of the automakers, in order to refinance the new car loans granted to the buyers of vehicles and to finance the car inventories at the dealerships. The captive finance operations are in turn influenced by a number of competing factors: strategic decisions to grow or shrink the size of the balance sheet (managed receivables); the level of vehicles sold by the parent; the vehicle incentives policy and the desire to pre-fund future maturities (on average 12 months before maturity, but it might be less now given the difficult access to the credit market). In addition to these factors, the most significant, in our view, has been the use of other funding sources such as asset-backed securitisation (ABS), commercial paper (CP), asset-backed commercial paper (ABCP), floating rate notes (FRN), fixed rate notes, whole loan sales, retail bonds and bank facilities.

During periods of economic growth and excluding the one-off period of commercial paper refinancing in 2001, the industry had generated per-year

issuance of USD100-110bn across all currencies. This said, declining bond issuance from Ford, GM and Chrysler since 2004 has limited issuance across all currencies to USD75bn in 2007 and USD62bn in 2008.

Autos bond issuance forecast across all currencies and in EUR

| (USDbn) | Ford & GM | others | Total |
|--|------------|-------------|-------------|
| 2009 issuance - Year-to-date | 0 | 35 | 35 |
| <i>of which euros (in EURbn)</i> | <i>0</i> | <i>19</i> | <i>19</i> |
| 2009 issuance - low range estimate | 0 | 51 | 51 |
| <i>of which euros (in EURbn)</i> | <i>0</i> | <i>23</i> | <i>23</i> |
| 2009 issuance - high range estimate | 0 | 62 | 62 |
| <i>of which euros (in EURbn)</i> | <i>0</i> | <i>32</i> | <i>32</i> |
| 2008 issuance | 4.1 | 58.1 | 62.2 |
| <i>of which euros (in EURbn)</i> | <i>0.7</i> | <i>18.7</i> | <i>19.4</i> |
| 2007 issuance | 16 | 59 | 75 |
| <i>of which euros (in EURbn)</i> | <i>3</i> | <i>18</i> | <i>21</i> |
| 2009 redemption | 25 | 66 | 91 |
| <i>of which euros (in EURbn)</i> | <i>5</i> | <i>19</i> | <i>24</i> |
| 2010 redemption | 17 | 46 | 62 |
| <i>of which euros (in EURbn)</i> | <i>3</i> | <i>20</i> | <i>22</i> |

Source: Calyon

For the remaining part of 2009, we expect new bond supply for the top 11 auto/truckmakers (FMCC, GMAC, Toyota, BMW, Volkswagen, Porsche, Peugeot, Renault, Fiat, Volvo and Scania) and the main auto suppliers in our coverage (Continental AG, Valeo, Michelin, GKN) to be USD16-26bn across all currencies, of which we estimate EUR4-13bn to be in EUR. The breakdown by issuer can be seen in the table over the next page. We also expect Michelin to try to refinance its EUR470m euro bond maturing April 2009. Porsche will also have to refinance part of its recently renegotiated EUR10bn bank loan by March 2010 (of which EUR6.7bn can be extended to March 2011), ie, about EUR3bn or EUR6bn if the loan is increased to its maximum size of EUR12.5bn. Finally, Fiat, Renault and Peugeot could look to tap the bond market should a window of opportunity arise. That said any issuance from these low-rated automakers will be limited in size given that they are either into high-yield territory or borderline to it. Indeed, the size of the high yield market is much smaller than the investment grade market. In euro the corporate high-yield market stands at around EUR180bn compared with about EUR550bn for the investment grade universe. The European high yield market is relatively young and is dominated by leveraged investors with relatively short investment horizons, which leads to greater volatility and less liquid markets during times of uncertainty.

These estimates are based on sluggish global demand for new vehicles (Europe down 13% and the US down 18.2% in 2009), hardly any issuance from Ford Credit (FMCC), GMAC and Chrysler (which together used to account for about 20% of new issuance in 2007 and still 7% in 2008), difficult access to the bond market for lower-rated autos companies that are borderline sub-investment grade.

2009 gross issuance and net issuance (redemption) per company

| (USDbn) | Ford | GMAC | DAI | Toyota | PSA | RNO | Volvo | Scania | BMW | VW | Fiat | Porsc. | Conti | Mich. | Valeo | GKN | Total |
|--|-------|-------|------|--------|------|------|-------|--------|------|------|------|--------|-------|-------|-------|-----|--------------|
| 2009 issuance - low range est. | 0.0 | 0.0 | 10.4 | 19.1 | 0.0 | 0.0 | 2.0 | 0.7 | 5.8 | 10.9 | 0.0 | 2.0 | 0.0 | 0.5 | 0.0 | 0.0 | 51.4 |
| <i>of which euros (in EURbn)</i> | 0.0 | 0.0 | 5.2 | 4.5 | 0.0 | 0.0 | 1.0 | 0.2 | 2.8 | 7.6 | 0.0 | 1.5 | 0.0 | 0.4 | 0.0 | 0.0 | 23.2 |
| 2009 issuance - high range est. | 0.0 | 0.0 | 10.8 | 20.0 | 1.4 | 1.6 | 2.1 | 0.7 | 7.0 | 12.4 | 1.1 | 4.0 | 0.0 | 0.6 | 0.0 | 0.0 | 61.6 |
| <i>of which euros (in EURbn)</i> | 0.0 | 0.0 | 5.5 | 6.0 | 1.1 | 1.1 | 1.0 | 0.2 | 4.5 | 8.5 | 0.9 | 3.0 | 0.0 | 0.5 | 0.0 | 0.0 | 32.2 |
| 2009 Year-todate | 0.0 | 0.0 | 5.7 | 12.0 | 0.0 | 0.0 | 1.6 | 0.0 | 5.6 | 10.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 35.2 |
| <i>of which euros (in EURbn)</i> | 0.0 | 0.0 | 3.7 | 4.2 | 0.0 | 0.0 | 0.7 | 0.0 | 3.8 | 6.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 19.2 |
| 2009 left from top estimate | 0.0 | 0.0 | 5.1 | 8.0 | 1.4 | 1.6 | 0.5 | 0.7 | 1.4 | 2.1 | 1.1 | 4.0 | 0.0 | 0.6 | 0.0 | 0.0 | 26.4 |
| <i>of which euros (in EURbn)</i> | 0.0 | 0.0 | 1.8 | 1.8 | 1.1 | 1.1 | 0.3 | 0.2 | 0.7 | 1.7 | 0.9 | 3.0 | 0.0 | 0.5 | 0.0 | 0.0 | 13.0 |
| 2009 Gross redemption | 13.8 | 11.4 | 14.7 | 21.7 | 2.4 | 5.3 | 2.8 | 1.0 | 8.6 | 8.4 | 0.6 | 0.0 | 0.1 | 0.6 | 0.0 | 0.0 | 91.4 |
| <i>of which euros (in EURbn)</i> | 2.3 | 2.6 | 4.3 | 0.4 | 1.0 | 3.1 | 1.2 | 0.3 | 4.2 | 4.2 | 0.0 | 0.0 | 0.1 | 0.5 | 0.0 | 0.0 | 24.2 |
| 2009 net redemption - low range est. | -13.8 | -11.4 | -4.3 | -2.6 | -2.4 | -5.3 | -0.8 | -0.3 | -2.8 | 2.5 | -0.6 | 2.0 | -0.1 | -0.1 | 0.0 | 0.0 | -40.0 |
| <i>of which euros (in EURbn)</i> | -2.3 | -2.6 | 0.9 | 4.2 | -1.0 | -3.1 | -0.2 | -0.1 | -1.4 | 3.4 | 0.0 | 1.5 | -0.1 | -0.1 | 0.0 | 0.0 | -1.0 |
| 2009 net redemption - high range est. | -13.8 | -11.4 | -3.9 | -1.7 | -1.0 | -3.7 | -0.7 | -0.3 | -1.6 | 4.0 | 0.5 | 4.0 | -0.1 | 0.0 | 0.0 | 0.0 | -29.8 |
| <i>of which euros (in EURbn)</i> | -2.3 | -2.6 | 1.1 | 5.7 | 0.1 | -2.0 | -0.2 | -0.1 | 0.3 | 4.3 | 0.8 | 3.0 | -0.1 | 0.0 | 0.0 | 0.0 | 8.0 |

Source: Calyon

Large net bond debt redemption in 2009

2009 redemptions are currently USD91bn across all currencies, of which EUR24bn will be in euro-denominated bonds. FMCC and GMAC redemptions are unlikely to be refinanced through the bond market and account for USD25bn in 2009 (27.5% of total redemption) and USD17bn in 2010 (27.5% of total redemption) across all currencies and EUR3-5bn in euro-denominated bonds.

2009 net redemption forecast across all currencies/in euro

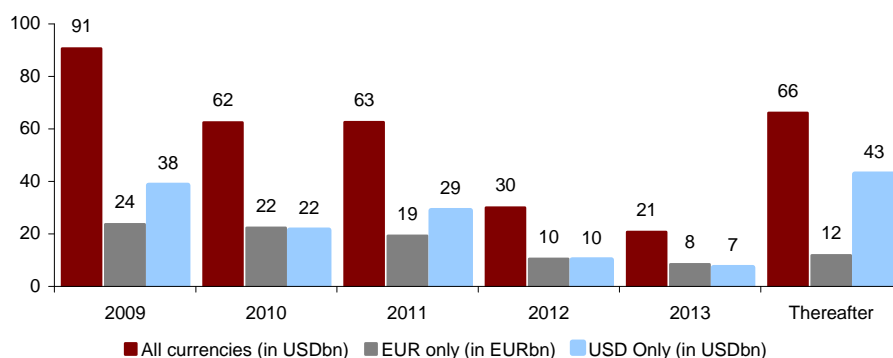
| (USDbn) | Ford & GM | others | Total |
|--|------------|------------|------------|
| 2009 net redemption - low range est. | -25 | -15 | -40 |
| <i>of which euros (in €bn)</i> | -5 | 4 | -1 |
| 2009 net redemption - high range est. | -25 | -5 | -30 |
| <i>of which euros (in €bn)</i> | -4 | 13 | 8 |

Source: Calyon

Based on our 2009 issuance estimates over the previous page we expect 2009 net redemption of US30-40bn across all currencies (USD25bn from FMCC and GMAC). In euro-denominated bond debt we expect net issuance up to EUR8bn, primarily driven by Toyota, Daimler, VW and Porsche.

As seen in the table above we expect the bulk of the net redemption outside of FMCC and GMAC to come from DaimlerChrysler in USD as all the Chrysler Financial Services bonds it inherited back in 2007, and for which it received upfront payments, will not be refinanced. In addition, Renault and Peugeot are likely to show large net bond debt redemption due to the factors mentioned earlier.

Autos global bond debt redemption schedule



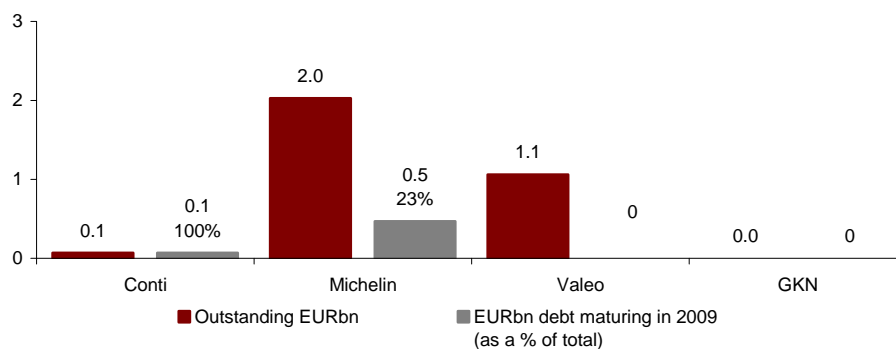
Source: Calyon, Bloomberg

Benchmark bonds maturing in 2009

| Jan 09 | Feb 09 | Mar 09 | Apr 09 | May 09 | Jun 09 | Jul 09 | Aug 09 | Sep 09 | Oct 09 | Nov 09 | Dec 09 |
|---------------------------------|--------|--------------------------|-----------------------------|--------------------------|-------------------------|--------|----------------------|---------------------------|------------------------|------------------------|------------------------|
| GMAC USD1bn 14th | | FMCC USD500m 20th | Michelin EUR470m 16th | GMAC USD1bn 15th | PSA EUR600m 15th | | DAI USD1bn 3rd | FCE EUR750m 30th | FMCC USD5bn 28th | DAI EUR750m 18th | TMCC USD525m 7th |
| FMCC USD2.8bn 12th | | DAI USD2bn 13th | | GMAC USD1.5bn 15th | TMCC USD500m 19th | | | GMAC EUR1.25bn 14th | | | |
| FMCC USD1.5bn 12th | | DAI USD1.25bn 13th | | GMAC USD500m 22nd | GMAC EUR750m 30th | | | DAI USD2bn 1st | | | |
| DAI EUR1bn 23rd | | | | VW EUR1.5bn 22nd | RNO EUR1bn 26th | | | DAI EUR1.5bn 8th | | | |
| BMW EUR750m 28th | | | | | | | | | | | |
| TMCC 2xUSD500m 6th & 12th | | | | | | | | | | | |

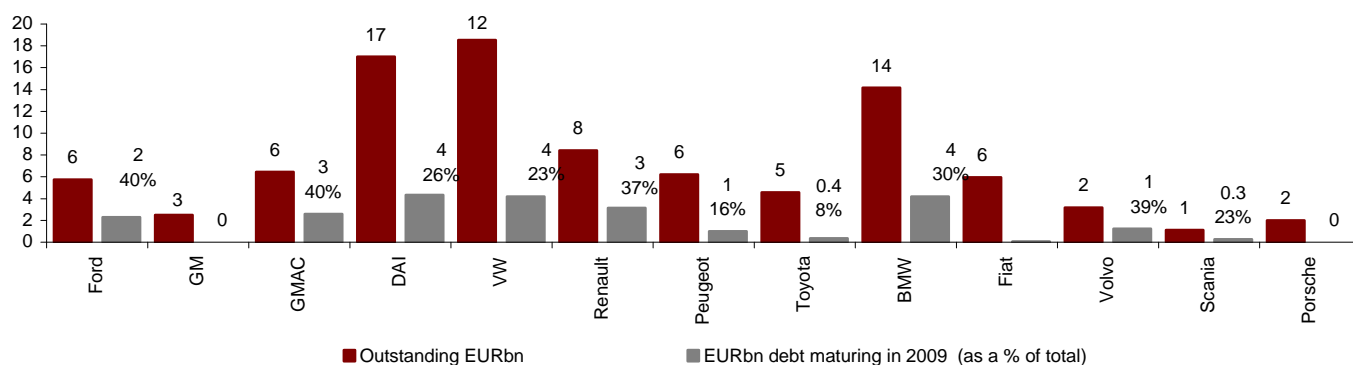
Sources: Calyon, Bloomberg

Auto suppliers' EUR outstanding bonds vs EUR bonds redeeming in 2009



Source: Calyon, Bloomberg

Automakers' EUR outstanding bonds vs EUR bonds redeeming in 2009



Source: Calyon, Bloomberg

Credit trend

Outlook and credit trend

Macroeconomic picture

The macroeconomic picture has continued to weaken since the publication of our *Autos 2009 Outlook* in December 2008. As can be seen in the table below, Calyon economists expect the US and European economies to continue to contract until Q110 and Q309, respectively. The US is expected to take longer to move into a period of economic growth, but when it does it will be at a much faster pace than Europe, which will show only marginal growth throughout 2010.

Economic forecasts

| Real GDP growth, % | 2008 | | | | 2009e | | | | 2010e | | | |
|--------------------|------|------|------|------|-------|------|------|------|-------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| USA (annualised) | 0.9 | 2.8 | -0.5 | -6.3 | -4.8 | -1.8 | -1.5 | -0.3 | 2.5 | 3.0 | 2.9 | 3.1 |
| Eurozone | 0.7 | -0.3 | -0.3 | -1.5 | -1.2 | -0.5 | 0.0 | 0.1 | 0.1 | 0.2 | 0.3 | 0.3 |
| - Germany | 1.5 | -0.5 | -0.5 | -2.1 | -1.2 | -0.7 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 |
| - France | 0.4 | -0.3 | 0.1 | -1.2 | -1.3 | -0.5 | 0.1 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 |
| - Italy | 0.3 | -0.6 | -0.7 | -1.9 | -1.2 | -0.3 | 0.0 | 0.1 | 0.1 | 0.1 | 0.3 | 0.2 |
| - Spain | 0.4 | 0.1 | -0.3 | -1.0 | -0.8 | -0.7 | -0.6 | -0.3 | -0.1 | 0.0 | 0.2 | 0.3 |

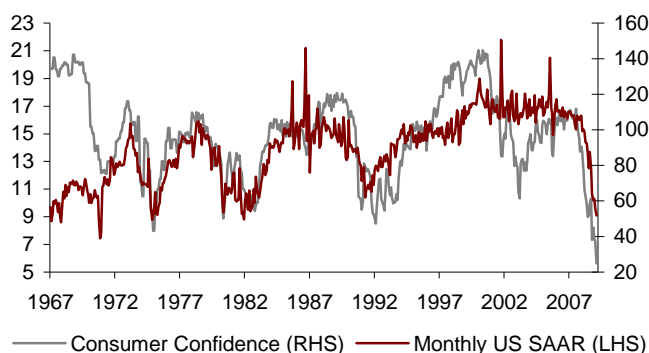
Source: Calyon as at 30 March 2009

The US economy

US economic newsflow continues to break records. The change in US non-farm payrolls was negative 663K in March (YTD 2m people), the highest level since 1949, while unemployment reached 8.5% (7.2% at end-2008), the worst since 1984. These developments, combined with falling consumer confidence levels – the worst since records began in 1967 – have led consumer spending, particularly on large-ticket items like automobiles, to decline sharply. In addition, despite a massive injection of money and various initiatives to support struggling banks, consumer credit remains available only to high-quality borrowers.

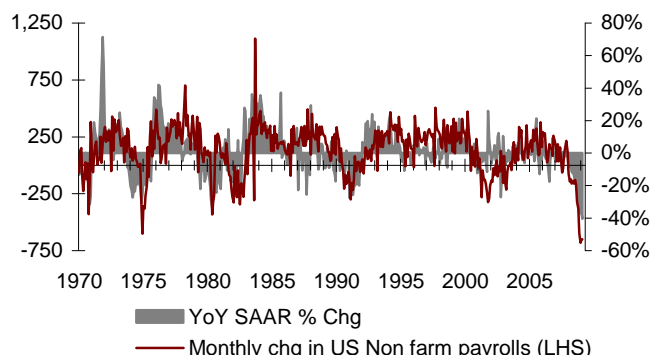
Two key metrics for the Autos sector and retail auto demand are: consumer confidence and change in non-farm payrolls (jobs). As indicated in the charts below there is a direct correlation between weakening metrics and falling sales. In particular when changes in non-farm payrolls have been above 600k, US auto sales have fallen by more than 35%. In addition, looking at the correlation with consumer confidence, which is very high, we could see sales as low as 5m units in a very worst-case scenario. However, recent declines in total sales (retail & fleet) have been much more related to fleet sale declines, with retail sales staying around 8m units in the past few months. This could act as the floor to total sales.

US consumer confidence vs US sales (m units)



Source: Calyon, Bloomberg

Monthly change in non-farm payrolls vs US Auto sales (m units)



Source: Calyon, US Bureau of Labor Statistics

US consumer spending accounts for about two-thirds of US GDP and therefore a large portion of global demand. The situation can get worse; most forecasters agree that a US turnaround is unlikely to emerge before H209, with

unemployment and therefore consumer spending lagging until 2010, adding further pressure to auto sales volumes. In the meantime, the government is focused on getting consumer credit flowing again and providing consumer incentives (see page 13).

US economic forecasts

| | Quarterly | | | | Annual | | | |
|-------------------|-----------|------|------|------|--------|------|----------|-------|
| | Q109 | Q209 | Q309 | Q409 | 2007 | 2008 | 2009e | 2010e |
| GDP | -4.8 | -1.8 | -1.5 | -0.3 | 2.0 | 1.1 | -2.9 | 1.4 |
| Unemployment rate | 8.0 | 8.7 | 9.0 | 9.4 | 4.6 | -4.7 | -4.6 | -5.0 |
| CPI, core | -0.1 | -0.8 | -2.0 | 0.5 | 2.3 | 3.8 | -0.6 | 1.2 |
| US Fed Rate (%) | | | | | 4.25 | 0.25 | 0.0-0.25 | |

Source: Calyon, as at 30 March 2009

Eurozone

The economic situation in Europe is also very fragile. A substantial amount of support has already been provided to the banking system, which is also yet to spur an increase in consumer spending. In addition rising joblessness and falling personal wealth has increased pessimism about the future. In 2009 Eurozone GDP is expected to rebound in H2/09, although employment and spending will likely lag into 2010. We continue to expect further ECB interest rate cuts during the course of 2009 to stimulate the region, in line with the consensus, which expects rates to drop to 1.0% from 1.25% currently.

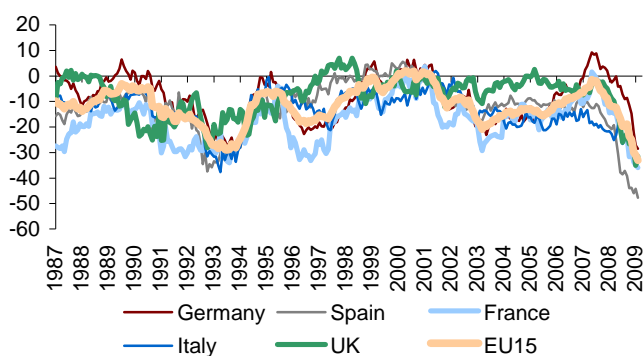
Europe economic forecasts

| Real GDP (YoY, %) | 2008 | 2009e | 2010e |
|-------------------|------|-------|-------|
| Eurozone | 0.7 | -2.9 | 0.4 |
| - Germany | 1.0 | -3.6 | 0.6 |
| - France | 0.7 | -2.5 | 0.7 |
| - Italy | -1.0 | -3.3 | 0.4 |
| - Spain | 1.2 | -2.5 | -0.1 |
| UK | 0.6 | -3.0 | 0.6 |

Source: Calyon, as at 30 March 2009

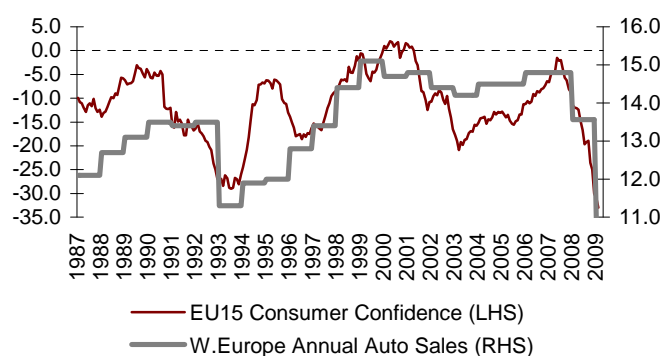
The most important regions for the auto sector are the 'Big 5' economies of Germany, France, Spain, Italy and the UK, which represent around 70% of EU27 unit sales. EU consumer confidence (see chart below), a key indicator of future consumer spending, is at an all-time low, and could decline even further in our view given rising unemployment levels and social unrest.

EU consumer confidence



Source: Calyon, Eurostat

EU sales versus consumer confidence



Source: Calyon

As can be seen in the table below, unemployment levels are expected to remain depressed well into 2010. Overall Eurozone unemployment is forecast to rise to 9.4% in Q409 and to 9.9% in Q4 10, with not too much dispersion between the main countries except for Spain. In Spain unemployment is expected to peak at 18.9% in Q4 09, and remaining at elevated levels throughout 2010.

Unemployment forecasts for Europe

| Unemployment rate, % | 2008 | | | | 2009e | | | | 2010e | | | |
|----------------------|------|------|------|------|-------|------|------|------|-------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Eurozone | 7.2 | 7.3 | 7.2 | 7.8 | 8.2 | 8.9 | 9.1 | 9.4 | 9.6 | 9.7 | 9.8 | 9.9 |
| - Germany | 8.1 | 7.9 | 7.7 | 7.6 | 7.9 | 8.3 | 8.6 | 8.9 | 9.1 | 9.3 | 9.4 | 9.4 |
| - France | 7.2 | 7.3 | 7.2 | 7.8 | 8.2 | 8.6 | 8.8 | 9.0 | 9.3 | 9.5 | 9.6 | 9.9 |
| - Italy | 6.6 | 6.7 | 6.7 | 7.2 | 7.5 | 7.8 | 8.1 | 8.4 | 8.6 | 8.7 | 8.8 | 8.9 |
| - Spain | 9.3 | 10.5 | 11.7 | 13.9 | 16.8 | 18.1 | 18.6 | 18.9 | 18.9 | 18.9 | 18.6 | 18.5 |
| UK | 5.5 | 5.7 | 5.8 | 6.3 | 6.9 | 7.5 | 8.0 | 8.5 | 8.8 | 9.1 | 9.0 | 8.8 |

Source: Calyon, as at 30 March 2009

Industry volumes in decline

The automobile market is cyclical; it is strongly correlated to key economic indicators (employment levels, personal income, oil price, exchange rates and monetary policy), which influence consumer spending and affordability. Auto demand is mainly driven by demographics and vehicle affordability, which in turn is influenced by personal income but also by the use of vehicle incentives.

In 2009 we currently expect overall US automotive sales to decline 18.2% YoY to 10.8m units, following an 18% YoY fall in 2008, with the bulk coming in H109. In the first three months of the year US SAAR was 9.6m, 9.1m and 9.9m units, respectively; year-to-date sales are down 38.4%. We could still adjust our forecast down further depending on how the government-brokered reorganisation of the auto industry evolves. The lowest level on record (since 1976) was in December 1981 at 8.8m units, compared with the 16.6m unit average between 1997 and 2007.

In Western Europe we expect sales to decline 13% in 2009 to 11.8m units, compared with an 8.3% YoY decline in 2008. Year-to-date to February sales are down 22%.

Automotive sales forecasts (%chg YoY)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|----------------|---------|---------|---------|---------|---------|
| US | -0.6% | -1.8% | -2.4% | -18.0% | -18.2% |
| Western Europe | -0.1% | 1.8% | 0.2% | -8.3% | -13.0% |

Source: Calyon

The US auto industry

In his speech to the nation, President Obama announced that the government would extend its financial support to GM and Chrysler by 60 and 30 days respectively, in order to leave the companies time to create more viable restructuring plans and to reach agreements with their main stakeholders. Progress will have to be shown to the government auto task force by the end of the respective deadlines. The size of the additional funding was not disclosed for GM. GM will have to use this additional time to work with creditors, unions and other stakeholders to restructure fundamentally in a way that would justify additional government funding.

In the specific case of Chrysler the government stated it would lend up to USD6bn of additional funding should the company reach a final agreement with Fiat and if it is able to agree with secured lenders to accept equity for the bulk of its secured loans. Shortly after the speech, Fiat and Chrysler released a statement that they have agreed a framework for forming a global alliance. Under the agreement Fiat would receive an initial 20% equity interest in Chrysler without making any cash investment in Chrysler or committing to fund Chrysler in the future. The alliance would provide Chrysler with access to competitive, fuel-efficient vehicle platforms, powertrain and components to be produced at Chrysler manufacturing sites. Fiat would also provide distribution capabilities in key growth markets, as well as substantial cost-saving opportunities. Fiat's stake would only be able to rise above 49.9% if all federal loans were repaid.

Chrysler Chapter 11 candidate and GM to follow?

This said, restructuring inside of a so-called fast-track Chapter 11 filing has not been ruled out, given there seems little reason for secured lenders to give up their priority position in exchange for equity and an unproven alliance with Fiat.

Lenders no doubt remember the ill-fated tie up between GM and Fiat. In addition, we believe that the 30-day timeframe may be too short to reach an out-of-court agreement with secured lenders and that the 30-day difference granted to GM versus Chrysler is designed to give the administration time to push through a Chapter 11 restructuring process before having to deal with GM, in our view, which as the auto task force has stated can operate as a standalone business.

The president pointed out that, if debt and labour cost restructuring are not sufficient, they would not hesitate to use the Chapter 11 legal framework to restructure once and for all the two companies, implying that the government would act as a debtor in possession (DIP) financier. As a DIP financier the government would rank on top of all other debtors. Such a scenario is likely to push unsecured bondholders, notably at GM, to recover as much as they can outside the Chapter 11 procedure because the funding of working capital needs remains very high at both companies, which would require additional lending from the government to reduce the size of the unencumbered assets, and therefore the recovery value on existing unsecured debt.

Government incentives

In order to reassure potential vehicle buyers, the president stated on 30 March that the US government would guarantee vehicle warranties in order to remove fears over future servicing and repairs, even if one or more brands are discontinued in the restructuring process. He also reminded the market that the government is making it easier for the auto finance companies to provide consumer and dealer loans as new loans can benefit from refinancing through the TALF.

In addition, the cost of any sales and excise taxes incurred by a purchaser can be deducted for auto purchases between 16 February and the end of the year. Lastly and more importantly, the Obama administration is working with several members of Congress to propose a vehicle-scraping incentive scheme, similar to the ones currently offered in Germany, France and Italy. The amount of such incentive will have to be decided in the coming weeks but it will be retroactive starting from end-March.

Such an incentive could have a positive short-term effect on sales, depending on the size of the incentive, but would pull forward future demand, which would likely suffer once the incentives stopped. The risk is worth taking given the importance of the auto industry to the US economy as a whole.

For example, according to the Centre for Automotive Research (CAR), if one of the Big 3 were allowed to collapse it would impact all automakers and suppliers, domestic and international alike, given the interconnectivity of the industry. According to them up to 2.9m jobs, direct and indirect, would be lost if the Big 3 were allowed to collapse. In addition, this would lead to a loss of around USD50bn in lost tax revenues in Year 1, and USD108bn over three years.

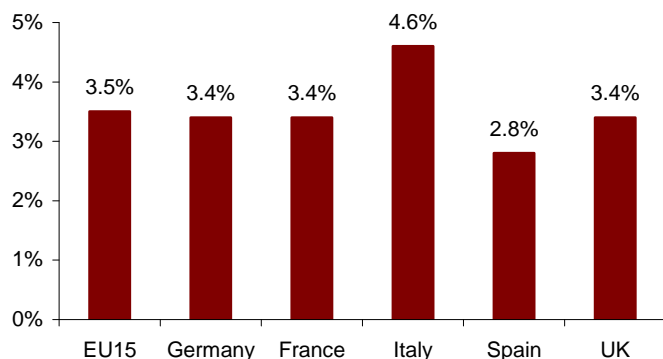
European auto industry

The European automotive industry is in a better state than the US because it is more diversified geographically and also by automaker. This is also the case for the supplier base, which generally has no overexposure to any one manufacturer in particular. Valeo, for example, has around 27% of its sales to PSA/RNO, its largest clients. This said, the industry still accounts for a large proportion of economic growth; overall it makes up around 3.5% of EU GDP (see chart below) and also employment. According to the ACEA, 12m EU families depend on automotive employment (2.2m directly and 10.3m indirectly), which in total is equivalent to around 6% of the EU employed population (see charts).

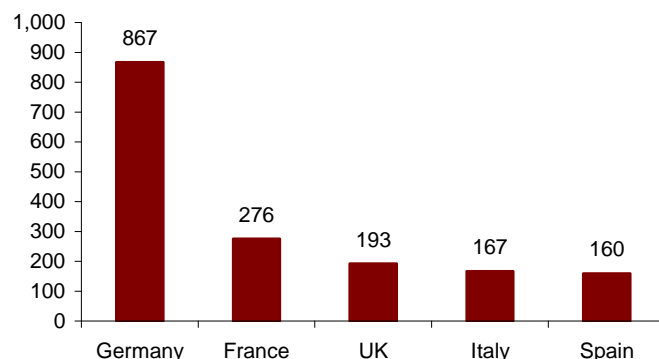
In response to falling demand the governments of the Big 5 European countries, except for the UK, have introduced incentives to spur vehicle sales (see table below). The main mechanism being employed is a vehicle-scraping incentive, in which older, more polluting vehicles can be taken to a dealership for a cash discount on a new vehicle purchase. The returned vehicle is then turned into scrap metal. In Europe, Germany has the most generous rebate, providing EUR2,500 for a scrapped vehicle over nine years old. The initial federal budget for the programme was EUR1.5bn or 600,000 vehicles, but it has been very successful and is expected to run out in April this year; however, potentially it

could be extended to EUR5bn or 2m units until year-end, ie, two-thirds of German annual auto sales. Indeed, German vehicle sales are up 18% YTD, and up 39.9% YoY in March, including two full months of the incentives.

EU15 fiscal income from motor vehicles (% GDP) Direct auto employment by country (000 people)



Source: Calyon, ACEA, Eurostat



Source: Calyon, Eurostat 2005

France and Italy also have their own scrapping programmes, but for only EUR1,000 and EUR1,500, respectively, which is expected to generate around 200,000 units of extra demand in each country. This may be too optimistic in our view, potentially leading to higher rebates in the future. March sales in Italy and France were up 6.1% and 2.9% YoY, respectively. The UK, which has no scrapping bonus at present, recorded March sales that fell by 30.5% YoY. In Spain, where the economic crisis is also a housing crisis, low interest loans have failed to spur higher sales. In February Spanish sales were down 49% YoY.

In conclusion, we believe that state support is a necessary tool to reduce the impact that the financial crisis is having on sales and to help preserve manufacturing jobs. This said, these programmes do not create new demand, but ultimately bring demand forward. Therefore, we could see a payback in lost sales in 2010, albeit potentially offset by an improvement in economic conditions and underlying demand.

European state support for the auto sector

| Country | 2008 Sales | Criteria | State support | Start | Est. market boost in units sold |
|---------|------------|----------------------|--|------------|---------------------------------|
| Germany | 3.4m | 9+ yrs | 1 or 2 yr road tax exemption before July 2009. In addition EUR2,500 scrapping scheme for 2009. Capped at EUR1.5bn, equivalent to 600,000 cars. Now agreed to extend scheme given fund expected to run out end April. Extension to be decided, another 1,400k in extra demand speculated. | 13/01/2009 | up to 1,000,000 |
| France | 2.6m | 10+ yrs | Scrapping bonus of EUR1,000 for cars older than 10 years | 04/12/2008 | 220,000 |
| Italy | 2.4m | 10+ yrs | Scrapping bonus of EUR1,500 for cars older than 10 years | 06/02/2009 | 200,000 |
| Spain | 1.4m | 10+ yrs or 250,000km | 0% finance up to EUR30,000 | 01/09/2008 | 100,000 |
| UK | 2.5m | NA | To be voted | NA | NA |

Source: SMMT (UK Motor Association), Calyon

Industrial operations – Liquidity analysis, large cash burn in H109

Lower production and inventories to trigger cash burn

Production schedules have an immediate impact on earnings as the carmaker books sales revenues to the P&L when the vehicle is shipped to the dealer. Inventories are held at the dealers, who receive a loan from the financial services unit of the carmaker to cover the cost of purchasing the vehicles. As such, despite the fact that the vehicle has not been sold to a retail client the sale is already booked in the P&L. The balance sheets of the industrial operations of the carmakers are also impacted in the accounts payable (trade) and accrued expenses (liabilities).

Accounts payable

Trade payables are paid on average 60-70 days after the components have arrived at the carmaker. As production rises, so do accounts payable. However, if production were cut sharply, due to work stoppages at either the supplier or manufacturer level, or due to high dealers' inventory levels, cash receipt from dealers (due in around 30 days) would fall due faster than cash payments to suppliers, triggering a net cash outflow.

Accrued expenses

When a vehicle is sold to a dealer the carmaker also accrues incentives, product warranty, potential recall expenses and other items. All of these items form the accrued expenses reserve. We consider that 60-70% of accrued expenses fluctuate with production and inventory levels.

The incentive liability generally increases in a quarter if:

- The carmaker is building higher dealer inventory quarter after quarter.
- The carmaker implements a new incentive programme. The sales incentive liability at all times reflects the cost of current incentive programmes at the latest dealer vehicle inventory levels.

Given the double-digit percentage decline in auto sales since October 2008 across all Western countries, carmakers have been cutting production schedules sharply in order to adjust dealership inventories.

Auto sales in Q109 showed double-digit percentage declines YoY of 15-25% in Europe and 38% in the US, which has led to large production cuts of 25-40% and subsequent large cash burn. As a result, quarterly results will weigh on sentiment with concerns over a liquidity cushion becoming the main priority for investors.

As seen in the table on the next page BMW, DAI and VW are the fittest in terms of liquidity/cash cushion for FY09. Further details are disclosed in the individual issuer sections.

2009 Industrial liquidity forecast

| Change in cash in FY09 EURbn | Peugeot | RNO | Fiat | BMW | VW | DAI | Volvo | Scania | Conti | Michelin | Valeo |
|--------------------------------------|------------|-------------|------------|------------|-------------|------------|-------------|-------------|------------|------------|------------|
| | | | | | | | SEKbn | SEKbn | | | |
| Free cash flow | -3.8 | -0.5 | -0.5 | -1.5 | 0.4 | -2.8 | 2.8 | 2.7 | 0.5 | 0.3 | -0.1 |
| Debt repayment by end 2009 | -1.7 | -3.5 | -1.5 | -1.3 | -2.9 | 0.0 | -15.5 | -4.6 | -1.5 | -0.8 | -0.2 |
| sub total (a) | -5.5 | -4.0 | -2.0 | -2.8 | -2.5 | -2.8 | -12.7 | -1.9 | -1.0 | -0.5 | -0.3 |
| Available committed liquidity | | | | | | | | | | | |
| Gross cash | 2.0 | 1.1 | 2.6 | 5.1 | 9.5 | 4.7 | 16.7 | 4.3 | 1.6 | 0.5 | 0.3 |
| Marketable securities | 0.5 | 1.2 | 0.1 | 0.6 | 3.8 | 1.0 | 5.9 | 0.1 | 0.0 | 0.2 | 0.4 |
| Bank facilities | 6.4 | 7.2 | 3.0 | 5.9 | 7.8 | 6.8 | 26.7 | 26.8 | 2.2 | 1.4 | 1.2 |
| sub total (b) | 9.0 | 9.5 | 5.7 | 11.5 | 21.0 | 12.5 | 49.3 | 31.1 | 3.8 | 2.0 | 1.9 |
| Cushion (shortfall) (a+b) | 3.5 | 5.5 | 3.7 | 8.7 | 18.5 | 9.7 | 36.6 | 29.2 | 2.8 | 1.5 | 1.5 |
| Cut in capex/R&D | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 |
| Dividend payments | 0.0 | 0.0 | 0.0 | -0.2 | -0.8 | -0.6 | -3.7 | -2.0 | 0.0 | -0.2 | 0.0 |
| share buyback | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Chrysler exposure | | | | | 0.0 | -0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| sub total (c) | 0.0 | 0.0 | 0.0 | 0.1 | -0.8 | -1.4 | -3.7 | -2.0 | 0.0 | 0.1 | 0.0 |
| Cushion (shortfall) (a+b+c) | 3.5 | 5.5 | 3.7 | 8.8 | 17.7 | 8.3 | 32.9 | 27.2 | 2.8 | 1.6 | 1.5 |
| Cushion incl. stake holdings | 3.5 | 12.4 | 3.7 | 8.8 | 21.1 | 8.3 | 32.9 | 27.2 | 2.8 | 1.6 | 1.5 |

Source: Calyon, Company Reports

Issuer snapshot

BMW (A neg/A3 neg/NR)

BMW ind. liquidity (EURbn)

| Change in cash in FY09 | |
|------------------------------------|------------|
| Free cash flow | -1.5 |
| Debt repayment by end 2009 | -1.3 |
| sub total (a) | -2.8 |
| Available committed liquidity | |
| Gross cash | 5.1 |
| Marketable securities | 0.6 |
| Bank facilities | 5.9 |
| sub total (b) | 11.5 |
| Cushion (shortfall) (a+b) | 8.7 |
| Cut in capex/R&D | 0.3 |
| Dividend payments | -0.2 |
| share buyback | 0.0 |
| Other | 0.0 |
| sub total (c) | 0.1 |
| Cushion (shortfall) (a+b+c) | 8.8 |

Source: Calyon

BMW's FY08 results were below market estimates, highlighting the difficult conditions likely to be encountered in the coming quarters. 2008 auto operating margins stood at 1.4% or 4.2% if we exclude special items (6.4% in FY07). The automobile net cash position improved substantially YoY from EUR7,357m at end-FY07 to EUR9,046m at end-FY08. Like its peers, no forecast for 2009 has been provided. Although it did say that it expects overall sales volumes in automotive markets to decline by 10-20% in 2009. In this environment we forecast that free cash flow for the full year will be negative EUR1.5bn, the bulk of the decline in H109; this said, overall liquidity remains strong with cash & equivalents (EUR5.7bn) and available committed facilities (EUR5.9bn) of EUR8.8bn in excess of 2009 obligations. With regard to the finance operations, BMW has been able to access the unsecured bond market with c.EUR5bn in euro bonds issued since November 2008, which compares with EUR4.2bn of euro bond redemptions for 2009 (EUR2.3bn euro issuance currently maturing in 2009). Further writedowns for residual value risks are not ruled out. For the full-year 2008 the residual value provision amounted to EUR1.6bn, while the non-performing loan provision stood at EUR363m.

We remain Underperform the Autos sector, but we favour the German OEMs given their stronger liquidity cushion, hence our Sectorperform stance on BMW within the sector.

One year rating target: Low-A (maintained)

Relative value: Sectorperform (maintained since 05/11/08)

Conti liquidity (EURbn)

| Change in cash FY09 | |
|--------------------------------------|------------|
| Free cash flow | 0.5 |
| Debt repayment by end 2009 | -1.5 |
| sub total (a) | -1.0 |
| Available committed liquidity | |
| Gross cash | 1.6 |
| Marketable securities | 0.0 |
| Bank facilities | 2.2 |
| sub total (b) | 3.8 |
| Cushion (shortfall) (a+b) | 2.8 |
| Cut in capex/R&D on top of FY09 est. | 0.0 |
| Dividend payments (FY08 level) | 0.0 |
| share buyback (FY08 level) | 0.0 |
| Other | 0.0 |
| sub total (c) | 0.0 |
| Cushion (shortfall) (a+b+c) | 2.8 |

Source: Calyon

Continental (BB neg/Ba2 neg/BB neg)

2009 refinancing risk is low following the January renegotiation of the firm's VDO-related debts, in our view. At end-2008 Conti had EUR3.8bn in cash, cash equivalents and available bank lines versus EUR1.5bn in debt repayments due in 2009. The largest maturity in 2009 is tranche A (EUR800m) of the VDO loan due in August, and Conti can draw on available liquidity in tranche B (EUR1.6bn) for this payment. In addition the company stated that it should be able to generate "substantial FCF" in 2009 due to large cuts in capex and tax credits, and therefore remain below required covenant triggers. Notably, net debt to EBITDA of 4.0-4.75x (Q4 peak) in 2009. We are conservative and estimate that FCF will be EUR0.5bn in 2009. Refinancing in 2010 is the key issue, however, with tranche B (EUR3.5bn) maturing in August. There are a few options, which include: the sale of the Tyre business (c.EUR4bn), which includes tyre operations and Contitech; equity-raising or refinancing. No decision is expected on this soon. Conti's future ownership structure continues to be uncertain; at present Schaeffler, 49.9% majority owner of Conti, is in financial distress following its acquisition of Conti and lenders are trying to agree a new plan to rescue the company, which may include aid from the State of Bavaria. This said, under the Conti loan agreements no upstream or guarantee in favour of Schaeffler is possible.

We keep our recommendation on Conti unchanged at Sectorperform given already wide valuations and no near-term liquidity risk.

One year rating target: Mid-BB (maintained)

Relative value: Sectorperform (maintained since 19/09/08)

Daimler (A- neg/A3 neg/BBB+ neg)

Daimler ind. liquidity (EURbn)

| Change in cash in FY09 | |
|-------------------------------|------|
| Free cash flow | -2.8 |
| Debt repayment by end 2009 | 0.0 |
| sub total (a) | -2.8 |
| Available committed liquidity | |
| Gross cash | 4.7 |
| Marketable securities | 1.0 |
| Bank facilities | 6.8 |
| sub total (b) | 12.5 |
| Cushion (shortfall) (a+b) | |
| | 9.7 |
| Cushion (shortfall) (a+b+c) | |
| | 8.3 |

Source: Calyon

In its FY08 results Daimler was unable to provide guidance for 2009, except to say that the global car market would decline 10% and that there would be a further decline in truck sales. This is a more optimistic view than that provided by BMW, which expects a 10-20% decline in automotive markets. In addition, according to the company there would be "substantial burdens" on 2009 EBIT. Daimler states that the sharp decline at Mercedes-Benz Cars was unexpected in Q4, and that inventories remain still too high despite production cuts. Indeed, a further adjustment of inventories should lead to further cash burn in Q109 in our view, and rating action in line with our High-BBB target. The industrial net cash position declined from EUR6.7bn at end-Q308 to EUR3.6bn at end-Q408 due to a large negative impact from working capital. Despite this, we consider liquidity to be strong in 2009 given that gross cash, marketable securities and available committed credit lines were EUR12.5bn at end-2008, versus our expectation of negative EUR2.8bn in FCF. Overall the 2009 cash cushion is estimated to be EUR8.3bn. With regard to the finance operations, Daimler has been able to access the unsecured bond market with c.EUR5.3bn in euro bonds issued since December 2008, compared with EUR4.3bn of euro bond redemptions for 2009 (EUR3.2bn euro issuance currently maturing in 2009).

One year rating target: High-BBB (maintained)

Relative value: Sectorperform (maintained since 17/02/09)

Fiat ind. liquidity (EURbn)

| Fiat Change in ind. cash in FY09 | |
|----------------------------------|------|
| Free cash flow | -0.5 |
| Debt repayment by end 2009 | -1.5 |
| sub total (a) | -2.0 |
| Available committed liquidity | |
| Gross cash | 2.6 |
| Marketable securities | 0.1 |
| Bank facilities | 3.0 |
| sub total (b) | 5.7 |
| Cushion (shortfall) (a+b) | |
| | 3.7 |
| Cushion (shortfall) (a+b+c) | |
| | 3.7 |

Source: Calyon

Fiat (BB+ CW neg/Ba1 neg/BB+ neg)

Fiat reported Q408 and FY08 net income in line with consensus. However, Q408 industrial free cash flow was worse than the company's guidance. Fiat states that, once dealers' inventories are lowered to a satisfactory level to face actual demand, it should return to a stable, though reduced, trend of operating cash flows, hence the company guidance of EUR1bn in industrial cash generation in FY09 and an industrial net debt of less than EUR5bn (EUR5.9bn end-2008) at end-FY09. Overall Fiat's liquidity position is weak considering 2009 and 2010 debt maturities. At end-December 2008 the company had fully used its banking facilities and was left with EUR3.9bn of cash, while debt maturing within one year stood at EUR4.8bn. This said, USD5.2bn (EUR4bn) of this debt is used by CNH Financial Services in North America to refinance the new client loans (ie, underpinned by new loan assets). We believe that CNH Capital, the captive finance unit of CNH in the US (Fiat's Agricultural and Construction equipment division) will likely be able to use the US TALF (Term Asset-Backed Securities Lending Facility) by the end of the year. Indeed, the US administration is planning to include agricultural equipment loans in the assets eligible for the program. Such a development would be positive for Fiat as it would free up some of the cash that Fiat has been lending over to CNH Capital to refinance the new client loans and it would avoid further downgrade by S&P. Finally, newsflow about a potential tie-up with Chrysler, outside or inside Chapter 11, could be announced in the coming month. Fiat states it would make no financial commitment for the deal, aside from sharing know-how, for its initial 20% stake.

Our Sectorperform stance on the company within the sector, which we rate at Underperform, reflects the valuations that have already fully priced in the weakened credit profile of the company in our view, especially versus similarly rated peers such as Renault or Valeo that have their 5Y CDS trading about 640bp to 620bp tighter than Fiat.

One year rating target: High-BB (maintained)

Relative value: Sectorperform (maintained since 17/12/08)

Michelin (BBB neg/Baa2/BBB- neg)

Michelin liquidity (EURbn)

| Change in cash FY09 | |
|------------------------------------|------------|
| Free cash flow | 0,3 |
| Debt repayment by end 2009 | -0,8 |
| sub total (a) | -0,5 |
| Available committed liquidity | |
| Gross cash | 0,5 |
| Marketable securities | 0,2 |
| Bank facilities | 1,4 |
| sub total (b) | 2,0 |
| Cushion (shortfall) (a+b) | 1,5 |
| Cut in capex/R&D | 0,3 |
| Dividend payments (FY08 level) | -0,2 |
| share buyback (FY08 level) | 0,0 |
| Other | 0,0 |
| sub total (c) | 0,1 |
| Cushion (shortfall) (a+b+c) | 1,6 |

Source: Calyon

FY08 results came in above market consensus with regard to net result. However, FY08 operating margin, before non-recurring items, came in at 5.6% (9.8% in FY07), well below the company guidance of 7.0-7.5%. Net debt at end-2008 was EUR4.3bn, and as a result net gearing rose from 70% in 2007 to 84%, while net debt to EBITDA was 2.31x, the highest level since Michelin has been rated mid-BBB. The ratio of funds from operations to net debt is also below the 25% threshold defined for a mid-BBB. Consequently, risk of rating pressure (a one-notch cut to low-BBB) has increased in our view. Year-end-2008 inventories (in tons) were only slightly below the previous year, which should lead to further production cuts in Q109. We expect that H109 free cash flow could be very similar to H208 (EUR36m). The impact of falling raw-material prices (down c.50% since July 2008), such as natural rubber, will not have any positive impact on cost of goods sold before H209 given the six-month lag between lower prices and the impact on the P&L. The company expects the tyre market (OEM and replacement) to remain well below prior-year levels in the first half, although no clear guidance has been provided for the full year. This said, given that sales to carmakers are likely to decline by at least 30% on the back of production cuts and that sales to the replacement market could be depressed for as long as one year (down in average 30% in the first two months of 2009), a further deterioration in credit metrics is anticipated in H1 09. We expect free cash flow to be only slightly positive (EUR0.3m) in FY09, although Michelin could cut capex a further EUR300m in our view from the EUR700m guided for FY09 (capex of EUR1.3bn in 2008).

As we indicate in the table, liquidity is only adequate in our view, with cash & equivalents plus committed available bank facilities totalling EUR2bn. Debt repayments for 2009 are EUR0.8 bn, although we assume a portion of this will be rolled over. In January, Michelin arranged a EUR480m bridge loan, which matures in December 2009, to refinance the EUR470m bond maturing in April 2009. We therefore expect some additional refinancing in the very near term. Although Michelin's CDS have been outperforming the sector since Mid-September 2008, we feel that a potential new issuance (hedging through CDS) and rising natural prices could weight on CDS valuations hence our underperform stance.

One year rating target: Low-BBB (maintained)

Relative value: Underperform (maintained since 17/06/08)

Peugeot ind. liquidity (EURbn)

| Change in cash in FY09 | |
|------------------------------------|------------|
| Free cash flow | -3.8 |
| Debt repayment by end 2009 | -1.7 |
| sub total (a) | -5.5 |
| Available committed liquidity | |
| Gross cash | 2.0 |
| Marketable securities | 0.5 |
| Bank facilities | 6.4 |
| sub total (b) | 9.0 |
| Cushion (shortfall) (a+b) | 3.5 |
| Cut in capex/R&D | 0.0 |
| Dividend payments | 0.0 |
| share buyback | 0.0 |
| Other | 0.0 |
| sub total (c) | 0.0 |
| Cushion (shortfall) (a+b+c) | 3.5 |

Source: Calyon

Peugeot (BBB- neg/Baa3 neg/BB+ neg)

FY08 results were substantially weaker than market estimates (EUR74m). The company generated a net loss of EUR343m versus a net profit of EUR885m in FY07. In addition the industrial net cash position of EUR1.4bn at end-2007 turned into a net debt position of EUR2.9bn at end-2008, again much worse than what the market was expecting. Inventory levels stood at 628k vehicles at end-2008 vs 604k at end-2007, which is far too high given than the company expects the European market to decline by 20% YoY and to be flat in 2010. As a result, the company will make further production cuts in H109; in addition it expects a full-year loss and negative free cash flow at the industrial operations, which will increase further the industrial net debt. The liquidity situation is adequate given the EUR3bn loan provided by the French state in February; however, as our table shows this funding was essential.

We estimate that FCF will be negative EUR3.8bn in 2009, which on top of loans provided by the state will lead to a substantial rise in the industrial net debt position.. Finally, we remain cautiously optimistic that new CEO, Philippe Varin (formerly CEO of Corus), will be able to provide the necessary energy and focus to reinvigorate Peugeot, as auto outsider Alan Mullaly has done at Ford (previously at Boeing).

One year rating target: High-BB (maintained)

Relative value: Underperform (maintained since 17/12/08)

Porsche (NR/NR/NR)

Porsche recently reported its six-months results to end-January 2009, which for the first time consolidated Volkswagen AG. Given consolidation took place as of 5 January, when its stake rose above 50%, only the balance sheet changes are meaningful. Porsche stated that its net industrial debt position, excluding VW, was EUR9bn at end-January versus EUR3.1bn at end-July 2008, due mainly to purchases of VW shares. The Porsche credit story revolves primarily around its desire to gain a domination agreement with VW (ie, shareholding above 75%) and the costs associated with this, and also the possible repeal of the VW law. Porsche recently renegotiated an extension of the EUR10bn bank facility being used to acquire VW shares, and also a possible EUR2.5bn more in funding if required. It has the possibility to extend a EUR6.7bn tranche of this by one more year. The smaller tranche is intended to be repaid quickly. The company also announced that it aims to obtain credit ratings as soon as May 2009. Given that the company is likely to increase its current 50.7% stake in VW to 75% by the end of the year, hence the EUR2.5bn increase in the bank facilities, we consider that the long-awaited credit ratings for Porsche will depend on any intention of the company to execute a domination agreement under German law that would enable Porsche to control the cash flows of VW. Any limitation to the intention to upstream cash flows from VW to Porsche would be regarded positively for VW's credit ratings but less for Porsche. In our view credit ratings are more strategic for VW given the size of its financial services unit (Volkswagen Financial Services AG) within the business of VW. We regard Porsche as a flat BBB. We remain Sectorperform.

One year rating target: Mid-BBB (maintained)

Relative value: Sectorperform (maintained since 17/12/08)

Renault ind. liquidity (EURbn)

| Change in cash in FY09 | |
|--------------------------------------|-------------|
| Free cash flow | -0.5 |
| Debt repayment by end 2009 | -3.5 |
| sub total (a) | -4.0 |
| Available committed liquidity | |
| Gross cash | 1.1 |
| Marketable securities | 1.2 |
| Bank facilities | 7.2 |
| sub total (b) | 9.5 |
| Cushion (shortfall) (a+b) | 5.5 |
| Cut in capex/R&D | 0.0 |
| Dividend payments | 0.0 |
| Share buyback | 0.0 |
| Other | 0.0 |
| sub total (c) | 0.0 |
| Cushion (shortfall) (a+b+c) | 5.5 |
| Cushion incl. stake holdings | 12.4 |

Source: Calyon

Renault (BBB- neg/Ba1/BB neg)

FY08 net profit came in at EUR599m, weaker than market estimates. On top of this industrial net debt rose by EUR5.9bn and reached EUR7.9bn at end-2008. The company expects to cut inventories in 2009 by a further EUR0.8-1.0bn and to cut investments by 20% YoY. All in all, funding needs should amount to EUR3.5bn at the industrial operations, but current available liquidity is strong with EUR2.3bn of cash and equivalent, EUR3.7bn of available committed bank facilities and a EUR3bn state loan. The company will also receive EUR0.4bn from the EIB (loan). With regards to RCI, the funding need is about EUR3bn and available liquidity is EUR6.45bn (cash of EUR0.5bn, ECB eligible for EUR1.5bn and EUR4.45bn of available bank facilities). The company is aiming for positive free cash flow in 2009 given that it has already been very aggressive compared with its peers in reducing inventories in Q408. In contrast, we expect FCF to be negative EUR0.5bn in 2009. Also, the large increase in YoY gross debt, most notably state support, and weak demand should weaken credit metrics and keep downward pressure on ratings. Finally, government incentives have started to have an impact with Renault reporting that its March domestic sales were up 13% YoY; however, we see these measures as a short-term boost to demand that is actually pulling demand forward, laying the foundations for weaker sales in the future.

One year rating target: High-BB (maintained)

Relative value: Underperform (maintained since 17/12/08)

Scania liquidity (SEKbn)

| Change in cash FY09 (SEKbn) | |
|--------------------------------------|-------------|
| Free cash flow | 2.7 |
| Debt repayment by end 2009 | - 4.6 |
| sub total (a) | - 1.9 |
| Available committed liquidity | |
| Gross cash | 4.3 |
| Marketable securities | 0.1 |
| Bank facilities | 26.8 |
| sub total (b) | 31.1 |
| Cushion (shortfall) (a+b) | 29.2 |
| Cut in capex/R&D on top of FY09 est. | - |
| Dividend payments (FY09 level) | - 2.0 |
| Share buyback (FY08 level) | 0.0 |
| Other | 0.0 |
| sub total (c) | 2.0 |
| Cushion (shortfall) (a+b+c) | 27.2 |

Source: Calyon

Valeo liquidity (EURbn)

| Change in cash FY'09 | |
|--------------------------------------|------------|
| Free cash flow | -0.1 |
| Debt repayment by end 2009 | -0.2 |
| sub total (a) | -0.3 |
| Available committed liquidity | |
| Gross cash | 0.3 |
| Marketable securities | 0.4 |
| Bank facilities | 1.2 |
| sub total (b) | 1.9 |
| Cushion (shortfall) (a+b) | 1.5 |
| Cut in capex/R&D on top of FY09 est. | 0.0 |
| Dividend payments | 0.0 |
| Share buyback | 0.0 |
| Other | 0.0 |
| sub total (c) | 0.0 |
| Cushion (shortfall) (a+b+c) | 1.5 |

Source: Calyon

Scania (A-/NR/NR)

Q408 results were weaker than market estimates, with operating profits down 44.7% YoY on the back of lower volumes and capacity utilisation as well as declining profitability on used vehicles. The industrial net debt position stood at SEK8,364m (EUR764m) at end-December 2008, a sharp swing in one year given that Scania enjoyed a SEK1,902m industrial net cash position at end-FY07. We expect the sharp decline in order bookings to keep weighing on cash flow generation in FY09. Q4 order bookings, a measure of future profitability that usually takes around six months to flow through to the bottom line, continued to trend downwards. The Truck business, which represents around 60% of industrial sales, was hit hard in the quarter. Overall Truck orders in Q4 declined 97.6% YoY, while bus orders declined 68.7% YoY. Indeed, commercial vehicle registrations in Europe have been dismal so far, with YTD February heavy duty truck sales down 36.5%. Scania's liquidity, however, is strong in our view, with cash & equivalents, plus available committed bank facilities totalling SEK31.1bn more than enough to meet 2009 needs. Nevertheless, rating pressure is not ruled out in line with its ultimate parent VW.

One year rating target: High-BBB (maintained)**Relative value: Sectorperform (maintained since 30/10/07)****Valeo (NR/Ba1/NR)**

Valeo FY08 results were below consensus. Q408 production was down 25.5% YoY leading to a substantial decline in revenues (down 26.6%) and operating profit. In addition, it expects a 30% decline in production in H109, leading to an operating loss in that period, and a 20% decline in production for the full year. The cash payment of the EUR239m restructuring charges provisioned last year will take place in H109, which combined with the lower demand and reduction in inventories could trigger an FY09 negative free cash flow. Valeo liquidity is good in our view, with cash & equivalents plus committed bank facilities totalling EUR1.9bn. FCF for the full year is expected to be negative EUR0.1bn; however, near-term debt obligations are low (EUR0.2bn), providing a cash cushion of EUR1.5bn in 2009. The credit lines and loans have a covenant that states that loans are terminated and payable if net debt/equity rises above 120% (63% at end-2008). Equity at end-2008 was EUR1,362m, therefore net debt can go only as high as EUR1.6bn, or another EUR800m. We believe a breach is unlikely at present; however, recent Reuters reports about a possible equity injection may be a precursor to a higher-than-expected decline in 2009 production levels if it turns out to be true. Valeo earlier stated under current assumptions (20% decline in auto markets) it should not breach covenants.

One year rating target: Mid-BB (maintained)**Relative value: Underperform (maintained since 19/03/09)**

Volvo liquidity (SEKbn)

| Change for FY09 | |
|--------------------------------------|-------------|
| Free cash flow | 2.8 |
| Debt repayment by end 2009 | -15.5 |
| sub total (a) | -12.7 |
| Available committed liquidity | |
| Gross cash | 16.7 |
| Marketable securities | 5.9 |
| Bank facilities ¹ | 26.7 |
| sub total (b) | 49.3 |
| Cushion (shortfall) (a+b) | |
| | 36.6 |
| Cut in capex/R&D on top of FY09 est. | |
| | 0.0 |
| Dividend payments (FY09 est. level) | -3.7 |
| Share buyback (FY08 level) | 0.0 |
| Other | 0.0 |
| sub total (c) | -3.7 |
| Cushion (shortfall) (a+b+c) | |
| | 32.9 |

Source: Calyon

Volvo (A- neg/Baa1/A-)

Volvo Q408 results were substantially weaker than market estimates, with an operating loss of SEK999m, primarily coming from the industrial division (loss of SEK1,237m). Industrial net debt rose from EUR0.4bn at end-December 2007 to EUR2.8bn at end-December 2008 (the highest level since Volvo was rated at A-). According to the company, further reductions in production to lower inventories should take place in H109, which in turn will continue to affect cash flow generation. The results are, however, overshadowed by developments within the order books, particularly for the Truck division. Order intakes are an indicator of future profitability and usually take six months to flow through to the bottom line. Q408 order intake was down 82% at the Truck division. Indeed, Volvo has reported that its YTD February 2009 unit sales have declined 51% YoY. Volvo's liquidity, like Scania, is strong, however, with cash & equivalents, plus available committed bank facilities totalling SEK36.6bn – more than enough to meet 2009 needs. Nevertheless, rating pressure is not ruled out. Given the poor outlook for order intakes and falling credit quality, we maintain our one year-rating target at High-BBB

One year rating target: High-BBB (maintained)**Relative value: Sectorperform (maintained since 19/09/08)****VW ind. liquidity (EURbn)**

| Change in cash for FY 09 | |
|--------------------------------------|-------------|
| Free cash flow | 0.4 |
| Debt repayment by end 2009 | -2.9 |
| sub total (a) | -2.5 |
| Available committed liquidity | |
| Gross cash | 9.5 |
| Marketable securities | 3.8 |
| Bank facilities | 7.8 |
| sub total (b) | 21.0 |
| Cushion (shortfall) (a+b) | |
| | 18.5 |
| Cut in capex/R&D | |
| | 0.0 |
| Dividend payments | -0.8 |
| share buyback | 0.0 |
| Other | 0.0 |
| sub total (c) | -0.8 |
| Cushion (shortfall) (a+b+c) | |
| | 17.7 |
| Cushion incl. Stake holdings | |
| | 21.1 |

Source: Calyon

Volkswagen (A-/A3/BBB+ CW neg)

FY08 results came above market estimates with net income at EUR4.8bn versus consensus of EUR4.3bn. The net cash position within the Automotive operations declined from EUR11.8bn at end-Q308 to EUR8bn at end-December 2008 due to its increased stake in Scania, which is still a strong level for the industry. FY09 free cash flow is likely to be close to breakeven in our view given that VW currently benefits the most from the vehicle-scraping incentives that are offered in several key regions in Europe and that Chinese sales are still posting growth. As a result the company is outperforming its peers, as illustrated by the 13.4% decline in its European sales in the first two months of 2009 while the market is down 22%. VW plans to cut inventories by about 100k units in each of Q1 and Q209. In addition, capex is planned to be cut by about EUR2bn, which should offset the negative swing in working capital coming from production cuts. Autos available committed liquidity stood at c.EUR21bn at end-2008, including EUR7.2bn of bank facilities (no covenants, MAC, rating triggers) while Autos' short-term debt amounts to EUR2.9bn, ie, a cushion of EUR21.3bn assuming EUR0.4bn of FCF in 2009. FCF includes proceeds from the sale of the Truck business to MAN for EUR1.2bn in March, and payment of EUR0.4bn to Porsche for its stake in Scania. With regard to bank lines, following on from Porsche's majority shareholding bankers have the right to terminate these lines in the event of a control and profit transfer agreement with Porsche, which is the ultimate intention of Porsche. No doubt this caveat has been put in place to reduce overall exposure by the banks to Porsche. VW Bank also obtained a EUR2bn guarantee facility from the SoFFin to refinance vehicle loans (not yet drawn), enabling the group to secure a significant portion of its refinancing requirement for 2009 according to management.

We remain Underperform on the sector, but we favour the German OEMs given their stronger liquidity cushion, hence our Sectorperform stance on VW within the sector. We also see a potential one-notch cut coming from weaker operating environment and the increased ownership of Porsche. In addition, future bond issuance is likely to be made with the SoFFin guarantee (German state guarantee), ie, at a yield close to 4%, which is below the recent bond issues of VW, triggering natural support for the higher-yielding debt.

One year rating target: High-BBB (maintained)**Relative value: Sectorperform (maintained since 02/02/09)**

Autos earnings calendar

April

| | | | | |
|-------------------------------------|---------------------------------------|--|---------------------------------------|---|
| 6 Monday | 7 Tuesday | 8 Wednesday Daimler AGM | 9 Thursday | 10 Friday |
| 13 Monday | 14 Tuesday | 15 Wednesday | 16 Thursday European Auto Sales | 17 Friday |
| 20 Monday | 21 Tuesday | 22 Wednesday Peugeot Q109 Revenues | 23 Thursday Fiat Q109 Results | 24 Friday Valeo Volvo Q109 Results |
| 27 Monday Scania Q109 Results | 28 Tuesday Daimler Q109 Results | 29 Wednesday Renault Q109 Revenues Volkswagen Q109 Results | 30 Thursday | 1 Friday US Auto Sales |

May

| | | | | |
|-----------|------------|------------------------------------|---|-----------|
| 4 Monday | 5 Tuesday | 6 Wednesday BMW Q109 Results | 7 Thursday Scania AGM | 8 Friday |
| 11 Monday | 12 Tuesday | 13 Wednesday | 14 Thursday BMW AGM European Auto Sales | 15 Friday |
| 18 Monday | 19 Tuesday | 20 Wednesday | 21 Thursday | 22 Friday |
| 25 Monday | 26 Tuesday | 27 Wednesday | 28 Thursday | 29 Friday |

June

| | | | | |
|-----------|----------------------------|-------------------------------|-------------|-----------|
| 1 Monday | 2 Tuesday US Auto Sales | 3 Wednesday Peugeot AGM | 4 Thursday | 5 Friday |
| 8 Monday | 9 Tuesday | 10 Wednesday | 11 Thursday | 12 Friday |
| 15 Monday | 16 Tuesday | 17 Wednesday | 18 Thursday | 19 Friday |
| 22 Monday | 23 Tuesday | 24 Wednesday | 25 Thursday | 26 Friday |
| 29 Monday | 30 Tuesday | 1 Wednesday | 2 Thursday | 3 Friday |

www.calyon.com

Data releases as of 7 April 2009

Appendix – Summary of CDS recommendations

| Issuer | Ratings | | Spot CDS | Variation | | | Expected Trend | Spot vs Index | | | Perf. Expectation vs Sector Index | | |
|----------------|-------------|--------|----------|-----------|---------|-----|----------------|---------------|------------|---------|-----------------------------------|-------|-----|
| | S&P/Moody's | Calyon | | 1 Week | 1 Month | YTD | | Ratio | Fair Value | Spot-FV | Previous | Since | New |
| Issuer's Names | | | | | | | (1) | | (2) | | | (3) | |

Expected trend

According to our quantitative model, this column indicates the expected trend for each single name (sector) relative to its sector index (the iTraxx Main):

↗ The single name (resp. sector) should underperform its sector (resp. iTraxx Main) in the month following. Indeed, the single name CDS over sector index ratio has tightened a lot in the past few days and so the model anticipates a trend reversal. This means that it is a good time to play the underperformance (but not necessarily the widening as we are in relative value)

→ No trend reversal is expected

↘ The single name (resp. sector) should outperform its sector (resp. iTraxx Main) in the month following. The ratio single names CDS/sector index has widened a lot in the past few days and so the model anticipates a trend reversal. This means that it is a good time to play the outperformance (but not necessarily the tightening as we are in relative value)

Fair value model

The ratio corresponds to the single name spread divided by its sector index (or sector index divided by iTraxx Main).

The historical fair value model has been developed to enhance our recommendation on every issuer of the coverage list. Its principle is based on a historical observation of the positioning of the 5Y CDS spread over the sector index. The average between the 3M, 6M and 12M ratios is considered to be the fair positioning of the 5Y CDS over the sector index. Therefore, with the spot value of the index, we can compute the historical fair value of the CDS.

The calculation of the historical fair value is achieved in several steps.

- **Step 1:** Using Calyon prices, we compute the ratio: '5Y CDS spread/index' for every trading day. It is worth noting that the computation of the index takes into consideration the PV01 weighting method (the wider the name, the less impact it has upon the fair value calculation for the index).
- **Step 2:** Once step 1 has been achieved, we compute the average value of the ratios over three months (3M), six months (6M) and one year (12M).
- **Step 3:** The average between the 3M, 6M and 12M ratios is considered to be the fair positioning of the 5Y CDS over the sector index. Therefore, with the spot value of the index, we can compute the historical fair value of the CDS. Comparing the spot price of the CDS and its fair value according to our model gives the analyst a quantitative tool to appreciate the potential future performance of an issuer vs the sector.

Performance expectation vs sector index

This represents the view of our analysts based on a fundamental analysis. It also indicates how long a particular recommendation has been held.

Credit Research contact details

| | | | | | |
|-----------------------------|--|--------------------|-----------------------------|----------------------|--------------------|
| Jean-François Paren | Global Head of Credit Research / Telecom Analyst | (33) 1 41 89 33 95 | | | |
| Credit Research | | | | | |
| Franck Bataille | Utilities Analyst | (33) 1 41 89 14 86 | Stuart James | Industrials Analyst | (44) 20 7214 6546 |
| Christophe Boulanger | Autos Analyst | (44) 20 7214 6402 | Harpreet Parhar | ABS Analyst | (44) 20 7214 5534 |
| Caroline Brugère | Industrials Analyst | (33) 1 41 89 88 38 | Claire Poncet Dumont | Retail Analyst | (33) 1 41 89 94 76 |
| Gwenaëlle Lereste | Financials Analyst | (33) 1 41 89 06 90 | Eric Sharper | Autos/Industrials | (33) 1 57 87 28 37 |
| | | | Guillaume Thomas | Quantitative Analyst | (33) 1 57 87 02 80 |

Certification

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s). In addition, the undersigned analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report.

Christophe Boulanger

Recommendation System:

Fundamental credit assessment: We evaluate the fundamental credit quality trend of an issuer for the next 12 months.

Calyon's Credit Research evaluates the potential changes of an issuer for the next 12 months and assigns a one year forward rating based on S&P's scale. This rating is to be compared with the average long-term rating assigned by S&P and Moody's.

Internal credit rating: We assign a rating to a company which reflects the assessment of the credit quality by the credit analyst. The timeframe for the rating is one year. As a rating scale we use a scale similar to the one of S&P and Fitch, however, we substitute the rating agencies plus or minus by high and low, ie. the Calyon scale uses AAA, High-AA, Mid-AA, Low-AA, High-A, Mid-A etc.

Performance of credit instruments: We express our expectation of how the 5 year CDS is going to perform vis-à-vis its sector. The timeframe of that recommendation is one month. When the analyst changes a recommendation he/she should indicate in the analysis when the last recommendation was made.

Outperform: CDS spreads should outperform the sector performance.

Sectorperform: CDS spreads should perform in line with the sector performance.

Underperform: CDS spreads should underperform the sector performance.

Credit products rating distribution table:

(as of 16th Jan 2009)

| | All covered companies | | Companies where Calyon provided Investment Banking Services in past 12 months | |
|---------------|-----------------------|------------|---|------------|
| | Count | Percentage | Count | Percentage |
| Outperform | 21 | 20% | 3 | 14% |
| Sectorperform | 44 | 41% | 5 | 11% |
| Underperform | 42 | 39% | 4 | 10% |

Disclosures**Company Name Disclosure**

| | | | |
|-----------------------------|------|------------|------|
| BMW | G | Michelin | E |
| Boeing | None | Peugeot | None |
| Chrysler | None | Porsche | None |
| Chrysler Financial Services | None | RCI | None |
| CNH Capital | None | Renault | None |
| Conti | None | Scania | None |
| Continental | None | Schaeffler | None |
| Corus | None | Toyota | None |
| Daimler | G | Valeo | None |
| Fiat | None | Volkswagen | G |
| FMCC | None | Volvo | None |
| Ford | None | | |
| General Motors | None | | |
| GKN | None | | |
| GMAC | None | | |

| | |
|---|---|
| A | NOT IN USE |
| B | NOT IN USE |
| C | The Company owned more than 5% of the total issued share capital of Crédit Agricole SA as of the end of the second most recent month preceding the publication date of this report. |
| D | NOT IN USE |
| E | One or more companies in the Crédit Agricole S.A. group owned more than 3% of the total issued share capital of the Company as of the end of the second most recent trading day preceding the publication date of this report. |
| F | Crédit Agricole Cheuvreux and/or a company in the Crédit Agricole S.A. group is a market maker or a liquidity provider for the financial instruments of the Company. |
| G | Calyon and/or a company of the Crédit Agricole S.A. group has been lead or co-lead manager over the previous 12 months in a publicly disclosed offer of or on financial instruments of the Company. |
| H | Calyon and/or a company in the Crédit Agricole S.A. group has concluded or is party to a non confidential agreement relating to the provision of investment banking services (except publicly disclosed offers mentioned under G) to the Company during the past 12 months or that has given rise during the same period to the payment of compensation or to the promise to get a compensation paid. |
| I | This research has been communicated to the Company and following this communication, its conclusions has been amended before its dissemination. |
| J | An executive director of the Credit Agricole S.A. group is a director or board member of the company. |

Information on the management of conflicts of interests policy available at www.calyon.com/tools/mifid.html.

Disclaimer

© 2009, CALYON All rights reserved.

This research report or summary has been prepared by CALYON or one of its affiliates (collectively "CALYON") from information believed to be reliable. Such information has not been independently verified and no guarantee, representation or warranty, express or implied, is made as to its accuracy, completeness or correctness.

This report is a commercial communication provided for information purposes only. Nothing in this report should be considered to constitute investment, legal, accounting or taxation advice and you are advised to contact independent advisors in order to evaluate this report. It is not intended, and should not be considered, as an offer, invitation, solicitation or recommendation to buy, subscribe for or sell any of the financial instruments described herein, nor is it intended to form the basis for any credit, advice, recommendation or other evaluation with respect to such financial instruments and is intended for use only by those professional investors to whom it is made available by CALYON. CALYON does not act in a fiduciary capacity to you in respect of this report.

CALYON may at any time stop producing or updating this report. Not all strategies are appropriate at all times. Past performance is not necessarily a guide to future performance. The price, value of and income from any of the financial instruments mentioned in this report can fall as well as rise and you may make losses if you invest in them. Independent advice should be sought. In any case, investors are invited to make their own independent decision as to whether a financial instrument or whether investment in the financial instruments described herein is proper, suitable or appropriate based on their own judgement and upon the advice of any relevant advisors they have consulted. CALYON has not taken any steps to ensure that any financial instruments referred to in this report are suitable for any investor. CALYON will not treat recipients of this report as its customers by virtue of their receiving this report.

CALYON, its directors, officers and employees may effect transactions (whether long or short) in the financial instruments described herein for their own accounts or for the account of others, may have positions relating to other financial instruments of the issuer thereof, or any of its affiliates, or may perform or seek to perform securities, investment banking or other services for such issuer or its affiliates. CALYON may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. CALYON is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior express written permission of CALYON. To the extent permitted by applicable securities laws and regulations, CALYON accepts no liability whatsoever for any direct or consequential loss arising from the use of this document or its contents.

United States of America: This research report is distributed solely to persons who qualify as "Major U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934 and who deal with CALYON. Recipients of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting Calyon Securities (USA), Inc. (a broker-dealer registered with the Securities and Exchange Commission). The delivery of this research report to any person in the United States shall not be deemed a recommendation of Calyon Securities (USA), Inc. to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein.

United Kingdom: Approved and/or distributed by CALYON, London branch. CALYON is authorised by the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) and supervised by the Commission Bancaire in France and subject to limited regulation by the Financial Services Authority. Details about the extent of our regulation by the Financial Services Authority are available from us on request. **Italy:** This research report can only be distributed to, and circulated among, professional investors (*operatori qualificati*), as defined by the relevant Italian securities legislation. **Spain:** Distributed by CALYON, Madrid branch and may only be distributed to institutional investors (as defined in article 7.1 of Royal Decree 291/1992 on Issues and Public Offers of Securities) and cannot be distributed to other investors that do not fall within the category of institutional investors.

Hong Kong: Distributed by CALYON, Hong Kong branch. This research report can only be distributed to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571) and any rule made there under. **Japan:** Distributed by Calyon Capital Markets Asia B.V. which is registered for securities business in Japan pursuant to the Law Concerning Foreign Securities Firms (Law n°5 of 1971, as amended), and is not intended, and should not be considered, as an offer, invitation, solicitation or recommendation to buy or sell any of the financial instruments described herein. This report is not intended, and should not be considered, as advice on investments in securities which is subject to the Securities Investment Advisory Business Law (Law n°74 of 1986, as amended). **Luxembourg:** Distributed by CALYON, Luxembourg branch. It is only intended for circulation and/or distribution to institutional investors and investments mentioned in this report will not be available to the public but only to institutional investors. **Singapore:** Distributed by CALYON, Singapore branch.

It is not intended for distribution to any persons other than accredited investors, as defined in the Securities and Futures Act (Chapter 289 of Singapore), and persons whose business involves the acquisition or disposal of, or the holding of capital markets products (as defined in the Securities and Futures Act (Chapter 289 of Singapore)). **Switzerland:** Distributed by Crédit Agricole (Suisse) S.A. This report is not subject to the SBA Directive of January 24, 2003 as they are produced by a non-Swiss entity. **Germany:** Distributed by CALYON, Frankfurt branch and may only be distributed to institutional investors. **Australia:** Distributed to wholesale investors only. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING.