



Business Case for Light-Duty Diesel in the U.S.

Walter McManus

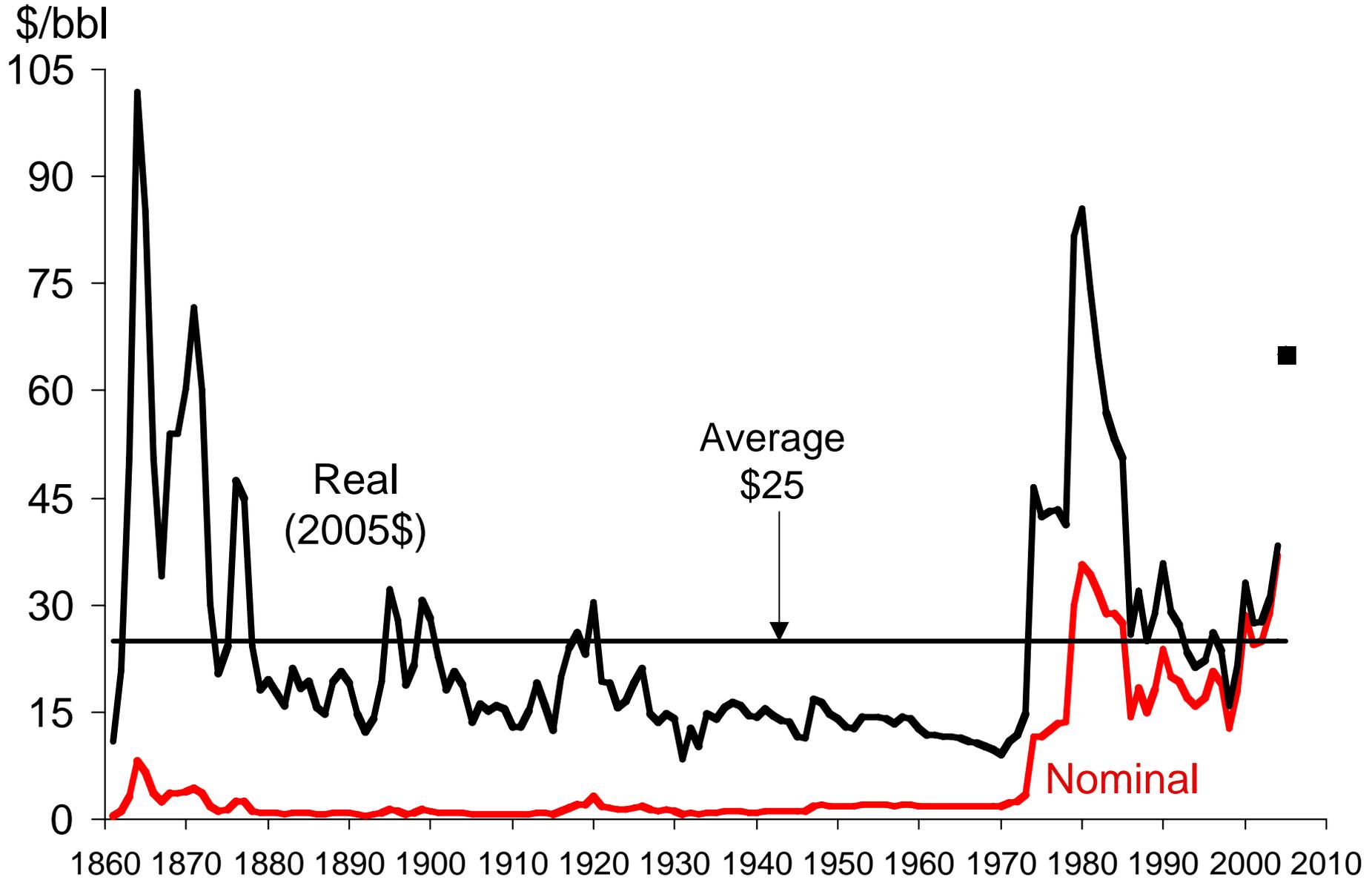
Director, Office for the Study of Automotive Transportation
University of Michigan Transportation Research Institute

August 24, 2005

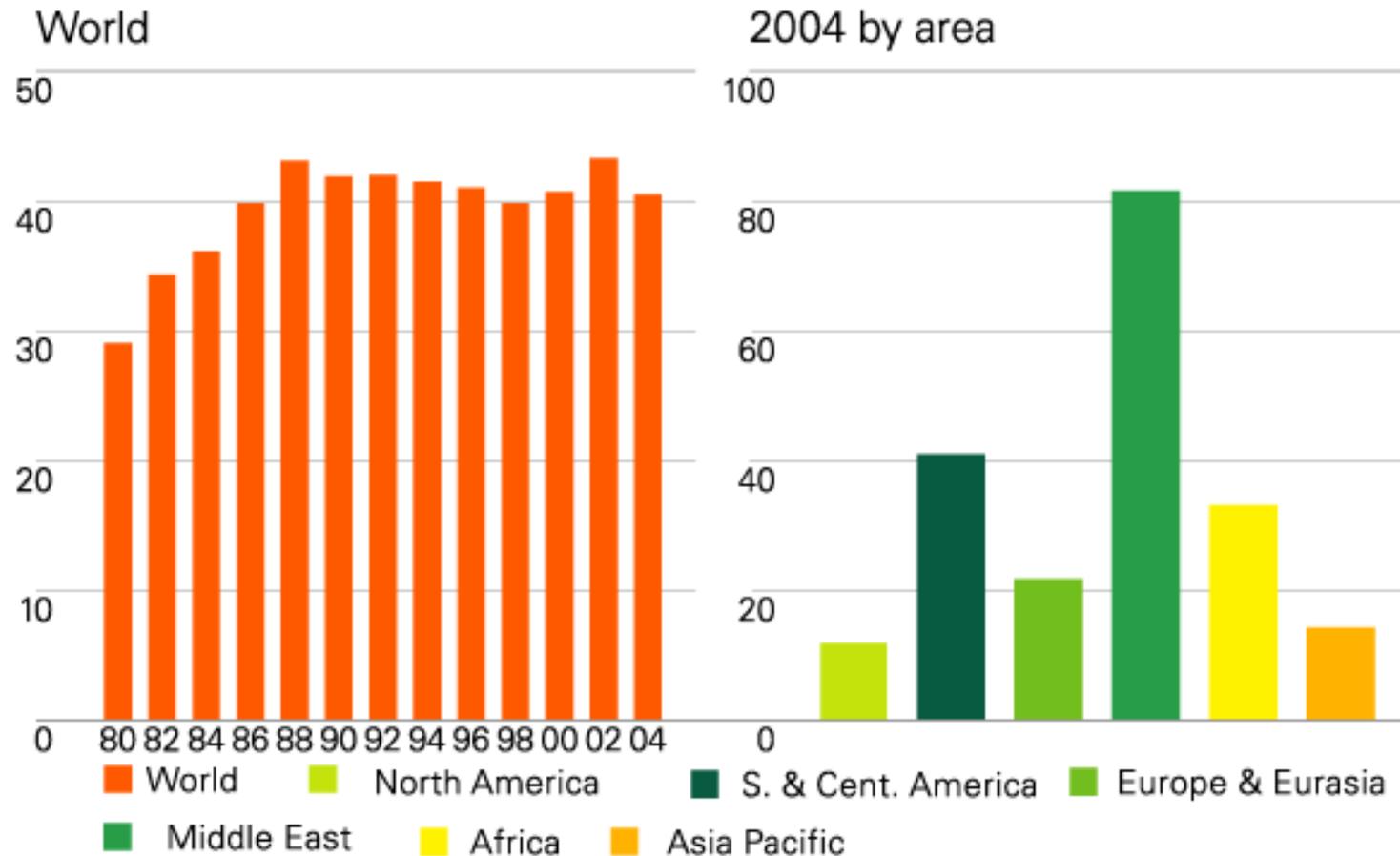


Oil prices and reserves

Price of Crude Oil 1861-2005



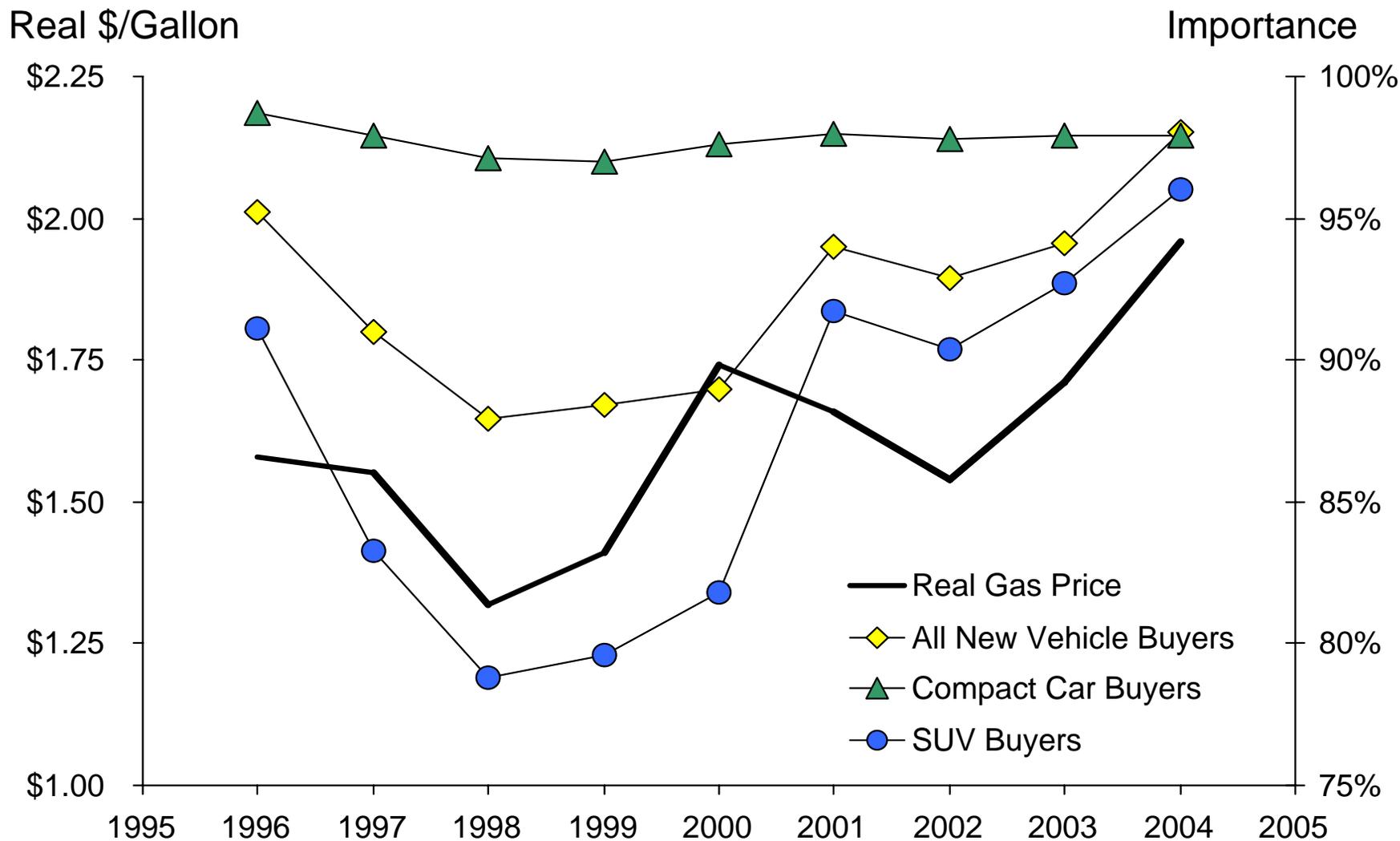
Oil reserves-to-production ratios



The world's oil reserves-to-production ratio fell to 40.5 years in 2004, down from 43.3 in 2002. Reserves have continued to increase and now stand 17% above the 1994 level; production is 20% higher.

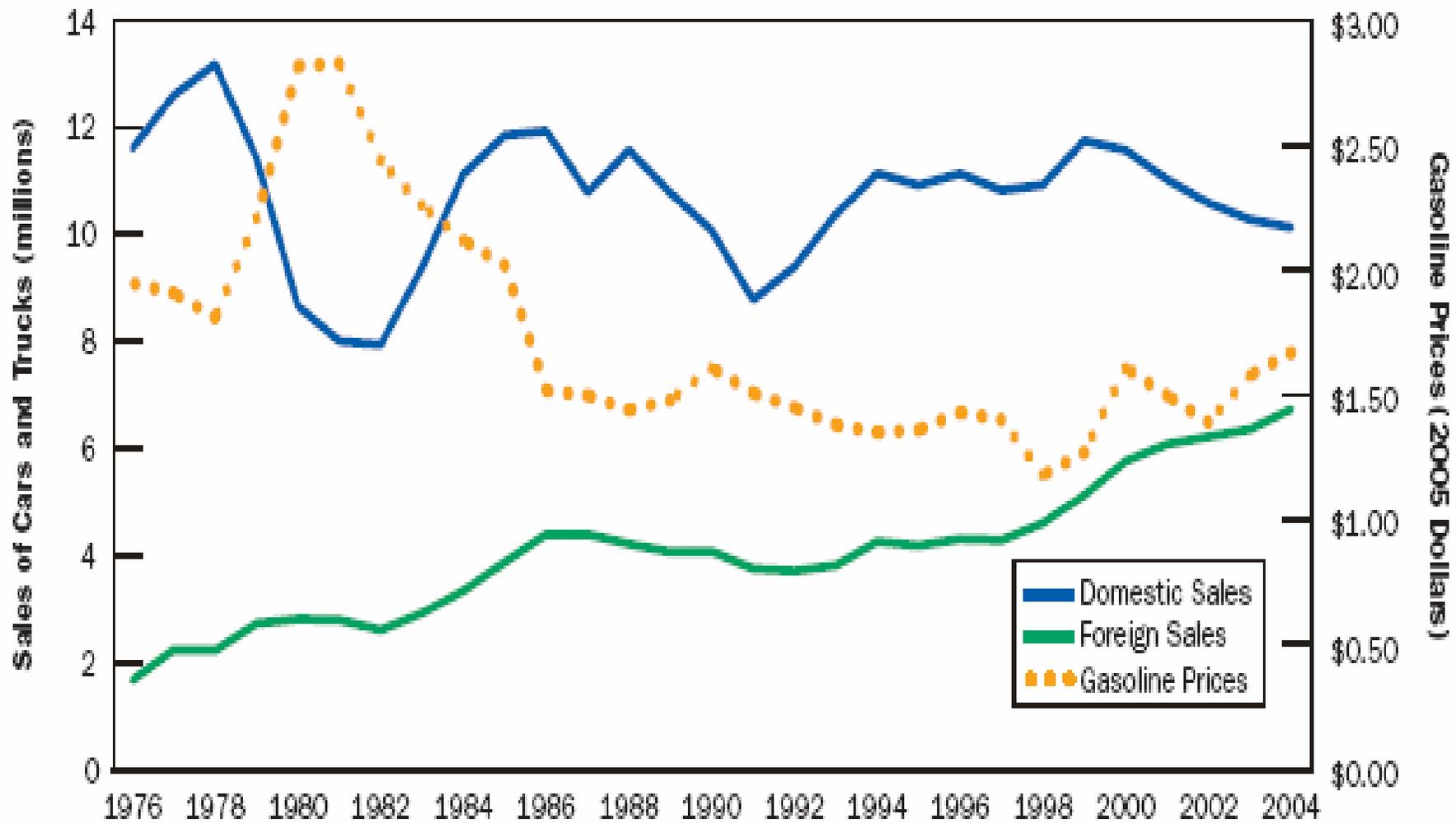
Fuel prices do matter to
new-vehicle buyers

Real Gasoline Prices and Importance of Fuel Economy to New Vehicle Buyers



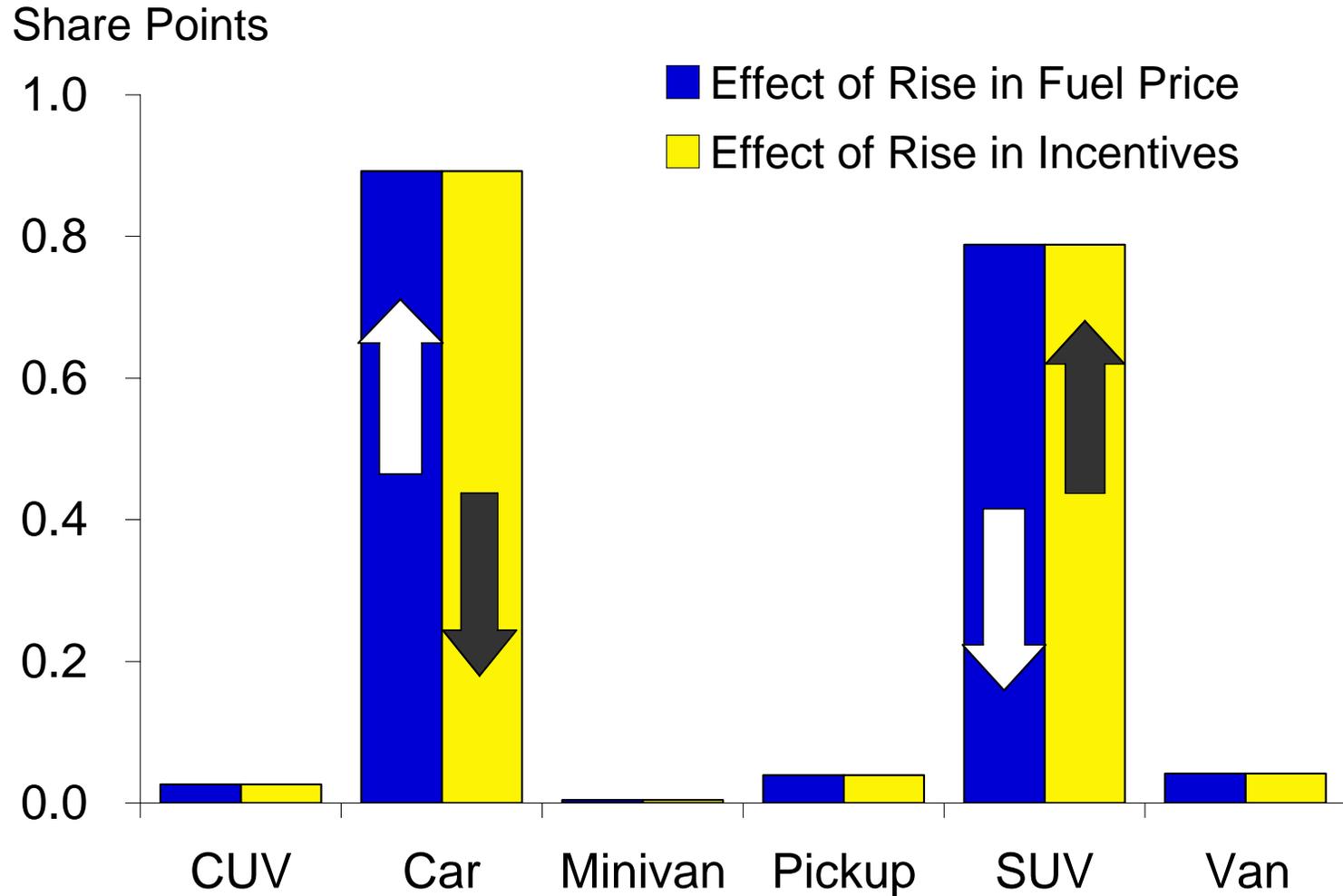
Sources: US EIA (Gas Price), US BLS (CPI), Walter McManus, Conference on Renewable Energy, Chicago Federal Reserve Bank, Mar. 2004, Detroit, MI

Gasoline Prices Versus U.S. Automaker Market Share



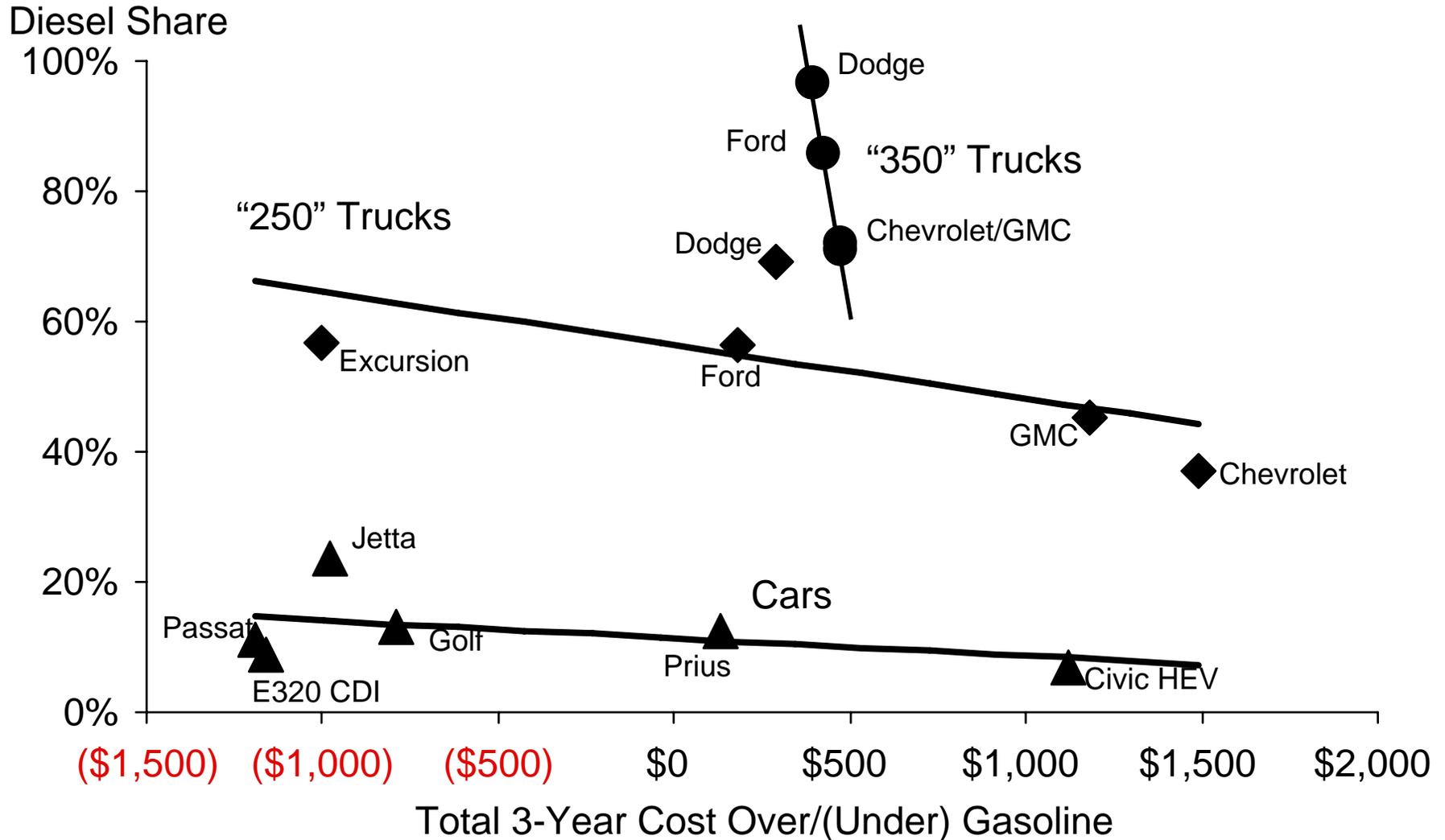
Sources: Motor Vehicle Manufacturer's Association, McManus LLC

Rising fuel prices would have hit SUV sales without consumer incentives offset



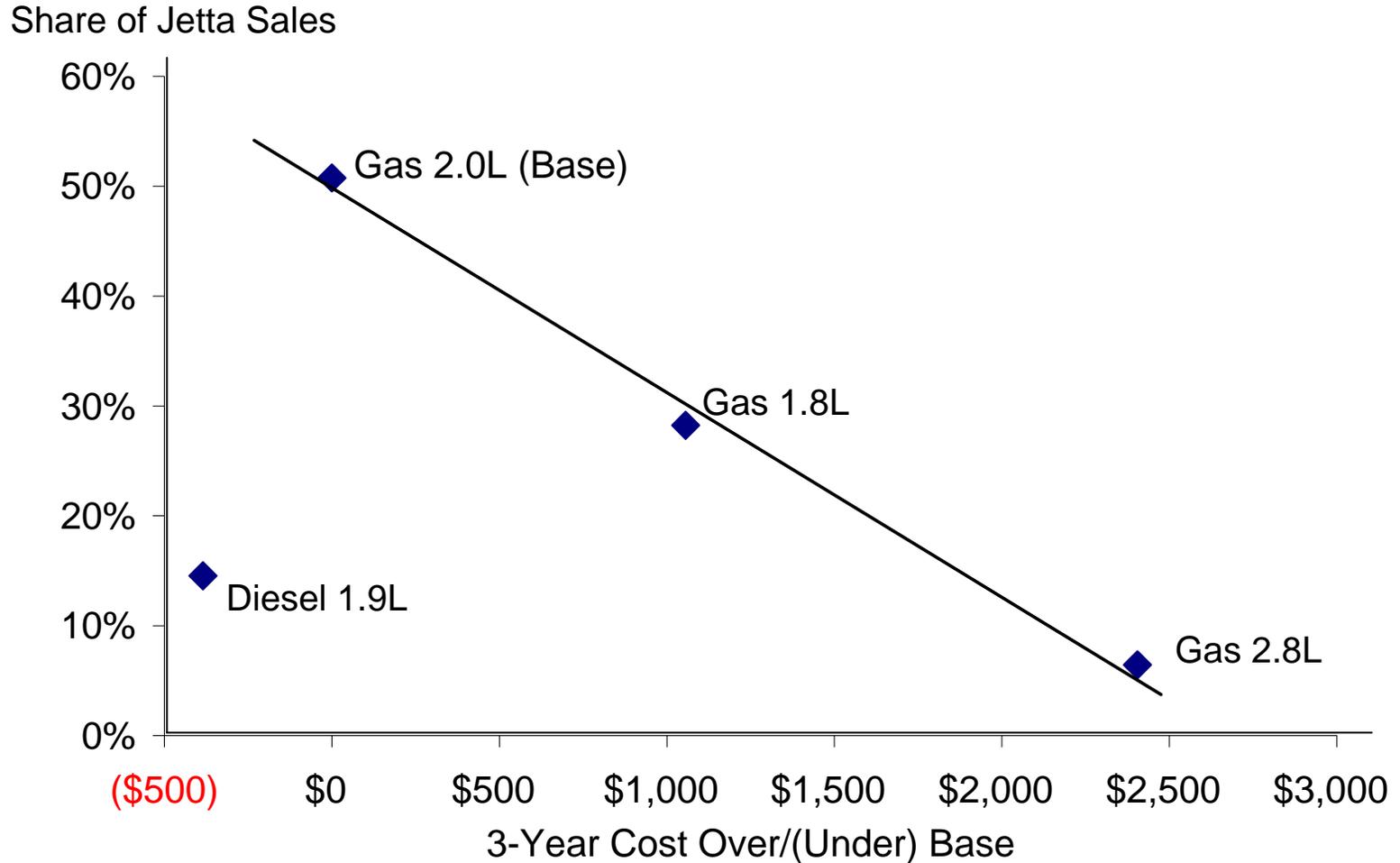
Diesel penetration and rational new-vehicle buyers

“rational choice” explains variation in diesel share within vehicle class



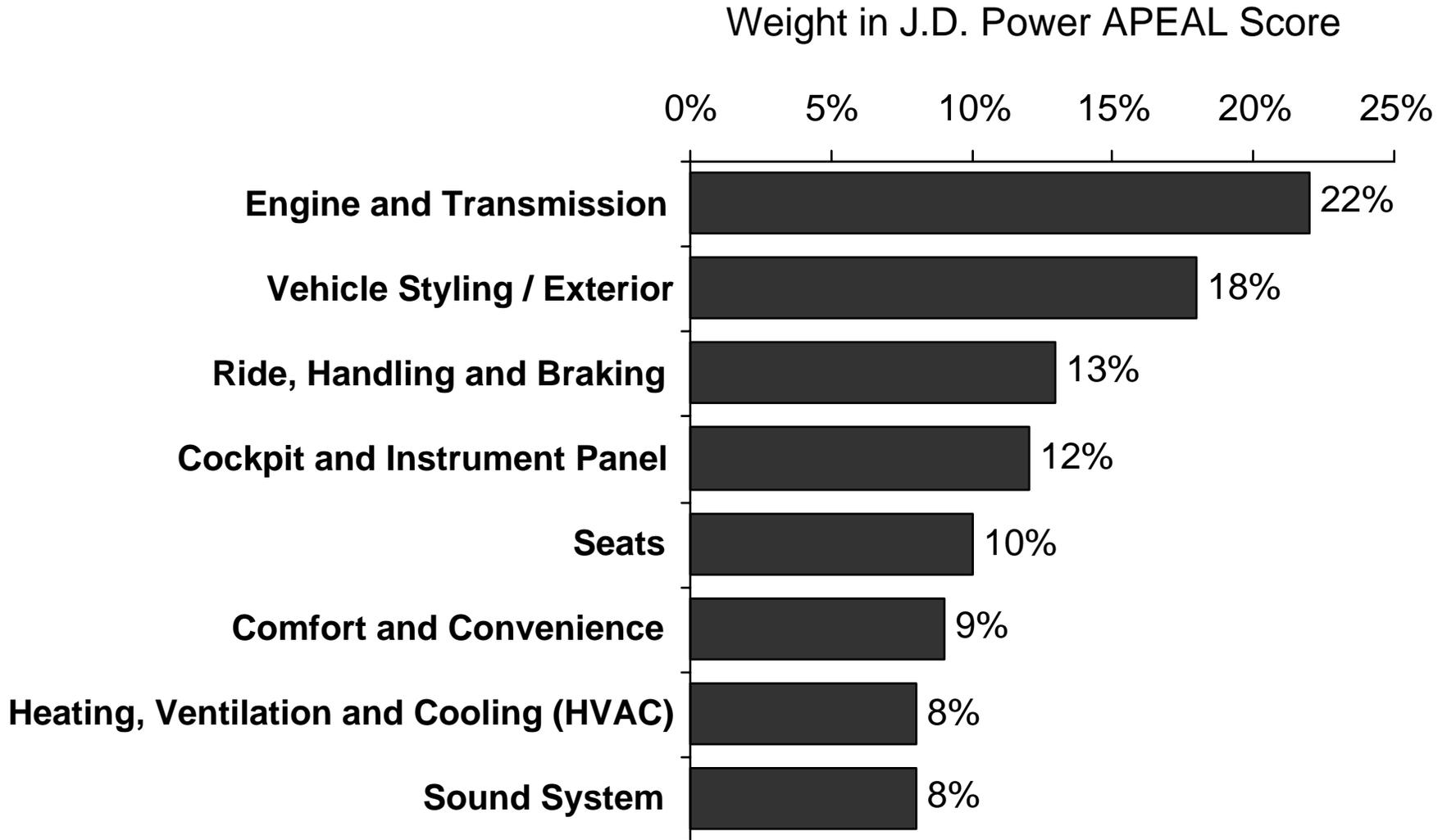
Detailed analysis of VW Jetta

Jetta Engine Choices

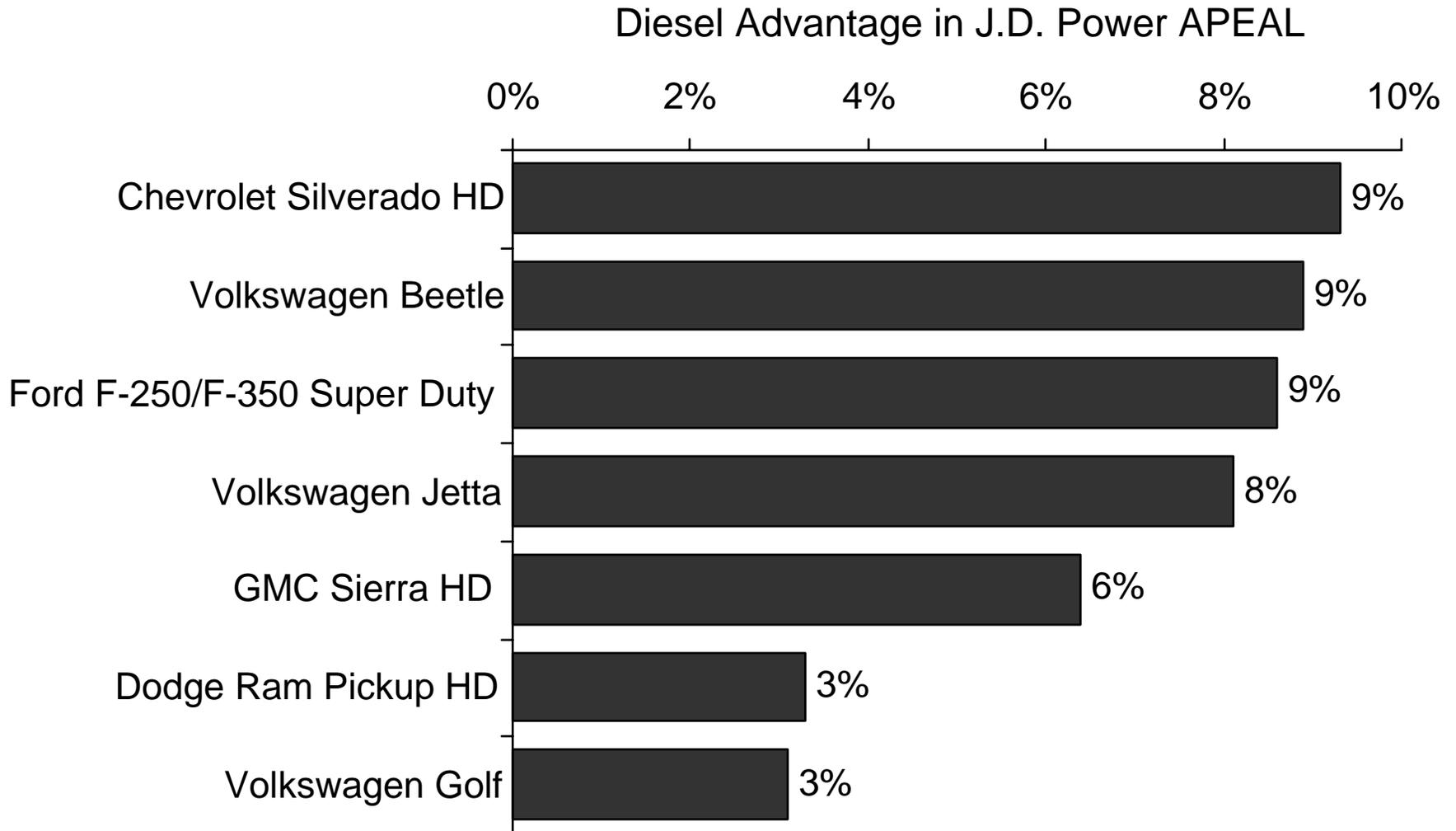


Quality

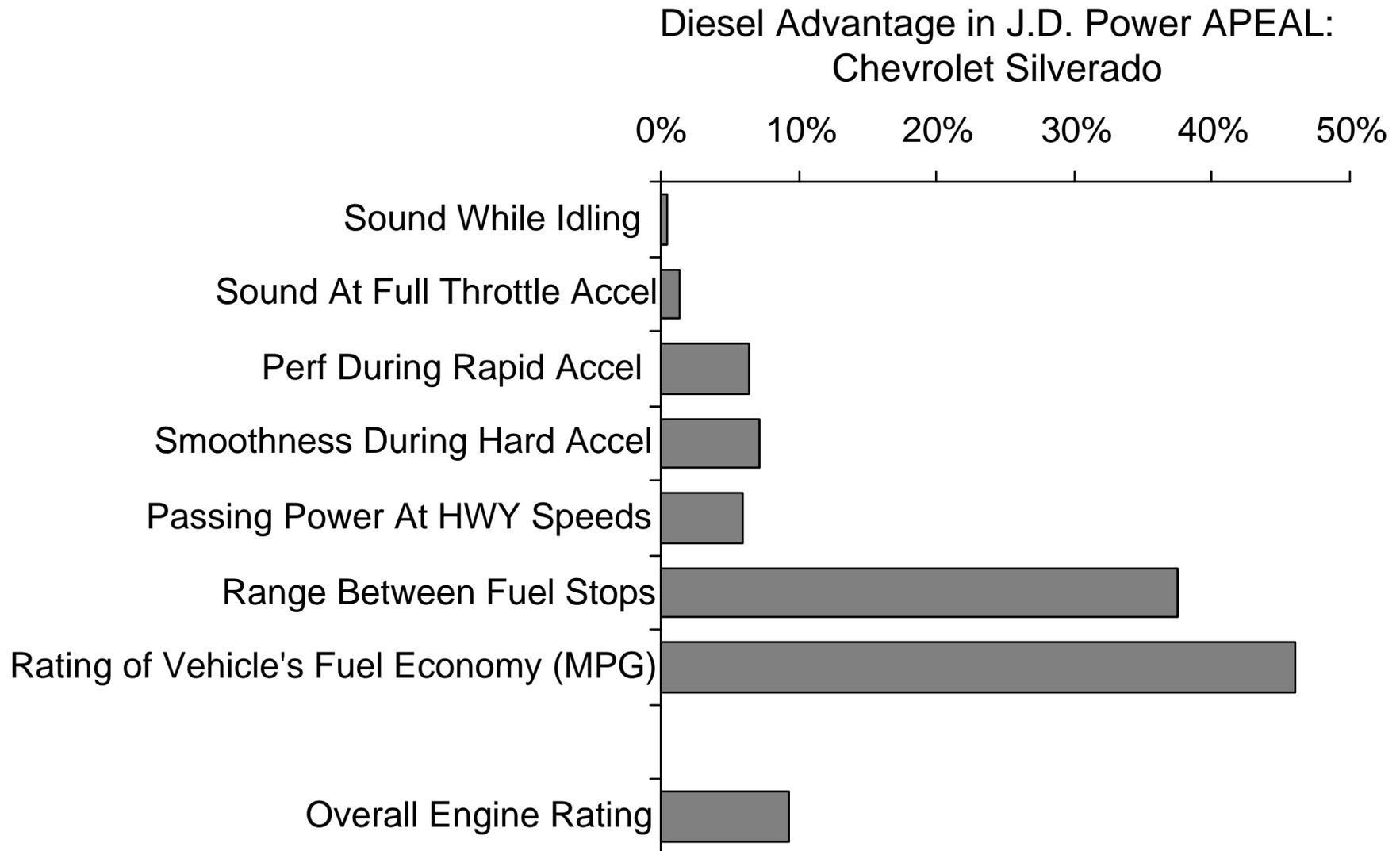
Powertrain dominates quality ratings



Owners Rate Diesel as Better than Gasoline Engines Overall



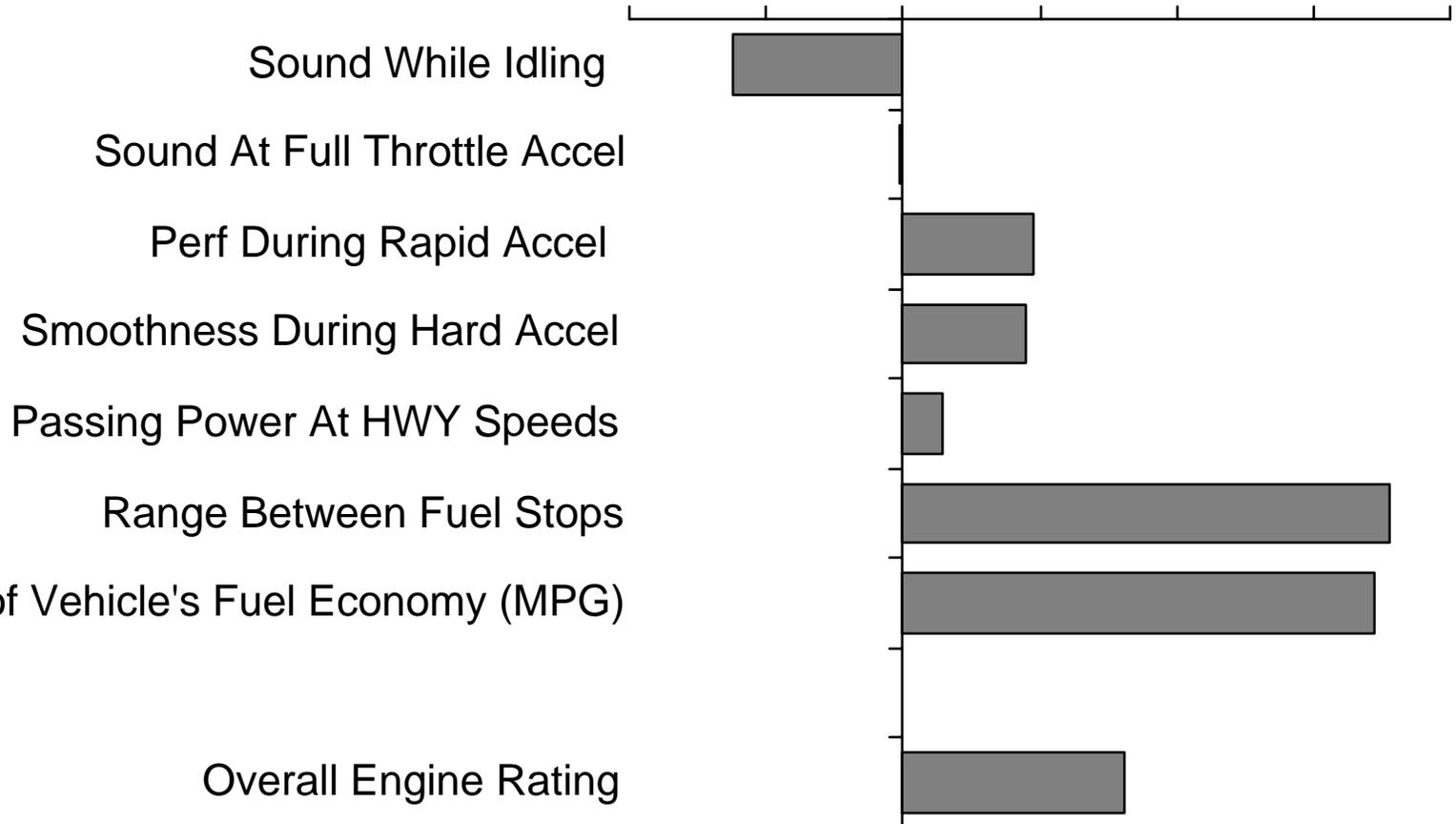
And by Most Attributes... [Pickups]



And by Most Attributes... [Cars]

Diesel Advantage in J.D. Power APEAL: Chevrolet Silverado

-10% -5% 0% 5% 10% 15% 20%



Summary

- High oil prices
- Rational choice
- Quality
- Tax credits
- CAFE changes
- Emissions
- Availability
- Perceptions