



ORIGINAL EQUIPMENT SUPPLIERS ASSOCIATION **NEWS RELEASE**

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Contacts: Jeff Laskowski

Ann McCulloch

248.952.6401 ext. 231

202.312.9242

Jlaskowski@oesa.org

Amcculloch@mema.org

Bankruptcies Loom as Automotive Suppliers Turn Significantly More Pessimistic

TROY, Mich. (March 12, 2009) – Thirty-three percent of automotive suppliers operating in the U.S. are significantly more pessimistic about the general outlook of their businesses over the next 12 months than they were at the beginning of the year, according to respondents to a recent industry survey conducted by the Original Equipment Suppliers Association. The results come from the March 2009 OESA Automotive Supplier Barometer, which takes the business sentiment pulse of top executives in the U.S. automotive supplier industry. In another survey conducted by OESA in late February 2009, 31 percent of respondents indicated that severe financial distress or bankruptcy at their companies is likely before the end of June 2009. When looking at the likelihood of severe financial distress or bankruptcy before the end of the year, the number grows to 62 percent.

Suppliers indicated that key contributors to the ongoing uncertainty include frozen credit markets, risk of customer bankruptcy and concern that the economic stimulus package will not spur new vehicle sales. One respondent stated, "If conditions don't improve from this dismal level of sales, liquidity will run out because banks are not in the mode of increasing available credit, even if debt levels would not be high after exhausting available credit." Another added, "While we will be significantly affected by GM or Chrysler filing for bankruptcy, it is the effect it will have on the supply base – which makes up a majority of our customer base – that will really hurt us." The significant pessimism felt throughout the supply chain is reflected in the comment, "Eventually, a 50 percent to 60 percent drop in sales can no longer be offset by staff and other expense reductions without destroying the infrastructure of an organization."

"Automotive suppliers, which make up the largest manufacturing sector in the U.S., are in dire financial straits," states Neil De Koker, president and CEO, OESA. "Due to a non-functioning credit market, the sector is facing imminent financial hardship. This puts the entire U.S. auto industry at risk and makes the efforts to restore the U.S. economy much more challenging."

For additional information on the March 2009 OESA Automotive Supplier Barometer or other OESA surveys, visit <http://www.oesa.org>.

About OESA

Formed in August 1998, OESA provides a forum for automotive suppliers by addressing issues of common concern through peer group councils, serving as a reliable source of information and analysis, providing an industry voice on issues of interest and serving as a positive change agent to the automotive industry. With over 400 members having global automotive sales exceeding \$300 billion, OESA represents more than 65 percent of North American automotive supplier sales. For more information, visit <http://www.oesa.org>. OESA is an affiliate of the Motor & Equipment Manufacturers Association.

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