



Press Release

J.D. Power Asia Pacific Reports: Overall New-Vehicle Initial Quality in China Improves Substantially, with Quality Gap Narrowing between Chinese Domestic and International Brands

Toyota Models Capture Three Initial Quality Awards; Chery Models Receive Two Awards

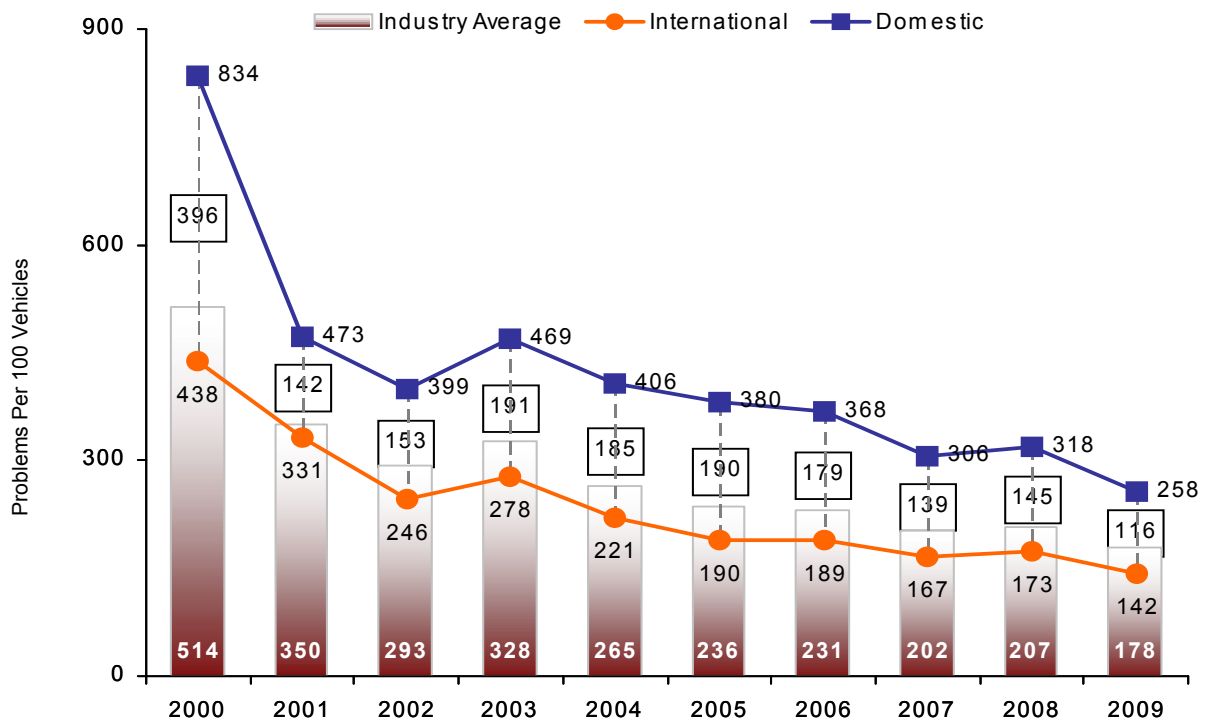
SHANGHAI: 30 October 2009 — Overall new-vehicle initial quality in China has improved by 14 percent in 2009, compared with 2008, as the quality gap between Chinese domestic brands and international brands narrows, according to the J.D. Power Asia Pacific 2009 China Initial Quality StudySM (IQS) released today.

Now in its 10th year, the study examines problems experienced by new-vehicle owners within the first two to six months of ownership. Vehicle problems are examined in two distinct categories—quality of design and quality of production (defects and malfunctions). Overall performance is determined by problems experienced per 100 vehicles (PP100), with a lower rate of problem incidence indicating higher quality.

Overall initial quality averages 178 problems per 100 vehicles in 2009—a 14-percent improvement from 207 PP100 in 2008.

The gap in initial quality between Chinese domestic and international brands has decreased by more than 240 percent from 396 PP100 at the inception of the study in 2000 to 116 PP100 in 2009. Initial quality for domestic brands overall has improved by 60 PP100 from 2008 to an average of 258 PP100 in 2009. For international brands overall initial quality has improved by 31 PP100 from 2008 to an average of 142 PP100 in 2009.

2000-2009 China Initial Quality: International Brands vs. Chinese Domestic Brands



Source: 2000-2009 J.D. Power Asia Pacific China Initial Quality Study (IQS)

“Chinese brands have steadily become more competitive in initial quality during the past decade, although there is still ample opportunity for improvement,” said Dr. Mei Songlin, general manager of research services at J.D. Power Asia Pacific, Shanghai. “Some domestic brands demonstrate particular strengths in certain vehicle segments in the China market—such as the compact and mini van categories—where they strike a good balance between price and quality.”

Models ranking highest in their respective segments include:

- Compact Segment: Chery QQ3
- Premium Compact Segment: Chery QQ6
- Entry Midsize Segment: Toyota Yaris
- Midsize Segment: Toyota Corolla EX
- Lower Premium Midsize Segment: Volkswagen Sagitar
- Upper Premium Midsize Segment: Toyota Reiz
- Luxury Segment: Audi A6L
- SUV Segment: Honda CR-V
- MPV Segment: Buick GL8
- Minivan Segment: Hafei Minyi

The study finds that problem levels have improved considerably from 2008 in the engine/transmission, driving experience and vehicle exterior categories. Combined, these three categories comprise 63 percent of reported problems. Excessive fuel consumption is the most frequently reported problem in 2009. Other frequently reported problems include manual transmission issues/difficulty in getting in gear; wind noise; noisy brakes; engine problems; and fan/blower issues.

“Initial quality plays an even more important role as a differentiator in China, compared with mature automotive markets such as Europe and the U.S.,” said John Humphrey, senior vice president of international operations at J.D. Power and Associates “Initial quality performance has a significant impact on customer loyalty, advocacy and satisfaction, which has made quality improvement a particularly high priority for automakers in the China market.”

The 2009 China Initial Quality Study is based on evaluations from 12,038 owners of new vehicles purchased between October 2008 and June 2009. The study includes 127 vehicle models among 48 different makes. The study was fielded from April to August 2009 in 28 major cities across China.

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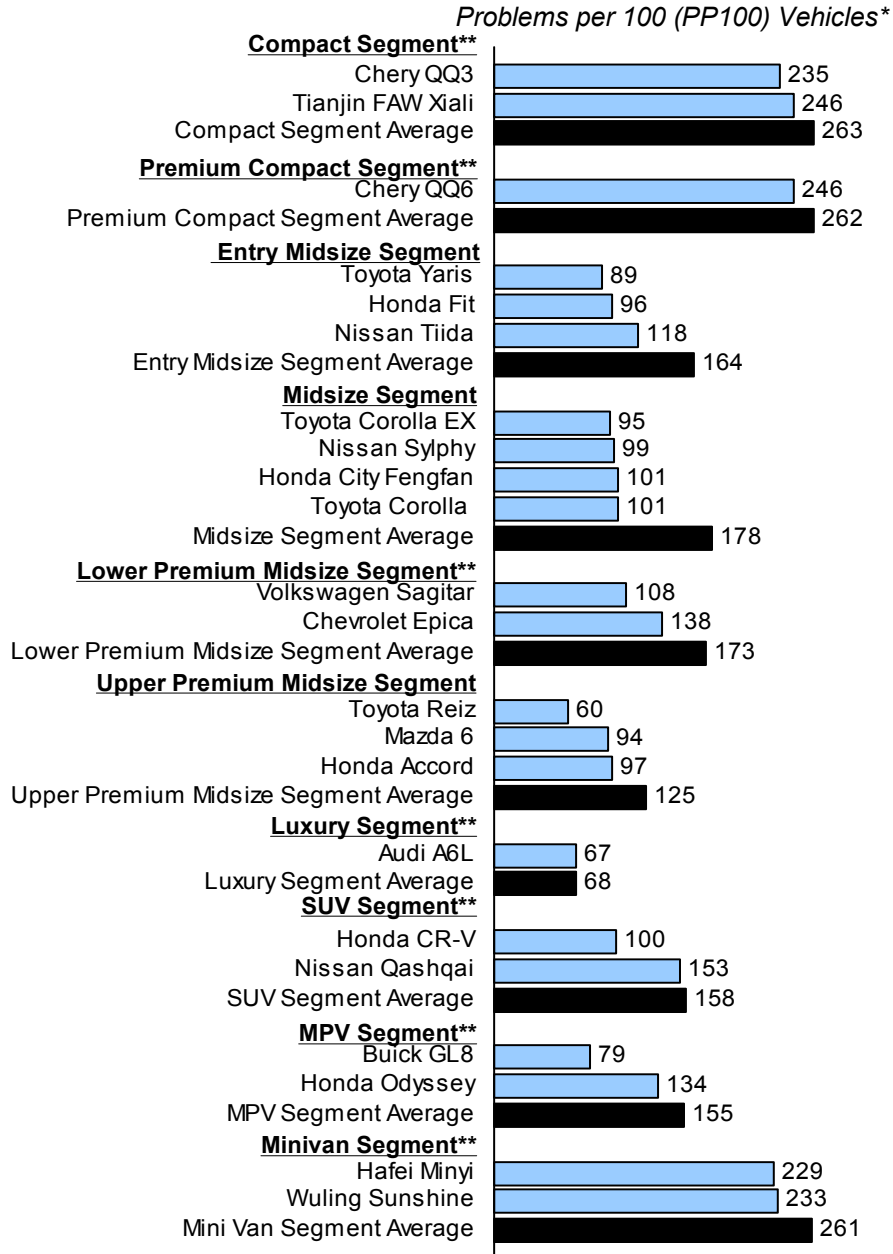
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Note: One chart follows.

J.D. Power Asia Pacific 2009 China Initial Quality StudySM (IQS)

Top Three Rankings per Segment in Initial Quality

(Lower scores reflect better quality performance)



*Problems per 100 (PP100) vehicles is measured via actual customer feedback related to the number of "things gone wrong." A lower score reflects better quality performance.

**No other model in this segment performs above the segment average.

No rankings are published for the Entry Luxury segment due to insufficient sample.

Source: J.D. Power Asia Pacific 2009 China Initial Quality StudySM (IQS)

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