



Press Release

J.D. Power and Associates Reports: Redesigned Initial Quality Study Shows That Vehicle Design Plays as Critical a Role in Consumer Perceptions of Quality as Defects and Malfunctions

Lexus and Toyota Together Capture 11 of 19 Initial Quality Model Awards

WESTLAKE VILLAGE, Calif.: 7 June 2006 — The way in which technology is integrated into new-vehicle design, particularly interior features and controls, is considered by consumers to be as important to quality as are defects and malfunctions, according to the J.D. Power and Associates 2006 Initial Quality StudySM (IQS) released today. The study is in its 20th year.

The Initial Quality Study, which serves as the industry benchmark for new-vehicle quality measured at 90 days of ownership, has been completely redesigned for 2006 to capture problems experienced by owners in two distinct categories—quality of design and quality of production (defects and malfunctions).

“New vehicles today are often packed with new technologies that unfortunately can be complicated and frustrating for the average consumer when their integration is not well executed,” said Joe Ivers, executive director of quality and customer satisfaction research for J.D. Power and Associates. “In the eyes of consumers, design flaws can have as much of an impact on their perceptions of quality as can a defect. Yet, many manufacturers have tended to address quality solely on the plant floor without considering design factors.”

Based on both design quality and production quality considerations, the study finds that automakers can vary widely in their performance on these two components. Brands with the fewest defects and malfunctions include BMW, Chrysler, Hyundai, Lexus, Porsche and Toyota. Brands with the fewest design problems include GMC, Hyundai, Jaguar, Lexus, Nissan and Porsche.

“Without considering both quality factors, one might fail to recognize vehicles that are, in fact, excellent in certain ways,” said Ivers. “For example, BMW vehicles have among the fewest defects and malfunctions, along with Toyota. But BMW approaches controls and displays in a way that creates some problems for customers, leading to more design-related problems overall than Toyota incurs. Automakers differ significantly in how they define quality and what parts of the organization they hold accountable for it. Clearing both critical quality hurdles is an accomplishment experienced by only a limited number of brands.”

2006 IQS Ranking Highlights

Lexus and Toyota models continue to dominate initial quality rankings, capturing 11 out of 19 segment awards in 2006. Lexus models rank highest in every segment in which they compete. In addition, the LS 430 ties the Porsche Cayman for having the fewest quality problems in the industry. Other top-ranking Lexus models include: IS 250/IS 350, ES 330, SC 430, GX 470 and LX 470.

Toyota remains a quality benchmark, capturing five model-level awards—for the Corolla, Solara, Camry, Highlander and Sequoia—more than any other non-luxury brand.

Porsche and Lexus lead the luxury brands, while Hyundai, Toyota and Honda set the pace among non-luxury brands. Averaging just 91 problems per 100 (PP100) vehicles, Porsche tops the overall nameplate rankings. Porsche's success can be partly attributed to the all-new Cayman, which tops the compact premium sporty car segment. Porsche is followed in the rankings by Lexus, Hyundai, Toyota and Jaguar, respectively.

Hyundai ranks among the top three nameplates in the study for the first time in the history of IQS. Highlights include a top ranking for the Hyundai Tucson in the compact multi-activity vehicle (MAV) segment, and top-three segment performances for the redesigned Sonata and all-new Azera, as well as the Elantra and Tiburon.

Honda also maintains its position as a quality leader. Although Honda does not receive any awards outright, five Honda models rank among the top three of their respective segments.

Other nameplates receiving model awards in 2006 include Chevrolet, Chrysler, Ford, Kia, Mazda, Pontiac and Suzuki.

Assembly Plant Awards

Toyota receives a total of four assembly plant quality awards for producing vehicles yielding the fewest defects, including the Platinum Plant Quality Award for its Iwate, Japan, plant, producer of the Lexus ES 330. The Iwate plant averages just 32 PP100. Plant awards are based solely on scores for defects.

Among North and South American plants, the General Motors Oshawa #2 plant in Ontario, Canada, which produces the Buick LaCrosse and Pontiac Grand Prix, receives the Gold Plant Quality Award for a second consecutive year. Toyota's Georgetown, Ky., plant, which produces the Avalon, Camry and Solara Coupe/Convertible, and DaimlerChrysler's Windsor, Ontario, Canada plant, which produces the Pacifica, Town & Country, Caravan and Grand Caravan, tie for the Silver Plant Quality Award.

In the Asia Pacific region, Toyota's Higashi-Fuji, Japan, plant, which produces the Lexus SC 430, receives the Silver Plant Quality Award. Toyota's Kyushu, Japan, plant, which produces the Lexus IS 250/IS 350, Lexus RX 330/400h and Toyota Highlander/Highlander Hybrid, and American Honda's Saitama, Japan, plant, which produces the Acura RL, Acura TSX and Honda CR-V, tie for the Bronze Plant Quality Award.

Magna Steyr, the Graz, Austria, plant that assembles under contract for traditional manufacturers, receives the Gold Plant Quality Award for Europe. Magna Steyr produces the BMW X3, Mercedes-Benz E-Class/Wagon and the Saab 9-3 Convertible. BMW's Dingolfing, Germany, plant, which produces the BMW 5, 6 and 7 Series, receives the Silver Plant Quality Award, and Porsche's Valmet, Finland, plant, which produces the Cayman and Boxster, receives the Bronze Plant Quality Award.

The 2006 Initial Quality Study is based on responses from 63,607 purchasers and lessees of new 2006 model-year cars and trucks surveyed after 90 days of ownership. The redesigned IQS is based on a new 217-question battery—up from 135 in previous years—to provide manufacturers with richer information to improve problem determination and drive product improvement. The study also groups models in a revised J.D. Power and Associates vehicle segmentation list.

The 2006 study has been redesigned for the first time since 1998. Improvements to the study include:

- An enhanced questionnaire for owners to aid in identification of both defect and design problems
- Expanded coverage of new technologies
- Additional details about the problems reported to help OEMs better identify how to address them

For more detailed findings on new-vehicle quality performance as well as model photos and specs, visit the J.D. Power Consumer Center. www.jdpower.com

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is an ISO 9001-registered global marketing information services firm operating in key business sectors including market research, forecasting, consulting, training and customer satisfaction. The firm's quality and satisfaction measurements are based on responses from millions of consumers annually. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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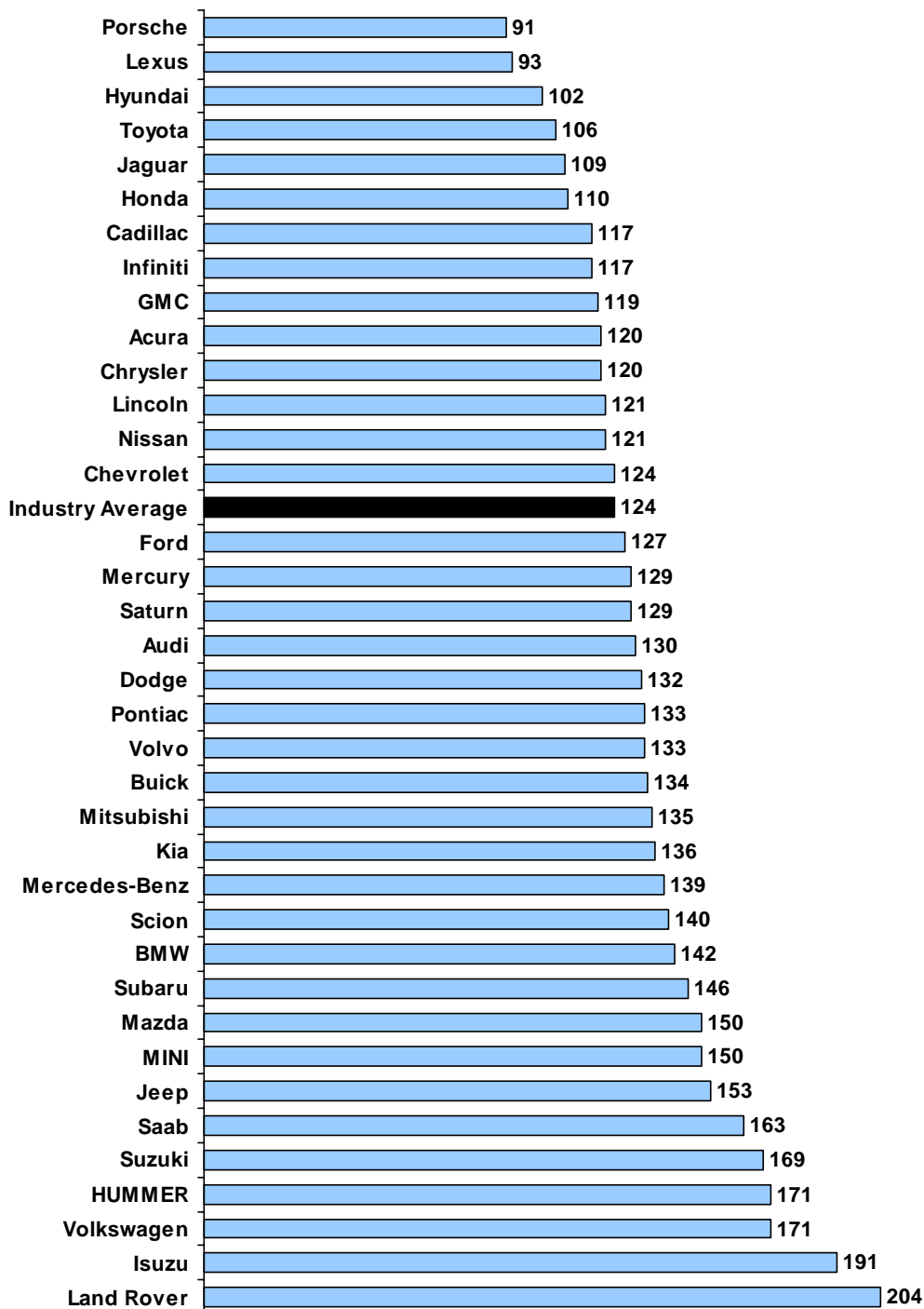
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NOTE: Four charts follow.

J.D. Power and Associates 2006 Initial Quality StudySM (IQS)

2006 Nameplate IQS Ranking

Problems Per 100 Vehicles



NOTE: Due to changes in study methodology, 2006 IQS scores are not comparable to previous years. Scores are based on rounded figures for problems per 100 vehicles.

Source: J.D. Power and Associates 2006 Initial Quality StudySM

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J.D. Power and Associates 2006 Initial Quality StudySM (IQS)

Top Three Models per Segment Car Segments

Sub-Compact Car

**Highest Ranked: Kia Rio/Rio Cinco
and Suzuki Aerio (tie)**
Scion xA

Compact Car

Highest Ranked: Toyota Corolla
Hyundai Elantra
Honda Civic

Compact Sporty Car

Highest Ranked: Mazda MX-5 Miata
Hyundai Tiburon
Scion tC

Compact Premium Sporty Car

Highest Ranked: Porsche Cayman
Honda S2000
Porsche Boxster

Entry Premium Car

Highest Ranked: Lexus IS 250/IS 350
Lincoln Zephyr
Acura TL

Midsize Premium Car

Highest Ranked: Lexus ES 330
Infiniti M-Series (tie)
Jaguar S-Type (tie)

Large Premium Car

Highest Ranked: Lexus LS 430
Audi A8
BMW 7 Series

Premium Sporty Car

Highest Ranked: Lexus SC 430
Porsche 911
Chevrolet Corvette (tie)
Mercedes-Benz SL-Class (tie)

Midsize Sporty Car

Highest Ranked: Toyota Solara
Ford Mustang
Chevrolet Monte Carlo

Midsize Car

Highest Ranked: Toyota Camry
Honda Accord
Hyundai Sonata

Large Car

Highest Ranked: Pontiac Grand Prix
Hyundai Azera
Nissan Maxima

**For more detailed findings on new-vehicle quality performance, visit the
J.D. Power Consumer Center at: www.jdpower.com**

Source: J.D. Power and Associates 2006 Initial Quality StudySM

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J.D. Power and Associates 2006 Initial Quality StudySM (IQS)

Top Three Models per Segment *Truck / Multi-Activity Vehicle (MAV) Segments*

Compact MAV

Highest Ranked: Hyundai Tucson

Honda CR-V
Nissan Xterra

Midsized MAV

Highest Ranked: Toyota Highlander

Buick Rainier
Toyota 4Runner

Large MAV

Highest Ranked: Toyota Sequoia

GMC Yukon
Chevrolet Tahoe

Midsized Premium MAV

Highest Ranked: Lexus GX 470

Volvo XC70
Lexus RX 330/RX 400h

Large Premium MAV

Highest Ranked: Lexus LX 470

Lincoln Mark LT
HUMMER H2

Large Pickup

Highest Ranked: Chevrolet Silverado LD

Chevrolet Silverado HD (tie)
GMC Sierra HD (tie)

Midsized Pickup

Highest Ranked: Ford Ranger

Honda Ridgeline (tie)
Subaru Baja (tie)

Van

Highest Ranked: Chrysler

Town & Country
GMC Savana
Dodge Caravan

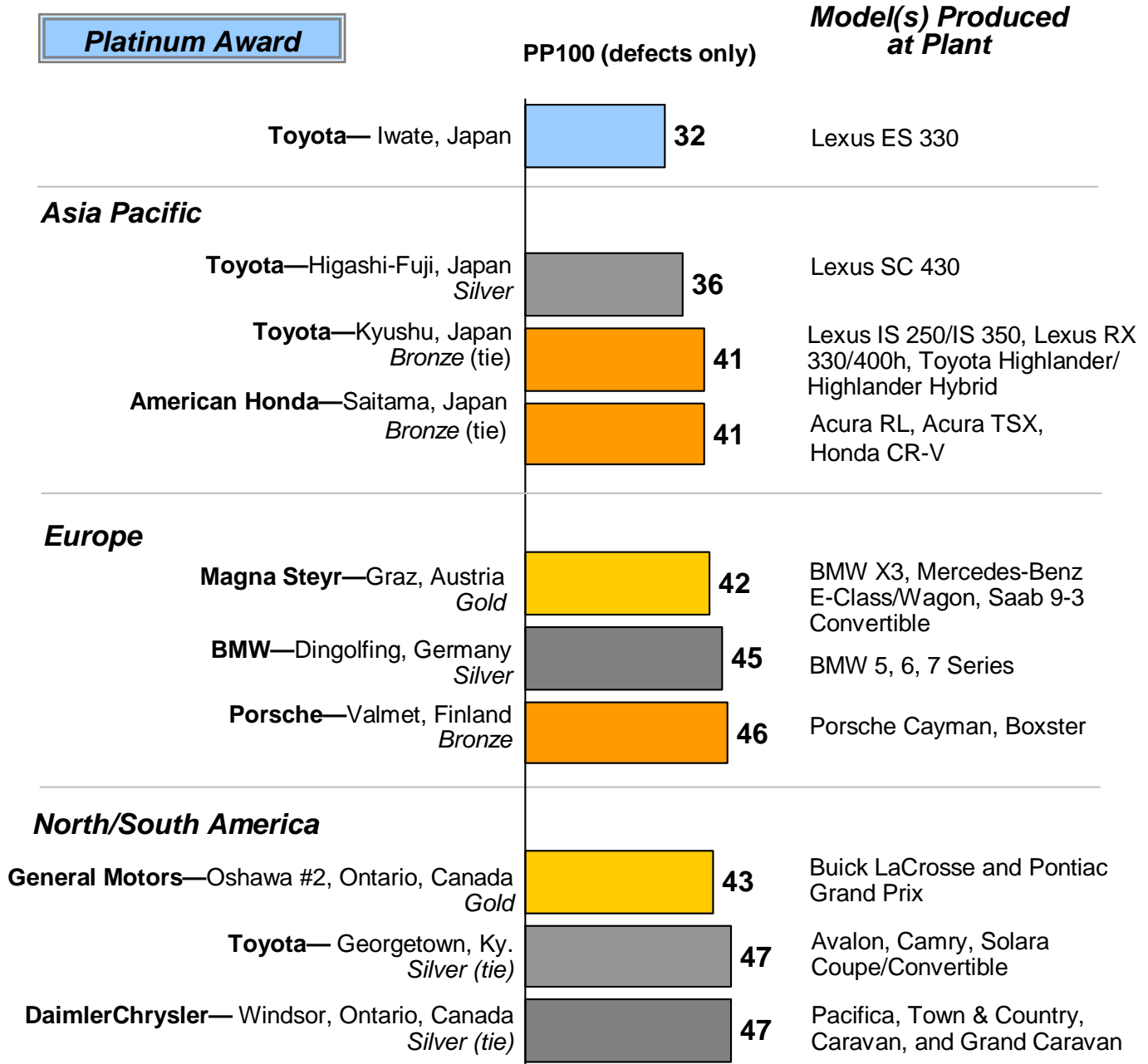
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J.D. Power and Associates 2006 Initial Quality StudySM (IQS)

2006 Plant Quality Award Recipients Based on Vehicles Produced for U.S. Market



NOTE: Car and truck assembly lines located at the same site are ranked separately.

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