



Weekly Car Dealers Newsletter

December 6, 2010

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources.

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[**BANKS BUY \\$2.37 BILLION MORE IN GM SHARES**](#)
[**CHEVY VOLT TOPS PRIUS IN FUEL ECONOMY RATING**](#)
[**TOYOTA TO FIX 650,000 PRIUS HYBRIDS FOR HEAT RISK**](#)
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[**BANKS BUY \\$2.37 BILLION MORE IN GM SHARES**](#)

General Motors inched further forward in its effort to repay taxpayers, announcing Friday that the banks backing its historic initial public offering had exercised their right to buy an additional block of shares in the restructured automaker. The banks' move expanded the auto giant's IPO by 15 percent to \$23.1 billion, making it the largest in global history and bringing the company about \$2 billion closer to returning the \$49.5 billion spent on its bailout. The government still owns about one-third of GM. The stock price needs to hit around \$50 a share for taxpayers to break even. GM debuted at \$33 a share, and on Friday, in a holiday-shortened trading session, the stock closed at \$33.80. It remains unclear whether taxpayers will recover all of their investment in the company, but Friday's announcement means the U.S. government has moved closer to that goal. Source: *The Washington Post*

[**CHEVY VOLT TOPS PRIUS IN FUEL ECONOMY RATING**](#)

General Motors Co said on Wednesday its Chevy Volt plug-in hybrid will carry an overall fuel economy rating of 60 miles per gallon, topping the Toyota Prius, the industry's long-time fuel economy leader. GM has begun to assemble the long-awaited Volt at a Detroit-area factory, with initial sales expected in December. The EPA fuel-economy rating, which will be displayed on

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stickers on each Volt sold, was one of the last hurdles for a vehicle that GM has made the center of its effort to restart its reputation for technology and innovation. Capturing the fuel-economy leadership from Toyota Motor Corp's hybrid Prius will give GM bragging rights it has sought throughout the Volt development effort. The EPA gave the Volt a "miles-per-gallon-equivalent" -- or MPGe -- rating of 93 in all-electric mode, just below the rating of 99 for the Nissan Leaf assigned earlier (last) week. *Source: Reuters*

TOYOTA TO FIX 650,000 PRIUS HYBRIDS FOR HEAT RISK

Toyota Motor Corp will pay to fix about 650,000 Prius models worldwide for a coolant pump glitch that could cause the top-selling hybrid to overheat and lose power, the automaker said. The repair campaign covers Prius cars for the model years 2004 to 2007. The bulk of the cars, or 378,000 units, are in the United States. The Japanese automaker said it had not received any reports of accidents or injuries from problems with the pump, which circulates coolant for the hybrid system. Toyota said the design of the electric water pump let air bubbles enter the system, slowing coolant circulation and allowing the hybrid's components to heat up. The heating up of the components could trigger a warning light. If left unattended, the Prius could overheat and drop into a "fail-safe" mode where engine power would be reduced, Toyota said. Toyota will cover the cost of the repairs, including more than \$100 in labour for each Prius fixed at a U.S. dealership. *Source: Reuters*

EXPLORER '11 ORDERS DOUBLE FORECASTS

Ford Motor Co. has about 15,000 orders — about double its projections — for the 2011 Ford Explorer that isn't slated to hit showrooms until the new year. The preorders include about 3,000 retail orders, 7,500 dealer orders and more than 4,500 from companies, Ford officials say. Production of the new Explorer is under way at the Chicago Assembly Plant, which also makes the Taurus and Lincoln MKS. A second shift was added Nov. 1. At an event Wednesday, Ford will mark the start of production that should hit full stride next month. If preorders are any indication, production will be hard-pressed to meet demand in the early months, said Craig Patterson, marketing manager for the Explorer. "There are people with Explorers who want a new one so maybe there is some pent-up demand for what was a popular vehicle," said Stephanie Brinley, analyst with EMC Strategic Communications in Troy. *Source: The Detroit News*

G.M. TO HIRE 1,000 TO ENGINEER MORE ELECTRIC CARS

DETROIT — General Motors is adding 1,000 jobs in Michigan to develop more electric and hybrid vehicles similar to the Chevrolet Volt, which it officially introduced on Tuesday, the company said. G.M.'s chief executive, Daniel F. Akerson, announced the jobs in a ceremony for

the start of production of the Volt at a plant in the city of Hamtramck, which adjoins downtown Detroit. With plant workers cheering him on, Mr. Akerson said the plug-in hybrid Volt was proof that G.M. would be a leader in new technology in the aftermath of its \$50 billion government bailout last year. "I believe and our board believes that electrification is critical to the global automotive industry," said Mr. Akerson. In addition to G.M.'s announcement, Chrysler said Tuesday that it would hire 1,000 new engineers and technicians by early next year to work on its next generation of small and midsize cars. G.M. has already invested \$700 million in eight facilities in Michigan in support of the Volt. The company said it would add the jobs over the next two years. Mr. Akerson drove the first Volt off the assembly line on stage for Tuesday's ceremony. *Source: The New York Times*

OPINION: AMERICANS ARE MISSING SIGNS OF ECONOMIC RECOVERY

Two out of every three Americans believe the U.S. is a nation on the wrong track, barreling toward a future somewhere between economic disaster and irrelevance. All the public opinion polls say so. But are they right? Or is it the people's psyche that is seriously on the wrong track? November car and truck sales, as reported Wednesday -- amid a day of surging stock prices and following fresh reports of Detroit automakers planning to hire thousands of engineers -- would suggest an outlook much more encouraging than the latest opinion polls show. *Source: The Detroit Free Press*

AUTO EXPERT: U.S. AUTO SALES WILL TOP 17 MILLION AGAIN BY 2015

U.S. automotive industry sales could top 17 million by 2015, Michael Robinet, director of global production forecasts for researcher IHS Automotive, said (Thursday). That would be a huge reversal from the historically low sales levels that brought the industry to its knees during the recent recession. The last time industry sales exceeded 17 million was in 2001. Robinet, who made his remarks during a presentation to the Automotive Press Association in Detroit, said he expects pent-up demand, combined with a growing U.S. population and aging baby boomers with discretionary income, will cause sales to increase in the coming years. He expects sales will exceed 12.8 million next year and 16 million in 2013 before reaching 17 million in 2015. "We are pretty confident... We looked at where this market could go in terms of the number of new drivers coming into the market and the number of older vehicles that could be replaced," Robinet said. *Source: The Detroit Free Press*

HYUNDAI MOTOR TARGETS EXPANDED SUV SALES TO SUSTAIN U.S. GROWTH

Hyundai Motor Co., the fastest growing mass-market automaker in the U.S., expects sales of its sport-utility and crossover vehicles to rise faster than its cars in 2011. "We have lots of upside opportunity on the car-based, light truck side of the market, in crossovers," U.S. Chief Executive

John Krafcik said in an interview yesterday in La Jolla, California. Hyundai's share of U.S. retail car sales is about 7 percent and it's about 2 percent for light trucks, he said. Light trucks, including SUVs, crossovers, minivans and pickups, have been the fastest growing vehicles in the U.S. this year, rising 18 percent through November, while industrywide car sales grew only 5.4 percent, according to Autodata Corp. "Cars are where our dramatic volume gains came from, but we've been underrepresented on the growth side with crossovers and SUVs," Krafcik said. To remedy that, the company is seeking ways to boost production of its Tucson and Santa Fe models and increase supply of the 7-passenger Veracruz model. "I'm not saying we need to add incremental products, but that we've got to find a way to get some more capacity so we can sell more of those products," he said. *Source: Bloomberg*
