



Weekly Car Dealers Newsletter

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

Week of August 9, 2010

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BMW POSTS BIGGEST PROFIT IN 2 1/2 YEARS ON 5 SERIES
JULY SALES: GM'S FOUR CORE BRANDS UP 25%, FORD UP 3%, TOYOTA DOWN 3%
HYUNDAI MAY ANNOUNCE US CAPACITY INCREASE IN WEEKS
GM AT WORK ON IPO FILING BUT NOT READY YET: CEO
RED DREAM MEETS REALITY: FERRARI OFFERS TOURS OF FIORANO TRACK
GM RETURNS TO SUPER BOWL**

FORD COMPLETES VOLVO SALE TO GEELY

Ford Motor Co. said Monday it has completed the sale of its Swedish Volvo Car unit and related assets to China's Zhejiang Geely Holding Group Co. Geely at the same time announced that Volkswagen AG's former U.S. Chief Stefan Jacoby will become chief executive of Volvo Car and become a member of the board effective Aug. 16. As previously announced, Stephen Odell, the present CEO of Volvo Car, is returning to Ford as CEO of Ford Europe. "Our employees, suppliers, dealers, and above all our customers, can be confident that Volvo will preserve its special status as the industry leader in vehicle safety and innovation--even as it pursues new market opportunities," Mr. Jacoby said. The total purchase price was \$1.8 billion, including a \$200 million note and the balance in cash. "Pursuant to the terms of the agreement, Geely today issued the note and paid \$1.3 billion in cash to complete the sale," Ford said in a statement. Source: *The Wall Street Journal*

TOYOTA'S JIM LENTZ TO ADDRESS 2011 NADA CONVENTION & EXPO IN SAN FRANCISCO

Other speakers: Condoleezza Rice, Capt. Sullenberger and NADA's Tonkin and Wade
WASHINGTON – Jim Lentz, president and chief operating officer of Toyota Motor Sales U.S.A., will be the keynote industry speaker at the National Automobile Dealers Association Convention & Expo in San Francisco next February. Lentz, who started his career at Toyota in 1982 as the merchandising manager for the company's Portland, Ore., region and was later promoted to general manager for the San Francisco and Los Angeles regions, will address attendees at the convention's general session at the Moscone Center on Saturday, Feb. 5. "Toyota has certainly been through some ups and downs this year," says Jack Caldwell, owner of Caldwell Toyota-Scion in Conway, Ark., and chairman of NADA's convention committee. "And Jim Lentz has been through it all. This will be a unique opportunity to hear him talk candidly about what Toyota has been through and where it is headed at a pivotal time for the company and the auto industry as a whole." NADA's 94th annual convention runs from Feb. 5 to 7. *Source: NADA.org*

BMW POSTS BIGGEST PROFIT IN 2 1/2 YEARS ON 5 SERIES

Bayerische Motoren Werke AG, the world's biggest manufacturer of luxury cars, reported the biggest profit in 2 1/2 years after demand for the new 5 Series surged and sales advanced in China and the U.S. Second-quarter net income gained almost sevenfold to 831 million Euros (\$1.1 billion) from 119 million euros a year earlier, the Munich-based carmaker said today. Record sales in China, the world's biggest auto market, and a rebound in the U.S. have prompted BMW and rival Daimler AG to lift their 2010 forecasts. "Fantastic results," said Aleksej Wunrau, an analyst with BHF-Bank in Frankfurt who has a "strong buy" recommendation on BMW shares. "It is the surprise of second-quarter reporting compared to predictions in the auto sector so far." *Source: Bloomberg.com*

JULY SALES: GM'S FOUR CORE BRANDS UP 25%, FORD UP 3%, TOYOTA DOWN 3%

General Motors' July sales of its four remaining brands shot up 25 percent last month compared with July of last year. GM's four core brands are Chevy, Cadillac, GMC and Buick. Overall, GM's total July sales were up 2.6 percent compared with June and up 5 percent compared with July 2009. The halted brands sell so few vehicles that they are a drag on the sales number of the core brands. Toyota's July U.S. sales were down 3.2 percent compared with July 2009, but the Japanese giant still managed to outsell Ford (ex-Volvo) by 3,000 vehicles. Ford's sales were up 3 percent compared with July 2009, but flat compared with this June. *Source: The Washington Post*

HYUNDAI MAY ANNOUNCE US CAPACITY INCREASE IN WEEKS

Hyundai Motor Co has severe capacity constraints at its Alabama plant and the South Korean automaker is preparing to announce plans to add U.S. production capacity, its top U.S. executive said on Wednesday. Hyundai, which has increased its U.S. market share in recent years, could announce plans for more U.S. production within four weeks, Hyundai Motor America President and Chief Executive John Krafcik said. "We don't want too much capacity," Krafcik said at the Center for Automotive Research conference. "We are looking at everything from modest increases in capacity at our existing plants and various other options." The automaker has posted a 24 percent sales increase in 2010 through July and is on a pace to break 500,000 vehicles in annual U.S. sales for the first time. "We need more capacity to meet consumer demand so at this point nothing is off the table." Hyundai's U.S. market share was 4.6 percent in the first half of 2010, up 0.3 percentage points from a year earlier, according to Autodata Corp. *Source: Reuters*

GM AT WORK ON IPO FILING BUT NOT READY YET: CEO

General Motors Co has begun work on an initial public offering of stock that could be the largest ever for the U.S. market, the automaker's Chief Executive Ed Whitacre said on Thursday. It was the first time the top U.S. automaker has confirmed it was readying an IPO, an event that would mark its return as a public company and reduce the U.S. government's majority ownership just over a year after GM's bankruptcy and a controversial \$50 billion bailout. Whitacre, who was attending an auto industry event in northern Michigan, also said GM would detail second-quarter results next week showing that the restructured company is making money despite an anemic rebound in the U.S. economy. "We are working on an S-1," Whitacre told Reuters, referring to the U.S. Securities and Exchange Commission registration statement required for a securities offering. "I don't know when we are going to be able to file it because we still have a lot to do. It's not in the 'way, way out there,' but we still have a lot to do," he said. *Source: Reuters*

RED DREAM MEETS REALITY: FERRARI OFFERS TOURS OF FIORANO TRACK

Pista di Fiorano--three words that in any language conjure images of romanticism and speed. And now the general public can get a bit closer to the daily reality of life inside Ferrari.

The company is offering tours of its historic test track for visitors in a



program that launched on Wednesday. The first tour kicked off at 1 p.m. Italian time and started from the in-house museum called Galleria Ferrari. A shuttle looped around the track with stops at historic markers. Starting Aug. 17, the tours will run every day. They take about half an hour.

Until now, the site has been closed as to the wishes of Enzo Ferrari. It has its own television system and timing and telemetry equipment. The original layout is still used, but has been expanded to accommodate modern F1 cars.

The storied circuit was built in the early 1970s to test and shake down Ferraris. A favorite stop on the tour is Enzo Ferrari's original office. The tour also includes the buildings where the fabled Formula One cars are built for the Scuderia.

Another highlight of the tour is the fighter jet Gilles Villeneuve raced against in 1981--and beat--in an F1 car. For Tifosi, this is a definite addition to the bucket list. *Source: Autoweek.com*

GM RETURNS TO SUPER BOWL

If there's one thing Joel Ewanick has made clear since joining General Motors Co. three months ago, it's that he doesn't let grass grow under his feet.

And the company's vice president of marketing isn't slowing down anytime soon: In a wide-ranging interview with *Advertising Age*, an affiliate of *AutoWeek*, Ewanick let drop that the automaker will return to the Super Bowl in 2011; that an ad campaign will break next month for the Chevy Camaro; and that there's a new tagline coming for Cadillac, "The new standard for the world."



"We have so many projects in the works right now," he said. "I can't tell you specifically, but we have projects going with each of the brands."

In a related matter, GM is increasing its advertisement spending to levels seen prior to its bankruptcy filing, Ewanick told the *Wall Street Journal* in another interview this week.

Ewanick told the Journal that GM would increase its ad spending by 3 percent to 5 percent this year to build the automaker's brands.

Acknowledging that his lightning-fast moves so far haven't always been well-received, Ewanick acknowledged the company "messed up" the transition of its \$600 million Chevrolet account to Goodby, Silverstein & Partners without first speaking with Publicis Groupe. He remedied the

situation weeks later when he tabbed Publicis unit Fallon to take over the \$270 million Cadillac business from Publicis sibling Bartle Bogle Hegarty.

"We messed up the handling of how we were going to release the information to the folks at Publicis. And that was our doing," Ewanick said. "I'm kind of disappointed about this, but it also taught me a lesson about what happens at Chevrolet.

"There's a sequence about how these things should be announced. We were trying to make telephone calls and get to them and talk to [holding company CEO] Maurice [Levy] and talk to [Publicis USA Chairman-CEO] Susan [Gianinno] and let them know what was going on. Someone on our side, internally, leaked it. ... Maurice and I are fine."

Asked why he made the moves to Goodby and Fallon, respectively, Ewanick cited the friendship and knowledge of their work. "Jeff [Goodby] and Rich [Silverstein] are the best agency in America; some would argue the best agency in the world," Ewanick said.

He added: "We picked an agency like Fallon because Fallon has 17 years of luxury-car experience. There's not an agency in America that has 17 years of luxury-car experience in the United States. Look it up. They had 10 years with BMW and six-and-a-half, seven years with Porsche -- some of that with me.

"So I know what they're good at, I know what they're strengths and weaknesses are, and Pat Fallon is a great advertising person."

Super Bowl plans

He also said that GM would be back in the Super Bowl next February for the first time since bowing out after 2008 when it was trimming its advertising and heading toward its 2009 bankruptcy reorganization.

"The interesting thing is, that's the right thing to do for car brands like we have, specifically Chevrolet. So yes, we will be in the Super Bowl," he said. "I won't tell you how much or what we're doing, but I will tell you it will all be about Chevrolet."

Asked if it would include the new Chevy Volt electric vehicle, set to hit the market just eight weeks before the Super Bowl, Ewanick laughed and said, "I can't tell you that either."

No matter which models are featured, the work will come from Goodby. Fallon came up with the new tagline for Cadillac, which will start appearing next month. "We think that's where we're going to take this brand," Ewanick said, noting he was not impressed with the earlier tagline, "The mark of leadership."

"I don't know what that means. 'The new standard of the world,' that was our theme line for a new generation of cars. It's a line that I think makes much more sense to the consumer."

More Chevrolet moves

Ewanick said Chevrolet will also have a new tagline later this year, closer to the holidays, but would not say what it was, only that "Excellence for all" is out.

"'Excellence for all' -- it's a great title for Stephen Covey's next book. It's also something I could find on every one of our competitors and one that I could put on every airline and everything else," he said. "It's not specific to who we are and where we're taking Chevrolet, and I thought that was important. We took a step back and said, 'What do we have? We have a soul.' People have deep feelings and passion about that."

Finally, next month will also bring a new ad campaign for another of Chevy's macho sports cars, the Camaro.

"The Corvette [ads are] a great example of what we're doing on the performance side," Ewanick said. "We're going to make a big push on the Camaro because we think that's another way to elevate the brand and make another statement about what Chevrolet stands for." *Source: Reuters*
