



## ***Weekly Car Dealers Newsletter***

December 7, 2009

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

# **Week of December 7, 2009**

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### **[3 SHOW INTEREST IN SAAB DEAL](#)**

***Companies have not yet submitted written proposals to GM***

Potential suitors for General Motors Co.'s Saab Automobile are surfacing a week after the collapse of a deal to sell the Swedish carmaker to Koenigsegg Group. Beijing Automotive Industry Holding Co., Merbanco Inc. and Renco Group Inc. are sounding out a possible deal, Bloomberg News reported Friday, citing unnamed sources. However, it said the parties have not submitted written proposals for GM's board to review at its monthly meeting (this) week. GM's board meets Tuesday and is expected to discuss Saab. *Source: [The Detroit News](#)*

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### **[HOUSE SETS ESTATE TAX VOTE FOR \(THIS\) WEEK](#)**

**(If you own a home in the United States this affects you unless that home is owned by a Trust)**

House Democratic leaders intend to bring a permanent estate tax bill to the House floor (this) week, even though rank-and-file party members still appear decidedly split on how best to deal with the contentious tax, which is set to disappear for a year on Dec. 31. The legislation (H.R. 4154) is slated for House action as early as Wednesday, Dec. 2, according to House Majority Leader Steny H. Hoyer, D-Md. It would extend indefinitely the current estate tax levels — a top rate of 45 percent and a per-person exemption of \$3.5 million. Support for the permanent estate

*A Member of the MacKay Network*

tax bill, sponsored by Earl Pomeroy, D-N.D., remains unclear among both Democrats and Republicans. On the other hand, business groups are supporting a bill (H.R. 3905) sponsored by Shelley Berkley, D-Nev., that would go further than the Pomeroy bill and gradually raise the exemption to \$5 million, cut the estate tax rate to 35 percent rate and index the exemption for inflation. Source: [Congressional Quarterly](#)

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## **ALFA FACES PRODUCT FREEZE**

Fiat S.p.A. could freeze new investment in Alfa Romeo under a strategic review of the money-losing brand ordered by CEO Sergio Marchionne. A product freeze is one of two alternatives that Fiat is considering to end years of losses and declining sales at its sporty premium brand. The other option is to refresh Alfa's lineup using Chrysler platforms to replace the aging Alfa 159 sedan and wagon and the discontinued 166 flagship sedan. Alfa's new-car sales have declined steeply in the past decade as its range became older and new products were delayed. Now it seems that Marchionne is losing patience with the struggling brand. Marchionne has ordered a review of Alfa to find out whether to allow the marque a final rebirth through Fiat's alliance with Chrysler or to leave the brand as it is with no new substantial investments after the introduction of the Giulietta lower-medium car in 2010. "We need to work a lot harder on Alfa to make an intelligent decision that effectively preserves the highest possible value to Fiat," Marchionne told *Automotive News Europe* in an interview at Fiat's headquarters here.

### **Too many reinventions**

Marchionne said Alfa had undergone too many reinventions. "We need to stop doing it. You cannot be a newborn Christian every four years. It's the same religion, eventually you need to own a religion and carry it to conclusion," he said.

### **The two options for Alfa are:**

- Replacing the 159 with a D-segment sedan and the 166 with an E-segment sedan built in North America on Chrysler platforms, but unique to Alfa and sold by Alfa worldwide.
- Freezing investment in the brand after the 147 hatchback is replaced by the Giulietta. This means that the 166 will not be replaced, leaving the brand with the Giulietta and the MiTo, Alfa's first small car, as its only fresh models. The rest of the Alfa range--the 159, the Brera coupe, the Spider and the GT coupe will continue to be sold.

Last year, Alfa sold 103,000 new cars compared with 203,000 in 2000. The brand has lost between 200 million euros (\$302 million) and 400 million euros (\$604 million) a year in the past 10 years, sources said. Fiat does not release separate financial results for any of its brands. Marchionne said Fiat's alliance with Chrysler could allow a high level of commonality between Alfa and the Chrysler platforms for the replacement of the 159 and 166, which was discontinued in 2007. "Certainly the availability of D and E segment (platforms) in the United States which are capable of being Alfa Romeoized is there. We need to look at the economics of that opportunity," Marchionne said.

### **No Alfa-Dodge merger**

Marchionne is expected to announce the future of Alfa early next year, when the Italian

automaker presents its 2010 to 2014 business plan. "By then we will know a lot more about what those architectures in the U.S. are capable of doing for Alfa," Marchionne said. He said Alfa will not integrate with Chrysler's Dodge brand, which has been speculated in some press reports. "The heritage of the Alfa and Dodge brands is completely different, the DNA is completely different. We would lose a lot of the appeal of Alfa Romeo if we try to Americanize it through a merger with Dodge," Marchionne said.

Marchionne said he is pleased with the MiTo, which was introduced in July 2008, and the Giulietta, which is due in March 2010. These two new products "are going to do a lot in advancing the DNA and the quality of the (Alfa) brand," he said.

### **Past failures**

Fiat tried to reinvent Alfa with the introduction of the 156 in 1997. The 156 was hailed as a great-looking car. It had a platform specific to Alfa and was a huge success. Sales peaked at almost 120,000 units in 2000, but the 156 did not lead to an Alfa turnaround because no truly successful products followed it. The 156-based 147 hatchback got off a good start after its launch in 2000 with over 100,000 units sold from 2001 to 2003. But the arrival of German premium offerings such as the new Audi A3 in 2003 and the BMW 1-series in 2004 hit sales, forcing Alfa to lower the 147 market positioning to rival the VW Golf, a move that failed to halt the 147's sales slide.

In 2005, Fiat tried another reinvention for Alfa with the 159, Brera and Spider range. These cars were based on a new platform but were plagued by excessive weight and low quality that always kept sales well below initial expectations of 120,000 units a year. Sales of the 159, Brera and Spider range peaked at almost 80,000 units in 2007. *Source: Automotive News – European Edition*

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### **[AUTO SALES RATE CLIMBS AS GM, TOYOTA BEAT ESTIMATES](#)**

U.S. auto sales ran at a faster pace in November for the first month this year without government stimulus, signaling that buyers are returning to showrooms as the economy stabilizes. General Motors Co., Toyota Motor Corp., Ford Motor Co. and Chrysler Group LLC all posted results that beat analysts' estimates. The seasonally adjusted sales rate was 10.93 million vehicles, up from 10.41 million a year earlier, industry researcher Autodata Corp. said. "The industry is starting to make some strides," said Michael Robinet, analyst with CSM Worldwide Inc. in Northville, Michigan. Automakers are at a "turning point" as they focus on ensuring profitable sales, not just higher volumes, he said. *Source: [Bloomberg](#)*

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### **[FORMER FORD EXECUTIVES REVISE VOLVO BID](#)**

A consortium led by two former Ford Motor Co. executives submitted a revised bid this week for Ford's Volvo unit in hopes of beating out a rival offer by China's Zhejiang Geely Holding Group Co., people familiar with the situation said. "The door isn't closed, but we're in fairly advanced talks with Geely," one of the people said. Ford picked Geely in October as its preferred bidder

for Volvo, and the two sides have been working on detailed elements of an agreement, particularly over the rights to Volvo technology. *Source: [The Wall Street Journal](#)*

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### **EX-AUTO DEALERS MAY GET REPRIEVE**

#### ***But few GM, Chrysler stores expected to be revived***

General Motors Co. and Chrysler Group LLC, facing pressure from Congress, offered Thursday to reconsider the closures of more than 3,000 dealerships, but the announcement inflamed an already-toxic distrust between the automakers and their former retailers. Beginning after Dec. 10, the automakers said they will let the rejected dealers plead their cases before an independent panel. The companies are to explain the criteria they used to decide who to reject. The dealer can rebut the finding. Only if the panel rules in the dealer's favor will the dealer have a chance to get the franchise back, but not necessarily at the former location. But dealers doubt the offer would restore more than a handful of stores. "I want to throw up," said Jeffrey Tamaroff, who was forced to close his family's Southfield Dodge dealership. "They want us to sit in front of a review panel, all of whom will be sitting there with folded arms waiting for us to finish, then they will say 'Next.' It is really cruel." *Source: Detroit Free Press*

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### **UNIQUE 427 SHELBY COBRA TO HIGHLIGHT JANUARY 2010 AUCTION**

Bidders who make the trip to RM Auctions' Arizona sale in January will have the chance to buy the "Flip-Top" 1964 Shelby Cobra 427 prototype. The car is noted for its forward-hinged hood and rear-hinged deck.



Race driver Ken Miles led the design, build and development of the unique car, which carries serial number CSX 2196. During the 1960s, the car was raced at Riverside, Nassau and Sebring. It has since been run in several historic races, including Monterey and the Goodwood Festival of Speed.

The car is painted in its original color of Guardman Blue, with white stripes and a black interior.

RM's Automobiles of Arizona event is scheduled for Jan. 22 at the Biltmore Resort in Phoenix. Go to [www.rmauctions.com](http://www.rmauctions.com) for more info on the event. *Source: Autoweek.com*

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