



Weekly Car Dealers Newsletter

February 1, 2010

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

Week of February 1, 2010

MARK THE DATE

[GM CHAIRMAN TO BECOME PERMANENT CEO](#)
[TOYOTA, NISSAN BOOST GLOBAL OUTPUT ON CHINA SALES, U.S. REBOUND](#)
[FIAT CEO: CHRYSLER-FIAT INTEGRATION MOVING FORWARD](#)
SAAB SOLD TO SPYKER
[FORD NET MAY BE \\$2.65 BILLION AS MULALLY ACHIEVES 'IMPOSSIBLE'](#)
TOYOTA DEALERS, CUSTOMERS WONDER WHAT HAPPENS NEXT

MARK THE DATE

MacKay's annual CFO Seminar will be held in late May this year. The reason for the earlier date is to allow a timely presentation on the new BC HST rules as it affects dealers located in both BC and Alberta and how they do business in BC.

More news about the meetings after our team members return from NADA.

[GM CHAIRMAN TO BECOME PERMANENT CEO](#)

DETROIT -- General Motors's chairman and interim chief executive, Ed Whitacre Jr., will become the permanent CEO of the automaker, a person briefed on the matter said Monday. The announcement will be made at an 11:30 a.m. Eastern news conference Monday at GM's downtown Detroit headquarters, the person said. Whitacre, 68, is a former CEO of telecommunications giant AT&T Inc. He has been serving as interim CEO since the board ousted former CEO Fritz Henderson on Dec. 1. *Source: [The Associated Press](#)*

TOYOTA, NISSAN BOOST GLOBAL OUTPUT ON CHINA SALES, U.S. REBOUND

Toyota Motor Corp., Nissan Motor Co. and Honda Motor Co. increased global production in December as automobile demand surged in China and U.S. sales recovered. Japanese carmakers were ... buoyed by a rebound in U.S. auto sales, which gained for a second month. "The Chinese and U.S. markets are driving Japanese carmakers' production gains," said Masatoshi Nishimoto, a Tokyo-based analyst at auto consulting company CSM Worldwide. U.S. vehicle sales rose 15 percent last month to 1.03 million, with Toyota's sales surging 32 percent. Source: [Bloomberg](#)

FIAT CEO: CHRYSLER-FIAT INTEGRATION MOVING FORWARD

Fiat CEO Sergio Marchionne said Monday that a new Chrysler plant that will build Fiat engines in southeastern Michigan represents "a huge step forward" for the integration of Chrysler into Fiat. Marchionne told an investors conference call that the investment would bring Fiat's 1.4 liter, four-cylinder engine technology into the United States... Chrysler is investing \$179 million in the Dundee plant near Detroit, which is expected to begin production of the engines in the fourth quarter of next year. The engine will power the Fiat 500 minicar, which will be made in Mexico and go on sale in the United States by the end of the year, and will eventually replace engines in other Chrysler vehicles. Source: [The Associated Press](#)

SAAB SOLD TO SPYKER

General Motors' Saab division won't end up on the postbankruptcy scrap heap with Pontiac and Saturn.

Just as Saab's death appeared imminent, the Swedish automaker was scooped up on Tuesday by Dutch supercar-maker Spyker Cars in a \$74 million deal that has been in works for months.

The deal is expected to close on Feb. 15, according to a press release from Spyker issued on Tuesday. The first installment of \$50 million will be paid on that date, with the remaining \$24 million to be paid on July 15. The deal is contingent on the execution of a € 400 million (\$564 million) loan agreement between Saab and the European Investment Bank, a loan that the Swedish government on Tuesday agreed to guarantee.

According to the agreement, Saab's future as an independent car company will be secured. All Saab assets will be transferred to the new company, which will be a Dutch public company renamed Saab Spyker Automobiles NV.

"We are very much looking forward to being part of the next chapter in Saab's illustrious history," said Victor R. Muller, Spyker CEO. "Saab is an iconic brand that we are honored to shepherd.



We are delighted to have secured the jobs and livelihoods of thousands of loyal Saab employees, suppliers and dealers and to have given reassurance to the 1.5 million Saab drivers and enthusiasts around the world. It was breathtaking to see so much support from the global Saab community over the last months, which not only shows the strength of the brand but also helped us in our relentless determination to get the deal done.”

Muller said as recently as two weeks ago that he expected to finalize the acquisition of Saab in “days, not weeks.” GM, meanwhile, was proceeding with the orderly two month wind-down of the company. GM purchased Saab two decades ago and had lost money on the company for years.

GM originally agreed to sell Saab to Swedish supercar-maker Koenigsegg, but that deal fell through in November.

Spyker's purchase of Saab means the company will need to hire more workers to increase production capacity so the new company can build Saabs and a higher volume of Spyker vehicles. Muller has said Spyker plans this year to make about 100 of its supercars that will sell for \$200,000 to \$250,000 each.



Spyker
Aileron

+ **ZOOM** [A picture of Spyker Aileron](#)

If Saab follows the product-rollout script written prior to the company going on the block, an all-new 9-5 sedan beginning production in Trollhattan, Sweden, will debut this spring. The new 9-5 is based on a long-wheelbase version of the Insignia from GM's European Opel subsidiary. It's not clear how the purchase will affect future Saab product, such as a replacement for the 9-3.

The sale means Saab owners are guaranteed a supply of parts, as well as future models, to replace the cars in their garages. Saab enthusiasts, some of whom came to GM headquarters in Detroit in early January to protest Saab's demise, can rest easy knowing their favorite brand is back from the brink.

What is also clear is that Muller's purchase left a bid stalled on the grid by Formula One commercial boss Bernie Ecclestone. Ecclestone and Luxembourg-based Genii Capital pitched the idea of buying Saab in early January. *Source: Autoweek.com*

FORD NET MAY BE \$2.65 BILLION AS MULALLY ACHIEVES 'IMPOSSIBLE'

Ford Motor Co. may report 2009 net income of \$2.65 billion tomorrow after overcoming the worst U.S. auto market in 27 years and avoiding a federal bailout. An annual profit would be the first for CEO Alan Mulally and ratify his strategy of developing new models such as the Fusion hybrid while slashing the North American workforce by about 47 percent since he joined Ford from Boeing Co. in late 2006. “This is a company that absolutely bled money in the last five years,” said Bernie McGinn, president of McGinn Investment Management of Alexandria, Va., which owns 320,000 Ford shares. “Mulally has done what had been considered impossible in a very short amount of time.” Mulally, 64, reiterated yesterday to reporters in Washington that

Ford won't be "solidly profitable" on an operating basis until 2011, saying he'll give "updated guidance" once earnings are out. Source: [Bloomberg](#)

TOYOTA DEALERS, CUSTOMERS WONDER WHAT HAPPENS NEXT

When Elise Ward bought a new Toyota Camry on Jan. 10, the sales staff touted the car's safety ratings as incentive to complete the purchase. The following week Toyota Motor Corp. announced her Camry was among 2.3 million cars and trucks recalled to fix gas pedals that can get stuck and the automaker has since stopped selling the car while it works on a fix. "I love it, except it may kill me," the North Potomac, Md., woman said Wednesday of the new Camry she bought to replace a Honda Accord damaged in an accident. "They were telling us how safe (a Camry) is and how it's safer than an Accord and they forgot to say you may die if your accelerator gets stuck," Ward said. "It would have been nice to know."

Wednesday was a day filled with questions for anyone who owns, sells, services or is considering buying a Toyota. Dealerships across the nation spent the day moving cars to the backs of their lots because they are no longer allowed to sell them. The Japanese automaker told dealers to stop selling eight models including certain years of the RAV4, Camry and Corolla, and factories making the affected vehicles are scheduled to stop production of the models in question next week. Dealers also spent the day answering consumer questions, checking cars for customers to see if they have the gas pedal assembly that can wear and cause unintended acceleration, and waiting for more definitive answers from the automaker about what is being done to fix the problem. "It's been pretty soothing so far," said Tammy Darvish, vice president of DARCARS Automotive Group in Silver Spring, Md. "There were not a lot of really irate people."

At LaFontaine Toyota in Dearborn, the sales team spent much of Wednesday morning removing vehicles from their lot. Employees at Page Toyota in Southfield dealt with an onslaught of telephone calls from worried customers, but at least one potential customer wasn't deterred. "I'm hoping I can get a bargain now," said Vincent Cascio.

One Metro Detroit dealer with multiple franchises was steering Toyota customers to comparable Mazdas and Nissans.

Consumer Reports decision

At Consumer Reports, the magazine many consumers turn to for recommendations on the safest and most reliable new cars to buy, staff huddled together and decided they will maintain the status quo in their ratings of Toyota vehicles. "Toyota itself is not recommending -- or even allowing -- people to buy their cars," said Jeff Bartlett, the magazine's online deputy editor for autos. When the problem is fixed and Toyota puts the vehicles back on the market, Consumer Reports will resume its recommendations, he said.

Don Snyder of Swathmore, Pa., near Philadelphia, bought a 2005 Toyota Highlander because it got the magazine's nod, which confirmed his own perception of Toyota having top-notch quality. "I bought in large part because of their reputation," he said. His Highlander was recalled a year after he bought it for a problem with floor mats coming loose and affecting the accelerator. While his vehicle is not affected by the latest recall involving unintended acceleration, it is giving Snyder reason to pause. Initially, he praised Toyota for being proactive and was quick to forgive

them for a rare mistake. Upon learning Toyota had to stop making the vehicles, he said he will do research before he buys again. "I wouldn't automatically buy (a Toyota) but I would keep it in the mix and investigate whether Toyota is going downhill and resting on its laurels."

Not fazed

Steven Payne, whose Camry hybrid isn't being recalled, wasn't fazed by the news. In fact, the electrical engineer from Louisville, Ky., bought a cheap Audi in the 1980s after it had an issue with similar acceleration problems. "Every car I've ever had has had recalls," he said.

Dealer Bob Page of Southfield said he thinks Toyota may be "over-reacting" because all dealerships will soon get equipment to fix the recall issues. He doesn't foresee a long-term issue.

But the issue could linger. In a letter to Toyota President Jim Lentz obtained by The Detroit News, National Automobile Dealers Association Chairman John McElaney said: "With a possible two week or longer sales halt that reportedly impacts nearly 60 percent of Toyota's current retail sales volume, and even greater for some individual dealers, the negative effect to your sales network will be significant."

Rose Bayat, vice president in charge of customer service for DARCARS, which has multiple franchises, appreciated the extensive four-hour dealer training Toyota provided to prepare for the recall. The Maryland dealership replicated the training with its own staff. "Never in 22 years have I been to training on a recall until this one," Bayat said.

Ward, the new Camry owner, remains nonplussed. After learning "they've stopped making the vehicle we just bought," she drove her new Camry to work anyway. It is her third Toyota and she would consider buying a fourth, but only after some research. "I would think more about it."

Source: *The Detroit News*

Additional Facts - If it happens to you

Toyota Motor Corp. and experts have advice for drivers if a vehicle's accelerator pedal sticks:

- Brake hard, then put the car in neutral. When you come to a stop, turn off the engine. The engine may keep revving loudly while you try to stop, but don't turn it off if you can avoid it. Turning off the engine means you lose power-assisted steering and brakes, and if you turn the key too far, you could lock the steering wheel.
 - Don't pump the brakes. Toyota warns that pumping the brake pedal will deplete the vacuum assist, which boosts the braking force using power from the engine. If that's depleted, you'll need to put much stronger pressure on the brake pedal, and it still might not be enough force to stop safely.
 - If all else fails, turn off the engine. This will not cause loss of steering or braking control, but the power assist to these systems will be lost. Don't remove the key from the ignition, because that will lock the steering wheel.
 - If you start your car by pressing a button, push and hold the start-stop button for at least three seconds to turn off the engine. *Source: Associated Press*
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