



Weekly Car Dealers Newsletter

October 4, 2010

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

Week of October 4, 2010

[TREASURY MAY BE ONLY SELLER IN GM IPO: SOURCES](#)
[LINCOLN DEALERS MAY BAIL RATHER THAN REINVEST FOR 2 SALES A WEEK](#)
[MINI COOPER STEERING PROBE MAY SIGNAL INDUSTRY-WIDE ISSUE](#)
[FUEL GOALS STRAIN CARMAKERS](#)
[IS FERRARI FOR SALE?](#)
[PARIS AUTO SHOW: JAGUAR UNVEILS C-X75 TWO-SEAT DESIGN STUDY](#)
[BMW, SAAB AUTOMOBILE TO AGREE ON ENGINE-PURCHASING DEAL](#)
[GM TO BUY AMERICREDIT, CREATE GENERAL MOTORS FINANCIAL](#)
[FIAT PICKS ALLY FINANCIAL FOR U.S. DEALER LOANS](#)

[TREASURY MAY BE ONLY SELLER IN GM IPO: SOURCES](#)

The United Auto Workers health care trust and the governments of Canada and Ontario may not participate in General Motors Co's GM.UL upcoming IPO in order to avoid taking a cut on the price of their shares, three people with knowledge of the matter said on Friday. If GM's second and third largest shareholders opt to hold their shares beyond the IPO, that would leave the Treasury as the only stakeholder selling shares and could mean that the total value of the deal could be at the low end of market expectations. Initial plans for the landmark IPO envisaged the two other major shareholders selling the same proportion of shares as the U.S. Treasury, which holds 61 percent of GM after its \$50 billion taxpayer-funded bailout, sources had previously said. All of the sources cautioned that no dollar amount has been set for the IPO, adding that the number of shares to be sold and the pricing will not be determined until after GM launches a roadshow for potential investors in early November. *Source: Reuters*

LINCOLN DEALERS MAY BAIL RATHER THAN REINVEST FOR 2 SALES A WEEK

Ford Motor Co.'s Lincoln dealers may be facing the bleakest days in the brand's 93-year history. Soon they will have to decide whether to double down on the luxury line or walk away. Sales have plunged almost two thirds from their peak and now average fewer than two vehicles a week for each dealer, one-thirteenth the volume of Toyota Motor Corp.'s Lexus. Now the company may ask them to spend as much as \$2 million each to upgrade showrooms and improve customer service at a meeting in Dearborn, Michigan, on Oct. 4. Lincoln sold an average of 5.8 cars per showroom a month in 2009, compared with Lexus's more than 78, according to company data and research firm Grant Thornton. "You can't make it on that; it's just impossible," said Jack Kain, a Ford and Lincoln dealer in London, Kentucky. "Ford has got to do something."
Source: Bloomberg.com

MINI COOPER STEERING PROBE MAY SIGNAL INDUSTRY-WIDE ISSUE

BMW's iconic Mini brand is under federal investigation because power steering on as many as 80,000 2004 and 2005 Mini Cooper models could fail — the latest in a rising tide of steering-related problems. It also could be harbinger of a deluge of future steering complaints as automakers overhaul the most basic control system on a car, often making it feel unfamiliar, in a quest for the last one-tenth of a mile per gallon in fuel economy. Automakers are switching to electric motors instead of hydraulic pumps to provide power-steering assist. Electric power-steering systems (EPS) can add 0.1 of a mpg, or more, by eliminating drag on the engine caused by hydraulic pumps. But EPS is hard to tune to make it feel similar to the age-old hydraulic systems. NHTSA says that since about 2006, it has "seen an increase in investigations of vehicles equipped with electric power steering." It's unclear, though, if that's because EPS is inherently troublesome or simply is more common, the agency says. *Source: USA Today*

FUEL GOALS STRAIN CARMAKERS

60 m.p.g. standard sought by '25

Automakers, already straining to boost their average fuel economy to 35.5 m.p.g. by 2016, are jockeying with environmental groups that are pushing the White House to raise the fuel economy bar as high as 60 m.p.g. by 2025. As early as Thursday, President Barack Obama may discuss how much better he thinks the industry can do by 2017 and beyond. There will be months of review and public comment before specific new standards are set. "There's an expectation the president will talk about a range, rather than put forth specific numbers," said Charles Territo, spokesman for the Alliance of Automobile Manufacturers, which represents 12 companies, including, Ford, General Motors, Chrysler, Toyota and Volkswagen. The debate comes as sales of pickups and SUVs are rebounding. Through the first eight months of this year, 72% of

Chrysler's U.S. sales have come from pickups, SUVs and minivans. By contrast, light trucks made up 44% of Toyota's and 24% of Hyundai's sales in the same period. "Instead of plucking numbers out of the air, we should base policy on science and expert reviews of factors like affordability of technology, availability of low-carbon fuels and the state of the electric infrastructure," said David McCurdy, AAM president and a former Democratic congressman from Oklahoma. *Source: Detroit Free Press*

IS FERRARI FOR SALE?

Reports out of Europe have Fiat considering selling a big chunk of [Ferrari](#) S.p.A. to raise cash so it can increase its stake in Chrysler Group to 51 percent. The Italian newspaper *Il Corriere della Sera* said it has gathered information at [Fiat's](#) Turin headquarters and reported Fiat wants to raise cash to fund buying 51 percent of Chrysler, up from the 20 percent it owns now. Consultancy Sanford C. Bernstein said it expected Fiat to raise its stake in Chrysler to 51 percent in 2011 or 2012. Listing Ferrari could be the way to do that.



A Fiat spokesman denied the report on Sunday to our sister publication, *Automotive News Europe*. "There are no plans for any Ferrari listing," he said. But then on Monday Fiat CEO Sergio Marchionne said Fiat will "evaluate everything" on Ferrari, though he added there is nothing immediately "on radar" for the supercar maker.

And how much is Ferrari worth? In a recent report Morgan Stanley in London valued Ferrari at \$4.0 billion. *Source: Autoweek.com*

PARIS AUTO SHOW: JAGUAR UNVEILS C-X75 TWO-SEAT DESIGN STUDY

What's hotter at an auto show than a Jaguar sports car? Jaguar says that its C-X75 concept, shown at the Paris auto show, is both a celebration of 75 years of Jaguar design (XK120, C-type, D-type, XJ13 come to mind) and a look into the future.

Designed as an electric two-seat supercar, the aluminum C-X75 "explores the outer limits of both performance and



sustainability," Jaguar says. The car can run on electricity for 68 miles on a six-hour charge and has a 205-mph top speed.

The two-seater has lithium-ion batteries and a 195-hp electric motor mounted at each wheel, for a combined output of 780 hp. Two mid-mounted gas-turbines produce 188 hp to charge the batteries and extend the range of the car to 560 miles. The four electric motors provide torque-vectoring [all-wheel drive](#). Jaguar says that the car will hit 62 mph in 3.4 seconds and will go from 50 to 90 mph in just 2.3 seconds.



+ ZOOM

Inside, it's all cream and gray leathers, polished aluminum and soft-feel textured neoprene. The driver and the passenger sit ahead of a sealed airbox housing the turbines. The seats (the driver is placed as close to the center of the car as possible) are fixed in place, while the steering wheel, controls, dash binnacle and pedal box all adjust toward the driver. The instruments are TFT screens like those on Jaguar's latest XJ sedan.

Theater lighting comes on as the driver approaches the car, as blue electroluminescent lights illuminate the cabin perimeter and the turbines. When the car is started, additional blue LED lighting gently floods the door and bulkhead speaker cavities, emphasizing the car's lightweight construction.

Jaguar says that its aim was to produce not only the most innovative but also one of the most beautiful Jags ever, and we hear whispers that the automaker would love to build it.

"The C-X75 is everything a Jaguar should be," designer Ian Callum said. "It possesses remarkable poise and grace yet at the same time has the excitement and potency of a true supercar. You could argue this is as close to a pure art form as a concept car can get, and we believe it is a worthy homage to 75 years of iconic Jaguar design." *Source: Autoweek.com and Paris Auto Show News*

BMW, SAAB AUTOMOBILE TO AGREE ON ENGINE-PURCHASING DEAL

Saab Automobile and Bayerische Motoren Werke AG have agreed on a deal that allows the Swedish carmaker to use engines made by BMW, according to a person with direct knowledge of the matter. Saab will initially purchase BMW engines for the 9-3 model that is scheduled for release in late 2012, said the person, who asked not to be identified before a contract is signed. The carmakers plan to announce the pact in Trollhaettan, Sweden, on Sept. 29, before the Paris Motor Show, the person said. Spyker "confirms that talks are ongoing and will give further details once a final agreement has been reached," the Zeewolde, Netherlands-based company said in a statement. *Source: Bloomberg.com*

GM TO BUY AMERICREDIT, CREATE GENERAL MOTORS FINANCIAL

General Motors' purchase of AmeriCredit, intended to provide more access to subprime lending and leasing, will close Friday, creating a new entity called General Motors Financial. Having the ability to boost sales through a captive lender, like that of many other automakers, was viewed as important to investors ahead of GM's planned stock offering late this year. AmeriCredit stockholders (yesterday) approved the \$3.5-billion cash transaction. GM said it plans to launch a new regional lease program by the end of the first quarter of 2011. GM also has had talks about subprime, leasing and floor-planning partnerships with several other banks, including Capital One, Wells Fargo, JPMorgan Chase, Bank of America and Santander Consumer USA. *Source: The Detroit Free Press*

FIAT PICKS ALLY FINANCIAL FOR U.S. DEALER LOANS

Ally Financial has been chosen as the preferred financing company for the purchase of Fiat vehicles in the United States, Chrysler Group LLC announced (Thursday). Ally, formerly GMAC, is the main financial source for Chrysler. The Auburn Hills automaker ended its relationship with Chrysler Financial as part of its bankruptcy restructuring in 2009. Chrysler is in the process of choosing dealers to sell the Fiat brand, starting with the Fiat 500 in December. The automaker is expected to name the first 165 dealers this month. Interested dealers submitted proposals earlier this month. Ally will offer retail financing and leasing as well as wholesale financing for dealers to finance their inventories and facility loans and working capital. *Source: The Detroit News*
