



Weekly Car Dealers Newsletter

September 14, 2009

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

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[VOLKSWAGEN TARGETS MAINSTREAM AMERICA](#)

German automaker hopes to broaden appeal while retaining its core base
Volkswagen has ambitious plans to directly challenge Toyota — and a cornerstone of the plan for global expansion is to boost sales in the U.S. by building products with more American flavor. The plan calls for the company to grow from 6.2 million sales worldwide in 2008 to 10 million cars by 2018, with American sales climbing to 800,000 cars a year. To accomplish this, VW hopes to expand the appeal of products outside its current base of European car enthusiasts, attracting more of the shoppers who reflexively buy Toyota Camrys and Honda Accords today. This means making cars that are bigger, but less expensive than today's models, and expanding the model line into additional segments, such as seven-passenger crossover SUVs, where the company does not participate today, said Stefan Jacoby, president of Volkswagen Group of America. "We believe that the brand has a fantastic foundation to grow into segments where we are not present right now and where we are not competitive right now," he said. *Source: MSNBC.com*

MERCEDES MAKES A BIG MOVE; ENTIRE S-CLASS COULD BE HYBRIDS

Mercedes-Benz, caught like other automakers in a regulatory squeeze to post higher fuel efficiency, may make the next generation of its flagship S-Class sedans all hybrids, a company official said Monday. It would be the first time an entire conventional model line has been converted to an alternative powertrain. So far, gas-electric hybrid powertrains have come as

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options or in a handful of one-off models, such as Toyota's Prius, aimed at eco-conscious shoppers. The conversion could make sense for a line such as the S-Class. The German automaker just started offering a hybrid in the line and, unlike most hybrids, the model is not at the top price-wise. At \$87,950, the S400 Hybrid is \$3,650 less than the non-hybrid V-8 S550. Next week, Mercedes will unveil a prototype plug-in hybrid version of the large sedan at the Frankfurt (Germany) Motor Show.

The Vision S500 Plug-in Hybrid, as it will be called, would allow owners up to 18 miles of electric-only driving before the gas engine kicks in. The car's lithium-ion battery pack could be recharged in as little as two hours. And Mercedes says the system it is developing now will fit in all of its future large and midsize cars and SUVs. "The modular configuration is so versatile that we're seriously exploring the possibility of equipping the next generation S-Class models entirely with hybrid drivelines," said spokesman Dan Barile. The next generation of the S-Class is due in 2014. The exact form it could take — such as variations of today's gas-electric hybrid, diesel-electric hybrids, plug-in hybrids — has not been determined. While hybrid systems are costly, the higher prices of Mercedes vehicles could help it absorb the cost to outfit a line. There's another advantage, too: "Let the rich people pay for the (research and development) and get the price down for the rest of us," said Paul Scott, co-founder of Plug In America.

The race to offer plug-ins is heating up. [General Motors' Chevy Volt](#) extended-range plug-in and [Nissan's](#) all-electric Leaf are slated to make their debuts as early as next year. Even if gas prices don't climb back into the stratosphere, automakers are under pressure to increase fuel economy. The Obama administration announced in May that it's setting a national fuel-economy standard of 35.5 miles per gallon by 2016, up from today's standard of about 25 mpg. While most automakers endorsed that, it's leading to an industry scramble to find alternative technologies. *Source: USA Today*

CHRYSLER MAY USE FIAT ENGINE SYSTEM IN SOME U.S. MODELS

The Chrysler Group may incorporate Fiat's new MultiAir fuel-saving technology in some gasoline engines, Fiat sources say. Fiat S.p.A. considers the variable valve timing system a breakthrough. The company says MultiAir improves power by about 10 percent and reduces fuel consumption 10 percent. The MultiAir system provides direct control of air and combustion in engines, cylinder by cylinder and stroke by stroke, without using the conventional throttle. That saves energy wasted in traditional systems.

Fiat will offer its first MultiAir engine in Europe this month on the Alfa Romeo MiTo small hatchback.

The sources say Chrysler is considering MultiAir technology for these engines -- 2.0- and 2.4-liter four-cylinder units produced by the Global Engine Manufacturing Alliance. The engines are used in the Chrysler Sebring, Dodge Caliber and Avenger and Jeep Compass and Patriot. MultiAir units could arrive in late 2011. *Source: Automotive News – Europe*

Lexus Hybrid Concept to Bow at Frankfurt

Lexus is finally jumping into the premium-compact segment in Europe with an eye-catching hybrid concept that will bow at the Frankfurt motor show.

The LF-Ch is a five-door full hybrid that takes aim at a younger audience than Lexus typically draws. The car has a prominent grille, wide bumper and air dam.

The LF-Ch cuts a sleek profile from the side, as the beltline rises towards the back, and the roofline is set low. It gets a coupelike appearance with blacked-out B-pillars and door handles that are blended into the C-pillar trim. The exterior is also marked by a wheel arches, a rear spoiler and wraparound taillights. Other dressings include blue hybrid badges and chrome moldings.

Inside, there is a navigation unit, leather, polished aluminum and wood, set against a backdrop of ambient lighting. The car also employs the Lexus Remote Touch controls, first seen on the RX 450h. They work like a computer mouse and allow users to control the nav display.



The LF-Ch runs on Lexus's hybrid drive technology and can be driven in full electric mode. *Source: Autoweek.com*

PETTY LEAVES CHRYSLER FOR FORD

The recently announced "merger" of Richard Petty Motorsports and Yates Racing is, in fact, more buyout than merger. It was announced Friday that Dodge-based RPM was joining with Ford-based Yates Racing next year on a four-car Sprint Cup team that will field Fords. Team co-owner Richard Petty said the new organization will be called Richard Petty Motorsports and Canadian businessman George Gillett Jr. will remain as controlling owner. Robbie Loomis, the executive director of race operations at RPM, will continue to run day to day operations and it's expected--although not assured--that Max Jones, co-owner of Yates Racing, will remain as general manager.



Doug Yates, team co-owner with Jones and son of team founder Robert Yates (now retired), will turn his attention to building engines for Roush-Yates Engines, which supplies power for all

Ford-based Cup and Nationwide teams. It's expected that Yates driver Paul Menard will stay, along with Petty drivers Kasey Kahne, Elliott Sadler and AJ Allmendinger.

Petty plans to relocate the "new" team from Statesville, N.C., to Concord, N.C., where Yates Racing has a facility. That'll put RPM closer to Roush Fenway Racing, the sport's leading Ford-based organization. The move from Dodge to Ford means RPM will close its engine-building facility and get everything from Roush-Yates Engines.

Next year will mark Petty's second stint with Ford. After racing Chrysler products early-on, he drove Fords in the 1969 season, winning 10 of 50 starts and finishing second in points. He returned to Chrysler in 1970, when the winged Plymouth SuperBirds and Dodge Daytonas made their short-lived NASCAR appearance. Later, he raced various GM products before returning to Dodge when it re-entered NASCAR in 2001. *Source:Autoweek.com*
