



Weekly Car Dealers Newsletter

April 2, 2007

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GM EXPANDS REAR-DRIVE PLANS
MOST WASHABLE '07: SATURN'S AURA
BUICK POWERS "SUPERS" WITH V-8s
2008 INFINITI G37 COUPE
FORD, SONY LINK FOR AUDIO SYSTEMS
OPPORTUNITY—OR DELUSION? AT THE UAW
CHRYSLER, SIRIUS PUTTING TV IN MINIVANS

GM EXPANDS REAR-DRIVE PLANS General Motors' plans for new rear-wheel-drive cars are continuing to grow and could be stretched to include the revival of the GTO coupe. Not all the programs have been approved by GM's board of directors, but the outlines of the plan are already coming into sharper focus and will go beyond just the new Chevrolet Camaro and a new rear-drive Cadillac powered by a V-12 engine. Bob Lutz, GM vice chairman for product development, told *TheCarConnection.com* back in February that the rear-wheel-drive platform, carrying the upcoming Chevrolet Camaro, could be "stretched." "If...we wanted to do a very large rear-wheel-drive Cadillac with more than eight cylinders you could do [it]," Lutz told *TheCarConnection.com*.

Last week, other media outlets reported that Cadillac has begun working on that Cadillac and a V-12 engine to power it. There is a possibility GM will show a Cadillac V-12 concept at next week's New York auto show. GM's plans for rear-wheel-drive cars may go even further. Steve Shannon, Buick's general manager, told *TheCarConnection.com* last week that a rear-wheel-drive Lucerne or Lucerne replacement was a distinct possibility by the end of the decade. GM is already working on a rear-wheel-drive Buick in China from basically the same stretchable platform that is expected to carry the Camaro and the future Cadillac. GM insiders, in fact, said recently that GM has already initiated discussion with UAW Local 22, which represents workers at the Detroit-Hamtramck assembly plant where the new Cadillac and Buick would be built. GM wants an understanding with the union before moving forward with the project. However, in addition to the new rear-wheel-drive Cadillac, which is likely to come in V-8 and V-12 versions, and a plush new rear-drive Buick, GM also has a couple of additional variants planned to help polish up the Pontiac division's performance credentials, including the already announced G8 sedan and possibly, a new GTO coupe, sources have told *TheCarConnection.com*. The addition of G8 and GTO to the rear-drive lineup means GM now has six rear-drive models in

preparation for the U.S. market, if the V-8 and V-12 Cadillacs are counted as separate cars. The number could grow to seven if GM pulls the trigger on a rear-wheel-drive Firebird, which also has been rumored. In the old days, GM might have been content to do the Camaro and move on to the next project. The world, however, has changed and the only way GM could make the Camaro plan work was to stretch the program and spread its cost over several new models.

Getting more models from one platform simply makes good business sense. Ford and Mazda have already done it with a couple of platforms and carmakers are even talking about sharing their platforms with rivals to help cover development expenses.

MOST WASHABLE '07: SATURN'S AURA While Saturn sends its North American Car of the Year award around the country, it's still picking up other trophies for the 2007 Aura. The latest: The International Carwash Association's (ICA) nod for Most Washable Car 2007. Although hundreds of cars are eligible for this award, the ICA chose the Aura for its clean, sleek lines - which happen to be easy to wash - and for its secure moldings, mirrors, radio antennas, and otherwise robust design.

"The sleek, European lines which give the Aura its visual appeal, also make it easier to keep clean," said Lisa Hutchinson, director of brand and product development for Saturn. "We took great pride in the attention to detail and quality of the Aura, because we know that Saturn owners take great pride in their vehicles." The ICA says we spend \$24 billion making sure that rain, guano, sand, and salt don't mar the finish of our cars. Surprisingly, more than half of all car owners wash their cars less than once a month; 16 percent say they never do.

Find out more officially-sanctioned car wash info at <http://www.carlove.org>.

BUICK POWERS "SUPERS" WITH V-8s Coming next from Buick: two "Super" models powered by two different V-8 engines. GM confirms that the 2008 Buick LaCrosse Super and the 2008 Buick Lucerne Super will be on display next week at the New York Auto Show. Buick last used the Super designation in the 1950s, but General Motors brass believes the revival of the name underscores the brand's commitment to elegance, refinement, and power. "We're bringing back the Super badge to represent our most premium models," said Steve Shannon, Buick general manager. "Our Supers are not just about increased horsepower. They represent an elevation in design, premium content, and ride characteristics that are exclusive to the premium badge," he added.

The LaCrosse, which will be ready next fall, will come equipped with GM's small-block 5.3-liter V-8, which is capable of producing 300 horsepower. The engine also comes equipped with active fuel management, which deactivates four cylinders at cruising speed to save fuel, according to Dave Whittaker, the vehicle line executive responsible for the LaCrosse. The chassis has been reworked to make it make firmer and more responsive while at the same time retaining the comfortable ride that traditionally has been one of the Buick's hallmarks, he added. The changes also include more precise steering, larger front and rear brake rotors, and Bilstein monotube struts, GM said. The LaCrosse Super also features 18-inch wheels. The Super is the first and only LaCrosse model with Buick's famous portholes as well as a new waterfall grille, a new hood and a new front fascia. In the interior, the LaCrosse Super will feature a new seat with increased bolstering covered in a woven embossed leather, as well as wood-grain appearance

accents on the instrument panel, center console, door, and gear shift knob. The Super also will get exclusive instrument cluster graphics and new front sill plates and a silver finish on the instrument panel.

The Buick Lucerne Super, meanwhile, will come equipped with the 4.6-liter Northstar V-8, which produces 292 horsepower. This Super also has an enhanced chassis with GM's magnetic ride control system. It also will come with the signature portholes, a new bright chrome waterfall grille that will serve as the new face of Buick, new front and rear fascias, integrated dual exhaust tips, rocker panels, and a special Super badge on the deck lid. Inside the Lucerne Super will feature a leather-wrapped instrument panel, leather seats with perforated suede fabric inserts for the outboard seating positions, and suede door-trim inserts, as well as a heated steering wheel.

GM also plans to offer three different standard-equipment packages, including one which enhances driver confidence, a luxury package, and a comfort and convenience package. OnStar's turn-by-turn voice guided navigation system, XM Satellite Radio, and the Harman Kardon audio system are also standard.

2008 INFINITI G37 COUPE Infiniti's new G37 coupe will be introduced to the public at the 2007 New York auto show with a new shape, a new 330-hp V-6 engine, and more technology in its newly styled cabin. The G37, as the alphanumeric implies, gets a larger engine than last year's G35 Coupe and its 3.5-liter V-6. The new powertrain in the Coupe is a 3.7-liter V-6 that shares only about two-thirds of its parts with the G35 sedan's engine. Here in the coupe, it's teamed with a five-speed automatic with paddle shifters, or a six-speed manual transmission. With either gearbox, fuel economy ratings are expected to improve over the sedan and over last year's coupe.

The new shape blends in beefier, higher-tech details. Wheels are 18- or 19-inchers. The front headlamps are xenon, while the rear lamps are LEDs. Four-wheel steering will be offered on some models. Infiniti says the underpinnings of the Coupe are similar, but the newest version of the "FM" architecture is a third stiffer than the previous car. Beneath its considerably sleeker skin, the G37 has a new interior. Photos haven't been released of the cabin but Infiniti promises traditional Japanese design cues along with traditional Japanese techno overload like XM radio with traffic data, a rearview camera, and an eleven-speaker Bose audio system with a 9.3-GB "Music Box" hard drive to store audio files for audiophiles. Bluetooth will be available.

Three models will be offered: G37 Coupe, G37 Coupe Journey and G37 Coupe Sport 6MT.

FORD, SONY LINK FOR AUDIO SYSTEMS Ford says it will use Sony-branded audio systems in its Ford and Mercury vehicles in North America, starting next year. "We have enjoyed a very successful partnership at Ford of Europe with Sony-branded audio," Derrick Kuzak, Ford group vice president of Global Product Development, said in a release. "Customers tell us that good audio systems are high on their list of priorities. Sony-branded audio and a host of other signature technologies will help differentiate Ford products in the marketplace." Ford and Sony have linked up before for audio gear. The Focus sedan, when it made its debut in 2000, sported a Sony Xplod® audio system.

Ford has also announced it will offer a Sync system, designed with Microsoft, that incorporates communications, audio and voice controls for phones and MP3 players for in-car applications. Sync begins to roll out later this year.

Lincoln vehicles will continue to use THX-certified audio systems.

OPPORTUNITY—OR DELUSION? AT THE UAW Will the UAW finally get its chance to organize the imports? That's what union boss Ron Gettelfinger is counting on as Toyota takes a rare misstep that has apparently angered workers at its expanding network of plants across the U.S.

Perhaps you've seen the latest Toyota commercial, the homey tale told by a folksy announcer, bragging about the plants the automaker has set up and which now employ tens of thousands of workers. Those plants pay good wages, especially in the South where those employees were often making lower wages until Toyota came along. Perhaps too good, the Japanese maker is starting to wonder.

Kudos to the *Detroit Free Press* which, last month, uncovered a secret company document underscoring the need to hold down labor costs. Where Toyota – and most of its import rivals – wages are currently pegged to what Detroit's automakers pay, that could change dramatically, with individual Toyota plants paying, in the future, pegged to what workers make in lower-wage states like Mississippi.

Japanese makers have long argued workers don't need unions to represent their interests, and as long as companies like Toyota continued matching Detroit, there was no real interest. Union drives at places like Nissan, in Smyrna, Tenn., and at Honda's big operations in Ohio, were routinely beaten back. But this time, "There is a lot of interest," Gettelfinger told reporters following a two-day UAW conference. But he quickly added that, "I won't say that there's enough interest to hold an election."

The last thing the UAW needs is to march off to another defeat. There was a time when several million men and women paid their dues to the UAW. Today, the membership rolls are down by nearly three-quarters from that peak, even with the union spreading out and organizing other fields, including nurses and university workers. Even among the faithful following at Ford, GM and Chrysler, there are growing doubts about the relevancy of a labor movement that is being forced to retreat on benefits like healthcare that took decades for workers to win.

There are those who believe the Japanese – and Germans and Koreans – will never permit unions in their U.S. plants (with the exception of a few joint venture operations, like the GM/Toyota factory, known as NUMMI, near San Francisco). But as the number of transplants grows, as workers age, costs rise, sales occasionally stumble and manufacturers face the challenge of maintaining costs, they start taking steps that can anger the workforce. And sooner or later, the UAW is hoping, (praying?), the doors to unionization will open. Opportunity or delusion? We'll have to wait and see.

CHRYSLER, SIRIUS PUTTING TV IN MINIVANS Chrysler says that its new 2008 Town & Country and Dodge Caravan minivans will be the first vehicles to carry the new digital-television programming from satellite radio provider Sirius. Chrysler will be the only provider to carry the

service for the 2008 model year, the companies emphasized in a release. Later, the service will be introduced to the Chrysler 300/Dodge Charger and Magnum, the Jeep Commander and the Jeep Grand Cherokee. Three channels will be offered initially-Nickelodeon, Disney Channel and the Cartoon Network. And the hardware for the system will combined the state of the art pieces already announced for the minivans, including Chrysler's MyGIG media storage system and a dual-DVD entertainment system that lets backseat passengers view two different programs. When the vehicle is in Park, Sirius TV programming will also be available on the front-seat vehicle screen.

The hardware described by Chrysler includes an in-vehicle satellite receiver and two small roof-mounted antennas. Current satellite-TV installations, like those from KVH, incorporate a large single assembly on the vehicle's roof. More importantly, the service will be significantly cheaper than existing satellite-TV installations, which can run \$2000 or more. The Sirius system will cost \$470, presumably not including the cost of the entertainment system, with a \$7 charge for programming on top of the Sirius radio monthly charge of \$12.95.

No mention of the pending Sirius/XM satellite radio merger was made in the release
