



Weekly Car Dealers Newsletter

December 19, 2007

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources. For more information please call our Edmonton office.

Week of December 19, 2007

**AUTO SALES OUTLOOK GLOOMIER
CHRYSLER PR HEAD VINES RESIGNS
ASTON AFFIRMS: BOND STICKS WITH DBS
DETROIT DOMINATES NACTOY FINALISTS
FORD GETS SIRIUS WITH TRAVEL LINK
KITSTANG: KNIGHT RIDER RETURNS AS FORD**

AUTO SALES OUTLOOK GLOOMIER *Suppliers, dealers, state brace for tougher 2008*

From auto suppliers to car dealers to Michigan's economy, if auto sales fall 500,000 or more units, as many forecast, the impact will be wide and deep, including likely consolidation of automotive suppliers, fewer dealerships and lower state tax revenue. Last week, Global Insight Inc. lowered its 2008 U.S. light vehicle sales projection to 15.5 million units -- among the lowest forecasts to date among numerous analysts who see sales sliding. Ford Motor Co. has predicted sales as low as 15.2 million based on market conditions expected for the first six months of the year. Some in the industry say the number will drop further than that. "The present conditions are very uncertain," said Ford sales analyst George Pipas. "Will there be a recession or not? When does housing rebound? What will gas prices be? Uncertainty in the economic situation is reflected in (the) stock market, and the same can be said for consumers." But it is the auto dealers who gets hit first. If sales drop significantly, "a lot of dealerships won't be in as good shape to carry their overhead, and you'll see a few exiting the market," said Alan Helfman, owner of River Oaks Chrysler Jeep in Houston. As new car sales decline, dealers will have to focus on areas of their business that are profitable -- particularly maintenance, repair and used car operations that could increase as drivers look for cheaper vehicles or want to keep their cars longer, said Paul Melville, an automotive corporate recovery specialist with Grant Thornton LLP. *Source: The Detroit News*

CHRYSLER PR HEAD VINES RESIGNS Chrysler LLC vice president of communications Jason Vines has resigned. Chrysler says that Vines' resignation will take effect immediately, though the well-liked PR guru will stay on for a transition period. Perhaps more important for the media community, Chrysler says the change will coincide with a realignment of the public relations department, folding it into the company's human resources department.

David Barnas will take on some of Vines' duties, according to the full release posted below. Mike Aberlich, another longtime PR executive at Chrysler, announced his resignation last week. Vines had served under all the recent iterations of Chrysler, as a PR officer in the old Chrysler Corporation as well as PR chief under DaimlerChrysler's Chrysler Group. He also served for some time as the head of Ford public relations during the Firestone tire recall and at Nissan.

Press release:

Chrysler LLC today announced that Jason H. Vines, its Vice President-Communications has elected to resign and, therefore, the company is announcing a realignment of its Corporate Communications Department. "Now that Chrysler is an independent company again, we are taking every opportunity to realign functions in a more holistic manner that allows us to more effectively drive company strategy," said Bob Nardelli, Chairman and CEO. "As part of this realignment, the corporate communications function will now report to Nancy Rae, Senior Vice President-Human Resources."

Several executives in the corporate communications department will report directly to Rae. David Barnas, who has been in the corporate communications department for six years, will be responsible for internal and corporate communications, which includes dealing with the news media. Vines' resignation is effective immediately, although he has agreed to remain at Chrysler through the end of December to assist in the transition. "Jason has served Chrysler well, and we are very grateful for his many contributions over the years," said Nardelli. Vines began his career at Chrysler Corporation in 1983, serving first as an economics researcher in the Labor Relations Department and later through various assignments in Employee Communications and Public Relations. He left Chrysler in 1998 and became Vice President-Communications for Nissan North America. In February 2000, he was appointed Vice President-Communications for Ford Motor Company. He returned to Chrysler in 2003 as Vice President-Communications.

"This was a tough decision, considering the many talented, longtime friends I have throughout the company," Vines said. "I wish them all the best and will continue to root for them." Mike Aberlich, who has served the company as Director, Corporate and Internal Communications, also announced last week that he has decided to retire at the end of this year. "We thank Mike for his dedication and contributions to the company," Nardelli added.

ASTON AFFIRMS: BOND STICKS WITH DBS Don't worry about old James Bond. Since he ditched his suits for a Speedo and took on a blond 'do, it's been rumored that he'd switch driving machines again - particularly since former Aston Martin owners at Ford have other vehicles they'd like to "prominently place" on movie screens everywhere.

But for the new Bond movie in development - tagged only Bond 22 for now as a title is yet undecided - Daniel Craig will, once again, pilot an Aston DBS. Craig's first Bond flick, 2006's *Casino Royale*, saw him jet around in the Aston supercar for the first time, setting a Guinness record for "most cannon rolls in a car" at the same time. In that stunt, Aston reminds us, stuntman Adam Kirley rolled the DBS seven times for the cameras. (And we swore it was CGI!) Bond's former Astons include the DB5 from 1964's *Goldfinger*, which features ejector seats and rockets. More recently, the Vanquish appeared in *Die Another Day*. The new Bond film isn't due until November of 2008, giving the community involved plenty of time to figure out how to get deadly new gadgets into the DBS.

DETROIT DOMINATES NACTOY FINALISTS Detroit - or more precisely, General Motors - dominates the finalist list for North American Car and Truck-of-the-Year. In an unmistakable vote of confidence, GM grabbed four of the six top spots in the closely watched NACTOY balloting - which is determined by a jury of 50 high-profiles journalists from the U.S. and Canada. (Full disclosure: this reporter is one of the NACTOY jury members.) On the car side, the well-reviewed Cadillac CTS and Chevrolet Malibu will go up against Honda's next-generation Accord sedan. The second-generation CTS has already scored on the annual awards circuit, grabbing honors as Motor Trend Car of the Year. Malibu, meanwhile, has been widely acclaimed as GM's first serious contender in the tough, import-dominated mid-size sedan market in more than two decades. But the new Accord has also won raves for its blend of styling and performance.

Chevy also posted one of the finalists on the truck side, in this case its first-ever true hybrid-electric vehicle, the Chevrolet Tahoe Hybrid. Significantly, the slumping Buick division is also one of the finalists, with its well-received Enclave crossover grabbing one of the top spots. The only import brand on the list is the Mazda CX-9, one of two new crossovers from the small Japanese marque. If GM pulls off a double-header win, it would mark the second year in a row for the maker. Its Saturn Aura scored a Car-of-the-Year win in January 2006, while the redesigned Chevy Silverado grabbed Truck-of-the-Year honors.

The NACTOY balloting is often an indicator of how a vehicle will perform in the marketplace - and manufacturers often give much play to a victory in their marketing efforts - but not always. While the Silverado has done well, despite record fuel prices, the Aura has not lived up to initial expectations. The two NACTOY awards will be presented at the opening of the North American International Auto Show, in Detroit, on Sunday, January 13th. That will follow the announcements of finalists in the less-widely-known International Car of the Year awards. Interestingly, with one exception, the ICOTY finalists in car and truck categories match NACTOY's. On the car side, that includes Malibu, CTS, and Accord. But the "international" judges substituted the latest Chrysler minivans for the Chevrolet Tahoe. Indeed, the lack of presence by the new Chrysler minivans was something of a surprise in the NACTOY finalist list, but that likely reflects the fact that jurors had two different models to choose from, and thus split their votes between the Dodge Caravan and Chrysler Town & Country. ICOTY paired the two together as a single entry.

FORD GETS SIRIUS WITH TRAVEL LINK Ford is about to weave services from Sirius satellite radio into its vehicles much more tightly with the addition of Travel Link to its Sync system. The automaker already offers the satellite radio service to its U.S. customers, but soon it will team with Sirius to add a range of new features to its high-tech Sync infotainment system. Among other things, Sync users will be able to access real-time traffic and weather, along with fuel prices, movie timetables and more. Developed through a joint venture with the software giant Microsoft, Ford unveiled its Sync system early this year to much acclaim. At first glance, the technology is similar to other high-tech vehicle systems, providing such features as Bluetooth, as well as an unusually intuitive voice-control interface. But there's a fundamental difference in the Ford/Microsoft approach. At its heart, Sync is a mobile computing system, using a variety of customized applications - or APIs - running on a modified Windows mobile software platform. As a result, its more flexible than most dedicated in-car technology. That's critical, stressed Jim Buczkowski, the automaker's Director of Electronic Systems Engineering. In-car technology has

evolved at a relative snail's pace, noted Buczkowski, compared to the consumer electronics world. But by focusing on software, rather than hardware, Sync can evolve far more quickly, "changing to adjust to what's happening in the electronic industry." The proof of that, he suggested, will come with next summer's launch of Sirius Travel Link.

The subscription service will provide real-time updates to Sync users showing local traffic conditions, as well as current weather and weather reports. Users will be able to call up a variety of additional information, including movie theater locations and schedules, sports scores, and even the current prices at gas stations along a selected route. And the list of offerings "will improve over time," promised Jason Johnson, Ford's product design engineer. Ford and Sirius officials acknowledged, during a Travel Link background briefing, that there have been numerous problems with existing, real-time traffic systems, such as offered by Sirius' prime competitor, XM satellite radio. Sirius hopes to improve the accuracy of its information by expanding the number of data points it collects. On top of information provided by local and regional government monitors, it will tap into a new network of delivery vehicles and other on-road sources. But there's little doubt that it will take time to provide absolutely reliable reports, conceded Buczkowski and his team.

Real-time traffic has often been referred to as the so-called "killer app," which would make most motorists want to have in-car navigation. Penetration rates for onboard navigation systems have been low, in part because of the cost, which can top \$2000 on some vehicles. That's opened the door to aftermarket alternatives, provided by makers like Magellan and Garmin. With portable navi systems falling to as low as \$99 this year, retail analysts have declared them the hottest gift of the current Christmas season. That's only putting pressure on carmakers like Ford to find ways to justify the added cost of built-in technology. "To succeed, in the future, we know we have to get competitive," said Buczkowski. And among other things, "We have to get the price down." But there are added advantages to having a system, like Sync, "integrate all the technology in the vehicle," from navigation to in-car audio/video systems.

Like most manufacturers, Ford sees A/V technology as a big differentiator, and like many of its competitors, it is racing to align itself with well-known brand names. In this case, it has signed on with one of the electronic world's giants. The coming year will also bring the launch of the Sony Audiophile System, which will become available on a wide variety of Ford vehicles. The system will boast a 12-speaker, 390-watt sound system. For those who measure performance in watts, rather than horsepower, Ford's ultimate audio package will have its premiere next year. Certified by THX, it will deliver 600 watts through a 12-channel, 16-speaker array. The system's first application will be on the new Lincoln MKS sedan.

KITTSTANG: KNIGHT RIDER RETURNS AS FORD On the original *Knight Rider* TV series, which ran from 1982 to 1986, David Hasselhoff was catapulted to stardom. But the real star was a talking car named KITT (Knight Industries Two Thousand), a Pontiac Trans Am that, in a stretch of reality, was modified to reach a salt-flats-defying 300 miles per hour with the help of a 'Turbo Boost' mode. The original KITT could drive itself, conduct surveillance, become airborne for short distances, and jump over obstacles.

But now with a new *Knight Rider* show almost ready for release, a Ford is set to take its place. The automaker has announced that the star of the show - the new KITT (the Knight Industries Three Thousand) - will be a 2008 Mustang Shelby GT500KR. That the "KR" moniker is being

brought back for 2008, at the same time as the show, is just a happy coincidence, according to Ford. The original KR, which came out in 1968, was termed the "King of the Road." Today's retro-styled Mustang isn't nearly as futuristic-looking as the Pontiac Trans Am was at the time of the original show, but Hollywood car experts have been working hard to give the new car a new but equally captivating personality. The new car's look is conceived by Galpin Auto Sports, a Van Nuys-based maker of one-offs for the So-Cal market. Then it was sent on to the Picture Car Warehouse, where 25 specialists created six variations, some for stunt purposes. On the show, which will debut in February with a two-hour movie pilot, the new KITT will have three modes - Hero, Attack, and Camouflage. Hero is equivalent to the standard 540-horsepower Shelby GT500KR fitted with an automatic transmission, but the attack car will be a further bolstered and visually enhanced version. The now-requisite post-production rendering will also be part of the package.

The stock Shelby GT500KR that KITT is today based on makes 540 horsepower. In 1982, the Trans Am's 5.7-liter V-8 made 165 horsepower in its most desirable trim. Thankfully (provided he's not providing the soundtrack, we say), David Hasselhoff returns in the new iteration of *Knight Rider*, but the central character is now Justin Bruening, of the soap *All My Children*, who plays Michael Knight's long-lost son, Michael Tracer.

As the voice of the new KITT will be provided by one of our favorite Canadian actors, Will Arnett, of *Arrested Development* and *30 Rock*, KITT will probably no longer have a proper English-butler accent but we hope the mix of corny banter, along with a sometimes clinical, sometimes best-bud demeanor, will remain. Ford said that KITT's artificial intelligence "makes it the ideal good cop partner: logical, precise and possessing infinite knowledge." Wait 'til Google catches wind of the latter.

The show will also give Ford a chance to plug Sync, the new interface system for cellphones, PDAs, and media players, available across much of the automaker's product line for '08. The Sync system can read - but not compose from voice - a text message, and it can follow complex voice commands to let you browse through a music library or choose multiple phonebook entries, but it's not the true interaction that those who watched the original show - during which the Chrysler Le Baron had talking alerts - would have expected by now.

Some may not even be aware that the show was already resurrected once before, in 1991 as a made-for-TV movie, *Knight Rider 2000*. The car in that movie closely resembled the Pontiac Banshee, a concept that prefaced the last-generation Trans Am.
