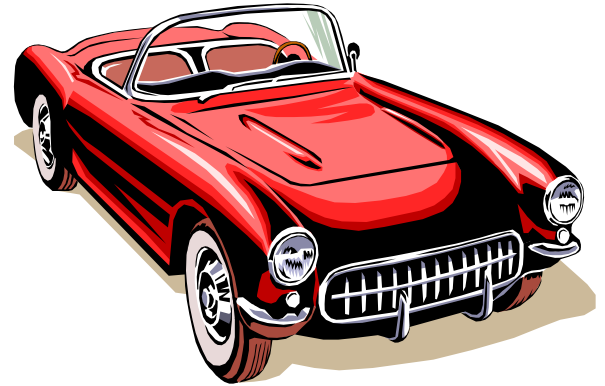


***Weekly Car Dealers Newsletter***

February 12, 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 February 12, 2007**

---

**NISSAN EARNINGS TAKE A FALL  
CHRISTIE'S SELLING ITS PRICIEST CAR EVER?  
HONDA, TOYOTA TOP 2007 GREEN SCORES  
BMW ALPINA B7 SPORTS 500 HP  
CASH BACK ON THE PRIUS?  
NISSAN UPDATES TRUCK TRIO IN CHICAGO**

---

**NISSAN EARNINGS TAKE A FALL** (Ghosn's star loses some twinkle.) Pratfalls are central to comedy, and the snickering could be heard all the way from Tokyo to Detroit to Stuttgart last week when Nissan reported a 22-percent drop in earnings from October through December. Carlos Ghosn, Renault/Nissan chief executive, said the results were unacceptable and vowed they would get better. Nevertheless, some analysts were beginning to speculate about how much longer Ghosn could retain the CEO jobs at both Nissan and Renault.

In addition, the lapse underscored the weakness in Renault/Nissan's overall competitive position, which like Ford has it caught between larger rivals such as Toyota and niche-oriented rivals such as Honda and BMW. Ghosn had become one of the most recognizable figures in the automotive industry by turning around Nissan's fortunes and taking it from brink of bankruptcy. The success at Nissan had turned Ghosn into an oft-quoted celebrity, given to sweeping comments about management practices across the car business. The magic, however, seems to be wearing off. Honda recently passed Nissan to become Japan's number-two automaker. Both Honda and Toyota continue to post record profits. Nissan was still profitable in the third quarter, earning \$870.8 million despite the sharp decline in net income.

"We have today a performance crisis and we need to fix it as soon as possible," president and chief executive Ghosn said in a conference call from Paris. "We don't take this lightly...it's really an interrogation for us, about our management ways." The unexpected decline in third-quarter earnings also forced Nissan to revise its outlook forward for the full year downward by 12 percent. The revision also means that Nissan's earnings will decline during the full fiscal year for the first time in seven years. Nissan sales climbed a meager 1.8 percent from a year earlier to \$19.7 billion on a three-percent fall in unit sales to 795,000. The company also indicated it was unlikely to meet its sales target of 3.7 million units and that sales in the U.S. also were short of the company's targets. In the past, Ghosn had also stressed the importance of the stretch sales targets in managing the company. Nissan had cited material savings as one of the key reasons

for pursuing a partnership with General Motors. The talks with GM came to naught and Los Angeles mogul Kirk Kerkorian, who was instrumental in getting them started, has since sold his interest in GM.

Ghosn also expressed frustration that the six new models Nissan launched in the third quarter didn't have more of an impact. For example, Nissan's unit sales in the United States inched up just 0.9 percent to 243,000 vehicles in the latest quarter, though they had dropped 6.9 for the first three quarters of the fiscal year. Nissan sales in Japan and Europe dropped both in the quarter and for the first nine months. "We are expecting 2007 to be better than 2006, in terms of growth, profit, and net income. The question is how much better," Ghosn said. "If Nissan is not capable of growing with this product pipeline, then the situation is really tragic. This we don't think." "We are not going to deviate any of our attention or energy outside," Ghosn said. "We want to re-establish the growth in profit and sales for Nissan, and establish a good pattern of growth at Renault, before envisioning anything else."

---

**CHRISTIE'S SELLING ITS PRICIEST CAR EVER?** (Editor's note: on Feb. 9, Christie's released this brief statement regarding the Auto Union auction:

"Christie's today announced that it will postpone the sale of the 1939 Auto Union - Grand Prix V12 Type D race car from the February Retromobile sale in Paris pending further exploration into the car's race history, in collaboration with Audi Tradition."

They don't get much rarer than this, and that should be reflected in the hammer price. The car in this grainy black-and-white photo could soon become the most expensive ever sold by Christie's auction house. The 1939 Auto Union D-Type is one of only two remaining in existence, and has been valued at up to \$15 million. It will be sold at the prestigious annual Retromobile fair in Paris on February 17. Formed at the amalgamation of four German car companies, Auto Union is the precursor to the modern Audi brand. The car develops 460 hp and has a top speed of 205 mph. It was driven to victory in Grand Prix events in both France and Yugoslavia during the late Thirties. The example shown here is piloted by Tazio Nuvolari.

Its most recent history involved Paul Karassik, an American, who found both cars stripped down to their parts in the former Soviet Union in the Eighties. He brought them to the U.K. , and had them reassembled by experts with the full support of Audi. The German firm bought one, but the other - the vehicle to be auctioned - has been in private hands.

---

**HONDA, TOYOTA TOP 2007 GREEN SCORES** The American Council for an Energy-Efficient Economy (ACEEE) has revealed its complete annual rankings for 2007 model-year vehicles, in which each model is given a "Green Score" that allows for both emissions and fuel economy.

Topping the group's yearly Greenest Vehicles list is the natural-gas-powered Honda Civic GX, followed by the Toyota Prius and Honda Civic Hybrid, with the Nissan Altima Hybrid and the Toyota Yaris just behind. Rounding out the top ten are the Toyota Corolla, Toyota Camry Hybrid, Honda Fit, Kia Rio, and Hyundai Accent. Each of this year's top-ranked vehicles brings a California PZEV or ULEV-II emissions rating. In a release, the organization noted that domestic brands were absent from the Greenest Vehicles list, referring to what principal analyst James Kliesch called a wavering approach to fuel-efficient strategies. Domestic brands may soon

return to the Greenest Vehicles list, as several new hybrid models are expected from both Ford and GM over the next year.

For shoppers who want to see the greenest vehicle in a particular class, the organization puts out a Greener Choices list, which this year includes the Ford Focus Wagon, Hyundai Sonata sedan, Mazda MX-5 Miata sports car, Toyota Tacoma and GMC Sierra C1500 pickups, and Toyota Sienna minivan, among others. The Volkswagen Touareg V-10 TDI led the group's list of Meanest Vehicles for the Environment, joined by several other diesels in the top ten, including the diesel '320 CDI' versions of the Mercedes-Benz GL-Class, R-Class, and ML-Class. The Lamborghini Murcielago, with its EPA city fuel economy rating of 9 mpg, was ranked third, and the 10-mpg Bentley Arnage RL garnered fifth.

With ultra-low-sulfur diesel fuel available widely for the first time in the U.S. this year, it's a little surprising that so many diesels top the list - especially when they get substantially higher fuel economy ratings compared to similar vehicles. Although the latest diesels are no longer smoky, their substantially higher nitrogen dioxide and particulate emissions brought down their scores. That should change next year, when Mercedes-Benz and Volkswagen will turn to the new Bluetec emissions system, which depends on a unique urea injection system and multiple catalysts.

For more information on how the ratings are compiled, along with the ratings themselves, go to [www.greencars.com](http://www.greencars.com).

---

**BMW ALPINA B7 SPORTS 500 HP** A new Alpina B7 edition has bowed at the Chicago auto show. BMW's newest addition to its range-topping sedan lineup gets a 500-horsepower version of the 4.4-liter V-8 found in the current 7-Series. Tuned by Alpina, the motor makes 516 pound-feet of torque and pushes the am grosstens BMW to 60 mph in 4.8 seconds, BMW says. A six-speed automatic with paddle shifters controls the power. Along with the uprated engine, the Alpina edition gets 21-inch wheels, Active Roll Stabilization, and a body kit with a rear spoiler that BMW claims will help high-speed stability. Only 200 copies of the B7 will be sold in the U.S. as 2007 models. The pricetag for each? A princely US\$115,695.

---

**CASH BACK ON THE PRIUS?** Popular hybrid gets first incentives. Toyota has begun to offer some rebates on its Prius hybrid. The rebates began in late January and are part of a broader campaign to sell more Priuses to American consumers. "We want to make sure the hybrid powertrain becomes part of the mainstream and allocated a level of production that requires us to start marketing the car like any other car. We've been living in a fools' paradise for a number of years. Now, like we planned, we've increased our production and we want the vehicle to turn into a mainstream vehicle," Toyota Motor North America president Jim Press said after a speech in Chicago. "I think it's going very well. Our inventory continues to grow and our (sales) volume was up 20 percent in January," he added.

Toyota's hybrids outsell the entire Mercedes-Benz line in the U.S. , he noted during the speech.

Jim Farley, Toyota Motor Sales group vice president of marketing, said the Prius name has been around since 2000 but the Japanese automaker has never really promoted it any systematic way. The company has run advertising on the hybrids in general and on the Synergy

Drive System and corporate ads touting the company's commitment to building environmentally friendly vehicles. The Prius, however, has sold primarily by word of mouth, Farley said.

Last year, Toyota sold about 100,000 Priuses, Farley added. This year the goal is to raise the number 175,000 units and the only way to do that is to get on the shopping lists of a lot more consumers. The only way to get on more shopping lists is to advertise, he added. Getting more consumers into showrooms also will require making the Prius less of a mystery to consumers.

The national campaign will stress that hybrid technology is friendly and also quietly emphasize that customers no longer have to wait to take delivery, Farley said. "Last fall, it was literally true we had about two hours of inventory on the ground. Now it's more like 30 days, which is quite respectable," Farley said. The new Prius advertising blitz will continue to utilize the Internet but the national television campaigns will kick off this spring. "I don't want to promote other people's hybrids," said Farley, so the campaign will be tailored to emphasize the Prius' unique features and personality. Surveys show the intentions for buying a Prius are actually quite strong. "The interest is quite high," he said. "We don't know what the upside is," he added. "We think it will be very significant," he said.

---

**NISSAN UPDATES TRUCK TRIO IN CHICAGO** As part of a surprisingly low-key press event, Nissan previewed three critical new truck offerings for 2008, starting with an updated version of its less-than-stellar-selling Titan pickup. Once considered a credible threat to Big Three dominance of the full-size truck market, the Titan has languished in the market, sales hitting a modest 75,000 last year, or barely eight percent of the segment leader, Ford's F-Series.

That could change, insisted Larry Dominique, Nissan's big truck chief, with the addition of the King Cab edition, with its roomy cabin and seven-foot cargo bed. "This finally gives us a vehicle that building (tradespeople) want to buy," said Dominique. The new model's GVW jumps 580 pounds, with its payload now rated at more than 2000 pounds.

Nissan made a number of visual changes, as well, starting with a more macho grille and bumper. Inside, the 2008 Titan gets a redesigned center stack and an upgraded climate control system. The automaker claims it has also improved NVH - noise, vibration, and harshness. Now with four different versions of Titan, Nissan is hoping to finally gain some traction for the truck. But while Dominique said he expects to see sales increase this coming year, he wouldn't utter any forecasts. Another unanswered question is the potential impact of the new Toyota Tundra, which is taking aim at the same, domestic-dominated pickup segment. The truck exec insisted he's comfortable with the added competition which, he said, "We honestly think is going to help us. When we launched Titan, we had a lot of import rejecters, but with Toyota coming in and spending millions on advertising, that will help break down some of the barriers."

The Titan's big powertrain remains the same as the one launched last year, a 5.6-liter V-8 pumping out 317 hp and 392 lb-ft of torque. That powerplant is shared with Nissan's full-size Armada SUV, which also gets a reworking for the coming model-year. Responding to critics, the automaker improved the ute's on-road ride and made some notable changes to the exterior, including a Titan-like grille and a new, integrated rear bumper that greatly reduces body panel gaps.

The most significant changes to the Armada can be found in the cabin, however, which has gotten a virtually complete makeover. There's a new, soft-touch instrument panel, a refined gauge cluster, and new switches. The 2008 Armada also gets a new infotainment system based around a built-in hard drive system that can store thousands of tunes, as well as nationwide mapping data.

Nissan's triple play was completed with the rollout of the '08 Pathfinder. Though there were some modest changes made to the SUV's exterior, the big update can be found burbling under the hood. The updated utility vehicle gets Pathfinder's first-ever V-8, a 5.6-liter package first used in the Armada and making 300 hp. The new engine allows Nissan to bump Pathfinder's towing capacity to 7090 lb.

---