



## *Weekly Car Dealers Newsletter*

February 26, 2007

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

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**CAR TRIVIA: FEBRUARY 16, 2007**  
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**NOBLE M12 COMING TO U.S.**

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**HONDA SETTLES LAW SUIT OVER DEFECTIVE ODOMETERS** About 6 million Honda and Acura owners will get extensions of leases or warranties, or in some cases refunds, as part of a \$16 million-plus settlement stemming from faulty odometers, which chalked up miles too quickly. Because of the defective odometers, warranties expired earlier than they should have. As part of a tentative class-action settlement, American Honda Motor Co. will: Extend by 5 percent the mileage-based coverage period of its warranties; extend mileage allowed in leases by 5 percent; reimburse customers for repairs made just after their warranties expired; and refund \$6.1 million in fees for exceeding mileage limits to about 25,000 former leaseholders -- who will receive \$265 each. Honda said the problem stemmed from the automaker inadvertently overcorrecting inaccuracies in an earlier generation odometer.

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**CAR TRIVIA: FEBRUARY 16, 2007** (From The CarConnection.com)

1. Which Detroit thoroughfare is the venue for an annual event called the Dream Cruise?
2. This 1971 cross-country-chase movie ends with the star's car smashed into a bulldozer roadblock.
3. Name the make and model of the car driven by Kowalski (Barry Newman) in the above-described movie.
4. Which of the Big Three carmakers offered the potent Max Wedge V-8 engine in 1962?
5. In 1964, Oldsmobile introduced a station wagon with a raised cargo-area roof featuring glass side panels. What was it called?
6. On GM pickups, what does the designation "W/T" mean?
7. Which carmaker adopted the slogan "Standard of the World" in 1908?
8. This lady was named "Miss Hurst Golden Shifter" in 1966.
9. What was the operating speed of the Concord stagecoaches used by Wells Fargo?
10. Name the 1977 movie based on the NASCAR-racing career of black driver Wendell Scott.

(See the end of this letter for the answers)

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**CHRYSLER'S IN PLAY** But is anyone else in the game? Chrysler is in play. That's the Wall Street term meaning that a company is up for sale and its stock will get lively. DaimlerChrysler stock was up by \$6 a share the day after the game began.

The Germans running DaimlerChrysler's board of supervisors want out. And if they can't get out all the way, they would accept a partner to share the risk. Why? Chrysler is losing money, \$1.5 billion last year. Heck, that's chump change in today's world. Well, guess what: smart - you know smart, the tiny European car they make - has lost lots more than that over the years and they aren't dumping smart. And Chrysler prospects are a lot brighter than smart prospects, even when they sell them Stateside.

I suspect the snotty Germans just don't think Chrysler is good enough to associate with their three-pointed Mercedes star. And half of that German supervisory board is made up of representatives of labor, including unions - that's German law. Unions don't like money they consider theirs going outside the country to support other operations. It was the French unions that pressured Renault long ago to sell off American Motors - later bought by Chrysler - just as the company was turning the corner thanks to a booming Jeep business. Maybe I'm prejudiced here, but I'll remind you that Chrysler was doing just fine without Daimler. The profit was \$3.5 billion in 1996. In fact, in four years from 1994 to 1997 Chrysler had net income of \$12 billion, more than Daimler's. **MORE--**

**Blame Germany!** I blame the Germans for the beginning of Chrysler's troubles. When the Germans took over they froze the product development, got rid of all the executives that had led Chrysler to victory - remember their names, Lutz, Stallkamp, Gale, Pawley - and the \$7 billion Chrysler had saved disappeared just as Daimler bought into Mitsubishi and Hyundai. Worse, they pushed Chrysler into accepting Mitsubishi platforms and engine designs for its future cars, a big mistake. And they pushed the decision to kill Plymouth. All good reasons why Chrysler got into trouble after the DaimlerChrysler deal. Of course, later Dieter Zetsche and Wolfgang Bernhard (Bernhard just quit a high post at Volkswagen) came from Germany, took over Chrysler, and did a super job putting it back on its feet.

But back to what's happening now: Chrysler's in play but that doesn't mean anyone else is in the game. Personally, I don't think anything is going to happen. I can be wrong. The bankers have big commissions to earn if they can broker a deal. But I don't see it, not right now. We can invent candidates as purchasers or partners: GM, Renault/Nissan, Shanghai Automotive, hedge funds, Bill Gates, or someone like him. But none of these make much sense. GM is just getting its production capacity down and the last thing GM needs are more factories and workers with pension and health care rights.

Nissan actually has plenty of North American capacity right now and needs more sales, not more factories. There's also the question of whether Germans would actually admit that the French, meaning Carlos Ghosn of Renault, could do better with Chrysler than they, the Germans, did.

The Chinese would have a problem because our Congress would go bananas with the thought of American car factories being shut and production shifted to China, especially factories that

the Congress once saved with loan guarantees.

Hedge funds are rich but they like to make lots of money very fast. Actually running an auto company is something else, and there are huge risks: the pension and healthcare benefits and layoff pay for all those workers if it doesn't work out. And there isn't any capital to be made selling off old auto plants. Certainly a private takeover by a rich American sounds ideal - someone who has all the money in the world and wants an auto company instead of a football team. Has the Man from Microsoft ever dreamed of the Gates V-8? Maybe he has but he hasn't told anyone about it yet. **MORE--**

**Talk is cheap - is Chrysler?** There's often lots of talk without action. Remember the Nissan/General Motors deal talk last year. And there are many secret talks. I personally know that Chrysler once tried to sell itself to Ford, and another time looked into a tie-in with Fiat, and that Fiat once proposed amalgamation with Ford, Nothing happened from all these look-sees. And most recent deals ended in failure: BMW and Rover, Daimler and Mitsubishi, GM and Fiat.

This is why I believe nothing will come of the Daimler talk of a bailout, especially if Chrysler's recovery plan shows signs of working. Again, it's easy to be wrong. But we'll see. The point is that Chrysler doesn't need Daimler to be successful. The recovery plan outlined Wednesday seems reasonable. There are lots of new Chrysler vehicles coming on market: the Sebring and Dodge Avenger sedans, the Sebring convertible, the four-door Jeep Wrangler, the Aspen and Dodge Nitro SUVs. January sales were actually ahead of a year ago. February sales will be closer to the year-before month than at GM and Ford. Chrysler's North American production about matches last year while GM is down 16 percent and Ford is down 15 percent. Add this: Chrysler and Dodge vehicles traditionally are the third bestsellers in the U.S. They fell to fourth last year behind Toyota, but could be back in third place this year, ahead by passing Ford. This is not for certain, but it's possible. DaimlerChrysler might, just might, challenge Toyota for the number-two spot behind GM. I'm not saying it's going to happen, but it's not impossible.

The point is that Chrysler, American Chrysler, isn't doing that badly right now. Of course, word that German Daimler wants to dump it won't help sales, or morale at the Auburn Heights headquarters. – *Jim Flint, TheCarConnection.com*

(Business Week, March 5, 2007 edition, has a very good analysis of the Chrysler situation)

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**BRABUS SMARTS SCOOT TO GENEVA** The second-generation smart fortwo gets two new modified versions at the Geneva motor show in March - the fortwo BRABUS and the fortwo BRABUS Xclusive. Smart says both versions get a new engine with 30-percent more power than the first-generation BRABUS editions. The new Brabii have 98 hp, giving them a power-to-weight ratio some 24-percent better than the last version.

The BRABUS edition, smart says, includes other tweaks beyond the uprated 1.0-liter three-cylinder engine - which pushes the two-seater to 62 mph in less than ten seconds. Monoblock VI alloy wheels fit into wider wheel arches, and a sport suspension setup drops it 15 mm. A more sporting exhaust note and fog lights dress up the tall profile, while inside, special trim accents the gearshift, handbrake, and pedals.

The BRABUS Xclusive, meanwhile, adds on tinted headlight covers and side skirts, along with heated leather seats and a three-spoke, leather-trimmed steering wheel. Leatherette trim adorns the petite cabin, while side airbags are standard on this limited edition. The Xclusive only comes in silver or black.

Prices for both editions will be announced before they go on sale in the fall of 2007.

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**NOBLE M12 COMING TO U.S.** Racing fans and weekend skidders know the Noble supercar as one of South Africa's finer exports. Now, Ohio-based 1g Racing has secured rights to sell the Noble M12 GTO-3R and M400 in the U.S.

The sales, though, will be chassis-only. The British-designed bodies, built in Port Elizabeth, South Africa, will be shipped without an engine or a transmission, as a component - albeit an assembled, painted, and upholstered one with brakes, suspension, wheels, and tires.

A number of independent houses are ready to fit powertrains to the car, 1g says in a release. Their Web site suggests the Duratec V-6 found in the Mazda6 might be a good fit - after turbocharging and other mods.

The outfit, near Cincinnati, can be found on the Web at [www.1gracing.com](http://www.1gracing.com).

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Answers:

1. Woodward Avenue
  2. *Vanishing Point*
  3. Dodge Challenger
  4. Chrysler Corporation
  5. Vista Cruiser
  6. Work Truck
  7. Cadillac
  8. Linda Vaughn
  9. 5 to 12 mph
  10. *Greased Lightning*
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