

***Weekly Car Dealers Newsletter*****June 18, 2007**

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

Week of June 18, 2007

2007 VEHICLE SATISFACTION AWARD BRAND AND SEGMENT RANKINGS
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2007 VEHICLE SATISFACTION AWARD BRAND AND SEGMENT RANKINGS

Model Winners:

1	Infiniti	679
2	Cadillac	678
2	Lincoln	678
4	Lexus	676
5	Mercedes-Benz	666
6	Acura	661
7	HUMMER	660
8	Jaguar	653
9	BMW	650
9	GMC	650
11	Volkswagen	648
12	Mercury	646
13	Audi	644
13	Nissan	644
15	Land Rover	643
	Industry Average	632

2007 Vehicle Satisfaction Award Category Winners:

Car Segments	Vehicle
Premium Luxury Car	Lexus LS/BMW 7-Series
Aspirational Luxury Car	Jaguar X-Type
Large Luxury Car	Cadillac DTS
Large Car	Hyundai Azera/Toyota Avalon
Luxury Mid-Size Car	Nissan Maxima
Premium Mid-Size Car	Nissan Altima
Mid-Size Car	Saturn Aura
Image Compact Car	Audi A3
Compact Car	Pontiac G5
Economy Car	Honda Fit
Premium Sports Car	Lexus SC
Sports Car	Porsche Boxster
Sporty Car	Scion tC

Pickup, SUV & Minivan Segments	Vehicle
Large Light-Duty Pickup	Chevrolet Silverado 1500
Large Heavy-Duty Pickup	Chevrolet Silverado HD
Compact Pickup	Ford Explorer Sport Trac
Luxury Sport Utility	Lincoln Navigator
Large Sport Utility	GMC Yukon XL
Mid-Size Sport Utility	Toyota 4Runner
Compact SUV/Off-Road Vehicle	Toyota FJ Cruiser
Luxury Crossover SUV	Lincoln MKX
Premium Mid-Size Crossover SUV	Ford Edge/Hyundai Santa Fe
Mid-Size Crossover SUV	Honda CR-V
Compact Crossover SUV	Hyundai Tucson
Minivan	Nissan Quest

JAGUAR, LAND ROVER FOR SALE? Who's interested in Ford's British brands? Ford Motor Co. is remaining mum, but reports that it has quietly put both the Land Rover and Jaguar brands on the market are ringing true. Tom Hoyt, Ford spokesman, declined to comment on the reports Jaguar was finally getting dumped. "We don't comment on speculation," he said. "If there is something to announce, we'll announce it," he said. Outside observers note Ford basically needs every dime it can muster now to salvage its core North American automotive business, and long-quiet members of the Ford family are beginning to wonder if the Ford fortune could survive longer if the family trusts finally let go of their Ford stock. Strategic reviews produced both inside the company and by outside consultants, have consistently recommended the sale of Jaguar and Land Rover ever since 9/11. The practical business case for keeping Jaguar

simply no longer exists, outside analysts have suggested.

The Ford family's three nominal car guys - Edsel Ford II, William Clay Ford Sr., and William Clay Ford Jr. - have opposed the idea even though Jaguar has brought the company nothing but grief for nearly two decades. In the case of Land Rover, former Ford CEO Jac Nasser simply paid way too much in the late 1990s when he forked over \$3.3 billion to BMW for the brand and negligible physical assets.

Hinting at a sale

Bill Ford Jr., the automaker's executive chairman, recently gave his version of Dieter Zetsche's "all options are being considered" in a recent magazine interview. The most Ford could get for both Jaguar and Land Rover is about \$1.3 billion, according to an estimate prepared last winter by John Murphy, the automotive analyst at Merrill Lynch. Land Rover has never produced the kind of spectacular losses long attributed to Jaguar but Land Rover has required periodic subsidies from the mothership, which can no longer afford to pick up the tab. On a fully-accounted basis, it's doubtful Ford has ever made one thin dime from the Land Rover investment. Nevertheless, the private equity guys in North America, Europe, and the Middle East seem to have developed a taste for automotive companies in the past few months. Thus, there is more than enough cash around to justify the sale of Jaguar-Land Rover.

The Ford family's car guys also are being forced to adjust to the new realities and have agreed to start selling off pieces of the Premier Automotive Group, which once upon a time was supposed to be producing half the company's profits by now.

Ford agreed to a definitive agreement to sell Aston Martin, its prestigious sports car business, to a consortium comprised of David Richards, John Sindors, Investment Dar, and Adeem Investment Co. The transaction is now expected to close by the end of June and net Ford \$925 million. As part of the transaction, Ford will keep a 15-percent stake in Aston Martin. Other terms and conditions specific to the sale were not disclosed.

"The sale of Aston Martin supports the key objectives of the company, to restructure to operate profitably at lower volumes and changed model mix and to speed the development of new products," Alan Mulally, Ford's President and chief executive officer, said when the deal was announced back in March. "From Aston Martin's point of view, the sale will provide access to additional capital, which will allow Aston Martin to continue the growth it has experienced under Ford's stewardship," he said. Merrill Lynch's Murphy said the high multiple awarded Aston indicated the other PAG brands could be sources of liquidity for Ford, although the company's repeated commentary indicates they are not for sale. A sale of Volvo could net about \$8 billion but the Ford family is probably holding it in reserve for now, either as a bargaining chip to take the limp remains of the once mighty British auto industry off their hands or as a hedge against a real disaster somewhere down the road.

LI-ION NOT READY FOR PRIUS Higher-mileage batteries no longer part of the plan — at least initially. The *Wall Street Journal* reports that Toyota has decided against the use of lithium-ion battery technology - at least initially - in the next-generation Toyota Prius, which is still expected in fall 2008. The company will instead, at launch, use a new version of the company's existing nickel metal hydride battery pack in the new Prius, an inside source told the WSJ.

The battery system that Toyota had been considering, which was to be supplied by Panasonic EV Energy Co., would have enabled significant packaging benefits for the next Prius, as lithium-

ion batteries allow an equivalent energy capacity to be stored in a smaller, lighter package. The only downsides for this relatively new technology, which is already commonplace in laptops and some personal electronics, are initial cost, which has been coming down considerably, and the safety and reliability concerns associated with the tendency of these batteries to run hot.

Hybrid experts have been anticipating substantially improved mileage in the upcoming Prius, due to the lithium-ion system's reduced weight, increased battery capacity, or a combination of the two benefits. The WSJ mentioned that this delay might give General Motors a boost, as it has been aiming to get its Saturn Vue Green Line plug-in hybrid - which will sport lithium-ion batteries - to market by fall of 2009. If its launch can stay as scheduled, it now may be the first lithium-ion vehicle from a major automaker. Company president Katsuaki Watanabe has recently been emphasizing the company's need to maintain its product quality. Recent product woes in the U.S. include a highly publicized engine-failure issue that may affect up to 30,000 new V-8 Tundra pickups.

A Toyota Motor Sales USA communications officer would not comment on the Prius decision, but said, "Our research and development, including that for Prius, is broad-reaching and being carried out from various angles."

CAR TRIVIA: JUNE 14, 2007

1. Erwin George Baker set long distance speed records and later became NASCAR's first Commissioner. What was his nickname?
2. This GM division was the first U.S. carmaker to manufacture over three million cars and trucks in one year.
3. This term refers to the number and arrangement of a car's wheel studs.
4. In the late 1920s, this company's L29 model was America 's first mass-produced front-wheel drive car.
5. Which of the Big Three brands was the best-selling in the 1957 model year?
6. These engine parts might carry the apt Perfect Circle brand name.
7. Which 1998 model had ZX2 "Hot" and "Cool" variants?
8. This 4x4 brand offers an optional system to increase or decrease tire pressure while in motion.
9. This engine adjunct might have the brand name Stromberg, Carter, SU, Holley or Rochester.
10. Its maker called this new-for-1978 model the Bi-Drive Recreational All-Terrain Transporter.

ANSWERS: 1. "Cannonball", 2. Chevrolet, 1965 3. Bolt pattern, 4. Cord, 5. Ford, 6. Piston rings, 7. Ford Escort, 8. Hummer, 9. Carburetor, 10. Subaru Brat
