



Weekly Car Dealers Newsletter

January 2, 2008

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

Weeks of December 24 and 31, 2007

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Woman claims the car she won on The Price is Right was a salvaged vehicle

A Washington State woman who won a car on "The Price Is Right" claims the show gave her a salvaged car, not the new Pontiac GTO Coupe she won, reports the *New York Post*. In court papers filed in L.A. County Superior Court, Donna Tillman claims she "came on down" in June 2004 and won a new Pontiac GTO Coupe, worth \$33,495. Ms. Tillman claims her car got bounced around from Australia to San Francisco to Pasadena before being delivered to her.

A year after taking possession of the vehicle, Ms. Tillman says she took the car in for some maintenance work, and was told by her local dealership the car had "existing front end and structural frame damage" and that the repairs had been done in a way to "conceal or hide the damage by persons unknown," according to papers filed in the lawsuit.

"I paid taxes for a new car," Ms. Tillman said. "I did not get a new car." She's suing a Pasadena, California, Pontiac-GMC dealer, CBS, the Price is Right, and the delivery company that dropped off the car. The owner of dealership believes Ms. Tillman did get a brand-new car, and she damaged it herself. The dealer/owner said that according to his dealership's records, the car was not in any accident and was sent to Ms. Tillman brand new. Ms. Tillman is suing for breach of contract and negligence, and is seeking damages of more than \$25,000, plus attorney's fees.

U.S. EMISSIONS LAW MAY HAMPER MUSCLE CARS: GM When General Motors Corp. pulls the cover off a new supercharged version of the Corvette at the Detroit auto show next month, it will unveil a performance car designed to rival or better even the fastest, most expensive exotic cars from Europe. But the Corvette's chief engineer says the 2009 Corvette ZR1 may be the last in a long tradition of Detroit performance cars, endangered by stronger

federal fuel economy regulations and limits on carbon dioxide emissions. "High-performance vehicles such as this may actually be legislated out of existence," Tadge Juechter said at a recent showing of the ZR1, which is designed to have around 620 horsepower.

President Bush on Wednesday signed into law legislation that will bring more fuel-efficient vehicles into auto showrooms and require wider use of ethanol, calling it "a major step" toward energy independence and easing global warming. The legislation requires automakers to increase fuel efficiency by 40 percent to an industry average 35 miles per gallon by 2020. But Juechter said to sell one of the Chevrolet supercars, GM would need to offset that with cars that get 45 mpg. "It could really be an endangered species," he said.

Aaron Bragman, an auto analyst with the consulting firm Global Insight, said predicting the death of the muscle car might be premature. The Corvette, he said, is fuel efficient when compared with its competitors. Although fuel economy figures weren't released for the ZR1, the current 505-horsepower Corvette ZO6 gets an estimated 15 mpg in the city and 24 on the highway, according to GM. The ZR1, he said, gets around the same mileage as a Chevrolet pickup truck, and GM won't be getting out of the pickup business because of gas mileage standards. "I think it's a little over-dramatization," Bragman said. "GM wants to sell big, high-performance, fun cars. And typically that's what Americans want to buy." Performance cars of the future may be powered by smaller engines or electric motors, he said, but they won't die.

The ZR1 will have a top speed of more than 200 mph, driven by an all-new supercharged 6.2-liter V-8 engine. It has 19-inch front and 20-inch rear wheels and a suspension tuned to provide extraordinary cornering grip, GM said. The car has a carbon-fiber hood, fenders and roof for weight savings, and its huge carbon-ceramic brake rotors give it great stopping power, the company said. The ZR1 will cost around \$100,000 and probably will go on sale next summer -
The Associated Press

CERBERUS SPINS NARDELLI'S BANKRUPTCY TALK Cerberus Capital Management LLC had to discard one of its principal operating principles Friday as it scrambled to repair the damage done by some loose talk by chief executive Robert Nardelli. The private equity fund, which acquired Chrysler from Daimler only last summer, had to issue a rare public statement, re-emphasizing its confidence in Chrysler LLC's future after Robert Nardelli indicated he believed the automaker was "operationally" bankrupt. "We remain extremely enthusiastic about our investment in Chrysler. Our underwriting assumed, and fully planned, that Chrysler would incur losses in the near term. Under the leadership of Bob Nardelli, Tom LaSorda and Jim Press, Chrysler is already on track to exceed its multi-year restructuring and recovery plan on virtually all key metrics," Mark Neporent, Cerberus chief operating officer, said in a statement.

Generally Cerberus prefers to avoid being drawn into any kind of public discussion about its so-called portfolio. Reviving Chrysler, however, is the most complicated project on which Cerberus has embarked in its short history. "We met with the management team this week and fully endorse their strategic direction and their plan to meet the challenges of the current environment. We are confident that Bob, Jim and Tom are taking the right steps to bring Chrysler to profitability. Our mutual resolve to restore Chrysler to its leadership position as an iconic brand is unwavering," Neporent statement's added.

Cerberus doesn't have to issue any kind of financial reports, making it difficult to gauge Chrysler's financial position. Nevertheless, Chrysler is now expected to lose something like \$1.6 billion in 2007 and will probably lose money again in 2008, according to information seeping out of the company.

The hasty show of support from Cerberus also suggests Chrysler is already missing the services of Jason Vines, the former vice president of communications who resigned in mid-December. Nardelli, in an interview with The Wall Street Journal, confirmed that he had told a group of employees recently, while Chrysler wasn't "technically" bankrupt, it was "operationally" bankrupt. "Someone asked me, 'Are we bankrupt?'" Nardelli said in the transcript. "Technically, no. Operationally, yes. The only thing that keeps us from going into bankruptcy is the \$10 billion investors entrusted with us," Nardelli said in the interview. Talk of bankruptcy in a business as deeply interconnected as the automobile industry can have unfortunate consequences. Suppliers, dealers and consumers are wary of dealing with a bankrupt manufacturer. John Devine, General Motors' former chief financial officer, told reporters more than two years ago there is no precedent for an automaker filing for bankruptcy and surviving.

Cerberus doesn't have to disclose a lot of financial information publicly and after Vines' departure the role of public relations was systematically de-emphasized inside the company. Public relations functions will now be supervised by the executive in charge of human relations and the emphasis will be on product promotion. The question remains, however, whether product promotion can work effectively without a distinctive and stable public image that can reassure an increasingly finicky public. GM more or less tried it the Cerberus way back in the 1990s under Ron Zarrella. The effort failed miserably because GM could never seem to tell a consistent story, while critical parts of the message simply got lost.

Meanwhile one analyst, who asked not to be identified, suggested that Cerberus underestimated how difficult it might be to turn Chrysler around. The situation has been complicated by the slowdown in industry sales that began this fall. Sales are not expected to improve until the second half of 2008 at the earliest, according a new report from IRN Inc. of Grand Rapids, Mich., released Friday. Nardelli announced a series of sweeping cuts back in November but rumors of more layoffs have increased in recent weeks. Chrysler officials said this week no specific cuts are planned at this point.

In addition, reports are suggesting Renault/Nissan is now interested in bringing Chrysler into its global alliance. Cerberus apparently is interested enough to have held talks with executives from Renault/Nissan, according to some reports.

TAHOE GETS BIG POWER FOR '08 CAFE be damned, for now at least--Chevrolet's dropping GM's marvelous 6.2-liter V-8 in the Tahoe.

Held aside for ritzier utes like the Cadillac Escalade until now, the 6.2-liter V-8 breathes out 380 horsepower in the Tahoe via a six-speed automatic transmission. It'll be the most powerful engine in the Tahoe lineup, and will only be available in LTZ models with rear-wheel drive, Chevrolet says in a press release. The engine enables the Tahoe's towing capacity to rise to 7900 pounds, too.

In addition to the new engine option, the LTZ can be ordered with a power-folding second-row seat; a remote starter; rear park assist and a rearview camera; a navigation system; and a rear-seat DVD entertainment system.

Standard features on the LTZ include polished 20-inch wheels, stability control and curtain airbags.

2009 CHEVROLET CORVETTE ZR1 PREVIEW

Unless you've been on planet Nader for the last few years, you knew Chevrolet was brewing up an uber-Vette. Amid all the hype, spy photos, leaked photos (and subsequent prosecutions), rumors, and names (Blue Devil, SS, Sting Ray, Z07), any dolt could discern that this new Corvette had the potential to be amazing.



During its annual press preview for the Detroit auto show, GM showed journalists what we've all been waiting for; the official, almost-ready-for-production 2009 Corvette ZR1 destined to hit showrooms next September.

Tom Wallace, Corvette Chief Engineer, began the presentation by talking about what started the ZR1 program. To our group of gathered reporters, he recounted a meeting that took place more than six years ago when GM Chairman Rick Wagoner asked what a \$100,000 Corvette would look and perform like. On cue but out of sight of our pack of writers, a sinister-sounding V-8 fired up. Bob Lutz, GM Vice Chairman, then drove the ZR1 out into the meeting area.

After Lutz slid out from behind the wheel, he gave his driving impressions of the ZR1, "What's so terrific about this car is that it is very docile and easy to drive, but then when you step into it, the power just never stops." Subsequent presentations explained why.

Final specifications are not yet available because the development team is still fine-tuning powertrain and chassis calibrations, but this is what GM told us. The new LS9 engine is a 6.2-liter supercharged and intercooled V-8 that shares key dimensions and some features with the current Z06's LS7. The "9" uses a fifth-generation low-profile Eaton supercharger that itself incorporates plenty of new technology. Its impellers sport four veins instead of three, greatly improving volumetric efficiencies while reducing parasitic losses. Compared to the previous generation blower that required approximately 120 horsepower at maximum boost, the new unit draws only 80. Final horsepower numbers will exceed 620 and torque should come in around 600 lb-ft. The rumor mill pegs the target horsepower figure at 650. The top of the supercharger is visible when the hood is closed thanks to a Lexan window placed in the center of the carbon fiber hood. The hood itself eschews big bulges for tasteful lines that tightly envelop the LS9 (compared to previous LS engines, the LS9 is only one inch taller overall, even with the supercharger and intercooler). No Pro-Stock hood scoop necessary.

The transmission is a modified version of the Tremec six-speed used in so many high-performance vehicles, including the Viper. In the ZR1, this iteration sports a close-ratio gear set that aids in acceleration. Unlike in the current Corvette where top speed is achieved in fifth gear, an estimated top speed of over 200 mph for the ZR1 will come in sixth. Wallace commented

that, "One interior change we had to make was to ditch the standard 200-mph speedometer with a 220-mph unit because this car will so easily exceed 200."

His pride was clearly evident. He added later that this combination is expected to be economical enough to avoid the gas-guzzler tax. No specific performance figures were quoted, but Wallace said the ZR1 would easily beat the current Z06's performance of 3.7 seconds to 60 mph and the current car's 7:42-second lap time at Nurburgring. One member of the team noted that in its current form, first gear is good for 67 mph, an indication of the new gearing and the LS9's ability to rev.

With so much power comes heat, so the ZR1 has more and bigger coolers and heat exchangers for all powertrain components. A massive front spoiler with an integral splitter helps channel air to all the right places. Side sill extensions are similar to what was used on the C6R racecar. The side vents feature a large strake that bisects the opening.

Chassis-wise, Magnetic Ride Control (MRC) is standard. The near instant response of the dampers allows for softer spring rates, and GM claims the ride of the ZR1 is more compliant than the current Z06. Tire size increases at both ends, with 19-inch rims in front and 20-inch rims in the rear sporting 335/25Z/20 Michelin PS2s. Wheel widths are 10 and 12 inches respectively.

Brake discs are huge carbon-ceramic units that are clamped on by six-piston Brembo calipers in front and four-piston units in the rear. The rear discs are as large as the fronts found on other supercars. Metal discs used on the Z06 were provided for comparison on a table-top display, and were considerably heavier. Of course, lighter rotating and unsprung mass is critical for improving every aspect of performance.

The Corvette development team took weight out of the ZR1 wherever possible. Carbon fiber is used extensively, even on panels exposed to strong UV light like the roof and roof pillars. (Apparently, UV breaks down the bonding elements within carbon fiber, rendering the material brittle in as little as five years.) GM's solution is a special clearcoat that costs upwards of \$2000/gallon.

According to Harlan Charles, Corvette Product Planner, the ZR1 will be offered in seven colors and offer two wheels (one chrome). The standard ZR1 will feature interior equipment similar to a standard Z06, and there will be one major option package similar to the 4LT that includes the fully leather-wrapped interior. If pricing of 2008 models provides any indication, this RPO will cost around \$8,000. Charles also noted that because there is only one set of production tools for the carbon-fiber body panels, yearly production is not expected to exceed 2000 units.

Just as the Z06 used the color red to highlight key components, the ZR1 uses blue accents on the LS9 and on the model's logo. Perhaps this is a tip of the hat to the Blue Devil moniker that surfaced early? GM would neither confirm nor deny.

Regardless, this is what a \$100,000 Corvette looks like. Wagoner should be quite happy, nod to his past or not.
