



## *Weekly Car Dealers Newsletter*

June 26, 2009

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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.

# Week of June 15, 2009

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US HOUSE OKAYS CASH FOR CLUNKERS  
SAAB SAYS IT MAY ANNOUNCE FAVORED BUYER THIS WEEK  
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COSWORTH TO SUPPLY THREE NEW FORMULA ONE TEAMS**

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### **PENSKE-SATURN DEALER COULD CHANGE HOW CARS ARE SOLD**

Roger Penske's pending purchase of the Saturn brand from General Motors could be the beginning of the biggest change in how cars are sold since the dawn of the auto industry early last century. Penske can shop globally for low-cost automakers able to build to his specifications quickly, fielding Saturns built in, say, China or India and developed for half the cost and in half the time it would take traditional automakers.

**Penske's plan:** 'We're going to build a Saturn team'

Fast turnarounds would let Saturn exploit emerging trends sooner. Lower costs could keep it profitable in brutal times. The deal, expected to close in October, creates "a new business model in this industry," says Jack Nerad, market analyst at car-shopping service kbb.com. "The distribution side of the business controls the brand, and manufacturing is conducted by one or more subcontractors." "What if we're first? What if we win this race" to field must-have, low-cost, fuel-efficient vehicles, asks Marcy Maguire, CEO of Maguire Automotive Group, with an enthusiasm rare lately from beleaguered dealers. She owns Saturn dealerships in Toms River and Bordentown, N.J. Maguire, a director of the National Automobile Dealers Association, foresees "fresh, distinctive" Saturns "from whatever area of the world" that can build to suit. "We live in a global community," and buyers don't seem to care who makes a car if it suits their needs, she says. "It truly is revolutionary," she says.

Such a setup would hurt the United Auto Workers union here initially, though Penske says he'd eventually like to make some Saturns in the USA. No price was disclosed for the deal, announced Friday. GM will provide Saturn with Aura sedans and Vue and Outlook SUVs until

2011. The deal rescues 350 Saturn dealers, who had been expecting to go out of business, and, for now, 13,000 jobs.

Penske, known for his winning IndyCar race team and a big truck-leasing operation, is also a large-scale auto dealer and is U.S. distributor of the Smart car. Selling Saturn to the respected Penske "is like finally finding your puppy a good home," Nerad says. – *Source: USA Today*

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## **US HOUSE OKAYS CASH FOR CLUNKERS**

The U.S. House approved a plan today offering up to \$4,500 for owners of gas-guzzling clunkers to trade in their wheels for new models in a bid to boost the lagging market for new vehicles. With broad support from both political parties, the bill passed by a wide margin of 298-119, with two abstaining. Backers in the Senate hope to attach it to whichever major bill will move through that chamber next, although there's still a disagreement there over whether the plan should focus on higher-mileage models. The House bill sets aside \$4 billion to pay for electronic vouchers given to owners of older vehicles toward new models. With auto sales running at their lowest rate in four decades, the Congressional Budget Office estimated the bill could spur sales of about 625,000 vehicles; backers are hoping for 1 million. The act "will shore up millions of jobs and stimulate local economies," said Rep. Betty Sutton, D-Ohio. "It will improve our environment and reduce our dependence on foreign oil."

The government's interest in goosing the vehicle market extends to its ownership in General Motors Corp. and Chrysler LLC, both of which are counting on a healthier U.S. market in the coming years for survival. "The auto industry is going through a tremendous restructuring," said Rep. Sander Levin, D-Royal Oak. "If there is not increased demand, that restructuring cannot succeed." Under the plan, owners of cars and trucks that get less than 18 m.p.g. could get a voucher of \$3,500 to \$4,500 for a new vehicle, depending on the mileage of the new model. The plan does have several hurdles that will keep some potential buyers on the sidelines. The clunker being traded in will be crushed or recycled, meaning it will have no trade-in value beyond the voucher. Of the 25 million vehicles estimated to qualify for the voucher, most will be trucks: even 15 years ago, only five models of midsize sedans managed just 18 m.p.g.

To ensure the vehicles being crushed are actually coming off the road rather than cinder blocks, the trade-ins have to have been registered and insured for at least the past year. The bill was backed not only by Detroit automakers, but also by the UAW, the National Automobile Dealers Association, the U.S. Chamber of Commerce and other business groups. - *Source: Detroit Free Press*

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## **SAAB SAYS IT MAY ANNOUNCE FAVORED BUYER THIS WEEK**

[Saab Automobile](#), the Swedish carmaker being divested by [General Motors Corp.](#), may announce its favored bidder as early as this week, Saab spokeswoman [Gunilla Gustavs](#) said today in an interview. "The discussions are continuing, there is no official date that has to be reached, and this will have to take the time it takes," Gustavs, based in Gothenburg, Sweden, said by phone. "But an announcement could come as early as this week."

Saab received protection from creditors in February after Detroit-based GM said it's cutting ties with the unit. The Swedish carmaker is seeking an agreement with creditors to pay back 25 percent of what they're owed and will present the outcome of the talks to a court June 17. The Financial Times reported on June 9 that Koenigsegg, a Swedish sports-car maker, and Renco Group Inc. have expressed interest in Saab, as has a third party consisting a group of investors from Wyoming. - *Source: Bloomberg.com*

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### **FORD CRANKS OUT NEW 351 PERFORMANCE ENGINE BLOCK**

Ford Racing has released a new performance engine block based on the architecture of the automaker's famed Windsor 351 .

The Boss 351 block is suitable for use in race cars and street rods. It carries a sticker price of \$1,999. The Boss 351 can handle displacements from 351 to more than 460 cubic inches.



Made from new tooling, the block incorporates technological upgrades including splayed main bolts and siamese bores with engineered coolant cross-drilling. The block is made from diesel-grade iron with 41,000-psi tensile strength.

The Boss 351 uses a Cleveland-sized 2.75-inch main bearing journal and is available with two deck heights, 9.2 inches and 9.5 inches. It also has four-bolt main caps and screw-in freeze plugs. The block's bore maximum is 4.125 inches and the stroke limit is 4.25 inches, depending on the crankshaft manufacturer.

Ford Racing said a non-cross-drilled version with increased bore capacity will be available in the third quarter, and a Boss 351-based crate engine with 427-cubic-inch displacement should be available by the fourth quarter. – *Source: Autoweek.com*

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### **COSWORTH TO SUPPLY THREE NEW FORMULA ONE TEAMS**

Engine manufacturer Cosworth has agreed to supply the three new teams whose entries to the 2010 Formula One World Championship have been accepted by the FIA.

According to an official statement released by the company on Friday, Cosworth will supply Campos Grand Prix, Manor Grand Prix and Team U.S. F1 with an identical package comprising an engine and technical support. "I am pleased that Cosworth's exceptional mix of capabilities has enabled us to provide a solution for Formula One that sits so neatly with our existing operations in the aerospace and defense sectors," said Cosworth CEO Tim Routsis. "Cosworth is proud not only to be able to provide a solution that will deliver the performance needed by these teams to compete in this most technologically challenging sport, but also to extend its long association with Formula One as a truly independent provider of competitive motive power. "The engineering expertise we have accumulated over four decades in the sport has enabled us



to broaden our reach into many different high-technology sectors. Today, our engineering capabilities extend beyond racing, encompassing high-technology applications in the aerospace, defense, energy, marine and automotive industries. Cosworth has the necessary infrastructure to fulfill the supply of

Formula One engines without affecting our other activities.” – *Source: Autoweek.com*

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