

Chrysler Eyes Fourth Quarter Public Stock Offering

By TOM KRISHER
AP Auto Writer

DETROIT (AP) — Chrysler will try to refinance its government loans this year as it prepares for an initial public stock offering, and the reduced expense could let the company post a net profit for the first time since it left bankruptcy protection in 2009, CEO Sergio Marchionne said earlier last week.

Marchionne told reporters gathered at the Detroit auto show that the automaker, which lost \$453 million in the first three quarters of last year, will need to post two quarterly net profits before it returns to the stock market as a publicly traded company. He has said the IPO could take place in the fourth quarter of this year, although no date has been set.

Refinancing the loans could reduce interest expenses and help the company become profitable, although Chrysler could make money without the refinancing, Marchionne said.

Chrysler owes the U.S. government \$5.8 billion and the

Canadian government \$1.6 billion. The money is part of a \$12.5 billion loan package that funded the automaker's bankruptcy in 2009. The U.S. government also got a 10 percent stock ownership in the company while Canada got 2 percent. Chrysler has already repaid nearly \$4 billion of the loans, but it is paying more than \$1 billion a year in interest to Canadian and U.S. taxpayers.

"The interest costs associated with this funding today are pretty high," Marchionne said. "It is possible that if the debt load would change by either changing the interest rate associated with the funding or the size of the financing would change, then obviously we would reduce the burden associated with carrying the debt and we could be profitable."

Chrysler has narrowed its losses considerably after losing \$3.8 billion in the second half of 2009. In the third quarter of 2010, the company lost only \$84 million. It has yet to report fourth-quarter 2010 results.

Marchionne, who also runs

Italy's Fiat Group SpA, hinted that the company may post a net profit as soon as the first or second quarter of this year, but didn't make a definite prediction.

Marchionne wouldn't elaborate on whether Chrysler/Fiat gathered any "lessons learned" from GM's IPO.

Fiat also announced last week that it raised its stake in Chrysler by meeting a government requirement to build a new fuel-efficient engine in the United States. It got 20 percent of the company in 2009 when Fiat took control of its management.

The stake rose to 25 percent last week, and could go up to 35 percent if Fiat meets certain earlier government-set benchmarks.

Fiat also has the option to get another 16 percent, which Marchionne said it may take this year. That would give Fiat a controlling interest in the company with 51 percent of the stock.

Marchionne has been trying to resurrect Chrysler from financial disaster after it was neglected by two previous owners. Its U.S. sales rose 17

percent last year, and it has rolled out 16 new or refurbished models in an effort to be more competitive, including a new Chrysler 300 large sedan unveiled at the Detroit show.

He said last week that Fiat got the additional 5 percent stake for building a small four-cylinder engine at a factory in Dundee, Michigan.

Currently Fiat is the second-biggest shareholder in the company, which is almost 68 percent owned by a United Auto Workers retiree health care trust fund.

Turin, Italy-based Fiat includes Fiat Group Autos plus Maserati and Ferrari.

Marchionne also said that Fiat's industrial unit is interested in buying Volkswagen's interest in the MAN and Scania commercial truck units and is not interested in selling Alfa Romeo to Volkswagen.

Volkswagen AG has stakes in both the German MAN SE and Sweden's Scania AB.

AP Business Writers Michelle Chapman in New York and Colleen Barry in Milan, Italy, contributed to this report.

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'We Cannot Be Content With Same Old Industry'

by Christine Snyder
Staff Reporter
Tech Center News

Whether he's a "car guy" or not is debatable, but there is no argument GM's CEO Dan Akerson understands the automaker's need to earn the public's trust and respect going forward.

"At GM, we are humbled by our near-death experience," said Akerson at the GM Ren Center for the *Automotive News* World Congress Jan. 10. It was Akerson's first major speech since becoming CEO.

"We need to remember the lessons we learned in this process," said Akerson, naming GM's past propensity to over-produce vehicles as one of those lessons. Akerson said GM's over-capacity led to questionable quality issues.

"We cannot take two of America's big three auto companies through the acid bath of bankruptcy . . . call for huge sacrifices from our suppliers, dealers, investors, employees and retirees . . . and then be content with a smaller version of the same old industry," said Akerson.

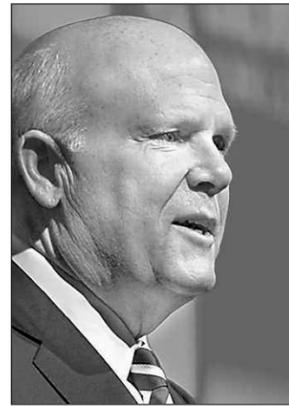
Healing GM's relationships with its suppliers and dealers is a priority, said Akerson, and one of his personal goals. "The hard truth is that GM didn't always do a great job of listening to you in years past," said Akerson to suppliers and dealers. "I can't wave a magic wand and erase that. But I can pledge that we will work with you. We will keep the lines of communication open and we will treat you as the valued partners you are."

Akerson also fielded questions about his impressions of an industry brand-new to him. Akerson's background has been in finance and he is new to automotive.

The press coverage of the industry was the first surprise to him, he said. "Besides Hollywood, what other city (evokes) an industry? The scrutiny here is intense."

He said the automotive industry is a growth industry and described its cyclicity as "unbelievably predictive."

He said it is predicted that 90 million vehicles will be



The NAIAS was Dan Akerson's first major auto show since becoming CEO of GM.

sold in 2014, a 50 percent increase in five years.

He also said that propulsion technology has changed the industry's concerns.

"Fifty years ago, the man in my office was worried more about the size of tail fins," said Akerson, who said his concerns are more with meeting CAFE standards and reducing carbon emissions.

"It's going to drive the success and also drive the losers," said Akerson, who called the Chevrolet Volt and Nissan Leaf revolutionary cars.

"Technology continually advances and it has the power to transform and revolutionize industries. It's changing ours right now," said Akerson. "That's why the Chevy Volt is so important."

Akerson would like to see the Voltec technology spread across platforms, but said it's not the ultimate solution. GM will have its hand in all alternative propulsion and fueling alternatives, he said.

"Volt is a glimpse into what is possible for all of us."

As far as his "car guy" status, Akerson said if the definition is a passion for cars, then he considers himself one. He said he is more interested in automotive styling than propulsion, though.

Akerson admits he drove a Mercedes before coming to GM. "I promptly sold it," said Akerson. "I drive all GM cars now and so does my family, except one member and she's out of the will."

Ford Takes Top Honors in Recent Polk Automotive Loyalty Awards

SOUTHFIELD — Ford Motor Co. took top honors in the 15th annual Polk Automotive Loyalty Awards, presented last week at the World Congress in Detroit.

Ford received awards in several categories, including: Overall Loyalty to Manufacturer; Overall Loyalty to Make; Ethnic Market Make — African-American; and Mid/Full-Size Pickup for its F-Series truck lineup, a repeat winner in the category.

This year marks the first time Ford has won the Overall Loyalty to Manufacturer Category since 1999.

Note that Polk's Automotive Loyalty Awards are presented to OEMs that demonstrate a manufacturer's ability to retain owners over repeat buying cycles.

"The 2010 awards are based on an analysis of 4.9 million return-to-market events during the 2010 model year," said Brad Smith, director of Polk's loyalty management practice. The model year runs from Oct. 1, 2009 through Sept. 30, 2010.

"At Ford, we strive to create

'12 Fiat 500 Harkens to Historic Cinquecento Model

AUBURN HILLS — Fiat North America made its first official debut at the 2011 North American International Auto Show last week with a colorful display of seven 2012 Fiat 500 (Cinquecento) models and one historic model.

The new Fiat 500 is aimed at an entirely new generation of drivers.

"Detroit is our home base in America," said Laura Soave, head of Fiat Brand North America.

"With our new 2012 Fiat 500 models marking our first North American International Auto Show appearance, we couldn't have asked for a better way to launch the brand and start the New Year.

"Loaded with Italian style, the new 2012 Fiat 500 provides our customers with the perfect blend of emotional design, rational appeal, high level of standard features and personalization options for our customers' individuality to be recognized wherever they go."

Like the original Cinquecento, the new 2012 Fiat 500 showcases the Fiat brand's ingenuity.

Modernizing the successful formula from its past, the new Fiat 500 caters to an entirely new generation of Americans who want their vehicle to be as engaging, individualized, ecologically responsible and technologically savvy as they are.

This modern-generation Fi-

at 500 offers high levels of safety, fuel economy, quality and advanced technology. With its city-friendly four-passenger A-segment size, all-new fuel-efficient 1.4-liter MultiAir engine with interactive driving software, state-of-the-art BLUE&ME Handsfree Communication technology and seven standard air bags, the new Fiat 500 offers a pleasant driving and ownership experience.

The package is further enhanced with new quality and refinement adaptations for the U.S. market, including an all-new six-speed automatic transmission.

Designed for the individual who wants Italian style, efficiency and personalization options, the new 2012 Fiat 500 Pop includes a manual transmission, 15-inch steel wheels with chrome-accented wheel covers and all-season tires, seven standard air bags, air conditioning, AM/FM/CD/MP3 radio with auxiliary audio input, power windows, power door locks, power heated mirrors, speed control and reconfigurable Electronic Vehicle Information Center (EVIC) with trip computer, miles-to-empty, average fuel economy and tire-pressure monitoring display (TPM).

The U.S. Manufacturer's Suggested Retail Price (MSRP) of the 2012 Fiat 500 Pop is \$15,500.

For the driving enthusiast who demands Italian style



The 2012 Fiat 500 on display at the Detroit auto show.

with sport-tuned suspension and more convenience features, the new 2012 Fiat 500 Sport model encompasses modified springs, shock tuning, steering calibration and exhaust tuning to deliver a more firm ride and responsive handling.

The Sport model also includes a manual transmission and (in addition to the Fiat 500 Pop features) distinctively styled front and rear fascias with larger honeycomb grilles and flared aerodynamic treatment.

Between its 16-inch aluminum wheels with mineral gray painted pockets and all-season tires, the Fiat 500 Sport incorporates new body-side sill cladding and a lift-gate-mounted roof spoiler for

a sporty appearance. Completing the athletic design theme are performance red painted brake calipers attached to a sport-tuned suspension, chromed exhaust tip and fog lamps.

Inside, the new Fiat 500 Sport features unique sport-styled seating in a gray/black interior environment, a BOSE Energy Efficient Series audio system with six premium speakers and subwoofer, leather-wrapped steering wheel with audio controls, BLUE&ME Handsfree Communication technology with USB port, eco:Drive Application and iPod control capability.

The U.S. Manufacturer's Suggested Retail Price (MSRP) of the 2012 Fiat 500 Sport is \$17,500.

2011 Chevrolet Volt Awarded 'NA Car of the Year'

by Gerald Scott
Editor
U.S. Auto Scene

GM and Chevrolet begin the new year on an exceptionally high note — the Chevrolet Volt was named the 2011 Car of the Year at the Detroit auto show.

The announcement, which came on Jan. 10, the first morning of press days at the North American International Auto Show, essentially gives Chevrolet a "clean sweep" with the Volt, considering that it had earlier won the following car of the year and related awards as well:

- *Motor Trend* 2011 Car of the Year
- *Green Car Journal* 2011 Green Car of the Year
- *Car and Driver* 10 Best for 2011
- *Ward's AutoWorld* 10 Best Engines for 2011
- *AUTOMOBILE* Magazine 2011 Automobile of the Year
- 2010 Breakthrough Technology, by *Popular Mechanics*

For 2011, the Volt garnered more juror votes than the Nissan Leaf or Hyundai Sonata, which were also finalists.

This is the third time Chevrolet has won the North American Car of the Year, and the fourth time for General Motors. Most recently, the Chevrolet Malibu was the 2008 North American Car of the Year.

"It's a great honor to be recognized as the North American Car of the Year," said GM CEO Dan Akerson.

"Since development began, we believed the Volt had the

potential to transform the automotive industry. Today, the Volt is the first electric vehicle to win the prestigious North American Car of the Year award, and the first vehicle ever to receive the industry's highest automotive, technology, and environmental recognitions.

"Such recognition provides customers with credible, expert endorsement of new models. This is particularly important for vehicles like the Volt that feature significant new technologies.

Being named the North American Car of the Year will help convince customers that the Volt is truly a breakthrough vehicle, delivering the benefits of electric driving without the range anxiety associated with pure electric vehicles."

The North American Car of the Year is selected by a jury of 49 automotive journalists from Canada and the United States, representing newspapers, magazines, websites, television and radio shows.

The Volt is an electric vehicle that can operate under a range of weather climates and driving conditions with little concern of being stranded by a depleted battery.

The Volt has a total driving range of up to 379 miles, based on EPA estimates. For the first 35 miles, the Volt can drive gas- and tailpipe-emissions-free using a full charge of electricity stored in its 16-kWh lithium-ion battery.

When the Volt's battery runs low, a gas-powered engine/generator seamlessly op-



PHOTO: GERALD SCOTT

GM North America President Mark Reuss with the North American Car of the Year award for the 2011 Chevrolet Volt.

erates to extend the driving range another 344 miles on a full tank.

In December, the first Volts were delivered to retail customers in California, Texas, Washington D.C., and New York. Due to strong public interest, Volt U.S. production is being raised to 45,000 Volts in 2012 from 30,000.

Praise from the auto jurors for the Volt was effusive.

Wrote Ken Gross of *Playboy* magazine, "Conceived as the General was failing, developed when the company was fighting for its very survival, the Volt is a remarkable achievement; forget "range anxiety."

"Its clever combination of an electric motor and a small, fuel-efficient gasoline engine embraces the average commute handily, or takes you over 300 miles on a tankful. The Volt looks, feels and

drives like a modern sedan, not an odd-looking hybrid.

"One if its development engineers proudly stated, 'It's not a science project; it's a real car.' Amen, brother."

And yet, for all of the fuss surrounding the Volt, it is still positioned as a low-volume, niche vehicle — although one with a very bright halo for GM at that.

Early projections by GM officials put Volt production for calendar year 2011 at about 10,000 units, although different GM executives at the auto show hedged on whether that number might now be bumped up thanks to increasing market demand and wider visibility that now includes NA Car of the Year.

GM had said that it actually sold between 250 and 350 of the Volt cars, which were first shipped to dealers last month, during December.