

U.S. Auto Scene

— First Published in 1993 —

P.O. Box 2040
Dearborn, Michigan 48123
313-565-5500
Info@USAutoScene.net

Gerald Scott, Editorial Dept.
News@USAutoScene.net

AD DEADLINE: Thursday 5:00 p.m. for the next edition
Ads@SpringerPublishing.com 586-939-5850 Fax - SPC Warren

William L. Springer II, Publisher
Hal Watts, Local News Editor
Debra Joswick, Ad Design
Chris Zawislinski, Circulation

Springer Publishing Co., Inc. © 2011
31201 Chicago Road South
Warren, Michigan 48093
586-939-6800

U.S. Auto Scene and Detroit Auto Scene are registered trademarks
of Springer Publishing Co., Inc., a Michigan corporation.

Railroad Shipper Reports Higher Quarterly Results

By SAMANTHA BOMKAMP
AP Transportation Writer

NEW YORK (AP) — Railroad-concern CSX Corp. said last week that its first-quarter earnings jumped 30 percent as higher shipping prices and stronger demand in most of its markets offset rising fuel costs.

CSX, based in Jacksonville, Fla., earned \$395 million, or \$1.06 per share, compared with \$305 million or 78 cents per share a year earlier. Revenue rose 13 percent to \$2.81 billion.

The results topped expectations on Wall Street. Analysts polled by FactSet expected the nation's third-largest railroad to report a profit of \$1.04 per share on revenue of \$2.73 billion.

Overall shipping volume improved 7 percent. Revenue and volume rose in every category except agricultural products, which was down because of lower feed shipments.

Automotive shipments, which include cars and car parts, improved the most in the first three months of the

year. Shipping volume for those products was up 20 percent, while revenue rose 29 percent. CSX said its chemicals and metals markets also benefited from shipments of materials for making cars.

U.S. automakers' sales were up about 20 percent in the first quarter of this year from the same period last year.

CSX said shipments of forest products improved 10 percent. While construction materials volume was weak, shipments of pulp board and packaging for consumer products rose.

Intermodal shipments, which are mostly retail goods moved between trucks and trains, rose 11 percent. The category, the railroad's largest, is an important indicator of consumer spending.

Volume for CSX's second-largest haul, coal, rose just 3 percent, but prices were up 19 percent. Coal is used to generate electricity and produce steel. Rising prices to ship coal can trickle down to consumers through rising utility bills and higher prices for everything from cars to homes.

GM Hosts Its First Such Annual Meeting in Years

By TOM KRISHER
AP Auto Writer

DETROIT (AP) — General Motors CEO Dan Akerson said last week that he is concerned about the U.S. government's high deficit and what he called a jobless economic recovery.

A 10-year government plan to handle the roughly \$14 trillion deficit would bring some stability to the economy, Akerson told reporters before the company's annual shareholder meeting in Detroit.

He also said he's concerned about a lack of jobs. If more are created, more people will buy cars and other durable goods, he said.

It will take a long time, Akerson said, for the economy to work through the consequences of easy credit from the mid-90s to 2007 period. "I think it's going to take a while to shake out and wring out the excesses," he said.

Akerson said he wasn't worried about the company's slumping stock price, which fell 13 percent from an initial public offering price of \$33 per share in November to close last week at \$28.56, its lowest closing price since the IPO.

The company, he said, has performed in line with its competitors, all of which have seen stock declines in recent months.

But investors are worried. They're concerned that the U.S. government will depress GM's stock price when it starts selling its remaining 500 million shares in the company. They're worried about signs that the economy is slowing down and that high gasoline prices could hurt sales of SUVs and pickups, GM's most profitable vehicles.

The company is trying to convince investors of the value of the shares. Akerson used \$940,000 of his own money to buy 30,000 GM shares recently and calls himself a long-term investor. He says the company has less

debt and makes decisions faster than in the past.

GM pulled off a remarkable turnaround in 2010 after emerging from bankruptcy protection the year before. It went from losing more than \$80 billion in the five years before bankruptcy and needing a government bailout to earning \$4.7 billion in 2010. U.S. sales are up almost 19 percent this year.

Akerson also said that if the government wants to move people toward more fuel-efficient vehicles, it should consider raising the gasoline tax to keep gas prices high rather than requiring automakers to increase mileage.

"It helps with our deficits, at the same time may change consumer behavior, and the automotive companies will try to meet that demand," he said.

GM's annual meeting, its first since 2008 and its first in Detroit since 1990, ended in just over an hour. Only about 100 people attended.

Shareholders elected all 11 current board members and voted to approve the company's executive compensation, including Akerson's 2010 pay package. The package was valued at just over \$2.5 million for his four months of work as CEO.

John Lauve, a longtime shareholder from Holly, Mich., who ran unsuccessfully for the board, urged shareholders to oust the four directors still on the board who served before GM entered bankruptcy protection.

"The Titanic did hit the iceberg," he said. "The problem was with the directors of General Motors failing to alter the course of the Titanic."

Other shareholders said they were satisfied with GM's performance despite the slumping stock price.

Suzanne Gavel, a retired GM worker from Livonia, Michigan, said Akerson's vision for the company is promising. "We have an opportunity for a second chance," she said.

GM Ventures Invests in Battery Electric Bus Firm

DETROIT — General Motors Ventures LLC will invest \$6 million in Proterra Inc., a leading maker of zero-emission commercial transit buses, as part of its mission to invest in next-generation technologies that support innovation in the global transportation industry.

GM Ventures is part of an investment group, led by venture capital firm Kleiner Perkins Caufield & Byers, that will invest a total of \$30 million in the bus manufacturer.

Proterra's EcoRide BE-35 battery electric bus is averaging up to 24 mpg (diesel equivalent) in service, a more than 600 percent improvement over a typical diesel bus.

Using technology developed by Proterra, the lightweight, composite-body bus recharges in about 10 minutes.

"This equity investment further demonstrates GM's commitment to electric propulsion and supports our commitment to identify and invest in technology solutions that help advance the global transportation industry," said Jon Lauckner, president of GM Ventures.

"While this investment will help Proterra commercialize its electric bus and fast-charging technology, it also helps to address the future challenges of urban mobility."

Proterra Inc. was founded in 2004 and is currently manufacturing buses in a temporary plant in Greenville, S.C., near Clemson University International Center for Automotive Research.

Proterra's TerraVolt energy storage system consists of 54-72 kWh lithium titanate battery packs that recharge in 10 minutes using the company's roof-mounted Fast Fill recharging system.

Three EcoRide BE-35 buses are currently in a test fleet near Pomona, Calif., with more buses to be added. And

new buses and charging stations are also headed to San Antonio and Tallahassee, Fla., later this year.

This investment allows Proterra to complete federal validation testing of its bus, roll out additional pilot fleets and complete initiatives to significantly reduce costs and increase volume production at its Greenville, S.C., manufacturing plant, which will have the capacity to produce 400 buses annually.

With up to a 40-mile range for the under 10-minute fast-charge application, the

EcoRide BE-35 can easily replace 80 percent of diesel buses in typical transit and shuttle use without altering schedules or passenger service. The EcoRide can also be configured for longer ranges while charging at a central location.

"With the support of GM's automotive expertise and technology leadership, we can achieve a better, cleaner future for public transportation," said Jeff Granato, president of Proterra. "We are proud to have General Motors on board."



GM Ventures has invested in a battery electric bus company.

Fiat Faces Parts Shortages Due to Japan Aftermath

By COLLEEN BARRY
AP Business Writer

MILAN (AP) — Italian carmaker Fiat SpA said last week that interrupted delivery of high-end radios and satellite navigation systems from Japan could result in a production drop in Europe of 50,000 to 100,000 units this year as the disruption from the March 11 earthquake and tsunamis continue to spread through the industry.

CEO Sergio Marchionne told analysts that most of the impact from Japan's supply chain break would be felt in the first and third quarters — and that he expects a return to normalcy by October 2011.

"The situation in Japan is constantly evolving, it changes day by day. We have seen the situation improve drastically over the last 2 1/2 weeks," Marchionne said.

He added that supplier bases had "very effectively" searched for alternative solutions, either looking for ways to bring the plants back on line or identifying other supply bases.

Even taking into account the production losses, Marchionne said Fiat SpA could achieve targets for the year already laid out. They include trading profit — or earnings

before interest, taxes and one-time items — of between 900 million and 1.2 billion on revenues of about 37 billion (\$53.71 billion).

Fiat, which controls a 30-percent share of Chrysler, has previously said that the earthquake in Japan is expected to increase prices on some Chrysler models due to delays in component supplies, mostly high-end electronics. Chrysler also has had to ration certain colors of paint because of a pigment produced in Japan. It will release more details with earnings on May 2, Marchionne said.

Toyota has announced it will temporarily suspend or slow production in Europe and North America due to the quake impact, and has shut down most production in Japan. Ford Motor Co. and Nissan Motor Co. recently said that several North American plants would be closed for part of this month. Chrysler Group LLC is cutting overtime at plants in Canada and Mexico to conserve parts from Japan.

By now, most models from the popular 500 city car, now on sale in North America, to higher end models carry some form of specialized electronics hailing from Japan.

Marchionne spoke to ana-

lysts Wednesday after Fiat announced a return to first-quarter profits.

Shares of Fiat SpA — the automotive unit that since Jan. 3 has been decoupled from Fiat Industrial farm, construction and truck business — closed up 4.61 percent to 6.575.

Fiat made a net profit attributable to majority shareholders of 29 million (\$41.5 million) while revenues rose 7 percent to 9.2 billion. Luxury brand Ferrari and the Magneti Marelli components business saw double-digit gains.

"Given the state of the European car market, I think that the results for Fiat for the first quarter of 2011 are more than satisfactory," Marchionne said.

Fiat's Group Automobiles, the unit which groups the Fiat, Alfa Romeo and Lancia brands, saw a 2.6 percent increase in revenues to 7 billion. But that was largely due to light commercial vehicle sales, which "offset what has been unacceptable, to me, performance of automotive in Q1 in Europe," Marchionne said.

It is the company's first quarterly earnings report since the January spinoff of the industrial unit, which makes trucks and farm and

construction vehicles. Fiat Industrial reports earnings Thursday.

The merger was designed to would free up the vastly different industrial and car businesses to pursue their own strategies and industrial tie-ups. Fiat SpA since the merger is focused on cars, light commercial vehicles and related components.

Fiat trading profit rose 9 percent on the year while Fiat Group Automobiles saw its trading profit fall 15 percent as European volumes declined and investments in new models increased.

The car business shipped 245,300 units, down 11 percent on the year. The Fiat brand saw its market share in Europe slide from 7 percent to 5.3 percent as demand for alternative fuel vehicles waned with the end of the cash-for-clunkers incentives.

The luxury market, however, roared back to life. Ferrari sales in its main market of North America rose 3 percent to 452 vehicles, while in China they rose 3.7 percent to 153 vehicles.

Trading profit for components was up 45 percent to 61 million a year earlier, thanks to strong results in the Magneti Marelli and Fiat Powertrain units.

White Gloves, By Design, Are Key at EyesOn Design

by Christine Snyder
Staff Reporter
Tech Center News

At some car shows, the judges take into account the car's history and restoration efforts. Some are impressed by the car's value or the story that comes along with it.

At the EyesOn Design (EOD) car show June 19 at the Edsel and Eleanor Ford House, the show was all about the car's design and how it looks and, for some of the judges, how it feels.

Nino Pacino is one of the show's visually impaired judges who gives the cars in his assigned class a once-over with his white-gloved hand.

"Everybody feels for something different," said Pacino at the EOD preview. "What is your appeal? I might like that era, you like this one."

The Grosse Pointe Woods resident and self-professed "car guy," who used to restore cars, has been judging the EOD show for about 20 years, along with his wife Marie.

Each era has its appeal, said Pacino. "If it's the 1930s class . . . it could be the hood ornaments," said Pacino, as to what the visually impaired judges feel for. "But the 1960s or '70s or racecars, they don't have hood ornaments, so you might feel for the sleekness of design."

"So there is not one thing that stands out that you look for in

every single vehicle, but what stands out in that vehicle that appeals to you."

Pacino himself is partial to the late 1950s and 1960s. "They have a lot of detailing to the body with edges," said Pacino.

"I don't really love the '40s because they have a lot of detailing but it's all rounded and bulbous. And once you get into the 1970s and beyond, they were going for visual effect and you can't feel it."

Marie said she is partial to the 1950s, especially the cars with the big tail fins.

Of vehicle classes, Pacino does have a favorite, in any class. "My hands down favorite is the convertible," said Pacino. "I have no vision and the only thing between me and being totally engulfed in the environment and the experience is the windshield."

The visually impaired judges don't usually get a chance to feel and experience the interiors of the cars, though it would be beneficial to the judges, said Pacino, as the interior gives you a real chance to experience the car. "Some make a point of it," said Pacino. "But unless we are invited by an owner, we don't get into interiors much, though it is very important."

Dr. Philip Hessburg, founder and president of the Detroit Institute of Ophthalmology, which puts on the show now in its 24th year, said visually impaired judges have always been



PHOTO: CHRISTINE SNYDER

Nino Pacino, left, one of the EyesOn Design car show's visually impaired judges, feels the structural beauty of a 1948 Fiat Topolino at the show's pre-event.

used to tie the show to its purpose.

"What we are trying to make a connection with the public is it's not just a good car show, this is a car show where the Detroit Institute of Ophthalmology is raising money to support programs for the visually impaired and blind.

"Blind people with white gloves on, you walk by and wonder what are they doing? They are judging the beauty of a vehicle sculpturally."

The EOD raises an average of \$130,000 a year for the DIO.

"It's been a great, great idea," said Hessburg.

Not only has the show been a successful fundraiser, Hessburg said it has gained a reputation as one of the premier car

shows that focuses on design, which Hessburg said has been underplayed.

"For 25 years, we have presented a car show in which we have an international celebration of automobile design of the past, present and future," said Hessburg.

"We aren't interested in who owned the car before, its value or if it has been perfectly restored. We are interested in . . . what they represent creatively and the design of the vehicle."

The location is ideal for that purpose, said Hessburg. He added, "We think that because Edsel Ford himself was such an important design influence that having it here makes perfect sense."