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KERKORIAN SUIT AGAINST DCX MAY CONTINUE.

DaimlerChrysler has lost its bid to throw out a lawsuit claiming the merger of Chrysler and Daimler-Benz misled Chrysler shareholders by calling itself a "merger of equals." The suit says DCX Chairman Juergen Schremp "blatantly lied" about the deal.

A U.S. District Court judge in Delaware denied DCX's motion to dismiss eight of nine counts of securities law violations raised by the \$9 billion suit, brought by Kirk Kerkorian, once DCX's third-largest shareholder. The judge dismissed one count of alleged conspiracy.

Kerkorian, whose Tracinda Corp. has sold most of its DCX stock, wants to dismantle the merger and make Chrysler independent again. Ironically, it was Kerkorian's bid to take over Chrysler in 1995 that eventually led to the Daimler-Benz deal.

DCX filed a motion to dismiss Kerkorian's lawsuit—and a pile of similar complaints filed by other shareholders—last May. Kerkorian, condemning the merger as a "perfect fraud" against shareholders, vowed in June to continue the case.

Tracinda figures it would have collected an "acquisition premium" of up to \$2 billion for its Chrysler shares if the merger had been declared a takeover at the beginning. DCX continues to say the lawsuit is without merit.

FORD SEES LOSS IN SALE OF U.K.'S KWIK-FIT UNIT.

Ford Motor Co., which paid \$1.4 billion to buy Kwik-Fit, a U.K.-based automotive repair chain, in 1999, acknowledges it won't recover that much in selling the business, reports the *Financial Times*.

Ford said in January it would dump the company along with Collision Team of America, a chain of U.S. bump shops, and GreenLeaf, a U.S. vehicle recycler.

Goldman Sachs is handling the sales.

All three companies were acquired by then-CEO Jacques Nasser as part of his attempt to diversify Ford. Analysts think the automaker is unlikely to get more than \$1 billion for Kwik-Fit. The business has some 1,900 outlets in nine European countries.

U.S. FUEL PRICES JUMP 10%. Retail gasoline prices in the U.S. increased more than 10% over the past two weeks, according to figures released yesterday by the Lundberg survey.

It calculates the national average for unleaded regular gasoline reached almost \$1.35 per gallon by last Friday, up 14 cents in 14 days. Lundberg's average is about three cents higher than the one calculated by the Automobile Association of America.

GERMAN CHANCELLOR BLASTS BLOCK EXEMPTION CHANGES, AGAIN. Gerhard Schroeder has again attacked planned changes in auto retailing rules proposed by the European Commission, claiming they will only disrupt the sales process and destroy service networks.

The changes are to take effect on Oct. 1 upon the expiration of "block exemption" rules that have protected OEMs from monopoly laws for nearly 20 years. Proponents say the changes will reduce car prices, which now vary widely from one country to another, in part by encouraging more international competition.

The new rules loosen OEM control over dealers, in part by enabling dealers to carry more than one brand and actively sell them across national borders. The rules also will allow dealers to sell brands without being required to service them.



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ZARRELLA COLLECTS \$5 MILLION AT BAUSCH & LOMB. Ron Zarrella, the brand management guru who left General Motors and become chairman and CEO of Bausch & Lomb last November, collected \$5 million in cash and restricted stock from his new employer for the move, reports Reuters.

The payments were intended to compensate Zarrella for benefits lost when he left as president of GM North America. In his seven-year tenure at GM, Zarrella created a system of brand managers that was unable to stop GM's declining market share. His departure coincided with the ascendancy of Bob Lutz, who promptly scrapped the system for a simpler focus on creating inherently more attractive products.

FERRARI PROFITS JUMP SEVENFOLD. Fiat's Ferrari unit says its net profit was \$41 million in 2001, up from less than \$6 million in 2000, on nearly 19% higher sales revenue.

NISSAN TO SELL STAKE IN TOCHIGI. Nissan Motor Co. said Friday it will sell its 20% stake in Tochigi Fuji Industrial Co., a maker of powertrain components, to GKN, the British automotive and aerospace company.

Nissan has been shedding its holdings in various Japanese suppliers under the restructuring program it began two years ago. The deal is not expected to disrupt the 30% of Tochigi Fuji sales that go to Nissan.

TVR PONDERES U.S. MARKET AGAIN. TVR, the British maker of specialty sports cars, hopes to begin distributing its high-performance vehicles in the U.S. by mid-2003, reports the *Financial Times*.

The company made only 936 cars last year and sold almost all of them in the U.K. But U.S. interest in its vehicles "went off the scale" after its Tuscan model appeared

in a John Travolta movie, *Swordfish*, last year.

TVR cars have been available in the U.S. off and on for years. Its \$70,000 Tuscan two-seater has a 360 hp. engine, giving it a top speed of 195 mph and a 0-60 mph acceleration time of about four seconds.

TOWER AUTOMOTIVE BOOSTS FIRST-QUARTER OUTLOOK. Tower Automotive, which in January warned of pressure on earnings in the first half of 2002, now says first-quarter results will be 16% to 26% higher than analysts expected.

The Grand Rapids, Mich., company, which makes body and suspension structural assemblies, expects to earn 22-24 cents per share. It has struggled since last summer with sharply declining earnings, including an 80% drop in the fourth quarter.

The company credits its rosier outlook to cost-cutting, restructuring efforts and an increase in vehicle production.

CELL PHONE USERS WORSE THAN DRUNK DRIVERS? A British study of 20 volunteers in a driving simulator suggests reaction times for drivers using cell phones is 30% longer than for legally drunk drivers and almost 50% longer than for drivers under normal conditions.

The research says drivers using hands-free phones don't do much better. The study was sponsored by Direct Line, an insurer, and conducted at the Transportation Research Laboratory.

NORTH KOREA GETS ITS FIRST AUTO PLANT. A South Korean automaker says it has begun producing cars in a \$55 million auto assembly plant it built in North Korea, the country's first, reports Associated Press. The facility, which can produce 20,000 small cars annually, will be dedicated on April 5.

Pyeonghwa Motors Corp. of Seoul built the plant in

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the North Korean port town of Nampo. It patterned the factory after one it erected earlier in Vietnam to produce the Fiat Siena car.

Pyeonghwa is controlled by a member of the Unification Church who is a close aide to the Rev. Sun Myung Moon, who founded the church and was born in what is now North Korea. The company says it was promised a monopoly in the country, which has only about one car for every 84 people. South Korea has one car for every four people.

61% PAYOUT FOR DCX's SCHREMPF. Juergen Schrempp, DaimlerChrysler's CEO, received 61% less pay in 2001 than he did the year before, reports Bloomberg News. On average, each of DCX's 13 management board members received \$1.5 million. German companies are required to publish totals, but they don't have to reveal individual salaries or the value of stock options granted.

LUTZ's LATEST CRUSADE: SMALL CARS. General Motors loses about \$2,000 on every small car it sells, reports *Business Week*. It says Vice Chairman Bob Lutz wants to fix that problem with inexpensive but cool cars that first-time buyers won't be ashamed to buy.

Lutz's strategy is a familiar one for Detroit automakers: If they can catch first-time buyers before they buy a Japanese or Korean vehicle, they might be able to reverse years of eroding market share.

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But many of the new small cars in GM's plan cost much more than the vehicles they replace. Example: the \$17,000 Pontiac Vibe, which succeeds the \$12,000 Chevrolet Prizm. Analysts tell *BW* the GM strategy could backfire with profitable entry-level cars that are still priced beyond the reach of first-time buyers.

NISSAN'S RENAULT STAKE MAY BE LESS THAN 15%. Nissan Motor Co. says it will buy equity in Renault, but the deal may not total 15% as expected. Renault, meanwhile, has increased its stake in Nissan from 36.8% to 44.4%.

FRIDAY'S CLOSING STOCKS

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		10,427.67	-52.17	EDS	EDS	63.24	-0.31
NASDAQ		1,851.39	-17.44	Ford	F	16.67	-0.03
Autoliv	ALV	24.63	-0.07	General Motors	GM	59.91	+0.49
ArvinMeritor	ARM	27.15	-0.81	Gentex	GNTX	27.61	-0.58
American Axle	AXL	26.84	-0.68	Goodyear	GT	24.66	-0.30
Dana	DCN	19.38	-0.34	Johnson Controls	JCI	85.78	-0.22
DaimlerChrysler	DCX	46.65	+0.05	Lear	LEA	47.11	+0.11
Donnelly	DON	16.43	-0.02	Magna International	MGA	72.88	+0.12
Delphi Automotive	DPH	15.48	-0.02	TRW	TRW	51.35	+0.54
Eaton	ETN	80.12	-0.88	Visteon	VC	15.91	-0.04



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