The New York Times

Business/Financial Desk; SECT

After Six Years, G.M. Restores Its Common Stock Dividend

By REUTERS
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15 January 2014
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The New York Times on the Web
English

DETROIT -- General Motors will pay the first quarterly dividend on its common stock in almost six years, another step in the American automaker's recovery from its bankruptcy.

The carmaker, the largest in the United States, said on Tuesday it would pay shareholders a quarterly dividend of 30 cents a share, payable on March 28 to shareholders of record on March 18. It last paid a quarterly dividend in June 2008, before it moved to save money during the recession, of 25 cents a share.

''This return to shareholders is consistent with our capital priorities and is an important signal of confidence in our plans for a continuing profitable future,'' G.M.'s chief financial officer, Daniel Ammann, said.

Mr. Ammann will become G.M.'s president on Wednesday. G.M. also named Chuck Stevens as the company's new chief financial officer, effective Wednesday. He had been chief financial officer of G.M. North America.

The dividend announcement sent shares up more than 3 percent in after-hours trading. Investors have been pushing G.M. to return cash to them in the form of a dividend or a stock buyback, especially since the Treasury sold the last of its stake in the company last month.

The dividend reintroduction by G.M., which is showing new cars and trucks this week at the Detroit auto show, is likely to attract investors who buy stocks that generate income.

Weak industry demand drove G.M. to seek bankruptcy protection in 2009 and it emerged as a leaner operation with more cash on hand with the help of a $49.5 billion taxpayer bailout.

G.M. already pays a dividend on preferred stock.

Its rival Ford Motor resumed paying a common dividend in March 2012 after suspending it for more than five years. Last week, Ford increased its quarterly dividend by 25 percent, to 12.5 cents a share.

G.M. ended the third quarter last year with total automotive liquidity of $37.3 billion.

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The New York Times

DETROIT AUTO SHOW
Automobiles; SECT
A Coupe for Cadillac's BMW-Battling Line

By PAUL STENQUIST
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English

Introduced on Tuesday, Jan. 14: 2015 Cadillac ATS coupe

What is it? A two-door compact car to complement the ATS sedan introduced as a 2013 model. This helps to fill out the ATS line, potentially making it more competitive with upscale European compacts from BMW, Mercedes-Benz and Audi, which all offer coupes and sedans.

Is it real? As real as its sedan sibling. The ATS Coupe is scheduled to arrive at dealerships this summer.

What they said: ''The Cadillac ATS sports sedan was a tipping point,'' Robert Ferguson, General Motors' senior vice president for Cadillac, said at the media presentation of the new model. Already the ATS has won the hearts of a new audience, he said, adding that 17 percent of buyers were first-time Cadillac customers and that after the ATS's introduction the number of Cadillac customers under 35 doubled. ''With ATS attracting new customers, the coupe is a logical next step,'' he said. In a media release, Cadillac said that while the coupe and sedan were of a family, they shared few body parts; the roof, doors, rear fenders and trunk lid are unique to the coupe. The two models are built on a 109.3-inch wheelbase, but the coupe's track -- the distance between the opposing wheels -- is wider.

What they didn't say: While Cadillac met its sales objectives with the ATS sedan, the transaction price has lagged that of the BMW 3 Series. An expanded lineup could help in that regard. And while there are rumors that a high-performance ATS-V is on the way, G.M. did not confirm that.

What makes it tick: Two of the engines available in the ATS Sedan are offered in the coupe: a standard 2-liter turbocharged 4-cylinder making 272 horsepower and an optional 3.6-liter V6 rated at 321 horsepower. Cadillac said the 4-cylinder was ''one of the most power-dense engines in the industry, topping engines from European competitors.'' Both engines are equipped with direct fuel injection and dual overhead camshafts with continuously variable valve timing. The sedan's base engine, a naturally aspirated 2.5-liter 4, will not be available in the coupe. A 6-speed automatic is offered with either engine, and a 6-speed manual is available with the 2-liter. A variety of electronic crash-avoidance features are optional at extra cost.

How much, how soon: The 2015 ATS coupe is scheduled to arrive at dealerships this summer. Prices have not been announced.

How's it look: At a glance, the car has more in common with the 2014 CTS coupe than with its sedan sibling. The character lines in the sheet metal appear to be identical to those of the CTS, but the ATS coupe's front fascia is sleeker and cleaner. It also gets a new badge in place of the traditional crest and wreath -- basically, a more geometric version of the crest, without the wreath. More science, less art.

Document NYTF000020140115ea1f0002z

The New York Times

Business/Financial Desk; SECTB
Feeling Steadier, Ford Remakes F-150 Pickup, the Nation's No. 1 Vehicle

By BILL VLASIC
1,007 words
14 January 2014
The New York Times
NYTF
Late Edition - Final
3
English

DETROIT -- The heady combination of growing sales and big profits has spurred automakers to reinvest heavily in new models and make major changes to some of their most prominent vehicles.

No company has stretched further than Ford Motor, the second-largest American automaker after General Motors, which on Monday took the wraps off a radically redesigned pickup truck at the annual Detroit auto show.

Instead of playing it safe with its best-selling F-150 truck, Ford will replace its traditional steel body panels with aluminum parts, which saves weight and improves fuel economy.

Such a wholesale change would have been unheard-of a few years ago, when Ford and other carmakers were under intense pressure to cut costs and save money.

But now Ford has invested heavily to significantly make over the truck, even though it finished 2013 as the nation's top-selling vehicle of any kind for the 32nd consecutive year.

''It's all about maintaining leadership,'' said Alan R. Mulally, Ford's chief executive. ''We don't take risks we can't deliver on.''

Ford is hardly alone in its efforts to significantly upgrade high-volume products and seek to gain an edge in a competitive marketplace.

The aggressive approach is made possible, in part, by drastic improvements in the financial conditions of the Detroit carmakers and their foreign rivals.

Ford, like their hometown competitors General Motors and Chrysler, has transferred costly retiree health care obligations to employee trusts.

The companies have also reduced the number of workers and factories to better align production with market demand.

In addition to cutting costs, the companies are enjoying the fruits of a steadily expanding market for new vehicles in the United States, as well as higher sticker prices for new models.

Industry analysts said the companies are intent on building on their recent success with better products loaded with new technology and features

''These turnarounds always take place because of new product,'' said Michelle Krebs, an independent auto analyst in Detroit. ''In this case, Ford is rolling the dice on the aluminum truck to improve what is already a dominant position.''

Chrysler, the smallest of the three Detroit car companies, is also pushing hard to capture a bigger chunk of the American market, which last year grew by 7.6 percent, to 15.6 million vehicles.

The company has methodically revamped several of its most important models since it was forced to seek a government bailout and file for bankruptcy five years ago.

On Monday, it showed off a new version of its Chrysler 200 midsize sedan -- which has lagged the company's overall growth in the United States.

"We needed a credible competitor in the midsize market," said Sergio Marchionne, the chief executive of Chrysler and its Italian parent company, Fiat.

Chrysler spent more than $1 billion to overhaul an assembly plant in Sterling Heights, Mich., to produce the new model, which features a fuel-saving nine-speed transmission and a sleek new body style.

Since its bankruptcy and bailout, Chrysler has focused mainly on improving its most successful models, like the Jeep Grand Cherokee and Ram pickup truck.

But Mr. Marchionne said that Chrysler was now financially healthy enough to expend resources on products that, in the past, might have been neglected.

"Do we have the resources to do whatever we want to do?" he said. "The answer is yes."

General Motors, the biggest American automaker, is also revving up product programs that were delayed or hampered by its bankruptcy and bailout in 2009.

The company is showing off variations on two hot models, the Chevrolet Corvette sports car and Cadillac ATS sedan, at the Detroit show.

G.M. also revealed a redesigned version of its GMC midsize pickup -- a niche vehicle that it could not afford to update when the company was under financial stress.

"We might not have done this before," said Mark Reuss, who this week takes over as G.M.'s global product chief. "But we see a lot of open space in the market where we can make gains with a midsize pickup."

Other automakers are also loading up with new models being introduced in Detroit, like a new version of the Fit subcompact from Honda.

The star of the show so far, however, has been the Ford pickup.

Analysts and executives from competing automakers have expressed mixed views on Ford's bold strategy to trim 700 pounds of weight in the F-150 with aluminum parts.

The question asked repeatedly was why would Ford risk such a broad change of a perennially popular vehicle?

"We couldn't be happier about our recent success, but we cannot afford to be complacent for one second," said William C. Ford Jr., Ford's executive chairman.

Redesigning the truck and updating factories to produce it could cost Ford more than $2 billion, according to estimates by analysts, an enormous commitment, even for the capital-intensive auto industry.

"This is a huge deal," said Alec Gutierrez, an analyst with the auto-research firm Kelley Blue Book. "It's a game-changer for Ford in so many ways."

But Ford has made several large bets on new technology under the leadership of Mr. Mulally, who said recently that he would remain at the automaker at least through this year rather than continue to be considered as a chief executive candidate at the software giant Microsoft.

"We had one of our most fantastic years ever in 2013, but we cannot back off," he said. "You have to take chances if you want to stay the leader."

Ford's revamped F-150 is 700 pounds lighter for better fuel economy. Alan R. Mulally, in the center left, Ford's chief, said the carmaker had a great 2013, but added: "It's all about maintaining leadership. We don't take risks we can't deliver on." (PHOTOGRAPHS BY JOSHUA LOTT/REUTERS; TANNEN MAURY/EUROPEAN PRESS AGENCY)

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The New York Times

DETROIT AUTO SHOW
Automobiles; SECT

Chevrolet Doubles Up for Car and Truck of the Year

By JERRY GARRETT
209 words
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The New York Times on the Web
English

General Motors kicked off the 2014 North American International Auto Show in style Monday, sweeping the awards for the North American Car and Truck of the year with its new Chevrolet Corvette Stingray sports car and Silverado pickup.

The awards have been given out annually since 1994 at the opening of the Detroit auto show. They are selected by a panel of automotive journalists from the United States and Canada. This year, the list of eligible vehicles included 28 cars and 18 truck and utility wagons.

Corvette's victory represents the sixth time a G.M. model has won the North American Car of the Year Award. Corvette previously won the award in 1998.

It was also the fourth time a G.M. pickup won the North American Truck/Utility of the Year Award. The 2014 models were the subject of a recall last week. Silverado was also a winner in 2007.

The finalists were the Cadillac CTS, Chevrolet Corvette Stingray and Mazda3 for the 2014 North American Car of the Year. The Acura MDX, Silverado and Jeep Cherokee the finalists for the 2014 North American Truck/Utility of the Year.

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BUSINESS BRIEFING | COMPANY NEWS
Business/Financial Desk; SECTB

G.M. Announces Recall of Silverado and Sierra Trucks

By REUTERS
110 words
11 January 2014
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2
English

General Motors said it was recalling about 370,0000 of its redesigned full-size Chevrolet Silverado and GMC Sierra pickups to reprogram software that could cause parts of the exhaust to overheat. G.M. said eight fires had been caused by the problem, but there were no injuries. It urged customers to avoid leaving trucks idling unattended. The recall included 2014 model trucks with 4.3-liter and 5.3-liter engines in the United States, Canada, Mexico and other markets. Trucks with 6.2-liter engines were not being recalled.

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Fiat's Challenge Is to Improve Performance in Italy and Asia

By DAVID JOLLY; Bill Vlasic contributed reporting from Detroit.
983 words
3 January 2014
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The New York Times on the Web
English

PARIS -- The Fiat boss, Sergio Marchionne, has finally won complete ownership of Chrysler and can begin trying to realize his dream of building a world-class carmaker to compete with the industry leaders Toyota, General Motors and Volkswagen. At the top of the to-do list: Stanch the deterioration in Fiat's home market and fix a glaring hole in its Asia business.

Mr. Marchionne, the chief executive of Chrysler and Fiat, rescued the Detroit automaker from bankruptcy in a 2009 deal with the Obama administration that gave Fiat 58.5 percent of Chrysler and the potential to raise that stake. In an agreement announced on Wednesday, the companies said that Fiat would buy the remaining 41.5 percent from a United Automobile Workers health care trust for $4.35 billion. The deal creates a company that last year had $114 billion in sales, making it the world's seventh-largest automaker.

Mr. Marchionne has long held that to be competitive and profitable in the global auto market, a carmaker needs to sell at least six million vehicles annually. The Chrysler-Fiat alliance, which sold about 4.5 million vehicles last year, remains short of that target.

The agreement capped months of thorny negotiations and opens the way to a possible New York listing of Fiat-Chrysler shares. It also smooths the way for a relaunch of the Alfa Romeo brand in the United States.

''It's a deal that Fiat had to get done,'' Harald Hendrikse, an analyst at Nomura in London, said. ''As usual, Mr. Marchionne's pulled a rabbit out of the hat.''

Investors welcomed the news. Fiat's shares soared 16 percent Thursday on the Milan bourse.

To lift sales, Mr. Marchionne must look to emerging markets, analysts said.

Fiat already has a good presence in Brazil, enjoying a healthy 23 percent of the market, though that share is under threat from aggressive entrants like Toyota and Hyundai.

But it has only a minimal presence in China, the world's biggest car market. Massimo Vecchio, an analyst at Mediobanca in Milan, said the only hope of reaching Mr. Marchionne's goal of six million vehicles was through a partnership with an Asian automaker that would allow it to gain access to the Chinese car market, the world's biggest.

''Fiat is late to the game in Asia,'' Mr. Vecchio said. ''That's the only way they'll be able to recover the lost ground.'' He suggested the Japanese automakers Mazda and Suzuki as possible partners.

While Chrysler is doing well in the United States, with sales rising 9.3 percent last year, Fiat is faltering in Europe. Its European sales -- which include its own brand, as well as Lancia, Chrysler, Alfa Romeo and Jeep cars -- fell 7.8 percent in the 11 months through November from the same period in 2012. That's far worse than the 2.7 percent decline in the overall European market.

In that time, the company's market share slipped to 5.8 percent from 6.2 percent. But the picture is even worse than it first appears, Mr. Hendrikse said. The company is overly reliant on Italy, which accounts for about a third of Fiat's sales. Excluding the Italian market, he said, Fiat's European market share is only about 2 percent.

"The Fiat brand at this stage is no longer a relevant competitor in the European space," Mr. Hendrikse said. The company, he added, is "horrendously undercapitalized and badly positioned. I don't see how Chrysler is going to help them much in Europe."

When the deal was first struck back in 2009, Fiat played the white knight to Chrysler, providing the American company with leadership and technology at a moment of crisis. Chrysler's Dodge Dart, for example, is built on a modified Alfa Romeo platform.

But now the roles are reversed. Chrysler has been providing virtually all of Fiat's profit for the last three quarters, and with Europe's car market expected to grow only about 3 percent this year, that is unlikely to change soon.

Mr. Vecchio said that Fiat was trying to move upmarket in Europe, where profit margins are higher than in the mass market. But the company's combined debt of about 10 billion euros could hamper investment. Still, analysts are cautious about underestimating Mr. Marchionne, especially before an April update when the company is set to present a new business plan.

"The unified ownership structure will now allow us to fully execute our vision of creating a global automaker that is truly unique," Mr. Marchionne said in a statement on Wednesday.

In the deal, Chrysler will pay a special $1.9 billion dividend to the United Automobile Workers' retiree health care fund, and pay out an additional $700 million in four installments after the deal closes, as soon as this month. Fiat is planning to pay its contribution, $1.75 billion, without tapping the market for new cash.

At about $4.35 billion, then, Mr. Marchionne is getting Chrysler for a small fraction of the $36 billion that Daimler, the maker of Mercedes-Benz cars, paid for it in 1998. Daimler, the German company later came to regret that investment, essentially handing it to Cerberus Capital Management in 2007 to cut its losses.

Still, Mr. Marchionne faces an uphill climb, as he looks to build the build into a top player in the auto industry.

"What was true in 2009 remains true today," Stephanie Brinley, an analyst at IHS Automotive, wrote in a research note. "Fiat and Chrysler independently were both weaker, smaller players. Combining two weak companies may not result in one strong company, even with the opportunities for better efficiencies of scale, plant utilization and purchasing power."

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The New York Times

Automobiles; SECT
Critics' Picks: Recovery Is Paying Off

295 words
29 December 2013
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English

It was the year when Fisker fizzled and Coda collapsed, along with the dreams of several other would-be automakers. Tesla provided endless drama as its chief executive, Elon Musk, swatted at naysayers, state dealer associations and federal regulators, even as the Model S became a trophy car for the affluent and tech-savvy.

Among higher-volume companies, General Motors seemed to find its stride again with several well-received new models. Ford's luxury division declared itself the Lincoln Motor Company and attempted a much-needed makeover -- so far, mostly by smearing cosmetics on Fords.

Toyota and Nissan reworked their high-volume compacts, the Corolla and Sentra, but both seemed stodgy in relation to the competition, particularly from Mazda.

Among the Germans, BMW continued to spin out a dizzying array of spinoffs from its basic models: hatchback GTs, four-door Gran Coupes and a new 4 Series line. Mercedes looked for sales high, with a new flagship sedan, and low, with the $30,000 CLA aimed at 30-somethings. Volkswagen, bereft of new products, sent its top American executive packing as sales slid.

And a bit unexpectedly, the best new models included many stellar sports cars, perhaps signaling that good times are about to roll -- or, at least that wealthy buyers are ready to splurge on pretty toys.

Over all, it was a good year for car buyers, as postrecession investments paid off, bringing interesting models to showrooms.

As in past years, writers for Automobiles have each picked the cars and trucks that have stood out. The Mazda 3 topped both lists, and while in the past the writers have included some of the same vehicles, this year they agreed on eight of the 12 models.

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The New York Times

Automobiles; SECTAU
Wheels That Made the Year Go Round

By JAMES G. COBB
1,230 words
29 December 2013
The New York Times
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1
English

It was the year when Fisker fizzled and Coda collapsed, along with the dreams of several other would-be automakers. Tesla provided endless drama as its chief executive, Elon Musk, swatted at naysayers, state dealer associations and federal regulators, even as the Model S became a trophy car for the affluent and tech-savvy.

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Over all, it was a good year for car buyers, as postrecession investments paid off, bringing interesting models to showrooms. Here are a dozen that stood out:

1. MAZDA 3 ($17,740 base; $24,785 as tested) In a compact class full of competent -- sometimes exemplary -- cars, the eager-to-please 3 is the class act, and it seems to belong, like a 14-year-old prodigy who skips high school to start college, in a whole other category. From its fine road manners to its responsive yet efficient powertrains, from its Alfa-sleek exterior to its controls and driving position, everything about the 3 just feels right.

2. CHEVROLET CORVETTE STINGRAY ($51,995 base; $71,960) I never felt the urge to get my accelerator ankle tattooed with Corvette's crossed-flag logo; I tend to prefer sports cars that are lean, light and high-revving. But the latest, greatest generation of the 'Vette is just too good, on too many levels, to ignore. America's Sports Car has long been a bargain. This one can frolic with bona fide exotics at a fraction of their cost, yet is also a delightful companion for everyday driving.

3. CADILLAC CTS ($46,025 base; $60,095 for Vsport as tested) If you're a taxpayer still fuming over your temporary investment in General Motors, take heart: Not only is ownership of G.M. back in the private sector, but your contribution helped to create one of the world's finest luxury sport sedans. The 2014 CTS isn't just another big leap for Cadillac; its spirit is distinctly American, and it's every bit as good as its haughty German rivals.

4. JAGUAR F-TYPE ($69,985 base; $98,395 for V8 S as tested) That style! That growl! That thrust! The first two-seat Jag since the E-Type isn't perfect -- it's a bit too heavy and quite a lot too expensive, for starters -- but it's the perfect car for exploring mountain roads on a lovely fall day. In the Catskills, the lovely F-Type was constant camera bait, and it drew a crowd of admirers at every stop.

5. CHEVROLET IMPALA ($27,535 base; $39,510) In the 1960s, the Impala name -- applied to millions of widely varied but always stylish models -- really meant something. In recent years, it meant something else entirely: boring fleet cars. The 2014 Impala is a huge step up with expressive styling and a quiet, comfortable ride.

6. MAZDA 6 ($21,675 base; $29,495) Like the winsome 3 and the impressive CX-5 cute-ute, Mazda's redesigned family sedan has found the sweet spot in a crowded market. With spirited performance, 30 m.p.g. economy and impressive road manners, the spacious 6 is the life of the midsize party.

7. MERCEDES-BENZ S550 ($93,825 base; $113,815) After absorbing a detailed presentation about all the sci-fi wizardry in the 2014 S-Class, I slid into the driver's seat with trepidation. Who wants to share the wheel with computerized drivers-in-waiting? Do you need an engineering degree to drive this thing? Happily, the big luxo-cruiser keeps its autonomous helpers mostly on the down low, and the ride is as soothing as it should be at this price. Once again, there's no car I'd rather drive in a hurry from coast to coast.

8. HYUNDAI SANTA FE ($25,555 for base Sport; $38,730 as tested) One of the year's nicest surprises, and one of the more impressive crossovers at any price, the Santa Fe shows a level of attention to thoughtful details -- an impressive list of standard features; convenient charge ports, storage trays and cup holders; seamless Bluetooth integration -- that continues to escape larger competitors.

9. LEXUS IS 350 ($40,375 base; $49,615 for F-Sport as tested) At Café Lexus, where warm milk is always on the menu, the aggressively redesigned 2014 IS 350 is a triple-espresso alternative with overcaffeinated performance and a hip interior. Now, if only we could convince Lexus that joysticks belong on video game consoles, not controlling in-car infotainment systems.

10. RANGE ROVER SUPERCHARGED ($99,100 base; $133,695) Equally at home in East Hampton, backcountry Greenwich and on TriBeCa's elite streets, the Range Rover is practically a cliché: a Country Squire for 21st century Gordon Gekkos. The latest version, though, is a revelation: How did they get such a big, tall box to feel so buttoned-down and carlike?

11. KIA CADENZA ($35,000 base; $41,900) I was there in the mid-1990s when an obscure Korean company showed up with a pair of neo-agricultural vehicles and cheeky TV ads, and I didn't see this coming: Not only has Kia thrived, it has become a leader in style, value and customer-friendly design. And this year the Korean company rolled out a genuinely pleasant upscale sedan that can brush $42,000 and yet seem like a reasonable value.

12. CHEVROLET CRUZE DIESEL ($25,695 base; $25,795) America's highest-mileage nonhybrid car with an internal-combustion engine, the Cruze Diesel impresses with its 46 m.p.g. highway rating -- I got 50-plus on some stretches -- 720-mile range and copious torque for jack-rabbit starts. Like the terrific new diesels from other automakers -- VW's diesel sales will top 100,000 this year -- the Cruze makes a strong argument that Americans should give oil burners another look.

This is a more complete version of the story than the one that appeared in print.

GOING PLACES: The most impressive new or redesigned models introduced in 2013 included, clockwise from top, the Chevrolet Corvette Stingray, Jaguar F-Type, Mazda 3 and Cadillac CTS Vsport. (PHOTOGRAPHS BY GENERAL MOTORS; JAGUAR LAND ROVER; MAZDA NORTH AMERICA) (AU1); APPLAUSE LINES: Among the year's top automotive debutantes are, top row from left, the Mercedes-Benz S550, Chevrolet Impala and Porsche Cayman. Above, the Mazda 6. Below, Hyundai Santa Fe and Range Rover Sport. (PHOTOGRAPHS BY MERCEDES-BENZ USA; GENERAL MOTORS; PORSCHE CARS NORTH AMERICA; MAZDA NORTH AMERICA; HYUNDAI MOTOR AMERICA; JAGUAR LAND ROVER) (AU5)

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BUSINESS BRIEFING | COMPANY NEWS
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G.M. Joint Venture In China To Recall 1.46. Million Cars

By REUTERS
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2
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General Motors' joint venture in China is recalling 1.46 million cars because of a defect with the fuel pump brackets, in one of the largest safety recalls in the world's biggest auto market. The cars are made locally by Shanghai General Motors, G.M.'s venture with SAIC Motor. G.M. said that the bracket might crack after long-term use, and in extreme cases that could lead to fuel leaks. The recall affects two of G.M.'s most popular models in China, the Buick Excelle compact car and the Chevrolet Sail subcompact. More than 1.2 million Excelle cars made from 2006 to 2011 and more than 240,000 Sail subcompacts built from 2009 to 2011 are in the recall.

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The New York Times

Business/Financial Desk; SECTB
G.M. to Invest $1.3 Billion to Upgrade 5 Midwest Factories

By BILL VLASIC
963 words
17 December 2013
The New York Times
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3
English

DETROIT -- After a year of big profits and surging sales in the United States, the American automakers are investing heavily in their domestic operations in anticipation of more good times to come.

General Motors, the nation's largest auto company, said Monday it would spend about $1.3 billion to upgrade five factories in the Midwest, including a major overhaul of one of its highly profitable truck plants.

The news followed Ford Motor's announcement last week that it was hiring 5,000 new workers next year and introducing 16 new vehicles in North America.

The investments show confidence in the continued growth in 2014 of the automotive sector -- one of the economy's bright spots this year.

''Today's announced plant upgrades continue the momentum of a resurgent auto industry,'' Mark Reuss, head of G.M.'s North American division, said on Monday at the company's pickup truck plant in Flint, Mich.

G.M. said it would invest $600 million in the Flint facility, including building a new paint shop that would make its trucks more competitive in the expanding pickup segment.

The company is also spending $493 million at another Michigan factory to produce a new transmission that increases fuel economy and to expand capacity for a high-tech V-6 engine. The rest of the new spending will be at plants in Michigan, Ohio and Indiana.

G.M. said the investments would create or preserve about 1,000 manufacturing jobs, and position the company to take advantage of more growth in the critical American market.

''Today's announcement is a win for American workers,'' said Joe Ashton, an official of the United Auto Workers, which represents 7,500 employees at the five affected plants.

The new investments are being made after the strong performance of the American auto market this year. Manufacturers sold 14.24 million new cars and trucks through November, an 8.4 percent rise from a year ago.

The industry is on pace for its best annual sales since 2007. And analysts are predicting that the year could close out with exceptionally healthy results in December.

''Floor traffic surged during the opening half of the month, nearly 18 percent higher than a year ago,'' said a report issued Monday by the marketing firm CNW Research.

For G.M., the investment announcement helps it end the year on yet another high note.

Last week, the Treasury Department said it had sold the last of the G.M. stock it took in exchange for the government's $49.5 billion bailout of General Motors in 2009.

And the company also made history by naming Mary T. Barra to take over as chief executive in January, becoming the first woman to rise to the top of a major automaker.

G.M.'s departing chief executive, Daniel Akerson, said on Monday that Ms. Barra's promotion was an important step in the company's reinvention since its bailout and bankruptcy four years ago.

''On that day, for the first time in decades, all eyes at General Motors pointed toward the future,'' Mr. Akerson said in a wide-ranging speech at the National Press Club in Washington.

Industry analysts expect sales in the United States to be even better next year and automakers -- particularly G.M., Ford and Chrysler, the third Detroit manufacturer -- are introducing new products to keep pace.

G.M. is expected to show its new midsize pickup truck, the GMC Canyon, at the Detroit auto show in January. Chrysler, for its part, will take the wraps off a new Chrysler 200 sedan.

And while it will not confirm its plans, analysts predict that Ford will show off the latest version of the top-selling vehicle in America, the F-150 pickup.

Ford executives said last week that despite the steady growth in overall sales, it was still difficult to gain even the smallest amount of market share.

''The most important thing for us is to have vehicle choices for all these consumers,'' said Mark Fields, Ford's chief operating officer.

The company is adding capacity at a number of plants, including its big truck factory in Kansas City, Mo. All automakers are stretching the limits of their existing plants rather than building expensive new ones as sales surge.

Ford said it would add about 5,000 jobs in the United States, most of which will be engineers and salaried employees working on fuel-efficient engines and new technologies. The automaker is also building two new factories in China and one in Brazil.

''This is the fastest and most aggressive manufacturing expansion the company has undergone in 50 years,'' said John Fleming, Ford's global manufacturing chief.

The Detroit companies and their Japanese and German rivals gain a sizable portion of their corporate profits from sales in the United States, where the market appears to be healthier than it has been in decades.

By drastically downsizing in recent years, the industry is matching its production to demand far better than in the past. It is avoiding building large inventories of unsold cars, which can prompt sales discounts that eat away at profits.

G.M. has reported 15 consecutive profitable quarters, which allows it the financial latitude to spend more money on new products and plant improvements.

''We are in a capital-intensive business that demands steady and significant investment,'' Mr. Akerson said.

An assembly line at a G.M. plant in Michigan, above. G.M. said it would spend about $1.3 billion to upgrade five factories in the Midwest. Daniel Akerson, left, is the departing chief of G.M. (PHOTOGRAPHS BY BILL PUGLIANO/GETTY IMAGES; WIN MCNAMEE/GETTY IMAGES)

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The New York Times

Business/Financial Desk; SECT
G.M. to Close Plants in Australia Within 4 Years

By REUTERS
482 words
12 December 2013
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NYTF
The International New York Times
English

SYDNEY, Australia -- General Motors said Wednesday that it would stop making cars in Australia within four years because of high costs and a strong local currency, fueling fears that its rival Toyota Motors would follow suit and cripple the entire domestic industry.

The decision by G.M., the world's second-largest automaker, to close its plants at its Holden subsidiary in South Australia and Victoria states caps a dire year for Australian manufacturing in general and auto production in particular.

''No matter which way we apply the numbers, our long-term business case to make and assemble cars in this country is simply not viable,'' the general manager, Mike Devereux, told reporters at G.M.'s plant in Adelaide.

The move will pile more pressure on Prime Minister Tony Abbott's conservative government, which is seeking to manage a slowdown in the $1.5 trillion economy as a decade-long mining investment boom slows.

''The decision to end manufacturing in Australia reflects the perfect storm of negative influences the automotive industry faces in the country, including the sustained strength of the Australian dollar, high cost of production, small domestic market and arguably the most competitive and fragmented auto market in the world,'' G.M.'s chairman and chief executive, Daniel F. Akerson, said in a statement.

Toyota said G.M.'s decision to stop production in Australia would affect its ability to make cars in the country.

''This will place unprecedented pressure on the local supplier network and our ability to build cars in Australia,'' Toyota Australia said in a news release.

The company said it would work with suppliers and the government to determine its next steps and whether it could continue operating as the only automaker after G.M. leaves.

There have been widespread concerns that an exit by G.M. Holden would be followed by Toyota's threatening about 150 parts and component suppliers that directly employ more than 40,000 people.

''It's now highly likely that Toyota will leave Australia. In fact it's almost certain,'' said Dave Smith, the Australian Manufacturing Workers Union's national vehicles division secretary.

In May, Ford Motor said it would shut down its two Australian auto plants in October 2016; Mitsubishi Motors left in 2008.

The announcement Wednesday came only one day after a local G.M. executive said the company needed more assistance from the Australian government to survive in the long term.

''G.M. has made this decision. It is irreversible,'' said Mr. Devereux, responding to a question on whether it would have changed its mind if the government provided assistance.

Australian manufacturing employs about 921,000 people, having declined by more than 117,000 in the past decade as a persistently strong Australian dollar and high costs make imports more competitive.

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The New York Times

Business/Financial Desk; SECT
Wheelies: The Down Under and Away Edition

By BENJAMIN PRESTON
434 words
12 December 2013
The New York Times
NYTF
The New York Times on the Web
English

A roundup of motoring news from the web:

â– It's official: General Motors announced Wednesday that it would cease manufacturing automobiles in Australia by 2017. The closure of its Holden plants there has caused concerns that Toyota may also leave Australia, as Ford has planned to do by late 2016. (The New York Times)

â– Although production of the current version of the Honda Ridgeline pickup is scheduled to wind down by mid-2014, Honda says it has a new model in the works for release in less than two years. The first-generation Ridgeline, introduced in 2005, has been built at Honda's plant in Lincoln, Ala.; the new model will be designed and developed in the United States, Honda said. (Honda)

â– The bankruptcy plan that Fisker Automotive presented to a federal court this year has received tentative approval from a United States Bankruptcy Court judge. As part of the plan, Hybrid Technology of Hong Kong would buy Fisker. (The Sacramento Bee)

â– Porsche says that it will introduce a Macan crossover powered by 4-cylinder gasoline and diesel engines ''in the foreseeable future.'' It will be the first time the German marque has offered a 4-cylinder model since production ceased on the Porsche 968 in 1995. (Autocar)

â– With its new line of compacts, Mercedes-Benz pulled ahead of Audi in global sales volume last month. Audi sold 132,050 units, while Mercedes delivered 133,441 vehicles. BMW continued to lead among luxury automakers, selling 149,663 vehicles. (Automotive News, subscription required)

â– Although Ford and Ram have bet that the small truck segment will wither in the United States as full-size trucks continue to dominate, General Motors has jumped into competition with Toyota, Nissan and Honda, the leaders in the compact pickup segment, with its Chevrolet Colorado and GMC Canyon models. Mark Reuss, president of G.M.'s North American operations, said that although there was a risk G.M.'s new smaller trucks might have soft sales, the automaker saw an opportunity for growth. (The Detroit Free Press)

â– A federal judge in Detroit ruled on Tuesday that General Motors would not have to cover $450 million worth of medical benefits for retirees, despite a 2007 agreement between G.M., the United Auto Workers union and Delphi, a former G.M. affiliate. A later contract, which was signed after G.M.'s 2009 bankruptcy and which did not include the payment, superseded the earlier agreement, the judge ruled. (Automotive News, subscription required)

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The New York Times

Business/Financial Desk; SECTA
Company Woman, Born to the Job, is New G.M. Chief

By BILL VLASIC
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1
English

DETROIT -- Her father was a die maker for 39 years, one of the legions of employees who performed the gritty tasks that made General Motors the nation's largest and most powerful auto company.

And ever since she was a child, Mary T. Barra aspired to join the family business and make her mark in the rugged, automobile industry. At 18, she did just that, entering a G.M. technical school to become an engineer.

On Tuesday, Ms. Barra, 51, completed a remarkable personal odyssey when she was named as the next chief executive of G.M. -- and the first woman to ascend to the top job at a major auto company.

While she is the consummate insider who has spent 33 years with G.M., Ms. Barra is now charged with driving change at the automaker, which, just four years ago, went bankrupt and needed a $49.5 billion government bailout to survive.

G.M.'s board chose her unanimously from a handful of internal candidates to succeed Daniel F. Akerson, who was a fledgling outside director of the company with no automotive experience when he took the reins of G.M. in 2010.

But the selection of Ms. Barra (pronounced BAHR-ra) is a milestone in an industry long dominated by men, and a signal that the stodgy corporate culture at G.M. has changed forever.

''This is truly the next chapter in G.M.'s recovery and turnaround history,'' Ms. Barra told employees at a town-hall style meeting Tuesday at company headquarters in Detroit. ''And I'm proud to be a part of it.''

Ms. Barra brings extensive experience to her new position. She has been a rank-and-file engineer, a plant manager, the head of corporate human resources and, since 2011, the senior executive overseeing all of G.M.'s global product development.

And she has, in the parlance of the Motor City, gasoline running through her veins. She and her husband, Tony, a management consultant whom she met at G.M.'s technical school, have owned several Chevrolet Camaros. And Ms. Barra can often be found on the company's test track putting vehicles through their paces at high speeds.

Mr. Akerson, who is retiring earlier than expected from G.M. because of his wife's health problems, insisted that Ms. Barra was not chosen to make a statement about the need for diversity in the ultracompetitive auto industry.

She beat out some prominent candidates for the job, including Mark Reuss, the head of G.M.'s North American operations and the son of a former president of the company.

''Mary was picked for her talent, not her gender,'' Mr. Akerson said in a conference call with reporters.

But on a personal note, he said, promoting Ms. Barra to become chief executive was an emotional moment for him. ''It was almost like watching your daughter graduate from college,'' he said.

He said that Ms. Barra ''brought order to chaos'' in G.M.'s vast product development organization, mostly by flattening its bureaucracy and cutting overlapping layers of executives. She was also in charge of reducing the number of expensive, global vehicle platforms, and bringing new models to market faster and at lower cost.

During her tenure, G.M. has introduced competitive small cars like the Chevrolet Sonic and redesigned versions of its big-selling pickup trucks. Ms. Barra has also been a champion of more fuel-efficient engines and lighter-weight vehicles.

G.M.'s announcement that Ms. Barra will take over as its chief executive in January came one day after the Treasury Department sold the last of the G.M. stock it took in exchange for the company's government bailout.

Now G.M. can continue its comeback without the lingering, negative nickname of ''Government Motors'' -- and under the leadership of a woman who has shattered the glass ceiling in the car business.

Ms. Barra was not available for comment on Tuesday. One of the first women to serve as a G.M. vice president, Marina Whitman, said her selection was overdue in a company that rarely breached its tenets of conformity. ''One of my greatest frustrations at G.M. was we were never able to persuade top management that the world was changing rapidly and they needed to change to keep up with it,'' said Ms. Whitman, a University of Michigan business professor who worked at G.M. from 1979 to 1992.

But because Ms. Barra has had such a stellar career at G.M., she now has an opportunity to accelerate its post-bankruptcy transformation.

Ms. Barra is hardly a flamboyant figure at the company. She is known inside G.M. as a consensus builder who calls her staff together on a moment's notice to brainstorm on pressing issues.

An early riser who is often in her office by 6 a.m., she has a soft-spoken manner that belies her intensity on the job.

In a commencement speech last summer to students at her alma mater, the G.M.-sponsored Kettering University in Flint, Mich., she summarized her inclusive management style. ''Problems don't go away when you ignore them -- they get bigger,'' she said. ''In my experience, it is much better to get the right people together, to make a plan, and to address every challenge head on.''

One of her initiatives in the product-development job was to assign engineers to work in car dealerships to learn more about what customers want and need in their cars and trucks.

''It's the little things,'' she said in November. ''It's the person who programs the Sonic windshield wiper who says, 'Hmm, why don't I turn this on when the rain sensor for the windshield senses it's raining, when the person puts it in reverse?' ''

And while she has a low-key personality, Ms. Barra, the mother of two teenage children, is keenly competitive when it comes to beating rival automakers.

''We're not developing models to participate in a segment,'' she told members of her team at a recent meeting. ''We're developing models to win in a segment.''

Mr. Akerson lauded Ms. Barra for her management and product skills, but also said she had ''an ability with people'' that is critical to G.M.'s team-first approach.

She will need those talents to lead other executives who lost out on the chief executive job, including Mr. Reuss, who will take over Ms. Barra's product development duties, and Daniel Ammann, the chief financial officer who was promoted on Tuesday to be G.M.'s president.

The G.M. board, however, did split the chairman and chief executive jobs that were both held by Mr. Akerson. The new chairman of the board will be Theodore M. Solso, a former head of Cummins, the engine manufacturer.

In the end, Ms. Barra's biggest challenge is to continue to ensure improvements in G.M.'s product lineup. G.M. has overhauled many of its models since emerging from bankruptcy in 2009, but its American market share remains stuck at about 18 percent.

Other hurdles include fixing G.M.'s troubled European operations, and spurring more growth in China and Asia. And while G.M. has been profitable for 15 consecutive quarters, it still lags competitors like Toyota and Ford Motor in overall earnings.

Mary Barra (A1); Mary Barra, the new chief of General Motors, addressed a town-hall style meeting on Tuesday at the company's headquarters in Detroit. She replaces Daniel Akerson, second from left. (PHOTOGRAPH BY STEVE FECHT FOR GENERAL MOTORS); Other top female G.M. executives are, from left, Alicia Boler-Davis, global quality; Melissa A. Howell, global human resources; and Grace Lieblein, global purchasing and supply chain. (PHOTOGRAPHS BY EARL WILSON/THE NEW YORK TIMES; JOHN F. MARTIN FOR G.M. (BOLER-DAVIS AND HOWELL); JOE WILSSENS FOR G.M.) (A3)

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The New York Times

Business/Financial Desk; SECT
Mary Barra, G.M.'s New Chief, Speaking Her Mind

By THE NEW YORK TIMES
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The New York Times on the Web
English

Mary T. Barra, who was named the next chief executive of General Motors on Tuesday, visited The New York Times in November and talked with reporters and editors. What follows is an edited, condensed version of the interview.

Q. Can you talk about your career, in a male-dominated industry, and how have things changed?

A. I started at General Motors at 18 years old as a co-op student at the General Motors Institute, which is now Kettering. My father was a die maker for 39 years, so I had a basic understanding of the automobile industry and what the manufacturing world was like, just from the opportunity to spend time with him -- just talking, because he was a car buff.

Things have changed dramatically. When I started back in 1980 at 18 years old, the factory was a different place than it is right now. But -- not that it was completely impossible then -- I just think it has become more welcoming. There are women in every aspect of the business.

You start with our board. We were just recognized for having a very high percentage of women board members.

And then you look at the women who sit at the top level of the company at the executive committee. We have several women, whether it is Alicia Boler-Davis, myself, Melissa Howell -- all members of that. So I think there are more women in more senior roles than in 1980 when I started. But from my career perspective, I don't go into a room and take count. I want to be recognized for my contribution and for what I do. Yeah, there were probably times it was to my benefit, and there were probably times when it was not to my benefit. But that is true for everyone. There are always things that potentially impact how you are received. And I just don't focus on it. I don't focus on what you can't control.

Q. When did things change?

A. Through my whole career, I have seen more and more women. It's been a decade where we have had many women plant managers. When I started in 1980 that was probably something that wasn't necessarily even comprehended. And maybe 15 or 20 years later there were many women across the country and across the globe in leadership roles, running operations. Which is a really core experience.

I don't know if there was a moment where I said, it's really different now. Because I would say that through my career I'm very fortunate. I have worked for a lot of really great leaders and mentors that I felt provided me, along with many of my peers -- many of them women -- opportunities.

Q. Would you want Daniel Akerson's job?

A. I have the best job in the company right now. I am responsible for designing, building and selling. I spend time with the design staff and Ed Welburn. Spending time in design and looking at the future -- what can be -- and having a strong influence in that, to quite often on Friday afternoons we spend time at the Milford Proving Ground or when I am around the globe at other proving grounds and driving vehicles -- from Korea to Brazil to Europe to Milford -- it's a pretty good job.

Q. How much travel do you do? How do you split time?

A. Eight to nine major trips a year overseas. I try to be as efficient as I can because I am a mom with two teenagers. And then a lot of smaller overnight trips.

When I am there at our global product development centers, I am meeting with the design team and reviewing design work being done there and meeting with engineers responsible for work being done specific to that region, meeting with purchasing team.

Q. What do you drive?

A. I drive a lot of things. That's one of the benefits of the job.

The new CTS, I really love it.

The Corvette is just a great car to drive. If you can do an old-to-new comparison you will see, it's just been taken a step further. You have this great sports car but still it is true to the Chevrolet brand, because it is a great value. Yes, it is a $50,000 car, but it is competing against cars approaching two times that, so it is true to Chevy's heritage for value and ingenuity -- the work that was done, the learnings from the racetrack that were driven into that vehicle.

The Impala. It's a car I am really proud of. I really love the Spark BEV.

So I drive them all.

Q. Do you miss your old Chevette?

A. Well, that was a car I could afford, and thanks to my parents' help. It was my first car, and my dad was a die maker so he did get a benefit from being a General Motors employee. But I had the most basic of basic cars.

It actually was an automatic. My manual was a Fiero. I worked at the Fiero plant.

But I still remember the Chevette vividly because it gave me freedom. It was our way to spend more time with our friends. They have that now all the time. I have two teenagers, a 14- and a 16-year-old.

My son couldn't wait to drive. It's not that the millennials do not want vehicles.

Q. Do you have any classics?

A. My husband has been on a two- or three-year hunt for the perfect Camaro. We have owned different cars, but right at this point in time I don't. I can't tell you how many different Camaros we have looked at. A couple of times we have just been slow to move -- the values go pretty quickly.

We are kind of -- if you ask me what my all-time favorite is, I am a Camaro fan. Or a Firebird.

Looking for a '67 to '69, a convertible.

We have owned every generation. We have a Camaro SS right now. I can't really claim it is my husband's car. There are a couple in the future that we are looking at buying as they come out.

There is an active debate going on right now.

Q. Is your husband a G.M. employee as well?

A. Actually, no. We met at General Motors Institute so he is an engineer as well. But he is actually a consultant. That is probably best.

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
U.S. Ends Bailout of G.M., Selling Last Shares of Stock

By BILL VLASIC and ANNIE LOWREY; Bill Vlasic reported from Detroit, and Annie Lowrey from Washington.
1,243 words
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1
English

Updated, 8:52 p.m. | The government bailout of General Motors ended on Monday with the Treasury Department's announcement that it had sold its final shares of G.M. stock.

The sale closes a tumultuous chapter in the history of the American auto industry, and allows the nation's largest automaker to continue its comeback free from the stigma of being known as ''Government Motors.''

Treasury Secretary Jacob J. Lew said the government sold the last of what was once a 60 percent stake in G.M. Taxpayers lost about $10 billion on their $49.5 billion investment in the Detroit automaker. ''With the final sale of G.M. stock, this important chapter in our nation's history is now closed,'' Mr. Lew said. In all, taxpayers have ended up in the black on the crisis-related bailouts, Treasury officials said. It has recovered $433 billion from the Troubled Asset Relief Program after initially investing about $422 billion.

The announcement of the sale brought a collective sigh of relief from G.M. officials, who have struggled to win back consumers who were loath to buy a vehicle from an automaker under the yoke of government ownership.

''It's been a long, hard road with the label of Government Motors,'' Mark L. Reuss, the president of G.M.'s North American division, said before the announcement.

It was five years ago that President George W. Bush decided to make emergency loans to prevent the financial collapse of G.M. and Chrysler, the smallest of the Detroit carmakers.

Then, in 2009, President Obama undertook a sweeping effort to save the beleaguered car companies by appointing a task force to lead G.M. and Chrysler through bankruptcy.

Over all, the government spent more than $80 billion to save G.M., Chrysler and their suppliers. The third Detroit automaker, Ford Motor, survived the recession without direct financial aid from Washington.

On Monday, Mr. Obama described the bailout as a calculated bet on the domestic auto industry's ability to recover and become competitive again.

''When things looked darkest for our most iconic industry, we bet on what was true: the ingenuity and resilience of the proud, hardworking men and women who make this country strong,'' the president said in a statement.

G.M. became a public company again in 2010 when it made what at the time was the largest initial public stock offering.

But the company's turnaround has been challenging and at times painful.

As part of his rescue plan in 2009, Mr. Obama required that G.M.'s chief executive, Rick Wagoner, resign.

And the president's auto task force required other wrenching changes on the company, including eliminating divisions like Pontiac and Saturn, cutting dealers and employees, and demanding that G.M. overhaul its insulated corporate culture.

Automotive specialists said the aggressive intervention by President Bush and President Obama was necessary to prevent a total breakdown of the industry -- one of the largest manufacturing sectors in the American economy.

''It had to be done because the entire industry was in a depression, and it could have dragged the whole country into one,'' said David E. Cole, the former chairman of the Center for Automotive Research in Ann Arbor, Mich.

A report released recently by Mr. Cole's organization estimated that the government's auto bailout helped save 1.2 million jobs in the United States, including employment by suppliers and dealers.

The healthy state of the industry today is in contrast to when it began its free fall five years ago.

G.M. had been losing billions of dollars for years because of unprofitable products, an excess of production capacity, and the spiraling costs of pensions and health care for hundreds of thousands of retirees and relatives.

When auto sales plunged in summer 2008 because of the Wall Street crisis and a shortage of available credit, G.M.'s losses widened. And during congressional hearings that fall on the industry's troubles, Mr. Wagoner said that G.M. could become insolvent by the end of the year without an emergency infusion of taxpayer dollars.

For several tense months, the fate of G.M. -- once considered the pinnacle of American industrial prowess -- hung in the balance.

But in March 2009, President Obama announced a government effort to save G.M., and a plan to steer Chrysler into a partnership with the Italian automaker Fiat.

G.M. and Chrysler were required to file for Chapter 11 bankruptcy. In the process, the companies shed jobs, factories and liabilities, and emerged as leaner, more focused manufacturers.

The task force also required G.M. to replace several members of its board with a new cast of outside directors -- one of whom, Daniel Akerson, is now the company's chairman and chief executive.

Because of G.M.'s precarious position, the government took stock in the company in exchange for its financial aid. Since the initial public offering in 2010, the Treasury Department has methodically sold its shares, culminating in Monday's final sale, of about 2 percent of the company.

''We will always be grateful for the second chance extended to us, and we are doing our best to make the most of it,'' Mr. Akerson said in a statement.

Mr. Reuss, the North American chief, met with reporters on Monday to introduce one of G.M.'s latest initiatives, a ''customer engagement'' call center in suburban Detroit.

The center is part of G.M.'s efforts to build closer ties to vehicle owners and engender more loyalty for its products. In the past, the company has been criticized for not adequately reaching out and helping consumers with vehicle problems.

''There was a time when we wouldn't admit that we fell short,'' said Alicia Boler-Davis, G.M.'s senior vice president for global customer experience and quality. ''Now it's part of the new G.M. culture.''

The post-bailout G.M. is smaller, but more competitive with rivals like Ford and Toyota. The company has posted 15 consecutive profitable quarters and has reported particularly strong earnings in the surging North American market.

But more work is ahead for G.M. to match the profit margins of Ford in North America, and to stem its chronic losses in Europe. G.M. also has to build on the successes of its revamped product lineup in the all-important United States market.

The company has introduced a number of competitive small cars, as well as new versions of its bellwether trucks and sport utility vehicles.

Its United States market share, however, is still stuck at slightly less than 18 percent, the same as it was a year ago.

But Mr. Reuss, a longtime executive whose father was once the president of G.M., pledged that sales would improve because of better products and a new spirit in the company.

"We're getting a winning culture in place," he said. "If we quit changing or you don't see us changing, I'd be worried about that."

Bill Vlasic reported from Detroit, and Annie Lowrey from Washington.

General Motors' plant in Kansas City, Kan. G.M. is smaller, but more competitive and has had 15 straight profitable quarters. (PHOTOGRAPH BY ORLIN WAGNER/ASSOCIATED PRESS) (B6)

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The New York Times

TECHNOLOGY
Automobiles; SECTAU
On Alert for Red-Light Cameras

By JOHN R. QUAIN
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2
English

Banished by voters in Houston, facing legal challenges in Missouri and working undercover in New York City, traffic-monitoring cameras, promoted as accident-reducing tools by safety advocates and decried as intrusive revenue-generators by opponents, are nothing if not controversial.

The battlefront of photographic traffic enforcement is moving to the dashboard, where an increasing number of gadgets -- even built-in systems from automakers including General Motors and Mazda -- are alerting drivers to the locations of cameras, which photograph speeders and red-light violators and issue citations.

Camera alerts have long been a feature of portable navigation devices from TomTom, smartphone apps like Waze and radar detectors like the Escort Passport Max. The location of the cameras can come from several sources. Navigation companies constantly update their database of alerts, relying on crowd-sourced driver reports to mark the positions of cameras. The reports are sent to a server using the cellphone app or navigation device's data connection, and then distributed to other app users.

Cities like Baltimore and Chicago list the locations of cameras online and post conspicuous warning signs at monitored intersections, with the intent of warning drivers about dangerous locations.

''The notion is that showing this information is a deterrent, and that's a good thing,'' said Sachin Lawande, president of Harman International's infotainment division, which supplies navigation systems to dozens of automakers. ''The goal is to get people to be more careful about how they drive.''

Dave Matthew, vehicle line manager for the Mazda 3, agrees.

''We look at it as more of a safety feature,'' he said of the alerts.

Still, some municipalities try to hide the exact positions of the cameras. In New York City, for instance, state law allows for red-light cameras at 150 intersections, but dummy cameras are also installed around the boroughs. This fall, the city installed 20 speed cameras in school zones but would not reveal the locations, and it plans to move them periodically.

Some groups are concerned that drivers will simply avoid areas of photo enforcement -- and continue speeding and running red lights.

''There are 12,000 intersections in the city,'' said Juan Martinez, general counsel and legislative director of Transportation Alternatives, a nonprofit safety and public transportation advocacy group. ''So little of the city is covered that when you alert drivers, you highlight the areas where there isn't any enforcement.''

Camera locations are often provided in European navigation systems -- ''absolutely commonplace'' is how Paul Mascarenas, chief technical officer at Ford Motor, characterized it. ''The majority of our customers are accessing it already through an app,'' Mr. Mascarenas added, noting that Ford had been particularly sensitive to the trend as it worked to put more smartphone features in the dashboard.

''The purpose is to slow down and save lives,'' said Ogi Redzic, vice president for connected driving at Nokia's navigation map division, Here, formerly known as Navteq. ''It is the objective we all have.''

The company supplies maps to customers including BMW and Toyota, and owns Trapster, an app that collects user-reported locations of speed traps, red-light cameras and accidents. The information, offered by Here to carmakers for navigation systems, has become a popular feature in Europe, though interest in the United States has been less enthusiastic.

Telenav, which includes photo enforcement warnings in the navigation app that it offers to carmakers and in the Scout app for individual subscribers, acknowledges that there are strong opinions in the United States about the ethics of supplying enforcement information.

''Definitely, it's a touchy subject,'' said Sooner Heath, a customer solutions manager at Telenav. Camera locations appear as red icons on Telenav's maps, and the app can be set to sound a spoken alert.

Rather than being an application for people seeking to evade law enforcement, the increased availability of camera information directly from automakers, built into dashboard navigation systems, could help legitimize its use. No longer would it be seen as a scofflaw's gimmick.

Adding to the usefulness of the alerts is the increased accuracy of the location information, navigation companies say.

''Even a year ago, the quality of the information was not as good,'' said Mr. Lawande of Harman. ''So people said, what's the point?''

FAIR WARNING: The camera alert feature on the Waze app, top, and the Scout app showing camera locations. (PHOTOGRAPH BY DAN NEVILLE/THE NEW YORK TIMES) MAP (MAP BY TELENAV)

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The New York Times

Business/Financial Desk; SECT

G.M. to Pull Back on Chevrolet Sales in Europe

By JACLYN TROP
381 words
6 December 2013
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The New York Times on the Web
English

General Motors said on Thursday that it planned to scale back its Chevrolet brand in Europe over the next three years as the automaker strives to stanch losses and become profitable there.

Starting in 2016, G.M.'s strategy in Europe will focus on its Opel and Vauxhall brands as well as expanding its premium Cadillac marque. The automaker said that its decision to withdraw Chevrolet, the fourth-largest global automotive brand, was ''largely due to a challenging business model and the difficult economic situation in Europe.''

Chevrolet will sell only ''iconic vehicles'' like the Corvette in Western and Eastern Europe, while continuing its broad presence in Russia, where the Opel and Chevrolet brands are more clearly distinguished, the company said.

''Europe is a key region for G.M. that will benefit from a stronger Opel and Vauxhall and further emphasis on Cadillac,'' G.M.'s chairman and chief executive, Daniel F. Akerson, said in a statement Thursday. ''For Chevrolet, it will allow us to focus our investments where the opportunity for growth is greatest.''

Meanwhile, G.M. will add to Cadillac's distribution network as it prepares to introduce new vehicle models.

''Strategically, this makes sense,'' said Joseph Spak, an analyst with RBC Capital Markets, in a research note on Thursday. The Chevrolet brand has lagged behind Opel and Vauxhall in market share in Europe, even as Chevrolet bought jersey sponsorship rights for the Manchester United Football Club.

''The hope was that Chevy would be able to compete at the lower-end of the market and Opel would be able to move upscale, but this strategy never really gained traction,'' Mr. Spak said.

By scaling back Chevrolet's presence in Europe, G.M. said it expected to record $700 million to $1 billion in net special charges through the first half of 2014. Those charges include asset impairments, dealer restructuring, sales incentives and severance-related costs. The automaker also expects to incur restructuring costs that will not be treated as special charges but will affect the company's 2014 earnings from international operations.

G.M. said it would continue to provide warranty, parts and services for Chevrolet vehicles bought in Europe before 2016.

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
Shedding Its Stake

By MICHAEL J. DE LA MERCED
229 words
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5
English

General Motors plans to sell the last of its holdings in Ally Financial, its onetime financing arm, through a private placement of shares, a person briefed on the matter said on Wednesday.

The move would allow G.M. to avoid a lockup of its shares if Ally were to move forward with a long-awaited initial public offering. Such sales usually require existing stockholders to hold on to their shares for several months.

An I.P.O. would let Ally's majority shareholder, the federal government, sell some of its 64 percent stake. The Treasury Department obtained those holdings as part of a series of bailouts, which Ally has been steadily repaying.

The timing of an I.P.O. isn't clear, though Ally and G.M. are counting on rising investor interest in the company.

In a regulatory filing this year, Ally reported G.M.'s stake at 132,000 shares. That represents about 8.5 percent of its outstanding stock after a share sale earlier this year.

According to The Wall Street Journal, which first reported the news, the private placement would be valued at about $900 million.

Representatives for G.M. and Ally declined to comment.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

BUSINESS BRIEFING | COMPANY NEWS
Business/Financial Desk; SECTB

Saab to Resume Auto Production in Sweden

By REUTERS
142 words
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The New York Times
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2
English

National Electric Vehicle Sweden, which bought the Swedish carmaker Saab last year, will restart production of the Saab 9-3 sedan on Monday at the Trollhattan factory in Sweden, a company spokesman said on Friday. The 9-3 sedan will be powered by a turbocharged gasoline engine and built in ''small and humble numbers'' for China and Sweden, the spokesman said. The move comes almost two years after Saab filed for bankruptcy at the end of 2011. Saab was previously owned by General Motors, which sold it to the Dutch sports car maker Spyker in 2010. National Electric Vehicle, which is controlled by Chinese investors, bought most of Saab's assets. An electric 9-3 sedan is expected to be introduced in China next year.

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The New York Times

Business/Financial Desk; SECTB
G.M.'s Opel Unit Reaches Deal to Close a German Plant

By JACK EWING
449 words
19 November 2013
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2
English

FRANKFURT -- The Opel unit of General Motors said on Monday that it reached a preliminary agreement with workers to close a factory in Bochum, Germany, at the end of next year, another example of the effort by hard-pressed European automakers to slowly close superfluous manufacturing plants.

Opel had already announced that it would close the factory, which makes Zafira minivans and employs about 3,200 people. But the agreement with the Opel workers' council would let the company cease production at the end of 2014 without the protests or work stoppages that have hurt efforts by companies like Ford or PSA Peugeot Citroën to close factories.

With European auto sales near a 20-year low, automakers are desperate to cut costs. But factories like the one in Bochum, in northwestern Germany, are often the largest employers in their areas. Attempts to close them generate intense resistance from unions and political leaders.

Opel said it had reached an agreement with worker representatives on important elements of the shutdown, including a plan to expand a parts distribution center that could absorb about 400 workers. Some workers will be offered jobs in other locations, and those remaining will receive severance pay and help finding new jobs. The company and workers still must work out details of the agreement.

Production of the Zafira will be moved to Rüsselsheim, where Opel has its headquarters.

Ulrich Weber, an Opel spokesman, said it was too early to estimate the total job losses as a result of closing the plant or the cost to G.M. Other auto factory closings in Europe have been expensive. Ford is paying $750 million in severance costs to about 4,000 blue-collar workers at a factory in Genk, Belgium, that will also close at the end of next year.

G.M. reported third-quarter losses in Europe of $200 million, which was an improvement over a loss of $500 million a year earlier. But overcapacity is likely to continue to be a problem for the European car industry until demand picks up.

The burden of underused factories is unevenly distributed within the industry. High-volume carmakers like Opel and Peugeot have suffered most. Others, like the German automaker BMW, do not have too much extra capacity because their models continue to sell well. On Monday, BMW began production of a new generation of its sporty Mini compact car at a factory in Oxford, Britain.

BMW said it was investing 750 million pounds, or $1.2 billion, through 2015 in its British factories, which include plants in Swindon and Hams Hall.

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The New York Times

COLLECTING
Automobiles; SECTAU

An Early Import Fighter That Only Embarrassed

By JIM KOSCS
459 words
10 November 2013
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6
English

General Motors' first front-wheel-drive compact models -- the Buick Skylark, Chevrolet Citation, Oldsmobile Omega and Pontiac Phoenix -- arrived for 1980 with great promise. Known by G.M.'s internal code as the X-body models, or X-cars, the four models replaced larger rear-drive sedans that included the popular Chevy Nova.

Built to meet growing demand for more efficient cars and federal regulations mandating higher fuel economy, the X-cars represented a daring break from Detroit engineering conventions of the time. This leap contributed to their departure, as spectacular failures, by the mid-1980s.

Although some 20 inches shorter and 500 pounds lighter than their predecessors, the X-cars offered roomier cabins, especially in the Citation and Phoenix hatchback body styles; the Skylark and Omega came as two- and four-door sedans. There were two engine choices: a 4-cylinder made by Pontiac and a new Chevrolet-built 2.8-liter V6.

Ford had taken a more conservative approach with its Fairmont compact, introduced for 1978, retaining rear-wheel drive and conventional sedan and wagon designs. Chrysler would introduce its K-cars for 1981, the Dodge Aries and Plymouth Reliant. Toyota's first front-drive compact, the Camry, arrived for 1983 with a hatchback profile similar to the Citation.

The automotive press, impressed by test drives in factory-prepared X-cars, poured on the superlatives: Motor Trend named Citation its Car of the Year. Road & Track gushed, ''This may be the best car to ever come from Detroit.'' Car and Driver called the cars ''revolutionary.''

The Citation became America's best-selling car for 1980, with 811,000 sold. The spotlight quickly dimmed, however. Reports of dreadful assembly quality, faulty steering and brakes, fuel leaks and other maladies were accompanied by numerous recalls. Citation sales dropped by half for 1981, and the decline steepened from there, plummeting to 63,000 in 1985, its final model year. The Olds Omega and Pontiac Phoenix were canceled the year before.

G.M. at least acknowledged the problems. An April 1981 news wire story said: ''F. James McDonald, president of the General Motors Corporation, says that G.M.'s popular X-cars are plagued with uneven doors, shabby paint jobs and other problems that do not match the quality standards of foreign competitors.''

G.M. would adapt much of the X-car hardware, with improvements, to build more successful front-drive models. And the X-car V6 engine, in various forms, powered millions of G.M. vehicles for another three decades.

FALSE START: Clockwise from top left, the X-car family included the Oldsmobile Omega, Chevrolet Citation II, Pontiac Phoenix and Buick Skylark. (PHOTOGRAPHS FROM WIKIMEDIA COMMONS)

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The New York Times

AUTO EGO
Automobiles; SECTAU
An Artifact From a Grim Era in Detroit's Showrooms

By JIM KOSCS
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1
English

''This was the car that started the decline,'' Alan Spiegel said, turning his beige Chevrolet Citation into the parking lot of the Bridge View Tavern, a restaurant that, he promised, served the best burgers in Westchester County.

The Citation and its General Motors siblings, Mr. Spiegel suggested, epitomized the ills of American car manufacturing in the 1980s -- and the model's ultimate failure opened a path for the success of Japanese brands that are today's top sellers.

Mr. Spiegel's culinary judgment would prove spot on. His theory about the role this particular model played in the history of the auto industry required a bit more explanation, however, starting with a review of events that took place in this neighborhood.

From the foot of Beekman Avenue in Sleepy Hollow, a suburb 25 miles north of New York City, the view stretches across a sprawling empty lot on the east bank of the Hudson River, immediately north of the Tappan Zee Bridge. The 99-acre site was once occupied by the General Motors North Tarrytown Assembly plant.

The factory, which built Chevrolets and other G.M. vehicles for 81 years, closed in 1996 and was razed by 2000. Its crumbling concrete foundation remains an eyesore in an otherwise picturesque setting.

Mr. Spiegel, 53, briefly reflected on the effect of the plant's closing on the local businesses and residents. And then he offered that a substantial amount of the blame for its demise -- along with G.M.'s painful march toward Chapter 11 reorganization in 2009 -- belonged to cars like the two-door hatchback he drives.

Mr. Spiegel's Citation, a sport-oriented version called the X-11, was not built in North Tarrytown, but in Oklahoma City. The plant location mattered little, though; the cars proved so troublesome that G.M. stopped making them after six years.

That was also true of its corporate brethren, the Buick Skylark, Oldsmobile Omega and Pontiac Phoenix, known collectively as the X-cars based on G.M.'s internal designation. The company's fledgling front-wheel-drive compacts, introduced for 1980, all suffered myriad problems in their mechanical design and assembly quality. They were recalled repeatedly and incurred customers' ire.

Mr. Spiegel, who was living on Long Island when the cars were introduced, said he was captivated by the Citation X-11 nonetheless. He had considered buying a two-year-old model in 1983 from a dealer in Sayville, N.Y. The asking price was $6,000 for a well-optioned car that had a window sticker of about $9,000 when new.

''I had $4,000,'' he said, explaining that the car was out of reach. ''Maybe that was a good thing.''

Instead, Mr. Spiegel bought a 1979 Ford Mustang. His marriage a few years later, and then the birth of twins, Adam and Samantha, in 1993, took sporty coupes off his radar for years, pushing him toward family cars like the Volvo station wagons that he prefers to buy used, and an older Lexus that his wife, Stacy, drives. When family finances have allowed, he has enjoyed owning a few just-for-fun cars, including a 1968 Cadillac convertible and a 1970 Chevy Camaro, neither one in show condition.

Finding a drawing of the X-11 he made while a student at Pratt Institute in Brooklyn -- he earned his degree in industrial design there in 1982 -- rekindled Mr. Spiegel's interest. His decades-long affection for the car finally blossomed into a relationship when a friend, Cary Sparer, helped him find an '81 X-11 for sale last year on Craigslist near Altoona, Pa.

After some negotiation, Mr. Spiegel bought the car, unseen, for $1,200. He saw his Citation for the first time when it was delivered to his home on a flatbed.

"I figured if it was junk, I'd just get rid of it," he said. "I was willing to take the chance."

The car appeared to be in good condition, with just a few small rust spots. The odometer showed 30,000 miles, yet Mr. Spiegel was dubious.

"It could have been 30,000 or 130,000," he said. "It's hard to tell with these cars, because they aged badly and quickly."

The car's V-6 engine, it turned out, needed to be rebuilt. That cost $2,000.

In the restaurant's parking lot, Mr. Spiegel dived into a salesman's walkaround demonstration of the Citation's features, pointing out its attractions as well as some foibles. He started with the interior, finding some humor in the odd vertical layout of the radio controls and the faux stitching molded into the vinyl door trim. He was most critical of the poor assembly quality and materials.

"The plastic was junk," he said frankly. "It would break down from sunlight and turn chalky white and then disintegrate." The car's pop-up sunroof, an aftermarket accessory, is a particular sore point.

"I hate it," Mr. Spiegel said. "But I think it's the only reason the headliner didn't fall in. It's held up by the sunroof frame."

He turned to the positive, praising the car's roomy cabin, cavernous trunk and excellent visibility. And his car came with the original components of the X-11 performance upgrade package. The 14-inch alloy wheels, unique to the X-11, have the Citation name cast into them, a surprising detail given the car's frugal character. The hood, made of fiberglass, is a variation on the so-called cowl induction design that was a highlight of the carmaker's muscle cars in the late 1960s and early 1970s. An inlet at the rear of the raised center section feeds cool air to the carburetor, ostensibly to increase power.

The "High Output V6" badges on the hood proclaim the centerpiece of the X-11 option package -- a 2.8-liter V6 engine that produced 135 horsepower (the Corvette's V8 engine made 190 that year) instead of the standard V6's 110. Contemporary magazine reviews measured the X-11's acceleration as nearly equal to the Datsun 280 ZX, a sports car costing thousands of dollars more.

Mr. Spiegel is fond of his car's 4-speed manual transmission. "I wouldn't have bought one with the automatic," he said. "It's pretty quick with the 4-speed. It's very light, about 2,700 pounds."

His favorite aspect is the car's styling.

"I like the boxy look, especially the front end," he said. "It's totally different from early 1970s cars and totally different than the later 1980s. Ford went to its aero look soon after, so the Citation looked old very quickly. But it's so period. I like it a lot."

The color is a negative, though.

"The beige kills me, and it's not even correct, it's a more fleshy tone," he said about a repaint the previous owner had done. "These cars all have the wrong decals if they're repainted. I had one of my sign vendors recreate the original decal in vinyl," he added, pointing to the large X-11 emblem on the door.

The car's relative rarity also appeals to Mr. Spiegel. The 1980 X-11 package was purely cosmetic. The performance upgrades arrived for 1981, and Chevy made 11,600 that year. Over the next four years 9,000 more were built.

"People don't know what it is, because they all disappeared a long time ago," he said.

Even so, the maker of Johnny Lightning toy cars recently saw fit to reissue the Citation X-11. Mr. Spiegel bought several for about $3 each.

Out on the road, he blamed the carburetor for a slightly rough idle.

"It's a computer-controlled nightmare," he said. "The man who rebuilt the engine actually worked on these engines in the factory, and even he said he couldn't do much more for it."

Things improved when electronic fuel injection replaced the carburetor for the 1985 model year.

Once under way, the engine smoothed out and emitted a pleasing exhaust growl. At cruising speed on Interstate 287, the Citation rode smoothly, with just an occasional rattle from under the dash to mar an acceptably quiet ride. Entering the Bronx River Parkway, Mr. Spiegel clearly seemed to enjoy hustling his X-11 through the curves.

"The car is a blast to drive. It's almost European in feel," he said.

Brief spurts of acceleration testified to the engine's generous low-speed torque, but because the clutch-pedal adjuster needed to be repaired, Mr. Spiegel was careful not to push too hard. A loud snapping sound could be heard after some gearshifts.

He bought the replacement part on eBay, and he has the Citation factory service manual. For additional support, Mr. Spiegel also follows what he describes as a zealous group of Citation owners on Yahoo.

"I can't wait to get the clutch fixed so I can really beat on the car," he said.

Alan Spiegel

Location Scarsdale, N.Y.

Occupation Construction project manager

Vehicle 1981 Chevrolet Citation X-11

Acquired 2012

PLATED: Onlookers can easily learn the year and model of Alan Spiegel's Chevy Citation. (AU1); With bold graphics and alloy wheels, the Citation X-11 put a sporty face on a front-drive hatchback. (PHOTOGRAPHS BY TONY CENICOLA/THE NEW YORK TIMES) (AU6)

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The New York Times

Business/Financial Desk; SECTB
Profit Is Up 70% at Toyota, Close to Its Old Milestone

By HIROKO TABUCHI
934 words
7 November 2013
The New York Times
NYTF
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3
English

TOKYO -- In 2008, Toyota Motor was at giddy heights. Profit soared to a record high. The Japanese company knocked General Motors off its perch as the world's largest automaker.

Then an extraordinary run of bad news -- the global economic crisis, a huge recall scandal and a devastating earthquake and tsunami -- led Toyota's chief executive, Akio Toyoda, to declare the company a step away from irrelevance.

After five difficult years, Toyota is picking up where it left off. The automaker said Wednesday that net income for the quarter ended in September jumped 70 percent and that it expected profit to rebound to a near-record high for its full financial year, which runs through next March, thanks to favorable exchange rates and a more streamlined cost structure.

Toyota raised its net profit forecast for the full year to 1.67 trillion yen, or $16.9 billion, up from a previous estimate of 1.48 trillion yen. The automaker -- again the world's largest by number of vehicles sold -- said it expected net sales of 25 trillion yen and operating income of 2.2 trillion yen.

If Toyota meets its guidance, it will be almost back to its best year on record, which ran through March 2008, when it earned 1.72 trillion yen in net profit on sales of 26 trillion yen.

For the three months through September, net income jumped 70 percent to 438.4 billion yen, Toyota said. Sales grew 16 percent to 6.28 trillion yen. Operating profit grew almost 74 percent to 251.4 billion yen.

Nobuyori Kodaira, an executive vice president of Toyota, attributed the strong results to a weaker yen, which increases the value of the automaker's earnings overseas. He also credited the change in fortunes to a concerted undertaking to reduce costs, both within Toyota and at its suppliers.

''Of course, the weakening of the yen worked in our favor,'' Mr. Kodaira told reporters in Tokyo. ''But the effort we and our partners put into driving down costs also led to this turnaround.''

Toyota shares rose 0.5 percent to 6,350 yen in Tokyo on Wednesday before the after-close earnings announcement. Shares in the automaker have climbed almost 60 percent this year, outperforming the benchmark Nikkei 225-share index, which has risen about 40 percent.

The yen has weakened by 12 percent against the dollar during the same period, thanks to an aggressive monetary easing policy by the Japanese central bank, at the urging of Prime Minister Shinzo Abe's government.

''The cyclical and intensely competitive nature of the global automotive industry may once again spoil the picture,'' Clive Wiggins and Kelly Zou, auto analysts at Macquarie, said in an Oct. 21 report on Toyota, ''but there are also reasons to remain bullish on returns -- namely, a renewed commitment to operating efficiency in the wake of the lean post-global financial crisis years.''

Still, Mr. Wiggins and Ms. Zou warned that a slowdown in Asia, as well as a weakening market share in the increasingly competitive United States and China, could pose risks to Toyota's return to hefty earnings. So could a loosening in cost discipline now that profits are rolling in, they said. Toyota and other exporters have come under government pressure to raise wages to spread the benefits of a weaker yen.

Toyota is outshining its domestic rivals. Last week, Nissan slashed its profit forecast because of slowing demand in emerging markets and mounting recall costs. Honda said that sales were brisk in the United States and Japan but that its profits had been weighed down by heavy investment in new production lines.

At the heart of Toyota's cost savings has been a strategy called the new global architecture, led by Mr. Toyoda, a scion of Toyota's founding family. The program involves sharing the same parts across a wider range of models, and adopting standardized parts used by other global automakers. The 2015 Prius gas-electric hybrid is to be the first model fully manufactured under that new initiative.

With a return to big profits in sight, Toyota is also on the offensive again in next-generation green technology. The automaker, a pioneer in hybrid cars, said Monday that it would show a prototype hydrogen fuel-cell vehicle at the Tokyo Motor Show later this month. The four-seat sedan has a driving range of 500 kilometers, or about 300 miles, and can be refueled in minutes, according to Toyota. The automaker hopes to sell its first fuel-cell car in 2015.

During its difficult years, Toyota raised eyebrows by going all out to winnow even its executives' pay. In the thick of the global economic crisis, Mr. Toyoda's pay came to 116 million yen. In 2013, Mr. Toyoda got a raise to 184 million yen, according to company filings. That's still about a tenth of what is received by Ford's chief executive, Alan R. Mulally, including stock options.

The gap led Mr. Toyoda to joke at a talk with Japanese university students in September that Toyota's commitment to cost cutting and efficiency went beyond its cars.

''I've been called the world's most fuel-efficient chief executive,'' Mr. Toyoda said.

Nobuyori Kodaira, a Toyota executive, on Wednesday in Tokyo. (PHOTOGRAPH BY TORU YAMANAKA/AGENCE FRANCE-PRESSE -- GETTY IMAGES); The auto company raised its annual net profit forecast 13 percent on Wednesday, bolstered by a weaker yen and cost-cutting. (PHOTOGRAPH BY TORU HANAI/REUTERS)

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The New York Times

Business/Financial Desk; SECTB
G.M.'s Earnings Are Down on Overseas Sales; Chrysler's Are Up

By BILL VLASIC
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3
English

DETROIT -- General Motors and Chrysler will forever be linked as the two Detroit car companies that needed government bailouts in 2009 to survive.

But their comebacks since then have taken different paths, as their third-quarter results showed on Wednesday.

General Motors, the largest of the domestic automakers, said that it earned $698 million in the third quarter, a 53 percent drop from the same period a year ago.

The results, which were affected by a special charge to repurchase preferred stock, indicate that G.M. is still struggling for consistency since its bailout and bankruptcy four years ago,

By contrast, Chrysler, the smallest Detroit automaker behind G.M. and Ford, said its earnings had increased 22 percent to $464 million, compared with $381 million in the third quarter of 2012.

The strong performance by Chrysler is a reflection of its nimble, product-oriented culture, which has flourished under Fiat, its Italian parent company.

While G.M. has made big strides in downsizing its brands, models and production capacity, it still lags Ford in profits in its core North American market.

''G.M. is still in a rebuilding process,'' said Karl Brauer, an analyst with the auto research firm Kelley Blue Book. ''It's smaller and stronger than before, but they are retrenching.''

The company continues to replace its model lineup methodically, with new versions that have better quality and improved features.

Yet in the United States, G.M. is losing some ground in a resurgent market driven by consumers that need to replace aging cars and trucks.

In the first nine months of the year, G.M. sales increased 7.6 percent in the United States, compared with a rise of 8.1 percent for the overall market. Ford's sales in the United States, by comparison, were up 12 percent, and Chrysler's sales have risen 8.7 percent.

In the third quarter, G.M. reported a 17.3 percent market share in the United States, down from 17.6 percent a year ago.

G.M.'s chief executive, Daniel F. Akerson, said on Wednesday that the company should get credit for streamlining operations and adopting tighter management controls since its $49.5 billion federal bailout.

''Consistency is the name of the game,'' Mr. Akerson said in a conference call with analysts and reporters. ''Given how far we have come, we're well positioned for the future.''

The company is slowly shedding its dreaded nickname, Government Motors, which came with the bailout.

The Treasury Department, which had owned about 61 percent of G.M. after the bailout, now holds a 7 percent stake. The government recently estimated that taxpayers would ultimately lose about $9.7 billion on its overall investment in the company.

G.M.'s revenue during the third quarter increased about 4 percent to $38.98 billion, up from $37.57 billion. But its worldwide unit sales were flat. The company said it sold 1.58 million vehicles during the quarter, compared with 1.57 million last year.

Its best performance came in North America, where it reported a pretax profit of $2.18 billion, up from $1.71 billion in the third quarter of 2012.

G.M.'s overseas operations had spotty results. The company said its European operations were improving but were still posting heavy losses. It had a pretax loss of $214 million in the quarter, versus a $487 million loss last year.

And pretax earnings in its Asian division, which includes China, fell to $299 million, down from $761 million in the same period last year.

G.M. is banking on improved sales of its pickup trucks, which were recently redesigned, to increase earnings. The company is also introducing new versions of full-size sport utility vehicles like the Chevrolet Suburban.

For its part, Chrysler is benefiting from its intense focus on improving high-profit products like the Jeep Grand Cherokee sport utility vehicle and the Ram pickup.

Chrysler is also building on its reputation for creative marketing with a series of tongue-in-cheek ads for the new Dodge Durango S.U.V. featuring the actor Will Ferrell.

''They are kind of the hooligan of the three Detroit companies,'' said Mr. Brauer, the auto analyst. ''They take chances and do things that the other two aren't willing to do.''

But Chrysler hardly rests on its laurels. It accounts for the bulk of the profits earned by Fiat, which owns 58.5 percent of the American company.

Manufacturing errors on its new small S.U.V., the Jeep Cherokee, stalled early production of the vehicle. But those issues have been addressed, said Sergio Marchionne, who serves as chief executive of both Fiat and Chrysler.

''The important thing for us is to continue to focus,'' Mr. Marchionne said in a conference call with analysts on Wednesday. ''The industrial machine is pumping on all cylinders as we speak.''

He added that Chrysler was getting closer to an initial public stock offering to satisfy the demands of its second-largest shareholder, a health care trust for retired autoworkers.

The trust has formally requested the offering as a way to cash out some of its 41.5 percent interest in Chrysler.

Fiat had hoped to buy the trust's entire stake and consolidate the Italian and American companies into one global carmaker. But negotiations between Fiat and the trust have faltered, Mr. Marchionne said.

A Chevrolet dealership in Colma, Calif. G.M.'s North America profits rose in the third quarter. (PHOTOGRAPH BY JUSTIN SULLIVAN/GETTY IMAGES)

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The New York Times

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Ford Maintains Earnings Streak and Raises Profit Forecast for the Year

By JACLYN TROP
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4
English

DEARBORN, Mich. -- Ford Motor said on Thursday that its net income fell 22 percent in the third quarter, to $1.27 billion, as the company took charges related to revamping its European operations and its United States pension obligations.

Still, Ford, the country's No. 2 automaker behind General Motors, beat analysts' expectations by setting a record for third-quarter pretax profit of $2.6 billion, up $426 million, a performance that led Ford to raise its profit forecast for the year. It was the company's 17th consecutive profitable quarter.

The $498 million in special items included $250 million for charges related to plant closures in Europe and $145 million as part of Ford's voluntary lump-sum pension payout program for salaried retirees in the United States.

Per-share profit was 31 cents.

''We continue to expect strong results for the full year,'' Ford's chief executive, Alan R. Mulally, said in a conference call on Thursday. The automaker posted a combined profit for regions outside North America for the first time since the second quarter in 2011. A $159 million pretax operating profit in South America beat Wall Street's expectations, while a $126 million profit in Asia-Pacific, though a third-quarter record for the company, came in below analysts' estimates.

''It was a really, really great quarter,'' Bob Shanks, Ford's chief financial officer, told reporters at its Dearborn headquarters. The company's performance was ''encouraging from a number of perspectives,'' he said, with growth in wholesale volume, revenue and market share in North America, South America, Europe and Asia-Pacific.

Ford's market share in South America, where Mr. Shanks said inflation in Venezuela and Argentina could pose a problem, grew more than a full percentage point to 9.5 percent. The automaker raised its full-year forecast for South America. It now expects to turn a profit or break even.

''The overall environment in South America remains uncertain,'' Mr. Shanks said.

Ford now expects to record a pretax profit and an automotive-related operating margin higher than last year's. Previously, the company said it expected its performance to be on a par with 2012.

''The progress and the direction is what's really exciting,'' Mr. Shanks said.

But the fiscal standoff in Washington and the deferment of a long-term decision on the federal budget until early next year sent consumer confidence downward this month, Mr. Shanks said.

''Clearly, I think they were affected to some extent,'' he said. ''It's not great that it's a kick-the-can process. It's one of the areas we're concerned about to some extent.''

Ford's revenue rose 12 percent, to $36 billion, with its strongest results in North America and the Asia-Pacific region, where the company reported a 3.7 percent market share, a third-quarter record.

Ford's sales rose 31 percent in the Asia-Pacific region for the first nine months of the year, with most of that growth coming from China, Ford's second-biggest market after the United States. David L. Schoch, group vice president and president of Ford Asia Pacific, said the automaker hoped to double its market share in China to 5 percent this year.

The company continued to lose money in Europe, with a pretax loss of $228 million for the quarter, though that was 51 percent less than a year ago, suggesting that the losses are easing there, Mr. Shanks said.

''All the leading indicators indicate that it has stabilized,'' he said. Ford said this quarter that it planned to introduce at least 25 new vehicles in Europe by 2017.

Over all, Ford has changed course from the days when Mr. Mulally mortgaged the automaker's assets to borrow more than $23 billion in a last-ditch effort to avoid bankruptcy, analysts said.

That turnaround was symbolically completed last month when Standard & Poor's became the last of the three major credit ratings agencies to confer investment-grade status on Ford's debt, which the agency had rated at junk-bond levels for the last eight years.

''It's hard to overstate how much they've done for cost reduction since 2009,'' said Dan Picciotto, a corporate ratings analyst with S.& P.

Ford is in a more stable position after working to close its gap in underfunded pensions and reduce incentives on new vehicles sold at dealerships, Mr. Picciotto said.

''But it's all been done in the context of a growing market,'' Mr. Picciotto said. ''If there is a downturn, how does Ford operate in a different scenario?''

Alan R. Mulally, chief of Ford, which posted its 17th consecutive profitable quarter on Thursday. (PHOTOGRAPH BY VINCENT YU/ASSOCIATED PRESS)

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The New York Times

Business/Financial Desk; SECTB
2 Automakers Fear Effects Of Shutdown On Sales

By JACLYN TROP
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16 October 2013
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5
English

CORRECTION APPENDEDDETROIT -- As the government shutdown enters its third week, some automakers are expressing concern that it will slow the industry's robust growth this year.

General Motors, the nation's largest automaker, acknowledged that the shutdown was chipping away at the consumer confidence that automakers depend on to sell vehicles, even if it was still too early to gauge the full impact of the fiscal standoff.

''The longer this issue goes unresolved, the growing anxiety among consumers and the market will not help the industry keep up its strong pace,'' said Greg Martin, a spokesman for General Motors.

Hyundai also said this week that industry sales could fall as much as 10 percent in October because of uncertainty surrounding the shutdown, according to John Krafcik, chief executive and president of Hyundai Motor America.

''Anytime you turn on the news, it's all you're hearing about,'' Mr. Krafcik told Bloomberg TV on Monday. ''We think that anxiety is the sort of anxiety that keeps customers, potential buyers, on the sidelines when they're thinking about a big purchase like an automobile.''

The automakers are coming off a sluggish September, when new vehicle sales were off 4.2 percent. That was the first time that industrywide sales had dropped since January 2011. G.M., down 11 percent, and Hyundai, off 8.2 percent, were among the worst performers.

Now, rising economic uncertainty is adding to the concern that the sales momentum created this year by pent-up demand and readily available credit could continue to slow, analysts said.

''As the shutdown drags into its third week and the government moves closer to breaching the debt ceiling, the likelihood that October auto sales will be softer than expected increases,'' said Lacey Plache, chief economist for the industry researcher Edmunds.com.

Not all automakers expressed concern, though. Ford Motor said that the industry appeared to be on pace with projections, made before the impasse, to sell more than 15.5 million vehicles this year.

''We haven't seen any noticeable decline that can be directly attributed to the government shutdown at this time,'' said Erich Merkle, Ford's United States sales analyst.

Chrysler Group also said that the impact of the shutdown had been minimal.

''Outside of the greater Washington, D.C., area we see virtually no impact on auto sales in October,'' Gualberto Ranieri, a Chrysler spokesman, said in an e-mail. ''Right now we are confident that industry and Chrysler Group October sales will both be up over the same period in 2012.''

Some automakers, however, have started to acknowledge the shutdown's impact on government workers' finances. Hyundai, Ford, Nissan and Toyota have said that they will allow government employees to defer their car loan or lease payments for up to three months.

Toyota said its offer to assist customers affected by the shutdown included furloughed workers, businesses and employees of businesses directly affected by the shutdown, government contractors and suppliers. Customers ''in good standing'' are eligible to defer up to three months of payments through Toyota Financial Services or Lexus Financial Services.

''The government shutdown has placed an unanticipated financial strain on many individuals and families,'' Al Smith, vice president of service operations for the Toyota Financial Services Group, said in a statement on Monday.

Toyota declined to say whether the government shutdown would affect October sales.

''Operationally we are fine,'' Carly Schaffner, a spokeswoman, said.

Hyundai announced a program on Oct. 1 that gives current owners payment relief ''for as long as they are out of work.'' The automaker is offering to postpone payments by 90 days for furloughed employees who want to buy a car this month.

About a thousand people have applied to defer payments under Hyundai's program, a spokesman, Chris Hosford, said.

G.M. and Chrysler said they had no plans to offer a similar program.

''However, as it is with most cases, the individual lender will work with the consumer,'' said Mr. Martin, the G.M. spokesman.

Correction: October 17, 2013, Thursday

This article has been revised to reflect the following correction: An article on Wednesday about automakers' concerns over the partial federal shutdown's effect on car sales paraphrased incorrectly from remarks by John Krafcik, Hyundai's chief executive, in a Bloomberg TV interview. He said that industry sales over all could fall as much as 10 percent in October; he was not referring to Hyundai's sales alone. The article also misstated, in some copies, Ford Motors' sales projections. It said the industry appeared on pace to sell more than 15.5 million vehicles this year, not this month.

A Chevrolet dealership in California. General Motors worries that the extended shutdown is eroding consumer confidence. (PHOTOGRAPH BY JUSTIN SULLIVAN/GETTY IMAGES)

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The New York Times

WHEELS
Automobiles; SECTAU
G.M. Wants to Increase The Range of Its E.V.'s

By JIM MOTAVALLI
645 words
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4
English

The range of the battery-powered Chevrolet Spark is 82 miles, but although General Motors says that's enough for most daily commuters, the company isn't stopping there.

''We've been working for quite a while on next-generation battery technology, with the goal of increasing range and decreasing cost,'' said Kevin M. Kelly, a General Motors electrification spokesman, in an interview.

Although G.M.'s research shows most commuters travel less than 40 miles daily, Mr. Kelly acknowledged ''the necessity to go farther.''

On Monday, Doug Parks, vice president of global product development for G.M., said the company's aim was to make a battery-powered E.V. that could travel 200 miles on a charge, as well as be available to consumers for about $30,000. The announcement was widely interpreted by the automotive press as an answer to Tesla Motors' ''third-generation'' mass-market car, which is scheduled to arrive in a few years.

Mr. Parks did not offer a timetable for the car, and neither did Mr. Kelly.

''We have established the goal to develop a vehicle that can meet that type of criteria, but we have not talked about timing or any other specifics,'' Mr. Kelly said. ''Cost remains a significant issue, especially on the battery side. But we try to stretch our teams and have them always looking at the next big solution.''

Tesla Motors' success with big battery packs has gotten other automakers thinking about the range issue. In the case of the Model S, at least, some buyers have been willing to pay more for the assurance of a stated 300-miles-per-charge range, especially because it comes wrapped in an attractive and luxurious package.

For G.M., the question is, can the company accomplish its 200-mile goal?

''There's too little detail to know for sure, but they're fairly confident that they can produce it,'' said Michelle Krebs, a senior analyst at Edmunds.com. ''It's certainly not out of the question. I think that what we're going to see is that everyone is going to extend the range of their E.V. as technology improves.''

For consumers used to gas cars, 200 miles of range could be the acceptable sweet spot that convinces them to switch to electric, said said John Gartner, research director for smart transportation at Navigant Research.

''That would offer a degree of comfort, because it starts to get into the area comparable to gas cars,'' Mr. Gartner said. ''If buyers don't have to worry too much about range considerations, it could make a big difference. Even 150 miles would attract a larger audience.''

Ms. Krebs said that people were paying what Tesla was asking for the Model S, but other carmakers had to reduce their prices.

''It may be true that people drive less than 100 miles a day, but they still want more range for insurance and peace of mind,'' she said. ''That's why automakers are working their tails off trying to get battery prices down and energy density up -- it's a huge effort.''

Elon Musk, chief executive of Tesla Motors, has said that he does not see any significant obstacles to producing the third-generation car, which Tesla says will be priced around $35,000. Tesla, too, is undoubtedly working hard to bring battery costs down. At PlugInCars.com, Nikki Gordon-Bloomfield writes, ''Even with a substantial drop in battery prices, a car capable of traveling, say, 130 miles per charge would still be substantially cheaper to build and buy than a car capable of 200 miles per charge.''

Tesla Motors was not available for comment.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

THE WHEELS BLOG
Automobiles; SECTAU
The 2014 Chevrolet Malibu will be so efficient that it may render the more...

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4
English

The 2014 Chevrolet Malibu will be so efficient that it may render the more expensive Eco model irrelevant. By adding a start-stop system and other improvements, Chevrolet was able to squeeze 14 percent more miles per gallon from the Malibu's base 2.5-liter, 4-cylinder engine, Automotive News reports. That engine now gets the same E.P.A.-rated 25 miles per gallon in the city and 36 highway as the eAssist hybrid-equipped 2.4-liter Eco version of the Malibu, which costs about $2,300 more.

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The New York Times

COLLECTING
Automobiles; SECTAU

A Revered Nameplate Makes an Encore

By JOHN LAMM
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1
English

The champions of the Chevrolet Corvette have included Bill Mitchell and Ed Welburn -- Mr. Mitchell of the Sting Ray and Mr. Welburn of the Stingray, the difference in the rendering of the model names reflecting the different eras in which they worked.

Mr. Mitchell, who died in 1988, was a showman, a flamboyant ringmaster given to wearing silver riding leathers when piloting his motorcycles. As vice president for styling at General Motors for 19 years, he influenced the designs of millions of automobiles.

Mr. Welburn's personality is quite the opposite, the sort of executive often called classy and no more likely to wear a silver leather outfit than a Carmen Miranda stack-of-bananas hat. Mr. Welburn has been the head of global design at G.M. since 2003, influencing cars built all over the world.

Mr. Mitchell oversaw the design of the best-known Sting Ray, the much admired Corvette redesign that was introduced for 1963, as well as an earlier racecar called the Stingray. Mr. Welburn is the man who resurrected the name for 2014, the seventh-generation Corvette arriving this fall.

That first Sting Ray almost never happened. As the '50s progressed, Chevy executives considered dumping their sports car in favor of a personal coupe like Ford's successful Thunderbird. Happily, that never happened, and the second-generation Corvette -- now nicknamed the C2 -- was a giant step forward from the original car.

Zora Arkus-Duntov, the engineer whose impassioned appeal had saved the Corvette from the chopping block, and his boss, Ed Cole, compromised with the financial executives to give the C2 modern features like an independent rear suspension. They had wanted still more, but at least Corvettes could now go head-to-head with Ferraris on a racetrack and win.

What really stole hearts, though, was the singular design of the '63 models.

In 1957, Peter Brock was a 20-year-old designer at G.M.'s Research B studio in the bowels of the corporation's design center in Warren, Mich. Mr. Mitchell strode into the studio with photos from the Turin Motor Show of aero-slick speed-record-style cars, many of them smooth, almost liquid, forms that drew from Alfa Romeo's Disco Volante -- or flying saucer -- design. Mr. Mitchell challenged the studio's young designers to work from that reference point, and Brock's shape was the winner.

One little problem arose. Development of the Corvette was hampered by a ban on racing, instigated by the Automobile Manufacturers Association, which took its toll on performance programs.

The Corvette program had to go sub rosa, but Mr. Mitchell had a plan. Before the A.M.A. ban, G.M. had developed the Corvette SS, a racecar with world-beating potential. Now the SS was redundant, but there was a spare chassis. Mr. Mitchell bought it and had an open sports car body built that was essentially the Brock design with the top lopped off.

The car was built in what Mr. Brock calls ''a secret studio, hidden behind a tool armory called the Hammer Room.'' Dr. Dick Thompson, a dentist, would drive it to the Sports Car Club of America's C/Modified championship in 1960. Mr. Mitchell didn't dare put the names Chevrolet or Corvette on the car; a deep-sea fisherman, he named it Stingray.

Or Sting Ray. (Today it is known as the Mitchell Racer or by its G.M. designation, XP-87.) Both spellings have been used on the production cars, and Mr. Welburn brought it back for 2014 as one word to honor Mr. Mitchell.

The Chevrolet and Corvette names finally appeared on the racecar in 1961, at Riverside Raceway in Southern California, after the C2 'Vette had been approved for production and its designers, Larry Shinoda and Tony Lapine, put finishing touches on the 1963 Sting Ray.

''At long last America has a formidable weapon to challenge Europe's fastest grand touring cars on their home ground,'' Car and Driver magazine said when it tested the Sting Ray. Chevrolet offered the car in two body styles, a convertible and a coupe with a spine dividing the back window. Duntov's developments included a modern suspension at both ends, and it was offered with as much as 360 V-8 horsepower and a 4-speed transmission.

For 1964, the coupe's split rear window -- a feature that annoyed Duntov -- went away and horsepower began to rise. Over the C2's five model years, it was offered with 327-cubic-inch V-8s from 250 to 375 horsepower; big-block V-8s were built in 396- or 427-cubic inch configurations, with horsepower ratings from 390 to 435. Then there was the 430-horsepower L88, a special performance option purposely rated very conservatively. Four-wheel disc brakes were added for 1965.

In its first year, a Sting Ray convertible cost $4,037, the coupe $1 more. Option prices included $80.70 for leather seats and $59.50 to get power windows; the fuel-injected V-8 added $430.40. The top option was the ZO6 Special Performance Equipment (as in racing) package at $1,818.

In its road test of the 300-horsepower Corvette coupe, Car and Driver reached 60 m.p.h. in 6.2 seconds, with a top speed estimated at 118 m.p.h. In 1967, the magazine ran the numbers on a 435-horsepower big-block coupe and got to 60 in 4.7 seconds, putting the top speed at 142 m.p.h. and declaring the car to be ''among the best engineered sports cars made anywhere.''

It was a tough act to follow, but Chevrolet was back in 1968 with the C3, which carried over much of the mechanical side of the C2, though with an all-new body. Still fiberglass, it was shaped after the Mako Shark II show car.

Testing this new generation Corvette, Car and Driver was direct: ''It's lusty, it stimulates all of the base emotion lurking deep in modern man.'' It called that third-generation car ''the Barbarella of the carmaker's art.''

While the C2 was a landmark Corvette, the C3 was less of a forward move. But it wasn't the fault of the car, which arrived as a good-looking machine, long and low, now with the option of liftoff roof panels. The problem was new safety and emissions rules that were emasculating all performance cars.

The C3's engine lineup peaked at 435 horsepower in 1968 (though the underrated L88 was still an option), but within a few years compression ratios dropped, catalytic converters were added and unleaded fuel was required, all conspiring to shrink horsepower. By 1976, Corvettes had an embarrassing 180 horsepower; an option raised it to 210. Chevy dropped the Stingray badge after 1976, which was appropriate as the Corvette by then was less a stingray than a trout -- still good-looking, but hardly threatening.

That was then, this is now, and the job of Ed Welburn and the Corvette's chief engineer, Tadge Juechter, was to resurrect the Stingray. Peter Brock, whose design for the 1963 model ignited the love affair with Sting Rays, is among those who are impressed. He says the 2014 Corvette is what Zora Arkus-Duntov was aiming for with the C2. It just took 50 years to get here.

SPLIT DECISION: Clockwise from above, the design of the original Sting Ray of 1963 incorporated a two-piece rear window, which was scrapped after one model year; Bill Mitchell with the Mako Shark II show car; 1971 Stingray convertible. (PHOTOGRAPHS BY JOHN LAMM; GENERAL MOTORS (AU1); EVOLUTION: From top, the Alfa Romeo Disco Volante that provided an influence for the Sting Ray design; Peter Brock's sketch for the second-generation Corvette; the 1963 production model. (PHOTOGRAPHS BY JOHN LAMM; PETER BROCKPETER BROCK) (AU2)

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The New York Times

Automobiles; SECTAU
Fast-Forward Lessons In Corvette Genealogy

By JERRY GARRETT
435 words
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2
English

SEASIDE, CALIF. -- The Chevrolet Corvette has, over its 60 years of production, reflected the changing styles and tastes of America, says Mark Reuss, president of General Motors North America.

To illustrate his point, Mr. Reuss made available models from each of the Corvette's seven generations for back-to-back test drives here last month. Here are the examples of each generation I drove, with the model years produced and the highs and lows as I saw them:

1954 CONVERTIBLE First generation Corvette, known as C1 (produced in 1953-1962)

Highs: Audrey Hepburn-caliber charisma, candy store interior, unforgettable styling.

Lows: Weak 150-horsepower 6-cylinder engine, 2-speed automatic, spongy suspension.

1966 STING RAY COUPE (C2, 1963-67)

Highs: Voluptuous styling; hideaway headlights; optional 425-horsepower V-8 engine; independent rear suspension; glorious, notorious exhaust rumble.

Lows: Hard to drive, harder to shift. Devilishly stiff clutch pedal.

1972 STINGRAY CONVERTIBLE (C3, 1968-82).

Highs: Few, though there are devoted fans of the body design.

Lows: Many, including a V-8 that atrophied to 165 horsepower by 1975. Primitive solutions to the era's fuel, emissions and safety regulations. Disco-era interior.

1987 CONVERTIBLE (C4, 1984-96)

Highs: Easy to drive, but was that why people want a Corvette? Styling change was long overdue.

Lows: Garish interior, mediocre build quality, noticeable cost-cutting. The test car's 240-horse V-8 and an automatic transmission offered no motivation to buy.

2001 ZO6 COUPE (C5, 1997-2004)

Highs: Sportier driving dynamics, a more rigid structure and thunder under the hood to match the lightning of its styling.

Lows: Good, clean fun thwarted by features like "skip-shift" which would force the manual transmission to shift from first to fourth in the interest of helping curb the thirst of its 5.7-liter V-8.

2013 COUPE C6 (2005-13)

Highs: Plenty of motor.

Lows: Interior seems to have been designed by accountants, ''wag the dog'' handling, few improvements through its nine-year life.

2014 STINGRAY COUPE C7 (2014)

Highs: Engineering department disconnected its old phone numbers, didn't give accounting department the new ones. Styling department adds a sting ray to the car's flanks. Blistering 450 horsepower, crisp 7-speed manual, direct fuel injection, stiffer frame. Optional dual-mode exhaust produces a throaty rumble.

Lows: Cheap plastic touch points inside divert attention from nice leather seats and trim.

CLASS PICTURE: The full Corvette family tree, with an example from each earlier generation lined up behind the 2014 Stingray for comparison. (PHOTOGRAPH BY GENERAL MOTORS)

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The New York Times

BEHIND THE WHEEL | 2014 CHEVROLET IMPALA
Automobiles; SECTAU
For America's Sedan, a Great Leap Forward

By EZRA DYER
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1
English

My wife used to work as a sales representative for Johnson & Johnson. Like many sales reps, she was provided a nondescript, inexpensive company car -- in her case, a Chevrolet Impala. At some point, the ''a'' fell off the trunk badge and we began calling it the ''Impal.'' The Impal's chief virtue was its huge trunk, which could conceal many cases of sample products -- typically, Tylenol PM and K-Y jelly. Say what you want about the old Impala, but it sure could haul some K-Y jelly. General Motors should have made a bigger deal of that.

Thanks to rental companies, sales fleets and bargain hunters, the old Impala is a common sight. It has been America's best-selling full-size sedan since 2004, with nearly 170,000 sold last year.

But there's a difference between ''popular'' and ''best.'' The redesigned 2014 model is aimed at retaining a solid proportion of the old car's customer base while luring buyers whose names are not Avis and Enterprise.

It's off to a good start -- Consumer Reports recently ranked the Impala as the best sedan on the market, the first domestic car to earn that title in more than 20 years. The former model (renamed Impala Limited) is still in production, but available only to fleet buyers.

There are now three choices of propulsion: a 2.5-liter 4-cylinder, a 2.4-liter 4-cylinder eAssist hybrid or a V-6. The hybrid's combined city-highway rating of 29 miles per gallon is quite impressive for such a large car, but G.M.'s eAssist system is a fairly dreary powertrain, regularly reminding you why it's not called the eFunPower. And that version will not be available until the end of the year.

I say if you want a big car, you want the big motor. In the Impala, G.M.'s ubiquitous direct-injected 3.6-liter V-6 makes 305 horsepower and 264 pound-feet of torque. Interestingly, G.M. dropped this modern, muscular V-6 into the old body style in 2012. Now that's a spicy rental car.

The 3.6 is a guttural, vocal motor, which suits the mood in a Camaro or a Cadillac ATS but seems inappropriately aggressive in a family vehicle like a Chevy Traverse.

The first thing I noticed about the Impala is that it's preternaturally quiet. I asked G.M. officials if they'd done anything to muzzle the V-6, and they responded that the Impala's interior serenity was accomplished mostly by isolating the passenger compartment through tricks like ''triple-sealed doors with acoustic perimeter water deflectors'' and robot-applied sound deadener on the floor pan and trunk.

But they also conceded that the transmission shift points were lowered so that the V-6 spends less time growling its way through the upper registers of its power band. Translation: The transmission generally forgoes sportiness in return for relaxation and economy. (The E.P.A. rating is 18 m.p.g. in town and 28 on the highway.)

If you jab the accelerator, the engine will clear its throat with a healthy amount of thrust, accompanied by a surprising amount of wheel spin from the front tires. The Impala can light 'em up for quite a while before the traction control kicks in, which should make for some memorable exits from the school drop-off lane.

The interior is a mash-up of visually appealing design rendered with sometimes questionable materials. The wraparound sweep of the dash, the 8-inch screen that powers up like a secret door to reveal a storage cubby behind it, the subtle LED glow of the nighttime lighting -- all are worthy steps forward for our old friend Impala. The optional front bench seat -- the last one offered in a car sold in America -- has been banished in favor of these "bucket seats" that are all the rage. But can we please lose the fake wood pasted hither and thither about the interior? I suspect that other manufacturers are infiltrating focus groups to tell G.M. (and Toyota) that customers really love plastic wood.

Remember this: fake wood, it's not good. Feel free to come up with something better, or just stop making fake wood.

The Impala's other strange synthetic is the "sueded microfiber" seating surface of my midlevel 2LT test model. The material looks like something you'd find draped on a Chinese recliner at the kind of furniture store that has a going-out-of-business sale every two weeks. It looks acceptable now, but after 20,000 miles you may wish they had just covered the seat in leather.

Still, this is a car where the phrase "for the money" comes into play in any discussion of chintzy demerits. After all, this is a cavernous sedan priced at $35,770 as tested. That might sound like a lot for an Impala, but for that money it's pretty well equipped -- 11-speaker Bose audio system, keyless ignition, navigation system, remote starter and 19-inch wheels.

A base 2.5-liter LS starts at $27,535.

The Cadillac XTS shares its platform with the Impala (same V-6, same basic proportions), and I drove one that cost more than $64,000. Now 35 grand doesn't look so bad, does it?

While the 2013 Impala lives on as a fleetmobile, Chevy hopes the slickly restyled 2014 will find 70 percent of its sales with private buyers. So while you'll surely see the occasional sales rep or police chief at the wheel, this is now a vehicle that can be seriously mentioned in the same context as the Toyota Avalon or Dodge Charger.

In the '90s, it was fashionable for rappers to name-check the Impala. But when Lil' Troy wrote, "Wanna be a baller, shot caller, 20-inch blades on the Impala," I'm sure he was talking about a Chevy from the glory days of the 1960s, not the rebadged police car of the 1990s or the anonymous front-drive sedans that were just around the corner. Impala references became so common that rappers just said, "six four," and everyone understood the car in question was a 1964 Impala.

In contrast to the Impala's seedy recent past, this new one harks back to those Impalas of the '60s -- a big, stylish American family car you could be proud to park in your driveway. In that respect, the new Impala's a throwback.

FEELING ITS OATS: The 2014 Chevrolet Impala is offered with three powertrains, including an energetic 3.6-liter V-6. (PHOTOGRAPH BY GENERAL MOTORS)

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The New York Times

Business/Financial Desk; SECTB

Carmakers in U.S. Report Strongest July Sales Since 2006

By JACLYN TROP
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3
English

American automakers, buoyed this year by robust sales in pickups, said on Thursday that smaller cars and midsize sedans were helping to spur growth in the industry to levels not seen since before the recession.

General Motors, the nation's largest automaker, posted the largest overall increase, of 16 percent, with double-digit sales growth for all four of its brands -- Chevrolet, Cadillac, G.M.C. and Buick. The Ford Motor Company and the Chrysler Group each said sales rose 11 percent last month on the strength of pickups and smaller, more fuel-efficient cars.

Over all, it was the strongest July since 2006 for the industry, with sales rising 14 percent, to 1.3 million vehicles. At that rate, 2013 sales for the industry would be 15.7 million vehicles, up from 14.1 million last year.

''For G.M., July was the most well-balanced month of the year from a retail sales standpoint; trucks were hot, but so were small cars and family vehicles,'' said Kurt McNeil, vice president for G.M.'s United States sales operations. ''Our experience shows that the difference between good sales and great sales in a slow-growth economy is how many new products you have to offer, and we are starting to hit our sweet spot.''

G.M. reported healthy sales of both 2013 models and 2014 models, especially of the newly redesigned Chevrolet Silverado pickup and the Impala midsize sedan.

With new styling and the chance to get a lower price on an older model, ''you're really attracting a broad range of customers into the showroom,'' said Donald Johnson, G.M.'s vice president for Chevrolet sales and service.

Sales of the Impala rose 38 percent, helped by its No. 1 ranking last week in Consumer Reports. It was the first time in 20 years that the magazine had given an American sedan the top spot.

''This is the segment I love to watch,'' said Michelle Krebs of Edmunds.com. ''It is such a vicious battlefield, and an important one, as it is the biggest single segment in the business.''

Toyota said its sales rose 17 percent, while Honda reported an increase of 21 percent and Nissan 11 percent. Volkswagen was the only brand to report a drop in sales, of 3.3 percent.

As in recent months, pickups were especially popular in July as a recovery in housing and energy, coupled with pent-up demand, drew shoppers into dealerships, the automakers said.

Sales for G.M.'s trucks rose 44 percent. Ford said its F-Series sales rose 23 percent, and Chrysler's Ram brand reported a 31 percent sales increase.

Shoppers also sought out small cars as they downsized and put more emphasis on fuel efficiency, said Erich Merkle, Ford's United States sales analyst.

Sales of Ford's small cars, including the Focus, the Fiesta and the C-Max, rose 32 percent for the best month since 2000. G.M. said that sales of the Cruze compact rose 70 percent, and Chrysler said that the Dodge Dart, with 6,064 sold, was a bright spot for the company.

''Baby boomers are becoming empty nesters and their need for size isn't quite what it used to be,'' Mr. Merkle said.

He added that younger customers who were looking to buy their first new car were opting for smaller models.

Ford would have sold more of its midsize Fusion sedan and Escape utility vehicle if not for an inventory shortage. The automaker is increasing capacity at its plants in the fall.

Though sales for the midsize segment were expected to be up over all for the year, the industry had some mixed results, said Alec Gutierrez, senior analyst at Kelley Blue Book.

"The Honda Accord, Nissan Altima and Toyota Camry each enjoyed solid growth this month, while the Chevrolet Malibu, Ford Fusion and Chrysler 200 saw year-over-year declines," Mr. Gutierrez said. "The Fusion has been limited by low inventory, while the Malibu and 200 are each awaiting updates that should help to drive additional demand."

The Chrysler Group said that sales of its Fiat and Jeep brands held steady at 2 percent as it prepared to unveil the new Jeep Cherokee later this year. Dodge sales rose 18 percent, led by the Durango utility vehicle and the Dart, while sales for the Chrysler brand fell 4 percent last month.

Chevrolet Cruze; Ford Fusion CHARTS: How the Industry Fared; How the Automakers Fared; Most Popular Cars and Trucks (Source: MotorIntelligence.com)

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The New York Times

Business/Financial Desk; SECTB
Strong Sales Push Chrysler's 2nd-Quarter Net Up 16%

By BILL VLASIC
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5
English

DETROIT -- Chrysler said on Tuesday that second-quarter net income increased 16 percent, to $507 million, mostly as a result of improved sales of core products like Jeep sport utility vehicles and Ram pickup trucks.

Chrysler, the third-largest American automaker behind General Motors and the Ford Motor Company, also reported quarterly revenue of $18 billion, a 7 percent improvement from the period a year earlier.

Sergio Marchionne, the chief executive of both Chrysler and its Italian parent, Fiat, said the American automaker benefited from increased shipments of models like the Jeep Grand Cherokee.

''Chrysler Group is poised for a very strong performance in the second half of the year,'' he said.

The company said it sold 643,000 vehicles worldwide in the second quarter, up 10 percent from the second quarter of 2012.

In the United States, Chrysler reported an 11.4 percent market share, up slightly from 11.2 percent in the period a year earlier.

Mr. Marchionne said that new products, including the introduction of a smaller Jeep model, would help sustain Chrysler's momentum in the American market.

''The timing of product launches and capacity increases causes this year's performance to be biased in the second half,'' he said.

For the full year, Chrysler reiterated earlier forecasts of at least $72 billion in revenue, and net income of $1.7 billion to $2.2 billion.

The positive performance comes as Fiat and Chrysler move closer to completing a full merger of the two companies. While Fiat owns 58.5 percent of the American company, it is hoping to acquire the remaining shares later this year from a retiree health care trust.

A full merger of the companies would allow for more integration of their operations and finances. Mr. Marchionne has said it could be accompanied by a new stock offering to help finance global growth plans.

Chrysler's results helped Fiat post a net profit of 435 million euros ($578 million) in the second quarter, up from 239 million euros in the period a year earlier.

Fiat said its revenue for the quarter was 22.3 billion euros ($29.6 billion), a 4 percent increase from the second quarter of 2012.

Without Chrysler's contribution, Fiat said it would have lost 247 million euros in the quarter, about the same as in the period a year earlier.

Mr. Marchionne said that no agreement had yet been reached between Fiat and the health care trust on a price for the 41.5 percent stake the trust holds in Chrysler.

Although Fiat can apply Chrysler's profits to its financial results, the Italian automaker cannot access the American company's cash reserves.

At the end of the quarter, Chrysler said it had $11.9 billion in cash, a slight decrease from the $12.1 billion it reported a year ago.

Chrysler's turnaround has accelerated since it paid off the last of its government loans two years ago.

The second-quarter results were the company's eighth consecutive profitable quarter.

The profits were depressed slightly by a $151 million charge related to Chrysler's recall and customer service action on 2.7 million older-model Jeeps. Last month, the company said it would add trailer hitches to some older Jeeps to help protect against fires caused by rear-end collisions.

Ram pickup trucks, which sold well, and Dart sedans at a Dodge dealer in Littleton, Colo. (PHOTOGRAPH BY DAVID ZALUBOWSKI/ASSOCIATED PRESS)

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The New York Times

Business/Financial Desk; SECTB
G.M. Dismisses Executives as India Begins Investigating Recall of Vehicles

By BILL VLASIC
578 words
27 July 2013
The New York Times
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Late Edition - Final
5
English

General Motors has forced out several executives and managers, including the head of its global engine operations, as the company's recall of vehicles in India raises questions about improper emissions tests.

G.M. said on Friday that it had dismissed the employees for violating unspecified company policies. One of the executives was Sam Winegarden, a vice president in charge of engine programs, who retired this week after 44 years with G.M., the nation's largest automaker.

The management shake-up came after the Indian government began an investigation into the recall this week of 114,000 Chevrolet Tavera utility vehicles sold by G.M. in India.

Indian news reports said the government was investigating whether G.M. had improperly manipulated the weight and engine performance in the Tavera during emissions testing and certification.

A G.M. spokesman, Greg Martin, declined to say whether the employees had been forced to leave because of the government investigation.

''General Motors' investigation into our recall of the Chevrolet Tavera, which is built and sold exclusively in India, identified violations of company policy,'' G.M. said in a statement. ''G.M. subsequently dismissed several employees.''

One person briefed on the dismissals, who spoke on the condition of anonymity, said at least 10 employees, mostly in India, were involved. The highest-ranking employee was Mr. Winegarden, who is based in the United States and is the top engineer for the company's engine operations worldwide.

The company, which said it was voluntarily recalling the vehicles, acknowledged that the Indian government was aware of ''an emissions issue'' with the Tavera, one of G.M.'s mainstream models in the country.

''G.M. India informed Indian government authorities of an emissions issue involving the Tavera BS3 meeting certain specifications on July 19,'' the company said.

The company stopped production of the Tavera in India this month. It said it would make changes to vehicles built as far back as 2005 and perform the required engineering validation. It gave no timetable for notifying customers and doing the work.

The recall is a setback for G.M.'s growth plans in India, particularly if it damages the reputation of the American automaker.

''Our customers are at the center of everything we do,'' said Lowell Paddock, head of G.M. India, when he announced the recall.

On Thursday, G.M. reported that its net income in the second quarter dropped 19 percent, partly because of smaller-than-expected profits in Asia.

G.M.'s chief financial officer, Daniel Ammann, said on Thursday that India was among the international markets where G.M. struggled during the quarter.

The decision to oust executives is in keeping with a zero-tolerance policy about violation of corporate ethics led by G.M.'s chief executive, Daniel F. Akerson.

''We take these matters very seriously and hold our leaders and employees to high standards,'' the company said. ''When those standards are not met, we will take the appropriate action to hold employees accountable.''

Last year, Joel Ewanick, G.M.'s chief marketing officer, was forced to resign after questions were raised inside the company about his handling of a sponsorship deal with a British soccer team.

Sam Winegarden, a vice president, retired this week after 44 years with G.M., which said he had violated company policies. (PHOTOGRAPH BY JEFFREY SAUGER FOR GENERAL MOTORS)

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The New York Times

Business/Financial Desk; SECTB
Profit Falls for General Motors, With Global Troubles Weighing Down Its Results

By BILL VLASIC
764 words
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3
English

DETROIT -- General Motors, the nation's biggest automaker, said on Thursday that its net income fell 19 percent in the second quarter, mostly because of a sharp drop in pretax profit in Asia.

G.M. said it earned $1.2 billion in the quarter, compared with $1.49 billion in the same period a year ago, although it narrowed its losses considerably in Europe, where weak economic conditions have driven new-car sales to their lowest levels since the 1990s.

The company said that its global revenue rose 4 percent, to $39.1 billion, and that worldwide sales, including joint ventures, increased 4 percent to 2.49 million vehicles.

While G.M.'s North American business improved, the company has been dogged by persistent problems in its overseas operations.

Europe has been its biggest trouble spot, but weaker results in Asia and South America have additionally kept G.M. from posting broad improvements.

Still, G.M.'s chief executive, Daniel F. Akerson, said on Thursday that G.M. had steadily rebuilt its operations since its bankruptcy and government bailout in 2009.

''G.M. is an inherently stronger company than it was even a year ago,'' Mr. Akerson said in a conference call with analysts.

Most analysts said the company beat its expectations for the quarter, but had yet to achieve consistent performance around the world.

''The global results were mixed,'' Matt Stover, an analyst with Guggenheim Securities, said in a research note. ''Europe, North America and G.M. Financial posted better-than-expected results while international operations came in lower.''

In North America, G.M. benefited from new products, particularly pickups, and steadily improving demand by consumers for new vehicles to replace aging models.

The company said it earned $1.97 billion in pretax income in the region in the quarter, a 4 percent gain from $1.89 billion a year ago.

Its pretax loss in Europe was $110 million, which was considerably better than its loss of $394 million in the same period a year ago.

Mr. Akerson said there was more progress to come in Europe, where G.M., with its struggling Opel brand, has lost money for more than a decade. The company has revamped its European management team with outside hiring and has stepped up the introductions of new products in the region.

''We're going to continue to push in Europe,'' Mr. Akerson said. ''We're going to play offense and defense, and focus on continuing to take costs out of the business.''

The major surprise was G.M.'s declining performance in Asia. The company said it earned a pretax profit of $228 million in the region, a 63 percent decrease from $627 million a year ago.

While G.M. continued to grow in China, it faced increased competition and pricing pressures from Japanese competitors in other Asian markets as well as Australia.

The company's chief financial officer, Daniel Ammann, said G.M. also experienced larger-than-usual warranty costs and vehicle recalls in the region.

In South America, G.M. earned a pretax profit of $54 million, compared with $16 million a year ago.

Analysts contend that G.M. needs to accelerate its development of global vehicle platforms that yield a variety of different models.

The company is also trying to increase the presence of its two best-known American brands, Chevrolet and Cadillac, in other parts of the world.

G.M. increased vehicle sales in every region other than Europe, where sales fell about 7 percent in the quarter.

Its global market share slipped, to 11.5 percent, compared with 11.6 percent in the second quarter of 2012.

The company's share of the North American market dropped to 17.3 percent from 17.4 percent last year, and its share in Europe dropped to 8.5 percent from 8.8 percent.

Mr. Akerson said the company continued to work on reducing costs. G.M. recently created a new business services unit, which is intended to consolidate back-office systems and streamline operations.

But he declined to reveal specific targets for cost cuts. And the company is adding employees rather than shedding them. G.M. said it had increased its global employment about 3 percent, to 219,000 workers, compared with year-ago levels.

General Motors opened a plant outside Jakarta, Indonesia, this year. G.M. continued to grow in China, but it faced increased competition in other Asian markets. (PHOTOGRAPH BY ENNY NURAHENI/REUTERS)

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The New York Times

BEHIND THE WHEEL | 2014 CHEVROLET CRUZE TURBO DIESEL
Automobiles; SECTAU

Fossil-Fuel Mileage Champ

By LAWRENCE ULRICH
1,338 words
21 July 2013
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1
English

Despite several do-gooder attempts, from the EV1 electric car to the Volt plug-in hybrid, General Motors has not always been viewed as a particularly green automaker.

Pumping out Hummers and other greed-is-good models during the S.U.V. glory years had something to do with that. But the post-bankruptcy G.M. is not just getting with the program, it is stamping its name above the fold.

G.M.'s Chevrolet Spark EV is the most efficient electric vehicle sold in America (though only in California and Oregon for the time being) with a federal gasoline-equivalent rating of 119 miles per gallon.

Now the Chevy Cruze, already among the highest-mileage compact sedans running on gasoline, raises its bar: with a rating of 46 m.p.g., the 2014 Cruze Turbo Diesel achieves the best highway mileage of any new nonhybrid car in America.

The Cruze also becomes the first Chevy diesel since the 1986 Chevette. Weighing the Cruze against that Chevette -- the latter's engine as pitiful as the car itself -- shows how far the technology has come. It also illustrates how G.M. is building world-competitive small cars after decades of bumbling indifference.

G.M. has sold more than two million Cruzes globally since the car's overseas debut in 2009, including more than 125,000 with diesel engines. Popular and right-sized, with some of the lowest warranty costs of any Chevy, the Cruze was G.M.'s ideal choice to reintroduce a diesel to America, said Josh Tavel, the vehicle performance manager for G.M.'s small cars.

G.M. prepped this Ohio-built Cruze with myriad changes to both the gasoline version -- including a Cruze Eco that hits 42 m.p.g. on the highway, albeit with a manual transmission -- and international diesel models. The idea was to banish any trace of old-school diesel noise, smell and sluggishness.

''We all know what the old diesel myths are, so we really looked to dispel them,'' Mr. Tavel said.

The 2-liter engine, developed by G.M.'s European division, Opel, injects fuel as many as five times per engine cycle. Engineers tinkered with 33,000 calibration parameters for the diesel, compared with some 12,000 to 17,000 for G.M.'s typical gasoline engines.

The resulting turbocharged engine is more powerful and slightly more efficient than VW's same-size diesel in the Jetta TDI sedan. The Chevy's 151 horsepower and 264 pound-feet of torque compare with 140 and 236 for the Jetta. On fuel economy, the Chevy takes the highway crown, at a rated 46 m.p.g. versus the Jetta's 42. But the Jetta's city rating of 30 m.p.g. beats the Cruze's by 3 m.p.g.

The Cruze is quicker off the line than the VW, burbling to 60 m.p.h. in a reasonable 8.6 seconds. And like just about every modern diesel, the Cruze's bounteous torque makes the car feel surprisingly muscular in real-world driving. With 15.6 gallons of fuel aboard, the Chevy can cover nearly 720 miles to a tank, enough to drive from Detroit to New York with nearly 100 miles to spare.

Like many diesels in the United States, which has far stricter regulations on smog-forming nitrogen oxides than Europe, the Chevy carries a small onboard tank of urea that's injected into the exhaust stream to neutralize pollution.

VW wins that battle; its 4-cylinder diesels meet 50-state emissions rules with no need for a urea tank. Chevy owners must refill theirs every 10,000 to 15,000 miles.

While the Cruze's engine is already quieter than rackety old-school diesels, the car adopted extra sound padding from its pricier cousin, the Buick Verano. A structural brace on the engine cradle counteracts vibration from the higher idle speed.

The gasoline Cruze is already among the most hushed cars in its class. But in some situations, Chevy says the diesel is measurably quieter than the gas engine.

The engine was also retuned to optimize power and efficiency at the lower engine speeds where Americans tend to drive. All six gears of the automatic transmission (no stick shift is offered) were remapped.

To further bolster mileage, Chevy adopted aerodynamic aids from the gas-powered Cruze Eco, including front grille shutters that automatically adjust to reduce airflow and cut drag at higher speeds.

''We spent a lot of third-shift nights in the wind tunnel, getting air through the radiator as efficiently as possible,'' Mr. Tavel said.

Underbody panels further help to smooth airflow, along with front deflectors that reduce turbulence around the wheel wells and the spinning tires.

For bitter northern climates, the Cruze Diesel sold here gets more advanced glow plugs to ensure, G.M. promises, cold starts at temperatures as low as 40 degrees below zero. And the American version adopts larger brake rotors for the front and the rear.

In case any sensitive nose could detect a residual trace of diesel's telltale odor, Chevy added a charcoal filter to the climate system.

I've beaten the E.P.A. economy estimates with most of the diesels currently on sale, and I did so again with the Cruze. Over a 4.5-hour drive to Monticello, N.Y., and back to Brooklyn, I managed 49 m.p.g. on the highway portion -- about what I've achieved in VW diesels.

That's impressive, though the benefits are less compelling for drivers who often cool their heels in traffic. Hybrids still trump the efficiency of diesels in city and suburban driving -- though they are invariably less fun and satisfying to drive.

As with the gas model, the Cruze isn't sporty, but it is pleasant and relaxing to drive. Consider the Cruze a mac-and-cheese compact: familiar and unpretentious, it is also comforting.

This Cruze is also well equipped, including leather seats and touch-screen navigation. It's also pricey, because Chevy decided to offer only one well-equipped version, which starts at $25,695.

G.M. estimates that the Cruze Diesel costs $3,000 more than a comparably equipped gasoline model. But the company insists that it still costs $695 less than a comparably equipped Jetta when that car is equipped with its optional automatic transmission.

A recent study by the University of Michigan Transportation Research Institute found that compared with gasoline cars, diesel versions saved from $2,000 to $6,000 in total costs over three to five years of ownership. Fuel savings and higher resale values are largely responsible. Research from the Edmunds.com car-buying site shows that a three-year-old Jetta TDI retains 5 percent more of its new-car price -- roughly $1,250 -- than a gas-powered model.

While that may prove true for the diesel Cruze as well, the Chevy won't bring spectacular savings at the pump. With diesel fuel still more expensive than regular unleaded, the E.P.A. figures an annual fuel cost of $1,750 for the Cruze diesel, just $250 less than the thrifty 1.8-liter gasoline version. Still, that leaves the diesel owner spending less than $34 a week in fuel to cover 15,000 miles in the Chevy, and stopping far less often, given the car's vast driving range.

Fans of popular German diesels have been making those calculations and deciding the higher initial investment is worth it. It will be interesting to see how many Chevy buyers are swayed by diesel's math, might and long-range stamina.

ERASING A BAD MEMORY: The Cruze Turbo Diesel is Chevy's first diesel since the 1986 Chevette. (AU1); LONG-DISTANCE RUNNER: With its 15.6-gallon fuel tank, the Chevy Cruze Turbo Diesel can cover nearly 720 miles without stopping for a fill-up. (PHOTOGRAPHS BY GENERAL MOTORS) (AU2)

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The New York Times

OPINIONATOR
Editorial Desk; SECTA
We Have to Step In And Save Detroit

By STEVEN RATTNER
908 words
20 July 2013
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19
English

For months, the question in many minds has been not whether Detroit would file for bankruptcy, but when.

But while Detroit's decision this week to enter bankruptcy might make it easier to improve the city's fiscal position, it will prove far tougher to design and implement an effective restructuring for Detroit than it was to put General Motors and Chrysler through Chapter 11.

That's partly because municipal defaults are handled under a different section of the law -- Chapter 9 instead of Chapter 11. The latter, which governs companies, includes a provision that allowed General Motors, the city's largest company, to take a quick, 39-day rinse in bankruptcy.

Cities must go the slow route, almost certainly at least a year in Detroit's case. Such lengthy bankruptcies are costly, not just in fees but more so in distraction for city officials and uncertainty for local businesspeople.

More important, Detroit is in far worse shape than the auto companies were in 2009. Its steadily declining population has meant falling tax revenues and, because it is difficult to cut expenses as quickly as revenues slip, six consecutive years of deficits.

And unlike the auto companies, which could close unneeded plants and shed workers without diminishing their ability to produce quality cars, Detroit has been cutting for years and is already delivering substandard services.

Average police response times have reached 58 minutes, compared with a national average of 11 minutes. Its per capita violent crime rate is nearly triple that of Cleveland and St. Louis, and it has fewer than half as many functioning streetlights per square mile as those cities. And on and on.

But while Michigan Gov. Rick Snyder has capably overseen Detroit's march to Chapter 9, neither the state nor the federal government has evinced any inclination to provide meaningful financial assistance.

That's a mistake. No one likes bailouts or the prospect of rewarding Detroit's historic fiscal mismanagement. But apart from voting in elections, the 700,000 remaining residents of the Motor City are no more responsible for Detroit's problems than were the victims of Hurricane Sandy for theirs, and eventually Congress decided to help them.

America is just as much about aiding those less fortunate as it is about personal responsibility. Government does this in so many ways; why shouldn't it help Detroit rebuild itself?

Many call for scaling back the city to fit realistic population projections. While logical, the potential for downsizing Detroit is limited because the city's population didn't flee from just one neighborhood; the departures were scattered, requiring Detroit to deliver services across a geographic area the size of Philadelphia, with less than half the population. Further cuts will surely come, but in some key areas, like public safety and blight removal, Detroit needs to spend more, not less.

That necessitates large-scale reductions in its liabilities, which total as much as $18 billion. By comparison, the country's second largest municipal bankruptcy -- that of Jefferson County, Ala., which is slightly smaller than Detroit in population -- involves $4 billion of liabilities.

Detroit faces greater challenges than the automakers because the structure of its obligations is quite different from those of General Motors and Chrysler.

Detroit owes approximately $5.3 billion on debt that has first call on all water and sewer revenues, which means the holders of that debt have to the right to take as much of the water and sewer fees (after operating expenses) as are needed to service the debt.

The bulk of its obligations are to the grossly underfunded pension plans and for retiree health care costs -- nearly half of the city's total liabilities. The city has suggested that it cut these by 90 percent. Although retirees don't have a lot of legal rights in the bankruptcy process, it is difficult to imagine -- on either a human or a political level -- an exit from bankruptcy that would include reductions of this magnitude.

The first duty to help lies with the state: Gov. Rick Snyder has made clear that Detroit's success is key to Michigan's success.

For starters, if the state assumes responsibility for the $1.25 billion in reinvestment spending that Detroit's emergency manager, Kevyn Orr, has included in his proposed budget, the city could use those freed-up funds to trim the potential pension reductions of retirees. And the Obama administration should comb through its urban programs to try to allocate more funds to a city that is truly in distress. (If I thought it could pass Congress, I'd happily support a special appropriation, but the politics of any spending are toxic in Washington these days.)

Given the depth of Detroit's hole, no one should doubt that one of the important principles of the auto rescue -- shared sacrifice by creditors, workers and other stakeholders -- should be maintained.

When President Obama rescued the auto companies, his decision was politically unpopular. By the time of last fall's presidential election, a majority of Americans had swung in favor of the move. History could repeat itself.

This is a more complete version of the story than the one that appeared in print.

Steven Rattner, a contributing opinion writer, is a longtime Wall Street executive who served as lead auto adviser in the Obama administration.

DRAWING (DRAWING BY TED MCGRATH)

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The New York Times

WHEELS
Business/Financial Desk; SECTB
For G.M. And Honda, A Fuel-Cell Partnership

By LINDSAY BROOKE
691 words
3 July 2013
The New York Times
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3
English

General Motors and Honda on Tuesday announced an agreement to jointly develop a hydrogen fuel cell to be shared by both automakers for vehicles they would produce around the end of the decade.

Speaking at the announcement in Manhattan, G.M.'s vice chairman, Stephen Girsky, and the president of American Honda, Tetsuo Iwamura, said that by collaborating on a common design and components, they would be able to lower costs and reduce development time. They said the new partnership would also work with energy suppliers and state and local governments to expand the network of hydrogen refueling stations, a critical element in fostering consumer acceptance of fuel-cell vehicles.

Fuel cells, which combine hydrogen gas stored in the vehicle with oxygen from the atmosphere to generate electricity, offer driving distances and refueling times equivalent to gasoline-powered cars. Though the electricity is produced on board, rather than drawn from a battery pack, the vehicles qualify as zero-emission because the only byproduct is water vapor. Many researchers regard fuel cells as more promising than batteries as an electricity source for vehicles.

Fuel cells also are expected to play a key role in the federal fuel economy regulations set for 2017 to 2025. A section of those rules allows each fuel-cell vehicle to count as 1.75 conventional vehicles in 2020 and 1.5 vehicles in 2021. Such credits enable automakers to somewhat offset the fuel economy of less-efficient vehicles like S.U.V.'s and large trucks.

Additionally, hydrogen fuel-cell vehicles are deemed important for meeting California's zero-emission vehicle requirements scheduled for 2018. Under those rules, automakers would need to sell an estimated 1.4 million fuel-cell vehicles, E.V.'s and plug-in hybrids in California by 2025. And because nine other states are expected to follow California's so-called ZEV law, automakers would need to sell more than half of a million of those vehicles nationwide in 2025.

G.M. and Honda are considered industry leaders in fuel-cell technology, ranking first and second, respectively, in the total number of related patents filed from 2002 to 2012, according to the Clean Energy Patent Growth Index. Both companies have had active fuel-cell development programs for decades -- G.M. since the 1960s.

Honda has produced about 100 examples of its fuel-cell FCX Clarity model, which is available on a lease-only basis in the United States, Europe and Japan. G.M. fielded a fleet of fuel cell Chevrolet Equinoxes that accumulated more than three million miles of consumer road testing.

''We have complementary technologies, and by pooling them we can move development along faster,'' Mr. Girsky said. He described the new relationships as ''a complete sharing of all our respective intellectual properties on the subject.'' He even offered Honda technical assistance on its next fuel-cell car, a 2015 replacement for the Clarity that will be unveiled at the Tokyo Motor Show in September.

High development and materials costs -- G.M. has spent more than $1 billion on its fuel-cell program, according to company engineers -- are forcing automakers into technology partnerships where they can take advantage of their supply chains and manufacturing scale to help lower costs. Last January, the Ford Motor Company, Renault-Nissan and Daimler formed a joint development alliance aimed at making ''affordable, mass-market'' fuel-cell vehicles by 2017. BMW and Toyota have a similar arrangement. Hyundai and Volkswagen also are developing fuel-cell technology independently.

G.M. and Honda executives at the New York announcement indicated that the fuel-cell technology agreement potentially could expand into other joint development projects.

''With G.M. and Honda sharing our technical expertise, we believe we can achieve the world's strongest partnership in the area of fuel-cell technology,'' Mr. Iwamura said.

This is a more complete version of the story than the one that appeared in print.

Stephen Girsky, left, the vice chairman of General Motors, and Tetsuo Iwamura, the president of American Honda. (PHOTOGRAPH BY GENERAL MOTORS AND HONDA)

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The New York Times

Business/Financial Desk; SECT
GM Workers in South Korea Plan Walkout

By REUTERS
551 words
28 June 2013
The New York Times
NYTF
The International Herald Tribune
English

SEOUL -- Workers at General Motors' factories in South Korea, a key manufacturing base for the U.S. automaker, will stage a partial walkout July 4 because of disputes over wages and production plans, a union spokesman said Thursday.

The partial walkout would punctuate annual wage talks that began in April. G.M.'s chief executive, Dan Akerson, and other executives have raised concerns about a further increase in labor costs partly because of wage lawsuits filed by G.M.'s South Korean workers.

But G.M.'s South Korean union has said its ''cost per vehicle'' is half that of Australia and lower than several other peers, including Russia.

The union was also angered by G.M.'s decision not to produce the next-generation Cruze compact in South Korea, which prompted fears about a potential restructuring of the unit.

Last week, 79 percent of union members at G.M. Korea voted in favor of striking. Union leaders decided late Wednesday to hold a partial strike for six hours July 4 and to refuse overtime and weekend work for now, said Choi Jong-hak, a union spokesman.

He said union leaders would decide whether to continue the partial strike depending on progress in the wage talks. ''The management did not come up with any concrete proposal during yesterday's talks,'' he said. ''It will be difficult to reach a deal, and we are likely to continue the strike.''

From July to September last year, G.M. Korea suffered its biggest strike since it was created in 2002, resulting in lost production of 40,000 vehicles.

G.M.'s South Korean unit makes more than 4 of every 10 Chevrolet-branded vehicles sold globally and supplies almost all Chevrolets sold in Europe.

It also produces vehicle kits for assembly in China and other emerging markets. The unit exports the Opel Mokka sport utility vehicle to Europe and the Chevrolet Spark minicar to the United States and other markets.

Under the annual wage talks, G.M. Korea's union negotiators have called for a bonus equivalent to three months' salary and a one-time payment of 6 million won, or $5,300, as well as a basic salary increase of 130,500 won.

The two sides have also locked horns over a new shift system that will eliminate overnight work at the beginning of 2014, with the union demanding that management make up for reduced wages resulting from fewer work hours.

The union is also calling for the company to produce the revamped Cruze as well as other next-generation models in South Korea and to have the unit continue to play a key role in engineering and designing G.M.'s mini- and small cars.

The spokesman for G.M. Korea, Kim Byeong-soo, said: ''Wage talks are still under way. We hope to expedite negotiations to reach a deal and avoid production losses.'' He added that the annual wage pact was traditionally reached by early August.

On May 28, Hyundai Motor, South Korea's biggest automaker, and its labor union started their annual wage talks. The union is demanding a bonus equivalent to eight months' salary and an extension of the retirement age to 61, among other things.

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The New York Times

Business/Financial Desk; SECTB
Profit Rises, But Walgreen Falls Short Of Estimates

By THE ASSOCIATED PRESS
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4
English

The Walgreen Company said Tuesday that quarterly earnings jumped 16 percent, but its shares plunged 5 percent as investors fretted over sluggish sales outside the drugstore chain's pharmacies and other troubling trends.

The company, the nation's largest drugstore operator, missed Wall Street forecasts for its third fiscal quarter, ended May 31, and its earnings grew largely because of the comparison with last year's quarter, when a business split hurt its performance.

Several analysts said they were surprised by a weaker than expected expansion in Walgreen's gross margin, which is a basic measure of profitability. That could indicate that Walgreen was losing quicker than expected an important boost from generic drugs, said Judson Clark, an Edward Jones analyst.

An influx of generic medications has helped bottom lines at drugstores for several quarters because they come with a wider margin between the cost for the pharmacy to buy the drugs and the reimbursement it receives.

That decreasing generic benefit in addition to a promotional push to bolster sales in the front area of stores, or the area outside the pharmacy, could hurt Walgreen's profitability in future quarters, said Edward J. Kelly, an analyst with Credit Suisse.

''This quarter is not a great signal for the near-term,'' he wrote in an e-mail.

Shares of Walgreen fell 5.89 percent, or $2.83, to $45.22, on Tuesday, while broader trading indexes climbed. But the stock price had already advanced 30 percent so far this year before Tuesday, and Mr. Clark said that gain was part of the reason shares fell so much after the company released its earnings.

Walgreen, based in Deerfield, Ill., earned $624 million, or 65 cents a share, compared with $537 million, or 62 cents a share, a year ago, when the company had fewer shares outstanding.

Revenue rose 3.2 percent, to $18.31 billion.

Adjusted earnings amounted to 85 cents a share, excluding expenses like acquisition and legal costs.

Analysts forecast earnings of 91 cents a share on $18.4 billion in revenue, according to FactSet.

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WHEELS
Automobiles; SECTAU
G.M. and BMW Adopt D.C. Car Charging

By MATTHEW L. WALD
663 words
16 June 2013
The New York Times
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5
English

General Motors and BMW say they are moving ahead with technology that can give electric cars an 80 percent charge in 20 minutes. Charging time is a major problem in a car that can travel only 100 miles or less between charges.

Today, electric cars almost always use the existing alternating current power grid for charging, which means that the energy must first be converted from A.C. back into the D.C. format car batteries use to store energy. Bypassing the on-board hardware that does that conversion means avoiding a bottleneck and reducing charging time.

G.M.'s Chevrolet Spark EV, based on a Korean-built gas-powered minicar, has a published range of 82 miles. BMW says its i3 will go 80 to 100 miles on a charge. If either one could take on an 80 percent charge in 20 minutes, and if such charging stations were widely available, it could effectively multiply the car's daily range.

G.M. had previously announced that its Spark would have a charging port with inputs for the standard A.C. charger or D.C. equipment.

The two vehicles will use a standard recently established by the Society of Automotive Engineers. There is an older international standard, widely used in Japan, but D.C. charging in North America is a rarity and companies here are starting fresh. Along with G.M. and BMW, other companies that have promised to use the new S.A.E. standard are Ford, Chrysler, Daimler, Volkswagen, Audi and Porsche.

G.M. and BMW said in a joint announcement on Tuesday that after several days of testing, they were confident that a charger using the S.A.E. standard would provide an 80 percent charge in about 20 minutes. There is a catch, though: Vendors have to buy the chargers and install them somewhere. General Motors says chargers will cost from $20,000 to $30,000 each.

How could a charging station owner make money on that? In general, a driver would be buying a quantity of electricity for which a homeowner would pay about $2, but the D.C. power could be priced higher, like the difference in price between a six-pack of soda on a supermarket shelf and a single bottle in the refrigerator next to the cashier. Form may matter as much as quantity.

Or it could be a loss-leader. Heather Rosenker, a spokeswoman for G.M., said that the D.C. charger ''could be owned by the utility or the business in which it is housed (i.e. a restaurant, hotel, shopping center, etc.).''

In a conference call with reporters on Tuesday, David Danielson, assistant secretary for Energy Efficiency and Renewable Energy for the federal Energy Department, acknowledged that ''the cost of those quick chargers can be up there.'' He said that the government was working to bring down the price of the electronics involved.

Mr. Danielson was promoting a new Web site called eGallon, which compares the cost of gasoline with the cost of the electricity that will take a car the same distance. The site assumes the car will go about three miles on a kilowatt-hour and calculates that, while gasoline is on average about $3.65 a gallon, the eGallon cost would be $1.14. But the eGallon calculator compares the cost of gasoline with residential electricity rates and does not make any allowance for an electricity mark-up a vendor would use to earn a profit on the charging equipment.

According to a news release from General Motors, the direct current fast charging option should be available sometime after the Spark EV becomes available in California and Oregon this year.

This is a more complete version of the story than the one that appeared in print.

TWO PORTS: The Spark EV will have charging ports for both standards. (PHOTOGRAPH BY GENERAL MOTORS)

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The New York Times

Business/Financial Desk; SECTB
Chain to Pay $80 Million In Drug Fine

By BARRY MEIER
532 words
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1
English

The Walgreen Company, the nation's biggest pharmacy operator, agreed on Tuesday to pay $80 million to resolve federal charges that it failed to properly control the sales of narcotic painkillers at some of its outlets.

Officials at the Drug Enforcement Administration described the fine as the biggest ever paid by a pharmacy chain. As part of the settlement, the license of a Florida facility used by Walgreen to distribute controlled drugs was revoked for two years.

D.E.A. officials said that many of the drugs dispensed at the facility made their way to the black market, including oxycodone, a strong narcotic that is also the active ingredient in OxyContin.

Under the agreement, Walgreen committed to establish better internal controls. It acknowledged that practices at a distribution facility and some of its pharmacies in Florida did not meet standards.

Over the last year, federal officials have acted against several major wholesalers of prescription painkillers, like Cardinal Health, as well as drugstores. Such drugs are involved in some 16,000 overdose deaths annually.

Federal officials have said that distributors of painkillers often turn a blind eye to suspiciously large orders for medications by pharmacies, and that drugstores fail to properly identify customers who intend to divert drugs to the streets.

Some distributors have sought to limit their liability by more closely monitoring distribution pipelines and cutting off customers. But patients say the crackdown has made it difficult for them to get needed medication, and some druggists complain that big distributors like Cardinal have clamped down on the amount of painkillers they can buy.

The black market has been rampant in Florida, where until recently hundreds of so-called pain clinics operated, including many where patients received prescriptions for opioids after cursory examinations. Since 2009, federal officials have brought charges against 59 doctors in connection with the illegal prescribing of painkillers.

In their action against Walgreen, federal officials said the chain had failed to properly account for the sales of painkillers or report suspicious sales. The Walgreen distribution facility in Florida once served as the largest supplier of prescription painkillers to pharmacies in that state, they said.

''National pharmaceutical chains are not exempt from following the law,'' Mark R. Trouville, a D.E.A. special agent in charge, said in a prepared statement.

In a statement released Tuesday, Walgreen, based in Deerfield, Ill., said, ''As the largest pharmacy chain in the U.S., we are fully committed to do our part to reduce prescription drug abuse.''

The company said that it expected that the financial impact of the settlement and associated costs would lower results in the third quarter by about 4 to 6 cents a share. In fiscal 2012, Walgreen had sales of $72 billion.

Another major distributor, AmerisourceBergen, disclosed last June that it faced a federal criminal inquiry into its oversight of painkiller sales. West Virginia officials filed a lawsuit against 14 drug distributors, including Cardinal and AmerisourceBergen. The companies have denied wrongdoing.

Agents said Walgreen failed to properly control the sale of painkillers at some of its drugstores. (PHOTOGRAPH BY JOE RAEDLE/GETTY IMAGES) (B2)

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
Bailout Payback

By DEALBOOK
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5
English

The Treasury Department said on Wednesday that it planned to sell 30 million shares of General Motors in an offering tied to the company's reinsertion into the Standard & Poor's 500-stock index.

The sale is part of the agency's previously announced plans to sell its remaining 300 million shares of the automaker, or nearly 18 percent, by early next year. It has said it will sell those shares through predefined written trading plans.

The shares came to the government as a result of the $49.5 billion bailout of General Motors in 2009 in the wake of the financial crisis. In December, the Treasury sold 200 million shares back to the company for $5.5 billion, leaving it with 300 million shares.

The United Automobile Workers union's Retiree Medical Benefits Trust will also participate in the latest offering, selling 20 million shares.

On Monday, Standard & Poor's announced that G.M. would replace H.J. Heinz in the benchmark stock index after the market close on Thursday. Heinz is being taken private by Berkshire Hathaway and the Brazilian-backed investment firm 3G Capital. G.M. had been a member of the original S.&P. 500, established in 1957, until the company's bankruptcy in 2009.

The company's inclusion in the index is expected to buoy the stock price, as investment funds that mimic the composition of the S.&P. 500 buy up shares of its newest components. In early trading on Wednesday, shares of G.M. were up slightly, at $35. The stock went public in November 2010 at an offering price of $33.

Citigroup, JPMorgan Chase and Morgan Stanley are acting as the joint book-running managers of the proposed offering.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

SQUARE FEET
Business/Financial Desk; SECTB

Close to Its Home, Walgreen Tests Energy-Saving Ideas

By BRUCE JAPSEN
1,207 words
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8
English

CHICAGO -- As the Walgreen Company expands its sales items to fresh salads, Redbox DVD rentals and digital photo scanners, among other products, its consumption of power keeps inching up.

While the company cannot significantly reduce its electricity use in all stores immediately, it is building an experimental ''net zero energy store'' just north of Chicago that it hopes will produce more energy than it consumes.

''We're just like most American homes where we have become more reliant on servers, computers and monitors,'' said Menno Enters, Walgreen director of energy and sustainability. ''We need to reduce our electricity consumption.''

Alternative energy equipment at the store under construction in Evanston, Ill., includes more than 800 solar panels on the roof, two 35-foot wind turbines and a geothermal energy system dug hundreds of feet beneath the store's foundation.

Walgreen building planners and engineers estimate the net zero store will use about 200,000 kilowatt-hours of electricity over a year's time while generating about 256,000 kilowatt-hours during the same period.

''There are a lot of other retailers that consume less energy per square foot -- when you think of a clothing store -- but Walgreen does sell it all, so it makes a net zero store much more challenging to pull off,'' Mr. Enters said. ''If Walgreen can do this, a lot of other retailers can do this.''

The net zero concept is part of the retail giant's overall sustainability plan to reduce energy use by 20 percent by 2020 across all of its more than 8,000 stores, including Duane Reade stores in the New York area. That goal is also the target of the Department of Energy's ''Better Buildings Challenge'' initiative, which President Obama established in 2011 to encourage energy conservation across the country and Walgreen has signed on to.

The effort is not without its challenges, or additional costs.

The cost of building the new store will be about twice that of a typical new store, though Walgreen executives would not disclose financial details. Over time, however, executives expect to recoup the extra costs from reductions in the store's energy use, tax credits and rebates from utility companies.

A spokeswoman for the Energy Department said the agency was unaware of any completed net zero projects among more than 110 public and private commercial, industrial and governmental energy conservation projects that are part of the government program to reduce consumption.

Though the department does not offer incentives or pay for any upgrades among the projects, a department spokeswoman, Maria Vargas, said ''often local utilities or others do offer incentives.'' In Walgreen's case, the company said the Evanston store would ultimately generate more electricity than it needed, so the surplus could be sold to the local utility, what energy experts call ''getting your meter spinning backward'' or ''selling it back to the grid.''

Other incentives are offered to companies willing to invest in alternative energy. Walgreen said it expected to receive rebates for lighting and mechanical systems under a separate program.

In terms of federal incentives, Walgreen plans to apply for energy tax credits for the geothermal investment, up to 10 percent of its expenditures, and for the wind investment, up to 30 percent of expenditures.

Ms. Vargas noted that Walgreen was interested in sharing its net zero plan. "We want to have replicable models to eliminate the learning curve on how to do this," she said. "We are looking forward to seeing the results."

Walgreen has no plans to build all of its new stores into the net zero variety, but the company is not ruling out more such stores. It is also using the net zero store as a laboratory to test successful energy reduction strategies that could be incorporated into new or older stores.

"A lot of the stuff we are doing in Evanston we have done in other places, but not all in one store," said Jamie Meyers, Walgreen manager of sustainability. "The opportunity is combining them together to see what the result would be. Then, we want to see if there are synergies and put them in new stores."

Walgreen is incorporating several conservation and energy producing strategies in existing stores, including LED lighting, energy-efficient building materials and carbon dioxide refrigerant for heating, cooling and refrigeration.

The new store, on the site of an old store that had been razed at Chicago Avenue and Keeney Street in Evanston, is being built by recycling more than 85 percent of the demolished store's material like bricks, concrete and metal.

Plans call for the new Walgreen store, just six blocks west of blustery Lake Michigan, to capture the area's infamous gusts with eight-foot-diameter wind turbines that will stand about as tall as the store. There will be 850 solar panels covering practically the entire slightly pitched roof to create solar energy.

In addition, Walgreen has drilled eight 550-foot holes for pipes -- one executive described them as about as deep as the landmark Chicago Board of Trade building is tall -- to create a geothermal energy system that will use the constant temperature of earth to heat and cool the building.

The so-called geothermal wells will carry a water/glycol mixture at a constant temperature of 55 degrees. This means that the store will consume only enough electricity to be heated or cooled another 17 degrees or so to reach a typical 72-degree temperature.

Executives say the proximity of the net zero store to Walgreen corporate headquarters, about 15 miles away in Deerfield, Ill., allows company engineers and planners to more closely keep watch on it and make adjustments if the store is not meeting its targets. "If we do start straying from our predicted use, we can find out more quickly what the reason is," Mr. Enters said.

The net zero concept is already gaining global attention from a Facebook page Walgreen created to update customers in the Evanston community, which includes Northwestern University, on the store's construction. The store is expected to be open by Thanksgiving, in time for the holiday shopping season.

Facebook fans get regular updates on construction. One was on the use of bricks from CalStar Products, based in Racine, Wis. CalStar does not fire its masonry products, "so much less energy is required to form the bricks and much less CO_2 is produced," Walgreen said on the site.

Walgreen plans to seek the United States Green Building Council's LEED Platinum status, the council's highest designation. Company executives say they have been fielding requests for tours from college engineering professors across the country, as well as Japanese tour groups, once the building is complete.

"This could become a tourist attraction," Mr. Enters said.

A depiction of a Walgreen store being built in Evanston, Ill., north of Chicago includes its sloping roof, which is to contain more than 800 solar panels. (PHOTOGRAPH BY CAMBURAS & THEODORE); The Evanston store construction site last month. Walgreen, based in Deerfield, Ill., expects to have the "net zero energy store" open by Thanksgiving. (PHOTOGRAPH BY NATHAN WEBER FOR THE NEW YORK TIMES)

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The New York Times

Business/Financial Desk; SECTB
Ford Showing Its Vigor as Industry Recovers

By JACLYN TROP
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1
English

For decades in Detroit, there was a clear pecking order among automakers: General Motors sold the most cars in the United States, followed by Ford Motor Company and then the Chrysler Group.

But in the world of the postbailout auto industry, that firmament has gradually shifted, as Ford has introduced appealing fuel-efficient models while G.M. has contracted, dropping brands and reducing capacity.

On Monday, Ford continued to chip away at its rival, reporting a robust 14 percent gain in American sales in May, to 246,000, about 6,000 behind G.M., which reported a tepid 3 percent gain. Chrysler reported an 11 percent sales increase, to more than 166,000, beating analyst expectations.

The strong performances by Ford and Chrysler helped the overall industry to stay on track to sell more than 15 million vehicles this year for the first time since 2007, before the financial collapse that sent carmakers into a tailspin. All automakers combined to sell 1.44 million new vehicles in the United States in May, an 8.2 percent gain over the same month in 2012.

''The industry is settling into a healthy place where supply and demand are meeting,'' said Jessica Caldwell, an analyst with the auto research site Edmunds.com, ''but demand is still growing. We're edging our way into what would be the sweet spot for sales.''

Now demand is driving supply, with Ford, Chrysler and Toyota adding more production and more jobs at United States plants to capture sales momentum. On Monday, Ford announced plans to increase capacity by 10 percent, to 740,000 vehicles, in the third quarter, as it strives to meet increasing demand for its S.U.V.'s and midsize passenger cars.

Ford's sales increase was driven not only by continued strong demand for large pickups and sport utility vehicles but also by rising sales of its smaller models, like the Fusion, Focus and Fiesta. Sales of the automaker's Fusion midsize sedan, for example, rose 10 percent, to 29,553 vehicles, for its best May ever.

Ford also reported strong sales of its Escape utility vehicle, which also had its best month ever, and the Lincoln MKZ, which soared 42 percent for its best May on record.

G.M., by contrast, continues to struggle in some major passenger car categories even as other segments like trucks remain strong. Its passenger car sales slipped 6.4 percent, in part because of a 31.7 percent decline for its full-size Chevrolet Impala and a 36.1 percent drop for its Chevrolet Malibu midsize sedan. Its Buick LaCrosse, down 15.2 percent in May, and Regal, down 37 percent, also struggled.

In a sign of G.M.'s urgency, on Friday it unveiled a refreshed version of its Malibu, only a year after introducing a revamped model.

G.M., which sold 253,000 vehicles in May, did have success in its smaller cars, maintaining sales for its midsize Chevrolet Cruze while introducing the smaller Chevrolet Spark and Sonic models.

''It's not necessarily saying G.M.'s performance was bad, because it wasn't,'' Ms. Caldwell of Edmunds.com said. ''It was just that Ford was better. Ford has a balance in their portfolio, while G.M. is a little more hit or miss.''

The strongest sales across the industry remained in pickups and S.U.V.'s, which rose 10.9 percent to 718,890 vehicles in May, in contrast to a 5.7 percent increase in car sales, to 725,736 vehicles.

Sales of Ford's F-Series rose 30.6 percent, while Chrysler's Dodge Ram truck brand climbed 21.6 percent. At G.M., large pickup truck sales rose 23 percent, accompanied by a 25.3 percent gain for its Chevrolet Silverado truck, the country's No. 2 best-selling vehicle with 43,283 units sold.

The 19.2 percent rise in pickup truck sales continues to reflect strong marketplace demand after a recovery in the housing market and a surge in the construction and oil industries. Automakers also cited an aging fleet of pickups and pent-up demand.

''Quite simply, it's a great time to be in the truck business,'' said Kurt McNeil, head of General Motors sales operations in the United States.

Several foreign automakers also reported double-digit sales increases, including a 24.7 percent gain for Nissan, driven by price cuts on seven of the Japanese automaker's vehicles and the popularity of its Sentra and Altima models.

Mazda reported gains of 19.2 percent, and Subaru of 34.2 percent.

Toyota, the world's largest automaker, lagged competitors with a 2.5 percent increase, in line with expectations.

For both Toyota and G.M., ''the marketplace has become so competitive in their bread-and-butter segments,'' said Alec Gutierrez, senior analyst at Kelley Blue Book.

Ford Fusions in Pennsylvania. Ford's sales rose on trucks and small cars. (PHOTOGRAPH BY KEITH SRAKOCIC/ASSOCIATED PRESS) (B1); Nissan Altima; Toyota Corolla/Matrix (B2) CHARTS: How the Industry Fared; Most Popular Cars and Trucks; How the Automakers Fared (Source: MotorIntelligence.com) (B2)

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The New York Times

WHEELS
Automobiles; SECTAU
Blueprints for Dymaxion Found in Massachusetts

By BENJAMIN PRESTON
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8
English

Every once in a while, a car so brilliant and forward thinking comes along, it just can't be ignored. Only it can. Some have a few moments of glory -- the Tucker Torpedo, the General Motors EV1, and perhaps even the Fisker Karma, for example -- and others don't. The three-wheel Dymaxion car is one of those; the teardrop-shaped, 1930s-vintage car of the future that never made it into production.

But there was a lot to like about the Buckminster Fuller-designed Dymaxion. Part of his Dymaxion brand -- Dymaxion being an amalgamation of dynamic, maximum and tension -- the 1933 car filled out a design lineup that included a house, a world map and Mr. Fuller's own, oddly constructed sleep schedule (which consisted of 30-minute naps throughout the day).

Although it was unlikely that the Dymaxion car would ever find its way onto an automotive assembly line, such a thing was not even a possibility until recently. The plans had been lost. But they have resurfaced in a Dudley, Mass., house that was once a boarding house where Fuller stayed during his days working with the automobile coachbuilder, Waterhouse Company, in nearby Webster, Mass.

In its day, and even now, the Dymaxion was pretty far afield of other automotive designs. It could seat 11 people, had a recorded top speed of 90 miles per hour, and with its rear-mounted, 85-horsepower Ford flathead V-8 engine, which sat near a single rear wheel and powered the car's two front wheels, the car could get up to 30 miles per gallon.

Think about how rare that has been until fairly recently. Except for that brief flash of gutless, albeit lightweight, late-'80s and early-'90s econoboxes, not many cars capable of carrying more than four people could boast fuel economy numbers that high. Even the truly advanced vehicles that have made it into production recently haven't really done much to blow conventional modes of personal transport out of the water.

Recently, though, Volkswagen announced that it would build only 250 of its XL1 models, a super efficient, aerodynamic little car whose '90s-vintage futuristic looks and 261-mile-per-gallon fuel economy ought to have thrifty buyers clamoring for more. But it is unlikely to be sold in America. Despite that it's a hybrid diesel -- people can't still be afraid of hybrids or diesels, right? -- hybrids have been around long enough that it should be normal by now, and we're far enough removed from the horrors of that G.M. catastrophe known as the Oldsmobile diesel V-8 to have gotten over that phobia.

But I digress. Despite their wind-cheating weirdness, Dymaxion cars relied upon conventional powertrains. It was the wheel layout and steering that defied established normality. And people, somewhat predictably, did not bite.

Fuller built only three Dymaxion cars. After car No. 1 crashed in an accident at the 1933 Chicago World's Fair, no one with enough money to make it a production reality would touch the car. Steered by its rear wheel, directional control wasn't as straightforward as cars steered by their front wheels, and the difference factored into speculation about the crash. Right or wrong, the rumors jelled mistrust of the car's design.

According to Noel Murphy, the author of a not-yet-finished documentary about the Dymaxion car -- "The Last Dymaxion" -- car No. 1, which had been damaged in the World's Fair crash, finally met its end in 1941, when it caught fire in North Carolina. He said that No. 3 ended up being unceremoniously scrapped in a Wichita, Kan., junkyard at some point. Car No. 2 is the last surviving original, having made its way through the hands of several less-than-illustrious owners before being acquired by William Harrah, the Las Vegas casino executive.

When Harrah died in 1978, most of his cars were sent to the auction block. But a handful, including the Dymaxion, ended up in the then new National Automobile Museum in Reno, Nev., where it remains today.

The owner of the house where the plans were found in the living room is keeping his identity and address quiet. But that did not stop the lucky finder from researching what the plans were for, which eventually led to a connection with Mr. Murphy. Now, the two are in agreement that the plans should be sold at auction to raise money for Mr. Murphy to complete his documentary.

Maybe the plans' new owners will take the design and create something new with it. Even though Crossthwaite & Gardiner spent two and a half years building a more or less perfect reproduction, blueprints can tell so much more about the hows and whys of a car's build. With modern guts, a three-wheel modern day Dymaxion car -- one with a stronger, lighter body (that won't lead to the death of its occupants, preferably) could someday become a reality. Think about it; a real space age Dymaxion ...

Or not, but one can always hope that something weird like that will actually be produced, curing us, at least temporarily, of our fear of the different.

The auction will be held on June 6, at the Wright Auction House in Chicago.

This is a more complete version of the story than the one that appeared in print.

SURVIVOR: This Dymaxion, built in 1933, is the only one left of the originals. (PHOTOGRAPH BY WIKIMEDIA COMMONS)

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The New York Times

Business/Financial Desk; SECTB
To Compete, G.M. Alters A Sedan

By BILL VLASIC
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1
English

DETROIT -- General Motors introduced its revamped Chevrolet Malibu sedan on Friday -- just a year after it put out the latest version of the car.

It is unusual for a carmaker to make major changes to a new model so soon. But with the Malibu still lagging behind its competitors in the important midsize car category, G.M. is moving uncharacteristically fast to improve it.

G.M. has a lot riding on its success. The revamped Malibu, along with new pickup trucks coming this summer, is part of its effort to emerge from years of retrenching after its financial collapse and become a growth company again.

''In the past, we would have defended it and justified it and waited for it to sell,'' Mark Reuss, head of G.M.'s North American operations, said of the Malibu at a news conference here on Friday to show off the new model. ''But we're not going to sit around and wait. We're going to react to the marketplace.''

That marketplace has been decidedly cool to the car, even after last year's revamping. Its sales have dropped nearly 12 percent from a year ago, even as G.M.'s overall sales in the United States are up about 10 percent.

G.M. has made some incremental gains this year in market share in the United States. In the first four months, it reported an 18.1 percent share, compared with 17.7 percent for the same period in 2012.

Better sales of the Malibu are considered essential to further bolstering share. To attract customers, a honeycomb-style grill was added to the front end, and the rear seats were redesigned for better comfort and more leg room. G.M. will also offer a more fuel-efficient engine that shuts down and saves gas when the car is stopped at a traffic light.

Analysts reserved judgment about the changes. ''We'll see how it does,'' said Michelle Krebs, an analyst at the auto research site Edmunds.com.

She said that despite improvements in other areas of the business, G.M. still had a lot to prove in the midsize car category, which accounts for about one out of every six vehicles sold in the country.

''G.M. needs to be much more competitive in this segment,'' Ms. Krebs said. ''It's still the biggest segment in the market, and they need to play stronger in it.''

Malibu sales have slipped considerably in recent years, particularly after work on a new version was suspended during G.M.'s bankruptcy. A fresh Malibu finally arrived in showrooms last year, powered by a new engine and sporting a better interior and more technology.

But consumers were not impressed. Despite the changes, sales fell further behind the Toyota Camry, which leads the midsize sedan segment, and the Honda Accord. And the Malibu fared poorly in a head-to-head comparison with the Ford Fusion, which has had a 25 percent increase in sales this year.

''We knew there were competitive pressures,'' Mr. Reuss said. ''And we knew we needed to get a better car out there.''

The new version goes on sale this fall. Until then, G.M. will try to generate interest in the current model with hefty rebates. The average Malibu incentive in April was the biggest in the midsize segment, at $3,793, compared with $592 for the Honda Accord and $1,946 for the Fusion, according to Edmunds.com.

Pre-bankruptcy, G.M. often relied on rebates to move unpopular cars. But Mr. Reuss said the company was committed to improving its products, so big incentives are unnecessary.

''We're trying to address the concerns of the customer,'' he said. ''We have got to hit home runs with everything we put out there.''

The rush to fix the Malibu reflects G.M.'s overall struggle to remake itself after its bankruptcy and $49.5 billion government bailout.

While the company contends it has made great strides with most of its new products, its financial performance has been spotty. Its net income in the first quarter declined 14 percent from a year earlier, and its North American profits significantly trail those of the Ford Motor Company, its smaller hometown rival.

But investors appear to see a brighter future ahead. G.M.'s stock recently hit $33 a share, the first time the company achieved the share price of its initial public offering in 2010.

The government, meanwhile, is in the process of selling off its remaining shares in G.M., which should help the company shed its nickname of ''Government Motors.''

Mr. Reuss said that in the past, G.M. would not have bothered to poll consumers about why they did not like the current Malibu.

But the days when G.M. would let a new model languish are over, he said.

''We are a company that lost the will to win during the bankruptcy,'' he said. ''We need to know that feeling of winning again.''

Industry analysts expect G.M. to report another slight gain in market share for the month of May, when the industry reports sales figures on Monday.

G.M.'s sales in the United States during May are expected to improve about 8 percent from last year, which would be a bit more than the overall market, according to the investment firm Sterne Agee.

The 2014 Chevrolet Malibu has a restyled front end, a more fuel-efficient engine and rear seats that offer more leg room. (PHOTOGRAPH BY BILL PUGLIANO/GETTY IMAGES) (B2)

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The New York Times

DESIGN
Automobiles; SECTAU
Tailgate Party: Fire Up the Grilles

By PHIL PATTON
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1
English

The look of its pickup trucks is so important that General Motors put its best man on the job: the guy who does the Corvettes. Fresh from the task of designing the 2014 Stingray, Tom Peters took on the task of freshening up -- and toughening up -- the Chevrolet Silverado and its fraternal twin, the GMC Sierra.

''A fist in the wind'' is how Mr. Peters describes the pickups' design.

The new G.M. trucks are not alone in looking as if they can deliver a punch. The latest full-size pickups from G.M.'s crosstown rivals, Ford and Ram, step into the ring with flattened noses, their huge, blunt grilles often slathered in bright trim. A special edition of the latest Toyota Tundra seems to have as many bars as Milwaukee, capped with a flat, wide nostril.

''There is a trend toward a bigger, bolder look,'' said Mr. Peters, the director of exterior design for Chevrolet trucks, full-size crossovers and performance cars.

Automobile grilles have long been carefully created to reflect the image of their brands and a particular model's place in the hierarchy, while truck grilles were comparatively bare and basic. But with trucks locked in ever-fiercer sales battles, their grilles have grown larger and more eye-catching, a modern, motorized riff on the battle shields of medieval crusaders.

After taking a hit when the economy slumped, pickup sales are on the rise again on the strength of a rebounding construction industry: Ram (previously known as Dodge Trucks) gained 49 percent in April from a year earlier, and the full-size truck sales of G.M. and Ford each rose around 24 percent.

Manufacturers are scrambling to grab larger shares of this highly profitable market with tougher, more distinctive designs.

Rugged exteriors help to hide the fact that many of today's macho-looking trucks are softies on the inside, with interiors wrapped in soft leather, decked with wood trim and buzzing with electronic gadgets.

Luxury trucks are especially hot. Ford says that about a third of its pickup sales come from the higher-end versions priced at $35,000 or more. Not long ago, a $50,000 pickup seemed unimaginable. Now the price tags on fancy trucks can rise well above $60,000.

In addition, a tough grille can obscure the fact that the power plant behind it is shrinking -- with more fuel-efficient V-6 engines replacing thirsty V-8s in many pickup trucks.

In Texas, where one-sixth of the nation's pickups are sold, and where Mr. Peters showed off his new truck to the press recently, pickups are like the standard uniform of boots and cowboy hats: they are everywhere, but they come in many styles and shapes. Greater personalization, with a variety of available faces, is the latest truck trend.

The image of the pickup truck is firmly wrapped in American mythology. Model names read like the listings for John Wayne Week on the Turner Classic Movies channel: High Country, King Ranch, Laramie Longhorn.

Manufacturers present trucks primarily as work tools, but despite the ads featuring cowboys, farmers and construction workers, more and more trucks are being used partly -- or mostly -- as family vehicles.

"There's a lot of diversity in the customer range," said Joe Dehner, chief exterior designer for Ram and Dodge. In addition to working trucks, he said, "we also get the 'air haulers,' which means they don't necessarily carry something."

For decades, trucks looked like basic metal boxes. Then Dodge offered up a bold new look for its Ram for the 1994 model year. Under Tom Gale, then the design chief for Chrysler, the pickup added a touch of fantasy to the utilitarian box. With its arched grille and raised hood, the Ram resembled the cab of a mighty 18-wheeler.

Today's Ram designers call it "the big-rig look," said Mr. Dehner. "We own that."

But pickups from other manufacturers began to show the Ram's influence as their designers visually separated the hood and fenders and raised the grille above the headlights.

For the 2014 Chevy Silverado, which will arrive in showrooms soon, Mr. Peters has revised a familiar look. Bolder elements surround its traditional so-called dual port grille. Mr. Peters said, "It looks tougher because it is taller and wider and sports a new single-piece bumper that emphasizes its horizontality." He said that drivers want trucks "to be purposeful, capable, durable, with an aggressive appearance saying that they can take the punches of everyday life on the farm or job."

The perennial best-selling pickup, the Ford F-150, was last redesigned for 2009. But today's F-150 wears many faces: depending on the model or trim level, the grille has multiple small bars or large planks of chrome along with different shapes and colors of meshlike patterns.

The Atlas concept truck, unveiled in January at the Detroit auto show, appears to borrow the muscular look of Ford's Super Duty line of larger, more powerful pickups. The Atlas is believed to foreshadow the design of the next-generation F-150, expected next year.

The face of the Atlas adds vertical elements to the horizontal bars of the current F-150. The grille's frame forms a shape that suggests the nostrils of a bull.

Toyota's new design for its big Tundra truck, first displayed at the Chicago auto show in February, was devised at the Calty design studio in California. The Tundra's grille frame has also been enlarged and its designers, too, use words like bold, chiseled and tough.

In one sign of how much truck grilles have grown, the Nissan Titan's, which seemed notably aggressive when the truck made its debut as a 2004 model, looks relatively undersized in comparison with the newer designs of its rivals.

Grilles play a critical role in differentiating the many submodels and trim levels of today's trucks. "It is almost mind-boggling how complex the choices have become," Mr. Peters said.

Ford offers a huge choice of variants with its F-150, visually distinguishing a range from base models to King Ranch and Harley-Davidson editions, Special and Platinum luxury versions and the high-performance SVT Raptor, with huge letters molded into a black front end that Ford calls a "brick wall grille."

Mr. Dehner, the Ram designer, said: "There has been an explosion of different textures and finishes, not just in the grilles but with colors, wheels and trim packages. People want their vehicle to be customizable. It goes from the country to the urban cowboy and, if you will, the city slicker type. We want to be specific to their needs."

The Ram 1500 comes in nine trim levels and offers four basic types of grille mesh. There is a "hex-link" design on the Tradesman, Express and SLT models, with six-sided cells that provide "the metaphor of the bolt head," Mr. Dehner said. The upscale Laramie has a similar "hex-perf" grille, in chrome.

Then there are two versions of "billet-perf" on the Big Horn and Sport. "It goes with a monochromatic look, big wheels, a hot-rod look," he said.

The top-of-the-line Laramie Longhorn offers "wave-mesh" texture, a diamond wire pattern that dates to sports cars of the 1920s. "It is an adaptation of the wire mesh grilles on upscale sport utilities," Mr. Dehner said.

Aerodynamics, surprisingly, may be behind some of the rugged, angular faces of trucks. As boxy as they look, all the trucks are carefully tested in wind tunnels. The fist in the wind must be streamlined: Chevrolet says it has cut aerodynamic drag by 5 percent from the previous Silverado.

''Sometimes the design goes against what you assume is good for aero,'' said Gordon Platto of Ford, who directed the design of the Atlas concept truck. Crisp, clean lines on the sides and rear of a truck reduce drag. But in front, the Atlas has adjustable grille shutters, which close at higher speeds to reduce drag. The Ram trucks already have such a system, as do some passenger cars.

Ford engineers and designers have also devised a lower air dam for the Atlas as well as wheel-well shutters to direct air under the truck to reduce drag.

For all their work, designers can be frustrated. The Ram designers are proud that they have increased their share of the market, but they also admit that they keep running up against the limits of design to entice new customers.

Truck buyers are famously loyal to their brands. Many Ford owners would no sooner jump to Chevy or Ram than change their political parties or shift their football allegiance from the Oklahoma Sooners to the Texas Longhorns.

BLUNT FORCE DRAMA: The latest crop of pickup trucks get in your face with the subtlety of a battering ram. Clockwise from top left, Ford's Atlas concept truck, the 2014 Chevrolet Silverado LTZ, the 2014 Toyota Tundra 1794 Edition and the 2013 Ram 1500 Big Horn. (PHOTOGRAPHS BY BENJAMIN NORMAN FOR THE NEW YORK TIMES; GENERAL MOTORS; TOYOTA MOTOR SALES) (AU1); NEEDING NO INTRODUCTION: Top row, a few of the multiple grilles available on Ford's lineup of 2013 pickups. From left, the F-150 XLT, the F-150 SVT Raptor and the F-350 Super Duty. Above, the Nissan Titan reflects an older sensibility. (PHOTOGRAPHS BY BENJAMIN NORMAN FOR THE NEW YORK TIMES) (AU5)

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The New York Times

WHEELS
Automobiles; SECTAU
Some NV200 Vans Will Wear Chevy Badge

By PAUL STENQUIST
627 words
19 May 2013
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4
English

General Motors will begin selling Nissan's small cargo van, with Chevrolet badging, by the end of 2014. In a joint announcement on Tuesday, G.M. and Nissan said they had signed an agreement for Nissan to produce the 2015 Chevrolet City Express, which is based on the Nissan NV200. The compact commercial vehicle is sold in many international markets, including the United States and Canada.

The City Express will be similar in appearance to the Nissan-badged van, but will be fitted with unique body panels forward of its A-pillars. The current NV200 is 186.3 inches long and 73.7 inches high. Built on a 115.2-inch wheelbase, it has a cargo capacity of 122.7 cubic feet. Power comes from a 2-liter 4-cylinder engine, mated to a continuously variable transmission. The Chevrolet van will use the same powertrain.

Pamela Flores, a G.M. spokeswoman, said in a telephone interview that the Chevrolet City Express was meant to compete with Ford's Transit Connect. General Motors does not have a product in that market segment. Ed Peper, a G.M. vice president, said in a telephone conference, ''We see this as a growing segment we want to play in, and want to play in very quickly.''

The 2013 Ford Transit Connect is similar to the Nissan NV200, but a new 2014 version is scheduled to arrive at dealers late this year. It will have upgraded powertrain options and will be offered in two different sizes. When asked if G.M. expected to equal the Ford van's sales volume with the rebadged Nissan, Ms. Flores said the automaker was not ready to provide sales projections.

New to the American market for 2013, the Nissan NV200 compact cargo van has been available in other global markets since 2009. In 2011, it was named the exclusive taxi for New York and is expected to appear on city streets by this fall. One can only wonder if some of those taxis might eventually wear bow ties.

Badge engineering is common in the auto industry, where automakers often add attractive features to a vehicle from a lower price range and sell what is essentially the same product under a brand name seen as more exclusive. Some Lexus vehicles, for example, are upgraded versions of Toyotas, and Lincoln's models are based on Ford products. But rebadging a vehicle made by another manufacturer is not common in the United States. However, Ms. Flores said the Chevrolet City Express would not be the first non-G.M. car G.M. has badge engineered. The automaker sold an Isuzu commercial vehicle as a Chevrolet in the 1990s.

G.M. has marketed several other vehicles under its United States brand names that were at least in part the products of other automakers. In 1984, the automaker entered into a joint venture with Toyota called New United Motor Manufacturing, better known as Nummi. The Nummi plant in Fremont, Calif., produced a vehicle that was badged as both a Toyota Corolla and a Chevrolet Nova. (G.M. bought the Korean automaker Daewoo in 2001 and introduced Daewoo's Lacetti to some markets with Chevrolet badging. In a turnaround of sorts, the Chevrolet Cruze was recently rebadged as a Daewoo Lacetti for the Korean market.)

Ms. Flores said the Chevrolet City Express will be built at a Nissan plant in Cuernavaca, Mexico. The vehicle is scheduled to arrive at North American dealerships in the fall of 2014. Pricing information has not yet been released.

This is a more complete version of the story than the one that appeared in print.

The 2015 Chevrolet City Express. (PHOTOGRAPH BY GENERAL MOTORS)
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The New York Times

Business/Financial Desk; SECTB
G.M.'s Profit Falls 14% As It Speaks of Progress

By BILL VLASIC
626 words
3 May 2013
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8
English

DETROIT -- General Motors said on Thursday that its net income declined 14 percent to $865 million in the first quarter, as it earned less money than a year ago in the surging North American car market.

G.M., the nation's largest automaker, said global revenue dropped 2 percent during the quarter to $36.9 billion, despite a concerted effort to introduce new models in the United States and Europe.

The automaker's core North American operations achieved a pretax profit of $1.4 billion, a 14 percent decline from the year-ago period.

But the company beat analysts' earnings expectations and said it had narrowed losses in Europe during the quarter. G.M. shares rose 3 percent to close at $31.16 on Thursday.

G.M. has struggled to rebuild its business since the recession, when it needed a $49.5 billion government bailout and bankruptcy to survive. The automaker has since cut brands, models and thousands of jobs to bring costs more in line with production and sales.

The company's chief executive, Daniel F. Akerson, said the decline in earnings and revenue did not reflect the progress G.M. was making with new models in the marketplace.

''The year is off to a strong start as we increased our global share with strong new products that are attracting customers around the world,'' Mr. Akerson said in a statement.

G.M. lost market share in the United States last year to competitors like Chrysler and Toyota. Mr. Akerson has vowed to reverse that trend this year with vehicles like the new Cadillac ATS sedan and restyled versions of its big pickup trucks.

Comparisons between G.M. and Ford offer a stark contrast in how the two biggest Detroit automakers are managing their global business. Ford, the smaller of the two, has surpassed G.M. in growth and profitability at home, while the situation is reversed in Europe.

In the first quarter, Ford earned an average of $3,200 in pretax profit on each of the 761,000 vehicles it sold in North America, while G.M. earned about $1,700 on the 829,000 cars and trucks it sold in the region.

But in Europe, Ford's loss widened in the first quarter to $462 million. G.M. reduced its European losses by 40 percent to $175 million.

The hottest competition between the companies is in the expanding pickup market in the United States.

Ford said on Thursday that it would add 2,000 jobs this year at its truck plant in Kansas City, Mo., and add a third shift of workers to build its industry-leading F-series pickup.

G.M. is transitioning to new versions of its Chevrolet Silverado and GMC Sierra pickups. But G.M. executives said on Thursday that there were no plans to increase truck production because a pickup plant in Texas was already operating at less than capacity.

Mr. Akerson said G.M. had improved its accounting and regional framework to focus on more profitable vehicles and markets. The company is building more plants in China and is making a big push to increase sales of its Cadillac luxury brand.

''We're a very healthy company that's getting stronger each quarter,'' he said in a call with analysts Thursday.

In Asia, the company said pretax profits were about $495 million, slightly less than a year ago. South American operations had a pretax loss of $38 million, in contrast to a profit of $153 million last year.

Revenue at General Motors fell, despite an effort to introduce new models in the United States and Europe. (PHOTOGRAPH BY GARY CAMERON/REUTERS)

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The New York Times

Business/Financial Desk; SECTB
G.M. and Mountain Dew Drop Ads After Criticism

By TANZINA VEGA
619 words
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Late Edition - Final
6
English

Both General Motors and Mountain Dew withdrew advertisements on Wednesday after receiving criticism that the ads were racially offensive.

The General Motors ad was a promotion for the Chevrolet Trax, a small sport utility vehicle that is sold in countries including Canada, where the ad made its debut on television on March 4. The ad is set in the 1930s and features a modern remix of a song from that era that included references to Chinese people using phrases like ''ching ching, chop-suey.''

Advertising Standards Canada questioned General Motors about the ad, prompting the company to change the ad by removing the lyrics from the song while keeping the melody.

Even so, as word of the offensive lyrics spread within the company, G.M. decided to withdraw the ad altogether from Canadian television and on Web sites in Europe, where the vehicle is also sold. The vehicle is not sold or advertised in the United States.

In a statement issued on Wednesday, G.M. apologized for the ad and said, ''We are conducting a full review of our advertising approval process to ensure this does not happen again in the future.''

The ad was created by Commonwealth, Chevrolet's global advertising agency since 2012 and a part of the McCann Worldgroup of the Interpublic Group of Companies.

The second ad withdrawn on Wednesday promoted Mountain Dew, part of the PepsiCo Americas Beverages division of PepsiCo. The ad featured a battered waitress, bandaged and on crutches, trying to identify the person who had hurt her when she ran out of Mountain Dew; the lineup includes African-American men with names like LBoy, Tiny and Beyonte -- and a goat.

The waitress, who is white, is stricken with fear as she looks at the men and the goat. A voice-over for the animal says in a menacing tone: ''It's me. You should've gave me some more.''

''I don't think I can do this,'' the woman says, visibly frightened. Toward the end, the goat threatens her to ''keep your mouth shut.'' The woman begins to yell repeatedly, ''I can't do this,'' followed by a sequence of shrill ''noes'' as she hops out of the room. The officer then takes a sip of the beverage.

The ad was created by Tyler Okonma, known as Tyler, the Creator, a hip-hop producer and rap artist. In a statement released Wednesday morning, Mountain Dew apologized for the ad and said it had been removed ''from all Mountain Dew channels and Tyler is removing it from his channels as well.'' News of the company's decision was first reported by Adweek.

Mountain Dew has also come under pressure because of its relationship with another rapper, Lil' Wayne. The company has an endorsement deal with Wayne, who has been criticized over vulgar lyrics that refer to Emmett Till, the African-American teenager whose 1955 murder helped foment the civil rights movement.

On Wednesday, the rapper issued an apology to Mr. Till's family, adding, ''I will not use or reference Emmett Till or the Till family in my music, especially in an inappropriate manner.''

Mountain Dew is the latest brand to deal with controversial hip-hop lyrics. In April, Reebok dropped the rapper Rick Ross after he performed lyrics on the Rocko song "U.O.E.N.O" that referred to drugging a woman and having sex with her.

In March, another auto company, Ford Motor, apologized for an online advertisement in India that featured three bound and gagged women in the rear of a vehicle driven by an actor in the role of Silvio Berlusconi.

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The New York Times

BEHIND THE WHEEL 2014 MAZDA 6
Automobiles; SECTAU
A Sporty Declaration of Independence

By LAWRENCE ULRICH
1,373 words
21 April 2013
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NYTF
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1
English

Mazda has fallen from Ford's financial nest -- the Detroit giant having sold the stake that once gave it control -- and must now feed itself.

The small scale of the fierce-yet-fragile Japanese independent, struggling to hang onto roughly 2 percent of the American market, will be a never-ending challenge as it tries to compete with global empires like Toyota, General Motors, Volkswagen and Ford itself.

The redesigned 2014 Mazda 6 seems to show evidence of that strain, but also the upside of the company's emotional, uncompromising approach to engineering.

Automakers like Toyota and Hyundai don't care to be reminded, but Mazdas almost always handle and perform better than more pedestrian rivals. Yet typical mass-market buyers don't put much stock in performance, choosing Toyota Camrys and other dull-but-reliable cars by wide margins over Mazda's medal-winning counterparts.

Perhaps counterintuitively, Mazda's worst failures have come when it has tried to out-Toyota Toyota, forsaking sporty principles and settling for the middle ground.

The Mazda 6 has been a great example. The first-generation sedan of 2003 was lauded as a midsize benchmark, and by Mazda standards, it posted excellent sales. One notable criticism was that the back seat was a bit tight.

So Mazda gave in to mass-market temptation for the redesign of the 2009 model. It pumped up the 6 to the size of a Honda Accord, with handling that seemed as unrecognizable as the car itself. Sales plunged and have never recovered.

Now Mazda regroups with a mildly scaled-down 6 for 2014. The car is a looker again, a shapely adaptation of the Takeri concept car that made the rounds of international auto shows.

Production has moved to Japan as Mazda wrapped up a quarter-century of building cars alongside Fords in Flat Rock, Mich.

And Mazda's personality shines clearly, with an all-new chassis, transmissions and engines, including an advanced 2.2-liter Skyactiv-D diesel that will go on sale later this year. That will make Mazda, long associated with rotary engines, the first Japanese brand to offer a modern clean-diesel passenger car in America. Mazda has been coy on mileage, but the diesel version should breeze past 40 miles a gallon on the highway.

Keeping its priorities straight, Mazda has lavished resources on the mechanicals. The new 6 delivers that familiar Mazda connectedness, but with a pronounced improvement in fuel economy, historically a sore spot for this brand. The gasoline version, with a 2.5-liter direct-injection 4-cylinder, has a thrifty economy rating of 26 m.p.g. in town and 38 on the highway, with its redesigned 6-speed automatic transmission. That's up from a mere 21/30 m.p.g. for the departing model.

The new engine, designed to run on regular gas, also has 184 horsepower and 185 pound-feet of torque, up from 170 and 167 in the obsolete 2.5 liter of last year.

Like many of its rivals, the 6 no longer offers a V-6 option.

Tech tricks abound, though, including extremely high compression that improves efficiency.

The automatic transmission incorporates both a conventional torque converter for silky low-speed operation and a single automated clutch for decisive gear changes -- which can be made with paddle shifters behind the steering wheel. Naturally, Mazda has kept the stick-shift faith, offering its fine new 6-speed manual on all but the top-level Grand Touring.

The 6 is the first car in America to capture energy in a fast-charging capacitor with no rare-earth metals, rather than a slower, bulkier and harder-to-recycle battery. Lift off the gas, and the optional i-Eloop system spins the alternator to charge the capacitor in eight seconds flat. The stored juice -- roughly 2,000 watts -- then powers the electric system and accessories. E.V. and laptop users, take note: unlike lithium-ion batteries, Mazda's capacitor is designed to charge and discharge millions of times with no loss of storage capacity.

Yet for all of its prowess, Mazda's relatively small financial basket suggests that there are only so many eggs to go around. For the cabin, Mazda needs to break a few more eggs.

Don't get me wrong: the 6 puts its driver in perfect alignment with the steering wheel and controls. The seats and forward visibility are excellent. The trunk officially measures a modest 14.8 cubic feet, but it feels cavernous in daily use. An 18.5-gallon fuel tank lets the Mazda cover 600 highway miles between fill-ups.

The Mazda also keeps up with the gadget-obsessed Joneses. Owners can choose a smooth-running adaptive cruise control, lane-departure warning, forward collision alert system, blind-spot monitors, rear cross-traffic detection and headlamps that automatically switch between low and high beams.

But compared with, say, the lavish Honda Accord or Hyundai Sonata, the 6 feels as if it's playing catch-up inside. That begins with the amateurish TomTom navigation system and its scrawny, inscrutable 5.8-inch screen. The optional system is mediocre enough if you've programmed a destination; when you haven't, it's the bane of lost travelers, often failing to label streets, cities and even freeways.

Worse, the design pizazz of the exterior is missing inside. I'm all for minimal cabins, but the Mazda seems as featureless as the nighttime prairie, and some wobbly-feeling switches don't help. In comparison, a Chevy Malibu is a paragon of texture and daring.

The rotary console controller halfheartedly mimics those in a dozen other cars. And who, among Mazda's red-blooded engineers and executives, signed off on those wimpy gauges? With a generic font and pale white lighting, the display is perfect for a Chinese minivan, but not suited for this driver's car.

Fortunately, beyond the cabin lies the most dynamic, assertive driver's car in the midsize realm. The chassis is far stiffer, and 58 percent of the body is high-tensile steel, holding the base model's weight to barely 3,100 pounds.

Electrically assisted steering, fast becoming a universal fuel saver, has damped the response of even six-figure cars. But Mazda's system feels attuned to every road nuance, with a steering ratio that's nearly as fast as the Miata convertible's. The front wheels' caster angle is more acute than in any front-drive rival, more even than the Mazda's late, fondly remembered RX-8 sports car, another contributor to the 6's right-now reactions.

Flirting with two-lane roads in upstate New York, the Mazda caressed every curve, showing excellent grip -- almost too much, considering its modest power -- from optional 19-inch wheels and tires. Pushed hard, the back end eventually bobbles. But it takes serious pushing to remind you that the 6 is intended for families, not just drivers.

The 2.5-liter engine, while adequate by class standards, elicits less excitement. The engine works to make speed, emits a gassy bleat and barely revs to 6,200 r.p.m. before running out of steam. But that is apparently the price to pay for major fuel savings. (Enthusiasts can cross their fingers and hope that a more powerful, tightly wound Mazdaspeed 6 is in the works).

The price starts at $21,675 for a Mazda 6 Sport with a 6-speed manual transmission. Moving up, the automatic Touring version starts at $25,290. The chart-topping Grand Touring costs $30,290. Come summer, a new Advanced Package will be offered for $2,080, adding the various collision warnings and monitors, adaptive cruise and high-beam systems, and the i-Eloop regenerative system.

Graft the Accord's interior into this handsome, frisky and frugal Mazda, and the result could be the world's leading family sedan. For now, Mazda 6 buyers will have to settle for the sportiest.

SHOWTIME: The Mazda 6 is a shapely adaptation of the Takeri concept car. (AU1); SIPPER: A new Skyactiv engine delivers big improvements in fuel economy. (PHOTOGRAPHS BY MAZDA NORTH AMERICA) (AU4)

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The New York Times

WHEELS
Automobiles; SECTAU
Spark EV Will Offer A.C. or D.C. Charging

By MATTHEW WALD
811 words
21 April 2013
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4
English

8:29 a.m. | Updated

WHITE MARSH, Md. -- Electric cars can take a while to charge. In part, that's because the alternating current electricity that comes from the grid has to be converted to direct current before a car's batteries can store it, and the capacity of the electronics that make the A.C.-to-D.C. conversion is a bottleneck.

General Motors may have a way around that. The electric version of the Chevrolet Spark, G.M.'s second offering in the electric vehicle market, comes with a standard SAE port for A.C. charging as well as two extra receptacles that will accept a D.C. charge. The charging system also includes a communications link so that the car can tell the charger its optimum voltage and amperage numbers.

There is a catch: at present, it is difficult to find a D.C. charger.

Several companies are developing D.C. electric vehicle chargers, which will certainly lend an extra bit of complexity to the process of coming up with charging network standards. Eaton and Fuji Electric are a couple of the companies with D.C. quick chargers on the market.

Connectivity may also be an issue. The Spark EV is the first electric vehicle to be equipped with the American-spec A.C. port plus D.C. port in a combo plug. The Nissan Leaf and the Mitsubishi i-MiEV also have provisions for D.C. charging, but their charging ports are for Japanese Chademo-standard chargers.

The Spark's extra circuitry could make a considerable difference, said Larry Nitz, G.M.'s director of global electrification. According to G.M., on 110-volt house current, a charger delivers one kilowatt of power; on a 220-volt circuit, the kind that runs an electric oven or clothes dryer and which most buyers are expected to use for home E.V. charging, a charger delivers three to six kilowatts.

But a D.C. charge can deliver 50 kilowatts, he said, and a fully depleted Spark could be restored to an 80 percent charge in 20 minutes. The D.C. quick-charge capability is not intended for home use, but for public places, Mr. Nitz said. New York City's expanding grid of fast charging stations would seem to be likely candidates for such technology.

The D.C. quick charge system would be of less importance for the Chevy Volt -- which can run on gasoline when its battery pack is low -- than to the electric-only Spark, which has no gas engine as a back-up.

G.M. has not said exactly how far an 80 percent charge will take the Spark EV; in fact it has not said what the car's range is. But the automaker showed off the Spark on Tuesday at a factory northeast of Baltimore that it said was the first in the country to make drive motors for electric cars. (Hitachi produces the Volt's drive motor.)

A Spark EV I drove around a test track achieved, according to a dashboard display, 4.2 miles per kilowatt-hour -- which one grass-roots calculator estimates is the E.V. version of 121 miles per gallon -- on a 1.6-mile course. The test drive included some speeds typical of urban traffic and one neck-bending jackrabbit acceleration. The Spark EV weighs about 3,000 pounds and goes from zero to 60 miles an hour in under 8 seconds.

Unlike the Nissan Leaf, which was designed from the ground up as an electric car, the Spark EV is adapted from a gasoline model. Engineers say they made it more aerodynamic with adaptations like block-off panels where the grille used to be. The panels are stamped in a grille-like pattern without actual openings, because the car does not need the air flow through the compartment. Under the grille, the Spark EV has an air intake with louvers that automatically close at high speed to reduce drag.

The Chevrolet Spark EV will be introduced this summer in California and Oregon. Company officials predict modest sales. Whether a $12,995 gasoline-powered minicar assembled in Korea can be turned into a strong-selling battery-powered electric at nearly twice the price remains to be seen; G.M. said the Spark EV would sell for less than $25,000 after tax incentives.

What is certain is that the electric vehicle industry is in its infancy, meaning many of its facets are still in flux. Which mode of charging will emerge as the dominant one -- public or private, 110 volts or 220 volts, A.C. or D.C., American- or Japanese-spec -- is far from settled.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

WHEELS
Automobiles; SECTAU
Ford-G.M. Teamwork On Transmissions

By LINDSAY BROOKE
919 words
21 April 2013
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4
English

Ford Motor and General Motors announced on Monday that they would jointly develop new transmissions with 9 speeds for front-wheel-drive vehicles and 10 speeds for rear-drive cars and trucks. The new transmissions, with more forward gear ratios than either company now offers, are expected to reach the market beginning in 2016.

The transmissions are considered vital components of the companies' efforts to meet upcoming standards for fuel efficiency and carbon dioxide emissions in the United States and Europe. The transmissions will ''drive fuel economy improvements into both company's future product portfolios,'' said Jim Lanzon, G.M.'s vice president of global transmission engineering.

The automakers' announcement had been anticipated last October but was delayed over protracted negotiations concerning intellectual property, according to sources familiar with the agreement. Reports of the pending alliance first emerged in an article in the Automobiles section in September 2012.

The joint transmission development program builds on the companies' 2002 agreement that resulted in a 6-speed automatic for front-wheel-drive vehicles.

While Henry Ford couldn't have foreseen this cooperative venture with General Motors when he said, ''Coming together is a beginning; keeping together is progress; working together is success,'' the agreement does appear to fulfill his vision regarding manufacturing efficiency.

By cooperating on design, engineering, and testing, the automakers are expected to save hundreds of millions of dollars and considerable development time, said Skip Nydam, an industry analyst with ND-Automotive and a former transmission engineer. It also saves the cost of licensing the design and production rights from a specialist transmission supplier like ZF of Germany or Aisin of Japan, which can cost up to $100 per unit, according to engineers at Ford and G.M.

''This collaboration provides sound economics and the flexibility both automakers need to meet the new fuel economy laws,'' Mr. Nydam said.

In the 2002 deal, considered a landmark in the highly competitive auto industry, Ford and G.M. invested a combined $720 million. They have since produced more than eight million transmissions -- the model is known as the Ford 6F and G.M. 6T70 and 6T75 -- for nearly 30 models, including the Ford Fusion, Edge, Escape and Explorer, and the Chevrolet Cruze, Malibu, Equinox and Traverse.

''We've already proven that Ford and G.M. transmission engineers work extremely well together,'' said Joe Bakaj, Ford's vice president of powertrain engineering.

Based on their previous 6-speed experience, the automakers will share many common parts for the new 9- and 10-speed; manufacturing the transmissions will take place in each company's own plants. Software controls developed separately by the two automakers will tailor the units to specific G.M. and Ford vehicles, giving each its own performance and operating characterisitics.

The companies did not provide specific vehicle applications or technical details.

G.M. is understood to have contributed the basic design of the new 9-speed for front-drive vehicles, while the 10-speed's design comes from Ford. Jumping to 9- and 10-speeds from the 6-, 7-, and 8-speed transmissions currently used across the industry improves the ratio spread -- the numerical relationship between lowest and highest gears.

A large overall ratio spread makes it possible to achieve both lively acceleration and quieter highway cruising without sacrificing either. The larger the number, the better: the new 9-speed, for example, is expected to have a ratio spread close to 10:1, compared with a typical 6-speed's ratio spread of about 6:1.

At the same time, the added gears make it feasible to use a smaller ratio spread between adjacent gears -- for instance, fourth and fifth gears -- to keep the engine revving at its best power level for a given road speed.

The additional gear ratios are seen as critical for use with the smaller, high-torque turbocharged engines that are increasingly common in cars and trucks. Such engines are leading a trend known as downspeeding, which calls for lowering engine r.p.m. to reduce fuel consumption.

With the new 9-speed, G.M. and Ford are following ZF, which unveiled the first production 9-speed automatic in 2011. The ZF transmission will be introduced in the 2014 Jeep Cherokee and the Range Rover Evoque. The ZF 9-speed is expected to offer up to 16 percent better highway fuel economy than 6-speed automatics, according to ZF engineers.

Like its ZF counterpart, the joint G.M.-Ford 9-speed is expected to feature clever design of its internal mechanisms aimed at making the transmission as compact as possible. This will be critical for fitting the new gearbox into small cars like the Chevrolet Sonic and the Ford Fiesta. Currently these cars can fit only 6-speed transmissions because of the limited width between their front wheels. The 10-speed, because of its longitudinal installation in pickup trucks (where it is expected to be used in high volume), will not be as space-constrained as the front-drive 9-speed.

Despite the added complexity of additional gearsets and clutches in the new 9- and 10-speed automatics, those units are considered by many engineers to be more attractive than continuously variable transmissions. The C.V.T.'s appear mechanically simpler but lack the high torque capacity of conventional automatics and cost more to produce, say transmission experts.

This is a more complete version of the story than the one that appeared in print.

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Business/Financial Desk; SECT

Global Carmakers Wrestle With India Slump

By REUTERS
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The International Herald Tribune
English

MUMBAI -- Car sales in India have fallen sharply, creating challenges for global automakers like General Motors, Honda and Volkswagen, which have invested billions of dollars in factories, product development and marketing in the country.

India's slowing economic growth, high interest rates and rising fuel prices have led to the biggest slump in the car market in more than a decade. Sales having fallen 7 percent in the financial year that ended last month. But automakers like Honda, which is investing almost $500 million in India, say they are unconcerned because they are in it for the long haul.

''If there was any worry, we would never have done this,'' Hironori Kanayama, the head of Honda's India unit, said in an interview in Mumbai. ''Of course it's a pity that the economy is sluggish, but it doesn't worry us at all.''

Honda said this month that it would spend 25 billion rupees, or $463 million, to double its output capacity in India to 240,000 cars per year by next year.

''The potential is very high here,'' Mr. Kanayama said. ''Our investment is based on such long-term projections.''

Honda is not alone in expanding despite the slumping market. Ford is spending $1 billion on a new factory in India, even as its current plant runs at only 60 percent of capacity. Maruti Suzuki India, controlled by Suzuki Motor of Japan, is spending about $750 million to add the capacity to make an additional 250,000 cars annually.

Carmakers say India's huge population, low penetration of car ownership and rising incomes mean sales can only go up in the long run, while the opportunity to export to Africa and the Middle East makes for a compelling investment case.

''Clearly we believe the macro conditions are a short-term blip,'' said Nagesh Basavanahalli, managing director in India for the Italian carmaker Fiat and its Chrysler unit.

Mr. Basavanahalli, who began in his current role this month, has been assigned to try to reintroduce the Fiat brand and introduce the Jeep and Abarth model lines in India, even as established names like India's own Tata Motors see sales plummet.

''Are there challenges? Yes,'' he said, but he added that he was ''very confident, based on the product plan that we have and based on the actions we are taking.''

Not everyone shares that confidence in the Indian market. For example, last year, Peugeot of France shelved a plan worth €600 million, or about $790 million, to build a factory in India.

For its part, Honda is not just investing in manufacturing capacity. The Japanese carmaker introduced a new sedan model last week and, like other companies, is adding diesel-powered options as it races against global rivals to tap market segments that are still growing, even as overall demand falls.

Government subsidies make diesel less costly than gasoline in India.

Customers hit hardest by the economic gloom in India have been first-time buyers and the emerging middle class, which relies on bank loans for big purchases, analysts say. Sales of small cars, which account for more than 70 percent of the market, have fallen about 10 percent.

By contrast, demand for sport utility vehicles and midlevel diesel cars has risen, with models like the diesel Dzire from Maruti Suzuki and the low-cost Duster S.U.V. from Renault helping their companies outperform rivals. The new Honda Amaze sedan, which starts at 500,000 rupees, is in a segment in which sales were up 21 percent in the most recent financial year.

Ford, Fiat-Chrysler, Maruti and Honda are all preparing to introduce compact S.U.V.'s.

Companies that lack models in those segments are suffering the most. Volkswagen, whose shortcomings in India are a blot on its global success, built 66,699 cars in the country in the past financial year, using no more than 31 percent of its manufacturing capacity there, according to a report by Kotak Securities.

Sales at the Indian unit of General Motors fell 20 percent by volume in the financial year that just ended, and it lost 7.46 billion rupees in the fiscal year that ended in March 2012.

Some of G.M.'s rivals are working to increase exports from their less-than-stretched Indian production lines to offset the local sales slump. Volkswagen nearly tripled exports from India last year, and Ford now exports almost a third of its Indian-made cars.

Long-term estimates vary, but many industry analysts expect annual car sales in India to reach six million by 2020, at which point it would trail only China and the United States in sales volume. The Society of Indian Automobile Manufacturers, the industry's primary lobbying group, has estimated sales of nine million by that year.

Optimists say a young, fast-urbanizing population, rising incomes and an expected rebound in the country's economic expansion rate will drive the market's future growth. In addition, paltry ownership levels of about 12 cars per 1,000 people -- about a quarter of China's rate -- indicate lots of room for growth.

''The entire structural story of India's car potential still holds true, despite the current cyclical downturn,'' said Jinesh Gandhi, an automotive equities analyst at the brokerage firm Motilal Oswal in Mumbai. ''I would clearly invest in new capacities for the future, rather than wait for the market to turn around.''

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The New York Times

WHEELS
Automobiles; SECTAU

The Maserati Ghibli: Four Doors and a Diesel

By BENJAMIN PRESTON
459 words
14 April 2013
The New York Times
NYTF
Late Edition - Final
3
English

CORRECTION APPENDEDAutomotive conglomerates can produce the strangest things, like, say, a diesel-powered Maserati. The company released the first official photos Monday of the four-door 2014 Ghibli sedan, which will be introduced at the Shanghai Motor Show next week.

The Ghibli will be rear-wheel drive like the big Quattroporte sedan, but it will be smaller and sportier, aimed at competing with sport sedans like the Audi A6, BMW 5 Series and Mercedes-Benz E-Class. Perhaps most surprising is that Maserati's new car will be available with a 3-liter turbodiesel V-6 -- the first-ever diesel from the luxury performance marque. The VM Motori-sourced engine is the same one used in the Lancia Thema and Jeep's Eurozone spec Grand Cherokee.

With an expected base price of around $70,000, the Ghibli -- the third Maserati to carry that name over the years -- will also be available with a 410-horsepower 3-liter gasoline V-6 and optional all-wheel drive. Both the gas and diesel engine options will transmit power through an 8-speed automatic transmission.

Fiat Group's chief executive, Sergio Marchionne said nearly two years ago that his goal for Maserati was to sell 50,000 cars a year. Maserati said in a news release Monday that the Ghibli figures into its master plan to achieve that number by 2015. Last year, Maserati sold 6,288 cars.

That's a wide gap for the Italian-American automaker to jump with the addition of a single new model, but Ghibli comes from the Arabic word for scirocco -- the hot wind that gusts north across the Mediterranean from the Sahara Desert every summer. So if it sells like the wind, Mr. Marchionne will undoubtedly be quite pleased.

The Ghibli has changed drastically since the name first appeared in 1966. Back then, it wasn't anything like the modern day diesel-powered sport sedan gladiator Maserati wants it to be. It was a low slung, Ghia-bodied GT car powered by a twin-cam 4.7-liter V-8 with eight thirsty barrels of Weber carburetion.

The Ghibli goes on sale in Europe sometime this summer. Expect to see it in North American dealerships sometime after that.

This is a more complete version of the story than the one that appeared in print.

Correction: May 5, 2013, Sunday

This article has been revised to reflect the following correction: A report in a roundup of Wheels blog posts on April 14 misstated the expected base price of the 2014 Maserati Ghibli. It is likely to be about $70,000, Maserati says, not $91,000.

The Maserati 2014 Ghibli sedan. (PHOTOGRAPH BY MASERATI)

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The New York Times

BEHIND THE WHEEL | 2013 BUICK ENCORE
Automobiles; SECTAU

Buick Stakes a Claim In Munchkinland

By CHERYL JENSEN
1,502 words
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1
English

WARREN, N.H. -- Buick's image is so ingrained in the national consciousness that the name has become shorthand for an American road barge with ample proportions. That moose, someone may say, ''is as big as a Buick.''

But since Buick survived the brand massacre that accompanied General Motors' bankruptcy and reorganization -- living on even as Hummer, Pontiac and Saturn were laid to rest -- the division and its products have slimmed down and shaped up.

And with its new Encore, Buick is bravely venturing into barely charted terrain at the small end of the utility market, where the mini-Buick, along with the BMW X1 and Mini Countryman, is blazing an upscale trail that other brands will soon follow with their own small-scale, yet upscale, crossovers.

What's as small as this diminutive new Buick? Among crossovers, not much. In overall length, the 2013 Encore is the shortest Buick since the Model 34 runabout of 1912; at 168.5 inches long, the Encore is about 10 inches shorter than a Honda CR-V and eight inches less than a BMW X1.

Despite the Encore's dimunitive size, Buick marketers envision a big opportunity in an emerging market category. They expect annual United States sales of submidsize crossovers, including luxury models, to reach 360,000 by 2015.

But while the Encore has carved out its own little corner of the crossover kingdom, even Buick executives have a hard time pinning down the competition. They mention the X1, though that vehicle, the smallest BMW on four wheels, is more sporty and more expensive. The target customers are similar to those of the Volkswagen Tiquan, which is a bit larger and less fuel-efficient.

The Encore is about half a foot longer than the Nissan Juke and Mini Countryman, but the Juke is more raucous and lacks the Encore's amenities. The Countryman, like the Juke, has a more adventurous design.

Fuel economy is a big part of the sales pitch. The front-drive Encore has a federal rating of 25 miles per gallon in the city, 33 on the highway and 28 in combined driving. The all-wheel-drive version is rated at 23 city, 30 highway and 26 combined. I nearly matched the highway rating on a trip from hilly northern New Hampshire to the flatlands of Springfield, Mass., with the cruise control set at 65.

Buick says the Encore has the highest fuel economy of any front-drive crossover offered by a Detroit automaker, which seems like a lot of caveats. (Lest anyone begin waving the American flag, the Encore is assembled in South Korea.)

Still, several compact crossovers that are somewhat larger and heavier manage to get comparable fuel economy ratings. And somewhat surprisingly, the midsize Subaru Outback, a much larger and heavier car, has a similar mileage rating (24 city/30 highway/26 combined). The Outback's price range is also similar, and the Subaru is assembled in Indiana.

The Encore is enjoyable enough to drive, especially given the challenges to ride comfort posed by a relatively short wheelbase and tall body. On smooth pavement, there is no issue, but on rough patches occupants are sometimes subjected to a fair amount of up-and-down jiggling.

The electric power steering is something Buick can brag about; it is tight on center, linear and predictable in the turns. Like most electric steering systems, however, it doesn't convey much road feel to the driver. With its tidy dimensions, the Encore changes direction quickly and demonstrates Buick's newfound commitment to making cars that are satisfying -- even if not downright sporty -- to drive.

The only engine is a 1.4-liter Ecotec 4-cylinder rated at 138 horsepower and 148 pound-feet of torque. This turbocharged motor is mated to a 6-speed automatic transmission.

For a small 4-cylinder engine, there wasn't much vibration or noise -- and indeed, in normal driving, the power plant doesn't seem so small. But flooring the accelerator produces some undignified noises, and the 3,309-pound all-wheel-drive model goes nowhere fast.

The transmission is smart about choosing the correct gear. Climbing a steep two-lane road between here and the Kinsman Notch, it selected one gear and held it.

A tall sixth gear lets the Encore cruise at 65 m.p.h. at a fairly relaxed engine speed of 2,300 r.p.m.

Although it has been widely reported that the Encore is based on the Chevrolet Sonic economy car, its chief engineer, Jim Danahy, said that was not quite correct. While both cars are part of G.M.'s Gamma platform family, Mr. Danahy said there were three different architectures within that family. While the Sonic is built on the Gamma's car architecture, the Encore is based on a small crossover variant.

''The only thing we share between the two vehicles is the front seat frames, the front dash and the engine,'' he said. The two vehicles also have their transmission in common.

The Encore continues to follow Buick's philosophy of no noise is good noise. It is surprisingly hushed inside the cozy wagon, helped in part by Buick's first application of active noise cancellation, which counters unwanted ambient sounds by producing ''antinoise'' soundwaves.

The Encore stuffs a lot into a very short, fairly tall package, and it borrows a few styling cues from the big LaCrosse sedan and Enclave S.U.V. Still, the proportions could be described as awkward.

The pint-size interior is handsome and plush, at least in the leather-trimmed Premium version that I tested. Still, even with the driver and passenger sitting almost elbow to elbow, the cabin seems open and airy. That's because headroom is ample, the windows are deep and the windshield is raked forward.

The closeness of the occupants makes the separate-but-unequal virtues of the Buick's dual temperature controls rather superfluous. I had my control set at 74 degrees, and my passenger's was set at 60, but the whole interior was very warm.

The front seats were comfortable for a three-hour stretch, even for a 6-foot-4 passenger. But it seems incongruous, in what's supposed to be a premium product, to adjust the front seatbacks with a manual lever rather than a power control.

Buick calls the Encore a five-passenger vehicle, but five people could ride comfortably only if those in the rear are tiny or the trip is short. Of course, the Encore is really intended for young couples and for empty-nesters, not for family use.

There is 18.8 cubic feet of space behind the second row of seats, enough for weekly shopping trips or four medium suitcases. You can flip the back seatbacks down to open up a cargo area of 48.4 cubic feet.

Lowering the rear seats flat has unintended consequences. The folded seatbacks force the front seats so far forward that I had to sit uncomfortably near the steering wheel -- and unsafely close to the air bag.

The Encore's standard safety systems include 10 air bags, with knee bags for the front occupants and thorax bags even for the outer rear seating positions. Electronic crash-avoidance technologies are also offered, though only with Premium trim, the most expensive version: forward collision alert provides a warning when sensors detect an impending crash, and lane-departure warning sounds an alert if you start to drift out of lane.

Atop the instrument panel there's a seven-inch color display for the IntelliLink voice-activated infotainment system, which integrates audio services like Pandora and Sirius XM Satellite Radio through the Bose Premium sound system. My test car had a navigation system, a $795 option. My editor, who drove a different Encore, reported a 100 percent failure rate when trying to use voice recognition to make calls or set destinations.

The Encore comes in four trim levels with prices for front-wheel-drive models from $24,950 to $28,940; all-wheel drive costs another $1,500. My test model -- the top-of-the-line Premium with all-wheel drive and a few options -- came to $32,425. The only other options, a sunroof and chromed aluminum wheels, would have pushed the price above $34,000.

The Encore is a bold move from a brand once known for cautious conservatism, and for now it has a niche -- small, but likely to grow -- mostly to itself. As the competition grows, the Buick's relatively high price and comparatively unimpressive mileage may work against it.

SHRINKAGE: The Encore, built in South Korea, rides high and looks plush. (AU1); EASY RIDER: The Encore is quiet and composed, and it generally rides comfortably for a vehicle with such tidy dimensions. The turbocharged 1.4-liter engine handles normal driving without complaint, but acceleration can be leisurely. (PHOTOGRAPHS BY GENERAL MOTORS) (AU5)

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The New York Times

Business/Financial Desk; SECT
News From the Advertising Industry

By STUART ELLIOTT
677 words
18 March 2013
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The New York Times on the Web
English

Accounts

¶General Motors, Detroit, has given the McCann Worldgroup division of the Interpublic Group of Companies sole responsibility for the worldwide creative account of its Chevrolet division as a joint venture ends between the McCann Worldgroup and Goodby, Silverstein & Partners, part of the Omnicom Group. Billings were not disclosed. A year ago, the McCann Worldgroup and Goodby, Silverstein created a joint venture agency, Commonwealth, to work on Chevrolet, with Goodby, Silverstein taking the creative lead for American ads and the McCann Worldgroup handling ads for markets like Brazil, Canada and China. Now, the McCann Worldgroup assumes sole responsibility for Commonwealth by buying out the 50 percent stake owned by Goodby, Silverstein. The almost 200 employees of a Detroit office that Goodby, Silverstein opened in 2010 are to be offered jobs at Commonwealth under the sole McCann Worldgroup ownership.

People

¶Terry Kent, chief executive at Kantar Media North America, New York, part of the Kantar Media division of WPP, was named global chief executive at a new unit, Kantar Media Ad Intelligence.

¶Gunther Schumacher, chief operating officer at OgilvyOne Worldwide, New York, part of the Ogilvy & Mather Worldwide unit of WPP, will also be president of the agency, a new post.

¶Kevin McNulty, chief marketing officer at Momentum Worldwide, New York, part of the McCann Worldgroup unit of the Interpublic Group of Companies, was named president for international, a new post focused on markets like Europe, the Middle East, Africa, Latin America and the Asian-Pacific region.

¶Susan Danaher, president and chief executive at the Digital Place-based Advertising Association, New York, is leaving, the organization said, after she informed the board that she would not renew her contract when it expires on March 31. A search for a successor is under way by a nominating committee that includes Ms. Danaher, the organization said, who will serve as an adviser to the board after her successor is named.

¶Samantha Skey joined SheKnows, New York, owned by Great Hill Partners, as chief revenue officer, a new post, as the company, which specializes in online content aimed at women, focuses on increasing its advertising revenue. Ms. Skey was most recently chief revenue officer at Recyclebank, New York.

¶Cecilia Dobbs and Jason Kleinman joined the United States office of The Guardian, based in New York, in new posts. Ms. Dobbs becomes vice president for product; she had been director for digital strategy and design at Fox News Channel, New York, part of News Corporation. Mr. Kleinman becomes vice president for brand partnerships; he had been director for product marketing at The New York Times. The Guardian is part of the Guardian Media Group.

Miscellany

¶VML, Kansas City, Mo., part of the Young & Rubicam Group unit of WPP, opened an office in Tokyo.

¶Martin Agency, Richmond, Va., part of the Interpublic Group of Companies, said that it had become a "founding investor" of 80amps, Richmond, a start-up incubator. Financial terms were not disclosed. The agency and 80amps will work together on building brands, products and services.

¶Meth Project Foundation, a national nonprofit organization that fights against the use of methamphetamine through the Meth Project, is joining the longtime national nonprofit organization that fights drug use, the Partnership at Drugfree.org, New York. The individual Meth Project organizations, in states like Colorado, Idaho, Montana and Wyoming, will operate as members of the partnership, formerly known as the Partnership for a Drug-Free America.

¶Art Directors Club, New York, is starting A.D.C. Young Guns for Good, which will encourage the members of the A.D.C. Young Guns program to work for charitable causes. The initial project will be to design ads for $1 million worth of full-page ad space in USA Today to benefit charities working on Hurricane Sandy relief. The project is in partnership with the Google Creative Lab unit of Google, which won the ad space in a contest sponsored by USA Today, part of Gannett, to encourage creativity in print advertising.

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The New York Times

Automobiles; SECTAU
Detroit Metal Largely Absent At Swiss Show

By JERRY GARRETT
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2
English

GENEVA -- The evolution of the American automakers in Europe, and their presence at the motor show here, is a study in contrasts. To Chrysler, Ford and General Motors, Europe no longer presents a great opportunity to sell American cars in foreign markets. Not so long ago, those attending the Geneva show could see, touch and kick the tires of a much wider array of American iron than they can today.

Ford introduced small internationally designed people-movers here that are unlikely to be sold in the United States. The Chrysler and Dodge brands are absent since being absorbed into the Fiat empire. And G.M. is displaying fewer vehicles on the international stage.

Chevrolet broke ranks to introduce the Corvette Stingray convertible to an international audience. But it was essentially a sneak preview of the droptop, which will make a splashier debut in front of its true target audience this month at the New York auto show.

Cadillac also showed the ATS sedan along with its ELR plug-in hybrid.

Ford used Geneva to promote its ''One Ford'' global strategy, but it introduced a couple of vehicles that defy the very idea of making single versions of Ford products that can be sold anywhere in the world.

The Ford EcoSport, a small Fiesta-size utility, is designed for sale in Europe, South America and India, but not in the United States. Likewise, the European-focused Tourneo van family is the latest wave of Ford's series of ''product-led transformations.''

Few American Fords were on display. And an initiative announced in 2008 to introduce the Lincoln brand in Europe seems to have fizzled completely.

Chrysler's main presence was at the Jeep display, where the latest Grand Cherokee made its European debut. Unlike the smattering of other American cars shown here this year (and in most recent years) the Grand Cherokee is expected to sell in strong numbers in Europe, as it does in many other overseas markets.

Chrysler-brand vehicles have been reincarnated at the Lancia display, where the 200 and 300 models wear Flavia and Thema badges. Likewise, Lancia markets the Dodge Grand Caravan minivan as its Voyager. The Dodge Journey wagon wears a Fiat Freemont badge.

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GENEVA MOTOR SHOW
Automobiles; SECTAU

A High-Dollar Debutante Ball

By JERRY GARRETT
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4
English

A glittering bumper crop of million-dollar babies will be shown at the 83rd International Motor Show in Geneva, where press previews begin on Tuesday.

While mass-market automakers like Fiat, Ford, General Motors and Volkswagen are struggling in Europe with bloated inventories, falling sales and red ink, many luxury brands are reporting record sales and profits. Hence, an unprecedented number of ultraexpensive new cars will be mixed among the 130 or so premieres at Geneva.

Ferrari, Lamborghini and McLaren will take the wraps off vehicles priced above $1 million. Lamborghini's limited-edition sports car may set a record for vehicular excess; the car is rumored to carry a price tag of more than $4 million.

Not far behind, in terms of stratospheric prices, will be new six-figure vehicles from Rolls-Royce, Bentley, Aston Martin and a wide array of the boutique car builders, performance tuners and design houses that make the Geneva show an annual carnival of automotive excess.

Price, of course, does not necessarily correlate with significance. Here are some of the important, but not necessarily as expensive, debutantes that will make an appearance:

Alfa Romeo 4C This sports coupe, which the company has called ''the compact supercar,'' will be built at a Maserati plant and lavished with Ferrari-derived technologies. Later this year, the 4C will spearhead Alfa's return to the United States market after an absence of nearly 20 years. By Geneva standards, the car is somewhat of a bargain, with a price expected in the mid-five-figure range.

Aston Martin Centenary Vanquish To celebrate 100 years in business, Aston is producing a limited run of 100 special editions of its Vanquish coupe, offering features previously available only in its $2 million-plus One-77 hypercar. Centenary versions are also planned for the Vantage, DB9 and Rapide.

Bentley Flying Spur To differentiate itself further from the Continental GT coupe, and move further upscale in presence and price, the Flying Spur sedan gets its own platform and styling treatment. Engineering advances will pump output from its W-12 engine up to 616 horsepower.

Chevrolet Corvette convertible Something of a surprise as a European debut -- especially so soon after the coupe was shown in Detroit in January -- the Stingray droptop will make its first appearance in Geneva. The car will appear at the New York auto show this month and reach showrooms by December.

Ferrari F150 Ferrari's new limited-edition successor to the Enzo supercar, code-named F150 (no relation to the Ford pickup), will be finally shown at Geneva after months of teasers. If you could buy one -- and you can't, because Sergio Marchionne, the Fiat Group's chief executive, says the car is already sold out -- you'd need around $1.3 million. Production of the 900-horsepower monster is expected to be limited to 499 cars, 100 more than the Enzo.

Hyundai ix35 Fuel Cell This car began rolling off the assembly line last Tuesday in Ulsan, South Korea. Hyundai says that makes it the first automaker to offer a mass-produced hydrogen fuel cell vehicle. Annual production of this variant of the Tucson crossover isn't expected to hit 1,000 units until 2015.

McLaren P1 Not to be trumped by Ferrari in pricing, exclusivity or horsepower, McLaren will show the production version of its P1 supercar with 903 horsepower, a $1.15 million price and a production run of just 375.

Qoros 3M A Chinese-Israeli venture of Chery Automobile and the Israel Corporation holding company, this nascent marque hopes to begin selling cars in Europe this year. The Qoros 3 compact sedan will be shown in Geneva along with two concept cars, including a hybrid crossover.

Rolls-Royce Wraith A two-door version of the Ghost sedan with a sloping fastback roofline, this new coupe is expected to reach customers in the fourth quarter.

INDEPENDENCE: The Bentley Flying Spur gets its own distinct identity. (PHOTOGRAPH BY BENTLEY MOTORS); CAR WITHOUT BORDERS: The Qoros 3, product of a Chinese-Israeli venture. (PHOTOGRAPH BY QOROS)

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The New York Times

WHEELS
Automobiles; SECTAU

A 1960 Cadillac Takes Center Stage at the Metropolitan Opera

By MARCIA BIEDERMAN
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4
English

In classical opera, characters tend to get around in swan boats or chariots, but a production of ''Rigoletto'' at New York's Metropolitan Opera puts a 1960 Cadillac Coupe de Ville in the spotlight. A soprano who has been fatally stabbed is briefly stuffed in its trunk, and the final duet, with the soprano dying in her father's arms, takes place at the car's rear, framed by fins and tail lights.

Traditionally, that scene is set on a riverbank in Renaissance Italy, bu the Met's new production of the Verdi opera, directed by Michael Mayer, transports the action to 1960 Las Vegas. The Cadillac is the real thing, bought on eBay, then painted indigo blue with metallic flecks by the Met staff and illuminated by the lighting designer, Kevin Adams, to reach the high C of automotive fantasy.

Christine Jones, the set designer, explained in an e-mail that she wanted a car with a ''look and feel that suited the period'' of the Rat Pack, as well as the ''overall sexiness'' of the production's last act, which opens with a pole dance at a sleazy club on the Vegas outskirts.

In traditional stagings of ''Rigoletto,'' as well as in the new one, the title character discovers that Gilda, his innocent daughter, has been seduced and raped by a powerful man. The father hires an assassin, Sparafucile, to kill the villain.

The Met's current version gives the Cadillac to the hit man, who plans to drive his victim's corpse to a river and dump it. But Gilda sacrifices herself for her seducer and ends up bagged in the trunk. Popping the lid open, Rigoletto, finds his daughter dying of her wounds, with just enough breath for the finale.

As happens in opera, the Met had to settle for second choice instead of the vehicular diva it really wanted. ''We originally specified a 1959 Cadillac Eldorado Brougham,'' wrote Ms. Jones, only to find that ''without knowing it, we had picked one of the most rare American cars that were essentially handmade in Italy.'' Realizing the difficulty of snagging a Brougham, Ms. Jones turned to the Coupe de Ville, which she described as having a ''very similar look without being almost impossible to find.''

The engine and most working parts were removed so that stagehands could easily move the car on casters. No other modifications were needed to soprano-size the vehicle. ''Luckily, the cars of this era are long and wide,'' Ms. Jones said. ''There was never an issue about space for the singer. We were more concerned that Diana Damrau would not be willing to get into the trunk during her performance as Gilda,'' said Ms. Jones, referring to the German soprano who has been singing the role. But as it happened, ''she was excited about the idea and suggested it to Michael Mayer before he gathered the nerve to suggest it to her.''

The car's mock Nevada license plate reads, ''SPARAFUC,'' a detail not necessarily visible in the opera house, Ms. Jones said, but shown in close-up in the Feb. 16 live transmission of the opera in HD, which played in movie theaters around the world. Actually, Nevada did not issue vanity plates until 1969, said John Walters, a member of that state's branch of the Automobile License Plate Collectors Association. Still, it seemed like a realistic possibility, said Ms. Jones, who said her research had shown that other states had issued personalized plates even earlier.

And the plates seemed appropriate for Sparafucile, the killer, traditionally played as cocky and now the sharply dressed owner of a Cadillac. ''They call them 'vanity plates' for a reason,'' Ms. Jones noted.

The new ''Rigoletto'' will be presented at the Metropolitan Opera for six more performances from April 13 to May 1. A repeat of the HD transmission will be shown in movie theaters on March 6.

This is a more complete version of the story than the one that appeared in print.

GOING WITH STYLE: Diana Damrau as Gilda, dying in the trunk of a 1960 Cadillac Coupe de Ville, and Zeljko Lucic as Rigoletto at the Metropolitan Opera. (PHOTOGRAPH BY SARA KRULWICH/THE NEW YORK TIMES)

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The New York Times

Business/Financial Desk; SECTB
Sign of a Comeback: U.S. Carmakers Are Hiring

By BILL VLASIC
921 words
22 February 2013
The New York Times
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1
English

DETROIT -- A few years ago, American automakers cut tens of thousands of jobs and shut dozens of factories simply to survive.

But since the recession ended and General Motors and Chrysler began to recover with the help of hefty government bailouts and bankruptcy filings, all three Detroit car companies including Ford Motor Company have achieved one of the unlikeliest comebacks among industries devastated during the financial crisis.

Now steadily rising auto sales and two-tier wage concessions from labor have spurred a wave of new manufacturing investments and hiring by the three Detroit automakers in the United States. The latest development occurred on Thursday, when Ford said it was adding 450 jobs and expanding what had been a beleaguered engine plant in Ohio to feed the growing demand for more fuel-efficient cars and S.U.V.'s in the American market.

Ford, the nation's second-largest automaker after G.M., said it would spend $200 million to renovate its Cleveland engine plant to produce small, turbocharged engines used in its top-selling models. Ford plans to centralize production of its two-liter EcoBoost engine -- used in popular models like the Fusion sedan and Explorer S.U.V. -- at the Cleveland facility by the end of next year.

Its move to expand production in the United States is yet another tangible sign of recovery among the Detroit auto companies. Industrywide sales in the United States are expected to top 15 million vehicles this year after sinking beneath 11 million in 2009.

Last month, G.M. announced plans to invest $600 million in its assembly plant in Kansas City, Kan., one of the company's oldest factories in the country. And Chrysler, the smallest of the Detroit car companies, is adding a third shift of workers to its Jeep plant in Detroit.

The biggest factor in the market's revival has been the need by consumers to replace aging, gas-guzzling models. ''Pent-up demand and widespread access to credit are keeping up the sales momentum,'' said Jessica Caldwell, an analyst with the auto research site Edmunds.com.

And Joseph R. Hinrichs, the head of Ford's Americas region, explained in an interview that the company's Ohio revival plan was ''all based on increased demand.''

''We're putting the capacity here because that's where we need it most,'' he said.

Yet even though Ford is enjoying a resurgence in the United States, it is racing to reduce costs in its troubled European division. The workers in Spain who were building the small EcoBoost engines that have been shipped to America will be moved to an assembly plant that is taking on work from a plant to be closed in Belgium.

While Ford survived the industry's financial crisis without government help, it still cut thousands of jobs and shuttered several factories to reduce costs and bring production more in line with shrinking sales.

But now, the burst of showroom business has prompted automakers to increase output at remaining plants. In Ford's case, the company added about 8,000 salaried and hourly jobs last year, and has said it plans to hire about 2,200 white-collar workers in 2013. Ford is also moving some vehicle production from Mexico to a Michigan plant, where it will add 1,200 jobs.

The investment in Cleveland is indicative of how Ford and other carmakers have trimmed domestic labor costs and improved productivity since the recession. Just a few years ago, the company was forced to consolidate two engine plants into one in northern Ohio, and close a major component operation. ''No question we have been through a lot in northern Ohio,'' Mr. Hinrichs said. ''But now our North American business is very competitive with the best in the world.''

Mr. Hinrichs said that a new local agreement with the United Automobile Workers union in Cleveland paved the way for the expansion. Currently the plant employs about 1,300 workers.

The Detroit companies are also benefiting from their ability to hire lower-paid, entry-level workers as part of their national contract with the U.A.W. Many of the 450 new workers at the Cleveland plant will start at $16 an hour, compared to about $28 for veteran union members, and some of the new engine plant workers could include employees from other Ohio plants.

''With our competitive labor agreements, we can bring business back to the U.S. from Spain and Mexico,'' Mr. Hinrichs said.

Employment still falls far short of levels in the 1990s, when cheap gas and the popularity of S.U.V.'s led to big profits in Detroit.

The auto manufacturing sector employed 1.1 million people in the United States as recently as 1999, according to a recent study by the Center for Automotive Research in Ann Arbor, Mich. About one-third of those jobs were in the final assembly of vehicles, and the balance in the production of auto parts.

Employment dropped as low as 560,000 in 2009. Since then, about 90,000 jobs have been added, the report said.

Joseph Hinrichs, head of Ford's Americas region, with a two-liter EcoBoost engine at the Cleveland plant. (PHOTOGRAPH BY TONY DEJAK/ASSOCIATED PRESSTONY DEJAK/ASSOCIATED PRESS) (B1); Testing a V-6 engine at Ford's Cleveland plant. Production of a popular small engine is being moved there from Spain. (PHOTOGRAPH BY MARK DUNCAN/ASSOCIATED PRESS) (B4)

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The New York Times

Business/Financial Desk; SECTB
G.M.'s Profit Rises Despite Weakness in Europe

By BILL VLASIC
735 words
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4
English

DETROIT -- General Motors said its profit in the fourth quarter increased slightly as continued losses in Europe offset positive results in North America.

G.M., the nation's biggest carmaker, said it had net income of $900 million in the quarter, compared with $500 million in the same period a year earlier. Revenue increased to $39.3 billion, up from $38 billion.

The company said strong sales in the surging United States market helped it post a $1.4 billion pretax profit in North America.

But in Europe, General Motors, like many other automakers, is continuing to absorb big losses from the worst sales environment in nearly 20 years. The company said it lost $700 million in the quarter.

The company had modest success in its other international operations, reporting a $500 million profit in Asia and a net income of $100 million in South America.

The fourth quarter capped a transitional 2012 for G.M., its third full year of operations since its bankruptcy and $49.5 billion government bailout in 2009.

While it is struggling to restructure in Europe, the company is in the process of introducing several new models in the United States, including revamped versions of its highly profitable pickup trucks.

G.M. also negotiated a sale of the Treasury Department's ownership stake in the company.

For the full year, G.M. said it had net income of $4.9 billion compared with $7.6 billion in 2011. Executives said the 2011 profit included $1.2 billion in one-time gains on asset sales.

For the year, revenue grew to $152.3 billion, up from $150.3 billion in 2011.

G.M.'s chief executive, Daniel F. Akerson, said the company had a solid year in 2012, and said its future performance would depend on growing sales with new models.

''This year our priorities will be executing flawless new vehicle launches, controlling costs and delivering more vehicles to our customers at outstanding value,'' Mr. Akerson said in a statement.

G.M.'s big profits in North America will directly benefit its 49,000 hourly workers in the United States, each of whom will receive profit-sharing checks of up to $6,750 for their work in 2012.

G.M. made several accounting changes in the fourth quarter, the largest of which was a one-time, noncash gain of $34.9 billion to restore valuation allowances for deferred tax assets in the United States and Canada. The gain was balanced by a $26.2 million charge to erase good will tied to its North American operations, a $5.2 billion charge for impairment of European assets and a $2.2 billion charge related to its salaried pension plans.

The write-down of European assets reflected the troubled state of the company's business on the Continent.

For 2012, G.M. had a pretax loss of $1.8 billion in Europe, which was more than double the $700 million lost the previous year. By comparison, the North American division earned a pretax profit of $7 billion in 2012, down from $7.2 billion the year before.

G.M. executives were cautious about predicting better overall results this year, particularly in Europe.

Daniel Ammann, G.M.'s chief financial officer, said the European market would continue to deteriorate this year. However, the company is sticking with its prediction that it will break even there by mid-decade.

''We feel better and better about the things we can control,'' Mr. Ammann said.

Mr. Akerson said that cost cuts would continue in Europe. He said G.M. eliminated about 2,500 jobs there last year and expected the same number of cuts in 2013. He declined to say whether the company might close any more plants beyond the announced shutdown of a factory in Germany by 2016.

''We're going to be smart about how we cut costs, and not just close plants,'' Mr. Akerson said.

G.M.'s profit in the beginning of the year may be thinner than last year because of the marketing and manufacturing costs associated with selling older truck inventory and introducing the new models.

Strong sales of G.M. vehicles in the United States helped the company post a $1.4 billion pretax profit in North America. (PHOTOGRAPH BY DAVID ZALUBOWSKI/ASSOCIATED PRESS)

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The New York Times

WHEELS
Automobiles; SECTAU

Toyota Is Recalling One Million Vehicles

By CHRISTOPHER JENSEN
296 words
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4
English

In two actions, Toyota is recalling a little over one million vehicles, including 752,000 for air bags that could be set off by electronic interference, the automaker has informed the National Highway Traffic Safety Administration.

In a letter dated Wednesday, Toyota told the safety agency that the company was recalling the 2003-4 Corolla, Corolla Matrix and Pontiac Vibe, a mechanical sibling of the Matrix, because of the problem.

The action includes almost 604,000 Corollas, 148,000 Matrix models and almost 136,000 Vibes, with the latter being recalled by General Motors.

Toyota told the agency that the front air bags on those vehicles were susceptible to a short that could cause the bags to trigger without the vehicles being in an accident.

Toyota's report says the air bag control module can suffer a short circuit "when exposed to high inductive electrical noise from various vehicle electrical components."

The automaker says it will install a noise filter to resolve the problem.

The second action covers about 270,000 Lexus Is vehicles.

Toyota says a nut on the windshield wiper arm may not be tight enough and one or both wipers can stop moving if the arms face resistance, like pushing snow out of the way.

The recall covers the 2006-12 IS 250 and IS 350; 2010-12 IS 250C and IS 350C and 2008-11 IS-F models.

Toyota describes its actions as voluntary, but once an automaker is aware of a safety problem it must - within five business days - inform the agency of its plan for a recall or face a civil fine.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Business/Financial Desk; SECTB

Pay Still High At Bailed-Out Companies, Report Says

By ANNIE LOWREY
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4
English

WASHINGTON -- Top executives at firms that received taxpayer bailouts during the financial crisis continue to receive generous government-approved compensation packages, a Treasury watchdog said in a report released on Monday.

The report comes from the special inspector general for the Troubled Asset Relief Program, the bank bailout law passed at the end of the George W. Bush administration. The watchdog, commonly called Sigtarp, found that 68 out of 69 executives at Ally Financial, the American International Group and General Motors received annual compensation of $1 million or more, with the Treasury's signoff.

All but one of the top executives at the failed insurer A.I.G. -- which required more than $180 billion in emergency taxpayer financing -- received pay packages worth more than $2 million. And 16 top executives at the three firms earned combined pay of more than $100 million.

''In 2012, these three TARP companies convinced Treasury to roll back its guidelines by approving multimillion-dollar pay packages, high cash salaries, huge pay raises and removing compensation tied to meeting performance metrics,'' Christy Romero, the special inspector general, said in a statement. ''Treasury cannot look out for taxpayers' interests if it continues to rely to a great extent on the pay proposed by companies that have historically pushed back on pay limits.''

The report charges that Treasury has failed to rein in excessive pay at the three firms. It found that Treasury approved all pay raises requested for A.I.G., Ally and General Motors executives last year, with individual compensation increases of $30,000 to $1 million. It also faults the Treasury overseer for allowing pay packages above what comparable executives at other firms receive.

The report also accuses Treasury of failing to follow up earlier recommendations made by the special inspector general. A report issued a year ago made many similar criticisms, arguing that the Treasury officials ''could not effectively rein in excessive compensation'' because the most ''important goal was to get the companies to repay'' the government.

''Treasury made no meaningful reform to its processes,'' it said in this year's report. ''Lacking criteria and an effective decision-making process, Treasury risks continuing to award executives of bailed-out companies excessive cash compensation without good cause.''

In a response letter included in the report, Patricia Geoghegan, acting special master for TARP executive compensation, disputed several of its assertions. For one, the compensation packages for A.I.G. and General Motors executives were comparable to those received by executives at other firms, Treasury said. Pay packages at Ally were higher than the median because of ''unique circumstances,'' it said.

Treasury also noted that the Obama administration had cut pay for executives at bailed-out firms and required that the companies pay top employees with more stock and less cash. Treasury ''continues to fulfill its regulatory requirements,'' the letter said. It has ''limited executive compensation while at the same time keeping compensation at levels that enable the 'exceptional assistance' recipients to remain competitive and repay Tarp assistance.''

The Treasury is selling off its remaining shares of General Motors. In December, Treasury sold its final shares in A.I.G., bringing its and the Federal Reserve's total profit on its investment in the company to nearly $23 billion.

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The New York Times

Business/Financial Desk; SECTB
Toyota Is Back on Top in Sales

By HIROKO TABUCHI
315 words
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7
English

TOKYO -- Toyota Motor sold a record 9.75 million vehicles last year, the company said Monday, moving past General Motors and Volkswagen to reclaim its title as the world's top-selling automaker in 2012.

G.M., which held the top spot in 2011, sold 9.29 million vehicles last year. It had been the top-selling automaker for decades before losing its lead to Toyota in 2008.

Volkswagen sold 9.1 million vehicles last year, a record for the German automaker, which has expanded its presence in emerging markets. VW also outsold Toyota in 2011.

Toyota estimated last month that it sold 9.7 million vehicles for the year, and final figures released Monday were slightly higher.

By recovering its No. 1 title, Toyota cements a strong comeback from several years of tumbles.

A sharp slowdown in exports during the global economic crisis led to the automaker's biggest loss in decades while controversy over its handling of recalls greatly tarnished its image for quality and reliability.

In 2011, the earthquake and tsunami in Japan, as well as widespread flooding in Thailand later that year, disrupted production, weighing on sales in important markets like the United States and pushing Toyota to No. 3 in global sales.

Toyota recovered in 2012, however, as production rebounded and the automaker went on an offensive to win back market share. Toyota sales in the United States surged 27 percent, to 2.08 million vehicles. In Japan, sales rose 35 percent, to 2.41 million vehicles, helped by government incentives for fuel-efficient cars.

Those increases were enough to offset a decline in sales in China, where Japanese businesses have been hurt by consumer boycotts stemming from a bitter territorial dispute between the two countries. In Europe, sales of Toyota cars rose by 2 percent.

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The New York Times

DETROIT AUTO SHOW
Automobiles; SECTAU

A Parade of Positive Thinking, Paced by a New Corvette

By LAWRENCE ULRICH
2,104 words
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1
English

DETROIT -- Cobo Center has 723,000 square feet of exhibition space, enough to spotlight hundreds of new cars. Mysteriously, as journalists gathered here last week for press previews of the North American International Auto Show, it seemed as if there was room for only one vehicle: the 2014 Corvette.

Chevrolet's 2014 Corvette Stingray revived a storied sports car name, ruling the show the way it hopes to rule the street. And General Motors hopes the 450-horsepower Stingray -- powerfully reloaded for a post-recession comeback -- can help to revive the company in both symbolic and sales terms.

The 'Vette, that most aspirational dream car for heartland buyers, may be a bellwether for America's recovering car industry and economy: when middle-class strivers feel flush enough to splurge on Corvettes again, the good times may be about to roll.

G.M. grabbed more attention as its Cadillac ATS won the North American Car of the Year award, chosen by a jury of auto journalists. Cadillac also unveiled the swoopy ELR, a plug-in hybrid coupe based on the Chevy Volt.

Of course, buyers have mostly shunned today's crop of electrified cars. After years of E.V. frenzy, Detroit's show saw a dearth of electric models.

Instead, automakers poured out creamy luxury models, especially in entry- and midprice territory that's prized for sales volumes and attendant profits. Seemingly unprecedented in blue-collar Detroit, if not at any American auto show: only two nonluxury, truly all-new showroom models were introduced. They were Nissan's Versa Note hatchback and the Kia Cadenza, itself aspiring to luxury with a price well over $30,000.

Emboldened Lexus IS and Infiniti Q50 luxury sport sedans represented the latest attempts to go mano a mano with the BMW 3 Series. BMW kept pace with its alluring 4 Series coupe.

Mercedes-Benz will look to conquer $30,000 territory with the curvy, compact CLA sedan, which it introduced to the press on the eve of the show's opening but chose not to display during the public show. It also delighted showgoers with a handsomely refreshed E-Class lineup, years before those cars were due for full redesigns.

The space-age Nissan Resonance crossover was one bravura concept that had journalists buzzing. And the subtly contoured Volkswagen CrossBlue Concept -- imagine a minimalist German take on a Jeep Grand Cherokee -- seemed a prime candidate to continue VW's remarkable turnaround in the United States.

Highlighting the industry's tussle between power and fuel economy, Detroit's luxury gave way to, well, Lutzery. Robert A. Lutz, the retired G.M. vice chairman who championed the Chevy Volt, was up to his old green-tweaking tricks. His new company, VL Automotive, showed the Destino, a doppelgänger of the Fisker Karma plug-in hybrid sedan with the hybrid system rudely replaced by 638 horses worth of CO2-spewing Corvette V-8.

If Fisker -- whose production has been on hold for months -- can't survive, and Mr. Lutz delivers a handful of six-figure Destinos, Detroit's 2013 show may have produced a future collectible on the order of a Tucker. As an auctioneer might intone in 2043: "This primitive plug-in hybrid has a Corvette V-8 under the hood and is actually the last Fisker-bodied car ever made. And as you older folks might remember, Fisker and G.M. both owed their existence to government aid."

Enough fantasy; here are some high points from the 2013 Detroit show:

ACURA The exterior of the MDX design study is a near-clone for the production version that goes on sale in summer. The big news for Acura's midsize crossover is likely to be a front-drive version, with all models powered by a 3.5-liter V-6 of roughly 310 horsepower. Sharing the spotlight in Acura's display was the breathtaking NSX concept, now moving closer to reality with an actual interior. The NSX is some three years away from showrooms; it will be built in Ohio and powered by a midmounted V-6 assisted by electric motors.

AUDI Seemingly answering Mercedes-Benz's power-mad AMG unit, Audi cranked up the RS7 and SQ5. The former is a 560-horsepower version of the sparkling A7 hatch, with a twin-turbo 4-liter V-8. Starting from the Q5 crossover, the SQ5 adds a 354-horse supercharged 3-liter V-6. Both models go on sale by September.

BENTLEY Perhaps counterintuitively, Bentley sales are booming again. The handcrafted $238,000 Continental GTC Speed convertible follows suit with a 616-horsepower twin-turbo W-12 engine that booms to 60 m.p.h. in 4.1 seconds, to 100 in 9.7 seconds and continues on to 202 m.p.h.

BMW Longer, lower and wider than the 3 Series sedan that it's based on, the new 4 Series is an opulent coupe that BMW will hoist up the price ladder to meet the likes of the Audi S5. Engine choices are likely to include BMW's 2-liter turbo 4 and 3-liter in-line 6 when the car reaches showrooms later this year. With the 4 Series moving up to a richer neighborhood, the 320i sedan takes the brand in the opposite direction. On sale in April for $33,445 to start ($35,445 with all-wheel drive) the most affordable 3 Series gets a 180-horsepower version of the 2-liter turbo 4 that drives the more expensive 328i.

CADILLAC To go on sale a year from now, the Chevy Volt-based ELR coupe will cover 35 miles on battery power before its 4-cylinder gasoline engine starts, generating electricity to keep the car moving down the road. The lavish Caddy should deliver a sportier driving experience than the Volt, but at a price that may approach $60,000.

CHEVROLET The seventh-generation 'Vette rolls into showrooms this summer with an expected starting price around $56,000. It's faster and newly refined to measure up with more costly rivals like the Porsche 911. Highlights include a lightweight aluminum chassis, carbon-fiber and carbon-composite body panels and a 7-speed manual transmission. A 450-horsepower 6.2-liter V-8 spurs the Stingray from 0 to 60 m.p.h. in less than four seconds, Chevy says, and it will exceed 1 g in lateral acceleration.

FORD Chrysler's big cowpoke, the Ram 1500, may have been named North American Truck of the Year, but Ford's Atlas design study looked strong enough to hoist the world onto its pickup bed. The Tonka-like Atlas previews the crucial 2015 F-Series. Show observers couldn't avoid noticing how the Ford and Dodge tag-team made Chevy's conservative new Silverado look about as gutsy as a Toyota Camry.

HONDA Honda's riposte to the Nissan Juke will be a cautious effort, judging from the styling of the Urban SUV Concept shown here. Set to go on sale next year, this subcompact crossover, nine inches shorter than a Honda CR-V, is based on the Fit.

HYUNDAI Styled in Hyundai's Irvine, Calif., studio, the HCD-14 Genesis Concept suggests the direction of premium Hyundai sedans to come. An optical system recognizes the driver to start the car, and 3-D hand gestures operate controls.

INFINITI The Q50, a replacement for the G37 sedan, goes on sale this summer with the world's first steer-by-wire system; electronic controls replace the mechanical link between the steering wheel and turning wheels. The shapely Infiniti will offer rear- or all-wheel drive, and the choice of a 328-horsepower 3.7-liter V-6 or a 354-horse hybrid V-6 powertrain.

JEEP The midlife upgrade of the Grand Cherokee gets Chrysler's new 3-liter diesel, with 240 horsepower and 420 pound-feet of torque. Chrysler's seamless 8-speed automatic transmission will help it achieve fuel economy as high as 30 m.p.g. in highway driving, Jeep says.

KIA Appropriately, Kia used the luxury-heavy Detroit show to introduce the richest sedan in its history, the Cadenza. A sister to the front-drive Hyundai Azera, the Cadenza adopts Hyundai's 293-horsepower V-6 and should hew closely to its $33,000 base price when it goes on sale this summer.

LEXUS With a glowering front end that's one part Predator and one part Kabuki mask, the Lexus IS elicits love-it-or-hate-it reactions. But no one will overlook Lexus' sport sedan again. Consumer reaction will be tested in June, when the IS 250 and 350 models go on sale with a choice of two V-6 engines and rear- or all-wheel drive.

LINCOLN Based on the Ford Escape compact crossover, Lincoln's close-to-production preview of its upcoming MKC looked sharp. But to compete against Audi, BMW and Land Rover, the newly renamed Lincoln Motor Company will also need sharp performance.

MASERATI This Italian greyhound has been the underdog of big luxury sedans. The new version grows 10 inches longer, while the price shrinks to around $100,000 or less for a version with a 410-horsepower, 3-liter twin-turbo V-6. A 3.8-liter twin-turbo V-8 model will have 530 Italian ponies, more than any standard V-8 competitor.

MERCEDES-BENZ Mercedes plans an onslaught of more affordable models in America, led late this year by the roughly $30,000 CLA250 sedan. Looking like a baby CLS, the CLA gets a 208-horsepower turbo 4 with a choice of front- or all-wheel drive. The hyperaggressive E63 Benz sedan and wagon amass 550 horsepower (or 577 in S-Model guise) from a twin-turbo 5.5-liter V-8. On sale in summer, the Benzes, complete with Lamborghini-scale air inlets and jetlike exhaust outlets, explode from 0-60 m.p.h. in 3.6 seconds.

MINI The John Cooper Works Paceman concept is a British bulldog, a two-door version of the chunky Countryman crossover. It goes on sale in March with a 208-horsepower 1.6-liter 4-cylinder.

NISSAN On sale in June for $13,990, Nissan's subcompact Versa Note hatchback trades power for economy, scaling back to a 1.6-liter, 109-horsepower 4 that delivers up to 40 highway m.p.g. The Resonance, an imaginative vision for a future Murano crossover designed by Nissan's California design studio, is an out-there concept that actually works. It features a futuristic V.I.P. lounge interior and dazzling details, including carbon-fiber wheel trim that recalls a Dale Chihuly sculpture.

TOYOTA The Corolla may be a bland econobox, but that hasn't kept Toyota from selling nine million of them in the United States since 1968. Still, Toyota wants more emotion in a coming 2014 model, and the Furia design study teasingly suggests the hottest Corolla ever. But many show-car elements, including carbon-fiber trim and full-width LED front lighting that recalls RoboCop's visor, seem bound for the cutting room floor.

VOLKSWAGEN The CrossBlue concept's powerful plug-in diesel hybrid unit is said to deliver 89 m.p.g.e. and a 661-mile driving range. But VW isn't ready to introduce such costly technology in a production version. More significantly, the CrossBlue smartly melds S.U.V. tradition with VW's new, space-efficient modular construction. The six-passenger midsize model would also fill a big hole in VW's ambitious, expanding lineup. Expect this handsome S.U.V. to reach showrooms in about two years, but with conventional gas, diesel or hybrid powertrains.

The North American International Auto show runs through Sunday, Jan. 27, at Cobo Center in downtown Detroit. Tickets are $12 for adults, $6 for seniors and children. More information can be found at naias.com.

CENTER STAGE: Clockwise from left: 2014 Corvette Stingray, Toyota Corolla Furia design study and Honda Urban SUV concept. (PHOTOGRAPHS BY FABRIZIO COSTANTINI FOR THE NEW YORK TIMES; REBECCA COOK/REUTERS; BILL PUGLIANO/GETTY IMAGES) (AU1); FACES IN THE CROWD: Right, Hyundai HCD-14 Genesis Concept. Middle row, from left, Mercedes CLA250; Nissan Resonance concept; Infiniti Q50. (PHOTOGRAPHS BY BILL PUGLIANO/GETTY IMAGES; SCOTT OLSON/GETTY IMAGES; FABRIZIO COSTANTINI FOR THE NEW YORK TIMES; TONY DING/ASSOCIATED PRESS); BMW 4 Series coupe (PHOTOGRAPH BY FABRIZIO COSTANTINI FOR THE NEW YORK TIMES); Cadillac ELR (PHOTOGRAPH BY REBECCA COOK/REUTERS); Ford Atlas (PHOTOGRAPH BY FORD MOTOR) (AU4)

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
Treasury to Start Selling Off G.M. Stake

By MICHAEL J. DE LA MERCED
218 words
19 January 2013
The New York Times
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3
English

The Treasury Department said on Friday that it would begin selling off its remaining 19 percent stake in General Motors, as part of the Obama administration's plan to unwind its bailout of the automaker.

The department said in a statement that it had begun a prearranged trading plan that would eventually dispose of its 300.1 million shares by early next year. Earlier this week, The Treasury Department said that it had hired Citigroup and JPMorgan Chase to lead the sales of its stock holdings in G.M.

For the moment, the government will not embark upon a big block sale, but will instead sell smaller increments over time, depending on market conditions.

Last month, the Treasury Department sold 200 million shares back to G.M. for $5.5 billion, as the company sought to expedite the process of becoming a fully private enterprise once more.

The sale is expected to generate a loss for taxpayers of more than $12 billion. But government officials have argued that the G.M. bailout was aimed at saving millions of jobs, not turning a profit.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Business/Financial Desk; SECTB
2 Makers Press the Case for Electric Cars

By BILL VLASIC; Vindu Goel contributed reporting from Detroit.
1,189 words
16 January 2013
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1
English

DETROIT -- The greenest cars on the market -- electric vehicles and plug-in hybrids -- have attracted very few buyers so far.

But instead of scaling back, major automakers are eager to bring more battery-powered models to their showrooms.

Two of the biggest producers, General Motors and Nissan, served notice at the annual Detroit auto show that they are in the electric-car business for the long haul.

G.M., the biggest American automaker, on Tuesday said it would begin production later this year of the Cadillac ELR, a luxury version of the Chevrolet Volt, the company's current extended-range plug-in hybrid sedan.

Nissan, the Japanese automaker, is taking a different approach to lift sales of its all-electric Leaf sedan. Rather than turn more upscale, it will offer a new base-model Leaf that is $6,000, or 18 percent, cheaper than the current car.

Both strategies have the same intent -- to lure a wider range of consumers to electric cars.

''We think the Volt is very much a success story for General Motors and that the ELR will feed off that success,'' said Robert E. Ferguson, head of G.M.'s Cadillac brand.

Despite Mr. Ferguson's expression of confidence, it's debatable whether the Volt, which runs primarily on battery power but has a small gasoline engine to extend its driving range, has truly been a hit.

Last year, G.M. sold 23,000 Volts in the United States, less than 1 percent of its overall sales and well below the expectations set by the company. Much of the Volt's volume was attributed to cut-rate lease deals that made it decidedly more affordable than its $39,000 sticker price. (Volts, Leafs and other electric cars typically qualify for a $7,500 federal tax credit and sometimes state credits that lower the effective purchase price.)

''Even with $199-a-month leases, the Volt is still barely making a dent,'' said Larry Dominique, president of the auto-leasing research firm ALG. ''With gas prices moderating, it's tough to make an economic argument to buy a plug-in hybrid.''

G.M. is hopeful that its new Cadillac plug-in will attract affluent consumers who want an eco-friendly car but don't want to scrimp on luxury options like a suede interior and a powerassisted cup holder.

''There are wealthy people who don't consider price to be an obstacle when buying electric,'' said Joseph Phillippi, head of the market-research firm AutoTrends. ''In Silicon Valley, they'd write a check for the ELR without thinking about it.''

Mr. Ferguson declined to say how many ELRs that G.M. planned to build, or what the price would be. The vehicle will be built in limited numbers alongside the Volt at a plant in the Detroit area.

''We haven't decided on the price yet,'' he said. ''But the car and the value it provides will be compelling.''

Analysts said G.M. would most likely build 2,000 to 3,000 ELRs a year, which represents an incremental increase in its plug-in production.

Nissan is faced with the more serious challenge of spurring demand for the Leaf at the same time that it opens a new assembly plant for the car in Tennessee.

Last year, Nissan sold only about 9,800 Leafs in the United States, less than half of what it had originally projected. Now, with a new factory producing the car, the company needs a major increase in sales to justify the costs.

Nissan's chief executive, Carlos Ghosn, said at the Detroit show that a new, more modestly equipped Leaf would go on sale in February for $28,800, before federal and state tax credits.

That is a large reduction from the $35,000 sticker price for what previously was the car's base model.

It is rare for an auto company to slash prices so drastically. But Nissan made the move because it fell far short of its goal of increasing global sales of the Leaf by 50 percent last year.

''We got 22 percent,'' Mr. Ghosn said. ''It was a disappointment for us.''

Despite the slow sales, Mr. Ghosn has hardly backed off his belief that electric cars can account for 10 percent of all Nissan sales by 2020.

''Zero emissions are here to stay,'' he said.

G.M. and Nissan have placed the biggest bets on battery power among the major automakers. But they are not alone.

Toyota sells a plug-in model of its popular Prius hybrid sedan and an electric version its small RAV4 sport utility vehicle. Last year, the Ford Motor Company began offering an electric-powered variation of its mainstay Focus sedan, and it is planning other vehicles primarily powered by batteries.

Other new entries coming to market include small, electric cars from the Italian automaker Fiat and the German luxury-car company BMW.

Still, analysts are doubtful the market will grow much in the near term. ''It's going to be a slow increase in sales,'' said Mr. Dominique of ALG.

''G.M. is wedded to the technology, and so is Nissan. But nobody knows whether they are making any money on it.''

And while fuel efficiency in general was a prime topic at the Detroit show this week, most of the attention was on traditional, gas-powered vehicles like pickup trucks, sports cars and S.U.V.'s.

Standing out from the crowd, however, was the electric-car company Tesla Motors, which is based in California.

On Tuesday, Tesla unveiled a coming electric S.U.V. that can travel nearly 300 miles on a fully charged battery.

The Tesla Model X, which is scheduled to go on sale next year, follows the introduction in 2012 of the company's high-performance Model S sedan.

A Tesla executive, George Blankenship, declined to say how many electric cars the company had sold so far, but he forecast global sales of 20,000 for the Model S this year.

The Model S occupies a much higher price niche than the Leaf and the Volt. The car starts at just under $60,000, before tax credits, and can rise above $90,000 with the addition of extra features.

Tesla, Nissan and Ford have received hefty government energy loans to hasten the development of electric-car technology.

Mr. Blankenship said Tesla's progress could not be measured by early sales figures.

''This isn't about numbers to us -- it's about a long-term vision,'' he said. ''And our vision is to accelerate the adoption of electric vehicles.''

Mark Adams, a top Cadillac executive, introduced the Cadillac ELR, a luxury version of the Chevrolet Volt, on Tuesday at the Detroit auto show. (PHOTOGRAPH BY FABRIZIO COSTANTINI FOR THE NEW YORK TIMES) (B1); Analysts expect that G.M. will build 2,000 to 3,000 Cadillac ELRs a year. An executive said the company had not yet set a price. (PHOTOGRAPH BY TANNEN MAURY/EUROPEAN PRESS AGENCY) (B2)

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The New York Times

Business/Financial Desk; SECTB
G.M. Chief Expects To Regain Market Share

By BILL VLASIC
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3
English

DETROIT -- Despite steady profits, last year was a rocky one for General Motors, raising questions about the strength of the company's comeback from its bankruptcy and government bailout.

G.M., the nation's biggest automaker, posted its lowest United States market share in decades, searched for answers to its longstanding troubles in Europe and struggled to overcome the lingering, politically charged stigma of being ''Government Motors.''

On Wednesday, G.M.'s chief executive, Daniel Akerson, acknowledged that the company still had a long way to go before it completed its turnaround. But he said that a host of promising new products should help it gain traction this year.

''This is going to be a strong year for product introductions, not only in North America, but around the globe,'' Mr. Akerson said in a briefing with reporters at G.M.'s headquarters. ''In 2013 and '14, the sun will be at our backs.''

In 2012, the company's share of the United States market sank to 17.9 percent, down from 19.6 percent the year before. It was the company's lowest market share in more than 50 years.

And while the overall American market grew 13.4 percent last year, G.M.'s sales increased just 3.7 percent. By contrast, Toyota and Honda rebounded sharply from supply disruptions caused by the 2011 earthquake and tsunami in Japan, and rivals like Chrysler and Volkswagen made big sales gains.

''It was a very mediocre year for G.M.,'' said Rebecca Lindland, an analyst at the research firm IHS Automotive. ''They are still kind of finding their way postbankruptcy.''

Mr. Akerson, 64, said he expected G.M. to make ''modest'' market-share improvements this year, as it refreshes its showrooms with 13 new products, including redesigned versions of its Chevrolet and GMC pickup trucks.

''What you'll see is a G.M. that is projecting some confidence and some vigor,'' he said.

That description has hardly applied to G.M. since it was forced into bankruptcy in 2009 by the Obama administration as a condition for the final portions of its $49.5 billion government bailout.

The company emerged as a smaller, leaner competitor with fewer brands, employees and factories, and a revamped management team led by Mr. Akerson, a government-appointed board member who took over as chief executive in the fall of 2010.

Since its bankruptcy, G.M. has had some success introducing new cars in the United States, like the Chevrolet Cruze and the Cadillac ATS. It has also continued to grow in China.

In addition, the company has reduced its pension overhang by buying out some salaried workers and transferring its long-term obligations to the rest of the white-collar work force to an outside insurance firm.

G.M. also received good news last month when the Treasury Department agreed to sell 200 million of the G.M. shares owned by taxpayers back to the company and pledged to sell its remaining 300 million shares by early 2014.

''I think it's important for that chapter to close on that part of our history,'' Mr. Akerson said.

G.M. is expected to report healthy earnings this month for the fourth quarter of 2012, which would be its 12th straight profitable quarter. But it is still losing considerable money in Europe, where the economic downturn has depressed vehicle sales for several automakers.

The company has forecast that its 2012 losses in Europe will be at least $1.5 billion. Mr. Akerson said he hoped the losses could be trimmed by one-third this year, but reiterated that G.M.'s European operations would not break even until mid-decade.

He said there were no new plans for job cuts or factory closings on the Continent although the company planned to continue whittling down costs there. ''We are taking out cost structure intelligently, more with a scalpel than a knife,'' he said.

Mr. Akerson said that the company's finances had improved and that he hoped it would be able to shed its junk credit rating this year and return to an investment-grade rating, which would allow it to reduce its borrowing costs.

But he was circumspect when discussing his own future. A former executive with the Carlyle Group, a private equity firm, he declined to put a timetable on his tenure as G.M.'s chief.

''I think I will be here next year at this time,'' he said. ''But I don't know how long that will run.''

In the short term, Mr. Akerson said he hoped G.M. could generate excitement for its new products next week at the industry's big annual trade show in Detroit.

The company is set to unveil a coming redesign of its Corvette sports car, as well as a Cadillac version of its Volt plug-in hybrid. Consumers will also get their first look at the new pickups, which are scheduled to have their debut later this year.

The auto show spotlight could become a turning point in the public's perception of G.M., said Ms. Lindland of IHS.

''The reality is that this company still has many challenges ahead,'' she said. ''It's not the behemoth it once was, but they're still not quite nimble yet.''

Daniel Akerson, G.M.'s chief, at a stockholders meeting in June. G.M.'s market share fell to its lowest level in decades in 2012. (PHOTOGRAPH BY REBECCA COOK/REUTERS)

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The New York Times

Business/Financial Desk; SECTB
That New-Market Smell

By ANDREW E. KRAMER
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1
English

NIZHNY NOVGOROD, Russia -- Sleek and glistening, the General Motors sedans creep off the assembly line here. They are as new as cars can get. And so is the assembly line, where the first test cars emerged this month.

Even as G.M. is scaling back elsewhere in Europe, the company is ramping up production in Russia, a country that is becoming a bright spot for G.M. and much of the rest of the automotive industry.

Trickle-down oil wealth and the spread of easily accessible auto financing are lifting sales, which rose by 40 percent in the first half of this year compared with the same period a year ago. G.M., Ford, Volkswagen, Nissan and Renault are all opening new plants, or intend to do so soon.

The new G.M. line in this picturesque town, an old center of the Russian car industry on the Volga River, will manufacture 30,000 Aveo sedans a year. Cars, held up on jacks, move along the assembly line and end up in a brilliantly illuminated inspection room, where every inch is carefully examined; the factory is trying to get defects down to G.M. standards. If all goes well, production will start in January.

The site is one of half a dozen facilities that G.M. runs in Russia, where the Detroit carmaker intends to invest $1 billion over the next five years. The money is a good bet today, analysts of the Russian market say, for the same reason that politics here recently got a jolt with street protests: the Russian middle class is rising, and becoming a force in both commerce and public life.

''I would put Russia in the same breath as China,'' Timothy E. Lee, the head of G.M.'s international division, said at a groundbreaking ceremony for a plant in St. Petersburg last summer, which will make midprice sedans.

Russians are snatching up foreign-branded cars. The Hyundai Solaris was the best-selling vehicle in Russia last year. And Hyundai, Nissan and Renault all did well in the first 11 months of this year, with sales increases ranging from 11 to 23 percent.

Over all, Russian sales are now approaching three million cars annually, according to the Association of European Businesses, a group that tracks sales here as part of its efforts to promote trade between Russia and the European Union.

Russia is projected to surpass Germany and become the largest car market in Europe in 2014. It is already nipping at Germany's lead. In August, Russians bought more cars than Germans did, before sales tapered off in the fall.

International car companies say the best way to benefit from the growth is through investing heavily in Russian manufacturing, elbowing aside local brands.

Russia's automobile industry survived the financial crisis not through subsidies, though these were handed out, but through a willingness to embrace foreign manufacturers -- even if that hurt homegrown brands like the Lada and the Volga, the model once made in the plant here.

Russians have shown little nostalgia for their own cars.

''I'm glad they're gone,'' said Nikolai Chernyshov, a 34-year-old lawyer, as his family spilled out of a Ford Focus at a shopping center. He has not shed a tear, he said, for the Lada he once drove.

"No matter what effort we put into making them better, they never got any better," he said.

The Volga, an overpowered slab of steel, was once the vehicle of choice for K.G.B. agents. It even had an ominous nickname, the Black Raven. But the cars often broke down, diminishing their cachet.

Last year, the last Volga rolled out of the Gorky Automobile Factory, clearing enough floor space for three foreign manufacturers -- G.M., Volkswagen and Mercedes -- which collectively now employ about 5,000 people.

"We are only helped by being brutally honest with ourselves," said Bo Andersson, a former G.M. executive hired in 2009 to manage the transition.

"It's a shame we lost the Volga," Aleksandr Kazanin, a worker here, said. "But we're still here. We kept our jobs."

Avtovaz, the maker of Russia's other main brand, the Lada, is also charting a future based on a strategy of forming joint ventures with foreign car companies -- in its case, Nissan of Japan and Renault of France.

Just this month, the French-Japanese alliance formalized an agreement to buy a controlling stake in Avtovaz from the Russian government, bringing all of the country's car industry under foreign management or ownership for the first time in the post-Soviet period.

Last spring, Avtovaz, located in Togliatti down the Volga River from here, halted the 38-year production run of its Lada Classic, the boxy and much-maligned people's car of the former Eastern Bloc that was originally based on a Fiat design.

The new version of the Lada will be based on the chassis of a Renault Logan, a car already selling briskly.

Nissan has said it would use some factory floor space -- available because of the end of the old Lada production -- to reintroduce its Datsun brand, last seen in the 1980s but being revived as a bargain car for fast-growing developing markets where people are entering the middle class.

G.M. is also investing in the Avtovaz factory, one of the world's largest car plants by acreage. G.M. will spend $200 million to expand a joint venture making a Chevrolet sport utility vehicle called the Niva, which has been a hit here.

Russia is now the world's ninth-largest economy, but the seventh-largest car market, showing the Russians' tendency, after decades of deprivation in the Soviet period, to splurge on cars over other purchases. There are now 250 cars for every 1,000 people in Russia, which places the country about midway between emerging markets in Asia and developed markets in Europe. By comparison, India has 11 cars for every 1,000 people; China, 49; Germany, 515; and the United States, 643.

"It makes sense to invest where you have a good growth," Vladimir Bespalov, an automotive analyst with VTB Bank, said in a telephone interview. "This is the trend, and the growth is in the emerging markets."

The four big auto groups -- Ford, Renault, G.M. and Volkswagen -- have signed agreements with the ministry of economy to each increase local production to 350,000 cars a year, build engine factories, and invest in research and development.

These foreign carmakers are choosing to manufacture in Russia instead of importing vehicles in part because of the country's onerous rules on imported cars. Despite Russia's accession to the World Trade Organization this year, which lowered tariffs, the government has continued to nudge companies to invest in local production by imposing a $700 fee on imported cars, ostensibly for recycling the vehicle when it breaks down.

Russian plants avoid the fee. They promise instead to accept irreparably broken-down cars at the factory for recycling, presumably after being towed back.

Critics call it a fanciful idea, an example of Russian red tape thinly disguising protectionist policies. This is fine by Mr. Andersson, the G.M. executive now working here. "I like Russia because it's difficult," he said. "If it were easy, I would have a lot of competition."

A worker checks a new General Motors Aveo at a factory in Russia. G.M. is investing $1 billion to meet rising demand. (B1); Bo Andersson, chairman of a shared car factory in Russia. (PHOTOGRAPHS BY JAMES HILL FOR THE NEW YORK TIMES) (B6)

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The New York Times

Business/Financial Desk; SECT
Walgreen Earnings Fall 26% on Acquisition and Storm Costs

By THE ASSOCIATED PRESS
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English

Walgreen reported on Friday that its fiscal first-quarter earnings sank nearly 26 percent as costs tied to a couple of big deals and the havoc caused by Hurricane Sandy helped put a bigger-than-expected dent in the giant drugstore chain's performance.

The company's chief executive, Gregory D. Wasson, told retail industry analysts that he saw the quarter as a ''turning point'' for Walgreen, which has been working to recapture customers it lost during a contract dispute with Express Scripts. But investors did not appear to buy that message, as Walgreen's stock fell $1.24, or 3.3 percent, to $36.31 on Friday.

Walgreen spent $6.7 billion this year to buy a stake in Alliance Boots, a Swiss company that runs the largest drugstore chain in Britain. It also spent $438 million on a drugstore chain that operates in the mid-South under the USA Drug, Super D Drug and Med-X names.

The costs tied to those deals totaled $23 million in the quarter, and Walgreen said it counted only a small portion of the gains it received from Alliance Boots. It is reporting those gains a quarter after they occurred to address audit and regulatory requirements.

Hurricane Sandy, which swept up the East Coast in late October and caused extensive destruction along the New Jersey and New York coasts, also cost Walgreen $24 million in the quarter, as it forced the company to close hundreds of stores temporarily.

Over all, Walgreen earned $413 million, or 43 cents a share, in the three months ended Nov. 30, compared with net income of $554 million, or 63 cents a share, a year ago. Revenue fell 4.6 percent, to $17.3 billion.

Excluding one-time items, Walgreen reported earnings of 58 cents a share. Analysts had forecast, on average, earnings of 70 cents a share, according to FactSet.

Walgreen, the nation's largest drugstore chain, runs more than 8,000 drugstores in all 50 states. The company's revenue has slumped through 2012 after it started the year stuck in a contract squabble with Express Scripts, for which it fills prescriptions.

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
U.S. Says It Will Sell the Rest of Its Stake in G.M.

By MICHAEL J. DE LA MERCED and BILL VLASIC
1,352 words
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English

11:13 p.m. | Updated

For months, General Motors executives have been pressing Washington to sell its stake in the company, desperate to rid itself of the yoke of being called Government Motors.

Nearly four years after what became a $49.5 billion bailout, the Treasury Department announced on Wednesday that it would sell 200 million shares back to the company for $5.5 billion, then sell an additional 300 million shares by early 2014.

Currently, the exit would produce a loss of more than $12 billion for taxpayers - one of the few major bailouts that did not produce a return. Yet, after the sale of its remaining stake in the American International Group last week, the government can now claim that it has largely unwound the huge, politically contentious corporate rescues it undertook amid the worst economic crisis since the Great Depression.

"This can't happen soon enough," said Henry T. C. Hu, a professor at the University of Texas School of Law. "You don't want an industrial corporation being subject, in effect, to government limits."

The Treasury's presence in G.M. disturbed investors and prompted some consumers to avoid its products in an increasingly competitive United States auto market. Independence, however, will leave the company with no excuse as it battles domestic and foreign rivals, many of whom did not turn to the government for a lifeline.

When G.M. was given its first loans by the Bush administration, the company was still the industry leader, with a 22 percent share of the market in the United States. After bankruptcy and its re-emergence as a public company, that dominance has eroded.

As of the end of November, G.M.'s market share had slipped below 18 percent this year, and it was struggling with hefty inventories of some major models like the Silverado pickup and the Malibu midsize sedan.

And while General Motors has benefited from shedding debt and four brands in bankruptcy, it has considerable work ahead to rebuild a product lineup that withered during its financial crisis. For one, its hometown rival, Ford Motor, earns more money in North America despite selling fewer vehicles.

"There's no doubt that General Motors is in a better position now than it was four or five years ago," said Michelle Krebs, an analyst with the car research site Edmunds.com. "The key is to watch and see if the company falls back into old habits."

G.M. executives say that the company has changed its ways.

"As today's news travels around the world, the question will be asked, 'Did G.M. truly learn the lessons of the bankruptcy?' " Daniel F. Akerson, the chief executive, wrote in an internal memo. "Our results show that we are changing the company so we never go down that path again."

The sale is expected to bolster morale inside the company.

"It's probably more significant on the employee front than on the automotive side," said Mike Wall, director of analysis at the research firm IHS Automotive. "After what they have gone through the past four years, this is an emotional event and a rallying point for the future."

Executives were eager to shed the government's 32 percent ownership stake, but the election in November delayed any talk of a share buyback. But soon after President Obama's victory, G.M.'s chief financial officer, Daniel Ammann, called Timothy G. Massad, the Treasury Department's assistant secretary for financial stability, to begin negotiations, according to people with direct knowledge of the matter.

An offer to buy back a substantial number of G.M. shares at the market price - no premium for the Treasury - was rejected. Several weeks of start-and-stop negotiation followed, during which the company demanded a firm timetable for the government's exit.

By about 5 p.m. Tuesday, G.M.'s board had voted to offer $27.50 for the Treasury stake, an approximately 8 percent premium to the stock price at that day's close. By about 7:30 p.m., the sides signed off on the deal.

Despite the relief of reaching an accord, G.M. executives planned no celebration or new marketing campaign, feeling that might look unseemly or even arrogant.

Wednesday's deal all but guarantees a loss for taxpayers. The remaining shares need to be sold at close to $70 each to break even. But a Treasury official argued that the company's stock hadn't surpassed $27.50 since the government was legally cleared to sell additional shares after G.M.'s initial public offering.

The Obama administration has long argued that the rescue was always about saving the American auto industry, not making money. On Wednesday, Treasury claimed to have saved more than one million jobs through the bailout.

The administration is hoping to offset the losses from the G.M. rescue with the profits from its A.I.G. investments and the bank recapitalization program, which together have reaped about $46 billion for taxpayers.

The Treasury Department has also long favored a quick exit from its investments rather than turning a profit. It has already divested its stake in Chrysler, selling it last year to Fiat, the Italian carmaker that was a crucial ally during Chrysler's bankruptcy.

"The government should not be in the business of owning stakes in private companies for an indefinite period of time," Mr. Massad, of the Treasury Department, said in a statement. "Moving to exit our investment in G.M. within the next 12 to 15 months is consistent with our dual goals of winding down TARP as soon as practicable and protecting taxpayer interests."

But the government still owns large portions of other firms, including 74 percent of Ally Financial, G.M.'s former lending arm.

Being a ward of the state has cost G.M. more than its reputation. The company has been subject to a number of restrictions that it claims have hampered its ability to attract fresh talent. Some of those limits, including the use of corporate aircraft, will be lifted after the stock buyback.

But the biggest, a cap on the compensation of top executives, will remain in place until the government sells off its entire stake.

The news was welcomed by some of G.M.'s biggest investors. Among them is Greenlight Capital, a prominent hedge fund that has called the company an "ugly duckling" underappreciated by the market.

"We applaud G.M. management for unlocking shareholder value by releasing excess capital and beginning a resolution of the government stake overhang," David Einhorn, the head of Greenlight, said in a statement.

G.M. has improved in several respects. Its annual profit has risen over the last two years, and as of the end of the year will have about $38 billion in cash and credit lines to draw upon.

But much hard work remains. Ford has had a head start on G.M. in globalizing its products and spreading out development costs. And during its bankruptcy, G.M. had to delay some new models, costing it valuable time in reacting to market trends

Given the challenges that lie ahead for G.M., the company cannot appear to be celebrating or placing too much emphasis on the government's ultimate exit.

"They have to keep their head down and keep plugging away and executing their strategy," Mr. Wall of IHS Automotive said. "It is the beginning of the end of government ownership, but way too soon to celebrate anything."

This is a more complete version of the story than the one that appeared in print.

An employee at a General Motors plant in Hamtramck, Mich. G.M.'s dominance in the auto industry has eroded since the bailout. (PHOTOGRAPH BY PAUL SANCYA/ASSOCIATED PRESS); Daniel F. Akerson, chief of General Motors, is among the executives who say that the company is changing. (PHOTOGRAPH BY JEFF KOWALSKY/EUROPEAN PRESS AGENCY) (B5)

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The New York Times

Business/Financial Desk; SECTB
Shares Fall as Deadline For Tax Increases Nears

By THE ASSOCIATED PRESS
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English

Stocks fell on Wednesday, as President Obama and Republicans in Congress criticized each other and a deadline to avoid tax increases and government spending cuts drew closer.

General Motors stock surged after the government announced plans to sell its ownership stake in the company.

The Dow Jones industrial average closed down 98.99 points, or 0.7 percent, at 13,251.97. The Standard & Poor's 500-stock index dropped 10.98 points, or 0.8 percent, to 1,435.81. The Nasdaq composite index fell 10.17, or 0.3 percent, to 3,044.36.

Mr. Obama said that he and the House Speaker, John Boehner, were ''pretty close'' to a deal to avoid the tax increases and spending cuts, a combination known as the fiscal cliff. The two sides have exchanged proposals this week.

But the president also said that Congressional Republicans kept finding ''ways to say no as opposed to finding ways to say yes.'' He said the nation deserved a compromise after the Connecticut school shooting.

Mr. Boehner, speaking to reporters for less than a minute and in a defiant tone, called on Mr. Obama to offer a deficit-cutting plan balanced between spending cuts and tax increases.

He predicted that the House would pass his backup plan, which calls for extending decade-old tax cuts for Americans making less than $1 million a year. The White House has rejected that plan.

The S.& P. 500-stock index had gained more than 2 percent over the previous two days in part because of optimism about a deal taking shape. The optimism seemed to melt on Wednesday and stocks finished near their lows for the day.

G.M. soared $1.69, or 6.6 percent, to $27.18 after the company said it would spend $5.5 billion to buy 200 million shares of its own stock back from the government.

The government pledged to sell the other 300 million G.M. shares it owns on the open market and dispose of its entire ownership stake in 12 to 15 months. The government bought G.M. stock as part of a 2009 bailout.

United States builders broke ground on fewer homes in November after starting work in October at the fastest rate in four years. Hurricane Sandy probably distorted the totals in the Northeast.

The Commerce Department said builders began construction of houses and apartments at a seasonally adjusted annual rate of 861,000. That was 3 percent less than October's annual rate of 888,000, the fastest since July 2008.

Materials stocks fell 0.5 percent, less than the rest of the market. Industrials fell 0.7 percent. Elsewhere on Wall Street, telecommunications stocks, down 1.2 percent, and health care stocks, down 1.1 percent, fared the worst.

Interest rates were lower. Treasury's benchmark 10-year note rose 4/32, to 98 12/32 and the yield fell to 1.81 percent from 1.82 percent late Tuesday.

CHART: The Dow Minute by Minute: Position of the Dow Jones industrial average at 1-minute intervals yesterday. (Source: Bloomberg)

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The New York Times

Business/Financial Desk; SECTB
To Gain From Rising Sales, G.M. Redesigns Pickups

By BILL VLASIC
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14 December 2012
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1
English

PONTIAC, Mich. -- Signs of recovery in the housing and construction industries have given a much-needed lift to the market for full-size pickup trucks, which took a beating during the recession.

But so far this year, only two of Detroit's automakers, Ford Motor and Chrysler, have benefited from rising sales of pickups and the hefty profits they generate. General Motors, the nation's biggest automaker, has been trailing far behind, stuck with the oldest truck models on the market, and piling up big inventories of unsold vehicles.

To combat the perception that its pickups are losing ground, G.M. on Thursday ceremoniously unveiled redesigned versions of its Chevrolet Silverado and GMC Sierra pickups -- six months before they even hit the market.

''We have the oldest truck out there, no question about it,'' Mark Reuss, head of G.M.'s North American operations, said at the truck event, which was held at a movie studio built on the site of a former G.M. assembly plant. ''But we think these new models are going to be the best engineered pickups out there.''

None of the Detroit automakers can afford to lag in the pickup market, one of the few segments in which American manufacturers still dominate, with more than a 90 percent share.

Analysts estimate that the auto companies can earn up to $10,000 in profit on each pickup they sell, which is considerably more than on most passenger cars and sport utility vehicles.

Mr. Reuss said that many of G.M.'s product programs were stalled during its financial crisis, which prompted a $50 billion government bailout and a restructuring in bankruptcy court.

The new versions of the Silverado and Sierra are the first complete redesigns since 2006. In the interim, both Ford and Chrysler have brought models to market that are taking the largest portion of gains in the segment.

Pickup sales are up about 9.6 percent this year through November, a sizable increase but still less than the 13.9 percent gain for total vehicle sales in the United States. Even so, G.M. has not seen its fortunes rise with the rest of the pickup market.

Ford's F-series pickup -- the nation's best-selling vehicle of any kind -- has posted an 11.6 percent sales increase for the first 11 months of the year, to 576,000 pickups. Chrysler's Ram pickup sales have improved 20.3 percent, to 263,000. Even Toyota, a distant fourth in the segment, has seen sales of its Tundra pickup rise 23.7 percent, to 91,000.

Combined sales of G.M.'s Silverado and Sierra models, however, have increased only 1.2 percent, to 506,000 for the first 11 months.

''The market is getting stronger and it is very, very competitive,'' said Mr. Reuss.

G.M. ended November with about a 140-day inventory of Silverados, which is about double the industry standard of 60 to 70 days of supply. To clear out the backlog, G.M. raised its truck incentives an unspecified amount this month to generate more showroom traffic.

Previously, the G.M. trucks trailed Chrysler's Ram in sales incentives. The auto-research Web site TrueCar.com said that Chrysler offered average incentives of $4,700 on the Ram during November, compared with about $4,000 for the Silverado.

''We're not going to sit out and watch the market going by us,'' said Alan Batey, head of G.M.'s sales in the United States.

To that end, G.M. has spent heavily to improve the look and capability of the pickups that arrive next year. Mr. Reuss declined to specify what the overall development costs were but said they were the highest of any vehicle the company had introduced since it emerged from bankruptcy three years ago.

''This is a multibillion-dollar investment that contributes billions in profits,'' said Joseph Phillippi, head of the consulting firm Auto Trends in Short Hills, N.J. ''This is the equivalent of the corporate A.T.M.''

The truck event on Thursday had all the trappings of a lavish auto-show introduction, including a Silverado emerging with explosive sound effects from a fake block of granite.

Mr. Reuss and other G.M. officials said the new models would come equipped with either a traditional V-8 engine or a smaller, more fuel-efficient six-cylinder engine.

He declined to specify the fuel economy on the new models, saying that revelation would come closer to the actual production date next year.

Ford's F-series trucks equipped with V-6 engines get 16 miles per gallon in city driving and 22 miles per gallon on the highway. G.M.'s current Silverado model with a six-cylinder engine achieves 15 miles per gallon in the city and 20 in highway driving.

The 2014 Chevrolet Silverado was unveiled Thursday with explosive sound effects. (B1); Mark Reuss said General Motors believed that these new models were going to be the best engineered pickups on the market. (PHOTOGRAPHS BY JOHN F. MARTIN FOR GENERAL MOTORS) (B7)

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To Contain Losses, Opel Announces It Will Close a German Plant

By JACK EWING
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FRANKFURT -- Opel, the unprofitable European unit of General Motors, confirmed Monday that it would stop producing cars at its plant in Bochum, Germany, in 2016, a sign that even the Continent's most powerful economy cannot escape the effects of the euro zone crisis.

The end of car manufacturing at the plant in the Ruhr Valley was expected as G.M. struggles to contain losses in Europe that the company has said could be as high as $1.8 billion this year.

But G.M.'s announcement that it had made a final decision on the factory's fate still caused shock waves in Germany, which has so far narrowly escaped the downturns and rising unemployment afflicting euro zone countries including Italy and Spain.

It also served as the latest reminder of how the euro zone's debt crisis has undercut the region's economy. Car sales in Europe have fallen steadily since 2007 as buyers have had a harder time getting loans, lost their jobs or were simply reluctant to make big purchases. Automakers are expected to sell about 12.5 million vehicles this year, down from 16 million in 2007.

Opel said it was necessary to stop auto production at the Bochum factory, which makes the Zafira Tourer minivan, because of ''the dramatically declining European automobile market and the enormous overcapacity in the European automobile industry.''

The company said it hoped to avoid layoffs in Bochum by expanding a distribution center at the site, by making components there, and through early retirements and buyouts. Nevertheless, the decision was ominous for the 3,000 workers at the plant and for the city of Bochum, where Opel is the largest private employer and the jobless rate is already nearly 10 percent.

The mayor of Bochum, Ottilie Scholz, accused Opel management of failing to negotiate in good faith about the future of the plant. She call G.M.'s decision ''a bitter loss for the city and the region.'' The decision came days before a planned celebration of the plant's 50th anniversary.

Opel labor representatives, who in recent months had toned down their rhetoric toward G.M. management, reacted angrily to the decision and said they would continue to fight to keep the plant open. Wolfgang Schäfer-Klug, chairman of the Opel workers council, said in a statement that Bochum workers were being forced to suffer the consequences of ''decades of management errors and lack of a consistent corporate strategy.''

European makers of mid-priced cars, including Opel, Fiat and PSA Peugeot Citroën, have been hit the hardest by the industry downturn, forcing them to close factories or cut jobs despite severe resistance from unions and political leaders.

Fiat said Friday it would lay off 1,500 workers out of about 4,600 at a plant in Tychy, Poland, which manufactures the Fiat 500 and other models for the European market. Even though the 500 is one of the Italian automaker's most popular models, demand is so weak that the plant will produce only 300,000 vehicles next year, half as many as in 2009, Fiat said.

Slumping car production was the main reason for a 0.7 percent decline in French factory output in October compared to September, analysts at Barclays Capital said Monday in a note to clients.

Peugeot has announced plans to close a plant near Paris, but has run into stiff opposition from unions and the French government.

In 2008, when the auto industry downturn began, many countries including Germany and France offered tax credits or other incentives to encourage people to trade in old cars for new ones. But those stimulus measures merely postponed a reckoning with overcapacity that predated the financial crisis. European governments, which are focused on reducing debt, have shown no inclination to bail out Opel or other automakers.

Georg Streiter, a spokesman for Chancellor Angela Merkel of Germany, offered only words of sympathy on Monday.

''The chancellor and the government regret this decision,'' Mr. Streiter told reporters in Berlin. ''It's a severe blow that affects a lot of people and their families and the Bochum region as well.''

Mr. Streiter gave no indication, however, that the German government would intervene, saying only that he expected ''that the parent company General Motors will do everything possible to find socially acceptable solutions'' regarding the future of the employees.

The crisis has had much less effect on makers of German luxury cars, but their immunity seems to be wearing off. Audi, the luxury car unit of Volkswagen, said Monday that global sales in November rose 10.9 percent compared to a year earlier, to 123,600 automobiles. European sales fell 2 percent, however.

Bayerische Motoren Werke said Monday that sales in November rose 23 percent worldwide, to 170,932 cars. That included a 10 percent increase in European sales. But BMW has warned that it could also be hurt by plunging sales in countries like Spain. ''The situation in Europe remains difficult,'' Friedrich Eichiner, BMW's chief financial officer, said Friday.

The end of car production at the Bochum plant was no surprise after Opel said in July that it would not produce the next generation of the Zafira Tourer minivan there when the current model's life cycle ends. The Zafira, which shares many parts with the Chevrolet Orlando, is the main model produced in Bochum.

Workers had hoped they would be able to persuade G.M. to produce another model at Bochum, but the automaker ruled that out on Monday.

Emotions were high at a meeting Monday morning in Bochum at which employees learned of the decision. Spiegel Online and other German media reported that security guards had to restrain a union official who tried to prevent an Opel executive from leaving the gathering. An Opel spokesman, Ulrich Weber, confirmed there had been an incident but said it was not serious.

Opel had serious problems before the crisis. It has lost market share to rivals like Volkswagen and has not made a profit in Europe in more than a decade. Opel's share of the European Union market was 6 percent in October, down from 6.6 percent a year earlier, according to the European Automobile Manufacturers' Association. Sales of Opel brand cars were off 15 percent in the first 10 months of 2012 from a year earlier.

In Germany, Opel's base, the company's image has suffered from years of strife with workers. In an attempt to avoid further damage, Opel said it hoped to avoid forced layoffs in Bochum and would finance a working group made up of employees, local officials and economists to find other ways to create jobs in the region. But it seemed unlikely that Opel would find jobs for all the workers at the plant.

''Opel is conscious of its social responsibility, and will do everything possible to implement the necessary job reduction as fairly as possible,'' Stephen J. Girsky, president of GM Europe, said.

Melissa Eddy contributed reporting from Berlin.

This is a more complete version of the story than the one that appeared in print.

Opel workers Monday in Bochum, Germany. The big sign says, ''Future for All at Opel Bochum.'' The small one asks, ''And You?'' (PHOTOGRAPH BY FRANK AUGSTEIN/ASSOCIATED PRESS)

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The Empty Promise of Tax Incentives

By LOUISE STORY; Lisa Schwartz and Ramsey Merritt contributed research.
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In the end, the money that towns across America gave General Motors did not matter.

When the automaker released a list of factories it was closing during bankruptcy three years ago, communities that had considered themselves G.M.'s business partners were among the targets.

For years, mayors and governors anxious about local jobs had agreed to G.M.'s demands for cash rewards, free buildings, worker training and lucrative tax breaks. As late as 2007, the company was telling local officials that these sorts of incentives would ''further G.M.'s strong relationship'' with them and be a ''win/win situation,'' according to town council notes from one Michigan community.

Yet at least 50 properties on the 2009 liquidation list were in towns and states that had awarded incentives, adding up to billions in taxpayer dollars, according to data compiled by The New York Times.

Some officials, desperate to keep G.M., offered more. Ohio was proposing a $56 million deal to save its Moraine plant, and Wisconsin, fighting for its Janesville factory, offered $153 million.

But their overtures were to no avail. G.M. walked away and, thanks to a federal bailout, is once again profitable. The towns have not been so fortunate, having spent scarce funds in exchange for thousands of jobs that no longer exist.

One township, Ypsilanti, Mich., is suing over the automaker's departure. ''You can't just make these promises and throw them around like they're spare change in the drawer,'' said Doug Winters, the township's attorney.

Yet across the country, companies have been doing just that. And the giveaways are adding up to a gigantic bill for taxpayers.

A Times investigation has examined and tallied thousands of local incentives granted nationwide and has found that states, counties and cities are giving up more than $80 billion each year to companies. The beneficiaries come from virtually every corner of the corporate world, encompassing oil and coal conglomerates, technology and entertainment companies, banks and big-box retail chains.

The cost of the awards is certainly far higher. A full accounting, The Times discovered, is not possible because the incentives are granted by thousands of government agencies and officials, and many do not know the value of all their awards. Nor do they know if the money was worth it because they rarely track how many jobs are created. Even where officials do track incentives, they acknowledge that it is impossible to know whether the jobs would have been created without the aid.

''How can you even talk about rationalizing what you're doing when you don't even know what you're doing?'' said Timothy J. Bartik, a senior economist at the W.E. Upjohn Institute for Employment Research in Kalamazoo, Mich.

The Times analyzed more than 150,000 awards and created a searchable database of incentive spending. The survey was supplemented by interviews with more than 100 officials in government and business organizations as well as corporate executives and consultants.

A portrait arises of mayors and governors who are desperate to create jobs, outmatched by multinational corporations and short on tools to fact-check what companies tell them. Many of the officials said they feared that companies would move jobs overseas if they did not get subsidies in the United States.

Over the years, corporations have increasingly exploited that fear, creating a high-stakes bazaar where they pit local officials against one another to get the most lucrative packages. States compete with other states, cities compete with surrounding suburbs, and even small towns have entered the race with the goal of defeating their neighbors.

While some jobs have certainly migrated overseas, many companies receiving incentives were not considering leaving the country, according to interviews and incentive data.

Despite their scale, state and local incentives have barely been part of the national debate on the economic crisis. The budget negotiations under way in Washington have not addressed whether the incentives are worth the cost, even though 20 percent of state and local budgets come from federal spending. Lawmakers in Washington are battling over possible increases in personal taxes, while both parties have said that lower federal taxes on corporations are needed for the country to compete globally.

The Times analysis shows that Texas awards more incentives, over $19 billion a year, than any other state. Alaska, West Virginia and Nebraska give up the most per resident.

For many communities, the payouts add up to a substantial chunk of their overall spending, the analysis found. Oklahoma and West Virginia give up amounts equal to about one-third of their budgets, and Maine allocates nearly a fifth.

In a few states, the cost of incentives is not significant. But several of them have low business taxes -- or none at all -- which can save companies even more money than tax credits.

Far and away the most incentive money is spent on manufacturing, about $25.5 billion a year, followed by agriculture. The oil, gas and mining industries come in third, and the film business fourth. Technology is not far behind, as companies like Twitter and Facebook increasingly seek tax breaks and many localities bet on the industry's long-term viability.

Those hopes were once more focused on automakers, which for decades have pushed cities and states to set up incentive programs, blazing a trail that companies of all sorts followed. Even today, G.M. is the top beneficiary, public records indicate. It received at least $1.7 billion in local incentives in the last five years, followed closely by Ford and Chrysler.

A spokesman for General Motors said that almost every major employer applied for incentives because they help keep companies competitive and retain or create jobs.

''There are many reasons why so many Ford, Chrysler and G.M. plants closed over the last few decades,'' said the G.M. spokesman, James Cain. ''But these factors don't mean that the companies and communities didn't benefit while the plants were open, which was often for generations.''

Mr. Cain cited research showing that the company received less money per job than foreign automakers operating in the United States.

Questioned about incentives, officials at dozens of other large corporations said they owed it to shareholders to maximize profits. Many emphasized that they employ thousands of Americans who pay taxes and spend money in the local economy.

For government officials like Bobby Hitt of South Carolina, the incentives are a good investment that will raise tax revenues in the long run.

''I don't see it as giving up anything,'' said Mr. Hitt, who worked at BMW in the 1990s and helped it win $130 million from South Carolina.

Today, Mr. Hitt is the state's secretary of commerce. South Carolina recently took on a $218 million debt to assist Boeing's expansion there and offered the company tax breaks for 10 years.

Mr. Hitt, like most political officials, has a short-term mandate. It will take years to see whether the state's bet on Boeing bears fruit.

In Michigan, Gov. Rick Snyder, a Republican in his first term, has been working to eliminate most business tax credits but is bound by past awards. The state gave General Motors $779 million in credits in 2009, just a month after the company received a $50 billion federal bailout and decided to close seven plants in Michigan.

G.M. can use the credits to offset its state tax bill for up to 20 years. "You don't know who will take a credit or when," said Doug Smith, a senior official at the state's economic development agency. "We may give a credit to G.M., and they might not take it for three years or 10 years or more."

One corporate executive, Donald J. Hall Jr. of Hallmark, thinks business subsidies are hurting his hometown, Kansas City, Mo., by diverting money from public education. "It's really not creating new jobs," Mr. Hall said. "It's motivated by politicians who want to claim they have brought new jobs into their state."

For Mr. Hall and others in Kansas City, the futility of free-flowing incentives has been underscored by a border war between Kansas and Missouri.

Soon after Kansas recruited AMC Entertainment with a $36 million award last year, the state cut its education budget by $104 million. AMC was moving only a few miles, across the border from Missouri. Workers saw little change other than in commuting times and office décor. A few months later, Missouri lured Applebee's headquarters from Kansas.

"I just shake my head every time it happens, it just gives me a sick feeling in the pit of my stomach," said Sean O'Byrne, the vice president of the Downtown Council of Kansas City. "It sounds like I'm talking myself out of a job, but there ought to be a law against what I'm doing."

Outgunned by Companies

For local governments, incentives have become the cost of doing business with almost every business. The Times found that the awards go to companies big and small, those gushing in profits and those sinking in losses, American companies and foreign companies, and every industry imaginable.

Workers are a vital ingredient in any business, yet companies and government officials increasingly view the creation of jobs as an expense that should be subsidized by taxpayers, private consultants and local officials said.

Even big retailers and hotels, whose business depends on being in specific locations, bargain for incentives as if they can move anywhere. The same can be said for many movie productions, which almost never come to town without local subsidies.

When Oliver Stone made the 2010 sequel to "Wall Street," in his mind there was only one place to shoot it: New York City. Nonetheless, the film, a scathing look at bankers' greed, received $10 million in tax credits, according to 20th Century Fox.

In an interview, Mr. Stone criticized subsidies for industries like banking and agriculture but defended them for Hollywood, saying that many movies can be shot anywhere and that their actors and crew members pay state income taxes. "It's good," Mr. Stone said of the film subsidies. "Or like basically the way business is done. I don't understand what the moral qualm is."

The practical consequences can be easily seen. The Manhattan Institute for Policy Research, a conservative group, found that the amount New York spends on film credits every year equals the cost of hiring 5,000 public-school teachers.

Nationwide, billions of dollars in incentives are being awarded as state governments face steep deficits. Last year alone, states cut public services and raised taxes by a collective $156 billion, according to the Center on Budget and Policy Priorities, a liberal-leaning advocacy group.

Incentives come in many forms: cash grants and loans; sales tax breaks; income tax credits and exemptions; free services; and property tax abatements. The income tax breaks add up to $18 billion and sales tax relief around $52 billion of the overall $80 billion in incentives.

Collecting data on property tax abatements is the most difficult because only a handful of states track the amounts given by cities and counties. Among them is New York, where businesses save an estimated $1.1 billion a year in property taxes. The American International Group, the insurance company at the center of the 2008 financial crisis, continued to benefit from a $23.8 million abatement from New York City at the same time it was being bailed out with $180 billion in federal money.

Since 2000, The New York Times Company has received more than $24 million from the city and state.

In some places, local officials have little choice but to answer the demands of corporations.

"They dictate their terms, and we're not really in a position to question their deal terms," Sarah Eckhardt, a commissioner in Travis County, Tex., said of companies she has dealt with recently, including Apple and Hewlett-Packard. "We don't have the sophistication or the resources to negotiate with a company that has the wherewithal the size of a country. We are just no match in negotiating with that."

Local officials can find themselves across the table from conglomerates like Shell Oil and Caterpillar, the world's largest maker of construction equipment.

Shell has been offered a tax credit worth as much as $1.6 billion over 25 years from Pennsylvania, which competed with West Virginia and Ohio for an energy production facility. Royal Dutch Shell, the parent company, made $31 billion in profits in 2011 -- about $3.5 million every hour. The company's chief executive made $13.1 million last year, according to Equilar, an executive compensation firm. Pennsylvania predicts that the plant will create thousands of long-term jobs, but it did not require them in exchange for the tax credit.

Caterpillar has received more than $196 million in local aid nationwide since 2007, though it has chastised states, particularly its home base, Illinois, for not being business-friendly. This year, Caterpillar announced a new plant in Georgia, which offered $44 million in incentives. Local counties chipped in free land and other aid, including $15 million in tax breaks and $8.2 million in road, water and sewer repairs.

The company, whose profits are soaring, recently froze workers' pay for six years at several locations, arguing that it needed to remain competitive. A spokesman for the company, Jim Dugan, said it employed more than 50,000 people and invested billions of dollars nationwide.

Local officials typically have scant information about the track record of corporations, like whether they lived up to job assurances elsewhere. And some officials acknowledged that they did not know to what extent incentives were a deciding factor for companies.

"I don't know that there's a way to know other than talking to the businesses, and the businesses telling us that that was a factor in creating jobs," said Ken Striplin, the city manager of Santa Clarita, Calif., which gives tax breaks in a designated enterprise zone. "There's no box that says 'I would have created this job without the enterprise zone.' "

California is one of the few states that have been cutting back on incentives. But that does not mean its cities are following suit. When Twitter threatened to leave San Francisco last year, officials scrambled to assuage the company.

Twitter was not short on money -- it soon received a $300 million investment from a Saudi prince and $800 million from a private consortium. The two received Twitter equity, but San Francisco got a different sort of deal.

The city exempted Twitter from what could total $22 million in payroll taxes, and the company agreed to stay put. The city estimates that Twitter's work force could grow to 2,600 employees, although the company made no such promise.

A Twitter spokeswoman said the company was "very happy to have been able to stay in San Francisco." City officials did not respond to inquiries.

Like many places, San Francisco has been cutting its budget. Public parks have lost about $12 million in recent years, though workers at Twitter will not lack for greenery. The company's plush new office has a rooftop garden with great views and amenities. Enjoying the perks, one employee sent out a tweet: "Tanned on Twitter's new roof deck this morning as some dude served me smoothie shots. This is real life?"

A Zero-Sum Game

It was the company every state had to have. In 1985, General Motors was looking for a spot to manufacture its Saturn, a new compact car that would compete with Japanese imports and create thousands of American jobs.

Incentives were not in wide use, and several states had only recently begun to allow more of them.

In fact, when G.M. announced the search, its chairman, Roger Smith, said the perks would not be a predominant factor. ''Tax breaks can't make a silk purse out of a sow's ear,'' Mr. Smith told The Detroit Free Press. He said G.M. planned to avoid states that had large debts or lackluster schools.

Undeterred, some 30 states stepped forward in what became a full-out competition. One official, Bill Clinton, then the governor of Arkansas, traveled to Detroit offering income tax credits and sales tax exemptions worth nearly $200 million.

Mr. Smith essentially kept his word and chose Tennessee, which had put together a relatively small package. Reid Rundell, a retired G.M. executive, said in a recent interview that it had come down to geography. ''The primary factor was distribution for incoming parts, as well as outgoing vehicles,'' Mr. Rundell said.

But the gates had been opened. In 1992, South Carolina lured BMW with a $130 million package; the next year, Alabama got Mercedes-Benz at a price tag that topped $300 million.

''What the auto incentives did back then was really raise the profile of economic incentives both within companies, in government and in the public's eye,'' said Mark Sweeney, who worked for the South Carolina Commerce Department in the 1990s and now advises companies on obtaining government grants.

By 1993, governors were regaling one another at a national conference with stories of deals beyond the auto industry, including a recent bidding war for United Airlines that drew more than 90 cities. The airline had set up negotiations in a hotel, and its representatives ran floor to floor comparing bids, said Jim Edgar, then the governor of Illinois.

Mr. Edgar said he had called for a truce, concerned that the practice was unfair to companies that did not receive incentives. But many states would not sign on, he said, particularly those in the South, where businesses were moving.

''If you've got some states doing it, it's hard for the others not to do it,'' Mr. Edgar said. ''It's like unilaterally disarming.''

Soon after, economists at Federal Reserve branches were questioning the use of incentives. One, in Minnesota, used mathematical proofs and game theory to show that competition between states did not increase overall economic value. Several other economists have since called the practice a zero-sum game.

A group of taxpayers in Michigan and Ohio went as far as suing DaimlerChrysler after Ohio and the City of Toledo awarded the automaker $280 million in the late 1990s. The suit argued that it was unfair for one taxpayer to be given a break at the expense of all others.

The suit made its way to the Supreme Court, and G.M. and Ford signed on to briefs supporting Daimler, as did local governments. The National Governors Association warned the court that prohibiting incentives could lead to jobs moving overseas. ''This is the economic reality,'' the association said in a brief.

The governors offered no hard evidence of the effectiveness of tax credits, but the Supreme Court did not consider whether they worked anyway. In 2006, the court concluded that the taxpayers did not have the legal standing to challenge Ohio's tax actions in federal court.

The tab for auto incentives has grown to $13.9 billion since 1985, according to the Center for Automotive Research, a nonprofit group in Ann Arbor, Mich. G.M., the top recipient, was awarded $3.3 billion of the aid. Since 1979, automakers also closed more than 267 plants in the United States, about half of which still sit empty, according to the center.

The auto industry and some local officials have long argued that auto companies create so many jobs and draw in so many supporting suppliers that all taxpayers benefit. Even if companies shut down years later, as Saturn did in Tennessee for a few years, the trade-off is worth it, they said.

''I do believe that if a state ever is going to create incentives,'' said Lamar Alexander, who was Tennessee's governor in 1985 when Saturn selected the state, ''the auto industry would be by far the No. 1 target, because an auto assembly plant is a money target.''

Still, Mr. Alexander, now a United States senator, said that recruiting a large factory today would be more expensive. ''It has changed a lot,'' he said. ''It's almost become a sweepstakes.''

G.M. Gets Into the Act

G.M. may have initially minimized the role of local dollars, but as the company's financial problems grew, incentives became a big part of its math.

The actions of the company were described in more than two dozen in-depth interviews with former company officials, tax consultants and governors and mayors who have dealt with G.M.

The automaker's real estate division, Argonaut Realty, oversaw the hunt for the most lucrative deals. Up and down the corporate ladder, employees were encouraged to push governments for more, according to transcripts of public meetings and interviews. Even G.M. plant managers knew that the future of their facilities depended in part on their ability to send word of big discounts back to Detroit.

Union representatives were enlisted to attend local hearings, putting a human face on the jobs at stake. G.M.'s regional tax managers often showed up, armed with tax abatement wish lists and highlighting the company's gifts to local charities.

''We knew what our investment of X amount meant to the community, and we knew we needed to partner with the community to be successful,'' said Marilyn P. Nix, who worked as a real estate executive at G.M. for 31 years until retiring in 2005.

At the top of G.M., executives reviewed the proposals from various locations and went where the numbers added up.

''I know people like to blame the industry for taking advantage of the incentives, but you go back to what your fiduciary responsibility is to the stockholders,'' Ms. Nix said. ''As long as you've got people that are willing to better the deals, the management owes it to their stockholders to try to get the best economic deal that they can.''

For towns, it became a game of survival, even if the competition turned out to be a mirage.

Moraine, Ohio, was already home to a G.M. plant in 1997 when the company pushed hard for additional incentives. G.M. said it was looking for a place to accommodate more manufacturing.

Wayne Barfels, the city manager at the time, said a G.M. representative had told officials that Moraine was competing with Shreveport, La., and Linden, N.J. After the local school board approved property tax breaks, The Dayton Daily News reported that the other towns had not been in discussions with G.M.

The school board considered rescinding the deal, but allowed G.M. to keep it after a company official apologized. In 2008, G.M. shut the Moraine facility.

In towns where General Motors remains, local officials praised the company. ''I can say they have been a great partner to us,'' said Virg Bernero, the mayor of Lansing, Mich. ''It would do something to the psyche of this community if they were not here. I mean, I just praise God every day.''

Looking to lure businesses beyond automakers, states have routinely bolstered their incentive tool kits. In 2010 alone, states created or expanded about 40 tax credits and exemptions, according to the National Conference of State Legislatures.

The nature of the credits has also changed. New ones are geared toward attracting technology and green energy companies, but it is hard to know whether 15 years down the road they will thrive or wind up stumbling like the automakers. And many modern companies, like those in digital technology, can easily pack up and leave.

''I don't see anything that suggests that Twitter and Facebook are better bets in the long run,'' said Laura A. Reese, the director of the Global Urban Studies Program at Michigan State University. Ms. Reese advises local governments to invest in residents through education and training rather than in companies where ''it's hard to pick winners.''

Yet states try to do it all the time. In 2010, Rhode Island, which has the nation's second-highest unemployment rate, recruited Curt Schilling, a former Red Sox pitcher, to move his video game company from Massachusetts. The company, 38 Studios, had never released a game and was not making money, but the governor at the time had the state guarantee $75 million in loans.

The company failed and dismissed all of its roughly 400 workers this May. Rhode Island taxpayers are now on the hook for the loans.

Officials said part of the difficulty was that communities do not get much say in a company's business strategy.

"We, as communities, stake our futures with these people who are supposed to know what they're doing, and sometimes they don't," said Arthur Walker, a businessman in Shreveport and former chairman of the city's chamber of commerce.

Mr. Walker and other officials in Shreveport know firsthand. In 2000, they were worried that G.M. would close a plant in their area and responded with a generous proposal: the city would cut the company's gas bill and provide work force training grants. In addition, G.M. would benefit by a recent increase in one of the state's income tax credits.

Eager to encourage innovation, Shreveport officials suggested ways the city could assist G.M. in building electric cars. "We wanted to be part of the future," said Mr. Walker, whose brother worked at the plant.

G.M. took the city's incentives but not its business advice and began building the giant Hummer there.

"We knew they needed to build green cars -- I mean, who builds a Hummer for the 21st century?" Mr. Walker said. "It was a losing proposition that we found ourselves in. We couldn't win because those people weren't making the correct business decisions, in my view. When it didn't work, we're the ones left holding the bag."

The Hummer was discontinued in 2010, and the Shreveport factory closed this August, the final victim of G.M.'s bankruptcy.

Ypsilanti's Losing Battle

For much of the last 20 years, Doug Winters has been agitating for General Motors to be held accountable.

Mr. Winters, the attorney for Ypsilanti Township and several other places around Ann Arbor, has lived in Ypsilanti all his life. His grandmother labored at the local plant, Willow Run, during World War II, when it made bomber planes. People in town still proudly point out that a woman known as Rosie the Riveter worked there as well. After the war, when G.M. moved into the plant to manufacture its automatic transmission system, his father got a job.

Mr. Winters loves the history of Willow Run but hates what he views as corporate hypocrisy: G.M. asked for government help on the one hand and then appealed to free-market rationales for closing shop.

Over the years, Ypsilanti granted G.M. more than $200 million in incentives for two factories at Willow Run, Mr. Winters said. "They had put basically a stranglehold on the entire state of Michigan and other places across the country by just grabbing these tax abatements by the billions," he said. "They were doing it with a very thinly disguised threat that if you don't give us these tax abatements, then we'll have to go somewhere else."

Ypsilanti first sued G.M. in the 1990s to prevent the company from closing the factory at Willow Run that made the Chevrolet Caprice.

The town had granted the company tax incentives after the factory manager argued that G.M.'s ability to compete with other carmakers was at stake, documents in the lawsuit show. The tax break and "favorable market demand," said the plant manager, Harvey Williams, would allow the automaker to "maintain continuous employment."

Nevertheless, G.M. shut the factory. A lower court found in favor of Ypsilanti, but the ruling was reversed on appeal. The judge said that a company's job assurances "cannot be evidence of a promise."

In 2010, when the company closed the remaining factory at Willow Run, Mr. Winters sued again. This time, Ypsilanti argued that the automaker should have been forced to close overseas factories instead, especially since American taxpayers had bailed out G.M. In addition, Ypsilanti sought to recover money from G.M., saying the company had agreed to reimburse the town for some incentives if it left.

So far, Ypsilanti's claims have not been addressed. They were complicated by G.M.'s bankruptcy, which allowed the carmaker to emerge as a new company and leave some of its liabilities and contractual obligations behind.

When asked whether the new G.M. has civic responsibilities to its former factory towns, Mr. Cain, the company spokesman, said: "Our obligation to the communities where we do business is to run a successful business. And when we prosper, it allows us to do more than just turn the lights on and make cars."

He also said that since the bailout, "G.M. has invested more than $7.3 billion in its U.S. facilities, and we've created or retained almost 19,000 jobs in communities all over the country."

Matthew P. Cullen, who oversaw real estate and economic development for G.M. until he left the company in 2008, said the automaker was aware of its impact on communities. He said that what happened with G.M. was the result of an entire industry changing and that there had been no bad intentions.

''If you go forward in good faith doing everything you can and make the investment, then you're partners,'' Mr. Cullen said. ''Sometimes partnerships in business work, and they work for 60 years. And in some cases, they don't, and it doesn't make you a bad partner.''

Some towns that are still dealing with the fallout of plant closings might disagree. In Pontiac, Mich., tax revenues have fallen 40 percent since 2009 after the old G.M. knocked down buildings on its property, resulting in lower tax assessments, according to the city's emergency manager.

In Ypsilanti, an entity set up to sell off G.M. property is marketing the plant as valuable. At the same time, it has been arguing for lower property taxes on the grounds that its plant is not worth much.

Ypsilanti's supervisor, Brenda Stumbo, said the township would be stung hard by further revenue cuts. Ypsilanti has already slimmed down its Fire Department, and city workers are juggling multiple jobs. There are seven to 10 home foreclosures a week, giving the township the highest foreclosure rate in the county, Ms. Stumbo said.

''Can all of it be traced back to General Motors?'' she said, listing auto suppliers that closed after G.M. did. ''No, but a great deal of it can.''

Nonetheless, Ms. Stumbo said that if G.M. would bring jobs back to town, she would be willing to grant the company more incentives.

But Mr. Winters is not so sure. He said he would never support more incentives without stronger protections for Ypsilanti. ''They've done a lot of damage to a lot of people and a lot of communities, and they've basically been given a clean slate,'' he said. ''It's a 'get out of jail free' card.''

United States of Subsidies: This is the first article in a series that will examine business incentives and their impact on jobs and local economies.

General Motors pushed hard for tax breaks in Ypsilanti Township, Mich. Some $200 million later, this is what remains. (A1); SARAH ECKHARDT, Travis County, Tex., commissioner; DOUG WINTERS, Ypsilanti Township attorney; MARILYN P. NIX, former real estate executive for General Motors (PHOTOGRAPHS BY FRED R. CONRAD/THE NEW YORK TIMES); The first production model of the Saturn rolled off the assembly line in Spring Hill, Tenn., in 1990. About 30 states engaged in a heated competition for the General Motors plant. (PHOTOGRAPH BY ASSOCIATED PRESS); This year, Caterpillar announced a new plant in Georgia, which offered $44 million in incentives. Gov. Nathan Deal posed in an excavator outside the Capitol in Atlanta after the announcement. (PHOTOGRAPH BY BRANT SANDERLIN/ATLANTA JOURNAL-CONSTITUTION, VIA ASSOCIATED PRESS); Twitter's rooftop garden in San Francisco. When Twitter threatened to leave the city last year, officials scrambled to assuage the company, giving it tax exemptions. (PHOTOGRAPH BY JIM WILSON/THE NEW YORK TIMES) (A32); An abandoned General Motors plant at Willow Run in Ypsilanti Township, Mich. Over the years, Ypsilanti granted G.M. more than $200 million in incentives for two factories at Willow Run, but in the end it did little good. The company closed its last factory there in 2010. (PHOTOGRAPH BY FRED R. CONRAD/THE NEW YORK TIMES); Workers at the Ypsilanti plant in 1974. Bomber planes were produced there during World War II. Later, workers made car transmissions. Now the property is on the market. (PHOTOGRAPH BY ANDREW SACKS FOR THE NEW YORK TIMES) (A33) CHART: How the Information Was Collected: The New York Times used a variety of sources to amass an extensive database of state and local spending on business incentives. Information came from more than 100 records requests to state agencies nationwide and an examination of numerous government reports. Examples of companies that received awards were gleaned from several sources, including Investment Consulting Associates and Good Jobs First, a nonprofit policy center that focuses on economic development. Go to to see more information and to search the data.

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The New York Times

BEHIND THE WHEEL | 2013 CADILLAC ATS
Automobiles; SECTAU
Wielding a Classy Chassis, Knocking on BMW's Door

By EZRA DYER
1,469 words
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The New York Times
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1
English

I CONSIDER myself uniquely qualified to comment on the performance credentials of the 2013 Cadillac ATS. That's because I'm surely one of very few people to have owned a Cadillac Cimarron and a BMW 3 Series within the last five years.

What does that have to do with anything? Well, the Cimarron represents Cadillac's misguided past, a textbook case from the 1980s of the wrong way to fight high-end European competition (in that case, by simply rebadging a front-wheel-drive Chevy Cavalier). And the 3 Series is the ATS's contemporary muse, the car that Cadillac aspires to dethrone as the king of small luxury sport sedans.

While the ATS helps to banish memories of the Cimarron (and the Catera, inasmuch as anyone remembers that), I'm not sure it's quite ready to erase the 3 Series as the modern reference for all-around sport-sedan excellence.

There are some areas, notably chassis tuning, where the Cadillac's talents surpass those of the BMW. It's in the totality of the thing, across the lineup of 4- and 6-cylinder engines, rear and all-wheel drive, where BMW's decades of experience comes to bear.

It's strange to think of Cadillac as a precious upstart, but in this realm that's exactly what it is.

Cadillac did manage to create a top-of-the-class chassis. The ATS is agile but not nervous, the controls transmitting a level of feedback that makes the car feel alive even when you're just moseying around town. The last sedan that I remember accomplishing that feat was the Mitsubishi Lancer Evo RS, a frothing high-strung psychopath with no radio or air-conditioning. To achieve such a degree of man-machine communication while ironing out the potholes is a significant achievement.

The optional magnetic-ride-control dampers, which can vary from boulevard-supple to racetrack-aggressive in five milliseconds, certainly help the cause. But fancy shocks cannot disguise a piggish chassis, so it's important that the basic ATS architecture is the stuff of serious performance cars.

The base ATS weighs 3,315 pounds, a mere 26 pounds more than a Corvette Grand Sport convertible. Throw in nearly perfect 50-50 front-to-rear weight distribution and a suspension that was tuned on the fabled Nürburgring course in Germany, and you've got a small sedan that's a blast to drive on the road and the track.

Lift the throttle before diving into a corner, and the rear end rotates around smartly, hastening the moment when the driver can get back on the throttle. The limited-slip differential, part of the Premium Package, helps to enable big, controllable drifts. The ATS's handling definitely wasn't dumbed down to accommodate pensive drivers.

Under the hood, the base 2.5-liter 4-cylinder generates 202 horsepower, which will probably be enough for the business-traveler rental fleets where that version will surely land. The midlevel motor is a new 2-liter 4-cylinder with a dual-scroll turbocharger, direct injection and variable valve timing. The turbo 4 is rated at 272 horsepower and 260 pound-feet of torque, and can be ordered with a 6-speed manual or 6-speed automatic transmission. The mightiest power plant is General Motors' ubiquitous 3.6-liter V-6, which makes 321 horsepower and is available only with a 6-speed automatic transmission.

I drove a turbocharged car with the manual gearbox as well as a pair of automatic V-6s (one with all-wheel drive) and concluded that the V-6 is what you want under the hood. The turbo 4 does a workmanlike job of hustling the

ATS down the road, but only the high-revving V-6 provides the aural feedback that tells you this is a performance car.

The turbo motor is actually a little too polished -- it could use a measure of the exhaust blat and turbocharger chuff that enlivened G.M.'s previous 2-liter 4-cylinder in cars like the Saturn Sky Red Line. That old motor was available with a factory computer upgrade that raised output to 290 horsepower and 340 pound-feet of torque. Cadillac would be wise to woo the tuner crowd with a similar package for the ATS. (And, no, the performance upgrade for the old engine won't work on this one; I asked.)

Opting for the turbo engine will earn you slightly better fuel economy, with a rear- drive automatic car earning an E.P.A. rating of 21 miles per gallon in the city and 31 on the highway, compared with 19/28 for the rear-drive V-6.

The ATS interior is well wrought, especially in the Premium Collection trim. We can debate whether carbon fiber's voguish status will stand the test of time, but at least the stuff available on the ATS's dash is real carbon fiber. The interior strives for flash, which is fun and useful in some cases (like the color heads-up display projected on the windshield) and more confounding in others -- like the eight-inch CUE screen that dominates the middle of the dashboard.

CUE, short for Cadillac User Experience, is hit and miss. Literally. There's a sensor on the dash that anticipates your hand's approaching the touch screen and changes menus before your finger jabs whatever virtual button you were going for. While there's an undeniable gee-whiz moment the first time this happens, you quickly start wondering why the relevant icons aren't just displayed all the time.

For instance, if you want to change the satellite radio tuner to its browse view, the button appears only when your hand is on its way toward the screen. So initially, you're not pushing a button -- you're aiming for a spot where you hope the button will appear, the electronic equivalent of a trust fall. I found myself grateful for the old-school volume buttons on the steering wheel, which always remained volume buttons, even when the car was parked in the garage at night.

I do appreciate CUE's navigation system, which allows you to type in an address all at once rather than scrolling through multiple screens to laboriously narrow down the state, town, street and number of your destination. All navigation menus should be so simple.

In a traditional Cadillac review, this would be the point where I argue that even if the ATS has some foibles, it's at least priced to undercut the mighty Europeans. Except it's not.

The least-expensive ATS with the 2-liter turbo engine is $35,795 and the V-6 starts at $42,090. The ATS 3.6 Premium that I tested had a sticker price of $49,185. Not to belabor the BMW comparisons, but these prices are right on top of the 3 Series, straight down the line. I understand that Cadillac doesn't want the ATS to be perceived as the car you buy when you can't afford a BMW, but the fact is that BMW gives you more for your money: the sweetest engines in the segment, 8-speed automatic transmissions, a better in-car electronic interface and decades of sport-sedan pedigree.

When Lexus first took on the Germans, it offered bargain prices that undercut the established players. As a succession of high-quality cars burnished its reputation, Lexus gradually ratcheted up its prices. Cadillac is skipping straight to Step 3, setting prices that imply parity with the Old Guard even though the blank-slate product hasn't yet earned a following. This seems a recipe for omnipresent rebate packages, which then undermine the confidence asserted by the sticker price.

What I'm saying is, I think the ATS costs a bit too much.

The smaller Cadillac is a strong first effort, one that brings something new to the compact sport-sedan world -- chiseled American style mated to a world-class chassis. But there's work to be done, notably in the drivetrain department, where it's ambitious to ask $42,000 for a car that uses the same V-6 engine as a $24,000 Camaro.

The ATS reminds me of a star college freshman who leaves for the N.B.A. and finds the game is a lot different at the pinnacle of the sport. The raw talent is there, but it might take a few more years to arrive at greatness.

INSIDE TRACK: Cadillac goes big with its smallest car.

GERMAN SPOKEN HERE: The new Cadillac ATS, tuned on the Nürburgring track, boldly challenges the BMW 3 Series. (PHOTOGRAPH BY GENERAL MOTORS)

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The New York Times

BUSINESS BRIEFING | AUTOMOBILES
Business/Financial Desk; SECTB
Former G.M. Engineer Convicted of Trade Theft

By THE ASSOCIATED PRESS
75 words
1 December 2012
The New York Times
NYTF
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2
English

A former General Motors engineer with access to the automaker's hybrid technology was convicted Friday along with her husband of stealing trade secrets for possible use in China. The former engineer, Shanshan Du, won a transfer within G.M. in 2003 to be closer to the technology and then copied documents until 2005, prosecutors said.

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The New York Times

Business/Financial Desk; SECTB
Toyota Raises Forecast Despite Lag in China

By HIROKO TABUCHI
795 words
6 November 2012
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1
English

TOKYO -- In the biggest sign yet of a strong recovery for Toyota Motor, the automaker raised its full-year profit forecast on Monday, shrugging off a sales decline in China brought about by a territorial spat between the two countries.

Toyota was briefly the world's largest automaker by sales in 2008, before the global financial crisis. But after difficult years involving recalls and natural disasters, Toyota ceded that title back to General Motors. More recently, analysts worried that falling sales in China, the biggest auto market in the world, would weigh on Toyota's bottom line.

But the numbers released on Monday, including the forecast for a $9.7 billion profit, suggest Toyota is making a comeback. Net profit more than tripled in the company's second fiscal quarter, which ended in September, to 257.9 billion yen ($3.2 billion), compared with 80.4 billion yen in the period a year earlier, helped by strong sales in North America, where Toyota has been regaining market share. Toyota and its group companies sold 7.4 million vehicles in the first nine months of 2012, beating G.M. and Volkswagen. Revenue rose 18 percent, to 5.4 trillion yen ($67.6 billion).

Toyota's new profit forecast for the full fiscal year through March was 2.6 percent higher than a previous estimate. But reflecting lower sales in China, the automaker pared back its outlook for full-year production to 8.75 million vehicles from 8.8 million.

Toyota has been less affected than its peers by the fallout from Japan's drawn-out territorial spat with China, partly because it has been slow to expand its sales in China. Boycotts by Chinese consumers of Japanese brands have led Japanese exporters to re-evaluate their sales plans in a once-promising market.

Measured by unit, China accounted for 12.6 percent of Toyota's global sales in 2011, compared with 19.38 percent at Honda and 26.7 percent at Nissan.

Honda cut its forecast last week for full-year net profit by 20 percent, to 375 billion yen, citing weak China sales. Nissan profit is also expected to be hurt by lower sales in China when it announces earnings on Tuesday.

But more than demonstrating a stronger buffer from troubles in China, Toyota's results show the start of a recovery from years of troubles. Those include a collapse in exports during the economic crisis, natural disasters, a stubbornly strong yen and a mishandling of recalls linked to reports of unintended acceleration.

Just a year ago, Toyota was still fighting to restart production after an earthquake and tsunami pummeled Japan and widespread flooding affected parts makers in Thailand. But after a herculean effort to mend broken supply chains and make up for lost capacity elsewhere, the company's production is back on track.

Toyota is also regaining its reputation for quality and reliability in the United States, its biggest market, which accounts for about 25 percent of its vehicle sales. The brand was tarnished after damaging recalls over sticky pedals and ill-fitting mats in 2010.

The Scion, Toyota and Lexus brands took the top three spots in Consumer Reports' annual reliability rankings, released Oct. 29. Toyota's Prius C, a subcompact hybrid, won the best overall score in the rankings, which gauge the reliability of the coming 2013 model-year vehicles on the basis of consumer surveys.

The latest sales numbers show Toyota roaring back in the United States, with a 15.8 percent increase in the sales of light vehicles in October, compared with the month a year earlier, according to Autodata. Japanese automakers in particular have benefited from an accelerating shift among American car owners toward smaller, more fuel-efficient cars as gas prices remain high.

And Toyota is adapting to the yen's persistent strength -- as it has in the past -- by building more vehicles overseas.

Japan's currency troubles have also pushed the automaker, already known for its lean production, to cut costs further. Toyota, which is based in Toyota City, Japan, is increasing the number of common parts it uses across models, for example, to help achieve greater efficiency.

But greater reliance on common parts could backfire if any of those parts prove faulty. Moreover, the company, which expected to double its sales in China by 2015, may need to recalibrate those plans if the territorial dispute drags on.

Shares in Toyota rose 4.6 percent, to $81.35, on the New York Stock Exchange.

Corollas at Toyota's manufacturing plant in Blue Springs, Miss. The company said its profit tripled in its second fiscal quarter. (PHOTOGRAPH BY ROGELIO V. SOLIS/ASSOCIATED PRESS) (B2)

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The New York Times

Business/Financial Desk; SECTB
Like Other Automakers, G.M. Has Earnings Hurt by a Loss in Europe

By BILL VLASIC
889 words
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3
English

DETROIT -- General Motors on Wednesday reported profits in every region of the world except Europe, where it once again extended one of the longest losing streaks in the auto industry.

G.M., the nation's largest automaker, said its third-quarter earnings fell 14 percent because of another large loss in Europe, as well as slimmer profit margins in its core North American market.

The company said its net income for the quarter was $1.48 billion, down from $1.73 billion in the period a year earlier, but ahead of Wall Street's expectations.

Global revenue increased to $37.6 billion, up from $36.7 billion in the third quarter of 2011.

Like those of many other automakers, G.M.'s losses broadened in the troubled European market, where sales have dropped to their lowest level in almost 20 years. The company said its pretax loss in the region was $478 million, compared with $292 million a year ago.

Unlike some of its rivals in Europe, G.M. has a long record of losses predating the economic crisis on the Continent.

G.M. has lost $16 billion in the last dozen years in Europe. And while the company has turned around its North American operations and is thriving in Asia since its government bailout and bankruptcy in 2009, its European business has continued to decline.

The company now expects full-year losses in Europe of $1.5 billion to $1.8 billion.

Nevertheless, G.M. executives said Wednesday that G.M. was more committed than ever to fixing Opel, its principal European brand, and returning the division to profitability by mid-decade.

''Opel is not an island unto itself,'' said Stephen J. Girsky, G.M.'s vice chairman and acting chief executive of the European unit. ''It is an integral part of the company.''

Mr. Girsky declined to say whether G.M. was considering large-scale job cuts and factory closings to better align its production and market share.

The Ford Motor Company, G.M.'s Detroit rival, last week said it would close three plants in Europe and eliminate 5,700 factory jobs in an effort to revitalize its European business.

Mr. Girsky reiterated earlier promises to trim costs in Europe with shorter workweeks, better inventory management, and fewer bottlenecks in management.

''This company used to build cars without dealer orders,'' said Mr. Girsky. ''We don't do that anymore.''

Analysts said the price of G.M. shares is now linked directly to its troubles in Europe and its strategy to revitalize the business. ''G.M. urgency and investor patience are key ingredients for the stock to work,'' Adam Jonas, an analyst at Morgan Stanley, wrote in a research note to investors.

G.M. shares rose nearly 10 percent in Wednesday trading, closing at $25.50, up $2.22.

Even with the European loss, G.M.'s quarterly performance exceeded analysts' expectations.

The company reported pretax income of $1.82 billion in North America, down from $2.19 billion last year.

Some of that decline was anticipated, as Toyota and Honda have regained market share they lost to G.M. and other companies last year because of inventory shortages caused by the earthquake and tsunami in Japan.

G.M.'s chief executive, Daniel F. Akerson, called the third quarter ''solid'' and said the company was gaining traction with new vehicles while addressing financial challenges like pension costs.

Mr. Akerson said new products, particularly passenger cars like the Chevrolet Malibu, will help G.M. stabilize its market share in the United States.

In the first nine months of this year, G.M. had 18.1 percent of the domestic market, compared with 20 percent during the period a year ago, according to the research firm Autodata.

''Customers around the world love our new vehicles, and we're also seeing green shoots take hold on tough issues like complexity reduction, pensions and Europe,'' Mr. Akerson said in a statement.

G.M.'s other overseas operations fared far better than Europe. The company said its international unit, which is anchored by its large Chinese business, earned pretax income of $689 million, compared with $365 million last year. Its South American division reported pretax income of $114 million, in contrast to a loss of $44 million in the period.

G.M. also said that about 30 percent of eligible salaried retirees in the United States had elected to take lump-sum payments in exchange for giving up regular pension benefits.

Pension obligations for the rest of the salaried retirees will be transferred to Prudential Insurance next month, the company said. G.M. will take a $2.9 billion pretax charge in the fourth quarter for the pension changes.

The company sold 2.23 million vehicles worldwide during the quarter, a slight increase from the 2.22 million sold a year ago.

Jessica Caldwell, an analyst with the automobile research site Edmunds.com, said the automaker's results were in line with the rest of the industry.

''G.M.'s global performance is hardly out of line with any other automaker, whether it's the company's strength in the North American market or its weakness in the European market,'' she said.

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The New York Times

Politics; SECTA
2 American Automakers Rebut Claims by Romney

By JIM RUTENBERG and JEREMY W. PETERS; Jim Rutenberg reported from Toledo, and Jeremy W. Peters from New York.
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31 October 2012
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TOLEDO, Ohio -- Mitt Romney's latest advertising campaign suggesting that the auto bailout recipients Chrysler and General Motors were shifting jobs to China drew him into a public argument with top executives at both companies, who condemned the advertisements as false on Tuesday.

''The ad is cynical campaign politics at its worst,'' Greg Martin, a spokesman for General Motors, said in an interview late Tuesday. ''We think creating jobs in the U.S. and repatriating profits back in this country should be a source of bipartisan pride.''

General Motors was pulled into the fray on Tuesday after Mr. Romney began running a new radio advertisement in which an announcer says, ''Barack Obama says he saved the auto industry, but for who, Ohio or China?''

It went on to say that General Motors and Chrysler were planning to increase the number of cars they manufacture in China: ''What happened to the promises made to autoworkers in Toledo and throughout Ohio?''

It was a variation on a television ad running here that reports that Chrysler, which produces Jeeps here, is planning to ''return Jeep output to China.''

The spot has been widely criticized for leaving the misleading impression that Chrysler is planning to shift jobs here in Toledo to China. In fact, Chrysler says that it is discussing new plants for sales in China that do not affect American hiring, and that it is adding workers in Toledo. The spot earned a ''Pants on Fire'' designation from the fact-checking site Politifact.

In an e-mail to employees on Tuesday, Chrysler's executive, Sergio Marchionne, said that Jeep's commitment to the United States was unequivocal. ''I feel obliged to unambiguously restate our position: Jeep production will not be moved from the United States to China,'' he wrote. ''It is inaccurate to suggest anything different.''

Mr. Marchionne's response came as the auto bailout took center stage in the fight for Ohio's 18 electoral votes.

The politics of the auto bailout have become a vexing problem for Mr. Romney. He opposed Mr. Obama's approach to what was an $80 billion bailout, and some supporters in the Midwest have questioned his stance that Chrysler and General Motors should have gone through bankruptcies without federal bailout funds. They argued that such financing was not available at what was the height of the financial crisis.

As his campaign increases its focus on winning in this critical state -- where polls have continually given a slight edge to Mr. Obama -- it has sought to undermine the support the bailout is giving Mr. Obama here.

It was unclear whether Mr. Romney's new strategy is advantageous, given the reaction.

The Romney campaign has insisted that its ad merely states the truth: Jeeps are not currently made in China and soon will be, creating jobs there instead of at home. ''It would be better if they expanded production in the U.S. instead of expanding in China,'' said Stuart Stevens, a senior adviser to Mr. Romney.

''That is absolutely bereft of any fundamental understanding of the global automotive industry,'' Mr. Martin said. ''All global manufacturers, whether General Motors, Ford, Chrysler or VW, build historically in the markets in which we sell.''

Mr. Martin said that General Motors had invested $7.3 billion in United States production since 2009 and ''brought nearly 19,000 back to work.''

Mr. Stevens said that he agreed with Mr. Martin's statement that General Motors' recovery should be a source of bipartisan pride, but that Mr. Romney's proposed policies would make it easier for companies like G.M. to produce cars for export.

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The New York Times

Business/Financial Desk; SECTB
Peugeot Wins French Aid And Signs Pact With G.M.

By DAVID JOLLY
1,044 words
25 October 2012
The New York Times
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Late Edition - Final
4
English

PARIS -- PSA Peugeot Citroën received a promise of state support for its finance unit on Wednesday, and said that it had agreed with General Motors to cooperate on four vehicle projects, as the French automaker seeks to get its struggling business back on track.

Peugeot will obtain €7 billion, or $9 billion, in state credit guarantees, Finance Minister Pierre Moscovici and Industry Minister Arnaud Montebourg said in a joint statement, assuming Parliament backs the plan. That will allow the company to issue new bonds to bolster the capital of its consumer finance unit, Banque PSA Finance, which has seen funding costs rise after a credit downgrade this month.

The government of President François Hollande, which views the auto industry as a strategic asset, has been alarmed by the decline in Peugeot's business and is buying time for the company to restructure. Peugeot's heavy reliance on Europe and its low-margin line-up have left it in worse shape than the up-market German automakers and its smaller French rival, Renault.

In exchange for government help, the company is expected to reduce layoffs. Peugeot said in July that it planned to close a plant in Aulnay-sous-Bois, near Paris, and to lay off 8,000 workers in France.

But neither the government nor the company made any concrete reference Wednesday to the future of Peugeot's workers, and Laure de Servigny, a Peugeot spokeswoman, said there were no labor conditions attached to the agreement. She said a restructuring report would be submitted to the board in November, and the issue of employment would be discussed.

The ministers' statement said the government was ''particularly attentive'' to the future of the company's employees, and called on the company to find ''an employment solution'' for every employee.

Prime Minister Jean-Marc Ayrault told France Inter radio on Wednesday that the government ''has absolutely no intention of giving gifts, just like that, without anything in return. That time is over.''

The state and Peugeot's unions will each appoint a representative to the company's board, and Peugeot agreed not to pay dividends or issue stock options while it is receiving aid.

Peugeot, the second-largest European automaker after Volkswagen, on Wednesday also reported an 8.5 percent decline in third-quarter automotive sales from a year earlier, to €12.9 billion.

Shares of P.S.A. Peugeot Citroën fell more than 4 percent in Paris afternoon trading.

Like Peugeot, General Motors is trying turn around its European businesses, which include Opel and Vauxhall. Peugeot on Wednesday forecast that the European market, where it gets more than half its sales, would contract by 9 percent this year.

''The competitive environment is getting tougher, with increased pricing pressure and ongoing deterioration in the markets of Southern Europe,'' Peugeot warned.

Underscoring that grim picture, Ford Motor told workers on Wednesday that it would close an assembly plant in Genk, Belgium, and move production to Valencia, Spain. About 4,300 jobs will be lost as part of the restructuring, Ford said, adding that it plans to make further announcements on Thursday.

Peugeot and G.M., which announced a tie-up in February under which G.M. acquired a 7 percent Peugeot stake, said they would jointly undertake four projects, including small- and mid-sized cars and vans made by Peugeot and G.M.'s Opel and Vauxhall units. The projects will start to be ready in 2016, the two companies said.

"All four projects will be developed combining the best platform architectures and technologies from the alliance partners," they said in a joint statement.

G.M. and Peugeot also said they would source some parts together, "to realize purchasing synergies benefitting both companies."

The announcement could help to dispel doubts among impatient investors about the cooperation agreement, under which G.M. obtained 7 percent stake in Peugeot, but which so far has borne little fruit.

The French daily Libération reported Wednesday, without divulging its source, that Robert Peugeot, a leader of the family that holds 24 percent of the company's shares and controls 34 percent of the voting rights, was seeking to sell the family's stake to G.M.

Ms. de Servigny said she had "no information" about any such plan.

Pierre Zajdela, a spokesman for Robert Peugeot, said the family was "absolutely not" interested in selling its stake in the group.

"The Peugeot family is the reference shareholder for the company and it will remain so," he said.

The General Motors-Peugeot announcement was greeted with skepticism by G.M.'s European Employees Forum, which released a statement saying it "will not accept that employees will be played off against each other, neither inside the two companies nor between them. A race to the bottom concerning incomes and working conditions will not help any side of the alliance."

Banque PSA Finance, the unit that is to get state aid, is particularly vulnerable to market pressure, as it does not currently take deposits. But Peugeot plans to introduce passbook savings accounts for its customers early next year and increasing the securitization of auto loans that are eligible for European Central Bank collateral, steps it says will shelter the unit from market stress.

The plan must first be approved by the French Parliament and also by the European Commission, where it could raise antitrust concerns.

In Brussels, the European competition commissioner, Joaquín Almunia, said the French government had not notified him of its plans regarding Peugeot. Once such notification is made, he added, officials would give it a "very careful assessment."

While the finance unit now appears to be on safe ground, the price of state involvement could prove to be a dangerously high one, Ian Fletcher, an analyst in London with IHS, wrote in a research note.

With the state scrutinizing the company's actions, Peugeot's chief executive, Philippe Varin, now faces pressure to revisit his restructuring plans, Mr. Fletcher noted, raising the risk that it will do less than is essential to safeguard its future.

James Kanter contributed reporting from Brussels.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Automobiles; SECTAU
G.M. Shows Logo for the Next Corvette

By JONATHAN SCHULTZ
339 words
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5
English

THOUGH the official introduction of the 2014 Chevrolet Corvette, known in series as the C7, must wait until January for the Detroit auto show, at least one element of the sports car is now known.

On Thursday, Chevrolet released an image of an evolved crossed-flags logo, a design element worn by all series-production Corvettes built since 1953. The flags have appeared traditionally on the nose, trunk lid and cabin.

''The all-new, seventh-generation Corvette deserved an all-new emblem,'' Ed Welburn, vice president for global design at General Motors, said in a news release. ''The flags are much more modern, more technical and more detailed than before -- underscoring the comprehensive redesign of the entire car.''

With the debut of the C7 Corvette less than three months away, Chevrolet created One13thirteen.com, a promotional Web site address corresponding to the eve of press previews for the Detroit auto show. The automaker said it would upload C7 videos and vehicle information to the site in coming weeks.

Last year, G.M. announced a $131 million investment in its plant in Bowling Green, Ky., where the Corvette is made, to prepare the plant for production of the C7. G.M. said on Thursday that it would idle the plant in February to retool the line in preparation for the new car.

As it has aged, the C6 Corvette has spawned a handful of limited-edition models, including the Grand Sport, 427 and ZR1, the most powerful Corvette ever made available from the factory.

Chevrolet has tightly controlled the information flow for the C7. In July, when the Web site Jalopnik posted a video showing what it said were views of the 2014 Corvette, it was threatened with legal action by the G.M. supplier that had produced the video.

Tellingly, the outline of the crossed-flags logo in the video matched the logo released by Chevrolet on Thursday.

Crossed flags for 2014. (PHOTOGRAPH BY GENERAL MOTORS)

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The New York Times

Cars; SECTF
For Lightweight Cars, A Materials Race

By JIM MOTAVALLI
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10
English

THANKS to tough new federal fuel-efficiency rules, automakers must meet a fleet average of 54.5 miles per gallon by 2025. More efficient engines and electric powertrains can't carry the whole load, so carmakers and the federal government are pouring resources into ''lightweighting'' auto platforms to meet the Corporate Average Fuel Economy, or CAFE, standards.

The Energy Department says that reducing a car's weight by only 10 percent can improve fuel economy by 6 to 8 percent. Three technologies that show promise in lightening vehicles are high-strength steel, carbon fiber composites and aluminum. All of them are supported by $8 million in development awards that the department has doled out to the likes of General Motors, Ford and Caterpillar, as well as to two federal laboratories.

Drivers worried about running into older, heavier sport utility vehicles on the road might be reassured that these new materials are exceptionally stiff and strong, and will have to pass muster, including crash tests, with the National Highway Traffic Safety Administration.

Alan Hall, a technology spokesman for Ford, said it was too early to tell which of the materials would become dominant in carmaking. Ford has used carbon fiber in certain niche applications, like an inner-engine hatch cover for the Ford GT supercar and a hood for the Shelby GT500KR. Earlier this year, the company announced that it was collaborating with Dow Automotive Systems to develop lower-cost carbon fiber composites for mass production. It estimated that 750-pound weight reductions were possible.

Not surprisingly, the steel industry is looking to retain its pre-eminent position in the business.

Ronald P. Krupitzer, vice president of automotive applications at a division of the American Iron and Steel Institute, said about 60 percent of the average car by weight ''is steel in one form or another.'' Since 2000, the industry has doubled the available grades of steel and increased strength levels by 50 to 100 percent. ''The steel available for car companies now is up to five times stronger than the steel used 10 years ago,'' he said. ''A part that weighed 100 pounds is being replaced by one that's 75 pounds, with no price increase.''

Mr. Krupitzer acknowledged that steel did not yet offer the same weight savings as aluminum, another material in longtime use, but he said it was close and significantly cheaper. He pointed to a recent FutureSteelVehicle study, which found that high-strength steel had the potential to reduce mass by more than 35 percent compared with older steel cars. That contrasts with what Mr. Krupitzer said was an estimated 40 percent mass reduction for aluminum.

While aluminum has been used for a century to build lightweight cars, Randall Scheps, director of ground transportation at Alcoa, acknowledged that it cost $600 to $800 more using aluminum to produce what automakers call a body in white -- the car's basic structure before moving parts like doors and engines are installed.

Mr. Scheps also said it was difficult for automakers to give up accepted industry practices. ''They've had 100 years of working with steel,'' he said. ''It's a very comfortable material for them.'' But he offered a long list of advantages that he said should persuade carmakers with an eye on the CAFE standards to switch to aluminum.

"It performs as well as steel in accidents, and it absorbs twice the crash energy per pound of mild steel," or older steel, Mr. Scheps said. "An aluminum crash rail folds up like an accordion, which is exactly what you want it to do." He said aluminum also had advantages in corrosion, handling and braking.

He pointed to cars like the 2013 Range Rover, whose all-aluminum body is up to 39 percent lighter than older models, the company has said. The new Cadillac ATS uses many aluminum components, including the engine, hood and wheels. Mr. Scheps said the higher cost of aluminum was offset by lighter cars that required smaller engines, suspension and braking components.

That argument is also used in favor of carbon fiber, which is very light and strong but remains expensive. The BMW i3, a battery electric car designed for urban use, has an upper body structure of carbon-fiber-reinforced plastic sitting on an aluminum chassis. It is scheduled to appear in late 2013. Although limited-edition supercars like the SRT Viper use carbon fiber, a BMW spokesman, Dave Buchko, said the i3 was "the first volume-produced vehicle that uses carbon fiber for the full body structure."

Greg Rucks, a transportation consultant to the Rocky Mountain Institute, a Colorado-based environmental research group, said that carbon fiber offered "unparalleled performance advantages," but estimated that replacing a steel "body in white" with carbon fiber would cost $1,200 per unit. Another hurdle for carbon fiber is a slower production process.

Despite all that, Mr. Rucks nonetheless sees a business case for using carbon fiber today, because it offers lower tooling costs and manufacturing processes, and significant fuel savings for the customer.

For those weighing the energy costs of producing alternatives, Mr. Rucks said the fuel savings from switching to lightweight carbon fiber composites would "far outweigh the energy intensity of producing the fiber, even with today's relatively immature processing technology."

It's safe to say that carmakers will increase their use of all three materials -- advanced steel, aluminum and carbon fiber -- and creatively blend them into future cars. All offer big weight savings, and that's critical in the countdown to 54.5 mpg in 2025.

TOUGH: A detail from a project to produce lighter, high-strength steel. (PHOTOGRAPH BY STEEL MARKET DEVELOPMENT INSTITUTE)

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The New York Times

TELEVISION REVIEW
The Arts/Cultural Desk; SECTC
Desperately Chasing Jobs in a Polarized Wisconsin Town

By MIKE HALE
651 words
8 October 2012
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2
English

In 2008, Brad Lichtenstein began filming a modest documentary about the effects of the recession, specifically the closing of a General Motors plant, on Janesville, Wis., a small Midwestern city. That's how he found himself, a few years later, with an up-close view of one of the meanest and most dramatic chapters in recent American politics: the battle over collective-bargaining rights for Wisconsin state employees and the subsequent effort to recall the Republican governor, Scott Walker, from office.

His film, ''As Goes Janesville,'' which has its premiere on Monday night in the PBS documentary series ''Independent Lens,'' remains modest. And it seems likely that the plight of former workers at the Janesville assembly plant receives less attention than Mr. Lichtenstein originally planned to give them. The trade-off is that the film has a narrative drive unusual for a 60-minute television documentary, pulling us along like a political thriller.

Mr. Lichtenstein tells a complicated story with an interlocking cast of characters. Representing the original thrust of the documentary are two former Janesville autoworkers. One leaves her family during the week to work at another General Motors plant four hours away; the other goes back to school to become a lab technician, a job that will pay 80 percent of what she used to make.

Two local businesswomen, meanwhile, spearhead a marketing campaign to make the Janesville area attractive to businesses. They zero in on a medical-supplies company looking for a place to build a factory that may employ 120 people if the company can come up with a product to produce there. Despite the uncertainties of the project, the city is asked to chip in $9 million in incentives, representing, according to one City Council member, 20 percent of the municipal budget.

No one says so on screen, but the energy and political capital expended on those 120 potential jobs are a sign of how desperate things are in Janesville and surrounding Rock County, where the closing of the auto plant is estimated to have cost 11,000 jobs. (The film makes no reference to Representative Paul D. Ryan, the Republican candidate for vice president, who was born and reared in Janesville and still lives there with his family.)

The supporters of the medical-supplies project are also fervent supporters of Mr. Walker's campaign for governor in 2010, and he repays them, speaking at Janesville's annual business banquet. Mr. Lichtenstein catches one of the businesswomen asking him, ''Any chance we'll ever get to be a completely red,'' right-to-work state? The first step, he tells her, is to take on the public-employee unions over collective bargaining. ''Divide and conquer,'' he says.

From there the film becomes immersed in the statewide battles and its true hero emerges, a Rock County Democratic politician named Tim Cullen, who leaves retirement to run again for the State Senate and to try to work constructively with the new Republican majority. Mr. Cullen projects the decency and civic-mindedness of the Frank Capra-era Jimmy Stewart, even when we see him in Illinois, where he's fled along with other Democratic senators in an unsuccessful attempt to stop the governor's budget bill.

Sitting in the Legislature, where Democratic amendments are routinely ignored, Mr. Cullen says, ''I'm learning that it's a different Wisconsin.'' This comes home for the viewer, though, in a later scene where Mr. Cullen asks a hectoring crowd to show the governor some respect and is called "despicable" by a protester for his trouble. At which point you might think, as goes Wisconsin ... .

Independent Lens

As Goes Janesville

On PBS stations on Monday night (check local listings).

Produced by 371 Productions, Kartemquin Films and the Independent Television Service. Directed and produced by Brad Lichtenstein.

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The New York Times

DESIGN
Automobiles; SECTAU

Riviera, a Clean Break for G.M., Is Still Fashionable at 50

By PHIL PATTON
1,185 words
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1
English

FIFTY years ago this month, General Motors cast off the overchromed tailfinned excesses of its postwar auto designs and shocked the Paris auto salon by slipping into a clean, crisply tailored new suit. The 1963 Buick Riviera made its world debut, winning rave reviews even from Europeans who had been scornful of Detroit's irrational exuberance in the 1950s.

The legendary coachbuilder Sergio Pininfarina said the new Riviera was ''one of the most beautiful American cars ever built,'' adding that it ''marked a very impressive return to simplicity of American car design.'' Sir William Lyons, the founder of Jaguar and a respected designer, called it ''a very wonderful job.'' Raymond Loewy said the Riviera was the best-looking American car -- except for his own Studebaker Avanti, introduced at the same show.

Ed Welburn, vice president for global design at General Motors, knows that first-generation Riviera from the inside out: after spending part of his childhood in the back seat of his father's '65 model, he grew up to help design later generations of the car.

A ''personal luxury'' coupe created to clip the wings of Ford's hot-selling Thunderbird, the Riviera was a watershed G.M. design.

''It combined a luxury car with a sports car,'' Mr. Welburn said. More than that, it signaled a major shift in style for a company that had set automotive fashion trends for decades under Harley Earl. In 1958, William Mitchell succeeded Earl, eager to leave his stamp on the auto giant.

The Riviera was the first fully realized statement of Mitchell's style. After the voluptuous forms, baroque grilles and fighter-jet tail ends of the Earl era, Mitchell went for a taut, crisp look -- he called it ''English tailoring,'' but it came to be known as the Sheer Look. Sheet metal was sharply stamped and body planes were bold, largely unencumbered by chrome.

''I put the crease in the trousers,'' Mitchell was fond of saying.

By 1959, G.M. designers were grasping for a response to the Thunderbird, which for the previous year had grown from a sporty two-seater into a four-seat personal luxury car.

Mitchell envisioned the T-bird fighter as a junior Cadillac -- a revival of LaSalle, which had been a Cadillac sub-brand in the 1930s. In many interviews later in his career, Mitchell recalled turning to Ned Nickles, who had been head of the Buick studio before moving to the advanced design department. Nickles is said to have casually drawn up his first ideas for the car at home. One sketch that survives shows a convertible, longer and lower than the final car, but with the projecting front fenders, W-shape front end and forward-leaning face that would eventually reach production. Nickles's design paid homage to the upright grille of the 1938 LaSalle and the projecting fender lamps of some of Mitchell's own sketches from the 1930s.

Soon after he saw the sketch, Mitchell went to London. He recalled that he came back with an order for Nickles: ''Make it look like a Ferrari combined with a Rolls-Royce.''

Mitchell, who retired in 1977 and died in 1988, explained his inspiration this way: while thinking about the Riviera, he spotted a Rolls-Royce pulling up to Claridge's hotel. ''He saw the silhouette of that roof,'' Mr. Welburn said, the image inspiring his notion of combining sport with luxury.

Top management enthusiastically received the design, by then called the XP-715 special coupe. But which G.M. division would get it? Mitchell's idea to market the car as a new LaSalle was rejected; Cadillac sales were already strong. Nor did it seem a good fit for Chevrolet. G.M. management ordered the other car divisions -- Buick, Pontiac, Oldsmobile -- to compete for the right to sell the car. Mitchell loved seeing the engineers and managers following the lead of the designers, for once.

Buick made its case using artwork by Melbourne Brindle, who had painted Rolls-Royces and Packards for impressionistic advertisements, and it got the car. The Riviera name was one the division had previously used for sporty hardtops, and it gave the coupe a suitably European tone.

The egg-crate grille said Ferrari, as did the long-hood, short-deck proportions. The elegant roof showed the Rolls influence. But the car's character derived from its forward-leaning face, which evoked the shark-nose 1930s models designed by Amos Northup for Graham and Willys.

The Riviera's frameless side windows -- without the metal trim previously found on hardtop models -- started a trend.

''The interior was years ahead of its time,'' Mr. Welburn said. The center console swept up between bucket seats, and the two-spoke steering wheel was both sporty and elegant.

In the same model year, G.M. introduced the Corvette Sting Ray. The two cars sealed Mitchell's reputation as one of the world's top designers, and they set G.M. -- and eventually all of Detroit -- on a course that would play out for the next 15 years and produce some of the enduring classics of American automobile design.

In a 1985 interview, Mitchell recalled being overjoyed when the Riviera and Sting Ray both received management's blessing for production. ''Those were my two pets,'' he said, adding, ''I could have got drunk for a week.''

The Riviera's design was refined for 1965, receiving the hidden headlights that Nickles had originally envisioned. ''The rear was cleaned up by moving the taillamps to the bumper,'' Mr. Welburn noted; the decorative side scoops were removed.

The second-generation Riviera looked heavier and less elegant; the boat-tail version of 1971-73 suffered from a change in its underlying platform and ended up grossly malproportioned. The final eighth-generation Riviera was designed by Bill Porter with more rounded Jaguaresque lines.

Buick has been silent about future use of the name, although a Riviera concept car developed in China made its debut in 2007.

After a recent interview, Mr. Welburn spoke with his father about the '65 Riviera the family once owned, and quickly reported back. Ed Welburn Sr., who is 94, ''usually drove Chevrolets and station wagons,'' his son said. ''He said he bought the Riviera because it was great-looking car, a great driving car, and had a great interior. It had plenty of room for all four of us, and a big trunk.''

When he turned 16, the future head of G.M. design moved to the driver's seat himself. ''It was one of the first cars I drove,'' he recalled. ''It had so much energy. It was a real driver's car with a great exhaust note. I got two tickets in it.''

FRESH-PRESSED: '63 Riviera wore its creases well. (PHOTOGRAPH BY GENERAL MOTORS) (AU1); INSPIRATION: Ned Nickles claimed that this sketch of a convertible, wearing a LaSalle nameplate, was an early design for the car that became the Riviera. (PHOTOGRAPH BY JEFFREY GOLDSTEIN AND RIVIERA OWNERS ASSOCIATION) (AU8)

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The New York Times

Business/Financial Desk; SECTB
Retailers Say Sales Slowed in September

By STEPHANIE CLIFFORD
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5 October 2012
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3
English

Retail sales growth slowed in September among 19 major American retailers, dragged down by a big decline in prescription sales at Walgreens drugstores.

Sales at stores open at least a year crept up 0.8 percent from September 2011, according to the 19 retailers tracked by Thomson Reuters. However, excluding Walgreens and Rite Aid, the other drugstore chain that reports monthly sales, same-store sales rose 3.6 percent, which was in line with analysts' expectations.

The drugstore category has posted weak comparable sales all year, but the 7.9 percent drop last month was the biggest so far this year.

Problems at Walgreens were largely to blame, said Ken Perkins, president of Retail Metrics. For more than a year, Walgreens and the prescription-benefit manager Express Scripts had argued over payment terms, and Walgreens stopped accepting Express Scripts cards in January.

That meant people covered by Express Scripts either had to go to a different store, or pay more for their prescriptions. The companies finally agreed to become partners again, and Walgreens resumed accepting Express Scripts in September, but by then the drugstore chain had lost many customers.

Comparable sales ''were positive last December just before the loss of the Express Scripts business and have trended more negative as the year progressed,'' Mr. Perkins said in an e-mail, ''as Express Scripts customers jumped ship to other pharmacies.''

Same-store sales at Walgreens declined 11.1 percent in September, and traffic also fell from a year ago. The ''front end'' of the store -- everything but prescriptions -- fared better, declining 1.5 percent. But prescription revenue fell 16.1 percent on a same-store basis, primarily because of the Express Scripts issue and because of customers' switching to generic drugs rather than more expensive name-brand ones.

Rite Aid said its comparable sales increased 0.7 percent for September. That figure has been more or less flat this year, Mr. Perkins said. While front-end sales and the number of prescriptions filled rose, Rite Aid said revenue from those prescriptions dropped 2.3 percent because new generics became available. CVS, the other major drugstore chain, does not report monthly sales.

In other retail categories, strong back-to-school sales in August led to tepid September sales.

In August, ''consumers came out and spent more than they themselves anticipated, and September was really a month for taking stock,'' said Joel Bines, managing director at the consulting firm AlixPartners. ''The excitement bled out as the month went along -- the first week was still strong and then the momentum started to dwindle.''

The 0.8 percent increase was not the smallest increase so far this year -- that happened in June, when same-store sales increased just 0.1 percent over a year earlier. But June is normally a weak retail month, while September is more important, because it includes the end of back-to-school sales.

The slowing momentum is not necessarily a harbinger for a bad holiday season, Mr. Bines said. He examined the relationship between back-to-school sales versus holiday sales for the last 10 years, and said ''we haven't been able to find anything that we would be willing to say is conclusive.''

Large retailers including Target, Kohl's, Nordstrom and Macy's missed analysts' expectations.

Macy's September sales rose 2.5 percent, while analysts had expected a 3.3 percent rise. Macy's noted in a news release that back-to-school sales for August and September combined were up 3.6 percent on a same-store basis.

''We continue to feel good about the remainder of our fall season,'' Terry J. Lundgren, chairman and chief executive of Macy's, said in a statement.

Gregg Steinhafel, Target's chairman and chief executive, said the company was on track for its third-quarter sales and profit goals. The company had a 2.1 percent sales increase in September, just below what analysts were expecting.

At Nordstrom, a 4.4 percent increase came in slightly below what analysts expected. Children's gear, handbags and men's shoes performed well, the company said.

Same-store sales at Kohl's decreased by 2.7 percent; analysts had expected sales to be about flat. Still, Kohl's reaffirmed its quarterly earnings guidance.

The apparel companies Gap and Limited Brands, which owns Victoria's Secret, continued their strong performances, with increases of 6 percent and 5 percent. Gap's budget-friendly Old Navy brand increased 10 percent, well above analyst expectations.

Craig Johnson, the president of Customer Growth Partners, said that at department stores and most apparel stores, ''soft apparel sales were offset by strong footwear sales, which continued to be on fire.''

Target said Thursday it would stop reporting monthly sales in 2013. Saks Fifth Avenue and J. C. Penney also recently stopped giving monthly sales figures, and Wal-Mart, the nation's largest retailer, stopped doing so some time ago.

The move ''will create a longer-term focus,'' said John Mulligan, Target chief financial officer, in a statement.

CHARTS: Retail Sales for September: THOMSON REUTERS RETAIL COMPOSITE INDEX: Year-to-year change based on monthly sales at stores open at least a year.; SALES: Results are for the five weeks that ended Sept. 29, except as noted, compared with the period a year earlier. (Sources: Company reports; Thomson Reuters)

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The New York Times

Business/Financial Desk; SECTB
Autoworkers Reach Deal With Chrysler

By IAN AUSTEN
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2
English

OTTAWA -- Completing its negotiations with the three Detroit automakers, the Canadian Auto Workers Union said on Wednesday night that it had a tentative agreement with Chrysler Canada.

Chrysler appeared to have been the most difficult of the automakers during the negotiations which began at all three companies in mid-August. During the talks, Sergio Marchionne, Chrysler's chief executive, suggested to The Globe and Mail of Toronto that the company would not follow industry tradition and accept the same general contract terms as the Canadian units of Ford and General Motors.

The union, however, made it clear that any agreement hinged on maintaining that process, which is known as pattern bargaining.

Ultimately Chrysler yielded, although unlike its two competitors, it did not offer specific promises of additional jobs or investment in Canada where it has about 8,000 unionized employees.

At a news conference, Ken Lewenza, the union's president, indicated that the talks dragged on over how Chrysler would dole out several bonus payments that replace wage rate increases in the four-year agreement. He said that Chrysler wanted to stagger out payment of a $3,000 contract signing bonus. The company also balked at providing $2,000 annual bonuses in place of cost-of-living wage rate increases.

Following a bargaining session that lasted until 5 a.m. on Wednesday, the company agreed to the same payment terms as its competitors.

''The culture of pattern bargaining got us through this,'' Mr. Lewenza said.

Chrysler confirmed the agreement in a brief statement, adding: ''We extend our appreciation to our Canadian work force for their patience during this pivotal round of collective bargaining.''

Because Chrysler has just 70 workers currently laid off in Canada, it is much better positioned to benefit from the wage terms for new employees in the agreement. General Motors and Ford will have to recall hundreds of laid off union members before hiring any new workers, a process that may extend beyond the contract period.

Chrysler will now be able to pay new workers 60 percent of established workers' wages for 10 years. The previous agreement with the Canadian union gave newly hired workers 70 percent of full pay and moved them up to the higher rate after just six years.

The union, however, was able to resist demands, particularly from Mr. Marchionne, that it make lower wages permanent for new employees, which is the arrangement the three Detroit automakers have at their plants in the United States with the United Auto Workers.

Mr. Lewenza said that Mr. Marchionne did not participate directly in the negotiations.

Chrysler produces all of its minivans in Windsor, Ontario, as well as the Volkswagen Routan and vans for export to Europe. A second assembly plant just outside of Toronto in Brampton, Ontario, builds all of Chrysler's rear-wheel drive cars, including the Chrysler 300.

Although Chrysler did not promise to add any new workers to those plants, it did agree to continue with three shifts in Windsor and two shifts in Brampton for the next four years.

''You cannot bargain airtight job security,'' Mr. Lewenza said.

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The New York Times

Business/Financial Desk; SECTB
G.M. Executive Affirms Commitment to Opel

By BILL VLASIC; Jack Ewing contributed reporting from Frankfurt.
964 words
20 September 2012
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3
English

DETROIT -- General Motors wants no doubts about its plans for Opel, its long-troubled European unit: It intends to fix the division, not sell it or close it.

Stephen J. Girsky, G.M.'s vice chairman and interim chief executive of Opel, laid out a new product strategy to dealers at a meeting in Germany on Wednesday, outlining plans to introduce 23 new vehicles in the European market over the next four years.

He also reaffirmed G.M.'s determination to turn around its European business despite losing $16 billion in the region over the last dozen years.

''We are making a commitment to Opel and a commitment to Europe,'' Mr. Girsky said in a phone interview after the meeting. ''But I don't want to leave anyone with the impression that we will be satisfied continuing to lose the amount of money we are losing.''

Like many European automakers, Opel is struggling with overcapacity in its factories at a time when car sales have tumbled to their lowest point in 15 years. European auto sales fell 9 percent in August, the 11th consecutive monthly decline in the region. G.M.'s sales dropped 18 percent during the month.

While G.M. has trimmed work schedules in its European plants and announced plans to shut down one German factory by 2016, industry analysts contend that broader cuts are needed to make the unit profitable.

One prominent analyst, Adam Jonas of Morgan Stanley, recently urged G.M. to sell or close Opel before its failures dragged down the rest of G.M., the largest American automaker.

Mr. Girsky declined to say whether further plant closures were being considered, but said Opel was preparing to make ''significant'' reductions in its salaried work force. ''We think there is opportunity to take significant people out of the administrative functions,'' he said. ''And we're taking out as many chiefs as Indians.''

G.M. employs about 40,000 people in Europe, with half of those in Germany. About one-third of the work force is salaried personnel, and the rest are hourly employees.

Unions across Europe have resisted closing auto factories at beleaguered carmakers like G.M., the Ford Motor Company, Fiat and PSA Peugeot Citroën.

Mr. Girsky said G.M. was grappling with how to better use its factories in Europe, possibly by adding products like Chevrolet vehicles to its production lines.''There are opportunities to increase production,'' he said. ''We are exploring a non-Opel branded product coming into traditional G.M. facilities in Europe.''

But one German auto analyst said that G.M. could not fix Opel without sizable reductions in plant capacity and hourly employees.

''The next step must be that G.M. finally looks the union in the eye and says, 'This is what's going to happen in the future,' '' said Ferdinand Dudenhoffer, a professor at the University of Duisburg-Essen who follows the German car industry.

Mr. Girsky said talks with union leaders were continuing, and he compared the discussions to how G.M. shared its internal financial problems with the United Automobile Workers to gain concessions on health care and wages in the United States.

''We are doing the same thing with the union here that we did in the U.S., which is transparency,'' he said. ''The facts are not good, but you need to know them.''

G.M. ousted Opel's chief this summer, and Mr. Girsky took over as the division's interim chief executive. Since then, the company has further cleaned house at Opel by replacing its chief financial officer and several other senior executives.

Mr. Girsky said he was recruiting a permanent chief executive for the unit from outside the company, and hopes to hire someone by the end of this year.

Until then, Mr. Girsky is pushing Opel officials to tighten controls on expenses. He has demanded reductions in costly inventories of unsold vehicles. And he has required that any purchase order of more than 20,000 euros ($26,142) be submitted to him for approval.

He said the biggest challenge that Opel faced was changing an entrenched attitude about losing money on operations.

''We're trying to change the culture here,'' he said. ''And it's making some people uncomfortable because you're putting restraints on an organization that didn't use to have restraints.''

Like Ford, its leading American rival, G.M. is also trying to bolster its product lineup in Europe. Ford recently announced several new or refreshed models for the European market, and G.M. did the same on Wednesday.

In a meeting with about 250 of its largest European dealers, Mr. Girsky showed off 23 new vehicles and 13 new engine configurations that will be introduced by 2016.

Among the new products shown were the Adam subcompact and the Mokka utility vehicle, which will allow Opel to compete in market niches where it does not now.

Mr. Girsky declined to put a price tag on the overall product program, but he said it underscored G.M.'s commitment to the region. ''Europe is 25 percent of global sales,'' he said. ''That is why it is important to us.''

One large Opel dealer said the new products were essential to dealers struggling to stay in business. ''That they are investing so much in new products, I consider a good sign,'' said Thomas Bieling, chairman of the Opel and Chevrolet dealers' association in Germany. ''It's also a positive sign that they are talking about restructuring measures that should have been done years ago.''

An Opel plant in Kaiserslautern, Germany. The automaker is struggling with overcapacity. (PHOTOGRAPH BY RALPH ORLOWSKI/GETTY IMAGES)

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The New York Times

Business/Financial Desk; SECTB
Canada Auto Workers Chief Renews Threat Strike

By IAN AUSTEN
745 words
17 September 2012
The New York Times
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Late Edition - Final
3
English

CORRECTION APPENDEDOTTAWA -- Despite making progress with the Ford Motor Company of Canada during contract talks over the weekend, Ken Lewenza, the president of the Canadian Auto Workers union, renewed his threat on Sunday to strike all three Detroit automakers.

Mr. Lewenza told a news conference that the union would now concentrate its efforts on negotiating a deal with Ford, which it hopes to present to the Canadian branches of General Motors and Chrysler before the strike deadline of 11:59 p.m. on Monday.

But he added that if no agreement was signed or close to resolution at that time, the union may start three simultaneous strikes. Such a step would be unprecedented for the Canadian union, which normally selects just a single company as its strike target.

Canada's manufacturing sector is disproportionately dependent on Detroit's automakers, as well as Honda and Toyota. The loss of production at the three companies' plants, with the exception of a factory G.M. owns that operates under a separate contract, could have a significant impact on the country's economy.

Mark Hopkins, an economist with Moody's Analytics, wrote in an analysis published on Friday that auto-related companies contributed about three-quarters of the growth in Canada's manufacturing sector over the 12 months leading to June.

''Stalling this momentum, even temporarily, would be costly,'' Mr. Hopkins wrote.

Exactly what changed between the union and Ford at the negotiations, which began about a month ago, is not clear.

''Ford has been a respectful company the last couple of days,'' Mr. Lewenza said. ''But they're still a tough company.''

It appears that the breakthrough may be related to an issue that is dividing all three of the companies and the union. Looking to reduce costs, the automakers want to mirror contracts they have in the United States that pay lower wages to newly hired employees. In Canada, new employees start at lower rate but gradually shift to the higher wage rate scale.

While the union has offered to extend the period of time during which new employees are paid less, Mr. Lewenza said that his union will not accept the two-tiered approach to pay.

''It's not just a philosophical problem,'' Mr. Lewenza said. ''I think it creates morale problems, I think it creates productivity problems.''

Stacey Allerton, vice president for human resources at Ford of Canada, said in a statement that ''we are confident that, working together, we can find innovative solutions to help build a successful future for our Canadian operations.''

The rise of the Canadian dollar to parity with the American dollar has reduced the usual cost advantage of Canadian auto plants and put pressure on the union to find cost savings for manufacturers. Even Mr. Lewenza acknowledged that labor costs are now higher in Canada because of the exchange rate.

Sergio Marchionne, the chief executive of the Chrysler Group, threatened to withdraw the company from Canada during an interview with The Globe and Mail earlier this month.

''Nobody in their right mind would continue to create an unlevel playing field in its own organization,'' he told the Canadian national newspaper. ''It's impossible. We have other plants, other options.''

The remark set off some controversy in Canada because both the federal government and the province of Ontario contributed to Chrysler's bailout.

Chrysler Canada did not respond to a request for comment.

On Sunday, General Motors of Canada repeated its position that any contract must bring cost savings.

''We are focused on working with our C.A.W. partners to reach an agreement that will improve G.M. Canada's competitive position for the future, which is imperative in today's global marketplace,'' the company said in a statement.

Correction: September 18, 2012, Tuesday

This article has been revised to reflect the following correction: An article on Monday about a prospect of a strike by the Canada Auto Workers against all three major American carmakers gave outdated information about the ownership of a factory that would continue running in the event of a strike. That plant, in Ingersoll, Ontario, is no longer a joint venture between General Motors and Suzuki. It is owned solely by G.M.

Ken Lewenza, right, president of the Canadian Auto Workers. The union has rejected a permanent, two-tier wage structure. (PHOTOGRAPH BY MICHELLE SIU/THE CANADIAN PRESS, VIA ASSOCIATED PRESS)

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The New York Times

BUSINESS BRIEFING | LABOR
Business/Financial Desk; SECTB

Canada's Autoworkers and Automakers Far Apart

By THE ASSOCIATED PRESS
202 words
15 September 2012
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NYTF
Late Edition - Final
2
English

Just three days before a strike deadline, the Canadian Auto Workers and the three Detroit automakers were far apart on major contract issues, with the Chrysler Group's chief executive telling workers to temper their expectations and plant organizers preparing for a walkout. Talks between the union and Fiat's Chrysler Group, General Motors and Ford Motor continued around the clock as time ticked down to the union's strike deadline of 11:59 p.m. E.D.T. on Monday. Ken Lewenza, head of the Canadian autoworkers, said the companies had rejected the union's proposed concessions on wages for new hires, insisting on permanently lower wages for new employees.

The Detroit automakers and the United Automobile Workers in the United States have used a two-tier wage scale for the last several years to bring labor costs closer to those of foreign automakers. But the Canadian workers are adamant that new workers eventually reach the same pay as existing employees. Chrysler declined to comment on Mr. Lewenza's comments, and Ford and G.M. could not immediately be reached on Friday evening.

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The New York Times

COMMON SENSE
Business/Financial Desk; SECTB
Bailed Out By Obama, But Rooting For Romney

By JAMES B. STEWART
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1
English

If there's anywhere President Obama should expect to get a boost from the success of the government's rescue of General Motors, it's Wentzville, Mo., and Lordstown, Ohio.

In Wentzville, a city of 30,000 people west of St. Louis, production of full-size vans at the General Motors plant had dwindled to a single shift by 2009. But last November, G.M. announced a $380 million expansion, and broke ground in May on a 500,000-square-foot plant where it will manufacture its midsize Colorado pickup. G.M. expects to employ over 3,000 workers there when the expansion is complete.

The automaker announced in August that it would build the next generation of its popular Chevrolet Cruze compact in Lordstown, a town of 4,000 people southeast of Cleveland. G.M. said it would spend $220 million to upgrade the plant and pledged to at least maintain the 4,500 jobs now there. Vice President Joseph R. Biden Jr. visited a local union hall on Aug. 31 to extol G.M.'s progress.

Ohio and Missouri are traditionally important swing states. But in St. Charles County, where Wentzville is, it's not Mr. Obama but his Republican opponent, Mitt Romney, who is predicted to win by a large margin. In heavily Democratic Lordstown, Mr. Obama is expected to prevail, but Mr. Romney is likely to carry two neighboring counties that also benefit from G.M.'s success.

''That's surprising,'' John Weaver, a political consultant and former John McCain adviser, told me this week. ''I think especially with swing voters, they look at the auto industry and they see that government did work for them. It's not just Wall Street that got help. It worked in a practical way in an industry that's important to their state.'' (Mr. Weaver isn't working on the Romney campaign.)

I spoke this week with residents of both towns, and no one disputed that, from their perspective, the G.M. rescue has been a success.

''G.M. has been the catalyst for everything,'' Wentzville's mayor, Nick Guccione, told me. ''They've already hired about 700 people, and they're talking about bringing in over a thousand new jobs. And these are real jobs, with real wages. G.M. has brought in 1,300 construction workers for the new plant. We're told that for every job they bring in, that creates five more jobs. It's made Wentzville a more vibrant community. People can work, play, spend, shop.''

By many measures, Wentzville is thriving. In the two decades before 2010, the city's population grew to 29,100, from 5,000, making it Missouri's fastest-growing city, according to the city Web site. Mr. Guccione estimated that the current population was over 30,000 and said that per capita income and sales tax receipts had risen steadily despite the recession. A Sam's Club will be the country's largest when it opens in October, the mayor said. Voters approved a tax increase to pay for three new parks, and one of them, a large aquatic center, is scheduled to open next year.

Tony Thieman, owner of Thieman's Carpet Company and a former president of the local Rotary and the Chamber of Commerce, said his business was up 18 percent this year. ''I'm seeing an increase. It declined for three to four years, and now it's improving. It's not back to where it was, but I do see that happening in the next year or two.'' He's also a commercial landlord, with tenants that include a restaurant and a hair salon. ''Their business is up. It's a general positive swing,'' he said.

Like the mayor, Mr. Thieman attributes much of the town's success to G.M.'s survival. "G.M. has been very active working with small businesses in the local area. I sell them flooring for their offices. They support the restaurants and local home-and-farm supply stores. We're lucky we had G.M. They kept people working here and the cash flowing. We've been fortunate."

As for the government rescue, "People were disappointed at first," Mr. Guccione said. "They were asking, 'Why didn't I get a bailout?' But when G.M. expanded, they said, 'It worked, it helped. Maybe it didn't help everyone but it sure helped us.' "

But none of this has necessarily translated into support for Mr. Obama. The mayor was elected on a nonpartisan ballot and says he is a political independent. "Both parties, they don't care about the people," he said. "They just care about being re-elected. As far as Obama, are people happy with him? No. I don't think he accomplished what he set out to do. Is Romney the answer? I don't think so. He doesn't have the answers; the only thing that would change is the name of the president. That's one man's opinion. I hope someone proves me wrong."

Still, "On the bailout, I've got to give Obama credit. It did work. But you can't judge a man by one thing." Mr. Guccione said he hadn't decided who he would vote for.

Mr. Thieman agreed that local support for G.M. didn't necessarily mean support for President Obama, in part because people are still bothered by the idea of a bailout. "It's a touchy subject," he said. "People don't like bailouts. I think G.M. has been a good thing for people here. But personally, I want to see everybody be accountable for the money and it get paid back to the American people. A lot of people here feel that way."

In Lordstown, Mayor Arno A. Hill is a retired tool-and-die maker for Delphi, the former G.M. subsidiary, and was a member of the United Automobile Workers for 32 years. "G.M. has carried this valley economically for years," he said. "I'm glad the plant is still here. The whole valley is glad they're here. This is the best product lineup they've ever had. For every job at that plant, we get several more. That's what all the experts tell us."

Mayor Hill said the area had been through hard times, but "G.M. has helped us overcome this, and I do think we're looking up. We just opened up a big McDonald's and Chipotle Mexican Grill warehouse. The oil and gas boom could be huge for us. It's looking better, absolutely."

But as in Missouri, Lordstown's resurgence doesn't necessarily translate into support for President Obama. Although Mr. Hill said he believed that the president would carry the county, where registered Democrats far outnumber Republicans, he noted that adjoining Geauga and Columbiana Counties were likely to vote for Mr. Romney, as they did for Mr. McCain in 2008.

"Most people would say that without G.M., we would really be hurting," Mr. Hill said. "But to say everyone is 100 percent behind the bailout, that's different. A lot of people ask me, 'How can G.M. pay bonuses when they still owe the government money?' That upsets people."

(Technically, G.M. doesn't owe the government money. It paid back its loans in full and the government took an equity stake in return for the rest of its money. But last month, the Treasury estimated that the government might ultimately lose about $25.1 billion on its investment.)

Despite his union past, Mr. Hill is a Republican, and said he was voting for Mr. Romney. "I'm glad G.M. is here, and you can't rewrite history. But I believe in less government and lower taxes and that people should have personal responsibility. Government isn't the answer for everything. John F. Kennedy said, 'Ask not what your country can do for you.' That's what the Republican Party is saying today."

Mr. Weaver, the political consultant, said he was traveling in the Midwest when the Wall Street banks were rescued by the government. "People kept asking, 'Why don't you bail out the auto industry if you're bailing out the banks?' Now they're asking, 'Why didn't you bail out the dry cleaners? How come small-business people didn't get help?' If you're ideologically opposed to government bailouts, nothing's going to change your view."

Such attitudes may help explain why Mr. Romney renewed his attack this week on President Obama's handling of the auto industry bailout. He has been an outspoken critic of the government's rescue of General Motors and Chrysler. In November 2008, he wrote an Op-Ed column in The New York Times arguing, "If General Motors, Ford and Chrysler get the bailout that their chief executives asked for yesterday, you can kiss the American automotive industry goodbye."

Mr. Romney argued this week on ''Meet the Press'' that the rescue wasted $20 billion in taxpayer funds that could have been better spent on ''teachers and policemen, as well as growing our economy.'' He vowed to press the issue in his coming debates with President Obama.

Still, Mr. Weaver said such arguments appealed only to the party faithful. He noted that in states like Michigan, where recent polls suggest the president is ahead, and in Ohio and Missouri, where local economies are improving in large part thanks to the auto industry, ''Obama is going to get credit for that. Romney should stop harping on the negatives and offer a bold and detailed plan for how he'd move the country forward.''

Mayor Nick Guccione of Wentzville, Mo., at the town's G.M. plant. The carmaker is building another plant nearby. (PHOTOGRAPH BY DILIP VISHWANAT FOR THE NEW YORK TIMES) (B7)

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The New York Times

BEHIND THE WHEEL | 2013 CHEVROLET SPARK
Automobiles; SECTAU

Korean-Flavored Chevy Is Thrifty and City-Smart

By LAWRENCE ULRICH
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1
English

AT the 2001 Detroit auto show, before he was pulled back into the family business like the movie mobster Michael Corleone, General Motors' godfather-for-hire, Robert A. Lutz, gravely assessed the design studies on display: ''A whole family of angry kitchen appliances, demented toasters, furious bread machines and vengeful trash compactors.''

Mr. Lutz, 80, is now retired from G.M., again. But I thought of him when I drove the new Chevrolet Spark: Mr. Lutz, your toast is served. With a nice coating of green marmalade.

Yes, the Spark looks as though it's about to spit a load of brioche from its roof. But as strange as this mini city car may appear, the oddest thing about the Spark is the Chevy bow tie that gleams from its grille and hatch.

Mr. Lutz, long associated with steroidal specials like the Dodge Viper, once pronounced global warming a ''total crock.'' Yet the Berkeley-educated former Marine fighter pilot -- always a blend of contradictions -- was soon shepherding the Chevy Volt plug-in hybrid to production, saying the electrification of the automobile was inevitable.

This Spark is not battery-powered, not yet, though the model will lead G.M.'s electric car efforts with a low-volume, limited-market edition set to arrive next year. But the Spark's name, styling and park-anywhere size did lead one Manhattan onlooker to assume that a cache of batteries was on board.

Whether a gasoline version or electric, the Spark also suggests a road to Damascus experience for G.M. The company's obsession with paramilitary Hummers and other expressions of S.U.V. overkill nearly brought it to ruin when fuel prices ran up and buyers ran away.

Currently earning billions as the ''new'' G.M., the company is not out of the woods. But while this 1.2-liter 84-horsepower urban runabout is about the slowest thing on wheels -- and as much a niche car in America as any Hummer -- its very existence says something good about G.M. On all fronts, the company is at least trying to anticipate market trends, rather than propagate an action-movie fantasy worthy of Michael Bay.

That is not to say there isn't room for cinematic Camaros or modern S.U.V.'s. What it does mean is that the parochial Midwestern bubble that once surrounded G.M. -- and in which Chrysler and Ford happily floated as well -- seems to have popped for good.

The Spark also illuminates G.M.'s greater global focus, having been designed, engineered and built in Korea. The littlest Chevy, which replaces the larger Aveo, has been on sale internationally since 2009.

This demented toaster is barely larger than a breadbox, 14 inches shorter than Chevy's Sonic hatchback and roughly 2 inches shorter than a Mini Cooper. Although a Mini or a Fiat 500 is sexier, sportier and much more expensive than the Spark, neither has a back seat nearly as habitable.

The Spark is ultra-affordable, starting at $12,995, rising to $15,795 for the line-topping 2LT, and it never feels cheap or chintzy. That's especially true of the interior, which mimics style leaders like the Mini with swoopy shapes, body-color trim and an instrument pod that sprouts from the steering column.

My test car was laden with standard features that included stability control, 10 air bags, Bluetooth, cruise control, keyless entry and a leather-clad steering wheel with audio and phone buttons.

The styling follows a trend of cars like the Nissan Leaf E.V., which, deciding they can't be pretty, choose to be out-there instead. That defiantly frumpy approach can be charming, as Nissan has managed with its Juke crossover.

But I confess to feeling more silly than edgy at the wheel of this narrow, squashed-face carnival buggy, even as it showed me a responsible 42 m.p.g. on the highway and about 37 m.p.g. over all. The manual-shift Spark easily topped federal estimates of 32/38 m.p.g. in city and highway use.

The green paint didn't improve my self-esteem, either. Chevy calls it Jalapeño, but I'd never touch tongue to any chili with this irradiated shade.

But then the Spark isn't aimed at people like me, who thought '80s hatchbacks were small. Instead, Chevy seems convinced that millennials, the much-sought demographic segment ranging in age from about 16 to 31, are the Spark's natural audience. I picture more Gulf Coast retirees than Brooklyn hipsters in the Spark, but what do I know? I still think of Pabst Blue Ribbon as factory-town swill.

To that youthful end, the Spark's cabin is rich with connected technology that may well make its way to top luxury models rather than the usual trickle-down from posh to poor. Its Chevrolet MyLink system integrates all its functions -- phone, music, video and navigation -- through an iPhone or Android phone. There's not even a slot for CDs.

It's all managed, with reasonable smoothness, through a passive 7-inch display screen that doesn't require navigation or other systems to be embedded in the dashboard. Those systems can add thousands of dollars to the window sticker, and their maps and other features can quickly grow obsolete. In contrast, a phone-based system can be updated as easily as downloading a new app. SiriusXM satellite service, as well as apps for Pandora and Stitcher Smart radio, are installed at the factory.

There are pitfalls to current phone-based systems: they can eat up cellphone minutes, and smartphone antennas are not as good as a car's antenna. Spark's apps, including route guidance, won't work in a tiny town or barren wilderness with no cell service. The familiar ''Can you hear me now?'' will become ''I'm lost, can you find me now?''

The Spark could also use one or two more dedicated buttons on the dashboard or screen, including a simple map button to return to the main view and an easy-access volume control. But one thing is certain: the Spark's controls were more advanced and easier to operate than those of many cars that cost more.

If only the Spark drove as well as it dialed calls or summoned Nick Cave and the Bad Seeds from the bowels of, um, an iPhone.

The barely 2,200-pound microcar gets the job done on city or suburban streets for which it's intended. There's decent bump control and just enough urge to keep up with traffic, despite a 0-60 m.p.h. time well into the double digits.

My test car's 5-speed manual shifter, roughly the length of a croquet mallet, would have been at home in a school bus. A 4-speed automatic is available for $925, though some critics have found it douses the Spark's already tepid acceleration.

As speeds increase, the Spark's short wheelbase, underdamped suspension and meager power make for rougher going. Road imperfections crashed and boomed in the high-decibel cabin. Heaven help you if you get caught in the wrong gear on a highway on-ramp.

The car itself feels solid and well built. But with its flaccid suspension and lifeless, overboosted steering, the Spark charted a wobbly highway course; there's none of the fun and nimbleness you'd prefer in such a tiny car. Flogging the little green goblin, I managed to keep pace, barely, with BMWs on the Interstate. But the Spark is more at home in the slow lane.

Consider the Spark a city-centric econobox -- with a clever bonus box inside for iPhone or Android users.

INSIDE TRACK: A miniature multitasker.

SLICKER: Designed for young city dwellers, the tiny Spark does well in tight spaces. Left, the body color wraps inside. (PHOTOGRAPHS BY GENERAL MOTORS)

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The New York Times

THE BLOG
Automobiles; SECTAU

A Cadillac For All Sorts Of Occasions

By JONATHAN SCHULTZ
362 words
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4
English

IN his recent review of the 2013 Cadillac XTS for the Automobiles section, John Pearley Huffman noted that Cadillac's new luxury sedan would soon colonize the curbside check-in areas of airports throughout the United States, supplanting the discontinued Lincoln Town Car as the country's livery workhorse.

Would-be fleet buyers of the XTS have grander designs on the sedan, and judging by a photo posted recently to the Web site of G.M.'s fleet and commercial division, General Motors is happy to oblige them. There, the XTS is depicted in three distinct guises -- livery sedan, limousine and hearse -- suggesting that the XTS is primed to inherit the mantle vacated by the DTS full-size sedan, the brand's former fleet chameleon, that ended production this year.

The vehicles may appear ready to ferry a passenger to an airport, prom or place of eternal rest, but David Caldwell, a spokesman for Cadillac, said in a telephone interview that two in the triumvirate were not immediately available.

''Limo and hearse customers will be able to order the chassis by end of year,'' he said. The work of stretching and building on the XTS donor vehicle is performed by preapproved manufacturers, called upfitters, who participate in the Cadillac Professional Vehicles Network, Mr. Caldwell added. ''This was how it was done with the DTS and other vehicles over the past decade,'' he said.

Livery customers can elect a specific option code, which brings options that bear little relation to the vinyl bench seats and tire-iron sleeves that are beloved by some customers.

''The Livery package is just above the center point of what the retail customer would get,'' Mr. Caldwell said. ''It basically slots between the Premium and Platinum packages.'' Such a vehicle would cost a livery customer roughly $50,000. ''This might limit the appeal, but we didn't want anyone to get into the car and think it was a separate or somehow lesser vehicle,'' he said.

THE FLEET: The XTS as, from left, a hearse, limousine and sedan. (PHOTOGRAPH BY GM FLEET AND COMMERCIAL)

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The New York Times

Business/Financial Desk; SECT
G.M. Turns to the Chinese to Help Sales in India

By REUTERS
954 words
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The International Herald Tribune
English

TALEGAON, INDIA -- General Motors began initial production of its first Chinese-designed car for the Indian market this week, a major step for the U.S. automaker as it tries to grow in a market where foreign companies have struggled.

Indians' love for small cars and the highly competitive, price-sensitive market has confounded many of the world's major automakers, who wrestle with lackluster shares in a market where many models made specifically for India.

The compact Sail, which is already sold elsewhere as a sedan and a hatchback, will go on sale next month in India. The car was the first model designed by SAIC Motor, G.M.'s Chinese partner, the president of G.M. India said in an interview at a factory in western India.

What SAIC ''brings to us is more of a regional focus and more of an emerging market focus,'' said Lowell Paddock, G.M. India's president. ''Sail is in some ways perhaps the first vehicle designed with primarily Asian customer requirements.''

SAIC holds a 50 percent stake in the Indian unit. A larger passenger van from SAIC's stable will begin production in India by the end of 2012.

Unlike the situation in China, where G.M. and Volkswagen top the passenger vehicle market with a combined 30 percent share, all foreign automakers combined -- excluding Hyundai -- account for less than 25 percent of the Indian market, despite billions of dollars in investment and decades of toil.

Cars designed for customers and segments in other countries have failed to capture the hearts of India's demanding car buyers, leaving companies like G.M., Volkswagen and Ford with lots filled with ill-suited models and falling use of capacity at their plants.

G.M. needs a shot in the arm. Its India sales fell an annual 11 percent in the first six months of 2012, against a 10 percent rise in overall car sales, according to data from the Society of Indian Automobile Manufacturers.

Mr. Paddock acknowledged the company had ''underperformed.''

''We've had an under-representation in the growing segments. As the market moved, we were left with a void.''

In 1992, India's roads were dominated by small, low-powered Maruti Suzuki hatchbacks for the simple reason that there was little else on offer.

Twenty years later, the same models still account for nearly half of India's new car purchases, with the local titan Tata Motors and Hyundai Motor together accounting for almost 30 percent. The utility vehicle maker Mahindra & Mahindra sells 10 percent of all the country's passenger vehicles.

Other foreign automakers have failed to match the approach of Hyundai, which entered the country after General Motors but with an aggressive small-car focus and models specifically for India.

''The Indian market has been incredibly difficult for us and for everybody else,'' said Tim Lee, head of international operations at G.M. ''We underperformed both from a share standpoint, as well as a total volume standpoint.''

Almost all of G.M.'s nine Indian models are based on vehicles designed by Daewoo of South Korea and cost more than their main competitors. The Spark, G.M.'s entry-level car, is more than 30 percent more expensive than the Maruti Alto, the best-selling Indian car.

G.M.'s Aveo sedan and Aveo U-VA hatchback, based on Korean designs and first introduced without diesel models, mustered a combined 3,328 sales in 2011. Toyota Motor's India-specific Etios and Liva -- direct competitors to the Aveos in both segments -- sold a total of 63,500 in the same period.

''It's no good having a vast array of products that no one is going to buy,'' said Michael Boneham, president of Ford India. Ford's sales in the first six months of 2012 also fell an annual 11 percent, with Volkswagen's sales down 8 percent.

Ford, which has operated in India since 1996, underperformed in its first decade selling European models like the Escort and Mondeo. It has recently seen sales jump with the Figo, its first small car manufactured only in India.

''As a business, what we were doing was shipping vehicles from Europe and trying to shoehorn them into the consumer here,'' Mr. Boneham told Reuters. ''Figo was a game-changer for us.''

That is G.M.'s hope for the Sail, China's biggest selling car in June, and offered with both gasoline and diesel engines.

G.M. sold 111,510 cars in India in 2011, less than a third of its total installed capacity. Ford's sales accounted for little more than half of its total capacity in India last year, even as it was spending $1 billion on a new factory to produce 240,000 vehicles a year.

Where G.M. and Ford have adapted to the Indian car market is in diesel production, investing in plants to meet a surge in popularity for the fuel because of government subsidies that make it about 50 percent less costly than gasoline.

G.M.'s powertrain facility in Talegaon, about 100 kilometers, or about 60 miles, outside Mumbai, is its first in the world to produce both gasoline and diesel engines simultaneously, the company said.

''In the past we did not have as broad a portfolio here, we did not have, for example, a small vehicle with diesel, and we underperformed because of that,'' Mr. Paddock said. ''But I think if we look at the opportunity that we have now, with the right vehicles, the right powertrains, the right level of tailoring, we think we have the right recipe.''

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The New York Times

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Buying a Piece of Innovation

By EVELYN M. RUSLI
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4 September 2012
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1
English

MENLO PARK, Calif. -- New York, London and Hong Kong are common addresses for blue-chip multinationals. Now Silicon Valley is, too.

From downtown San Francisco to Palo Alto, companies like American Express and Ford are opening offices and investing millions of dollars in local start-ups. This year, American Express opened a venture capital office in Facebook's old headquarters in downtown Palo Alto. Less than three miles away, General Motors' research lab houses full-time investment professionals, recent transplants from Detroit.

''American Express is a 162-year-old company, and this is a moment of transformation,'' said Harshul Sanghi, a managing partner at American Express Ventures, the venture capital arm of the financial company. ''We're here to be a part of the fabric of innovation.''

The companies are raising their profiles in Silicon Valley at a shaky time for the broader venture capital industry. While top players like Andreessen Horowitz and Accel Partners have grown bigger, most venture capital firms are struggling with anemic returns.

The market for start-ups has also dimmed, in the wake of the sharp stock declines of Facebook, Zynga and Groupon, the once high-flying threesome that was supposed to lead the next Internet boom.

But unlike traditional venture capitalists, multinationals are less interested in profits. They are here to buy innovation -- or at least get a peek at the next wave of emerging technologies.

In August, Starbucks invested $25 million in Square, the mobile payments company based in San Francisco, which will be used in the coffee chain's stores. This year, Citi Ventures, a unit of Citigroup, invested in Plastic Jungle, an online exchange for gift cards, and Jumio, an online credit card scanner.

Banco Bilbao Vizcaya Argentaria, the large Spanish banking group, opened an office in San Francisco last year. The team, which has about $100 million to fund local start-ups, is looking for consumer applications that will help the bank create new businesses and better understand its customers.

''We are in one of the most regulated and risk-averse industries in the world, so innovation doesn't come naturally to us,'' said Jay Reinemann, the head of the BBVA office. ''We want to avoid the video-rental model. We want to evolve alongside our consumers.''

The companies are hoping to tap into the entrepreneurial mind-set. Multinationals, with their huge payrolls and sprawling operations, are not as nimble as the younger upstarts. While they are rich in resources, big companies tend to be more gun-shy and usually require more time to bring a product to market.

''Companies cannot innovate as fast as start-ups; increasingly they realize they have to look outside,'' said Gerald Brady, a managing director at Silicon Valley Bank, who previously led the early-stage venture arm of Siemens. ''We think it's happening a lot more than people recognize or acknowledge.''

Of the 750 corporate venture units, roughly 200 were established in the last two years, according to Global Corporate Venturing, a publication that tracks the market. In the last year, corporations participated in more than $20 billion of start-up investments.

Big business has played the role of venture capitalist before, with limited success. During the waning days of the dot-com boom, financial, media and telecommunications companies sank billions of dollars into start-ups.

The collapse was devastating. Although some managed to make money, far more burned through their cash. In 2002, Accenture, the consulting firm, scrapped its venture capital unit after taking more than $200 million in write-downs. The previous year, Wells Fargo reported $1.6 billion in losses on its venture capital investments. Dell, the computer maker, closed its venture arm in 2004 and sold its portfolio to an investment firm. (It resurrected the unit last year).

Companies say they are taking a different approach this time. Rather than making big bets across the Internet sector, investments are smaller and more selective.

''We invest with the idea that we're a potential customer for a company,'' Jon Lauckner, G.M.'s chief technology officer said. ''We're not looking to make several $5 million investments and make $10 million on each. That would be nice, but it's not important.''

As they try to find the right start-ups, some are forging tight bonds with local firms. BBVA, for example, is an investor in 500 Startups, a venture firm that specializes in early-stage start-ups and is run by Dave McClure, a former PayPal executive.

Unilever and PepsiCo are limited partners in Physic Ventures, a venture capital firm designed to help corporate investors build commercial partnerships with portfolio companies. Both Unilever and PepsiCo have installed full-time employees in Physic's downtown San Francisco offices.

American Express has stacked its investment team with technology veterans. Mr. Sanghi, the head of the office, has spent roughly three decades in Silicon Valley and formerly led Motorola Mobility's venture arm. Through its network of relationships, the office has met with roughly 300 start-ups in the last six months.

The connections have started to pay off. Vinod Khosla, the head of Khosla Ventures and a co-founder of Sun Microsystems, introduced the American Express team to the executives at Ness Computing, a mobile start-up. In August, American Express partnered with Singtel, the Singapore wireless company, to invest $15 million in Ness.

Mr. Sanghi says Ness is a logical investment and a potential partner. The start-up's application connects users to local businesses through customized search results.

''It's trying to bring consumers and merchants together in meaningful ways,'' he said. ''And we're always trying to find new ways to build value for our merchant and consumer network.''

For start-ups, a big corporate benefactor can bring resources and an established platform to promote and distribute products. Envia Systems, an electric car battery maker, picked General Motors to lead its last financing round because it wanted to have a close relationship with a major automaker, its ''absolute end customer,'' said Atul Kapadia, Envia's chief executive.

Although the company received higher offers from other potential corporate investors, Envia wanted G.M.'s advice on how to build the battery so that one day it could be a standard in the company's electric cars. After the investment, G.M. offered the start-up access to its experts and facilities in Detroit, which Envia is using.

''You want to listen to your end customer because they will help you figure out what specifications you need to get into the final product,'' said Mr. Kapadia.

A marriage with corporate investors can be complicated. Besides G.M., Asahi Kasei and Asahi Glass, the Japanese auto-part makers, are also investors in Envia. They both build rival battery products for Japanese car companies.

Mr. Kapadia, who prizes their insights into Japan's market, says his company is careful about what intellectual property information it shares with its investors. At board meetings, confidential data about Envia's customers is discussed only at the end, so that conflicted corporate investors can easily excuse themselves.

''In our marriage, there has not been a single ethics concern, because all the expectations were hashed out in the beginning,'' Mr. Kapadia said. ''But I can see how this could be a land mine.''

For the big corporations, start-up investing is fraught with the same risk as traditional venture investing. Their bets might be modest, but blowups can be embarrassing and can rankle shareholders, who may see venture investing as a distraction from the core business.

OnLive, an online gaming service, offers a recent reminder.

The company was once a darling of corporate investors, with financing from the likes of Time Warner, AutoDesk, HTC and AT&T. At one point, it was valued north of $1 billion.

Despite its early promise, the start-up crashed in August, taking many in Silicon Valley by surprise. The company laid off its employees, announced a reorganization and in the process slashed the value of the shares to zero.

''It can be painful when a deal goes sour,'' James Mawson, the founder of Global Corporate Venturing, said.

Harshul Sanghi, managing partner of American Express Ventures, at the recently opened offices in California. (PHOTOGRAPH BY PETER DaSILVA FOR THE NEW YORK TIMES) (B1); Atul Kapadia, the chief of Envia Systems, a battery maker that attracted financing from G.M. (PHOTOGRAPH BY THOR SWIFT FOR THE NEW YORK TIMES) (B6)

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The New York Times

BEHIND THE WHEEL | 2013 CADILLAC XTS
Automobiles; SECTAU

The Cadillac Your Livery Driver Has Been Dreaming Of

By JOHN PEARLEY HUFFMAN
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IT will be the black car waiting to pick you up at the airport. It's the Cadillac upon which hearses and limousines will be based. When Hertz runs out of midsize cars, it is the luxury sedan into which you'll upgrade.

For many of its buyers, what matters is how well this car will pay off on their businesses' bottom line. The new Cadillac XTS sedan is destined to become one of the world's hardest-working cars.

Beast of luxury burden that it will be, the XTS also works on a Zen level as an unpretentious machine and the most Cadillac-like of all the current Cadillacs. It won't hold with an AMG Mercedes on the Nürburgring, any BMW M car will outrun it on the autobahn and its brother Cadillacs wearing the V badge will crush it on any dragstrip. But so what?

The XTS is the sole remaining front-drive sedan in the Cadillac lineup and the direct replacement for the big, front-drive DTS that left production in 2011. Under its razor-sharp sheet metal, the XTS is built upon an evolved version of GM's Epsilon II platform that underpins the Buick LaCrosse, among other vehicles. The only engine is a 3.6-liter direct-injection 24-valve V-6 rated at an adequate 304 horsepower, mounted transversely alongside an easygoing 6-speed automatic transaxle.

This is the first time since 1914 that the largest available Cadillac sedan isn't available with a V-8 engine, discounting those years when V-12s and V-16s were on the menu. And with the passing of the Northstar V-8 used in the DTS, Cadillac is without its own specifically branded engine for the first time in its 110-year history.

In general specification, the XTS chassis is strictly conventional. There are MacPherson struts and coil springs in the front; the independent rear suspension uses H-arms with air springs. There is one innovative element: the shock absorbers incorporate the magnetic-ride-control technology that has proved so effective on various Corvettes and been licensed by, among others, Ferrari.

The ride can be stiffened or softened when a control computer applies a magnetic field that aligns iron particles floating in magneto-rheological fluid inside the shock absorbers. It's all, of course, rather effective.

The XTS has a composed and comfortable ride on virtually any road surface, though the tires' grip is modest and the stability-control system intervenes before the car starts pushing its nose. And even if you water-boarded the electronically assisted variable power rack-and-pinion steering, it would never reveal what's going on with the front tires.

Brembo, an Italian-based company renowned for its brake systems, supplies the well-finished front calipers, which look serious and stylish behind the 19-inch polished aluminum wheels inside the 19-inch all-season tires. (Twenty-inch wheels and tires are optional.) Repeated panic stops hardly seemed to affect the big car's dignity.

The XTS's wheelbase, shared with the LaCrosse, is not particularly long at 111.7 inches. Indeed, that is 12.9 inches shorter than the wheelbase of a Mercedes S550 and 1.2 inches less than the Cadillac's primary rival, the Lincoln MKS. But the cockpit is nonetheless roomy and accommodating. Cadillac claims 40 inches of rear legroom, just 2.3 inches less than Mercedes cites for the much longer S550, and it's 1.4 inches more than in the MKS.

There's no cheating, either. The rear seat cushion is long enough to support adult thighs and, with the front passenger seat fairly far forward, my Siberian husky easily curled up into one of the rear footwells for a nap on the way to the dog park.

The car's best feature, however, is its interior design. Forget the plastic forests that provided faux wood for older Cadillacs, the XTS cabin is a model of restraint and attentive detail. It's almost astonishing that something this flat-out pretty could contain 10 air bags. There are a few thin strips of dark wood for detailing, but most of the interior is covered by leather accented with brushed aluminum elements. Everything is held together by a design theme built around the smiling, shallow V-shaped outline of the front grille. It's also helped immensely by the fact that there are few conventional buttons or switches cluttering up the well-textured surfaces.

What replaces many of those buttons is Cadillac's intuitive new CUE system, which uses a large touch screen at the center of the dashboard; think of it as an embedded iPad.

Using Apple-style gestures and swipes, the driver can scroll through various apps until finding the right one for a particular task. Those tasks include navigation, sound system and Bluetooth phone controls. Throw in some voice controls and the CUE interface sets a new standard for ease of use.

Also replacing some switches are touch-sensitive strips that control the ventilation system while continuing the design theme. This effectively and elegantly extends the use of gesture-based controls beyond the touch screen.

Less frustrating than the touch controls in recent Fords and Lincolns, CUE is simple enough to make a Luddite feel like an astronaut.

The instrumentation itself consists of a second flat-screen display in front of the driver. The speedometer, tachometer and other dials are computer-generated graphics that can be varied slightly to the driver's preference.

There's at least the potential for third parties to write apps for CUE. These could include, say, daily planning calendars and management software for a livery service business.

In addition, every XTS comes with a new iPad loaded with a training app, so drivers can quickly acclimate themselves with the system. CUE has a lot of potential yet to be exploited.

Excitement isn't part of the XTS's soul. And the sedan is bound to suffer some indignities as dealers lard up individual cars with after-market vinyl carriage roofs, continental kit fake-spare-tire covers and Vogue tires with white and gold sidewalls.

The venerable customer base for big Cadillacs may be dwindling to a few hardcore nonagenarians, but they still want what they want.

More important to the XTS's future is the flinty calculus that smart professional car builders and services are applying to the XTS as it reaches showrooms. My all-wheel-drive test car, loaded with almost every option as part of the Premium Collection package -- and an oversize Ultraview sunroof -- carried a sticker price of $58,180.

But the well-equipped base car, with front-wheel drive, starts at a more reasonable $44,995. If you buy a dozen at a time, discounts are sure to apply.

INSIDE TRACK: A 21st-century Cadillac for 20th-century Cadillac buyers.

MOVE OVER, TOWN CAR: The only front-drive car in Cadillac's line, the XTS is destined for limo services and rental fleets. (AU1); CURB APPEAL: The XTS shares components with the Buick LaCrosse, but interior, below left, looks and feels special. (PHOTOGRAPHS BY GENERAL MOTORS)(AU2)

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The Great Cadillac Hope

By BILL VLASIC; Sharon Silke Carty contributed reporting from Detroit.
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DETROIT -- It has been three years since General Motors hobbled out of bankruptcy with a pledge that its newest cars would be competitive with the best in the world.

But while it has improved its products since then, G.M. has yet to deliver a signature new model that proves it belongs among the industry's elite.

That is about to change, company executives say, with the introduction this month of the Cadillac ATS -- a compact luxury sedan with aspirations of taking on the king of the segment, the BMW 3-series.

For G.M., the ATS is a make-or-break effort to establish Cadillac as a legitimate contender in the global luxury car market. And to succeed, the sleek, lightweight ATS must put to rest Cadillac's lingering image as a brand known for its gaudy grilles, big engines and flashy designs.

''I'm fully aware this change isn't going to happen overnight with this car alone,'' Mark Reuss, head of G.M.'s North American operations, said. ''We have to keep doing what we did with this car over the next 10 or 20 years to prove it.''

Auto analysts view the new Cadillac as evidence of how far G.M. has come since its financial collapse and $50 billion government bailout.

While G.M., which is still 26 percent owned by the government, has fared well with redesigns of standard models like the Chevrolet Malibu, the company started from scratch in designing the ATS.

Hoping to lure a younger buyer, it created a new rear-wheel-drive platform and loaded the car with the latest technology and touch-screen controls.

''This is something the old G.M. wouldn't even try,'' said David Whiston, an analyst with the Morningstar research firm. ''They need this car badly to elevate the prestige of the entire Cadillac brand.''

Mr. Reuss was among the G.M. executives who pressed the company to make a compact Cadillac sedan that could rival the best that BMW and Mercedes had to offer.

In the past, the company shied from competing head-on with the smaller 3-series, choosing to focus on making larger, heavier Cadillac sedans and sport utility vehicles.

But with the ATS, G.M. virtually copied the dimensions of the BMW model and used high-strength aluminum and other parts to make it slightly lighter than a 3-series or the Mercedes-Benz C-class.

''At the end of the day, the customer is going to buy the car based on the established segments in terms of size, price and performance,'' Mr. Reuss said. ''For the first time, we actually did a car that wasn't bigger and heavier than everyone else.''

The ATS comes with three engine options, ranging from a four-cylinder offering that gets more than 30 miles per gallon in highway driving to a more powerful V-6 that can reach 130 m.p.h.

G.M. also toned down the look of the car, replacing the sharp creases and lavish chrome that adorn other Cadillac models with a more refined design that emphasizes the sculptured hood and body panels.

''We have learned so many lessons with this car,'' said David Leone, the chief engineer on the ATS. ''I've been with Cadillac for 30 years, and from Day 1 we said this would be different than anything we've done before.''

The subtler design also reflects G.M.'s ambitions for the car in markets like China and Europe, where Cadillac's all-American heritage does not resonate with customers when it competes with the top German and Japanese luxury brands.

G.M. has not released sales goals for the ATS in the United States or in international markets, but Mr. Reuss said he expects it to become Cadillac's top seller.

A hit in the compact luxury segment would go a long way toward improving Cadillac's middle-of-the-pack position in the American market. In the first seven months of the year, Cadillac sold 76,000 vehicles in the United States, compared with 185,000 by BMW and 164,000 by Mercedes-Benz.

G.M. also hopes the ATS will erase the memories of the last time Cadillac tried to make a compact sedan, when it gussied up a mainstream Chevrolet in the 1980s and called it a Cimarron. The car was a noteworthy flop and emblematic of G.M.'s inability to connect with wealthy, discriminating consumers.

''Let's face it, the Cimarron was a Chevy in drag and a horrible car,'' said Jim Hall, managing director of the auto-consulting firm 2953 Analytics in Birmingham, Mich. ''The ATS is the antithesis of the Cimarron.''

Mr. Hall, however, wondered whether even G.M.'s best efforts could persuade BMW lovers even to consider a Detroit-made sedan.

''They are not going to be drawing people out of BMW at first, but they have to at least be on consumers' consideration list,'' he said. ''And it may take years to get that consideration.''

G.M. has advertised the car heavily over the summer, but the first shipments are not expected on dealer lots for another week or so. Steve Groner, a Cadillac salesman in Jacksonville, Fla., said several hundred people had inquired about the car in the last few months.

''The interest is there and people are excited about it,'' Mr. Groner said. But, he added, ''there is nothing like sitting and driving the actual real thing.''

G.M. has priced the car about $2,000 less than a comparable BMW or Mercedes, with the base ATS model costing $34,000 and the most expensive $48,000.

And even if it fails to lure potential BMW buyers to Cadillac, the ATS should be a worthy alternative to other entry-level luxury models from Toyota's Lexus brand and Honda's Acura division.

One consumer already considering the ATS is Doug Evanitsky, a 44-year-old computer analyst from Enola, Pa. He drives an older-model Lexus IS but has been avidly reading the rave reviews in car magazines that compare the ATS favorably with the BMW.

''That's pretty impressive, because the 3-series has pretty much been the king of the entry-level sport sedans for years and years and years,'' he said. ''So if somebody can get even close to it, it's got to be worth looking at.''

The first 2013 Cadillac ATS left the line at G.M.'s Lansing Grand River assembly plant in Michigan on July 26. (PHOTOGRAPH BY JEFF KOWALSKY/EUROPEAN PRESS AGENCY) (B1); David Leone, the chief engineer on the Cadillac ATS, at an event last week to promote the car. (PHOTOGRAPH BY FABRIZIO COSTANTINI FOR THE NEW YORK TIMES) (B2)

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The New York Times

Business/Financial Desk; SECT
Opel Cuts Hours at German Plants

By THE ASSOCIATED PRESS
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English

General Motors' Opel unit said employees at two of its German plants will work reduced hours over the next few months as the company struggles with a sagging European car market.

Opel said Thursday it agreed with its employee council and the IG Metall industrial union that workers at the Ruesselsheim plant and the Kaiserslautern components factory will work reduced hours on 20 days through the end of the year.

Holger Kimmes, an Opel board member, said that the company until recently was able to compensate for decreased production through measures such as accounting for accrued overtime hours.

The government-subsidized short-time work program, which allows employers to reduce production without cutting their workforce, was credited with keeping down German unemployment during the 2008-9 financial crisis.

The move to shorter hours ''will safeguard jobs,'' said Wolfgang Schaefer-Klug, a top employee representative, in a statement.

GM has vowed to turn around its lossmaking European operations, where it lost $747 million last year and $256 million in the first quarter. Yet labor agreements restrict its ability to lay people off or quickly close less efficient plants. Karl-Friedrich Stracke, Opel chief executive, and several other top managers stepped down July 12 shortly after presenting a turnaround plan involving new models and developing sales in emerging markets.

The short hours plan affects manufacturing and administrative workers but not those in engineering. The Ruesselsheim facility has 13,800 workers, about half of whom will be affected by the short hours. The Kaiserslautern plant has a workforce of 2,500.

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