

Mark LaNeve takes questions from the press following his presentation at the Washington Auto Show.



## NEW ERA IN AUTO INDUSTRY AHEAD

### LaNeve says GM will lead transformation

What a difference a year makes. Mark LaNeve reminisced about the rosy auto horizon when he spoke to WAPA in May a year ago. The economy was rolling along, GDP growth was about 3.5 percent and the auto industry was churning out 17 million units. The government was snoozing at the regulation desk. Today, Ford has a new CEO and so does Chrysler, which is now owned by a private equity firm cerberus, and there has been a steady stream of gloom and doom about GM in the media. The government woke from its regulatory nap and turned a steely gaze on the auto industry.

GM celebrates its Centennial this year, and LaNeve said during a speech at the Washington Auto Show, “we

are shifting our focus from turnaround to winning.”

In the first century of the auto business, LaNeve said there were three phases. The first saw the introduction of the assembly line, the building of an infrastructure and a dealer network. The second created the interstate highway system and saw style and design become important. It was also the era consumers first turned to imports. The third phase was marked by the first oil crisis, which introduced fuel economy into the auto lexicon and the stirrings of increased government regulation. It also saw an emphasis on quality and a brutal and intense global competition. It was the era in which the domestics ceded the car market to the imports and concen-

trated on the light truck segment.

We are now entering a fourth phase, according to LaNeve, which will bring rapid changes in the auto industry.

This includes the dramatic movement to crossovers and big cars. When crossovers first came out, GM sold 50,000 five years ago. This year they sold 500,000. The historic transformation of the UAW this summer, LaNeve said was another brick in the foundation of a new era.

There will be increased globalization with most of the growth in emerging markets--China, India, Russia and Brazil. It will also call for a reinvention of the automobile in fuel economy, alternative power trains and environmental impact. LaNeve believes we will

# LaNeve

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eventually see “the electrification of the automobile in this phase.”

This fourth era, LaNeve said, “is anybody’s game.” The competition will be intense but not everyone wants to drive a “tiny little car” and part of the key to success is providing choices for customers.

GM has increased sales in three of the four global regions. North America is the only place where it did not. GM had over 9 million sales last year--their second best year ever.

“We are getting our mojo back,” LaNeve said. “We are developing and building products that can compete with anybody. We are meeting demands for more vehicle choice with better quality and value. In technology we are developing power trains and safety technology like OnStar which won the 2007 John Lynker Award for Outstanding Achievement in Technology.

GM’s biggest problem, LaNeve said, is perception. When visiting with a U.S. senator during the CAFE talks, LaNeve was told: what you need is a vehicle that gets 30 mpg. “Sir, I said, we have 15 on the market today. And he was shocked.” And LaNeve was shocked by the senator’s statement.

GM and the rest of the domestics gave up the car market to the imports in phase three and now they need it back. GM is making inroads with products like the Chevy Malibu.

When it comes to greenhouse gases and fuel economy, “we really believe there is no free lunch and there is no silver bullet,” he said. LaNeve predicted innovation across different segments in different parts of the world and in different markets with no singular solution. GM is committed to technology leadership and the slogan at Chevy is “from gas friendly to gas free.” GM will start with improvements to the internal combustion engine tweaking it to get the best fuel economy in each segment.

GM is also committed to alternative fuels like E85 and has entered into a contract with Coskata to develop cellulosic ethanol. The Coskata process uses 75 percent less water than is used in a



typical ethanol production; produces 84 percent less CO2 than gasoline production and can be made it for less than \$1 a gallon.

“We know that ethanol is controversial. But we also know that there is no other solution that can reduce our petroleum usage more quickly and more cost effectively in the near term. than ethanol,” LaNeve said. GM offers 11 flex fuel models and 2.5 million are on the road today.

By the end of 08, GM will have 8 hybrids on the market and is moving forward with plug-in technology and fuel cells. At the auto show, the keys to two Chevy Equinox fuel cell hybrids were presented to two Washingtonians as part of GM’s Project Driveway. One hundred Equinox fuel cells are deployed in NYC, LA and DC to get feedback on real world driving.

“The auto industry is embarking on a massive transformation. Advanced technology will radically alter the landscape of personal transportation. We are going to live in a whole new world and, at GM, we intend to lead that transformation,” LaNeve concluded.





William L. Ball, Vice President of Public Policy at OnStar (right) accepts the 2007 John Lynker Award from WAPA President Kimatni Rawlins for OnStar's leadership in the field of telematics and continued refinement of its technology aimed at the safety as well as the convenience of its subscribers. Ball is responsible for the development and advocacy of OnStar's positions on telematics and related issues with the federal and state governments. In one month OnStar answers 1,300 advanced automatic crash notifications, 11,000 emergency calls and 700 stolen vehicle location assists.

## Fuel Efficiency Plays Big at the Auto Show

With a Congressional mandate for 40 percent better fuel economy looming over them, automakers brought their greenest technologies to the Washington Auto Show and the Energy Department came out with the big guns--Ret. Marine Commandant P.X. Kelly and ex CI Director James Woolsey ex CIA Director--to label oil dependency a national security threat.

Kicking off the annual Media Day, NTSB Chairman Mark Rosenker called for increased active safety technology to bring down highway fatalities. As the decreases in fatalities and injury rates have leveled off in recent years, Rosenker said the industry has, "reached some practical limits in combating the physical forces involved in crashes. In recognition, the auto industry is moving beyond crash mitigation and into a new era where technology will help us prevent accidents."

The idea **See Auto Show page 4**



Jim Press (top) Vice Chairman and President of Chrysler LLC says the new Chrysler has legs and the year ahead will be a challenge for all automakers. Ex CIA Director James Woosley (bottom left) warned that oil must become strategically obsolete. Sue Cischke, senior vice president, Sustainability, Environment and Safety Engineering at Ford announced that Ford delivered a fleet of 20 of its plug-in fuel cells to Southern California Edison for testing on the road.



## Auto Show

of a new era was echoed in many presentations on the auto show floor.

General Motors Vice President of sales, service and marketing Mark LaNeve presented car keys to Tom Albert of Alexandria, Va. and Nick Williams of Washington DC, the first area residents to participate in GM's "Project Driveway." The program puts 100 of Chevy Equinox hydrogen fuel cell vehicles on ordinary citizen's driveways in LA, NYC and DC. Feedback from the drivers during two months of fuel cell transport will give real world data on fuel cell performance.

"What we learn from Project Driveway (which will continue for 2 years) will help us make certain that fuel cells and other technologies can withstand the rigors of commuting and family demands," LaNeve said.

LaNeve also underlined the GM partnership with Coskata to develop cellulosic ethanol, which was announced at the Detroit Auto Show, as an additional pathway to oil independence.

Sue Cischke, senior vice president, Sustainability, Environment and Safety Engineering announced that Ford is making flex-fuel versions of three of its 2009 model vehicles--the E-Series van, Ford Expedition and Lincoln Navigator. Later this year Ford will launch two new hybrid sedans the Ford Fusion and the Mercury Milan bringing Ford's hybrid fleet to five vehicles. In 2010, the automaker will launch a new small car based on the Verve concept.

Ford is also testing 30 fuel cell vehicles on the road in the U.S. and Canada and Ford has delivered a 20 vehicle fleet of plug-in fuel cells to Southern California Edison to test the technology and infrastructure needed to commercialize plug-in hybrids. Electricity is 50 percent less expensive than gasoline. The electric infrastructure sits idle at night and the DOE estimates if every light car and truck used electricity they could be refueled without having to build any new power plants.

Andy Carsner, Assistant Secretary for Energy Efficiency and Renewable Energy at the Department of Energy, said the auto industry must act with a sense of urgency in the face of global warming and the security threat of oil dependency. This was the first year in the past 30 years that the U.S. has imported less oil than the year before.

Ex CIA Director James Woolsey said we must "destroy oil as a strategic commodity," by making it strategically obsolete. Refrigeration did that to



salt. Salt was used for centuries as the only preservative of meat. Countries fought wars over salt until the end of the 19th Century. Refrigeration or technology destroyed salt as a strategic commodity. "We need to destroy oil as a strategic commodity and the best way to do that is plug-in hybrids," Woolsey said. Because of their flexibility and the cheapness of electricity--a fifth of the cost of gasoline--they can make a major contribution by doing to oil what refrigeration did to salt."

Retired Marine Commandant P.X. Kelly echoed Woolsey and reminded the audience that in 1972 the U.S. made the greatest transfer of wealth in our history--and that was for oil.

Jim Press, vice chairman and president, Chrysler LLC said he was at the "sunrise of a new career" with a new, privately funded auto giant. Chrysler LLC has the "bones of a really good company" and it is the only domestic company that maintained market share in 2007 and actually showed growth in December. He introduced the 2009 Ram full-sized pickup. The full sized truck and SUV market is a 2 million vehicle market that is "largely based on need." The Ram gets 300 horsepower with a 5.7 liter Hemi engine and gets 5 percent better gas mileage. An Aspen hybrid will be available before the end of the year. The Ram Pickup will be a hybrid in 2010 and will get the same mileage as a mid-sized car.

Press said, in the long term, the U.S. auto business looks strong. "Structurally the economy is really strong. We are creating jobs. Corporate earnings are good. We are increasing productivity through technology. Salaries have gone up and car costs have gone down. I think it is perceptual rather than factual. What we need to do is stress what's good."

This year, Press said, was going to be a challenge for all automakers. "But at the same time it will give us a chance to show how good we really are. We are very confident. This new Chrysler

# WAPA Gala Honors Larry Burns, Ken Gross Installs Joe Phillips as 2008 WAPA President

Fresh from the greenest auto show this town has seen, WAPA held its 2008 Gala and awarded its prized **Golden Gear Award to Dr. Larry Burns**, vice president of General Motors Research & Development and Strategic Planning.

James Healey of USA Today and Chairman of the Golden Gear Committee said, "In an industry not noted for thinking outside the box, Larry Burns is questing for no less than the reinvention of the automobile—vehicles that run on clean, renewable fuels and that people want to drive. He pushed hard to get GM hydrogen fuel cell cars out of the lab and into the showroom. Because of Larry's trailblazing, GM is a pioneer. Its Project Driveway put 100 hydrogen fuel cell SUVs into daily use by ordinary people. Larry's efforts have helped push hydrogen development from something that automakers probably should do, just in case, to something that they **must** do to stay competitive. "We present the Golden Gear to Larry Burns, for his unflagging dedication to hydrogen as a way to preserve individual mobility and to reinvent the automobile."

In accepting the prize, Larry Burns said, "Today, my industry and our world face a very serious challenge. The good news is that it is a solvable challenge.

"The key is energy diversity ... which is why GM is working on all fronts to create new energy pathways for automobiles – from increasing drivetrain efficiency and dramatically expanding the number of vehicles that run on bio-ethanol, to developing



9top photo ) Larry Burns (left) receives the Golden Gear Award from James Healey . (Middle photo) Ken Gross talks about the joy of auto journalism after accepting the Golden Quill Award and check for \$500. 2007 President Kimatni Rawlins ( bottom photo) passes the gavel to Joe Phillips and accepts a crystal award.



electrically driven vehicles that are energized by hydrogen and electricity.

"Obviously, I've shown great passion for hydrogen and fuel cells, not only for the energy opportunity that they provide, but also because of the kinds of vehicles they will enable us to develop. Imagine a vehicle that ... only emits water vapor, doesn't rely on petroleum, uses fuel created from diverse sources, is fun to drive, is highly functional, can travel over 300 miles after refueling in less than five minutes, lasts for 150,000 miles, and costs no more to

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## Gala

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own and operate than today's cars and trucks. Would a vehicle like this change our world? Would it change the auto industry? Would it change General Motors?

"These are questions that my colleagues and I asked ourselves only eight years ago – and it's thrilling to know that, today, vehicles like this are within our grasp.

"So I'd like to accept this award on behalf of my General Motors colleagues ... who have stretched to make the possible real ... and who never cease to believe that we can change our world, our industry, and our company."

Frank Aukofer then took the podium to present the **2008 Golden Quill Award**. Selection of the best entry is made by Golden Quill Judge David Hess, a former White House reporter and former president of the National Press Club. Hess singled out runners up Jayne O'Donnell of USA Today and Joan Mooney and Mary Anne Shreve of AutoEx Magazine for outstanding entries.

Ken Gross' entries from his *The Road Warrior* column on edmunds.com/Inside Line were judged the best entries this year. The columns he submitted for the Golden Quill award "trace the romance of a man and his machines over half a century, along the way recounting in sparkling prose a history of the development of the car."

In accepting the award, Gross thanked his wife, Trish Serratore "for patiently encouraging me, every time, while I try to make that one last sentence perfect." He

also thanked his editors at Edmunds.com for making his work better and allowing him every writers dream--"to write about what I want." "Although this award has been given to people who right wrongs, and wrote as crusaders, that's not me. I write with great exuberance about cars. Before I left to come here tonight, I had just received the new issue of Hemmings Sports and Exotic Cars. I wrote the cover story this month, on a Bugatti Type 57 that was pulled from a barn, after having been left there for 45 years. It's still a thrill for me to see one of my stories in print for the first time."

At the end of the evening, 2007 President Kimatni Rawlins handed over the gavel to the **2008 President Joe Phillips**. Joe Phillips took over the meeting and thanked his partner of 13 years, Robert Saffro for his support. Now Associate Publisher/Editor-In-Chief of AutoExec Magazine, Joe has been at NADA for more than 20 years. His first ambition, he revealed, was to be a professional marimba and jazz vibraphone player, but lack of demand led him to the publishing business. "I find this business of cars, automakers, dealers...even CAFE mandates and regulatory rulings--thrilling every day." This year, as always, WAPA will host a strong slate of speakers--starting next month on **February 28 when Consumer Reports will unveil the results of its 2008 auto issue at a press event before those results appear in the magazine**. "The folks at Consumer Reports" told Phillips they, "chose WAPA because they wanted to make a splash and, as they said, what better way than by speaking to the auto press of the nation's capital."



# WAPA Board 2008



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**We'd like to introduce the 2008 WAPA Board.**

**President: Joe Phillips,** Editor-in-Chief and Associate Publisher Auto Exec Magazine

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**Focus Group: Les Jackson,** Cruise Control Radio, Journal Register Papers;

**Pres. Emeritus: Kimatni Rawlins,** President & Publisher Automotive Rhythms.

**February 28  
WAPA Luncheon  
Consumer  
Reports  
Auto Issue**  
At the February 28 luncheon, Consumer Reports will release their 2008 Auto Issue for the first time at a press conference. For reservations go to the WAPA Web site: [washautopress.org](http://washautopress.org) click on Upcoming Events and register. The luncheon is at noon at the Press Club.

## President's Message



Wow! Following in Kimatni Rawlins footsteps as WAPA president is one tall order. Stellar speakers for our monthly WAPA luncheons in 2007 included OnStar's Chuck Huber, HondaJet's Michimasa Fujino, Mazda's design whiz Franz von Holzhausen,

Jim Colon from Lexus, and many others. There also was a WAPA Media Focus Group on uber-luxe cars, featuring ride-and-drives with Rolls, Bentley, and Maserati.

And let's not forget this month's WAPA Gala, with its record turnout and high-test awardees: GM's fuel-cell guru Larry Burns, who won the Golden Gear award for outstanding auto-industry achievement, and Ken Gross--a longtime friend and maestro of wordplay--for the Golden Quill.

The Gala even ended in record time, thanks to eloquent yet concise speeches from both our winners. (Or perhaps, once again, it was that old writer's credo: once the grub is gone, so are the journalists.)

Yes, the WAPA board has its work cut out for it this year. Luckily, we're off to a good start. Next month, **Consumer Reports--in a first--will unveil the results of its annual auto issue at the next WAPA luncheon, February 28. While the event will be broadcast in realtime over the Web, only those WAPA members who attend the luncheon will be able to ask questions.** You need to reserve now, as we expect a high turnout.

There are other high-profile luncheon speakers in the mix, along with top-notch Media Focus Group events and the launch of the new-and-improved WAPA Website.

But more on all that later. Like I said earlier, we've got our work cut out for us. Time to get cracking

### WAPA 2008 Board

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