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CHANGING OF THE GUARD AT JAGUAR AND LAND ROVER

What's ahead for British brands?

Concern ... confidence ... curiosity — welcome to America, Tata

RICHARD TRUETT
 AUTOMOTIVE NEWS
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ENLARGE

Florida XK8 owner Tim Kip worries that Jaguar will lose some of its "Britishness" under the ownership of Indian automaker — and tea maker — Tata Motors.

Photo credit: DAVID HALL

Each day on his way to work, Tim Kip zips past the Tata Tea Inc. processing factory in Plant City, Fla., in his Jaguar XK8 sports car. Kip said he rarely if ever thought of Tata before last week. And if he did, it meant just one thing: tea bags.

That changed when Ford Motor Co. sold Jaguar and Land Rover to Indian automaker Tata Motors Ltd. for \$2.3 billion. Kip, owner of Family Estate Advisors, a financial planning company, says he is not happy that a company that makes tea now also holds the keys to his favorite brand of cars.

"It's tremendously disappointing," says Kip. "Maybe it gives Jaguar the cash infusion it needs to maintain the company, but 50 percent of owning a Jaguar is the mystique. I don't know if you can have that with an Indian owner."

"I'm sure Tata makes fine tea, but any time you take away from the Britishness of Jaguar, you lose that personality."

Welcome to America, Tata.

The purchase by the Tata conglomerate — maker of such diverse items as wristwatches and huge earth-moving equipment — is being viewed with curiosity on many fronts. Old-school Jaguar customers such as Kip worry that the brand's rich heritage is in jeopardy. Dealers such as Mike Collier and Ken Gorin take the global view and say the change in ownership is no big deal. Others have adopted a wait-and-see attitude.

They all hope the ownership change will help revive Jaguar. Things never really got going under Ford, which acquired the legendary marquee in 1989. Jaguar sales in the United States are in a tailspin, plunging from 61,204 in 2002 to 15,683 last year.

In contrast, Land Rover sales nearly doubled after Ford acquired the automaker from BMW in 2000. Land Rover sold 49,550 vehicles last year, compared with 27,148 in 2000.

What's the deal?

Highlights of Tata's acquisition of Jaguar and Land Rover from Ford -- Tata pays Ford \$2.33 billion for assets of Jaguar and Land Rover -- Deal closes around June 30, pending regulatory approvals -- After closing, Ford pays Tata additional \$600 million for pension obligations -- Ford retains no ownership stake -- Most of the Jaguar-Land Rover management team, including CEO Geoff Polites, transfers to Tata -- Ford supplies Jaguar and Land Rover "for differing periods" with powertrains, certain parts and technologies -- Ford Motor Credit will continue providing new financing for Jaguar

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and Land Rover dealers and customers for up to 12 months. No significant changes in employment terms for Jaguar and Land Rover employees. Unions endorsed the deal.
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The deal calls for Ford to continue providing financial services to Jaguar and Land Rover dealers and customers for the next year, including floorplanning and vehicle loans. Ford also will keep supplying engines, body parts and technical assistance to Jaguar and Land Rover for at least five years.

The management team also is expected to stay in place. Ford spokesman Tom Hoyt says nothing is likely to change between now and the end of June, when the sale is scheduled to close.

So it's business as usual at Collier Jaguar in Orlando, Fla., says dealer principal Mike Collier. The new XF sedan is being launched, and Collier's sales staff made initial deliveries of the sveite performance sedan last week. Collier says no one mentioned the sale to Tata or canceled an order.

"No one has said a word one way or the other," he says. "I haven't heard anything negative.

"It's like anything else. Who owns Bentley? Who owns Rolis-Royce? Who owns Harrods in London? Has anyone questioned the quality of the luxury goods at Harrods?"

Collier says he's unconcerned about Jaguar's future because Tata has been a good steward for the other brands it has bought. Those brands include Tetley Tea and Corus Steel, the biggest producer of steel in the United Kingdom.

"The one thing that Tata has done in the past is they have been loyal to existing management and brand image," Collier says.

Timeline: Ford's luxury buying spree

1987: Ford buys luxury sports car maker Aston Martin.

1989: Ford agrees to buy Jaguar for £1.6 billion.

1999: Ford buys Volvo Cars for \$6.45 billion and includes it in its new Premier Automotive Group.

2000: Ford buys Land Rover from BMW for £1.8 billion.

2004: Ford ends Jaguar production at the sports car maker's Browns Lane factory in Coventry, England, to cut costs.

2007: Ford sells Aston Martin for £479 million to an investment group led by Prodrive Chairman David Richards. Ford hires investment bankers to look into sale of Jaguar and Land Rover. It decides to keep Volvo.

Automotive News Europe

Change of heart

Ken Gorin, Jaguar's dealer council chairman, says he's thrilled that the sale has finally been announced. Although he originally had doubts that Tata would be the best fit for Jaguar, he since has canceled those reservations.

"Tata has shown with the luxury hotels it owns that they know how to do it the right way," says Gorin, owner of The Collection, a group of luxury stores, including Jaguar, in Coral Gables, Fla. "We're 100 percent behind it as a dealer council. So far, no customers have raised concerns."

Tata Chairman Ratan Tata has promised that Jaguar and Land Rover will stay true to their heritage.

Members of the 6,000-strong Jaguar Club of North America have been posting comments on their organization's message board, at jcn.com/forums. Many posters are wondering what the future holds. Some think the brand is being given another chance. Others think the sale means bad things in the future, such as production of Jaguars in India.

In Corte Madera, Calif., Jaguar and Land Rover dealer Tom Price says he has heard some of his customers express concern about the Tata deal.

"It's a 30-second conversation when you explain what it will do for the brands and that the company will still be British," says Price.

New York Land Rover dealer Michael Levitan welcomes news of the sale. "Tata has many things they can bring to the table for us," he says.

Levitan thinks Tata will keep Land Rover production in Britain and preserve the brand's heritage. Tata has never "shown that they have bought a company and put a stamp on it that is different from the company's heritage," he says.

As for the impact on the value of Jaguar and Land Rover franchises, broker Sheldon Sandler says it's too early to tell.

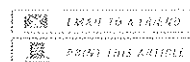
"The smoke has to clear before we know which way this is going to work out for the dealers," says Sandler, a financial adviser and broker at Bel Air Partners in Skillman, N.J. The firm helps auto dealers sell their stores.

Meanwhile, Kip, the Florida financial planner, has put on hold plans to replace his XK8 with a new Jag. "My next car was going to be an XK," he says. "Now I will have to re-evaluate."

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