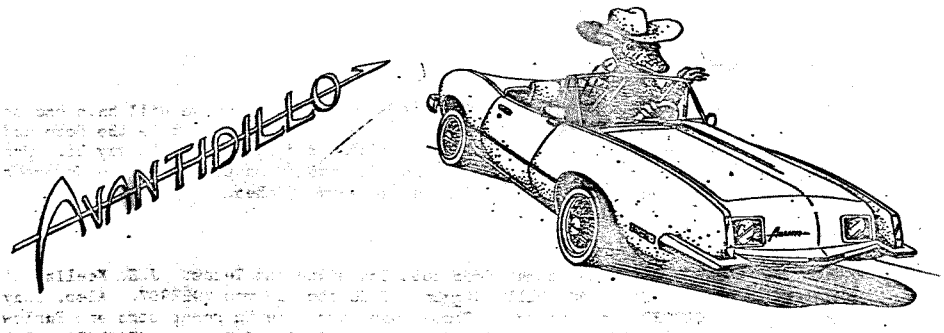



Volume 2 Number 10 1 October 1986

A STAR IS RE-BORN.....

On April the 26th, 1962, in both New York and in South Bend, white Avanti prototypes were first shown to the press and to anxious Studebaker stockholders. A sign over the car in South Bend carried the slogan "A new star is born". We all know how that turned out.

On September the 4th, 1986, Mike Kelly and Larry Towne introduced the 1987 Avanti. That event was attended by several folks from the Puget Sound chapter of AOAI, and their report is reprinted in its entirety in this months 'Dillo. Many, many thanks to Vel Neel, Corbin Walters and all of the Puget Sound members for sharing with us.

OUR LAST MEETING

The September meeting was our semi-annual blast at Malibu Grand Prix and If you missed it, tough. Those of us who did attend had a great time driving the cars, playing the video games, and even a round or two of miniature golf. Those in attendance were Miller & Jeri Walker in their sorta turquoise '83 (the '63 was being punished). Mary, Kyle & Kerri Bigelow came in Snow White, leaving both Lisa and White Knight at home. Jim and Denise Wall showed up in "Blue", which is Denise's Avanti, and pleased everyone by announcing that they had not moved to Boiser City. Kip Westling was there, too, and we all got our first look at his Avanti, "Silver Bullet". All of the Alcorns made it in their good looking '63 R2 (still unnamed), and Bill did a good imitation of Mario Andretti while spinning out at the last curve. The Letts crew came in Beagle since "Goldi" leaks in a gentle rain, and, all the way from Many, Louisiana, came Georg Boyens and his son. They drove their gold '63 all the way to join the festivities and celebrate young Boyens birthday. He also had a red Pine Wood Derby Avanti and the trophy the car had won. For those of you who do not remember, the Pine Wood Derby is an annual event where scout age boys carve a race car out of a block of pine, and race them (gravity powered) down a sloped track. Georg, please send us a picture of the son, car and trophy for a future issue. That is a great story.

October the 4th found Miller and Jeri Walker up in Fort Worth for the SDC Regional Meet. I should have a story on their intrepid journey in the November 'Dillo along with the pictures from Malibu.

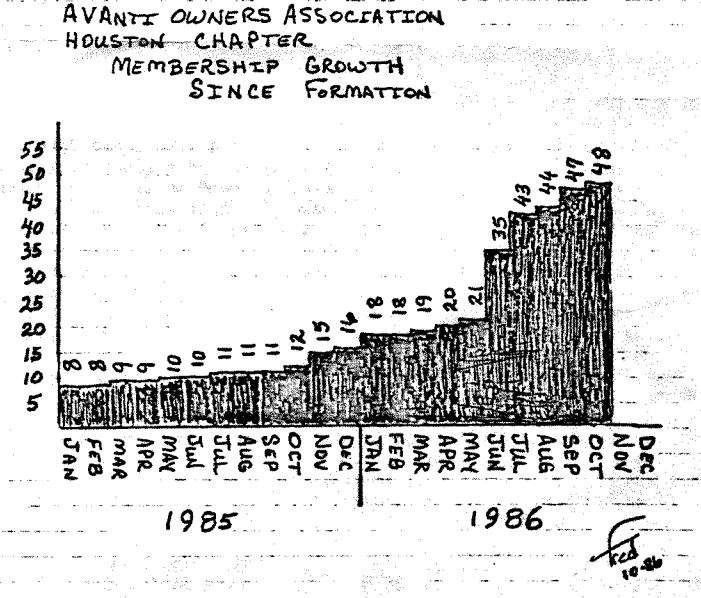
UPCOMING MEETINGS

Thanksgiving weekend brings AutoRama back to Houston, and we will have one or two cars on display with the Studebaker Club. Please come out to the Dome and look around, and be sure to drop by the Studebaker display area to say hi. Our Christmas party is still shaping up, and the details should be in the November magazine. Also, our 1987 calendar should be ready by then.

MEMBERSHIP NEWS

New members this month come from both Louisiana and Texas. J.H. Keeling of Monroe has 63R1824, and Bill Bigger of Houston drives 79B2907. Also, Tony Buenaflor (80B2983) re-joined. Those who are due to re-up soon are Barlow Soper of Rustin, Louisiana (63R3470), Jack Davis of Houston (74B2051), Don Jeffers of Webster, Texas (64R5039), and Alan & Abi Vizina of Sugar Land.

Since we formed the Houston Chapter back in January of 1985, our membership has grown in a fairly impressive manner. We started with eight members and, today, can boast of forty-eight. Not bad, eh? Also pleasing is the fact that we have lost only one member during the period. This was brought home by the following graphic which showed up mysteriously in my mail one day. Thanks again to all of you for helping make our AOAI chapter what it is.



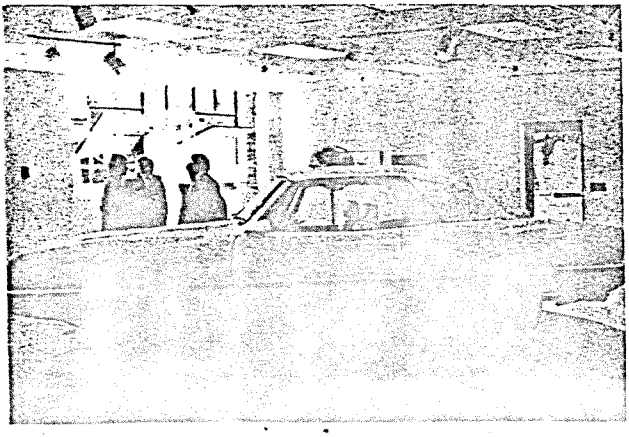
# PREMIER 1987 Avanti

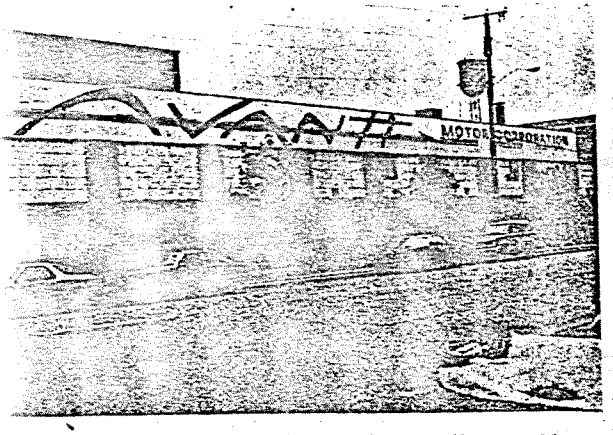
On Thursday, September 4, 1986, the New Avanti Motor Corporation unveiled the new 1987 Avanti Coupe and Convertible to the press. It was a very exciting time, to see the factory back in production, a veritible bustle of activity. Owner Mike Kelly and Sales Manager Larry Towne welcomed everyone to the festivities. Friday was the day set aside to introduce the new cars to prospective dealers, and on Saturday Avanti owners were invited to preview the new cars.

As promised, there were few design changes on the exterior of the car. The major change was the bumpers are now an integral part of the car, and no longer look like they were an afterthought, attached ot the body of the car. They are now part of the car. There are new streamlined mirrors, and take away the look of "ears" sticking out from the car.

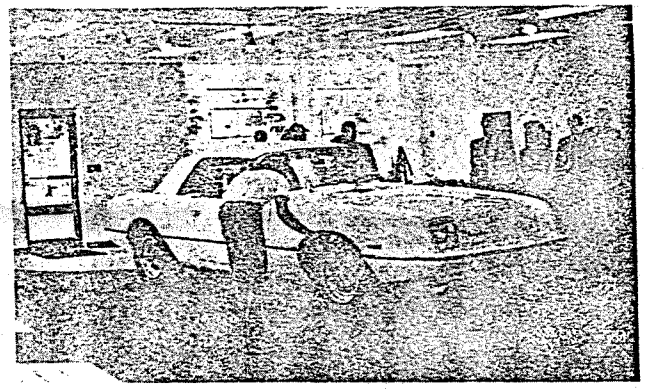
Also, as promised, there is a whole new interior. All controls are within an easy reach of the driver, with a wrap-around dash giving it a more sport-car feel. The floor has been deepened in the rear to give more back seat leg room. There is a new seat, designed for the Avanti, very plush, and very comfortable. There is a console between the front bucket seats that provides a nice support for the right arm while driving.

As we all know, Avanti still means Forward!

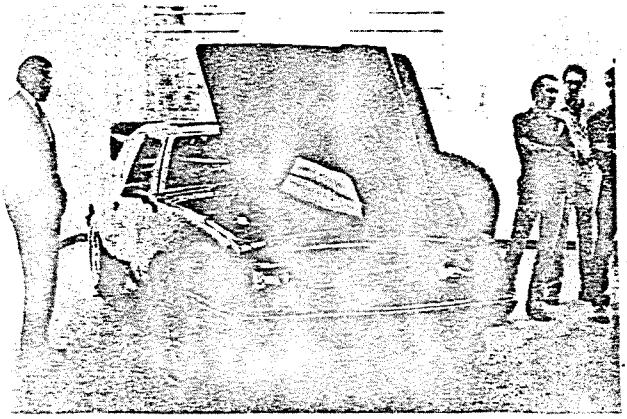




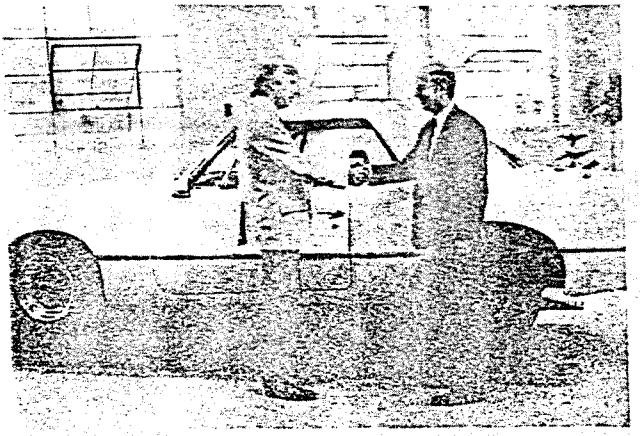

Exterior view of the New Avanti Motor Corp. facing Lafayette Blvd.



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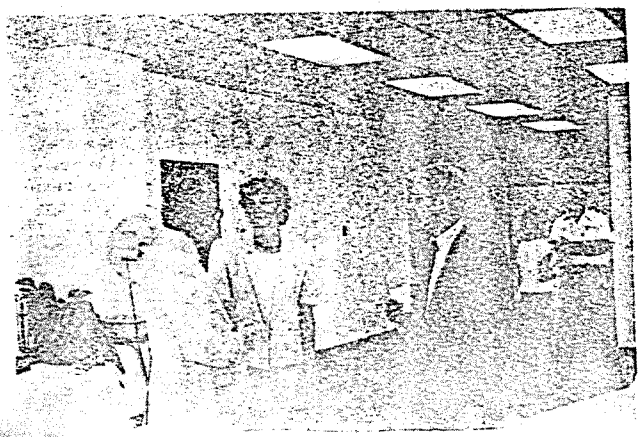
The new Coupe shines in the new showroom recently added to the factory.



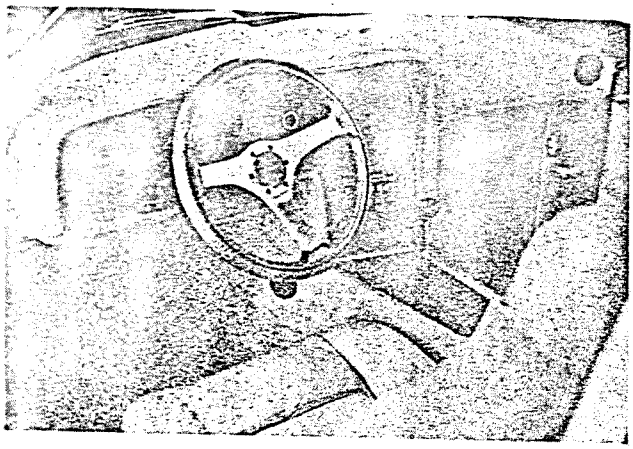
Mike Kelly, owner of the New Avanti Motor Corp. welcomes Gary Johnson to the Factory.



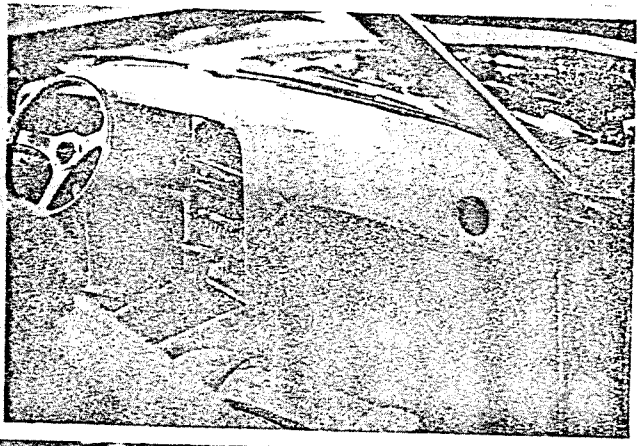
President Jim Roberts discusses the new cars with Gary Johnson, as employee Jim Wilson looks on.



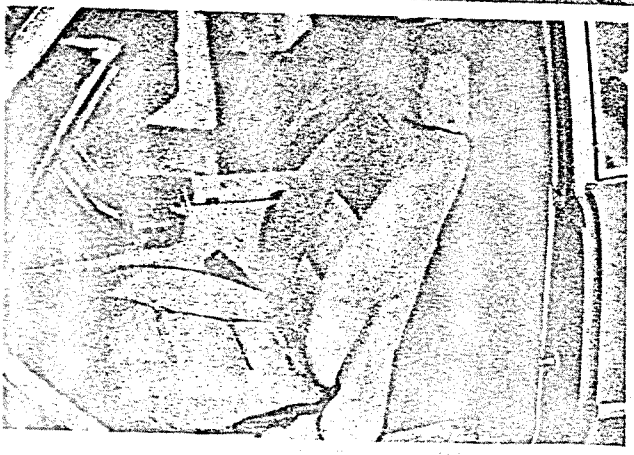
Lory Kelly, wife of Mike K talks with Chet Ingle and G Johnson.



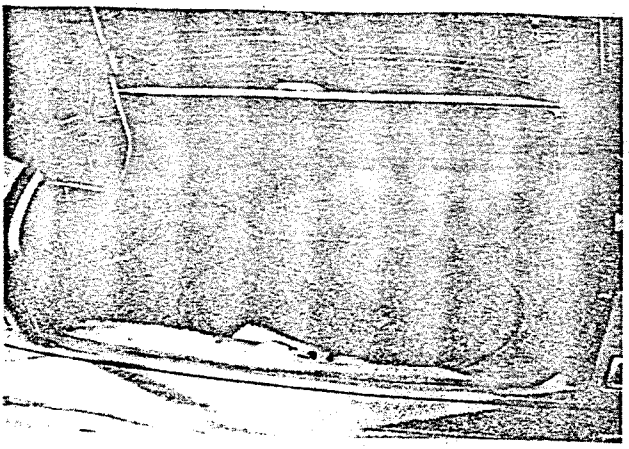
The new console, sporting a wood steering wheel signed by M. E. Kelly!



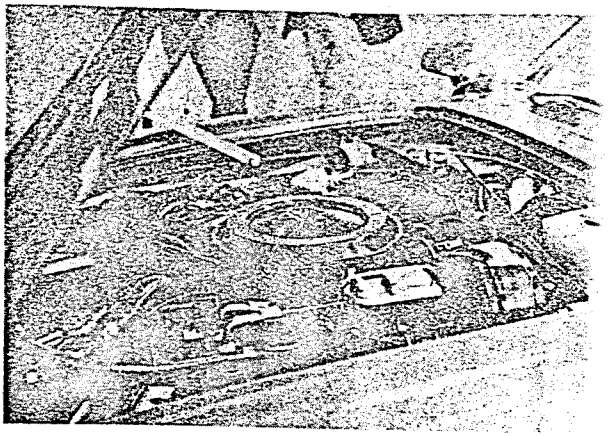
Passenger side view of the new interior.



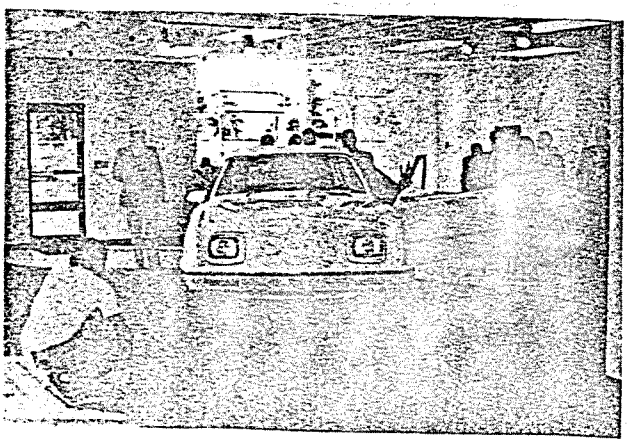
New bucket seats, in leather, give a plush feel to the new interior. Back floor has been deepened to allow more rear leg room.



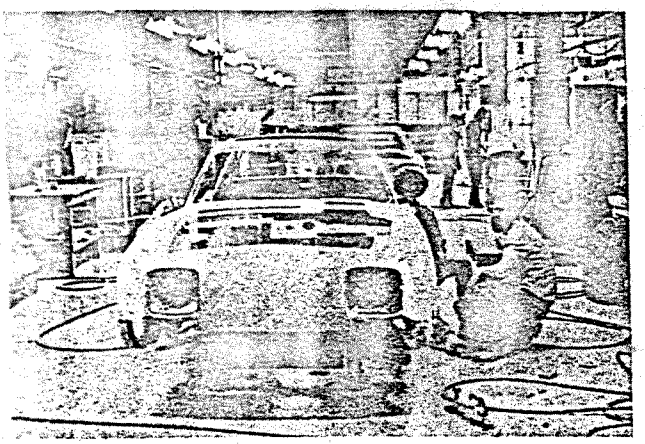
Trunk carpet is now nicely bound, giving a more finished look.



The GM 305 High Output engine is an option on the new 1987 Avanti.



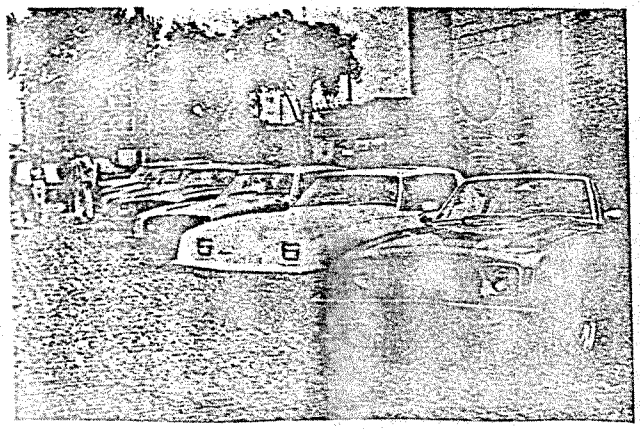
The new convertible was definitely the Star of the Sho



It's great to see the production line in full swing again.

Camaraman Mick Hardy videotaped the unveiling to send a copy to Pat Kelly. In the background is Gary Johnson. with Production Manager. Leonard Kelly.





There was an impressive display of 40+ Avantis from the local area to attend the preview.

# New Avanti 'star' is born after a lengthy labor

□ South Bend Tribune □ Thursday, September 4, 1986 □

By PAUL DODSON
Tribune Business Writer

Last-minute preparations for today's showing of the 1987 Avanti automobiles is indicative of the determination of the New Avanti Motor Corp.

It is also indicative of the struggle to get the vehicle back in production.

While executives met with news reporters in the Avanti showroom, a group of production workers was still building the white convertible that was to be the star of the show.

One worker applied touch-up paint while others installed a windshield and rear-view mirror.

A few minutes later the workers pushed and pulled the $45,000 vehicle into the showroom which is itself a new addition to the Avanti factory at 765 S. Lafayette Blvd. The showroom replaces a suite of dingy offices.

Also on display today was a red coupe that a person could purchase for about $37,000.

Is Avanti here to stay in South Bend? "Yes," said Michael Kelly, chairman and chief executive officer. "This is the only place for it. The only place this business could survive. Here it is part of Studebaker."

In claiming heritage with the former Studebaker Corp., Kelly said the Avanti represents the continuation of Studebaker which was founded in the mid-1850's, more than 20 years before the founding of the Daimler-Benz company which produces Mercedes-Benz cars.

Kelly said the people of South Bend consider Avanti to be their company. "They come up to me and say things like 'Dad worked for Studebaker and so did my grandfather,'" said Kelly.

The previous owners of Avanti had gone bankrupt and Kelly purchased Avanti's assets from 1st Source Bank for $720,000 in cash April 30.

"Hey, we made it," said Donald Williamson, vice president of corporate communications. "After being down for a year, the production line is back up."

Kelly said he and other Avanti staffers have worked 12 and 14 hour days for several months. "In four short months we brought it back together." He spoke of today's showing as a "high point" in his life.

Kelly told of several changes made in the Avanti's front and rear bumpers and in the interior. He said these changes were necessary to "bring the car into the '80s to allow the car to survive. But we stayed with the basic Loewy design," he said, referring to the original 1962 concept by Raymond Loewy.

"This is the only hand-built car made in America that is truly an automobile and not a kit car," said Kelly.

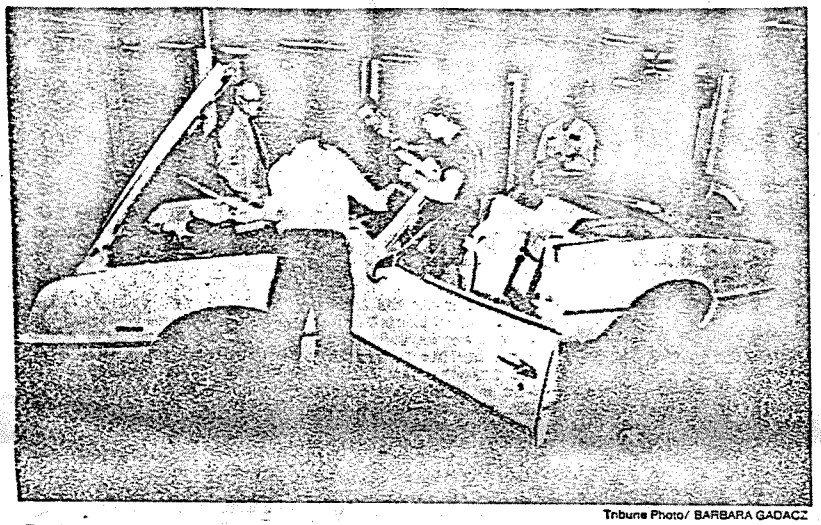
In addition to the new bumper system, the front end of the 1987 model has been lowered slightly to lessen wind resistance. The car continues with a fiberglass reinforced body. The former Avantis used a 1960-era Studebaker Hawk frame but the 1987 model uses a more modern frame produced by Budd Co. which Kelly said is used on various General Motors Corp. vehicles.

The car also features a GM engine and transmission.

Kelly said his firm now has orders for 200 vehicles, with 90 of those from Europe. The company expects to produce at least 250 vehicles this year, but said in a press release that this could double if the new European market develops as well as initial indications show that it will.

Avanti is now preparing vehicles for three auto shows in Europe next month.

Kelly said he expects to have about 20 dealers nationwide. Larry



Tribune Photo/ BARBARA GADACZ

Employees of the New Avanti Motor Corp. work to prepare a 1987 Avanti convertible for today's new model introduction.

# Avanti

from Page C1

Towne, director of sales and marketing, said Avanti does not have any dealers now but will host about a dozen potential dealers on Friday.

Also, the company has re-established the Avanti service center network at 15 locations across the country and has beefed up its parts and service facilities at the factory. The firm does not have a local dealer but will sell vehicles from the plant, Towne said.

James Roberts, president, said the firm now employs 64 people "and more are being added all the time."

The paint problem that was a key factor in the failure of the former Avanti operation has been resolved, said Kelly. "We just did it right," he said, adding that the paint process now in use is standard throughout the auto industry.

When Kelly purchased the company, he had expressed concern about the condition of the factory which is nearly 100 years old. However, he said, roof repairs have been made and the 400,000-square-foot factory is in "fine shape" and serves his company well.

Kelly is a native of the South Bend area but in recent years has been in business in Texas. He said he now spends most of his time here. Kelly said he sold his interest in a Euless, Texas, ethanol plant to his former partners "as of 4 p.m. yesterday."

Kelly admitted that his departure from the Texas ethanol business was somewhat strained. It involved "minor litigation" which he said was unfriendly at the beginning but which was settled amicably. "They bought me out. We settled out of court. We now talk on the phone," said Kelly.

The New Avanti remains debt free, said Kelly. "This is mine."

Speaking of his company, Kelly said, "It's not G.M. We never professed to be. We don't want it to be."

Because of the length of the excellent article from the Puget Sound Chapter newsletter, several regular features have been postponed until next month.

PAST ISSUES

Reprints of the National AOAI Magazine are available as follows:

| | | |
|---|---|---|
| Vol 1 | issues 1 - 8 | $12 |
| Vol 2 | issues 9 - 16 | 12 |
| Vol 3 | issues 17 - 20 | 6 |

Issues 21 thru 57 are available for $2 each. Send your orders and inquiries to:

John Hastings
8969 Notre Dame Drive
Eden, New York 14057

Back issues of the Avantidillo, our chapter magazine will be available soon, pending a decent Xerox facility.

A V A N T I  O W N E R S  A S S O C I A T I O N
Houston Area Chapter 1986 calendar

| | |
|---|---|
| 11-27-86 | AutoRama at the 'Dome, thru the 30th. |
| 12-20-86 | AOAI Christmas Party |

If you have any questions on events, suggestions or comments please contact Frank Letts at (713) 499-9467.

South Bend Tribune □ Wednesday, September 3, 1986

# Avanti loan paid off

Indiana has paid $1.4 million to 1st Source Bank as reimbursement on a state-guaranteed loan the bank made to the bankrupt Avanti Motor Corp.

Guy Johnson, spokesman for the Indiana Department of Commerce, revealed the amount of the loan guarantee payback on Tuesday. The state provided a loan guarantee of $1.9 million when a group headed by Stephen Blake purchased Avanti in 1982.

Johnson said the $1.4 million is "what the state was liable for on outstanding loans for equipment."

The bank in April sold the assets of Avanti for $720,000 to a group headed by Michaef Kelly. Kelly has renamed the firm the New Avanti Motor Corp.

Bankruptcy court documents showed that under the Blake group, Avanti owed the bank about $3 million. The state loan guarantee payback and the Kelly payment total about $2.1 million, indicating that 1st Source reduced its Avanti losses to about $900,000.

The bank in a prepared statement said, "We are extremely pleased with the cooperation of the State of Indiana in resolving the Avanti loan guarantee. First Source's loan to Avanti was completed with the sale of the assets in April of 1986. Any losses associated with this loan were recognized in the fourth quarter of 1985 and will not have any impact on 1st Source earnings in 1986."

When it filed for Chapter 11 bankruptcy in June 1985, Avanti listed $5.6 million in debts and $4.7 million in assets.

The assets included design and trademark rights, tooling, machinery, equipment and parts. It did not include buildings because the structures were being leased.

Meanwhile, Kelly has gotten the Avanti auto plant at 765 S. Lafayette Blvd. back into production. He plans to introduce the 1987 Avanti models Thursday.

"Avanti still means forward — today more than ever," said the firm in a prepared statement. "In Model Year 1987, we are featuring not one, but two distinctive body styles — our familiar and beloved coupe plus a classic convertible model."





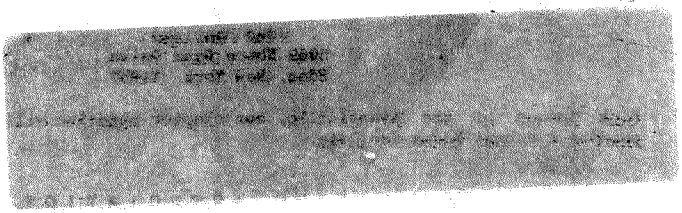


AVANTI
HOUSTON CHAPTER A.O.A.I.

13102 Naples Lane
Stafford, Texas 77477
(713) 499-9467



FIRST CLASS



AVANTI OWNERS ASSOCIATION
13102 Naples Lane
Stafford, Texas 77477

MEMBERSHIP APPLICATION

NATIONAL DUES: $10 per year
LOCAL DUES: $15 per year

National membership is a requirement for local membership. If you are not a national member, send $25 and the Houston Chapter will file both memberships for you.

Name: _____
Address: _____
City: _____ State: _____ Zip: _____
Work Phone: (___) ___-____
Home Phone: (___) ___-____

| Avanti # 1 | Avanti # 2 |
|---|---|
| Year: _____ | Year: _____ |
| Color: _____ | Color: _____ |
| V I N: _____ | V I N: _____ |