

April 29, 2008

PAGE ONE

A Crushing Issue: How to Destroy Brand-New Cars

Mazda Forced to Design A 'Disassembly' Line After Odd Sea Disaster

By JOEL MILLMAN April 29, 2008; Page A1

DOW JONES REPRINTS

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: www.djreprints.com.

- See a sample reprint in PDF format.
- · Order a reprint of this article now.

PORTLAND, Ore. -- "Fire in the hole!" shouts Ron Hoodenpyle, covering his ears and stepping away from a brand-new Mazda 3 he just wired with special detonators. Suddenly, all six of the car's airbags explode at once.

Within hours the metallic blue sedan will be drained, gutted, squished and shredded -- one of thousands to meet the same fate here. The cars are so new, most don't even have 10 miles on the odometer.

Auto makers usually try to find the best way to build new vehicles. These days, **Mazda Motor Corp**. is busy figuring out how to most efficiently destroy them.

It all started about two years ago, when a ship carrying 4,703 shiny new Mazdas nearly sank in the Pacific. The freighter, the Cougar Ace, spent weeks bobbing on the high seas, listing at a severe 60-degree angle, before finally being righted.

The mishap created a dilemma: What to do with the cars? They had remained safely strapped down throughout the ordeal -- but no one knew for sure what damage, if any, might be caused by dangling cars at such a steep angle for so long. Might corrosive fluids seep into chambers where they don't belong? Was the Cougar Ace now full of lemons?

The Japanese car maker, controlled by Ford

Motor Corp., easily could have found takers for the vehicles. Hundreds of people called about buying cheap Mazdas. Schools wanted them for auto-shop courses. Hollywood asked about using them for stunts

Mazda turned everyone away. It worried about getting sued someday if, say, an air-bag failed to fire properly due to overexposure to salty sea air.

It also worried that scammers might find a way to spirit the cars abroad to sell as new. That happened to thousands of so-called "Katrina cars" salvaged from New Orleans' flooding three years ago. Those cars -- their electronics gone haywire and sand in the engines -- were given a paint job and unloaded in Latin America on unsuspecting buyers, damaging auto makers' reputations.

No Easy Way

Mazda saw no easy way to guard against these outcomes. So it decided to destroy approximately \$100 million worth of factory-new automobiles. "We couldn't run the risk of damaging the brand name that Mazda worked so hard over the years to develop," says Jeremy Barnes, the company's corporate-affairs director for North America.

It turns out that wrecking cars isn't a simple matter. "We had to create a disassembly line, basically," says Bob Turbett, the Mazda executive overseeing the destruction process.



Paying a "list" price: The Cougar Ace struggling in 2006; its cargo of Mazdas is now being shredded.

It took more than a year to devise a plan that satisfied everyone. The city of Portland wanted assurance that nearly 5,000 cars' worth of antifreeze, brake fluid and other hazardous goop wasn't mishandled. Insurers covering Mazda's losses wanted to be sure the company wouldn't resell any cars or parts -- thereby profiting on the side. So every steel-alloy wheel has to be sliced, every battery rendered inoperable, and every tire damaged beyond repair. All CD players must get smashed.

Discharging Airbags

Little things make a big difference. For instance, most of the cars have six airbags, and discharging them individually (forcing them to inflate so they can't be resold) takes about five minutes apiece -- or a total of a half-hour per car. So engineers back at Mazda's headquarters, in Hiroshima, fashioned a device that can discharge all six at once. Multiplied by 4,703 cars, that trick alone saved months of work.

Mazda declined to put a price tag on the demolition, which was covered by insurance. The company says all its insurance claims have been settled.

The process runs with startling efficiency. It begins when longshoremen take the cars from the

freighter and drive them to a nearby lot where the airbags get destroyed by men like Mr. Hoodenpyle.

On a recent day, dressed in a white jumpsuit and wearing goggles, he twiddled a few knobs on his special airbag detonator, and pushed a button. The staccato pop-pop-pop of exploding bags sounded like the muffled gunshots of a wise-guy assassination in a gangster film.

A forklift next piles the cars onto trailers for a brief ride to Pacific Car Crushing. There it takes about 45 minutes to prepare each Mazda for flattening. Steel-alloy wheels are sliced with high-power saws to make sure they won't be resold. Holes are drilled into every tire.

Mazda insists that armed guards patrol the site to deter pilferage. One guard keeps watch as catalytic converters, rich with precious metals like platinum, are removed. Parts like these have a street value of hundreds of dollars apiece.

The cars get placed into a crusher that applies 25,000 pounds per square inch of pressure, flattening them into colorful slabs.

Next stop: Schnitzer Steel, a salvage yard down on the waterfront that's home to an immense metal grinder. "You turn 7,000-horsepower hammers loose on them, and they're eaten in 10 seconds," says Jamie Wilson, Schnitzer's manager. A bemused smile spreads across his face as another load of Mazdas disappears into its maw.

Moments later, metal shards -- most no bigger than an ashtray -- sprinkle onto a mountain of scrap near Schnitzer's dock. There, a freighter prepares to take the scrap back to Asia where it will get recycled.

Mr. Wilson looks on and concludes: "It'll all probably end up coming back as cars."

Write to Joel Millman at joel.millman@wsj.com¹

URL for this article:

http://online.wsj.com/article/SB120942873506551291.html

Hyperlinks in this Article:

(1) mailto:joel.millman@wsj.com

Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our **Subscriber Agreement** and by copyright law. For non-personal use or to order multiple copies, please contact **Dow Jones Reprints** at 1-800-843-0008 or visit **www.djreprints.com**.

RELATED ARTICLES FROM ACROSS THE WEB

Related Articles from WSJ.com

- Luxury Car Makers See China Boom Apr. 20, 2008
- What Prosperity Has to Do With Price of Cars in China Apr. 17, 2008
- FDA Sneezes at Claritin-Singulair Combo Pill Apr. 28, 2008
- Amgen: Heartwarming Drama or 'Painful Reality TV Show'? Apr. 25, 2008