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White House and Congress Move Quickly to Boost "Clunkers" Funding by \$2 Billion

Trade-ins Overwhelm Program

You can always count on consumers to spot a good deal when they see one. Just a week into the program and already the Congress and the White House are scrambling to add \$2 billion just to ensure that there are dollars in the system to pay for sales that still need to be registered, those in process and those – that are yet to be executed over this weekend. Late today, the House



passed an emergency measure that is expected to be taken up swiftly by the Senate early next week. Support there is very high for the program and the president has already indicated he wants to sign the measure quickly.

That will be some comfort to franchised dealers who have been delighted by the sales activity, but are struggling with the cumbersome filing process for the rebates and concerned they may get stuck with sales that get "unwound" for unforeseen reasons and/or the fund runs out of money when they still have legitimate rebate requests pending with NHTSA. A typical cash-for-clunker deal involves the submission to NHTSA of as many as 15 separate forms, each of which must be transmitted separately. Said one WANADA member, "I'd say chances are pretty good that not all those papers are going to stay together as a file, even if they have the same file number."

The National Automobile Dealers Association has been in continuous talks with the safety agency to address the dealer concerns and is hosting a website to hear and address dealer questions on the program and has also scheduled a third webinar on the Cash-for-Clunkers program for Monday, August 3, 2009 from 1 pm (EDT). It hosted the latest one on Monday of this week, July 27.

Meanwhile, the White House has stated emphatically that dealers will receive rebates due them for any and all legitimate sales made under the program. White House spokesman Robert Gibbs said “anyone planning on buying a car over this weekend and using the program can count on receiving the appropriate rebate.” In so doing he echoed the comments of a spokesman for the U.S. Transportation Department who told NADA earlier in the week that dealers will not be left holding the bag for credits they paid to customers but did not get reimbursed for. “We will not, repeat will not, put those dealers at any risk in terms of transactions they may have in the pipeline,” agency spokesman Rae Tyson said.

WANADA dealers are advised to use caution, however, until the funding and processing issues are cleared up in the Cash-for-clunkers programs. They are also encouraged to visit the NADA website at www.nada.org/cashforclunkers to find answers and guidance to any issues they may have regarding the program and sign up for NADA’s third webinar on the program at www.nada.org

Washington Auto Show Space Meeting lays out 2010 Exhibit Floor

Two level Plan Includes an “Advanced Technology” Pavilion



Committee Chairman Charlie Stringfellow welcomes the OEM representative to the 2010 WAS space draw.

OEM and dealer line group executives met yesterday with Washington Auto Show organizers in downtown Washington to assemble the floor plan for the 2010 auto show here. The 2010 two-level plan substantially replicates the plan for the 2009 show with all the major OEM exhibitors “present and accounted for,” according to Gerard Murphy, WANADA president and WAS producer.

New in 2010 will be dedicated floor space for an “Advanced Technology Pavilion” where all OEMs will be invited to display their latest innovations in alternate fuel and power systems as

well as vehicle safety advances. Co-mingled with OEM displays in the pavilion will be government exhibits and allied industry displays to consolidate and highlight the cutting edge advances being made in automotive design where the public and private sector interface.

“The Washington Auto Show has succeeded in positioning itself as the public policy show on the industry circuit,” said Charles Stringfellow, chairman of the auto show, “and the advanced technology area we’ve planned will dramatically demonstrate it.”

A major focus of last year’s WAS was on “green” technology that was presented in the Green Car Showcase laid out in the foyer of the Convention Center just outside the exhibits. Correspondingly, a Green Car Summit in the Rayburn House Office Building, featuring a provocative panel of notable industry commentators, comprised one of the WAS Public Policy Days this year, which preceded the opening of the auto show.

“We couldn’t be more pleased that Chrysler and General Motors will be back in prominent space considering all they’ve been through,” said Bob Yoffe, WAS manager. Like these OEMs, many multi-brand companies are consolidating their brands into one mega space.

“Preparatory to any auto show here, WAS leaders contact and meet with automaker exhibitors in their headquarter venues or at other global auto shows,” said Barbara Pomerance, director of WAS promotions. “These visits keep us on the road, but pay important dividends in the industry relations required for a top tier show.”



WAS show manager Bob Yoffe confers with Toyota's Richlyn Kaiser on the optimal area to showcase the company's latest products at the 2010 WAS.

Industry and media days (a.k.a. “Public Policy Days”) for the 2010 WAS are January 25-26, with public days running January 27-31 in the Walter Washington Convention Center.

New Report Sees Big Gains for Hyundai and Ford Slowdowns at GM, Chrysler

A Merrill Lynch's "Car Wars Report," which has been produced annually for a decade, and proven to be very accurate in forecasting future trends, suggest Hyundai and Ford will be the big players in the U.S. in the years ahead.

Merrill, which looks at the percentage of a manufacturer's sales volume to be replaced with new models, profitability and stock price as a predictor of future success (e.g. Manufacturers with the youngest showroom age relative to the industry will perform the best).

The latest edition of Car Wars looks at new models due in 2010 through 2013 and suggests that Hyundai and Kia lead, with Honda third, Toyota in fourth and Nissan fifth.

Ford is the company in second place. It gained three-tenths of a point of market share in the first half of 2009, to 16.1%, and Merrill Lynch expects that to grow because of the many new models it has coming out including the small Fiesta, new Focus and a new crossover known as the C-Max in the 2012 model year. A long-overdue replacement for the Ford Ranger small pickup is also coming in 2012.

Merrill Lynch says the lagging rate of model renewal at GM means that market share losses "are likely to be greater than expected and more severe" this year and next. It believes that GM's U.S. market share will likely fall to 15% - 16%.

It says the situation at Chrysler is “perilous,” because of a lack of investment by Chrysler's last two owners [Daimler and Cerberus] and the dubious potential for Fiat products in the U.S. market."

"We anticipate that Chrysler will be roughly half its current size in a few years," the report says. Chrysler has said publicly that its targeted break-even point is 10% of a 10 million unit auto industry.

WANADA Names Ad Sales Director for 2010 WAS

WANADA is pleased to announce Cheryl Isaacs as the official sales representative for the 2010 Washington Auto Show's media package, which includes the Official Show Program, the Auto Show website and the digital monitors stationed throughout the Washington Convention Center during the show. Isaacs is a consummate sales professional who has worked for the *Atlanta Journal Constitution* and southern regional magazine, *Jezebel* and for many years served as the senior sales representative for the official Atlanta Auto Show Guide.



"We are extremely pleased to have a professional like Cheryl joining the Washington Auto Show team," said WANADA executive vice president John O'Donnell.

FTC Announces another Delay on 'Red Flags' Rule

The Federal Trade Commission has decided to postpone the effective date of its Red Flags Rule until November 1, 2009, so that creditors and financial institutions have a bit more time to develop and implement programs to identify, detect, and respond to the warning signs, or "red flags," that could indicate identity theft.



The Red Flags Rule was mandated by the Fair and Accurate Credit Transactions Act of 2003 (FACTA). FACTA's definition of "creditor" includes any entity, like an auto dealer, that regularly extends or renews credit – or arranges for others to do so – and includes all entities that regularly permit deferred payments for goods or services.

The FTC said the three-month extension, coupled with this new guidance, should enable businesses to gain a better understanding of the Rule and any obligations that they may have under it.

It is also creating a special link, www.ftc.gov/redflagsrule that provides guidance and direction regarding the Rule. The Commission has already posted FAQs that address how the FTC intends to enforce the Rule and other topics – www.ftc.gov/bcp/edu/microsites/redflagsrule/faqs.shtm.

David Williams, Jr. Elected as Maryland NADA Director

WANADA extends congratulations to David Williams, Jr. of *Anchor Pontiac Buick GMC* in Elkton, MD, who was just elected as the new NADA director from Maryland. He succeeds Joseph "Tad" Hinder.

Williams will begin serving his three-year term on the national board in February 2010, at the annual NADA convention to be held in Orlando, FL.

All Electric Delivery Trucks Make Their Appearance

First of what is likely to be common in a few years



The world's largest electric battery-powered truck and the first commercial all-electric truck was delivered to AT&T this week, the first of what could be as many as 15,000 alternative fuel vehicles in its fleet.

The delivery took place on Capitol Hill to demonstrate that such vehicles can meet stringent new emission standards set to go into effect in California and to a lesser degree across the U.S.

The truck, known as the Smith Newton, will be put into service as a delivery vehicle and is part of a \$565 million AT&T plan to deploy more than 15,000 alternative fuel vehicles in its fleet.

AT&T also plans to invest an estimated \$350 million to purchase 8,000 compressed natural gas (CNG) vehicles over the next five years and replace 7,100 passenger cars over the next 10 years with alternative-fuel vehicles.

The Next Great Thing – "In Car TV"

AT&T and others Betting it Catches On

If you've ever flown Jet Blue, then you likely know what this is all about, a television set in the backrest of a seat that delivers multiple channels to entertain the passengers. AT&T (CruiseCast), Sirius XM (three-channel TV) and Direct TV (TracVision) are the players in this service and working hard to get the manufacturers to offer the system as a premium option.

The system works via a three-pound, disc-shaped antenna secured by a magnetic mount that connects to a receiver underneath the backseat. From there, the passenger can watch live television and flip through 22 TV channels — including anything from Adult Swim Mobile to CNN mobile — and 20 satellite radio stations.

AT&T charges \$1,299 for the equipment and then a monthly subscription fee of \$28. Sirius XM charges \$299 and \$6.99 per month. Direct TV cost \$3,000 plus a variable subscription fee.

Analysts believe consumer appetite for in-car TV service is about five years away when technology advances will drive prices down.

So far, only 1,000 subscribers have signed on with AT&T, though Avis has agreed to install CruiseCast in its rental cars in selective areas of Florida.

Range Won't be an Issue for New Nissan EV

Nissan's first foray into the all electric vehicle will be officially unveiled at the firm's Japanese headquarters in Yokohama on Sunday 2, August 2009. The car is likely to be a five-door hatchback.

According to the Japanese automaker, the five-seater dedicated EV will make use of a fully electric drive train comprised of an electric motor that produces 107-horsepower and 207 lb-ft of torque moving the front wheels. A 24 kilowatt hour laminated compact lithium-ion battery pack positioned under the floor will power the electric motor.



More important, however, Nissan said that along with the help of the regenerative brake system that charges the battery during deceleration and braking, the EV will have a cruising range of about 260 miles under a full charge and have a top speed in excess of 90mph. In boosting the range (nearly twice that of the best current

models), Nissan has addressed the one issue most consumers are concerned about when it comes to buying an electric vehicle.

The new Electric Vehicle is set to arrive in Japanese and North American showrooms in 2010, and likely to be on display at the Nissan exhibit at the 2010 Washington Auto Show. No pricing information is yet available.

Thought for the Week....

America's health care system is neither healthy, caring, nor a system.

Walter Cronkite, Renowned and beloved newsman, 1919 - 2009