

WANADA AREA SALES REPORT

DC Area Vehicle Sales at Mid-Year: With Cars Up, Trucks Down, '06 Mirrors '05

Higher gas prices have definitely taken the bloom off the rose for truck sales so far this year (down 8.9% for the first half of 2006) compared to last year. But this unit sales loss was made up by a healthy increase in car sales (up 7.7% for the first half of 2006.)

The composite shows 2006 mid-year sales to be an “instant replay” of 2005, coming within less than ½ % of total sales, according to Washington Area market figures compiled by R. L. Polk.

Domestic trucks showed the biggest hit at mid-year, down 12.4% on sales of 33,833, while import trucks declined 4.8% on sales of 32,393. For the first half of 2006, total truck sales were off 8.9% on 66,226 sales –

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WANADA Area Sales Report Mid-Year, 2006 vs. 2005		
Vehicles	'05 Sales June, YTD	'06 Sales, June, YTD (% Change From Previous Year)
Domestic Cars	20,955	23,026 (9.9%)
Import Cars	55,275	59,095 (6.9%)
Total Cars	76,230	82,121 (7.7%)
Domestic Trucks	38,643	33,833 (-12.4%)
Import Trucks	34,026	32,393 (-4.8%)
Total Trucks	72,669	66,226 (-8.9%)
Total Cars & Trucks	148,899	148,347 (-0.4%)

Source: R.L. Polk Company, by contract with WANADA

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LAST CHANCE! SIGN UP TODAY!

Attention General Managers, Controllers and Service Managers

SAFETY & ENVIRONMENTAL COMPLIANCE SEMINAR

Greenbelt Marriott, September 13, 2006

WANADA invites General Managers, Controllers and Service Managers to a seminar on safety and environmental compliance issues at the Greenbelt Marriott, Wednesday, September 13, 2006, 9:00 a.m. – 12:00 Noon (with continental breakfast).

The seminar will be conducted by Kip Prahl & Associates and Maryland Injured Workers Insurance Fund (IWIF), who will address the following issues:

- Controlling Workers Compensation Costs
- Claims Reduction Management
- Hazardous & Chemical Waste Minimization
- Best Management Practices to Improve Loss Control
- Federal & State Regulatory Compliance

The fee for the seminar is \$99 per person. To register, see the enclosed RSVP. For more information, contact Ruby Gerald at WANADA, (202) 237-7200.

KATRINA UPDATE

A Year Later, Resilient Dealers Still Struggle

The costliest natural disaster in U.S. history devastated more than 100 dealerships in Louisiana, Mississippi and Alabama, *Automotive News* reports. Katrina severely damaged 61 Louisiana dealerships, mostly in and around New Orleans, says Robert Israel, executive vice president of the Louisiana Automobile Dealers Association. All but six are back in business, he says. In Mississippi, all but two of the 36 dealerships that were hit hardest by the hurricane have re-opened, Bert Allen, NADA director for Mississippi told *AN*.

From January through July 2006, vehicle sales in the Louisiana parishes of Orleans, Jefferson and St. Tammany, rose by 38.7 percent from the year-ago period, to 57,692 units, Israel says. Those three parishes, in metropolitan New Orleans, were the parts of the state most afflicted by Katrina. Many dealerships in the hurricane region are operating with about 20 percent fewer employees than they had before Katrina, executives of the Louisiana and Mississippi dealer associations say. Dealers say large numbers of their workers were displaced by Katrina, left to rebuild their homes or quit for better-paying reconstruction jobs.

A year after Katrina, Allen says his dealership is "unsettled yet profitable." He cites projections that full economic recovery in the region is five to 10 years away. "It's not fun selling cars under the circumstances we are under," Allen says. "But that doesn't mean we aren't selling them and making money."

NADA: US Senate Needs to "Red Flag" Flooded Cars

Heavy rains from tropical storm *Ernesto* are yet another reminder of the awesome damage that can be caused by these horrific storms, says NADA. "Many of the vehicles that are flooded or destroyed by these storms are totaled by insurance companies. Unfortunately, unscrupulous rebuilders and resellers sometimes overhaul these cars, scrub the titles, and then resell them to unsuspecting consumers. Right now, insurance companies are not required to "red flag" problematic vehicles," NADA points out.

That's why NADA supports S. 3707, the Passenger Vehicle Loss Disclosure Act, which will require insurance companies to make the VINs of totaled cars publicly available. This information will give consumers and dealers more complete vehicle histories prior to purchase, allowing them to make informed decisions about the safety and fair market value of used cars.

NADA encourages all dealers to contact US Senators encouraging them to cosponsor S. 3707. The association offers draft letters dealers can customize and fax to their senators. For more information, contact the NADA Legislative Affairs Office at 800/563-1556 or legislative@nada.org.

KINDRED KORNER

MetalPro: Safe & Reliable Recycling

"I've been insured by WANADA since I was born," said Bob Ward, the president of MetalPro, in response to what benefits he has derived from being a WANADA Kindred-Line Member.

As it turns out, Bob's dad, Bill Ward, was a longtime WANADA Kindred-Line Member as owner of Interstate Equipment Company and Sterling Petroleum, and he started using WANADA's health insurance program back when Gerard Murphy's dad, Mike, was heading the association.

So it was natural that when Bob Ward founded MetalPro in 1987 he would continue to use the same WANADA insurance program he'd had since childhood. "As a small group with 15 employees it is so important to us," he said.

Ward also praised the weekly *WANADA Bulletin* as a great way "to keep track of what's going on and keep your finger on the market, because car dealers are a huge part of our business— particularly these days when mega dealers are getting back into the body shop business and there is more emphasis by all dealers on service. When we started 18 years ago, dealers were getting out of the body shop business and service was kind of like the ugly stepchild.



MetalPro's Bob Ward.

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REGULATORY UPDATE

FTC Issues Do-Not-Call Guidance on Consumer Inquiries to Sales “Lead Generators”

NADA is notifying dealers that the Federal Trade Commission (FTC) staff has issued guidance on whether, for purposes of the National Do-Not-Call (DNC) rules, a consumer inquiry to an Internet sales “lead generator” forms an established business relationship (EBR) between the consumer and lenders that receive the lead. The FTC staff believes such inquiries generally do *not* form an EBR between the consumer and such lenders, but likely would not recommend an enforcement action against lenders who make such calls *provided* the lead generator makes certain disclosures before the consumer divulges his or her phone number.

The following summarizes key points in the FTC staff advisory opinion. **It is important that you review the entire 4-page opinion to understand the context in which these points were made:**

- The opinion assumes a consumer visits a website that offers to arrange for several lenders to compete for the consumer’s business. The consumer provides the lead generator with his or her contact information, including the consumer’s telephone number;
- In this scenario, the lead generator has an inquiry-based EBR with the consumer that permits the lead generator to initiate a telemarketing call to the consumer within 90 days of the consumer’s inquiry;
- Lenders that receive a consumer’s contact information from a lead generation mechanism generally do **not** have an EBR with the consumer;
- However, FTC staff likely would not recommend filing a DNC enforcement action against a lender that calls the consumer provided the lead generator “clearly and conspicuously discloses to the consumer, before the consumer divulges her telephone number, both that the consumer may receive telemarketing calls as a consequence of submitting her telephone number, and the maximum number of entities from which the consumer may receive these calls.” If possible, the consumer also should be informed of the identities of the lenders who may call the consumer before the consumer receives any such calls.

Although FTC staff rendered the opinion in the context of the lending industry, it serves as useful guidance to dealers who call consumers from whom they have received contact information via an Internet lead generator. However, keep in mind that FTC staff guidance does not bind the FTC, the Federal Communications Commission (which also enforces the National DNC rules) or courts that adjudicate private rights of action for alleged violations of the National DNC rules.

The FTC staff opinion is available at: www.ftc.gov/bcp/telemarketing/CookAdvisoryOp.pdf#search=%22FTC%20lead%20generator%22.

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a disappointing figure for these higher profit units.

But what the market *taketh away* it also *giveth*, and the bright spot at mid-year was a 9.9% increase in domestic cars sales of 23,026, and a 6.9% increase in import car sales of 59,095. For the first half of 2006, total car sales were up 7.7% on sales of 82,121.

Import cars as a percentage of total car sales in the DC metro area remained at 72%, two years running, at mid-year.

Total unit sales for April, May and June, 2006 were 24,520, 29,968 and 25,277 respectively.

The complete WANADA Area Report, June, YTD is enclosed.

FOOTNOTES

Montgomery County Chamber Chief Resigns

Montgomery County Chamber President Richard Parsons announced last week that he will be leaving the post after five years at the helm. Parsons, who came to the MC Chamber from the Greater Washington Board of Trade, has led the organization through tremendous growth during his tenure. The Chamber now represents approximately 750 businesses and 130,000 of their employees in Montgomery County. Parsons will join Rodgers Consulting, Inc. of Germantown, a land use and development consulting firm and a longtime member of the Chamber. A decision regarding an interim chief of staff will be made in the near future by the Chamber's Board of Directors and an announcement will be made once the interim appointment has been made. WANADA has enjoyed a long and beneficial relationship with Rich Parsons and wishes him all the best in his future endeavors.

9 Million Alternative Fuel Autos on US Roads

This will come as no surprise to dealers, but rising gas prices have spiked sales of alternative fuel autos. According to new figures released by R.L. Polk & Co, there are now 9 million hybrids, diesel and ethanol-capable vehicles on US roads. The Alliance of Automobile Manufacturers seized upon this figure "to get the word out that alternative fuel autos are on sale *now*, and these vehicles are the quickest way to reduce gasoline use." The Alliance said that there were approximately 8.3 million alternative fuel autos on the road at the close of 2005, and over 700,000 hybrids, diesel and ethanol vehicles have been purchased in the first half of 2006, putting auto-makers on track to reach their goal of one million sales of these type vehicles.

KINDRED KORNER

MetalPro: Safe & Reliable Recycling *(Continued from page 2)*

That's not the case anymore, with the scope of the business becoming much broader."

MetalPro operates six big 10-wheel trucks to provide its more than 500 automotive service repair customers in the region with "safe and reliable" scrap metal, used tire and used oil filter recycling services. The staff includes an on-site Professional Safety Director.

Most importantly, Ward points out, As an added measure of customer assurance, Ward says that MetalPro is fully licensed and insured. "Unlike fly-by-night 'recyclers' who operate on a cash basis from a battered pickup, we are able to retain our customers because of the quality, integrity, reliability, and liability protection we offer," said Ward. "It's like the difference between a kid with a lawnmower and a professional landscaper...it's apples and oranges."

Bob Ward can be contacted at MetalPro, 7956 Twist Lane, Springfield, Virginia 22153-2823; phone: (703) 451-8300; e-mail: bob@metalprorecycling.com.

Thought for the Week...

The scoreboard said I lost today, but what the scoreboard doesn't say is what it is I found. I've found generosity. You have given me your shoulders to stand on to reach for my dreams, dreams I could have never reached without you.

—Andre Agassi, tennis great,
speaking courtside to spectators at the US
Open after his final match there that likely
signals the end of his career

Enclosures:

- Environmental Seminar RSVP and registration form
- WANADA Area Report, June, 2006, YTD