

WANADA Bulletin # 45-05

November 9, 2005

SIGN UP NOW!

WANADA Annual Meeting & Luncheon, Tuesday, Nov. 22

Featuring Keynote Speaker Mike Jackson, Chairman & CEO, AutoNation

Come and hear one of the most astute executives in today's automotive world. That's

AutoNation Chairman & CEO Mike Jackson, who will be the keynote speaker at WANADA's Annual Meeting and Luncheon, Tuesday,



Nov. 22, 2005 at the McLean Hilton in Tysons Corner. Washington area new car dealer principals, kindred-line affiliates, associates, key managers, and business friends will not want to miss this informative and provocative annual event. For more information and reservations, see the information sheet enclosed with this WANADA Bulletin.

2006 WASHINGTON AUTO SHOW

Mayor Williams Chairs Congressional Auto Show Host Committee

As chairman of The Washington Auto Show Host Committee, Mayor Anthony Williams' outspoken commitment is to help make the 2006 Washington Auto Show an international, tier-one event. And that was his persuasive message to automaker government relations executives and sponsors who attended last week's Congressional Auto Show Host Committee Briefing & Roundtable Discussion.



From left, WANADA Chairman Dennis Rippeon, DC Mayor Anthony Williams and WANADA CEO Gerard Murphy at the Auto Show Host Committee briefing for auto industry government relations executives.

"Cars are a part of the American culture, especially in Washington, DC," said the mayor, who suggested that automobiles should be incorporated into more cultural exhibits and museums in Washington. And after seeing the economic clout major international auto shows provide in Frankfurt and Paris, Mayor Williams told automaker reps that "we now have the dates, the world-class facility, and the unique venue to make that happen."

With the enthusiastic support of Washington, DC Convention and Tourism Corp., the mayor and WANADA CEO Gerard Murphy emphasized that a tier-one auto show could prompt unparalleled dialogue between the industry executives, members of Congress and federal agency heads about government regulation of motor vehicles. The industry could focus lawmakers in Washington dramatically and effectively on public policy matters of vehicle safety, fuel efficiency and clean air.

The marriage of automakers and policy makers will be the highlight of the Congressional Gala and Charity Preview, Jan. 25, 2006, on the floor of The Washington Auto Show. The elegant, *black tie optional* event will feature a special showing for industry, congressional, federal level and regional VIPs to benefit seven area charities, including Big Brothers/Big Sisters of the National Capital Area, Boys & Girls Clubs of Greater Washington, The Leukemia and Lymphoma Society, Neediest Kids, Orphan Foundation of America, Parkinson Foundation of the National Capital Area, and Primary Care Coalition.

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Good News, Bad News for Auto Sales

After a summer of red hot business, US auto sales fell 14 percent in October to a seven-year low as demand cooled and gas prices hit historical highs which put a big hurt on light truck sales. Nor was the recent 1/4 percentage point boost in interest rates by the Fed welcome news to dealers.

But NADA Chief Economist Paul Taylor reports that regular gasoline prices have fallen back to below \$2.25 in much of the country as November begins – a positive trend. NADA expects prices of gasoline to stay under \$2.40 over the next two months, and that should help sales of trucks and larger cars in the last two months of the year.

As far as the bump in interest rates, Taylor points out that was the result of an economy that grew at a robust 3.8 percent in real terms last quarter, despite the interruptions to commerce and many lives due to the hurricanes.

“The continued increase in short-term rates will nip some car sales financed by “cash out” refinancing of home mortgages as longer term interest rates continue to increase,” said Taylor, who predicted that Chairman Greenspan will likely finish his tenure with at least two more 1/4 point rate hikes.

“All of this suggests that light vehicle sales will be reasonably robust in the last two months of this year, but on a glide path of moderation from the red hot July pace,” Taylor concluded.

Environmental Poll May Impact MD Politics

If polls drive politics, and they usually do, automakers and dealers should cast a wary eye on the latest Harris Interactive poll, which found that three-quarters of US adults (74%) agree that “protecting the environment is so important that requirements and standards cannot be too high, and continuing environmental improvements must be made regardless of cost.”

In addition, nearly half of adults (47%) agree “there is too little government regulation and involvement in the area of environmental protection.” Harris notes that these attitudes are significantly more pro-environment than in 2000, the last time Harris examined these issues.

The study has significance for Maryland, where environmental concerns are expected to be a major issue in next year’s elections and legislative session, according to Mike Johansen of Rifkin, Livingston, Levitan & Silver, WANADA’s government relations consultants for Maryland. With Chesapeake Bay problems and an expected renewed effort to adopt “California car” emission standards, “the environmentalists will work to make it a factor in the next election,” said Johansen.

Looking ahead to the 2006 Maryland legislative session, Johansen said that, despite a surplus, budget and election issues would dominate. “Gov. Ehrlich doesn’t have to balance the budget as the economy has rebounded, but it’s clear that every legislative decision, every vote will be weighed against the impact on the budget,” he said.

In addition to another push for California car standards, Johansen said Maryland dealers will be closely watching any legislative initiatives to further regulate financial disclosure and lending practices. Healthcare will also continue to be a major issue for businesses, large and small.

As far as next fall’s election, Johansen would only say it will be the most expensive in Maryland history, with state and national money pouring into the state to support governor and US Senate candidates. “Ehrlich has already raised \$20 million, which is the total amount spent in the last election. The race could generate \$30 to \$40 million this time,” said Johansen.

Flu Shot Update — Delay, Not Shortage

The CDC and FDA are holding approximately 1.5 million doses of this year’s flu vaccine pending approval of the vaccine lot. They deem it a “delay,” not a shortage. But until the vaccine is released, the schedule for the WANADA flu shot program has been severely readjusted, despite our best efforts to secure additional supplies. Norvar, WANADA’s flu shot vendor, is working with all the manufacturers in an attempt to obtain the vaccine as soon as possible and will contact you with updated schedules as soon as possible.

WANADA APPRENTICE TRAINING PROGRAM

Olney Rotary Club Donates Computers to WANADA Apprentices

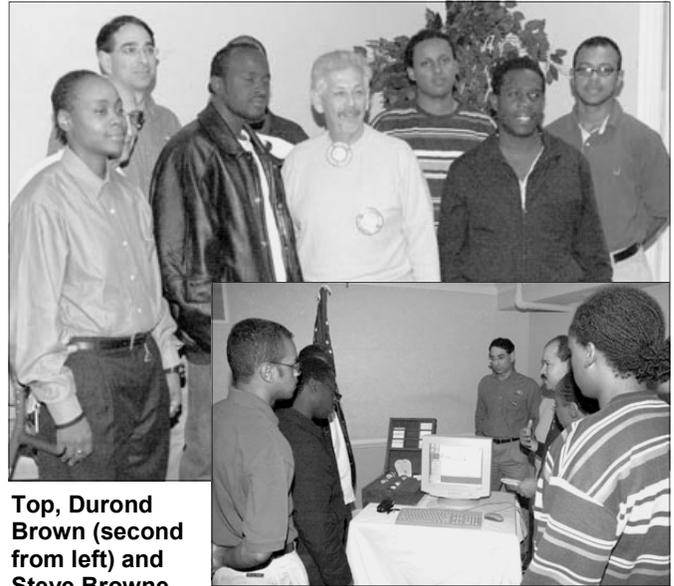
As part of the ongoing participation by eleven District 7620 Rotary Clubs in Washington, D.C. and Maryland in WANADA's Apprentice Training Program, the Rotary Club of Olney, MD recently donated six computers to the WANADA technician trainees to help them prepare for their Manufacture-Specific Maintenance and Light Repair tests. The computers were given to trainees Gus Ramos, Daniel Jones, Shereese Williams, Michael Joseph and David Betsate at a Rotary meeting and dinner at the Inn at Brookville Farms.

Archie Avedisian, who spearheaded the Rotary Clubs' involvement in the WANADA training program and is part of WANADA's "tech team," updated the Olney Rotary Club members on the progress of the association's training program, which originated through the Ford Motor Company. To date, 117 individuals have been placed in technician jobs at various dealerships, and eleven District 7620 Rotary Clubs have donated \$10,850 to purchase tools and to provide partial scholarships to Montgomery College.

But Avedisian isn't finished. As this year's chairman of the Rotary District 7620 Vocational Lane Service Project, which includes various youth and vocational activities, Avedisian and his committee will be presenting the WANADA apprentice project to many of the remaining clubs in the district.

The committee working with Avedisian to contact the Rotary Clubs in District 7620 to recruit technicians includes: Rich Carson, incoming district governor; Judith Rengers, Montgomery County Students Auto Trades Foundation; WANADA member dealers John Bowis and Stuart Martens.

For more information on the WANADA Apprentice Training Program, contact Archie Avedisian or Bill Belew at WANADA, (202) 237-7200.



Top, Durond Brown (second from left) and Steve Browne (center) of the Olney Rotary Club with student apprentices. Above, apprentices admire their new donated computers.

2006 WASHINGTON AUTO SHOW

(Continued from page 1)

Sponsors of the Gala evening include: the Alliance of Automobile Manufacturers, XM Satellite Radio, National Automobile Dealers Association, American International Automobile Dealers Association, the Washington Post, and M&T Bank.

Congressmen Steny Hoyer (D-MD) and Roy Blunt (R-MO), the Democrat and Republican Whips, respectively, have also committed to the vision of a tier-one Washington Auto Show and are lending their support to turning out their Congressional colleagues on Gala night.

On Wednesday afternoon, Jan. 25, leading up to the Congressional Gala, WANADA and the Washington Automotive Press Association will co-sponsor Media Day, which will feature new car introductions and special salon space for automaker exhibitors at the grand entrance of the Auto Show where innovations in hybrid technology, clean air, and safety will be spotlighted to whet the appetite of show visitors. A top industry speaker will keynote the annual Washington Auto Show lunch.

For the latest news and developments on the 2006 Washington Auto Show visit our website at washingtonautoshow.com.

NADA Offers "8 Simple Steps" to Lower Gas Costs

Millions of Americans are feeling the pinch of higher prices at the pump and looking for ways to cut costs. So NADA has developed a new downloadable fact sheet with fuel-efficiency tips for consumers, "8 Simple Steps to Lower Fuel Costs," which can be downloaded and distributed by dealerships to their customers.

NADA's fact sheet recommends that consumers take the following measures to lower gas costs:

- Be sure that your vehicle is regularly maintained and repaired by qualified auto technicians;
- Use the recommended grade of motor oil and fuel for your vehicle;
- Keep your tires properly inflated at all times;
- Don't exceed the posted speed limit;
- Use overdrive gears and cruise control, when safe and appropriate;
- Eliminate quick starts and aggressive driving;
- Clean out your vehicle regularly to reduce unnecessary weight;
- Avoid rush hour driving and combine trips, whenever possible.

To download the fact sheet, go to www.NADA.org and click on NADA Offers "8 Simple Steps" to Lower Gas Costs (PDF file requires Adobe Acrobat Reader). For more information on fuel economy, visit www.fueleconomy.gov or www.epa.gov/fueleconomy.

EMPLOYEE BENEFITS UPDATE

Employers Required to Give Medicare Part D Info by Nov. 15

Medicare Part D requires employers to give some information to Medicare eligible individuals, by November 15, 2005. All dealers should have been sent a notice from their insurance carrier. If not, WANADA can give dealers a copy of the required language. In almost all cases, it is our opinion that the dealers are in compliance.

An "Introduction to Part D: Medicare's New Prescription Drug Coverage" is available online at www.unitedhealthgroup.com/about/MedicarePartDShowMeGuide.pdf. More information about Medicare Part D requirements is also offered by PacifiCare at www.PartDandMe.com. For additional information, contact John O'Donnell, Roberta Reardon, or Martha Kawalski at WANADA, (202) 237-7200.

Good News for Dental PPO Plans

The WANADA Insurance Committee recently voted to create a two-party (employee plus one dependent) premium for people enrolled in the Access and Choice dental PPO plans. Previously, people in this situation had to pay the "family" premium. With the new two-party premium, Access plan subscribers will see their premiums drop 40 percent, while those in the Choice plan will see their premiums drop 28 percent! Benefits will not decrease at all.

Staying Ahead...

Puritanism: The haunting fear that someone, somewhere, may be happy.

-- H. L. Mencken

Enclosure

2005 WANADA Annual Meeting & Luncheon flyer and registration form