



THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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WANADA AREA SALES REPORT

2006 WASH. Metro Vehicle Sales: Down in Third Quarter, But Still On Track with 2005

As expected, third quarter 2006 sales showed an across the board decline in all categories of new vehicles compared to same quarter last year, which registered a sharp increase in vehicle sales after widespread incentives following Hurricane Katrina.

However, year-to-date sales slipped only 4.3%, to 225,922, according to Washington Area market figures compiled by R. L. Polk. This compares to a 3.7% decline in 9-month national sales of 12.7 million, according to Automotive News. An expected strong fourth quarter for Washington Area dealers should put final 2006 sales at or near the 302,032 total vehicle sales for 2005.

Domestic truck sales declined most, with third quarter sales of 16,688, down 26.8%. Import trucks dropped, too, but only 3.8% to 18,088 sales.

New domestic cars dropped 14%, with sales of 11,336, but thanks to a healthy second quarter

(up 18.4%) were still a tick ahead of last year. Import cars posted a 2.7% decline on sales of 31,463, but were still up 3.4%, September, YTD.

Import penetration in Washington, cars and trucks, is 62% of all sales. Nationally, however, import brands are only 46%.

When it comes to cars versus trucks, the DC area still likes cars better, with 55% of all sales. But nationally, trucks edge out cars, being nearly 53% of all sales.

Total vehicle sales for the quarter were 77,575, down 10.9% for the same period last year, and 225,922 September, YTD, down 4.3%. Total unit sales for July, August and September 2006 were 27,649 (-11.2%), 26,212 (-7.9%), and 23,377(-14.1%), respectively.

The complete WANADA Area Report, September, YTD is enclosed with this WANADA Bulletin.

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WANADA Area Sales Report

3rd Quarter 2006 vs. 2005

Vehicles	'05 Sales	'06 Sales	YTD
Domestic Cars	13,185	11,336 (-14%)	34,362 (0.7%)
Import Cars	32,329	31,463 (-2.7%)	90,558 (3.4%)
Total Cars	45,514	42,799 (-6.0%)	124,920 (2.6%)
Domestic Trucks	22,798	16,688 (-26.8%)	50,521 (-17.8%)
Import Trucks	18,801	18,088 (-3.8%)	50,481 (-4.4%)
Total Trucks	41,599	34,776 (-16.4%)	101,002 (-11.6%)
Total Cars & Trucks	87,113	77,575 (-10.9%)	225,922 (-4.3%)

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

INSURANCE UPDATE

Compliance Alert
**Women's Health
 and Cancer
 Rights Act**

The Women's Health and Cancer Rights Act (WHCRA), signed into law on October 21, 1998, amended ERISA and the Public Health Service Act by including important protections for mastectomy patients who elect breast reconstruction in connection with a mastectomy. An eligible patient who is receiving benefits in connection with a mastectomy will be eligible for the following benefits in a manner determined in consultation with the attending physician for:

1. All stages of reconstruction of the breast on which the mastectomy has been performed.
2. Surgery and reconstruction of the other breast to produce symmetrical appearance.
3. Coverage for prostheses and physical complications of all stages of mastectomy, including lymphedema.

Such coverage is subject to all plan provisions, limitations and requirements outlined in your Summary Plan Description.

Direct any questions on this matter to WANADA's Employee Benefits Unit, (202) 237-7200.

KINDRED KORNER**JM&A: Cutting Edge Training**

"We have been a WANADA Kindred-Line member for a long time, and being invited to the association's dealer-only events has enabled us to create a lot of relationships a lot easier and a lot faster," said JM&A Divisional Sales Manager Travis Mazza.

"The kindred member listing obviously provides us with a great resource for dealers to contact us, and the involvement in WANADA's Annual Golf Open and other events gives us face to face contact with dealers, which is great," he said.

Jim Moran & Associates was founded in 1968 by Moran, a former Ford dealer in Chicago. Moran used that highly successful auto retailing experience to become a distributor for Toyota in 1968, and then moved into the F&I training and development arena in the 1970s with the JM&A Group. In 2005, JM&A sold over 2.2 million vehicle-related contracts and \$59 million in credit insurance premiums. Almost 15 million contracts have been sold since inception.

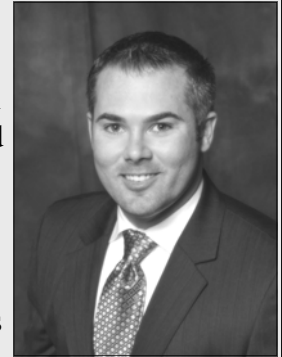
Mazza pointed out proudly that the company is ranked year in and year out by Forbes as one of the largest privately-held companies in the US, and in the top 20 as one of the best companies to work for. "We like to promote our size and being privately held because we get to do what we want with our training and resources," said Mazza who equated these ratings as good for staff morale and clients.

A familiar booth at the Annual NADA Exposition, JM&A's sister company, JM Solutions and American Auto Exchange, provides dealers with a variety of internet technology tools.

As to why dealers support JM&A, Mazza believes, "It's because we provide cutting edge training in the Washington Area and throughout the United States." JM&A has 300 group sales representatives nationwide and 16 reps in DC, Maryland and Virginia.

"We're out to accomplish three things," says Mazza, "and they are increasing dealer profitability, improving CSI, and doing it all with an eye toward taking care of the customer. We bring the tools and the resources to the table to impact the dealer's *bottom line* while building a strong relationship between the dealer and us and the dealer and the customer."

A tangible example of this came earlier this year when JM&A was selected by WANADA and MADA to pioneer a new, proactive F&I certification program in Maryland and the Washington Area to help ensure that dealership F&I is done credibly and successfully.



Travis Mazza.

NEWS NOTES

State Farm Releases Stolen Vehicle Numbers

Besides the holiday season being great for sharing presents, enjoying food and spending quality time with good friends, State Farm reported that this time of year is also when vehicle thefts increase. Accordingly, more than 9,000 vehicles were stolen between Nov. 12 and Dec. 31 last year, SubPrime Auto Finance reports. Overall, the FBI reports that more than 1.2 million vehicles were stolen in 2005, causing more than \$7 billion in losses.

The top five most frequently stolen cars in 2005 included: 1991 Honda Accord, 1995 Honda Civic, 1989 Toyota Camry, and 1994 Dodge Caravan.

Earlier this year, the National Insurance Crime Bureau reported that the West, California in particular, continues to be the leading area for the nation's highest vehicle theft rate. The good news is that the Washington, D.C. region *did not* make the *Top Ten List* of metro areas with high vehicle theft.

Average New Car More Affordable

The purchase of an average-priced, new vehicle took 23.6 weeks of median family income in the third quarter, according to the Auto Affordability Index compiled by Detroit-based Comerica Bank. That is the third consecutive decline in Comerica's quarterly index, which is now down 2.8 weeks from the fourth quarter of 2005.

Including finance charges, the total cost of buying an average-priced light vehicle was \$26,500 in the third quarter, down 5 percent from a year ago. Median family income has risen about 5 percent over those same four quarters. The report incorporates the latest data on consumer spending on light duty vehicles and on the terms available on auto loans, the bank said.

Modest increases in household income, shrinking unemployment and only slight increases in new car prices have contributed to the strong affordability level, which reached its highest mark since 1980, said NADA Chief Economist Paul Taylor. Though real economic growth will be down a bit to 2.5 percent in 2007 from the current average for 2006 of 2.9 percent real growth, NADA predicts new vehicle affordability to be attractive to consumers next year, helping to maintain sales at almost this year's level.

Auto Safety Groups Want ESC Mandatory

The Insurance Institute for Highway Safety, Consumers Union, and Public Citizen want federal regulators to make sweeping changes to a proposed rule requiring electronic stability control (ESC) in all vehicles, claiming the proposal creates too many loopholes and automakers could move faster to make the systems standard, reports The Detroit Free Press.

In September, NHTSA said it would require automakers to install stability control systems in all vehicles by the 2012 model year, calling it safety technology on par with seat belts and air bags. Nicole Nason, NHTSA's chief administrator, said recently she hopes to issue a final ruling next year.

Auto safety groups contend that the "technology offers too many benefits to wait until 2012 before it's mandatory."

The auto industry wants relief on the proposal, including more time. In joint comments, the Alliance for Automobile Manufacturers and the Association of International Automobile Manufacturers offered a bevy of technical concerns and say the industry will need the full phase-in period to meet the requirements.

FOOTNOTES**NADA Wins ASAE Award for Child Passenger Safety Campaign**

NADA has won the Award of Excellence for its Child Passenger Safety Month from the American Society of Association Executives (ASAE). The award recognizes associations that "advance America forward" through innovative community service programs. "This honor is a tribute to auto dealers across America who are going the extra mile to protect the youngest passengers by hosting child seat inspections," said NADA Chairman William Bradshaw. Out of 100 entries, NADA was one of only 15 associations receiving an award, placing it in the running to receive ASAE's top national award for association programs in 2007. Thousands of dealers nationwide participated in NADA's Child Passenger Safety Month this past September.

GM Scholarships Help AYES Students

GM Goodwrench's Expertise Challenge contest during this year's NASCAR season had a unique provision that created a \$200,000 scholarship fund for qualifying Automotive Youth Educational System (AYES) students to pursue post-secondary, college level education in automotive repair technology. The national GM campaign required race driver Kevin Harvick to win two of twelve designated races during the season to trigger the scholarship fund. Harvick won his second race on November 15, which created the fund. Twenty-nine AYES students will earn a scholarship award to one of the 66 colleges that offer the GM Automotive Service Educational Program initiative.

Insurance Company Will Disclose Total-Loss Vehicle Info

PEMCO, a Seattle-based insurance company, has announced that it will voluntarily disclose vehicle flood damage information to the public. The recent flooding in the Pacific Northwest and the Eastern U.S. has refocused public attention on the problem of flooded and totaled vehicles being resold to unsuspecting buyers.

Since the Gulf state hurricanes last year, NADA has been pushing for federal legislation that would require insurance companies to disclose total-loss information to the public. "We salute PEMCO for taking this strong step for safety and consumer protection, and hope other insurance companies take notice," said David Regan, NADA vice president for legislative affairs. "Total-loss disclosure would give consumers and automobile dealers information they need."

An NADA-supported House bill (H.R. 6093) would require insurance companies to make commercially available the VIN of a totaled vehicle and the reason for declaring it a total loss. The measure also would require the date of total loss, the odometer reading on that date, and a declaration on airbag deployment. Sen. Trent Lott (R-Miss.) has introduced a similar bill (S.3707) in the U.S. Senate.

Staying Ahead...

Never confuse motion with action.

—Ernest Hemingway

Enclosures:

- WANADA Area Report on New Car Sales Registrations Sept, 2006 YTD.
- December SoberRide Posters