

Headlines...

NADA Chief Economist Sees Better Days Ahead

Federal Tax Change Highlights

Next Month: The 2010 Washington Auto Show!

Terminated GM & Chrysler Dealers Get Arbitration Forms

A Decade of Change in Auto Market Share: 1999-2009

How Things Change Over 100 Years: The View from 1909

Reminder: Dealership Sales Reps. Must Register for the 2010 WAS

Dealership Operations Seminar Series

MADA / VADA / WANADA Reception at NADA, Feb. 14

***This Just in!* High-end "Car Buyer" Swindles Two Mont. Co. Dealers**

Editor's Corner

Thought for the Week...(and the New Year)

NADA Chief Economist Sees Better Days Ahead

2010 New Car Sales Should Increase by 15%

NADA chief economist, Paul Taylor, predicts stronger credit availability and a gradual rise in employment will make for better new and used vehicle sales in 2010, with new sales increasing to approximately 12 million units and used nearing the 36 million mark.

Taylor, who will be making a special presentation on regional sales prospects as part of WANADA's Auto Business Seminar Series at the 2010 Washington Auto Show (see article below, at page 7), says luxury brand vehicles in particular should be in higher demand as Wall Street and the stock market consolidate recent gains and home prices stabilize.

He expects the recovery to be slow starting, but to build gradually through the course of the year, noting that unemployment should peak at 10.3% in the first quarter before slow, but steady, rehiring by American businesses occurs.

Taylor projects inflation to be very low in 2010, noting that it may actually fall below one percent on a yearly basis. He also expects that interest rates will not begin to rise from current low levels, until late in the year, and then be prompted to rise by the Federal Reserve until the rate hits 4 percent, with the 10-year U.S. Treasury Bond priced to yield about 5.5 percent. "Such a positive slope to the yield-to-maturity relationship is consistent with growth at a sustainable rate," he says.

He also expects new vehicle prices to hold more firmly in 2010 than in 2009 as used vehicle supplies will be historically low, particularly in the 2-3 year old category, which competes most heavily with new vehicle sales.

Federal Tax Change Highlights for 2009 Returns

(Courtesy of Councilor, Buchanan & Mitchell, CPAs)

For better or worse, what follows are some highlights for 2009 tax filing:

- 1) Income tax rates go back to pre-2001 levels (e.g. 39.6 % top marginal rate; no preference for qualified dividends, and long-term capital gains rise to 20 %).
- 2) The Social Security wage base level subject to payroll tax increases to \$106,800. (There remains *no limit* on the Medicare taxable wage base.)
- 3) The business driving deduction, which has gone up and down, is 55 cents/mile.
- 4) Employers can provide *tax-free* benefits to employees who commute: Up to \$120/month for transit system passes and \$230/month for parking at work.
- 5) Income tax deductions and the personal exemption
 - The standard deduction goes to \$5,700 for singles and \$11,400 for married/jointly
 - The itemized deduction phase out commences at \$166,800
 - The Personal exemption moves to \$3,650.
- 6) The estate tax exemption goes up to \$3.5 million per person (Up from \$2 million in 2008!)
- 7) The exclusion for tax-free gifts moves to \$13,000 per recipient.

For tax filing assistance, always consult with your professional financial and/or legal counsel.

Next Month:



**Walter E. Washington Convention Center, Washington, DC,
January 25-31**

Public Policy Days:

- **Green Car Summit**, produced by the Green Car Journal, Monday, January 25, 1:30 pm, Cannon House Office Building, Caucus Room, Capitol Hill.
- **Industry & Media Day, On-site**, Tuesday, January 26, 8:00 am-5:00 pm. OEM announcements, to include CEO speakers; SAE International Government/Industry Conference; Electric Drive Transportation Association (EDTA) Annual Meeting. Keith Crain Lifetime Achievement Award (TBA).
- **WAS “Sneak Peek” Preview**, Tuesday Evening, January 26, 5:00 – 8:00 pm, sponsored by the Auto Alliance, Hargrove, AIAM, NADA, MEMA, EDTA and Novozymes.
- **WANADA Member Reception** (at the WAS Preview) 5:00 – 6:30 pm, F.B.O. the Automobile Dealer Education Institute (ADEI), sponsored by Comcast Spotlight and Enterprise.

Open to the Public – January 27-31 (*Note: WAS VIP & Guest Passes mailed to WANADA members last week. Mailings to OEM offices and other notables underway.*)

Terminated GM and Chrysler Dealers Get Arbitration Forms

GM joined Chrysler this week in informing its discontinued dealers of the application process to be used for arbitrating reinstatement requests by those dealers. GM advised its dealers that information about the process, including a GM-specific form, was to be found at the website of the American Arbitration Association, <http://www.adr.org/sp.asp?id=37159>.

The notices and arbitration option are required by legislation passed by Congress and signed by the president just before the holidays and are the result of a year-long effort on the part of dealers nationwide who lost their franchises in the GM and Chrysler bankruptcies.

NADA is urging all impacted dealers considering the arbitration option to carefully examine the GM and Chrysler notices with financial and legal advisors *before* deciding what steps to take. In addition, a customer service number is available at the AAA website (see above).

WANADA, in cooperation with dealer attorney and WANADA advisor Michael Charapp, Esq., is hosting a seminar for terminated GM and Chrysler dealers on the “Ins and Outs of Arbitration” next Thursday, January 7, 2010 from 9:30 a.m. at the WANADA Conference Center (see registration info, right of this article).

A Special WANADA Seminar

For Terminated GM & Chrysler Dealers
The “Ins and Outs of Arbitration”

With Mike Charapp, Esq.
Charapp & Weiss

Thursday Morning
January 7, 2010 9:30 am

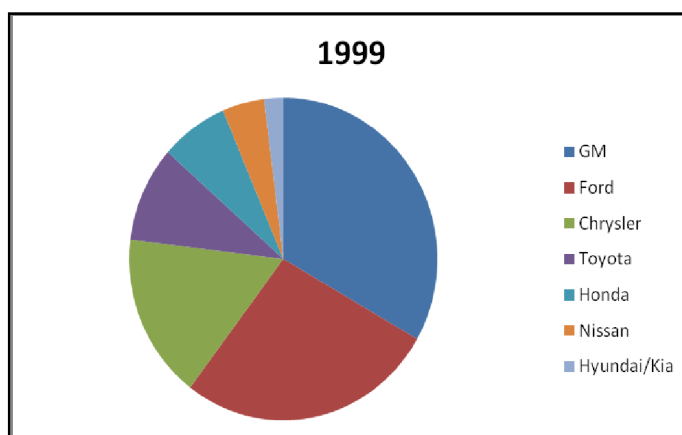
WANADA Conference Center
5301 Wisconsin Ave, NW, #210
Washington, DC

For details and to register contact:
Kristina Henry at: (202) 237-7200 or
kh@wanada.org

A Decade of Change in Auto Market Share 1999-2009

With the end of the first decade of the 21st Century upon us, a look back ten years at how market share for automakers has changed paints a tumultuous picture few could have imagined.

In 1999, there had been predictions of consolidations in the industry and changes in market share for the American Big Three, but who would have thought that both GM and Chrysler would go through bankruptcy and see

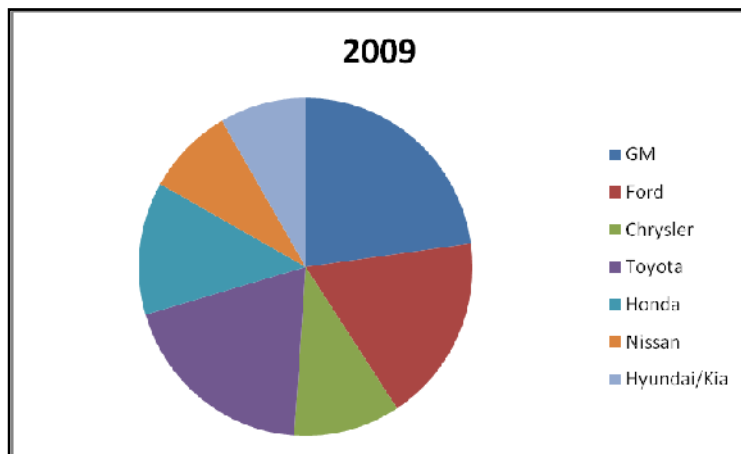


their market share drop by nearly half and that Ford's share would decline nearly the same, even as it offered the three bestselling vehicles in the market, including the iconic F-150 pickup truck.

While Big Three declines occurred, Japan's major automakers grew exponentially. Toyota Motor Corporation nearly doubled its 1999 8.7 percent market share to 16.9% by the end of 2009. During the same period, Honda went from 6.4% to 11.1%. And Nissan, which had growing pains mid-decade, still managed to nearly double its share, going from 4% in 1999 to 7.4% today.

The most remarkable change, however, has been made by Korean makers Hyundai and Kia, which went from having a meager 1.8% of the market in 1999 to 7.3% market share in 2009!

Share for the Hyundai brand alone now exceeds all but six other makes: Nissan, Honda, Toyota, as well as Dodge and Ford.



Overall, the share of the market held by Big Three makers has fallen from 70% of the market in 1999 to 43.9% in 2009, while the share held by import makers has risen to 56.1%. What the next decade holds for the U.S. auto market should be interesting indeed! Next report, December 31, 2019.

How Things Change Over 100 Years - 1909 to 2009

The View from 1909

Here are some statistics from the year 1909:

The average life expectancy was 47 years.

Only 14% of homes had a bathtub.

Only 8% of homes had a telephone.

There were about 8,000 cars and only 144 miles of paved roads.

The Lincoln penny was introduced.

The maximum speed limit in most cities was 10 mph.

The tallest structure in the world was the Eiffel Tower.

The average wage in 1909 was 22 cents per hour.

The average worker made between \$200 and \$400 per year.



1909 Ford Model T

A competent accountant could expect to earn \$2,000 per year, a dentist \$2,500 per year, a veterinarian between \$1,500 and \$4,000 per year, and a mechanical engineer about \$5,000.

More than 95% of all births took place at home.

Ninety percent of all doctors had *no* college education.

Sugar cost four cents a pound.

Eggs were fourteen cents a dozen.

Coffee was fifteen cents a pound.

Most women only washed their hair once a month and used Borax or egg yolks for shampoo. Canada passed a law that prohibited “the poor” from entering the country for any reason.

The five leading causes of death in 1909 were:

1. Pneumonia and influenza
2. Tuberculosis
3. Diarrhea or dysentery
4. Heart disease
5. Stroke

The American flag had 46 stars (Arizona, New Mexico, Hawaii and Alaska were territories.)

The population of Las Vegas was only 30.

Crossword puzzles, canned beer, and iced tea hadn't been invented.

There was *no* Mother's Day.

Two out of every ten adults couldn't read or write and only 6% of all Americans had graduated from high school.

Marijuana, heroin, and morphine were all available over-the-counter at drugstores.

Eighteen percent of households had at least one full-time servant or domestic help.

There were only 230 reported murders in the entire U.S.

Nearly 95% of the taxes we have now, including income tax, did not exist in 1909.

REMINDER : Dealership Sales Reps. Must Register to Work at the Auto Show



Sales representatives from WANADA dealerships in Maryland and Virginia must register with the District of Columbia through WANADA to receive a waiver from DC automotive sales licensing law requirements if they intend to work at the 2010 Washington Auto Show, January 27-31. This is a legal requirement of the District of Columbia. There is no corresponding requirement for OEM product specialists.

Please complete the registration form, which is attached on the following page (#6), with the names and sales license numbers of the dealership and all dealership representatives who will work and represent their line of vehicles at the Auto Show and fax it to the WANADA offices at your earliest convenience, but in any case by January 20. WANADA will process all submissions with city regulators. Reps who do not register, but show up to work at the show, may trigger regulatory scrutiny, not only for themselves, but for the Auto Show at large. Thank you for your cooperation. The WANADA Fax # is (202) 237-9090.

-Participating-*Please Print***Non D. C. Automotive Sales Representatives**

**2010 Washington Auto Show
Washington Convention Center
Due by January 20, 2010**

Dealership Name _____

Address _____

Telephone _____ Fax _____

Dealer License Number _____

Completed By _____ Title _____

Sales Representative's Name**State****License Number**

*(Photocopy blank for additional listings as needed)***Prepared for Submission to the DC Government**

Return by Wednesday January 20th to: Washington Area New Automobile Dealers Association
5301 Wisconsin Avenue, N.W., Suite 210
Washington, DC 20015
or via Fax (202) 237-9090

The 2010 Washington Auto Show Dealership Operations Seminar Series!

OnSite at the Washington Convention Center

The Essentials of Finance & Insurance

Professional Certification Program

Wednesday, January 27, 2010

8:00am – 5:00pm

Presented by JM&A

Regional Tag & Title Update

With Motor Vehicle Agency Representatives from DCDMV, MDMVA and VADMV

Thursday, January 28, 2010

9:30am Registration

10:00 am - Noon Program

The Keys to Growing Fixed Operations

With Don Tipton

Auto Dealership Consultant and NADA "Top Ten" Speaker

Thursday, January 28, 2010

9:00 am - Registration

9:30 am- 11:00 am- Program

Lessons for All Dealers from the GM and Chrysler Bankruptcies

With Michael Charapp, Esq.

Charapp & Weiss, Attorneys at Law

Friday, January 29, 2010

9:00am Registration

9:30am- 11:00am Program

The New and Used Vehicle Sales Outlook The Washington Market

With NADA Economist Paul Taylor and Howard Polirer of AutoTrader.com

Friday, January 29, 2010

9:00am Registration

9:30am- 11:00pm Program

Go to www.wanada.org and click on "Upcoming Events" to Register

Save the Date – A follow up**MADA, VADA & WANADA Come Together on Reception at the 2010 NADA Convention in Orlando, Fla.****The Ritz Carlton - Da Vinci Terrace****SUNDAY, Feb 14, 5:30 – 7:30 p.m.**

Dealer members headed to Orlando, FL for the 2010 NADA Convention in a few weeks will be welcomed by their three associations, MADA, VADA and WANADA at their joint reception on the Da Vinci Terrace at the beautiful Ritz Carlton. Arrangements are set for *Sunday* night, Feb 14, 2010.

This year's joint reception, recognized by veteran conventioners as one of NADA's "best parties," promises to deliver another memorable evening of camaraderie and good cheer! Invitations to follow shortly.

***This Just In...!*****High-end "Car Buyer" Uses *Larceny-by-Trick* Against Two Mont. Co. Dealers**

Two high-end Montgomery County dealers found themselves swindled out of a new vehicle each by a black female posing yesterday as an end of the year car buyer. A Silver Spring dealer lost a new Mercedes and a Rockville dealer a Range Rover, apparently to the same perpetrator. Montgomery County Police are investigating the incidents, which occurred yesterday, as mentioned, December 30. No detective as yet has been assigned to the case. Anyone with information or questions for now can contact Jerry Jaffe at (301) 424-7000.

Editor's Corner**WANADA Bulletin #52-09**

The 52nd week in 2009 and the 52nd WANADA Bulletin. With issue 22-09, (June 5), the WANADA Bulletin changed over from a hard copy *via* U.S. Mail to electronic *via* the Internet. Anyone interested in receiving the Bulletin in hard copy in addition to electronic should contact Jake Kelderman at (202) 237-7200.

Oops! Two Corrections...(Sorry for the Typos)

- 1) The RSVP paper on the WANADA Dealer Reception at the Washington Auto Show Preview *incorrectly* noted the event as Tuesday, January 27; in fact, it is Tuesday evening January 26.
- 2) Last week's Bulletin incorrectly stated the MADA/ VADA/ WANADA Reception at the NADA Convention was Saturday, February 14; in fact, it is *Sunday* evening February 14th.

Thought for the Week...

May your best day in 2009, be your worst day in the 2010.

-- Happy New Year!