Subject: EZine - January 2009 from Doering Leasing Co.

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DOERING LEASING CO.

January 2009 -- Fleet Management Services - New/Used Vehicles & Equipment - Nationwide Delivery - GREEN Fleet Specialists - Fuel Card Management - Maintenance Management - For-Profit, Non-Profit, and Municipal/Government

Doering Leasing Co.'s January 2009 EZine

Dear Adam,

Read on! This newsletter is rich with relevant fleet information and is an easy read. There are tips on minimizing fleet operating costs, improving cash flow, and news on the auto and fleet industry. Doering Ezines are available to clients and non-clients alike as a service.

MUCH more information is available on doeringleasing.com in the newsletter archive!

We love to hear comments, ideas and feedback.

Issue: 18

In This Issue

Fleet Vehicles of the Year

Fleet vehicles of the year include the 2009 Chevrolet Silverado and 2009 Chevrolet Malibu.

In addition to periodic Ezines, Doering sends newsletters and other useful information. We guarantee it to be useful.

Join Our Mailing List!

Featured Article

Hidden Taxes on Fleets

Most states and localities are experiencing budgetary shortfalls, and will be targeting private fleets for tax revenue

Is it Safe to Lease Domestic Vehicles Now?

The real concerns surrounding this question center on warranty, parts availability and resale value long-term. The Big3 are far more likely to exist than not. Despite Government-injected capital into GM and Chrysler as part of a major restructuring initiative, all three firms anticipate a recovery. They remain unprofitably and inefficient in hundreds of areas, but optimism remains high. The Big 3 are consuming working capital at astounding rates, capital vital to their ongoing survival and cash flow needs. Ford burned through $7.7billion and GM $6.9 billion in capital in the 3rd quarter alone. They each need $10-15 billion to operate and handle monthly cash peaks and troughs; they are hovering just over those figures today.

The details of the future are murky and may include a merger, more financial bailout, bankruptcy, and/or continued mass layoffs and plant closings. In the end, the Big 3 should emerge leaner and more viable entities. In the meantime, buy stock cautiously and take advantage of the massive discounts on new (and used) vehicles available in 2009.

FLEET TIP -- 2009 will be a better year to acquire vehicles than to dispose. Given the choice, Doering Leasing Co. urges fleets to acquire the necessary vehicles they will need in 2009, but continue to operate vehicles with clean maintenance histories and performance records for an extra year. It's prudent and suits the used-car market which dramatically favors buyers over sellers.

Green Fleet - To Go or Not to Go (Green)?

Hybrid vehicles are available today in all types, from small passenger vehicles to large Class 5+ trucks and equipment. In most cases, there is a green premium, the additional acquisition cost of a hybrid vehicle. The cost-benefit analysis must be done with the specific organization's particular needs and applications in mind. Higher mileage typically benefits more than lower; city and stop/go driving benefits far more than predominantly highway use. Today, some hybrid premiums are only $1500-$2000.

In the broader picture, there are varying reasons to go green. Some align with corporate images and initiatives while others are simply based on lifecycle cost analysis and minimizing operating costs per mile of fleet operation.

generation. As budgets are squeezed, a common response is to increase vehicle-related taxes, such as higher vehicle registration fees, additional taxes on tires and batteries, new environmental fees and surcharges, etc. Another hidden tax is increased fines for traffic and parking tickets.

DOERING LEASING CO.

2008 & 2009

2008 was a record year for Doering. In a retreat to conservative business principles, cash flow management-minded CFO's and business owners took to leasing nationwide.

Leasing is fundamentally safer and more flexible than ownership and provides firms with working capital and availability of credit, whether or not they currently need it.

The collapse of the Big 3's leasing companies is not a sign of any market change away from leasing, but rather their inability to access capital in an incredibly capital-intensive industry with low margins. In the case of the Big-3, systemic losses due to unrealistic residual values put the nail in the coffin and sealed their fate. The Big 3's captive leasing companies were losing on average $3500 or more on each lease-turn-in. The Big 3's retreat from leasing has been a boost for Doering.

A Ford Escape Hybrid will often result in three to eight cent-per-mile savings for a fleet, for example. Camry Hybrids can be much higher with proper non-highway use. Doering Leasing Co. fleet managers are experts at the analysis and properly projecting future values. Today, the few hybrids that resell through auctions sell for premium prices versus non-hybrid cousins. This is based solely on lack of used hybrid vehicles in the system.

Companies such as Wal-Mart, UPS, PepsiCo, FedEx, and Coca-Cola will continue to lead the way with corporate green fleet initiatives. Many such firms have employed diesel vehicles as part of their green initiatives.

Used Vehicle Leasing Market - Explodes

Used vehicle leasing has become a major opportunity for fleets. Unfortunately, few leasing firms handle used vehicle leasing because it is far more laborious and time consuming than new vehicle orders. Given a fixed budget in 2009, firms need to use budgets most effectively.

Instead of new vehicles, used vehicles are available which offer lower payments, allowing firms to put 30-50% more vehicles on the road within their fixed budget constraints.

The current marketplace has created major opportunities to acquire used trucks and SUV's at steeply discounted prices with low mileage. Most vehicles are 1-2 years old and consigned by the manufacturers at dealer-only auctions.

Doering Leasing Co. has been buying Ford Explorer and Chevy Trailblazer 4WD's from General Motors and leasing them to fleet customers. The vehicles are 30-50% cheaper than new, based on age and mileage. Lease payments are a fraction of the new vehicle

Doering Leasing Co. and other reputable long standing leasing firms continue to operate with availability to capital for credit-qualified clients in the same method as has been used in the fleet industry for over 70 years. Residual values are set accurately to reflect market conditions. The most promising aspect is lower acquisition costs across the board.

Proper Leases are Made

Leasing can be done well or done poorly. Over 20 years, Doering has seen hundreds of firms with positive and negative experiences. Like all finance products, the correct use and application is critical to success and satisfaction.

The summary of the experiences is simple - good leases are made in a harmonious partnership with your leasing provider. Done properly, leasing is the best option for businesses. Done improperly, leasing can leave a very sour taste in one's mouth.

The key factor is finding an experienced fleet partner who wants to structure proper leases, not based on a fixed depreciation percentage or formula, but specific to the needs of the company, application of the vehicle, and client goals for lease-end charges.

Leasing has poetic license; leases can be adjusted with increased or decreased depreciation rates to suit a specific client need or set of payments, typically saving hundreds of dollars PER month.

The short-term opportunities in the used market create opportunities for firms with vehicle needs. The future bodes well for used vehicle demand and prices should be quite high given the lack of new car sales globally in 2008, 2009 and potentially beyond.

The same opportunities hold true on executive vehicles -- 2008 Tahoes and Suburbans, 2008 Audi, BMW and Mercedes vehicles are available in mass at incredible prices. New 2008 Audi's that would have cost $55,000 new are available used for mid-$30,000, based on mileage and equipment. They have the balance of factory warranty coverage.

Which Options Make Sense in this Market?

Business Fleet magazine often reports the ROI of optional equipment in fleet vehicles. In a down market, what equipment and colors makes the most sense, adds value to drivers at minimal expense to the firm and maximizes resale value at lease-end?

- 4-cylinder engines cost less than V6 options and often command a premium. ROI - over 100% of initial cost
- Consumer-type options improve resale value to some extent. In particular, a fleet operating vehicles with steel wheels, vinyl seats, manual transmissions and no CD players in pickup trucks will certainly receive significantly lower interest in and values for such vehicles at auction. Many manufacturers offer fleet packages which add a great deal of equipment for a nominal cost. ROI - near 100% of initial cost recouped
- Sunroof / Leather - ROI - approx. 50% of cost typically
- Vinyl/Cloth - Go cloth
- Truck Caps/Running Boards/Bed Liners - ROI - nominal
- Power Seat - ROI - approx 70%
- Upgraded Radios - ROI -approx. 20%
- Navigation Systems - ROI - approx. 30%
- Gas vs Diesel - ROI over 110% for diesel
- Hybrids - ROI - vary too dramatically to summarize
- Crew Cab vs Extended Cab - ROI - 80-100%
- Extended Van vs Regular Van - ROI - over 80%
- Straight Trucks/Box Trucks/Stake Body Vehicles - talk to your fleet manager.

Gas vs Diesel - Discussion and Analysis

The price jump in new diesel engines, resulting from stricter 2007 federal emissions requirements, has caused fleet managers to take

needs. Much like a meal, salt and pepper can be adjusted from a recipe to suit specific goals and needs. Some firms prefer to be conservative and have equity at lease-end. Some shoot for zero-chargeback while others under-depreciate and expect a lease-end adjustment bill. In summary, good leases are made with good leasing partners and are the perfect collaboration of all interested parties.

RELIGIOUS/NON-PROFIT LEASING REPORT

Through a booming stock market, many religions and non-profits heavily invested in the market were soft on leasing. Unfortunately, this positioned them poorly for the downturn and led to steep, often crippling organizational cash flow and longevity concerns.

Since, there has been a retreat to conservative leasing in the fleet and non-profit sector. The funds are invested in the market rather than tied up in depreciating vehicles. Stocks< ETF's and mutual funds are purchased at below-market prices and awaiting the market's return in the next two years.

Now is a great time to begin leasing or retreat to leasing. Sale-and-leasebacks are increasingly common as they generate capital immediately, capital that can be invested and utilized for current and future needs.

J. Paul Getty teaches: *"Buy*

a closer look at whether gas or diesel is best for fleet.
On one hand, the diesel engine costs $7,000-$10,000 or more upfront (compared to gas), depending on truck class and manufacturer. This clearly makes the gas engine price more appealing.

On the other hand, diesels offer better fuel economy and greater longevity and durability. This creates potential for lower long-term operational costs, depending on how many miles and/or years the vehicles are run.

Therefore, when it comes to the gas-versus-diesel question, there's no obvious, one-size-fits-all answer. How do you evaluate whether gas or diesel is better for your trucks? Here are five factors to guide the decision.

1. Projected Annual Miles
As a general rule of thumb, if you plan to run the vehicle 25,000 miles or less per year, gas may be the more economical option. However, conduct a fuel economy analysis to see if this is true for your specific situation.

For example, you're considering acquiring ¾-ton pickups and deciding between gas and diesel. On one hand, you're fully aware the diesel engine can offer as much as 30-percent better fuel economy than gas. On the other hand, the diesel costs about $8,000 more up-front. Will you operate the truck in a way that will recoup the higher initial cost for diesel and realize a savings over the lifetime of the vehicle?

A helpful way to determine the answer is to build a spreadsheet. This allows you to play with different assumptions to see how they affect the overall calculations.
Here are assumptions to compile:
Annual miles. How many miles per year will the vehicle be operated?

Average fuel economy. On trucks over 8,500-lbs. gross vehicle weight rating (GVWR), you will not find published Environmental Protection Agency (EPA) fuel economy ratings. Your truck manufacturer's rep should provide estimated numbers to work with. You can also contact industry peers who are running similar-type trucks.
Price per gallon. These numbers will certainly change, but as a starting point, use current prices for both gas and diesel. A worst-case scenario can be detailed by putting in higher prices to see how they affect the calculations.
Expected lifecycle. How many months do you plan to keep the truck? The longer you operate the trucks, the advantage trends to diesel. The shorter the period, the greater advantage shifts toward gas. This trending helps determine the lifetime cost advantage or disadvantage of diesel, depending on how long you intend to keep the vehicle.

assets that appreciate; lease assets that depreciate."

Be prepared for the worst and hope for the best! Most importantly, capital will sustain a religious or non-profit whereas a fleet of vehicles will not. This is just one more example of a time when cash is king.

Cutaway Van Market - Rejuvinated

General Motors has moved to fill a market gap with a new 159-inch wheelbase version of the G-Vans, the 4500 Chevrolet Express and GMC Savana, specially developed for the needs of this market. The new chassis will be launched as a 2009-model. The cutaway van market consists of about 90,000 units, 40 percent of which fall into Class 4 with GVW ratings of 14,000-16,000 lbs. A little more than half the market is commercial vehicles used for emergency vehicles, airport/hotel shuttles, and student transportation/buses. Other commercial applications include those that require additional GVW and/or heavy duty performance specifications.

Refinery Production Shifts to Higher-Profit Diesel Production. What's this mean for fleets?

U.S. refiners by now would be moving full-speed to ramp up

Diesel price difference. This number ranges from $7,000-$10,000 or more depending on truck size and manufacturer.
Go back to the ¾-ton pickup truck example with these assumptions:
15,000 annual miles.
Gas mpg: 11; Diesel mpg: 16.
Gas: $3.15/gal.; diesel: $3.40/gal.
Expected service life: 60 months.
$8,000 higher initial price for diesel.
Based on these assumptions, you'll pay nearly $2,500 more for the diesel option than gas over the 60 months in service. In this scenario, it would actually take approximately 87 months to recoup the higher cost of the diesel engine.

What happens if the annual mileage was changed to 25,000? With all other factors equal in this example, the investment in diesel is recouped within 52 months, creating a savings of approximately $1,200 with the diesel. THE DIESELS ARE MORE RELIABLE, REQUIRE LESS MAINTENANCE AND HAVE MUCH MORE UTILITY FOR TOWING.

Play with different assumptions and determine what represents the most likely real-world scenario for you.

READ THE REST

Courtesy of *Work Truck Online*

Cycling Truck Bodies - To Do or Not To Do?

Rising material costs have made it more tempting for fleets to consider cycling truck bodies and equipment. However, even though it may become more attractive in the future, such cycling typically isn't cost-effective in most applications, according to fleet management officials.
Cycling Benefits Fleet
"We see with some degree of regularity certain customers contemplating refurbishing bodies for use on new chassis," says Ken Gillies, manager of truck purchasing and engineering for GE Capital Solutions Fleet Services, based in Eden Prairie, Minn. Customers believe that repainting and reinstalling the body would be cost-effective.
"As the cost of bodies increase, refurbishment can become more attractive, if a fleet can somehow fit it into their operation without a loss of downtime," Gillies says.
"But from a general standpoint, we generally discourage our customers from doing refurbishing work for many of reasons."
The cost of vehicle downtime to allow for remounting requires major consideration.
GE Capital Solutions Fleet Services does have a customer that cost-effectively cycles its bodies, specially designed to transport expensive, oversized panels standing on edge.
"But that's a rarity," adds Gillies, noting the company has the

gasoline production in advance of the summer driving season, but instead they are trying to maximize output of more-profitable diesel fuel. The global hunger for diesel, coupled with tight refining capacity, has made diesel one of the few bright spots in the refining business, catapulting prices higher than a parallel rise in gasoline, according to the Wall Street Journal.
Diesel prices were up an additional 18.2 cents last week to a record $4.33 a gallon, a 56-percent increase over the price at this time last year. Gasoline is climbing, too, but less dramatically. Gas prices rose 10.9 cents to $3.72 a regular gallon last week, 20 percent higher than a year ago.
Diesel's higher price means the fuel is more lucrative for refiners at a time when gasoline profits are shrinking. While U.S. consumers are cutting back on energy consumption because of high fuel prices and a slowing economy, demand is growing briskly in the developing world, where diesel is often favored over gasoline. Unlike gasoline, which is used mainly in automobiles, diesel also fuels tractors, trucks, and electricity generators.
Although government data showed a build-up in the beginning of May in stocks of distillates, which are mostly diesel, supplies remain well below last year's levels.
As diesel's price increase has outstripped that of gasoline, U.S. refiners have been easing the throttle on gasoline production, cutting refiner operating rates to 86.6 percent from 89.5 percent a year ago,

advantage of operating extra trucks, so it isn't impacted by the downtime costs of having out-of-service vehicles during repair or maintenance.
Most fleets aren't that fortunate - especially in today's environment, when the trend is to cut back on the number of vehicles operated.
Cycling Costs Pile Up
Palm Beach County, Fla., incurs costs, for example, of about $100 per day for a work or dump truck to be out of commission, according to Doug Weichman, CAFM, director, fleet management division.
Allowing two months to refit a body and equipment onto a new chassis, downtime costs alone would total about $4,000, he adds. "Beyond that you'd need the capability to do it, such as overhead cranes to pick the body off," said Weichman.
There's also the cost of changing out and upgrading older bodies to update company requirements, such as LED lighting.
If the fleet has switched from a different, low-bid chassis supplier, matching the older body to a different chassis can pose additional problems and expense. Such expenses include hydraulics, location of power take-off (PTO), or the chassis' exhaust system, which has a different configuration.

Courtesy of *Work Truck Online* -- READ THE REST

Article Headline

Daimler AG said United Parcel Service Inc. ordered 200 hybrid electric vehicles and 300 compressed natural gas vehicles in what the German automaker called the biggest sale of "green" trucks ever recorded, according to www.marketwatch.com. Stuttgart-based Daimler would not disclose the financial terms of the order but said the manufacturer's suggested retail price is more than $100,000 each. That would bring the MSRP for the total deal to more than $50,000,000, the report said.

The eco-friendly vehicles, built by Daimler Truck North America's Freightliner Custom Chassis Corp. (FCCC) division, will join the 25 hybrid delivery trucks already in operation at UPS next year.
FCCC has more than 160 hybrids in service since 2004, when it became the first manufacturer to introduce the vehicles into fleet operations. The hybrid-electric power train achieves a 40 percent improvement in fuel economy and a 90 percent reduction in emissions compared to the non-hybrid version.

according to the latest weekly government estimates.

Doering Remarketing Grows in Depth & Breadth

Doering Leasing Co. has operated a remarketing department for 20 years. 12 months ago, Doering suprised the department and added the following services to satisfy the demands of our customers in addition to the traditional fleet remarketing duties all firms offer. You may find them useful in your fleet. Doering is dynamic and trying to help fleets focus on core competencies to every extent possible:

- Owned Vehicle Remarketing (cars, trucks, equipment)
- Nationwide Owned Vehicle Disposition
- Internet Remarketing - closed dealer auctions open the audience up
- Used Vehicle Acquisitions for Fleets

and much more!

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