

DOERING LEASING CO.

NEWSLETTER

AUGUST 2006

The Doering Leasing Co. Newsletter is a compilation of news and information relevant to corporate fleet customers. We want to share this information with current and future customers alike. Feel free to forward this to your friends!



CHEAP GAS IS HISTORY ACCORDING TO DETROIT

Chrysler Group Expects Gas Prices to Stay Between \$3-\$4 per Gallon

The Chrysler Group, which depends more heavily on sales of pickup trucks and sport utility vehicles than any other Detroit automaker, said Monday that it expected gasoline prices to remain at \$3 to \$4 a gallon for the rest of this decade. The comments by Thomas W. LaSorda, Chryslers chief executive, are the first time a Detroit automaker has issued a specific forecast on gas prices since they began climbing to \$3 a gallon and higher.

NEW INTERNATIONAL DIESEL ENGINE FOR FORD F-SERIES TRUCKS

International Truck and Engine Corp. will build a new 6.4-liter Power Stroke diesel engine for Ford Motor Co.'s 2008 F-Series Super Duty line of trucks. Jack Allen, president of Internationals engine group, said the 6.4-liter displacement of the new V8 Power Stroke is a substantial step up from its current 6.0-liter size. He said the new engine will boast a high-precision, high-pressure, common-rail fuel injection system featuring piezo-electric injectors first used in European diesel engines for quietness and better emission control. *Automotive Digest*

WHAT ARE HYPERMILERS AND HOW DO THEY GET 75mpg?

Teaching an old dog new tricks is hard, but can it result in great fuel economy? If you're not confused yet, you should be. Getting the highest fuel economy possible requires relearning how to drive. Hypermilers modify their driving to improve mileage, and reduce emissions. Changing driving habits improved fuel economy in a Honda Insight from 49mpg to 75.6mpg. Slowing down to the speed limit (or slower) and coasting where possible are fundamental steps. Coasting to a red light and slowly accelerating away from it once it turns green helps fuel economy dramatically. Choose routes that avoid hills and heavy traffic, even if the distance is longer. Maintain correct tire pressure and change engine oil on time to reduce engine friction. Replace the air filter in your car when recommended. It is not necessary to let your car warm up for any period of time in the winter before driving. Newer vehicles are designed to be run cold, just driven moderately until they warm.

VALUE OF CARS – YEAR OVER YEAR

Overall, trade-in values of vehicles are up 3.2% over a year ago. The value of compact cars is up 8.9% in year-over-year value. Midsize cars at up 5.1%, luxury cars up 1.2%, sports cars up 3.7%. Full-sized SUV's are down about 9.7% while





luxury SUV's are down 3.6%. Minivans and pickups declined approximately 1% in value year-over-year. Compact cars had the highest percentage of price increases, averaging \$914 year-over-year, driven by very strong demand for fuel efficient vehicles. SUV's are the only segment where new car prices declined, down \$496 on average. Sales of SUV's are down 19% this year, making it difficult to trade-in some SUV models. Consumers who financed vehicles are finding themselves quite a bit upside down (average statistic this year if \$3850), owing the bank more on their vehicle than it is worth.

GENERAL MOTORS' FULLSIZE SUV'S TO GET DUAL-HYBRID IN 2008

A dual hybrid system utilizes two electric motors coupled with a V8 and automatic transmission in a single package. The engine, much like the new V8 engines in the 2007 Tahoe and Suburban operate on 4 or 8 cylinders depending on the demands of the engine at a particular time. Dual hybrid technology is said to improve fuel economy by 25%. Developed by General Motors, Daimler Chrysler and BMW, the system determines if the electric motors, gas engine or a combination thereof should power the vehicle. General Motor's current 6.6L Duramax diesel engine will meet 2007 emissions standards taking effect January 1, 2007.

HYBRID ROI

How many years does it take to recover the additional cost of driving a hybrid vehicle over an equivalent gas vehicle – what some would refer to as the return on investment of a hybrid car? Some hybrids retail a tremendous amount of their value today so the actual additional depreciation incurred to drive a hybrid can be close to zero with some models. On others, like the Saturn VUE, it takes a long time to recover your money - - close to 6 years. A Toyota Prius on the other hand is the oldest hybrid available. They began production in 1997. The return on investment of the Prius is only 2.1 years! The additional cost over an equivalent Camry is \$1393 with an average fuel savings of \$671 per year. The Honda Accord hybrid took 11.3 years. In this case, the hybrid is priced \$3165 more than the non-hybrid model and achieves an annual fuel savings of only \$280. This analysis takes into account tax credits currently available. The Toyota and Honda tax credits will expire at the end of September due to the volume of cars sold. The tax credits are given at 100% for the first 60,000 vehicles produced of each model. The credit is then reduced to 50% and later to 25%.

It should be noted that many hybrid cars are designed for performance, not fuel efficiency. A car equipped with a hybrid system can be designed to accelerate much faster than a non-hybrid vehicle. Cars like the Toyota Prius and Honda Insight are designed to be incredibly fuel efficient vehicles, not performance cars. Talk to your Doering Leasing Co. representative for more information and a more thorough discussion of hybrid technology and its financial risks and rewards.

Business Fleet

CONTINUED FROM JULY - LOW-EMISSIONS DIESEL ENGINES CAUSE NUMEROUS CHANGES

The U.S. Environmental Protection Agency's (EPA) emissions standards for diesel engines manufactured after January 1, 2007 require significant emissions reductions. These reductions will be accomplished through the use of after-treatment equipment, such as particulate filters (DPF) and oxidation catalysts. To achieve these emissions reductions and protect these after-treatment emission devices, Ultra Low Sulfur Diesel (ULSD) must be used in 2007 and later diesel-powered engines. The EPA has mandated that by October 15, 2006, 80 percent of the nation's on-road diesel fuel contain less than 15-ppm sulfur. Except in California, all diesel fuel for both on- and off-road use must be ULSD by October





15, 2006. To reiterate what has been noted in previous newsletters, existing diesel engines will run on ULSD fuel, but the new engines will *not* run on old fuel. Therefore, all diesel fuel is being switched to ULSD across the nation. The current grade of diesel fuel will be used for off-road applications like construction equipment.

Biodiesel is an alternative to Ultra-Low Sulfur Diesel (ULSD). Biodiesel includes B100 and biodiesel blends of B20 (20 percent Biodiesel) or B5 (5 percent Biodiesel). B20 should be blended with ULSD (15-ppm) to ensure maximum emission reduction benefits and to protect after treatment devices on 2007 and newer emission compliant engines. The fact sheets are available at www.nafa.org/ulsd.

BLACK BOXES IN VEHICLES

After more than a decade of study, federal safety regulators outlined minimum requirements for "black boxes" in vehicles Monday, but stopped short of mandating them. The National Highway Traffic Safety Administration issued a new rule that says the devices, officially known as "event data recorders," must be made more durable and that all automakers must collect the same type of data from them. The rule, which takes effect in September 2010, also requires automakers to tell consumers if their vehicles are equipped with a black box by including the notification in owners' manuals. *Detroit Free Press*

YOUR CAR IS A SPEEDING NAG

BMW has devised a video camera system that can read speed limit signs and act as a second pair of eyes for drivers who do not realize the limit has changed. A video behind the rear-view mirror can read signs up to 164ft away and project an image on the drivers head-up display. The device, which also uses speed limit information from the car's satellite navigation, will be linked with BMW's new lane departure warning system and be available as an option on selected models next year.

HONDA STRATEGY SHOWS STRONG RESULTS

While other automakers rushed to beef up trucks and SUV's with larger frames and bigger V8 engines, Honda refused to develop a V8. Rather, they concentrated on smaller 4 and 6-cylinder engines and new technology like clean diesels and hydrogen power. Honda's strategy is paying off dramatically. Q1 sales are up 15% and operating profits are up 19% due to economies of scale that come with volume. The Honda Accord and Civic ranked as the 2nd and 4th most popular passenger cars in the US while overall car sales fell 17%. Honda is up 6%. Honda recently passed Chrysler Group for the first time in history, 4th place behind only GM, Toyota, and Ford.



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