



SUMMARY COMMENTS OF ALLIANCE OF AUTOMOBILE MANUFACTURERS

The Alliance of Automobile Manufacturers is a trade association of 12 car and light truck manufacturers whose members include BMW Group, DaimlerChrysler, Fiat, Ford Motor Company, General Motors, Isuzu, Mazda, Mitsubishi Motors, Nissan, Porsche, Toyota, and Volkswagen. These companies have more than 600,000 U.S. employees working in more than 250 facilities in 35 states. Alliance members represent more than 90 percent of U.S. vehicle sales.

Alliance members recognize the importance of placing the consumer first in our marketing plans. Indeed, the members of the Alliance are committed along with their dealers to satisfying the needs of the consumer. Manufacturers expect to continue using the current distribution network of dealers to make vehicles available to consumers, but they also are keenly aware of the problems caused by franchise legislation and related Internet regulation. These state laws usually have an extensive list of manufacturer-prohibited acts that can include everything from owning a dealership to selling products like service or parts directly to consumers.

Manufacturers support dealers and believe their expertise in selling and servicing new vehicles is unequalled. Our concern, however, is how governmental regulation of the industry—regulation that cannot accurately predict the future but attempts to do so—negatively impacts manufacturers, dealers, and consumers. The Alliance, therefore, continues to negotiate state-by-state to reach acceptable compromises regarding proposed legislation for a number of reasons, including the very real possibility that, absent our negotiations, legislators might well pass more restrictive laws that are even more harmful to consumers. Manufacturers believe that any legislation under serious consideration should promote a strong, stable dealer network that serves customer needs.

The Alliance has identified four issues crucial to consumer interests in the debate over such legislation. These issues are relatively new and result from recent changes in the industry and technology. The Internet is one source of these changes-- it has provided consumers with unprecedented amounts of information about vehicles, financing, and options. As a result, franchise bills were introduced at an increased rate during 2000 and 2001. A number of these bills were aimed at Internet-related activities including: direct sales; limitations on price-related content of manufacturer web sites; distribution of consumer contact information; and expansion of franchise laws to companies other than manufacturers or distributors of automobiles.

Manufacturers, therefore, remain extremely concerned about the adverse consequences of overly-restrictive automobile franchise laws. As they work to improve their distribution systems, the Alliance will continue to work with dealers and all interested parties toward reasonable laws. Most importantly, consumers' interests should be preeminent in the public policy dialog on these issues.

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