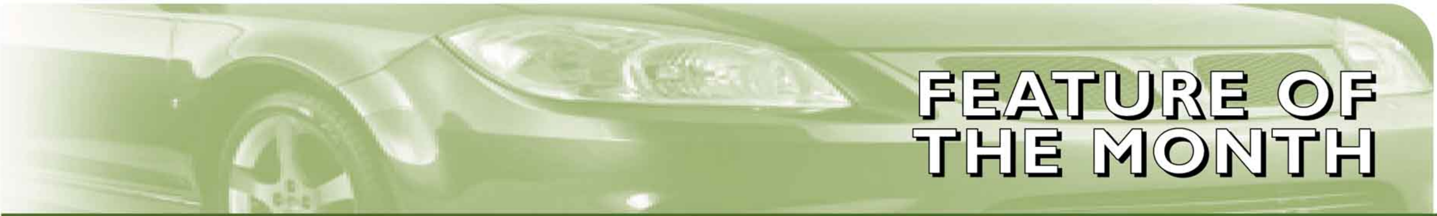

FEATURE OF THE MONTH

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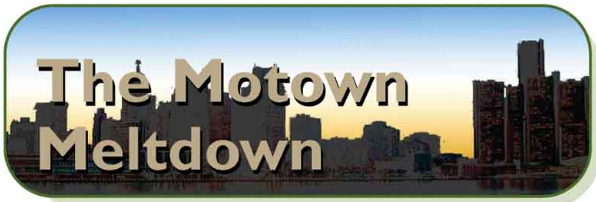
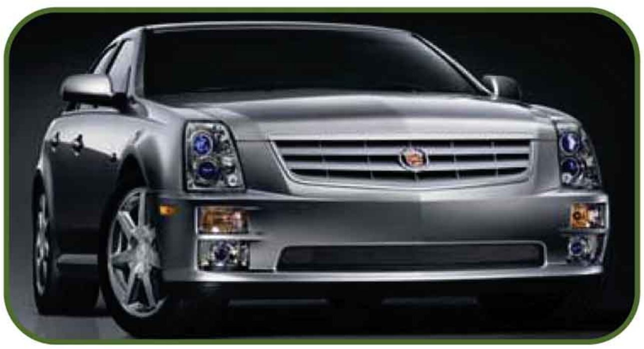


Detroit's Big Three Automakers plunged to historic lows in the first half of 2007. In June, the Ford Motor Company, General Motors and the Chrysler group were clinging to just over 50% of the new vehicle market share. That's down from a high of 81% in April 1984 and 56.1% last June, according to automobile statistics research firm Autodata Corporation.

Together, the Big Three has lost tens of billions of dollars, slashed countless jobs and watched their collective market share nose-dive perilously low.

General Motors had its worst June in nine years as its sales of cars and light trucks fell more than 24% from the same period a year ago. It dropped to a market share of 22.1%, according to an estimate by Autodata. Sales also fell at Ford Motor and Chrysler, although not as severely as at G.M.



Asian competitors, meanwhile, all reported considerable increases. Toyota, with sales up 6%, leads the way. They finished the first half of 2007 a full market-share point ahead of Ford's American brands. They again rank as the second-biggest car company in the United States, with 16.9% the market.

If that's not bad enough, stay tuned. The news could get even more ominous.

In the coming months – maybe before August is out - the three automakers' share of the U.S. market will fall below half for the first time ever. Industry analysts predict things will actually get much worse, settling somewhere in the mid-40% range, perhaps within months.

Sinking below half the market would a milestone for Detroit – a miserable one. The impact of the domestics losing dominance in their own land would be an enormous blow to national pride.

To keep that from happening, there are signs the Big Three are going to pile on incentives. All three companies recently announced no-interest financing and cash-back programs covering most of their models. They started their summer deals much earlier than usual and have extended them well into the fall.

That's a drastic change.

Detroit's automakers have, historically, avoided such discounts because they hurt their brand images, the resale value of their vehicles and, of course, profit margins. Those ideas have not worked out recently. Now they appear to be shifting into reverse as they attempt to stop the bleeding and possibly recover lost ground.

Asian automakers are not sitting idly by. Toyota, Nissan and Honda aggressively increased their discounts by hundreds of dollars per vehicle this summer and plan to continue the deals indefinitely. According to Edmunds.com, incentive spending by Japanese automakers is up this year, even thought their models are selling well.

The fall of the Detroit 3 has been brewing for years. By opening the incentive floodgates, they're hoping to stop the erosion and come up with a winning formula.

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