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June 12, 2009

RE: Response to AOL Story, "Should I Buy a Demo Car?" by Michael Royce

Dear Mr. Royce:

Here are bullet-point responses to your article:

If a vehicle is not titled and is well maintained without excessive mileage, it can be an excellent value for a consumer. It is important to note that with the competitive nature of the automobile business, customers just would not purchase a demo vehicle nor would lenders provide financing on demo vehicles if the pricing were not attractive relative to a new, un-driven vehicle.

If a customer keeps their vehicle for more than two or three years (which is normal), 5,000-10,000 extra miles on the odometer will have little impact on resale at the time they elect to sell or trade the vehicle. At that point the condition, the color, equipment and brand acceptance of the vehicle are much larger factors relative to its resale.

In recent years, most auto manufacturers have extended their original manufacturer's limited warranties. What used to be 12 months/12,000 miles now is often 48 months/50,000 miles—or in some cases, power train coverages up to 100,000 miles. These are all included with the price of the vehicle and not extra cost extended warranties. Therefore, purchasing a demo vehicle with 5,000-10,000 miles is much less significant than in the past since the vehicle will remain in warranty over a much longer period of time, and up to a much higher level of mileage.

Excessive wear and tear: While I am sure some demos are mistreated, I know of no dealer that will allow his employees or family members to abuse a car that they don't personally own. I am sure it happens, but in my dealership such treatment of a demonstrator vehicle would result in loss of demo privileges, at a minimum.

As for executive driven, the vast majority of dealers no longer provide demonstrators to sales people and in many cases not to mid-line managers. They are, in fact, driven typically by senior management personnel of a dealership or the dealer's family members.

I hope this information is helpful in rebuttal to Mr. Royce's article. Please advise if I can provide anything further.

Sincerely,

A handwritten signature in black ink that reads "John P. McEleney". The signature is written in a cursive, slightly slanted style.

John McEleney
President