

Orange County Auto Outlook™



Comprehensive information on the Orange County automotive market

FORECAST

CARS Program Gives Market a Boost; Slow Recovery Heading into 2010

Market likely to improve in Fourth Quarter of '09 vs. '08; Projected 15.9% INCREASE in 2010

It's been nearly two years since the recession began, setting off the precipitous downturn in the Orange County new retail light vehicle market. During that time, uncertainty and confusion have reigned supreme. Highlighted on this page is a series of basic questions and concise answers that pinpoint key trends in the county market.

How has the county new vehicle market held up during the recession?

Not very well. U.S. new vehicle sales declined 18% in 2008 (the first year of the recession) while the county market fell 21.8%. Through the first nine months of this year, U.S. sales were off 26.1% compared to 32.7% in the county.

Was the CARS program the only reason for the downturn in sales early this Fall?

Short answer: No. CARS contributed to the weak market early this Fall, but was by no means the sole cause. The unqualified success

of the program in boosting sales, and the resulting depletion of vehicle inventories contributed to the drop off, but for the most part, sales simply returned to pre-CARS levels.

Where will the market go in 2010?

It's headed up! As we have emphasized for quite some time (see page 2) key market determinants are almost universally pointing to a sustained, albeit gradual, improvement. Auto Outlook predicts that new retail light vehicle registrations will increase 15.9% next year.

What happened to light truck market share this year?

It has decreased slightly from 39.8% during the first nine months of last year to 39.1% this year. Lower gas prices have clearly contributed to a stabilization in light truck market share.

Which brands have gained ground in the county market during the sales downturn?

Hyundai, Kia, and Volkswagen (see page 6).

Market Trends

CARs program helps stabilize market

New retail light vehicle registrations decreased 24.9% in Third Quarter versus a year earlier, an improvement over recent results.

Consumer affordability continues to be strong

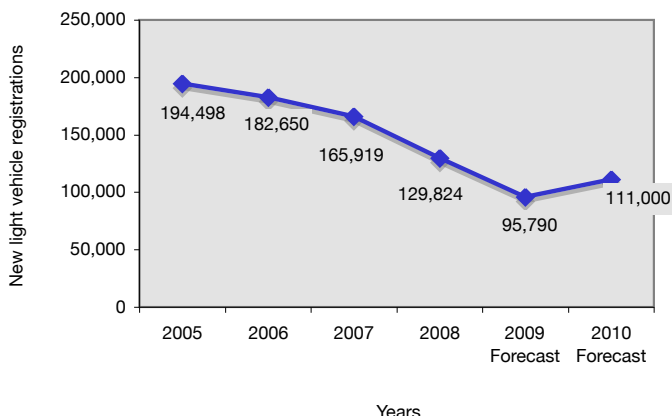
A key indicator of new vehicle affordability sends a positive signal.

Mid Size Crossover segment fastest growing

Mid Size crossover segment market share increased 1.9 points during the first nine months of '09 vs. '08.

Annual Trend in County New Vehicle Market

New Retail Light Vehicle Registrations-2005 thru 2010



The graph above shows annual new retail light vehicle registrations in the county from 2005 thru 2008, and Auto Outlook's projections for all of this year and 2010.

Market Summary

New Retail Light Vehicle Registrations 2008 History and 2009 Forecast

	2008		Forecast		% ch. '08 to '09
	2007	2008	2009	2009	
TOTAL	165,919	129,824	95,790	95,790	-26.2%
Car	90,893	77,745	57,474	57,474	-26.1%
Light Truck	75,026	52,079	38,316	38,316	-26.4%
Detroit Three	41,518	27,530	19,129	19,129	-30.5%
Japanese	90,659	72,893	51,297	51,297	-29.6%
European	29,740	25,132	20,307	20,307	-19.2%
Korean	4,002	4,269	5,057	5,057	18.5%

Detroit Three consists of vehicles sold by GM, Ford and Chrysler, and excludes import nameplates.

Source for historical data: AutoCount, an Experian Company.

LONG TERM TRENDS

Current Low Sales Levels Pave the Way for Eventual Rebound

U.S. market could reach 17 million units again within the next five years

The graph below has appeared several times in Auto Outlook over the past year or so, and for good reason. It provides a highly illustrative picture of the long term picture of new vehicle sales. Given the free fall in sales during the past two years, the picture is definitely not a pretty one. But it does provide a powerful reminder of the cyclical nature of the new vehicle market.

The graph shows U.S. new vehicle sales between 1970 and 2010. (The 2009 and 2010 figures are projected.) Two lines are plotted on the graph. The first is actual (or projected) sales. The second is the overall trend that “fits” a line to the actual plotted sales. The trend line shows the overall direction of the market.

As the graph clearly shows, over time it’s inevitable that sales will move lower, as they did from 1973 to 1975, 1978 to 1982, 1986 to 1991, and 2005 to 2009.

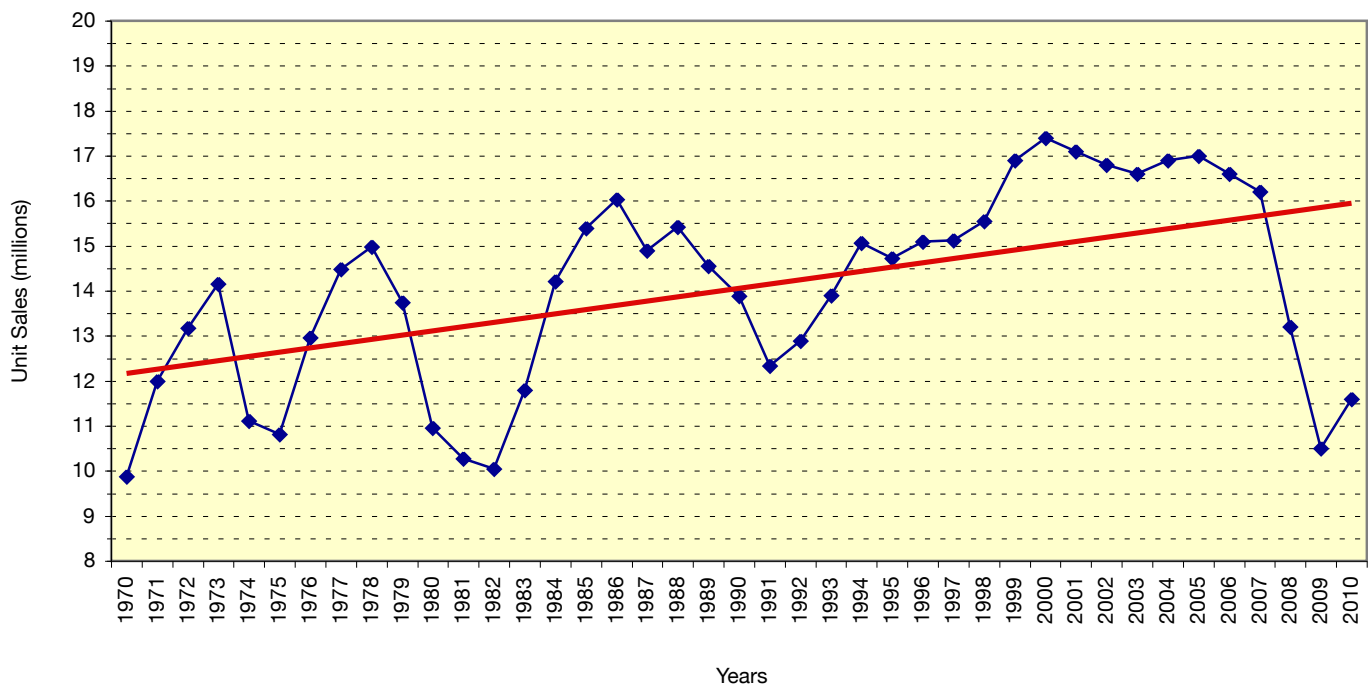
But it’s also inevitable that sales will move upward, something important to remember during an economic recession, when it’s easy to believe that bad times are here to stay. As shown below, the market enjoyed strong upward moves from 1970 to 1973, 1975 to 1978, 1982 to 1986, and 1991 thru 2000. And there’s no reason to believe that it will be any different this time around.

In addition, the trend line conveys a great deal about the likely future course of the market. When sales significantly exceed trend, it’s a strong signal that the market is poised for a downturn. Conversely, when sales fall below trend, it’s a signal that a recovery is likely around the corner. And as clearly shown on the graph, the extent that the market has fallen below trend this time around is unprecedented. Simply put, we believe that the 2009 annual U.S. sales level of about 10.5 million units is unsustainably low.

The shape of the trend line is a critical component in predicting how high sales will go during the recovery. If the trend line continues in its current direction for the next five to 10 years, then annual sales levels of 18 to even 20 million units are not out of the question. If it flattens (which is unlikely since the trend line is largely a function of growing population), sales would still need to rise above 16 million units to make up for the trend deficits accumulated during the current slump.

Bottom line: A fast, abrupt return to lofty sales totals recorded earlier this decade is highly unlikely. New vehicle shoppers are facing too many economic and financial headwinds (i.e., excessive debt and high unemployment) to push sales up aggressively. However, almost all signals point to a sustained new vehicle market recovery, with an eventual return to record-high sales totals.

U.S. New Light Vehicle Sales - 1970 thru 2008 Actual, 2009 and 2010 Projections



The graph shows actual new vehicle sales from 1970 thru 2008, and projections for 2009 and 2010. The overall trend represents the trend line of actual sales. Source: CNW Research.

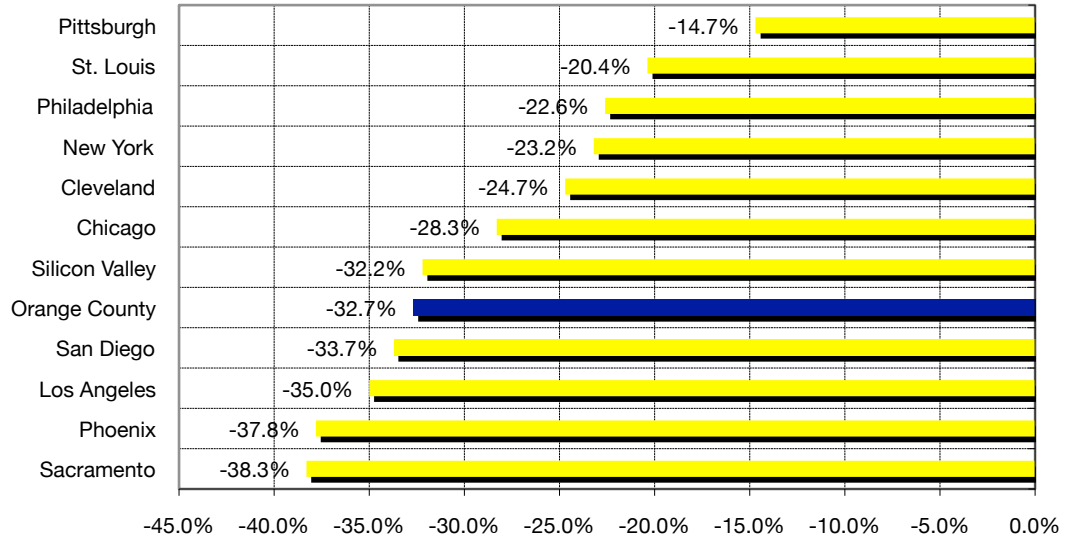
COUNTY MARKETS COMPARISON

New Vehicle Sales Downturn Hits Hard in Orange County

County market ranks 8th out of 12 based on change in registrations during first nine months of 2009

Obviously, there are no major new vehicle markets that have experienced significant growth this year. However, as shown on the graph to the right, some have fared better than others. The graph shows the percent change in new retail light vehicle registrations during the first nine months of 2009 versus the same period a year earlier for 12 selected metro area markets. The smallest decline was in the Pittsburgh Area, where new retail registrations were off 14.7%. The largest decline was in the Sacramento Area, down 38.3%.

Percent Change in New Retail Light Vehicle Registrations for Selected Markets YTD 2009 thru September vs. YTD 2008



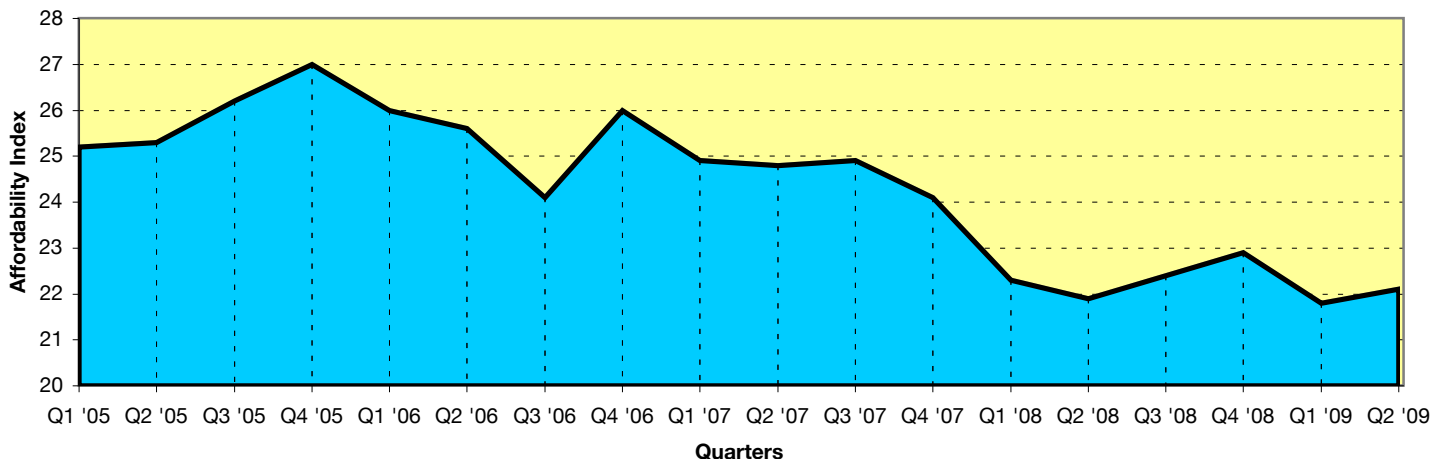
ECONOMIC UPDATE

Consumer Affordability Remains Strong; Positive Sign for County Market

Purchase of average priced new vehicle took 22.1 weeks of median family income in Second Quarter

Very low financing costs and respectable income levels helped keep the cost of a new vehicle at very affordable levels during the Second Quarter of this year. And although official results are not yet available, it is likely that affordability improved in the Third Quarter. The graph below shows Comerica Bank's Auto Affordability Index for the U.S. market, which tracks the number of weeks of median family income needed to purchase a new vehicle. The Index moved higher in the Second Quarter, indicating that the number of weeks of income needed to purchase a new vehicle increased slightly, but the Index is still at near-record low levels. Strong affordability, combined with an improving economy and consumer confidence, bodes well for a recovery in sales. Source: Comerica Bank.

Comerica Bank U.S. Auto Affordability Index (weeks of family income needed to purchase a new vehicle)



MODEL SCOREBOARD - CARS

Toyota Camry is Best Selling Car in County Market

Honda Civic best selling Small car; BMW 3-Series top luxury model

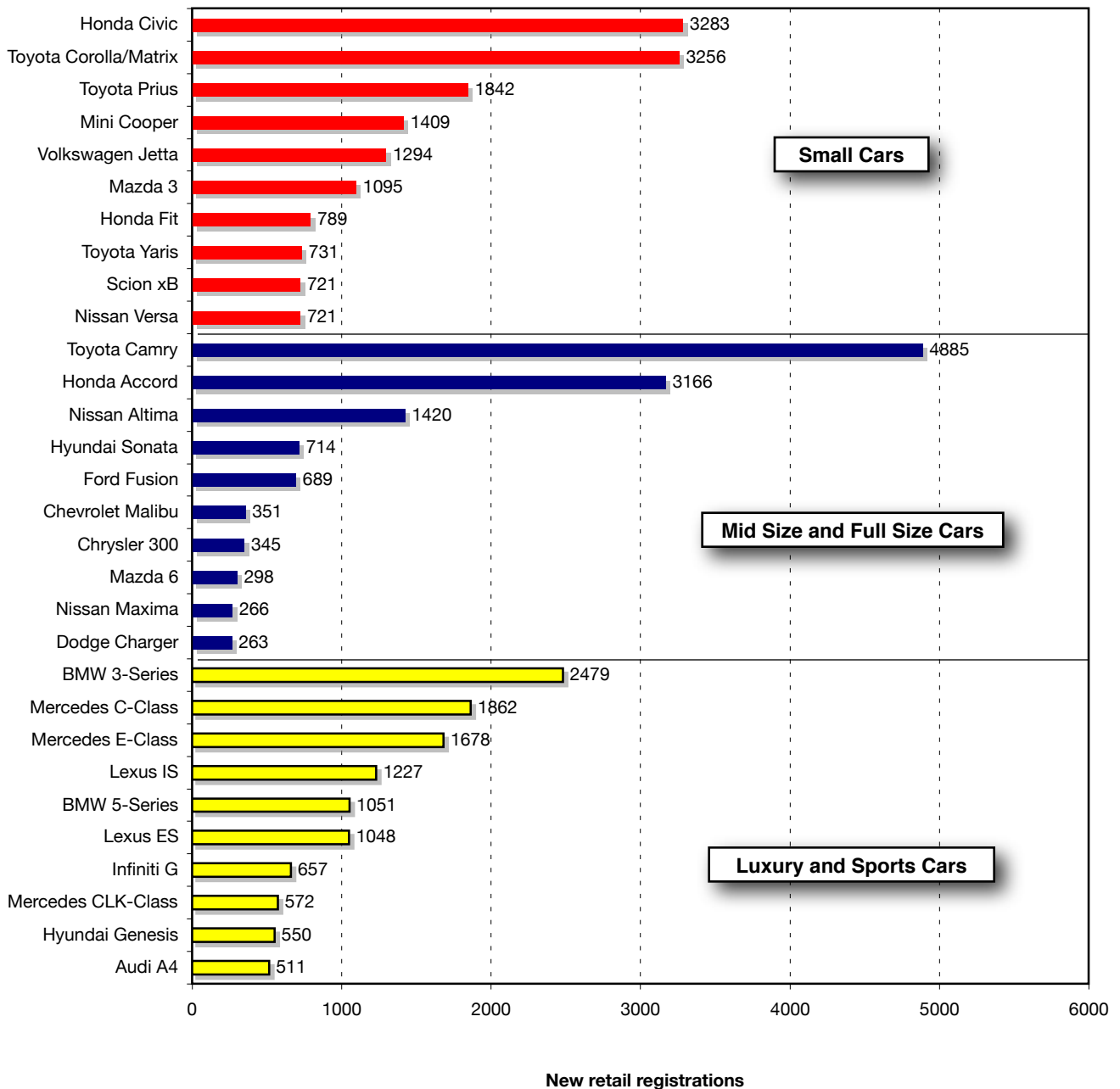
The graph below shows the top 30 selling new cars in the Orange County during the first nine months of this year. Models are positioned on the graph based on primary market segment (Small Cars, Mid Size and Full Size Cars, and

Luxury and Sports Cars) and then by registrations within each segment.

The overall best-seller in the county during the first nine months of this year was the Toyota Camry, followed by Honda

Civic. Honda Accord was second in the Mid and Full Size Car category. The BMW 3-Series and Mercedes C-Class ranked first and second, respectively, among luxury cars.

Top Selling Models in Orange County New Retail Car Market-YTD 2009 thru September



MODEL SCOREBOARD - LIGHT TRUCKS

Honda CRV Leads Among Light Trucks

Lexus RX best-selling luxury truck; Ford F-Series SUV leader

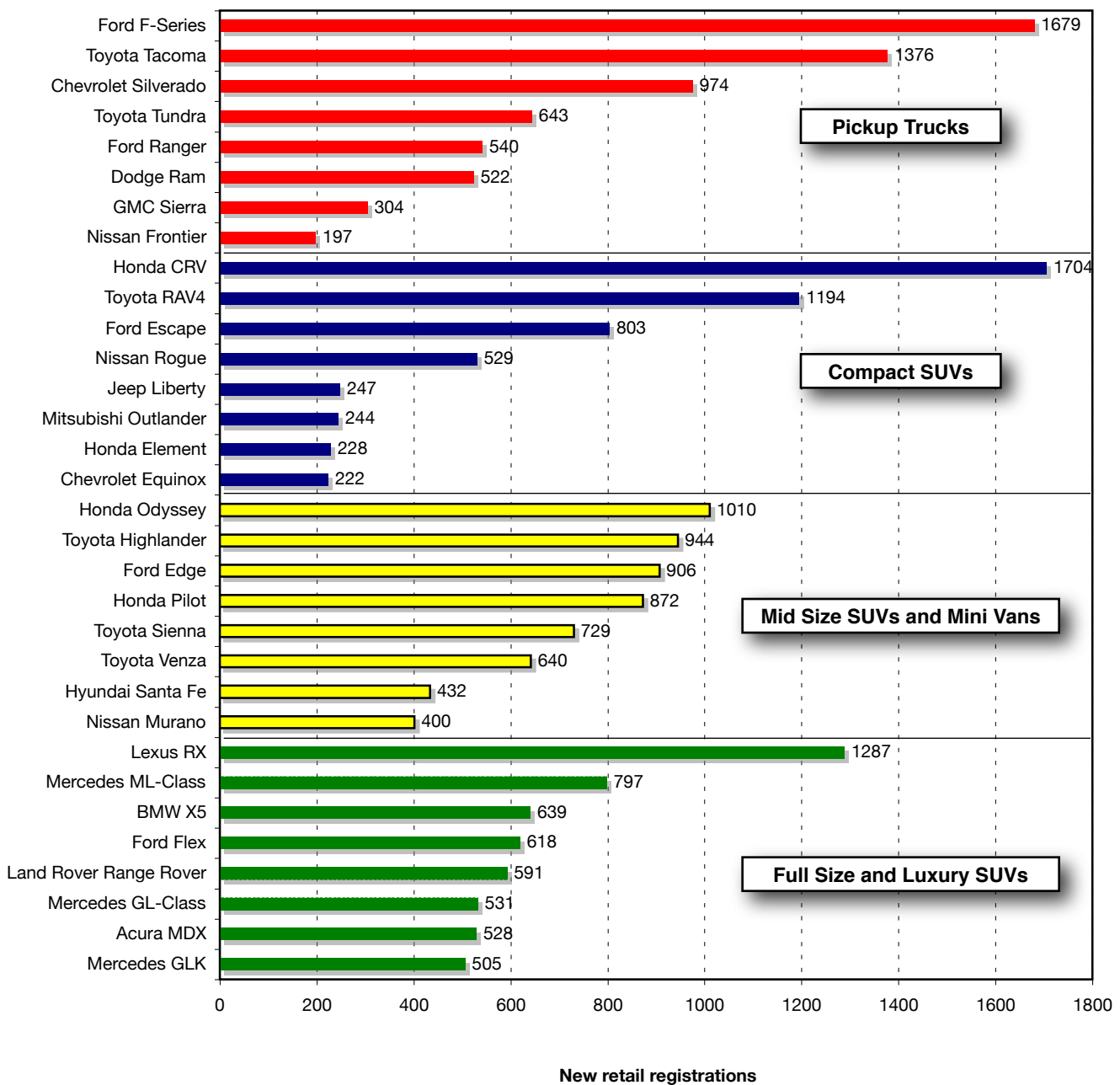
The graph below shows the top 30 selling new light trucks in Orange County during the first nine months of this year. Models are positioned on the graph based on primary market segment (Pickup Trucks, Compact SUVs, Mid Size

SUVs and Mini Vans, and Full Size and Luxury SUVs) and by registrations within each segment.

The overall best-seller in the county during the first nine months of this year was

Honda CRV, followed by Ford F-Series. Honda Odyssey was the sales leader among Mid Size SUVs and Mini Vans, followed by Toyota Highlander. Lexus RX was the Full Size/Luxury SUV leader, followed by Mercedes ML.

Top Selling Models in Orange County New Retail Light Truck Market-YTD 2009 thru September



BRAND SCOREBOARD

Hyundai, Kia, and Volkswagen Record Big Share Gains in County Market

Toyota/Scion market share declines

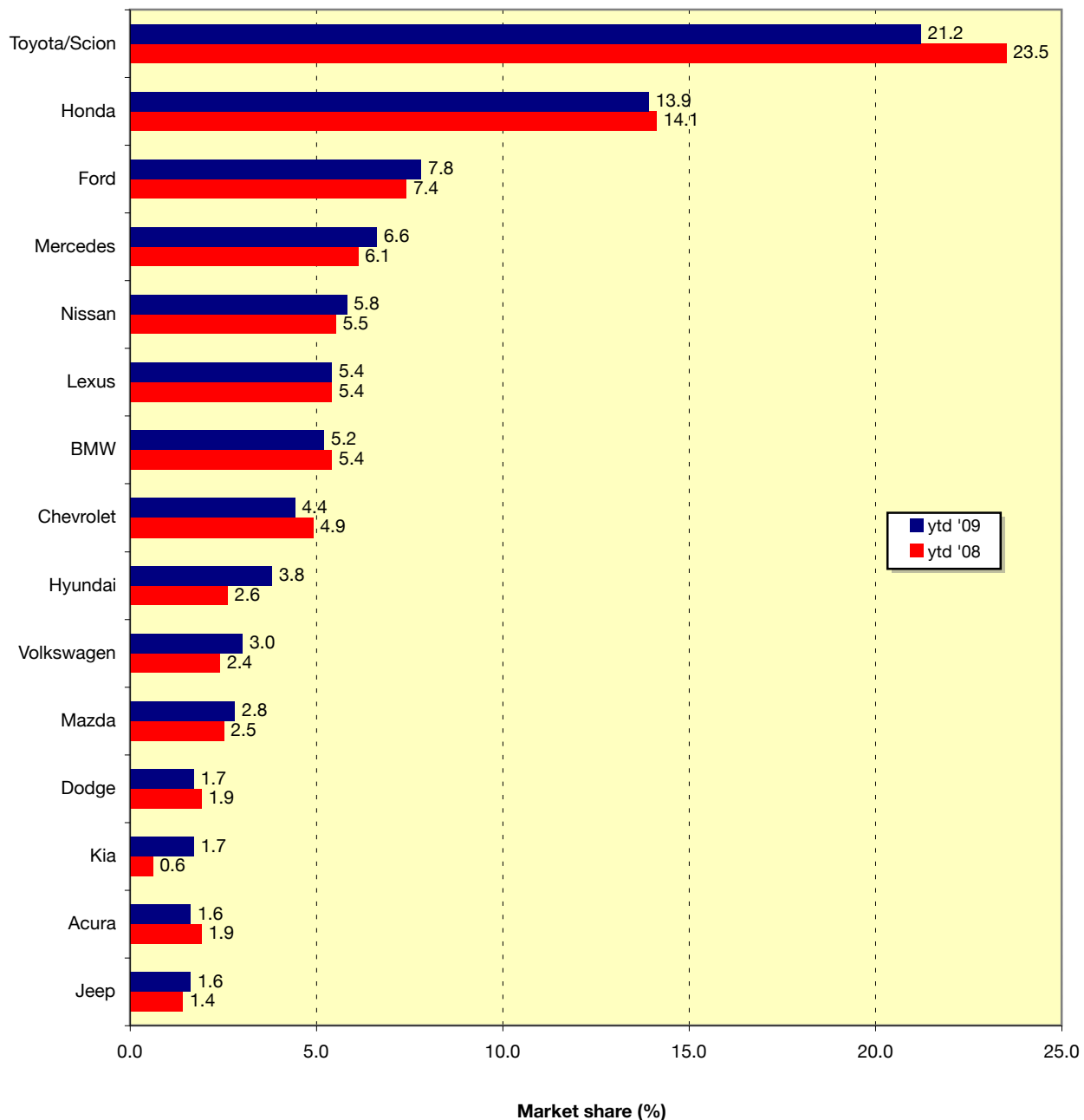
With the Orange County new vehicle market declining 32.7% so far this year, there were very few brands that managed to post increased sales. During periods of sharply declining industry sales, changes in market share provide a

more accurate picture of brand sales performance. The graph below shows the change in county new retail light vehicle market share during the first nine months of 2008 and 2009 for the top 15 selling brands. Brands are ranked from

top to bottom based on market share this year.

Source: AutoCount data from Experian Automotive.

**Orange County New Retail Light Vehicle Market Share for Top 15 Selling Brands
YTD 2008 and 2009 thru September**



COMPARISON OF ORANGE COUNTY, LOS ANGELES COUNTY, AND U.S. MARKETS

Orange County Posts Smaller Decline than Los Angeles County

Import brand market share in Orange County exceeds 80% so far this year

	Orange County	Los Angeles County	U.S. Market
Market Growth % change in registrations YTD '09 thru September vs. YTD '08	-32.7%	-35.0%	-26.1%
Car Market Share Car share of industry retail light vehicle YTD '09 thru September	60.9%	66.1%	54.1%
Domestic Brand Market Share Domestic brand share of industry retail light vehicle registrations - YTD '09 thru September	19.8%	16.7%	39.8%

Brand	New Retail Registrations - YTD thru September						Market Share (YTD '09)		
	Orange County		Los Angeles County		U.S.		Orange County	L.A. County	U.S.
	Regs.	% ch. from '08	Regs.	% ch. from '08	Regs.	% ch. from '08			
Acura	1,136	-45.0%	2,782	-43.6%	76,628	-33.8%	1.6	1.5	1.0
Audi	1,101	-23.9%	4,538	-20.4%	59,518	-9.6%	1.5	2.5	0.8
BMW	3,755	-34.2%	10,455	-37.3%	144,223	-26.3%	5.2	5.8	1.8
Buick	173	-40.8%	381	-35.2%	72,379	-36.0%	0.2	0.2	0.9
Cadillac	515	-56.9%	1,200	-59.0%	73,024	-43.6%	0.7	0.7	0.9
Chevrolet	3,124	-39.7%	7,115	-42.3%	987,912	-32.0%	4.4	4.0	12.6
Chrysler	658	-42.4%	1,342	-55.5%	133,534	-51.6%	0.9	0.7	1.7
Dodge	1,251	-38.3%	2,827	-40.4%	399,930	-37.4%	1.7	1.6	5.1
Ford	5,628	-28.3%	10,544	-32.3%	1,058,891	-21.4%	7.8	5.9	13.5
GMC	837	-46.2%	1,637	-54.8%	176,423	-39.9%	1.2	0.9	2.3
Honda	9,943	-33.9%	28,052	-28.9%	807,508	-24.2%	13.9	15.6	10.3
Hummer	60	-73.9%	150	-70.1%	8,193	-63.6%	0.1	0.1	0.1
Hyundai	2,741	-2.1%	2,933	0.7%	342,217	1.3%	3.8	1.6	4.4
Infiniti	903	-51.3%	2,803	-50.2%	59,886	-33.4%	1.3	1.6	0.8
Isuzu	18	-76.6%	67	-62.1%	515	-87.7%	0.0	0.0	0.0
Jaguar	269	-20.6%	895	-17.4%	8,299	-32.5%	0.4	0.5	0.1
Jeep	1,134	-25.1%	2,062	-42.2%	182,052	-32.4%	1.6	1.1	2.3
Kia	1,223	79.6%	2,548	-5.0%	238,570	4.6%	1.7	1.4	3.1
Land Rover	531	-24.5%	1,566	-27.9%	18,586	-19.2%	0.7	0.9	0.2
Lexus	3,903	-32.8%	9,378	-33.2%	149,408	-26.8%	5.4	5.2	1.9
Lincoln	217	-56.6%	722	-47.6%	59,236	-28.5%	0.3	0.4	0.8
Mazda	2,006	-23.6%	3,231	-31.1%	160,189	-25.6%	2.8	1.8	2.0
Mercedes	4,742	-27.2%	11,916	-23.7%	135,476	-23.6%	6.6	6.6	1.7
Mercury	98	-44.6%	349	-40.1%	69,248	-28.5%	0.1	0.2	0.9
MINI	909	-7.4%	2,580	-1.9%	34,996	-12.4%	1.3	1.4	0.4
Mitsubishi	654	-35.8%	694	-41.0%	42,839	-46.5%	0.9	0.4	0.5
Nissan	4,128	-30.2%	11,753	-42.5%	520,410	-25.2%	5.8	6.5	6.7
Pontiac	185	-30.7%	644	-28.1%	151,818	-32.7%	0.3	0.4	1.9
Porsche	414	-19.6%	1,322	-20.5%	14,310	-32.1%	0.6	0.7	0.2
Saab	38	-65.5%	139	-62.6%	6,928	-60.1%	0.1	0.1	0.1
Saturn	344	-56.1%	1,059	-60.7%	60,216	-62.1%	0.5	0.6	0.8
smart	86	-5.5%	546	-25.6%	12,421	-31.6%	0.1	0.3	0.2
Subaru	806	8.8%	1,993	34.3%	158,421	10.2%	1.1	1.1	2.0
Suzuki	276	7.8%	81	-79.4%	33,525	-55.0%	0.4	0.0	0.4
Toyota/Scion	15,222	-39.2%	41,556	-39.9%	1,147,014	-27.8%	21.2	23.1	14.7
Volkswagen	2,162	-17.2%	6,050	-15.0%	159,779	-8.9%	3.0	3.4	2.0
Volvo	440	-28.0%	1,336	-38.7%	46,729	-22.2%	0.6	0.7	0.6
Other	160	-56.8%	369	-59.1%	5,901	-39.3%	0.2	0.2	0.1

The two tables above provide a comparison of the Orange County, Los Angeles County, and U.S. new retail light vehicle markets. As shown on the top table, the Orange County market declined 32.7% during the first nine months of this year versus a year earlier, while the Los Angeles County market fell 35%. Source: AutoCount data from Experian Automotive.

Orange County New Retail Car and Light Truck Registrations											
	Third Quarter				YTD thru September				YTD Market Share (%)		
	Orange County			U.S.	Orange County			U.S.	Orange County		
	2008	2009	% chg.	% chg.	2008	2009	% chg.	% chg.	2008	2009	Chg.
MARKET SUMMARY											
TOTAL	35,715	26,826	-24.9%	-10.2%	106,623	71,790	-32.7%	-27.4%			
Cars	22,492	17,393	-22.7%	-2.7%	64,173	43,670	-31.9%	-25.2%	60.2	60.8	0.6
Light Trucks	13,223	9,433	-28.7%	-19.0%	42,450	28,120	-33.8%	-29.9%	39.8	39.2	-0.6
Domestic	6,889	4,883	-29.1%	-18.0%	22,752	14,226	-37.5%	-32.8%	21.3	19.8	-1.5
Japanese	20,629	15,424	-25.2%	-6.8%	60,459	38,995	-35.5%	-26.2%	56.7	54.3	-2.4
European	6,850	4,962	-27.6%	-8.6%	19,931	14,605	-26.7%	-20.7%	18.7	20.3	1.6
Korean	1,347	1,557	15.6%	29.2%	3,481	3,964	13.9%	2.7%	3.3	5.5	2.2
BRAND REGISTRATIONS											
Acura	752	351	-53.3%	-32.7%	2,067	1,136	-45.0%	-33.8%	1.9	1.6	-0.3
Audi	460	382	-17.0%	4.2%	1,447	1,101	-23.9%	-9.6%	1.4	1.5	0.1
BMW	2,172	1,215	-44.1%	-21.0%	5,708	3,755	-34.2%	-26.3%	5.4	5.2	-0.2
Buick	86	51	-40.7%	-40.0%	292	173	-40.8%	-36.0%	0.3	0.2	-0.1
Cadillac	322	127	-60.6%	-40.2%	1,195	515	-56.9%	-43.6%	1.1	0.7	-0.4
Chevrolet	1,698	1,187	-30.1%	-20.1%	5,179	3,124	-39.7%	-32.0%	4.9	4.4	-0.5
Chrysler	274	212	-22.6%	-35.5%	1,142	658	-42.4%	-51.6%	1.1	0.9	-0.2
Dodge	586	363	-38.1%	-22.9%	2,028	1,251	-38.3%	-37.4%	1.9	1.7	-0.2
Ford	2,477	2,104	-15.1%	7.6%	7,844	5,628	-28.3%	-21.4%	7.4	7.8	0.4
GMC	432	244	-43.5%	-41.9%	1,557	837	-46.2%	-39.9%	1.5	1.2	-0.3
Honda	5,349	3,717	-30.5%	-4.8%	15,040	9,943	-33.9%	-24.2%	14.1	13.9	-0.2
Hummer	54	15	-72.2%	-68.4%	230	60	-73.9%	-63.6%	0.2	0.1	-0.1
Hyundai	1,069	1,004	-6.1%	29.0%	2,800	2,741	-2.1%	1.3%	2.6	3.8	1.2
Infiniti	549	317	-42.3%	-23.7%	1,853	903	-51.3%	-33.4%	1.7	1.3	-0.4
Jaguar	133	63	-52.6%	-35.2%	339	269	-20.6%	-32.5%	0.3	0.4	0.1
Jeep	392	341	-13.0%	-8.9%	1,514	1,134	-25.1%	-32.4%	1.4	1.6	0.2
Kia	278	553	98.9%	29.4%	681	1,223	79.6%	4.6%	0.6	1.7	1.1
Land Rover	170	121	-28.8%	-2.7%	703	531	-24.5%	-19.2%	0.7	0.7	0.0
Lexus	1,952	1,453	-25.6%	-12.1%	5,806	3,903	-32.8%	-26.8%	5.4	5.4	0.0
Lincoln	143	48	-66.4%	-28.6%	500	217	-56.6%	-28.5%	0.5	0.3	-0.2
Mazda	905	744	-17.8%	-3.9%	2,625	2,006	-23.6%	-25.6%	2.5	2.8	0.3
Mercedes	2,106	1,520	-27.8%	-13.3%	6,515	4,742	-27.2%	-23.6%	6.1	6.6	0.5
Mercury	42	31	-26.2%	1.1%	177	98	-44.6%	-28.5%	0.2	0.1	-0.1
MINI	373	390	4.6%	4.1%	982	909	-7.4%	-12.4%	0.9	1.3	0.4
Mitsubishi	283	184	-35.0%	-37.6%	1,018	654	-35.8%	-46.5%	1.0	0.9	-0.1
Nissan	2,077	1,815	-12.6%	-10.3%	5,913	4,128	-30.2%	-25.2%	5.5	5.8	0.3
Pontiac	87	68	-21.8%	-13.6%	267	185	-30.7%	-32.7%	0.3	0.3	0.0
Porsche	149	124	-16.8%	-22.4%	515	414	-19.6%	-32.1%	0.5	0.6	0.1
Saab	34	11	-67.6%	-70.9%	110	38	-65.5%	-60.1%	0.1	0.1	0.0
Saturn	296	91	-69.3%	-69.1%	784	344	-56.1%	-62.1%	0.7	0.5	-0.2
smart	48	34	-29.2%	-21.3%	91	86	-5.5%	-31.6%	0.1	0.1	0.0
Subaru	267	319	19.5%	31.0%	741	806	8.8%	10.2%	0.7	1.1	0.4
Suzuki	76	38	-50.0%	-39.1%	256	276	7.8%	-55.0%	0.2	0.4	0.2
Toyota/Scion	8,381	6,479	-22.7%	-3.9%	25,036	15,222	-39.2%	-27.8%	23.5	21.2	-2.3
Volkswagen	985	865	-12.2%	4.9%	2,610	2,162	-17.2%	-8.9%	2.4	3.0	0.6
Volvo	129	188	45.7%	22.6%	611	440	-28.0%	-22.2%	0.6	0.6	0.0
Other	129	57	-55.8%	-48.7%	447	178	-60.2%	-53.9%	0.4	0.2	-0.2

Orange County Auto Outlook

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Explanation of Data

Data presented in Auto Outlook measures new vehicle registrations in San Diego County. Monthly recording of registrations occurs when vehicle title information is processed.

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