

Orange County Auto Outlook™



Comprehensive information on the Orange County automotive market

FORECAST

County Market to Improve for Third Consecutive Year in 2012

Smaller increase is predicted for 2013

Information overload is hard to avoid these days. Here's our attempt to cut through the clutter. Below is a concise summary of key trends and developments in the Orange County new vehicle market.

County market posts big gains during first three quarters of 2012; increase is well above Nation

County new retail light vehicle registrations were up 23.2% through September of this year versus a year earlier, higher than the 13% uptick in the National market.

New vehicle market picks up steam in Third Quarter of this year

The Third Quarter increase was 35.4%, stronger than in the First and Second Quarters (see page 2).

Fourth consecutive annual increase likely in 2013

County new retail light vehicle registrations are predicted to increase 9.2% from 2012 to 2013. This year's annual increase is pegged at 21.3%

Forecast determinants point to slower growth in new vehicle sales during next several years

The likelihood of sluggish economic growth, the slowly recovering labor market, economically restrictive fiscal policy from Washington, the Euro Zone debt crisis, and a slowing global economy are likely to put a mild damper on the rate of growth in new vehicle sales. Pent up demand, an improving housing market, low interest rates, and gradually improving household debt levels should ensure sales will continue to head higher, but at a slightly slower pace.

Cars grab a larger share of county market

Car market share increased from 60.5% during the first nine months of 2011 to 62.7% this year. Primary factors were higher fuel prices and a bevy of new product introductions.

Alternative powertrain vehicle sales are up sharply in 2012

County sales of hybrid and electric cars and trucks were up 66% so far this year. Market share increased to 6.6%.

Toyota, Honda, Ford, Hyundai, and Mercedes are leaders in county market

Toyota was the best selling brand during the first three quarters of this year, with a 19.3% share. Honda's share was 12.8%.

smart, Jeep, Chrysler, Kia, and Ram gain a lot of ground in 2012

New retail registrations for each of these five brands were up more than 50% so far in 2012.

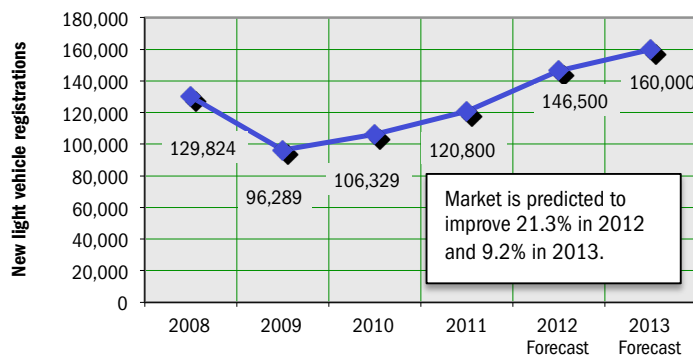
Toyota Prius best-selling car in county market; CRV is light truck leader

Honda Accord and Toyota Camry were ranked second and third behind Prius in the car market, while Ford F-Series and Toyota Sienna trailed the CRV.

European brands lose market share in 2012, as Japanese brands gain

European brands accounted for 20.5% of the county market during the first nine months of this year, down from 21.6% a year earlier. Japanese brand market share increased 1.1 points.

Annual Trend in Orange County New Vehicle Market



Market Summary

	YTD '10 thru Sept.	YTD '11 thru Sept.	YTD '12 thru Sept.	% ch. '11 to '12
TOTAL	51,538	91,294	112,513	23.2%
Car	31,119	55,236	70,490	27.6%
Light Truck	20,419	36,058	42,023	16.5%
Detroit Three	9,081	18,011	21,618	20.0%
European	10,860	19,735	23,051	16.8%
Japanese	28,017	43,647	55,038	26.1%
Korean	3,580	9,901	12,806	29.3%

The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2011, and Auto Outlook's projections for 2012 and 2013.

Detroit Three consists of vehicles sold by GM, Ford, and Chrysler. Historical data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: MONTHLY MOVING AVERAGE

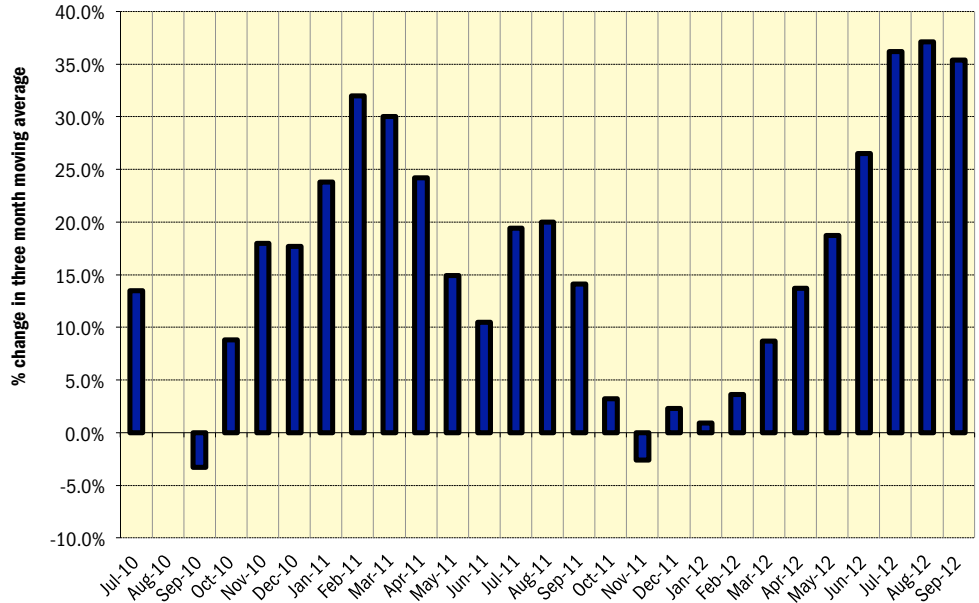
Market's Winning Streak Continues

Percent change in three month moving average increased in 23 of past 24 months

The graph to the right provides a clear picture of the general trending direction of the Orange County new retail light vehicle market. And as highlighted in the graph, the trend over the past two years is positive. The graph shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average provides a clearer picture of the trending direction than individual monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather, and vehicle title processing delays by governmental agencies.

The market has continued its steady climb back to respectable sales levels. The three month moving average increased by more than 35% during the past three months.

Percent Change in Orange County New Retail Light Vehicle Registrations Three Month Moving Average versus Year Earlier

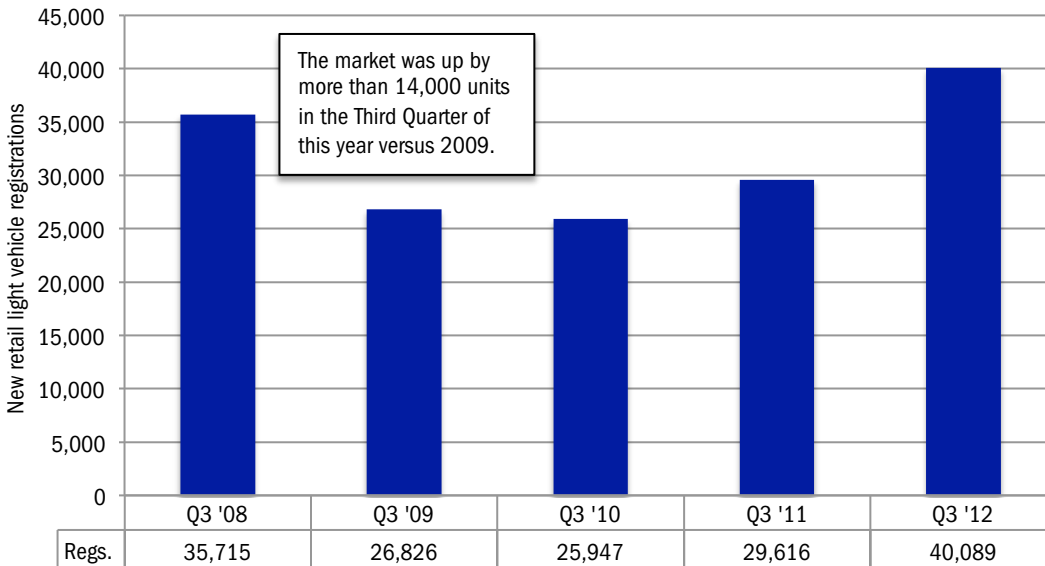


MARKET TRACKER: QUARTERLY PERSPECTIVE

New Retail Registrations Exceed 40,000 Units in 3rd Quarter

Market increases in Third Quarter for second consecutive year

QUARTERLY PERSPECTIVE
Five Years of Third Quarter Results in Orange County Market



The market was up by more than 14,000 units in the Third Quarter of this year versus 2009.

Details on Data

Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

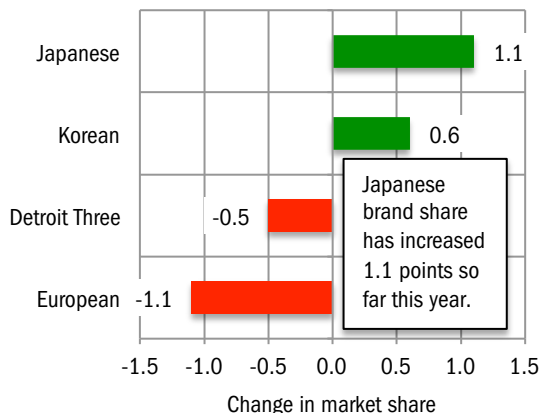
Statistics are compiled by AutoCount Data by Experian Automotive.

Third quarter registrations during past five years

MARKET TRACKER: BRAND MARKET SHARE

Japanese Brands Are Up

Change in County Market Share
YTD 2012 thru September vs. YTD 2011

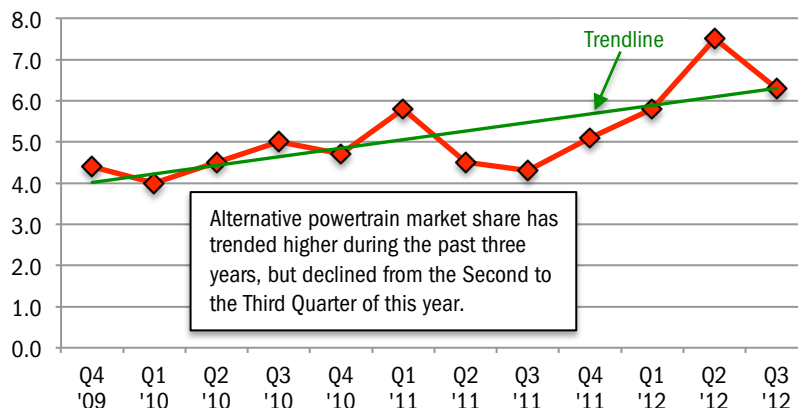


The graph above shows the change in year-to-date market share for four primary brand segments.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid & Electric Share Eases

Quarterly Alternative Powertrain Market Share
(includes hybrid and electric vehicles)



The graph above shows hybrid powertrain and electric vehicle quarterly market share in the county. The line shows market share trend over the past 12 quarters.

MARKET TRACKER: SEGMENTS

Sub Compact and Standard Mid Size Car Shares Move Higher

Orange County Segment Market Share Review				
Segment	Market Share YTD '11 thru March	Market Share YTD '12 thru March	Change in share YTD '11 to '12	Best selling model in segment
Sub Compact Car	20.5	22.4	1.9	Toyota Prius
Standard Mid Size Car	14.9	16.8	1.9	Honda Accord
Compact SUV	9.1	9.2	0.1	Honda CRV
Near Luxury Car	10.3	8.7	-1.6	Mercedes C-Class
Luxury Car	6.4	5.7	-0.7	Mercedes E-Class
Entry Car	4.7	5.0	0.3	Kia Soul
Mid Size Crossover SUV	5.6	4.6	-1.0	Ford Edge
Mid Size Luxury SUV	4.9	4.6	-0.3	Lexus RX
Full Size Pickup	4.3	4.2	-0.1	Ford F-Series
Mini Van	3.3	3.3	0.0	Honda Odyssey
Mid Size SUV	2.3	2.5	0.2	Jeep Grand Cherokee
Full Size Crossover SUV	2.4	2.1	-0.3	Ford Explorer
Sport Compact Car	1.8	2.1	0.3	Chevrolet Camaro
Compact Pickup	2.1	2.0	-0.1	Toyota Tacoma
Full Size Luxury SUV	1.8	1.7	-0.1	Range Rover
Compact Luxury SUV	1.6	1.4	-0.2	Mercedes GLK
Large Mid Size Car	1.1	1.2	0.1	Chrysler 300
Full Size SUV	1.4	1.0	-0.4	Chevrolet Tahoe
Full Size Van	0.7	0.7	0.0	Ford E-Series
Sports Car	0.7	0.6	-0.1	Mazda MX5

The table above shows Orange county market share for 20 vehicle segments during the first nine months of 2011 and 2012, and the change in market share over the period. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on 2012 share. Most popular segment in the county is Sub Compact Car. Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD - PART ONE

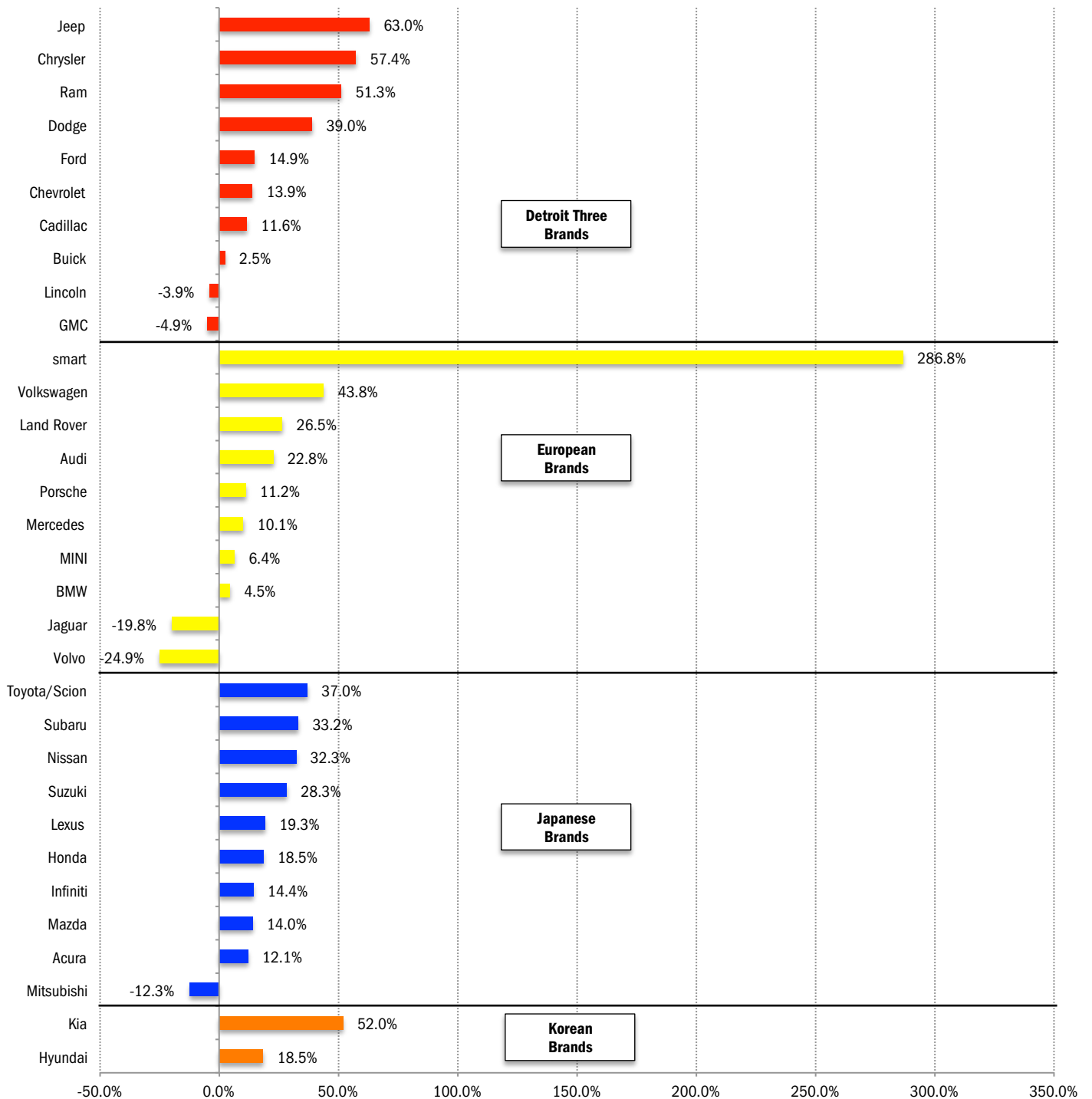
smart and Jeep Post Largest Gains So Far This Year

Toyota has largest percentage increase among European brands

The graphs below provide a comparative evaluation of brand sales performance in the county market. It shows the year-to-date percent change in registrations for each brand, organized by category (i.e., Detroit Three, European, Japanese, and Korean).

Source: AutoCount data from Experian Automotive.

**Percent Change in County New Retail Light Vehicle Registrations
YTD 2012 thru September vs. YTD 2011**



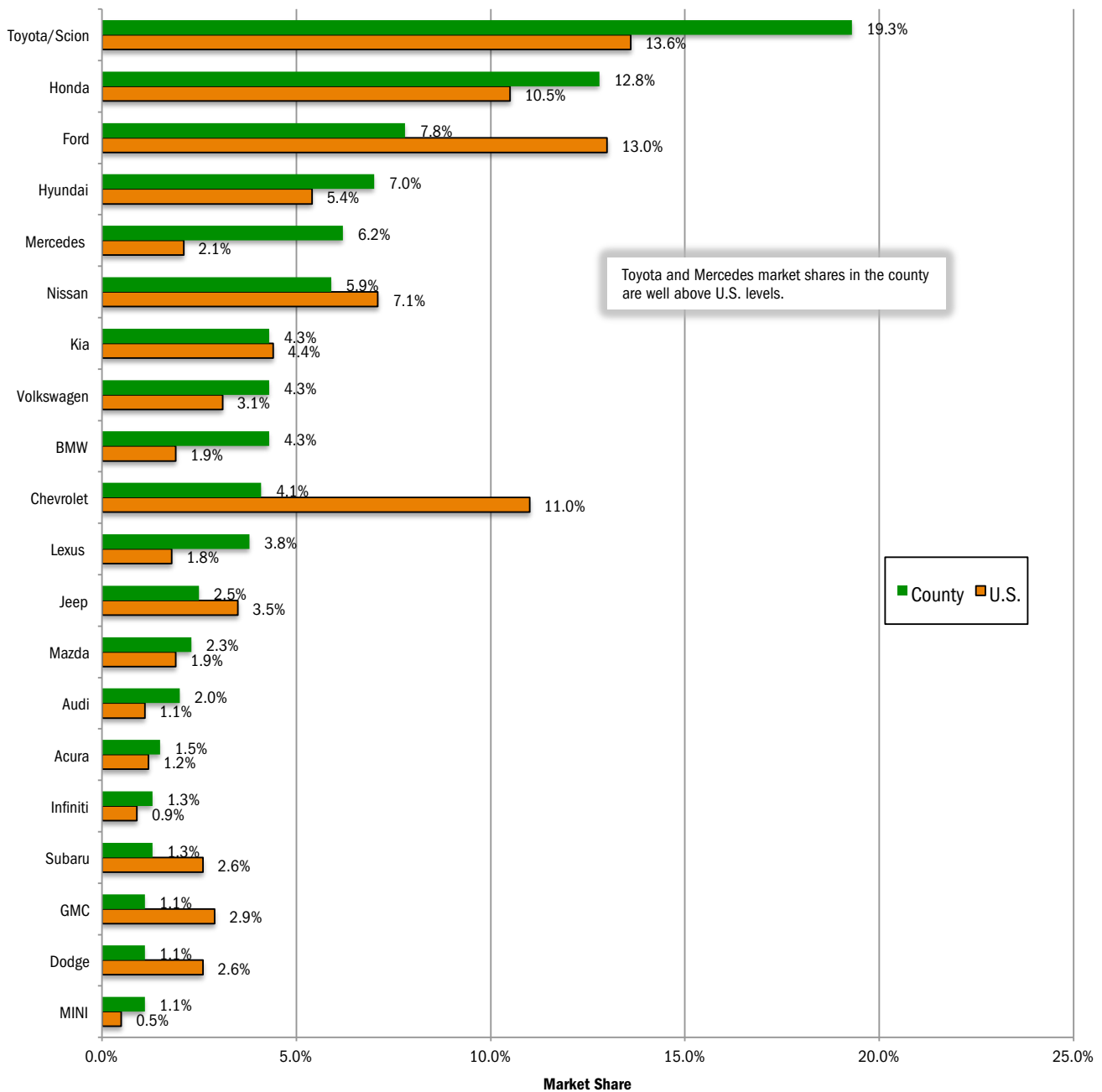
BRAND SCOREBOARD - PART TWO

Toyota Stays on Top of County Market

County market share for Toyota exceeds U.S. by 5.7 points

The graph below provides a comparison of Orange County and U.S. new retail market share during the first nine months of this year for the top 20 selling brands in the county. Brands are positioned on the graph from top to bottom based on county market share. Toyota was the county leader, accounting for 19.3% of the market, well above its 13.6% share in the Nation. Mercedes market share in the county was 6.2%, 4.1 points higher than its U.S. share. Source: AutoCount data from Experian Automotive.

County and U.S. Market Share - YTD 2012 thru September



FORECAST DETERMINANTS

Three Primary Factors Impacting New Vehicle Sales

Indicators point to moderate improvement in county new vehicle market

#1

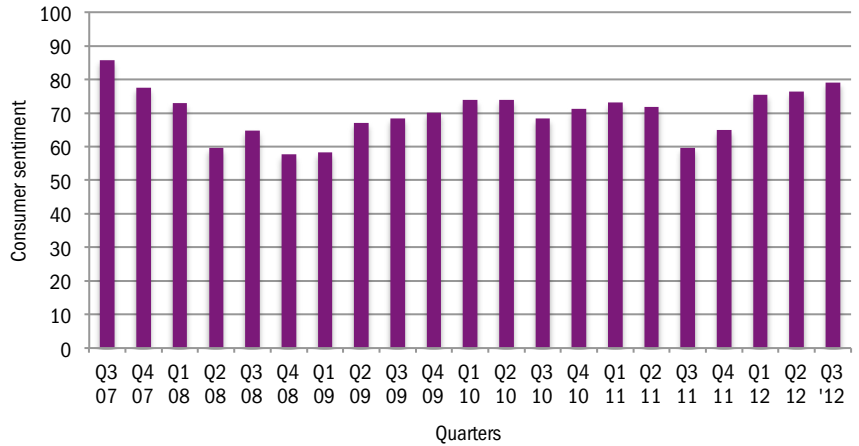
Consumer Sentiment

Consumers attitudes have improved but worry still persists

Impact on new vehicle sales:
MILDLY POSITIVE

Sentiment took an expected downward turn during 2007 and 2008. After declining in the Third Quarter of 2011, sentiment has recovered somewhat during the past year. Source: University of Michigan.

University of Michigan Consumer Sentiment Index



#2

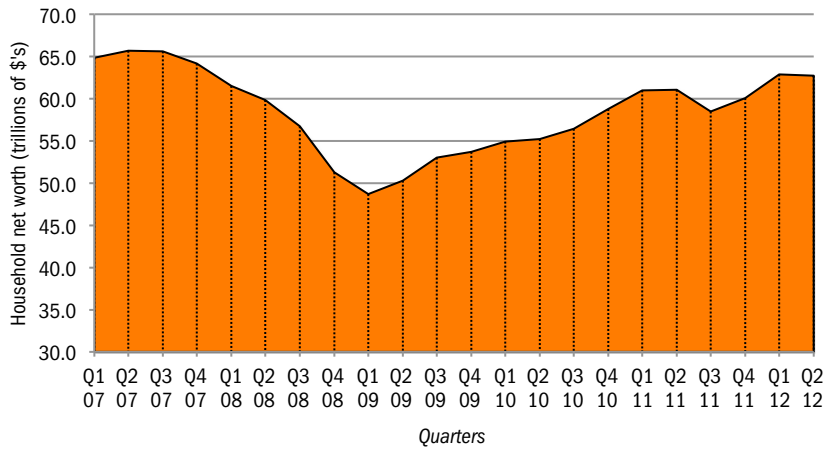
Household Net Worth

Household net worth has moved higher from the lows in early 2009

Impact on new vehicle sales:
MOSTLY POSITIVE

After declining sharply from 2007 to the First Quarter of 2009, household net worth recovered, and has exceeded \$60 trillion during the past three quarters. The trend of improving net worth provides a boost to consumer spending. Source: Federal Reserve.

U.S. Household Net Worth



#3

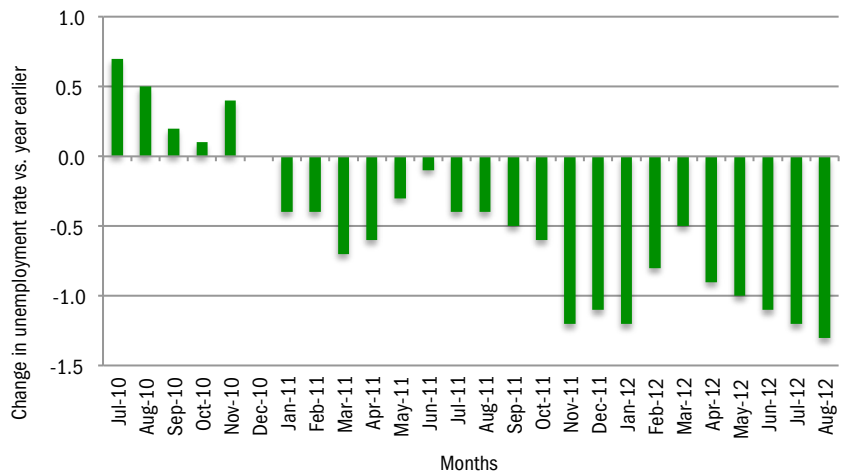
County Unemployment

County unemployment rate has been steadily declining

Impact on new vehicle sales:
MILDLY POSITIVE

The graph on the right shows the monthly change in the county unemployment rate versus the same month a year earlier. The rate has declined in each of the past 21 months, but was still above 10%. Source: BLS.

Monthly Change in County Unemployment Rate (vs. year earlier)



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

Orange County Market Up 23.2% in First Nine Months of 2012

Los Angeles County market was up 25.3%; U.S. up 13%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Retail Market
Market Growth % change in registrations YTD 2012 thru Sept. vs. YTD 2011	23.2%	25.3%	13.0%
Car Market Share Car share of industry retail light vehicle YTD 2012 thru Sept.	62.6%	67.0%	51.6%
Domestic Brand Market Share Domestic brand share of industry retail light vehicle registrations - YTD 2012	19.2%	17.5%	39.7%

Brand	New Retail Registrations - YTD 2012 thru September						Market Share (YTD '12)		
	Orange County		Los Angeles County		U.S.		Orange County	L.A. County	U.S.
	Regs.	% ch. from '11	Regs.	% ch. from '11	Regs.	% ch. from '11			
Acura	1,645	12.1%	3,950	14.8%	104,272	16.9%	1.5	1.4	1.2
Audi	2,274	22.8%	6,990	25.2%	91,213	19.5%	2.0	2.5	1.1
BMW	4,793	4.5%	13,920	7.2%	162,089	1.2%	4.3	4.9	1.9
Buick	449	2.5%	975	7.6%	113,232	-1.9%	0.4	0.3	1.3
Cadillac	989	11.6%	2,593	17.3%	92,415	-3.5%	0.9	0.9	1.1
Chevrolet	4,571	13.9%	13,047	24.2%	947,524	2.9%	4.1	4.6	11.0
Chry Dodge Jeep Ram	5,309	54.6%	10,729	48.7%	845,895	27.3%	4.7	3.8	9.8
Chrysler	650	57.4%	1,418	65.3%	149,419	38.6%	0.6	0.5	1.7
Dodge	1,257	39.0%	3,313	38.9%	225,252	21.4%	1.1	1.2	2.6
Jeep	2,800	63.0%	4,815	53.9%	304,257	30.2%	2.5	1.7	3.5
Ram	602	51.3%	1,183	40.3%	166,967	21.6%	0.5	0.4	1.9
Fiat	434	258.7%	2,046	401.5%	27,063	371.9%	0.4	0.7	0.3
Ford	8,764	14.9%	18,857	15.1%	1,125,659	8.7%	7.8	6.7	13.0
GMC	1,287	-4.9%	2,474	2.3%	247,498	0.8%	1.1	0.9	2.9
Honda	14,377	18.5%	41,720	27.8%	910,197	16.0%	12.8	14.8	10.5
Hyundai	7,921	18.5%	11,970	21.3%	465,426	8.7%	7.0	4.2	5.4
Infiniti	1,502	14.4%	4,409	23.3%	79,061	14.7%	1.3	1.6	0.9
Jaguar	243	-19.8%	802	2.4%	7,905	-5.9%	0.2	0.3	0.1
Kia	4,885	52.0%	12,097	84.5%	380,439	19.6%	4.3	4.3	4.4
Land Rover	797	26.5%	1,972	9.9%	27,739	21.0%	0.7	0.7	0.3
Lexus	4,238	19.3%	10,600	27.6%	156,798	13.8%	3.8	3.8	1.8
Lincoln	249	-3.9%	797	-7.3%	54,361	5.0%	0.2	0.3	0.6
Mazda	2,604	14.0%	3,951	2.3%	161,801	5.6%	2.3	1.4	1.9
Mercedes	6,939	10.1%	18,165	17.0%	177,837	15.0%	6.2	6.4	2.1
MINI	1,244	6.4%	3,698	9.0%	46,228	12.9%	1.1	1.3	0.5
Mitsubishi	734	-12.3%	910	-6.0%	37,076	-15.1%	0.7	0.3	0.4
Nissan	6,615	32.3%	19,301	19.2%	611,480	7.6%	5.9	6.8	7.1
Porsche	707	11.2%	2,105	0.6%	21,217	1.8%	0.6	0.7	0.2
smart	147	286.8%	263	55.6%	5,640	93.0%	0.1	0.1	0.1
Subaru	1,436	33.2%	3,411	41.9%	227,757	20.3%	1.3	1.2	2.6
Suzuki	163	28.3%	16	-48.4%	16,974	-7.4%	0.1	0.0	0.2
Toyota/Scion	21,724	37.0%	55,844	31.7%	1,177,029	22.5%	19.3	19.8	13.6
Volkswagen	4,804	43.8%	12,427	30.5%	264,791	29.4%	4.3	4.4	3.1
Volvo	407	-24.9%	1,414	-2.7%	41,252	-4.4%	0.4	0.5	0.5
Other	262	18.6%	565	-6.8%	13,643	-23.9%	0.2	0.2	0.2

The two tables above provide a comparison of the Orange County, Los Angeles County, and U.S. new retail light vehicle markets.

Source: AutoCount data from Experian Automotive.

Orange County New Retail Car and Light Truck Registrations												
	September			Three Month Period July '12 thru September '12			YTD thru September			YTD Market Share (%)		
	Orange County			Orange County			Orange County			Orange County		
	2011	2012	% chg.	2011	2012	% chg.	2011	2012	% chg.	2011	2012	Chg.
MARKET SUMMARY												
TOTAL	11,574	16,334	41.1%	29,616	40,089	35.4%	91,294	112,513	23.2%			
Cars	6,839	10,400	52.1%	17,609	25,136	42.7%	55,236	70,490	27.6%	60.5	62.7	2.2
Light Trucks	4,735	5,934	25.3%	12,007	14,953	24.5%	36,058	42,023	16.5%	39.5	37.3	-2.2
Domestic	2,330	2,996	28.6%	6,072	7,597	25.1%	18,011	21,618	20.0%	19.7	19.2	-0.5
European	2,387	3,010	26.1%	6,477	7,885	21.7%	19,735	23,051	16.8%	21.6	20.5	-1.1
Japanese	5,513	8,344	51.4%	13,392	19,997	49.3%	43,647	55,038	26.1%	47.8	48.9	1.1
Korean	1,344	1,984	47.6%	3,675	4,610	25.4%	9,901	12,806	29.3%	10.8	11.4	0.6
BRAND REGISTRATIONS												
Acura	143	271	89.5%	433	586	35.3%	1,467	1,645	12.1%	1.6	1.5	-0.1
Audi	217	334	53.9%	608	821	35.0%	1,852	2,274	22.8%	2.0	2.0	0.0
BMW	600	670	11.7%	1,543	1,657	7.4%	4,587	4,793	4.5%	5.0	4.3	-0.7
Buick	41	69	68.3%	126	166	31.7%	438	449	2.5%	0.5	0.4	-0.1
Cadillac	108	150	38.9%	259	350	35.1%	886	989	11.6%	1.0	0.9	-0.1
Chevrolet	497	661	33.0%	1,272	1,664	30.8%	4,012	4,571	13.9%	4.4	4.1	-0.3
C/D/J/R	563	668	18.7%	1,341	1,812	35.1%	3,433	5,309	54.6%	3.8	4.7	0.9
Chrysler	79	68	-13.9%	177	193	9.0%	413	650	57.4%	0.5	0.6	0.1
Dodge	128	147	14.8%	328	420	28.0%	904	1,257	39.0%	1.0	1.1	0.1
Jeep	296	364	23.0%	677	984	45.3%	1,718	2,800	63.0%	1.9	2.5	0.6
Ram	60	89	48.3%	159	215	35.2%	398	602	51.3%	0.4	0.5	0.1
FIAT	40	56	40.0%	92	163	77.2%	121	434	258.7%	0.1	0.4	0.3
Ford	917	1,231	34.2%	2,549	3,066	20.3%	7,625	8,764	14.9%	8.4	7.8	-0.6
GMC	176	180	2.3%	448	461	2.9%	1,353	1,287	-4.9%	1.5	1.1	-0.4
Honda	1,245	2,128	70.9%	3,238	5,075	56.7%	12,129	14,377	18.5%	13.3	12.8	-0.5
Hyundai	831	1,268	52.6%	2,392	2,748	14.9%	6,687	7,921	18.5%	7.3	7.0	-0.3
Infiniti	164	235	43.3%	375	657	75.2%	1,313	1,502	14.4%	1.4	1.3	-0.1
Jaguar	38	32	-15.8%	86	74	-14.0%	303	243	-19.8%	0.3	0.2	-0.1
Kia	513	716	39.6%	1,283	1,862	45.1%	3,214	4,885	52.0%	3.5	4.3	0.8
Land Rover	69	108	56.5%	169	275	62.7%	630	797	26.5%	0.7	0.7	0.0
Lexus	542	682	25.8%	1,174	1,575	34.2%	3,551	4,238	19.3%	3.9	3.8	-0.1
Lincoln	28	37	32.1%	77	78	1.3%	259	249	-3.9%	0.3	0.2	-0.1
Mazda	360	503	39.7%	882	1,124	27.4%	2,284	2,604	14.0%	2.5	2.3	-0.2
Mercedes	704	714	1.4%	2,059	2,156	4.7%	6,301	6,939	10.1%	6.9	6.2	-0.7
MINI	91	179	96.7%	283	467	65.0%	1,169	1,244	6.4%	1.3	1.1	-0.2
Mitsubishi	85	97	14.1%	227	294	29.5%	837	734	-12.3%	0.9	0.7	-0.2
Nissan	743	975	31.2%	1,648	2,506	52.1%	4,999	6,615	32.3%	5.5	5.9	0.4
Porsche	91	97	6.6%	211	254	20.4%	636	707	11.2%	0.7	0.6	-0.1
smart	7	23	228.6%	16	48	200.0%	38	147	286.8%	0.0	0.1	0.1
Subaru	109	165	51.4%	328	471	43.6%	1,078	1,436	33.2%	1.2	1.3	0.1
Suzuki	4	6	50.0%	23	21	-8.7%	127	163	28.3%	0.1	0.1	0.0
Toyota/Scion	2,118	3,282	55.0%	5,064	7,688	51.8%	15,862	21,724	37.0%	17.4	19.3	1.9
Volkswagen	448	701	56.5%	1,190	1,722	44.7%	3,340	4,804	43.8%	3.7	4.3	0.6
Volvo	63	65	3.2%	157	153	-2.5%	542	407	-24.9%	0.6	0.4	-0.2
Other	19	31	63.2%	63	95	50.8%	221	262	18.6%	0.2	0.2	0.0

Orange County Auto Outlook

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Explanation of Data

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

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