Orange County Auto Outlook™

Comprehensive information on the Orange County automotive market

NEW VEHICLE MARKET FORECAST

New Vehicle Market Off to Fast Start in 2011

Higher fuel prices and Japanese earthquake will not be enough to de-rail recovery

When the Orange County new vehicle market hit bottom in 2009, it was evident that sales had nowhere to go but up. And the market has indeed posted a solid recovery during the past year. After last year's 14.1% increase, the county's new vehicle market is up a significant 31% during the first three months of 2011 versus a year earlier.

However, given the magnitude of the economic downturn, it was also evident that sales would remain at below average levels for an extended period. And this has transpired as well. Even with the 31% year-over-year improvement, new vehicle registrations in the county were still 40% below the First Quarter total in 2005.

This combination of an improving market that is trending at below average levels is likely to continue for the foreseeable future. Below are three main factors that are dictating the course of the Orange County new vehicle market:

1. Pent up demand. Delayed purchases that accrued during the downturn reached record-high levels. This pent up demand will be released over an extended period, providing a sustained boost to the market.

2. Household debt. Consumers have made headway in restoring health to their household balance sheets, but the "hole was deep" and adequate reparations will require an extended period of restrained retail spending.

3. Consumer confidence. The impact that the shaky housing market and still-high unemployment rates will have on new vehicle sales is reflected in consumer confidence, which has fluctuated around historically low levels. Consumers are concerned about their current and future economic well-being, and as a result, a quick return to record-high new vehicle sales in the county is unlikely.

In the previous release, we discussed some of these issues and re-iterated our primary view that **barring any unexpected shocks,** the market was headed up. And subsequent to that release, unrest in the Middle East has pushed gas prices to over $4 per gallon and the Japanese earthquake and tsunami threatened the global economic recovery and hit automotive production hard. What will these shocks mean for new vehicle sales in Orange County? We think they will not be enough to de-rail the market recovery, but will put a further damper on the rate of sales growth.

Market Trends

New retail registrations predicted to exceed 125,000 units in 2011

The total represents a 14.2% increase from 2010.

Toyota and Honda are popular brands

Orange County market shares for the two brands easily exceed U.S. levels.

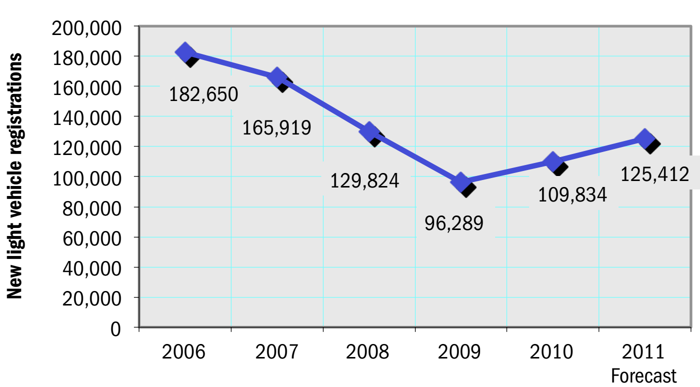
Kia, Hyundai, and Jeep post big percentage gains

New registrations increased more than 92% for each of the four brands so far this year.

Honda Accord best selling vehicle in the county

Accord was the best selling light vehicle in Orange County during the First Quarter.

Annual Trend in Orange County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2006 thru 2010, and Auto Outlook's projection for all of 2011.

Market Summary

	2009	2010	Forecast 2011	% ch. '10 to '11
TOTAL	96,289	109,834	125,412	14.2%
Car	58,419	65,982	76,878	16.5%
Light Truck	37,870	43,852	48,534	10.7%
Detroit Three	18,603	19,773	24,332	23.1%
Japanese	51,952	58,984	63,659	7.9%
European	20,259	23,374	26,986	15.5%
Korean	5,475	7,703	10,435	35.5%

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

Historical data Source: AutoCount data from Experian Automotive.

MARKET TRACKER

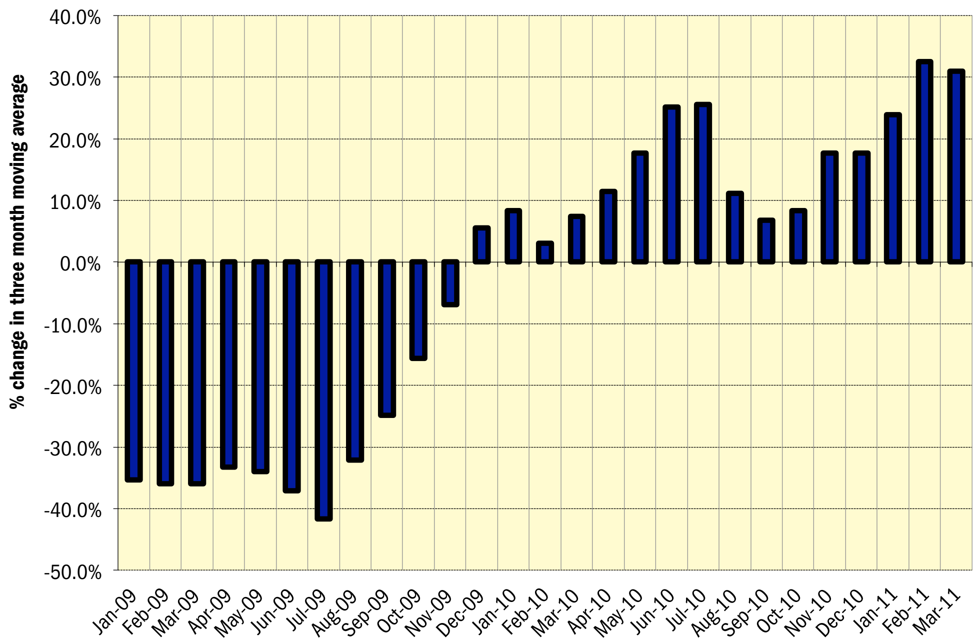
Recovery Shifts into Higher Gear in First Quarter of '11

Percent change in three month moving average exceeded 30% in February and March of 2011

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 year 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.

As pointed out on page one, the level of sales in the county are below average, but the pace of the recovery has picked up steam. The year-over-year percentage increase in the three month moving average has exceeded 10% for five straight months.

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



MARKET TRACKER

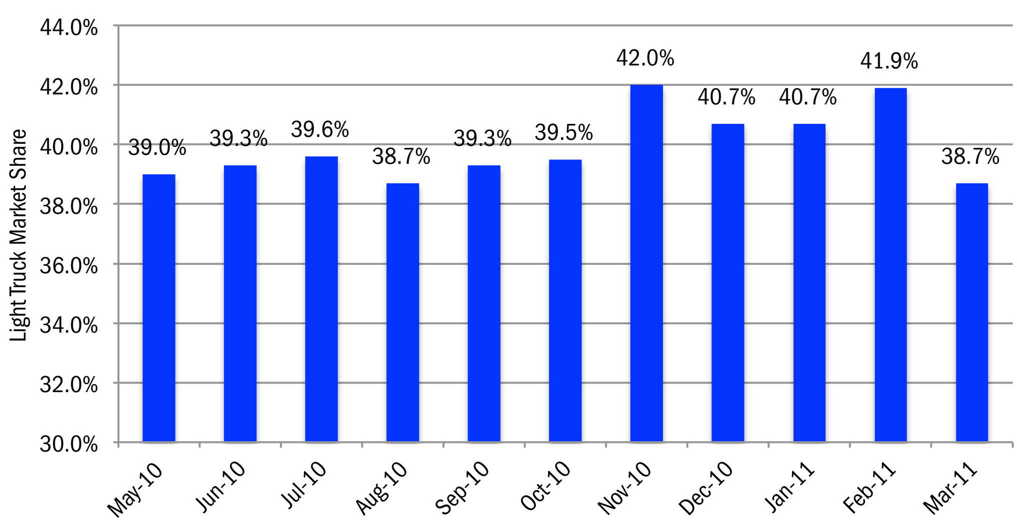
Light Truck Market Share Declines Sharply in March

Higher fuel prices push Orange County light truck share lower

There is a pattern to consumer new vehicle purchase patterns that is practically etched in stone. Most new vehicle shoppers WANT to purchase larger vehicles, especially light trucks. But when fuel prices increase, fuel economy gets elevated as a key criteria, and the purchase mix become skewed to smaller cars. The graph on the right clearly illustrates this pattern. Light truck market share in the county exceeded 40% from November of last year to February of this year. But when gas prices started to increase in the Winter, light truck share moved lower, decreasing from 41.9% in February to 38.7% in March.

Source: AutoCount data from Experian Automotive.

Light Truck Share of Orange County New Retail Light Vehicle Market
May 2010 thru March 2011



COMPARISON OF ORANGE COUNTY AND U.S. NEW VEHICLE MARKETS

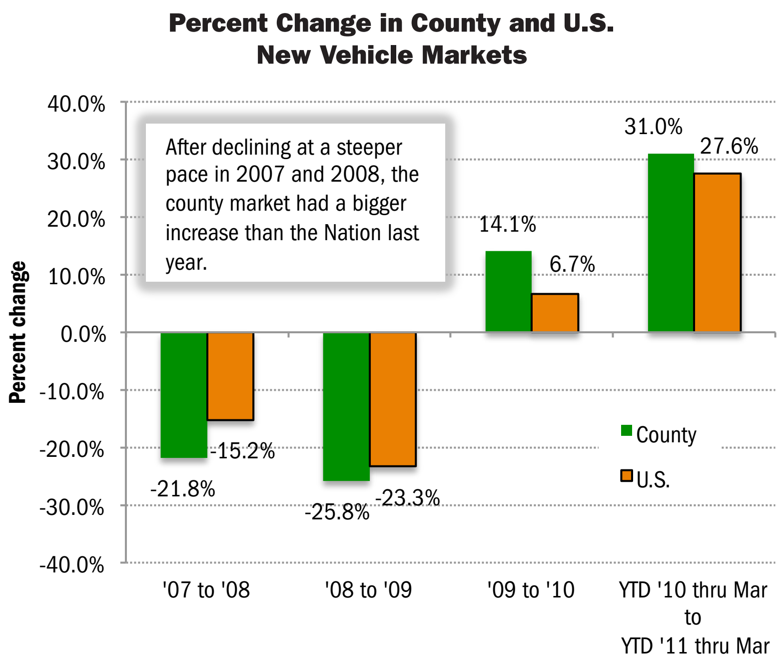
County Market Out-Performs U.S. in 2010

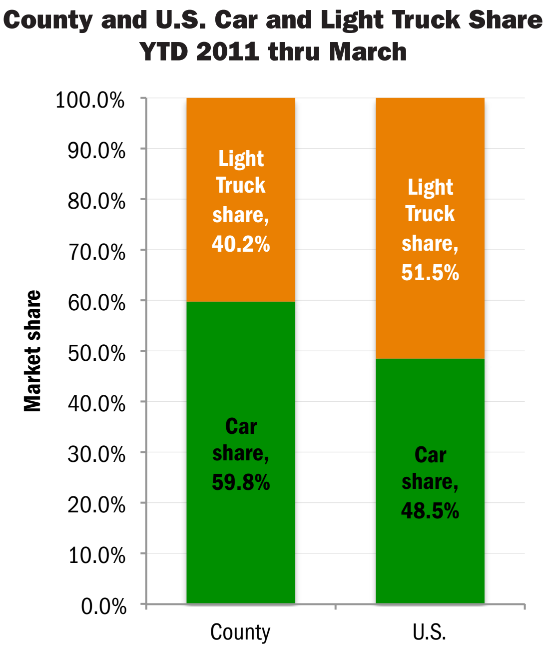
Improvement in county market follows steep declines in 2008 and 2009

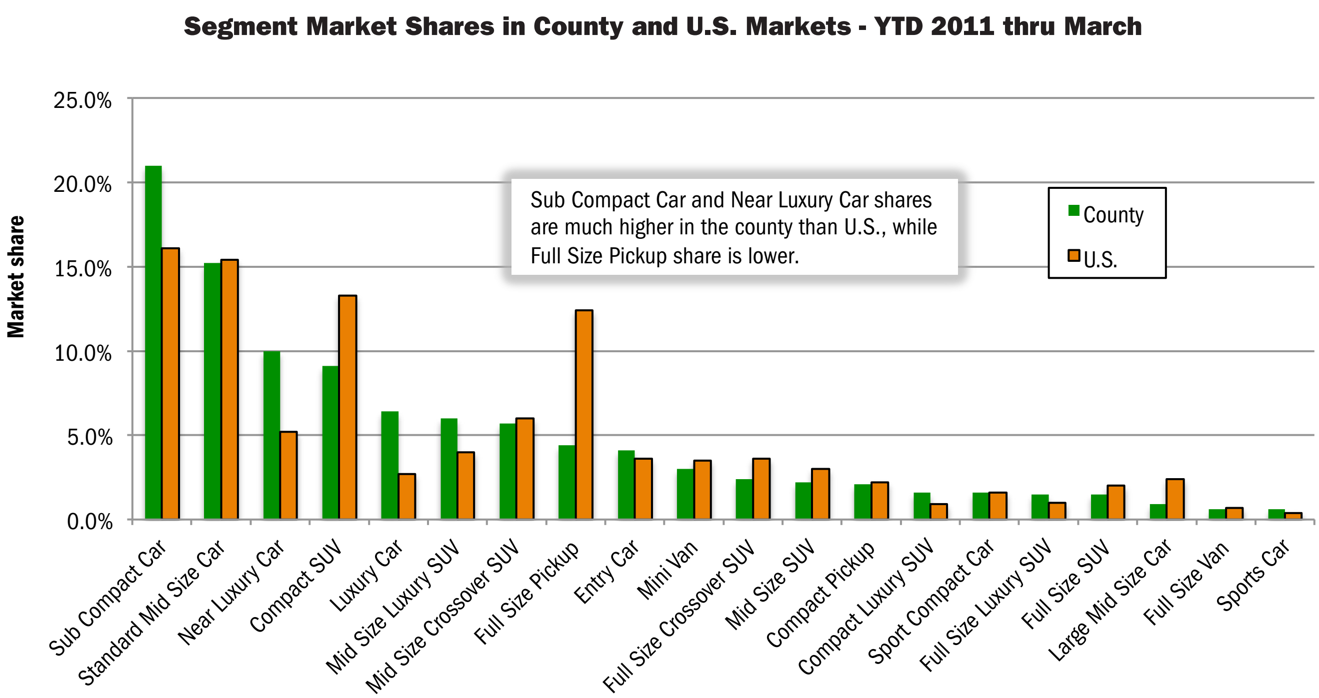
If you are a dealer and you want to get a grasp of key trends in the county market, here's a piece of advice: Don't pay much attention to reporting on the U.S. market, because in many cases, National indicators are not reflective of what's happening in the county. This is clearly demonstrated on the graphs that appear below. Here are a few key comparisons:

- County market was up 31% in the First Quarter versus 27.6% in the U.S.
- County light truck market share was 40.2%, well below the 51.5% share in the Nation.
- Sub Compact Car market share was much higher in the county.

Source: AutoCount data from Experian Automotive.







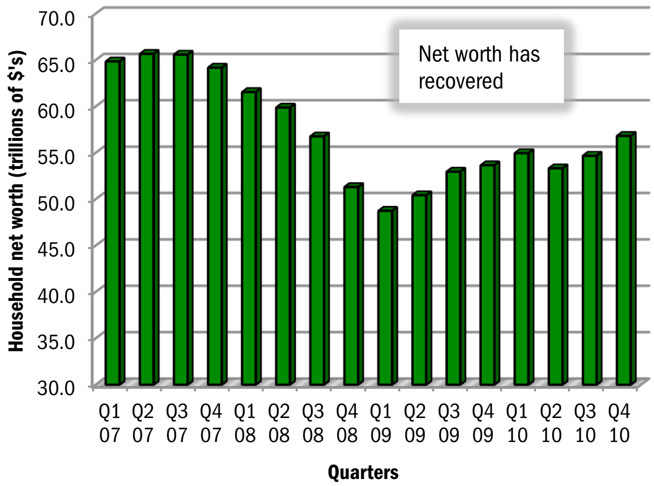
FORECAST DETERMINANTS FOR NEW VEHICLE MARKET

Six Primary Factors Impacting New Vehicle Sales

Most indicators point to sustained improvement in county new vehicle market

1 Household net worth moves higher
Impact on new vehicle sales: POSITIVE

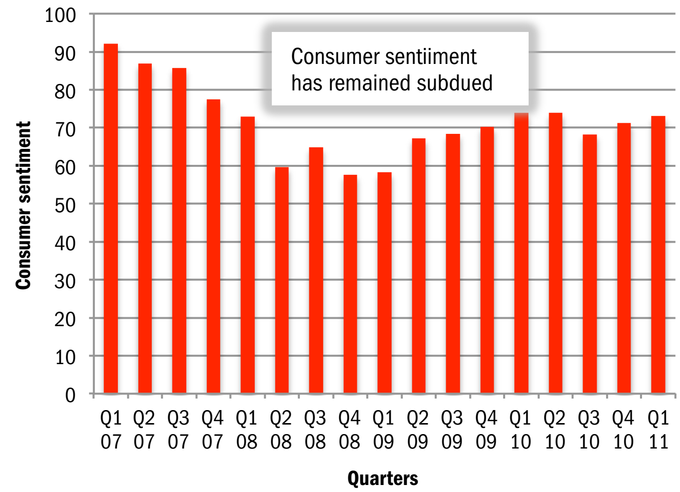
U.S. Household Net Worth



After declining sharply from 2007 to the First Quarter of 2009, household net worth has recovered during the past two years. Higher net worth provides a boost to consumer spending. Source: Federal Reserve.

2 Consumer sentiment remains weak
Impact on new vehicle sales: MIXED

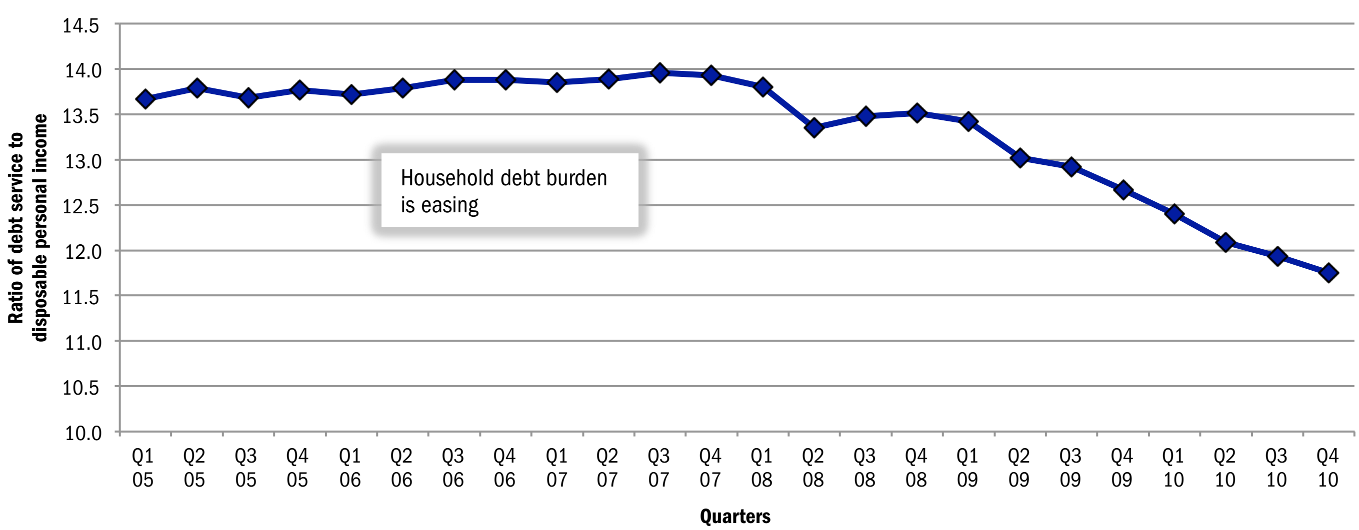
U of M Consumer Sentiment Index



Sentiment took an expected downward turn during 2007 and 2008. Although it has improved gradually, it is clear that consumers still have some worries about the economy. Source University of Michigan.

3 Debt levels are improving
Impact on new vehicle sales: POSITIVE

Ratio of Debt Service to Disposable Personal Income



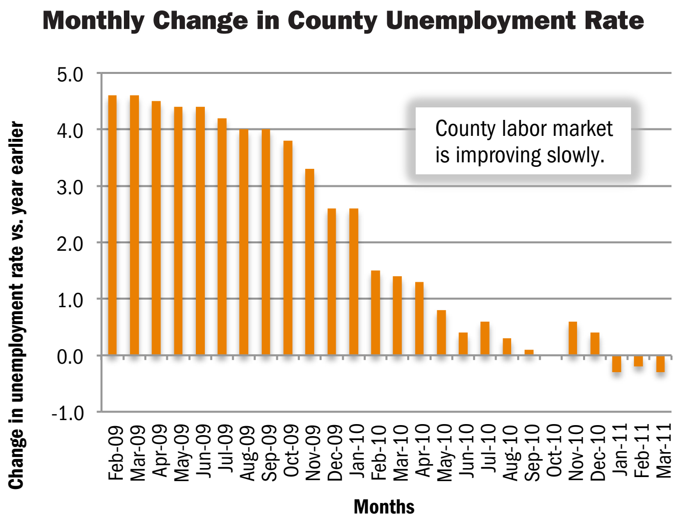
The graph above provides clear evidence that consumers have made headway in easing their debt burden. Admittedly, a large chunk of the improvement is due to the write off bad loans. But the fact that households are allocating less income on servicing debt is good news for retail spending and new vehicle sales. Source: Federal Reserve.

FORECAST DETERMINANTS FOR NEW VEHICLE MARKET

Six Primary Factors Impacting New Vehicle Sales (continued)

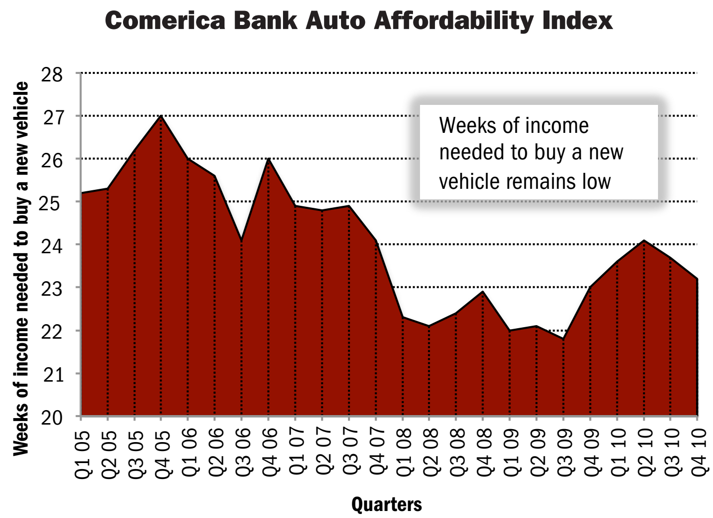
Pent up demand will provide big boost to sales in foreseeable future

4 County unemployment rate is easing
Impact on new vehicle sales: POSITIVE



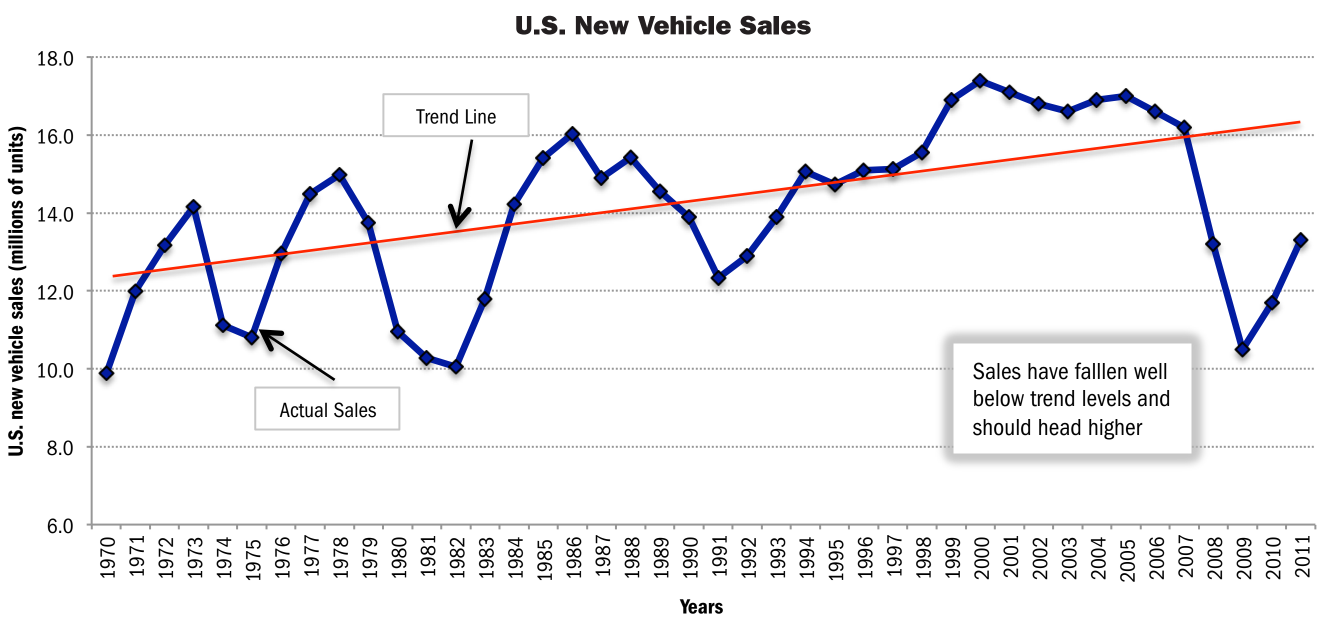
The graph above shows the monthly change in the county unemployment rate versus the same month a year earlier. After increasing for most of the past two years, the rate has started to move lower. Source: BLS.

5 Affordability remains strong
Impact on new vehicle sales: POSITIVE



As shown above, the number of weeks of income needed to purchase a new vehicle has remained below 24 weeks for most of the past two years. Source: University of Michigan.

6 Depressed sales in 2009 and 2010 result in record high pent up demand
Impact on new vehicle sales: POSITIVE



The graph above has appeared frequently in Auto Outlook over the past couple of years, and for good reason. The accumulated pent up demand that has resulted from depressed sales in 2009 and 2010 is a powerful force that will almost certainly push new vehicle sales higher over the next several years. Source for sales data: CNW Marketing Research.

MODEL SCOREBOARD

Hyundai Sonata and Elantra Move Up in Rankings

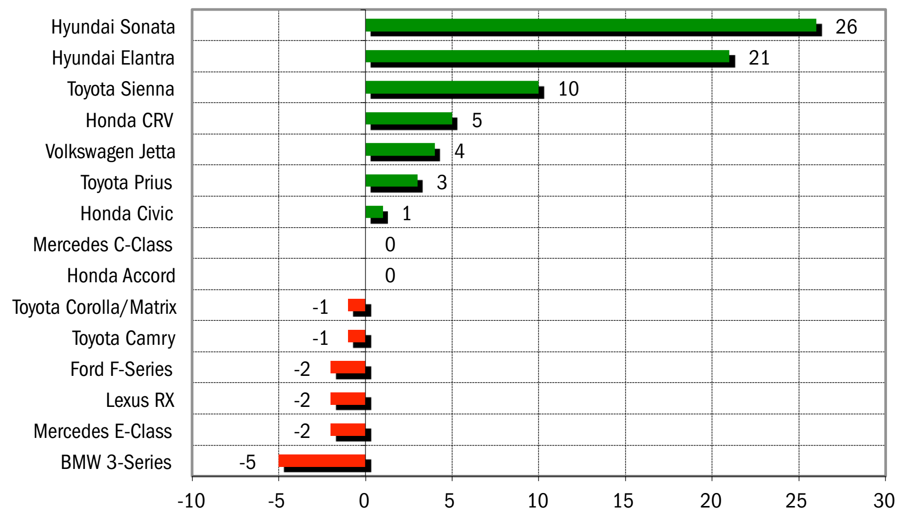
Honda Accord best selling Standard Mid Size Car; Ford Edge is Mid Size SUV leader

The graph and table on this page provide a review of top selling models in the Orange County market. The graph shows the change in rankings during the first three months of this year versus a year earlier for the top 15 sellers. Hyundai Sonata gained the most positions, moving up from 32nd place in the First Quarter of 2010 to 6th place this year.

The table shows the top selling models so far this year for 16 primary market segments. Chevrolet Camaro was the leader in the Sporty Compact Car segment, while Mercedes E-Class was on top of the Luxury Car segment. Honda CRV was the best-selling Compact SUV.

Source: AutoCount data from Experian Automotive.

Change in Rankings for Top 15 Selling Models - YTD '11 thru Mar vs. YTD '10



Change in ranking for top 15 selling models

Top Selling Models in Each Segment - Orange County
New Retail Registrations, YTD 2011 thru March and Market Share of Segment

Cars											
Entry			**Sub Compact**			**Sporty Compact**			**Standard Mid Size**		
Model	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**
Nissan Versa	307	19.8	Honda Civic	1555	19.7	Chevrolet Camaro	226	32.4	Honda Accord	1568	26.8
Honda Fit	276	17.8	Toyota Prius	1490	18.9	Ford Mustang	172	24.6	Toyota Camry	1504	25.7
Kia Soul	198	12.8	Toyota Corolla/Matrix	1005	12.8	Dodge Challenger	147	21.1	Hyundai Sonata	943	16.1
Ford Fiesta	195	12.6	Volkswagen Jetta	616	7.8	Scion TC	140	20.1	Nissan Altima	539	9.2
Honda Insight	143	9.2	Hyundai Elantra	583	7.4	Mitsubishi Eclipse	13	1.9	Ford Fusion	347	5.9
Large Mid Size			**Near Luxury**			**Luxury**			**Sports Car**		
Model	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**
Buick LaCrosse	82	21.3	Mercedes C-Class	772	19.6	Mercedes E-Class	923	35.3	Chevrolet Corvette	56	22.8
Dodge Charger	75	19.5	BMW 3-Series	681	17.3	BMW 5-Series	529	20.2	Nissan 370Z	56	22.8
Toyota Avalon	64	16.6	Hyundai Genesis	433	11.0	Mercedes S-Class	185	7.1	Porsche 911	38	15.4
Ford Taurus	58	15.1	Infiniti G	359	9.1	Audi A5	111	4.2	BMW Z4	27	11.0
Chrysler 300	49	12.7	Lexus IS	324	8.2	Lexus LS	86	3.3	Mercedes SLS	16	6.5
Light Trucks											
Compact Pickup			**Full Size Pick Up**			**Mini Van**			**Full Size Van**		
Model	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**
Toyota Tacoma	521	64.3	Ford F-Series	678	35.9	Toyota Sienna	547	45.1	Ford E-Series	130	35.7
Nissan Frontier	118	14.6	Chevrolet Silverado	427	22.6	Honda Odyssey	421	34.7	Ford Transit Connect	82	22.5
Ford Ranger	106	13.1	Toyota Tundra	329	17.4	Chrysler T & C	69	5.7	Dodge Sprinter	72	19.8
Honda Ridgeline	30	3.7	Dodge Ram	207	11.0	Dodge Caravan	67	5.5	Chevrolet Express	67	18.4
Chevrolet Colorado	23	2.8	GMC Sierra	162	8.6	Volkswagen Routan	45	3.7	GMC Savana	13	357%
Compact SUV			**Mid Size SUV/Crossover SUV**			**Full Size SUV**			**Mid Size & Full Size Luxury SUV**		
Model	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**
Honda CRV	833	23.4	Ford Edge	467	15.4	Ford Explorer	229	14.7	Lexus RX	736	20.1
Toyota RAV4	425	11.9	Toyota Highlander	439	14.5	Ford Flex	205	13.2	Mercedes ML-Class	359	9.8
Chevrolet Equinox	280	7.9	Honda Pilot	403	13.3	Chevrolet Tahoe	162	10.4	BMW X5	268	7.3
Jeep Wrangler	275	7.7	Jeep Grand Cherokee	305	10.1	GMC Acadia	158	10.2	Acura MDX	251	6.9
Ford Escape	226	6.3	Kia Sorento	261	8.6	Mazda CX9	139	8.9	Mercedes GL-Class	235	6.4

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

Orange County Market Improved 31% in First Quarter of 2011

Los Angeles County market was up 29.7%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Retail Market
Market Growth **% change in registrations** **YTD 2011 thru March vs. YTD 2010**	31.0%	29.7%	27.6%
Car Market Share **Car share of industry retail light vehicle** **YTD 2011 thru March**	59.8%	65.1%	48.5%
Domestic Brand Market Share **Domestic brand share of industry retail light vehicle registrations - YTD 2011 thru March**	19.2%	17.0%	41.2%

	New Retail Registrations - YTD 2011 thru March						Market Share (YTD 2011 thru March)		
	Orange County		Los Angeles County		U.S.				
Brand	Regs.	% ch. from '09	Regs.	% ch. from '09	Regs.	% ch. from '08	Orange County	L.A. County	U.S.
Acura	559	48.7%	1,370	36.5%	31,297	31.9%	1.8	1.8	1.3
Audi	625	29.9%	1,967	12.7%	23,232	15.6%	2.0	2.6	1.0
BMW	1,442	5.7%	4,209	23.6%	49,643	22.6%	4.6	5.5	2.1
Buick	165	43.5%	337	42.2%	37,019	51.8%	0.5	0.4	1.6
Cadillac	347	37.2%	847	66.4%	35,164	52.3%	1.1	1.1	1.5
Chevrolet	1,407	52.8%	3,390	53.1%	291,449	35.4%	4.5	4.5	12.5
Chrysler	109	18.5%	239	58.3%	27,861	51.6%	0.3	0.3	1.2
Dodge	410	47.0%	970	70.8%	90,535	55.1%	1.3	1.3	3.9
Ford	2,486	33.6%	5,042	35.9%	305,156	28.1%	7.9	6.6	13.1
GMC	501	59.0%	913	45.2%	81,543	39.3%	1.6	1.2	3.5
Honda	4,633	41.5%	12,401	43.4%	260,032	22.1%	14.7	16.4	11.1
Hyundai	2,074	114.3%	2,598	119.8%	113,701	59.4%	6.6	3.4	4.9
Infiniti	508	60.3%	1,400	36.6%	25,000	33.3%	1.6	1.8	1.1
Jaguar	86	3.6%	240	0.4%	2,473	14.9%	0.3	0.3	0.1
Jeep	513	92.1%	868	81.2%	60,904	62.4%	1.6	1.1	2.6
Kia	784	133.3%	1,639	94.0%	79,008	70.3%	2.5	2.2	3.4
Land Rover	218	32.9%	611	15.3%	7,332	21.3%	0.7	0.8	0.3
Lexus	1,419	0.7%	3,234	-8.7%	49,513	-0.1%	4.5	4.3	2.1
Lincoln	89	-14.4%	283	12.3%	16,029	2.3%	0.3	0.4	0.7
Mazda	695	-4.7%	1,106	1.8%	42,049	4.9%	2.2	1.5	1.8
Mercedes	2,095	20.3%	4,871	12.7%	47,605	15.5%	6.7	6.4	2.0
MINI	348	18.4%	1,072	45.7%	11,020	38.5%	1.1	1.4	0.5
Mitsubishi	326	14.0%	265	-8.9%	11,976	42.2%	1.0	0.3	0.5
Nissan	1,719	7.8%	5,166	48.6%	171,877	27.2%	5.5	6.8	7.4
Porsche	193	29.5%	619	33.4%	6,064	38.2%	0.6	0.8	0.3
Saab	7	75.0%	50	47.1%	1,787	17.3%	0.0	0.1	0.1
smart	7	-30.0%	51	-30.1%	821	-34.7%	0.0	0.1	0.0
Subaru	407	23.0%	893	23.7%	57,726	19.8%	1.3	1.2	2.5
Suzuki	58	18.4%	12	33.3%	5,096	17.9%	0.2	0.0	0.2
Toyota/Scion	5,958	27.3%	15,720	18.1%	316,431	16.9%	19.0	20.7	13.6
Volkswagen	964	16.3%	2,863	26.6%	55,867	20.0%	3.1	3.8	2.4
Volvo	193	22.2%	435	-1.4%	11,956	9.8%	0.6	0.6	0.5
Other	67	-50.0%	162	-51.1%	5,486	-79.5%	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

	March				Three Month Period Jan '11 thru Mar '11				YTD thru March				YTD Market Share (%)		
	Orange County			U.S.	Orange County			U.S.	Orange County			U.S.	Orange County		
	2010	2011	% chg.	% chg.	Yr. Ago	Current	% chg.	% chg.	2010	2011	% chg.	% chg.	2010	2011	Chg.
MARKET SUMMARY															
TOTAL	9,719	11,795	21.4%	18.8%	23,971	31,412	31.0%	27.6%	23,971	31,412	31.0%	27.6%			
Cars	5,678	7,236	27.4%	19.5%	14,262	18,770	31.6%	23.8%	14,262	18,770	31.6%	23.8%	59.5	59.8	0.3
Light Trucks	4,041	4,559	12.8%	18.2%	9,709	12,642	30.2%	31.4%	9,709	12,642	30.2%	31.4%	40.5	40.2	-0.3
Domestic	1,799	2,288	27.2%	24.8%	4,296	6,030	40.4%	34.5%	4,296	6,030	40.4%	34.5%	17.9	19.2	1.3
Japanese	5,274	6,204	17.6%	12.2%	13,051	16,282	24.8%	18.8%	13,051	16,282	24.8%	18.8%	54.4	51.8	-2.6
European	2,081	2,245	7.9%	8.6%	5,320	6,242	17.3%	17.2%	5,320	6,242	17.3%	17.2%	22.2	19.9	-2.3
Korean	565	1,058	87.3%	40.2%	1,304	2,858	119.2%	63.0%	1,304	2,858	119.2%	63.0%	5.4	9.1	3.7
BRAND REGISTRATIONS															
Acura	171	201	17.5%	16.2%	376	559	48.7%	31.9%	376	559	48.7%	31.9%	1.6	1.8	0.2
Audi	189	216	14.3%	2.8%	481	625	29.9%	15.6%	481	625	29.9%	15.6%	2.0	2.0	0.0
BMW	539	492	-8.7%	14.8%	1,364	1,442	5.7%	22.6%	1,364	1,442	5.7%	22.6%	5.7	4.6	-1.1
Buick	39	61	56.4%	40.2%	115	165	43.5%	51.8%	115	165	43.5%	51.8%	0.5	0.5	0.0
Cadillac	109	118	8.3%	35.5%	253	347	37.2%	52.3%	253	347	37.2%	52.3%	1.1	1.1	0.0
Chevrolet	375	550	46.7%	26.7%	921	1,407	52.8%	35.4%	921	1,407	52.8%	35.4%	3.8	4.5	0.7
Chrysler	40	34	-15.0%	42.6%	92	109	18.5%	51.6%	92	109	18.5%	51.6%	0.4	0.3	-0.1
Dodge	112	168	50.0%	32.8%	279	410	47.0%	55.1%	279	410	47.0%	55.1%	1.2	1.3	0.1
Ford	818	933	14.1%	14.8%	1,861	2,486	33.6%	28.1%	1,861	2,486	33.6%	28.1%	7.8	7.9	0.1
GMC	132	199	50.8%	18.5%	315	501	59.0%	39.3%	315	501	59.0%	39.3%	1.3	1.6	0.3
Honda	1,356	1,807	33.3%	16.8%	3,275	4,633	41.5%	22.1%	3,275	4,633	41.5%	22.1%	13.7	14.7	1.0
Hyundai	372	783	110.5%	36.2%	968	2,074	114.3%	59.4%	968	2,074	114.3%	59.4%	4.0	6.6	2.6
Infiniti	118	200	69.5%	29.9%	317	508	60.3%	33.3%	317	508	60.3%	33.3%	1.3	1.6	0.3
Jaguar	31	23	-25.8%	6.9%	83	86	3.6%	14.9%	83	86	3.6%	14.9%	0.3	0.3	0.0
Jeep	101	196	94.1%	42.2%	267	513	92.1%	62.4%	267	513	92.1%	62.4%	1.1	1.6	0.5
Kia	193	275	42.5%	50.0%	336	784	133.3%	70.3%	336	784	133.3%	70.3%	1.4	2.5	1.1
Land Rover	73	77	5.5%	12.4%	164	218	32.9%	21.3%	164	218	32.9%	21.3%	0.7	0.7	0.0
Lexus	489	488	-0.2%	0.3%	1,409	1,419	0.7%	-0.1%	1,409	1,419	0.7%	-0.1%	5.9	4.5	-1.4
Lincoln	56	29	-48.2%	-9.3%	104	89	-14.4%	2.3%	104	89	-14.4%	2.3%	0.4	0.3	-0.1
Mazda	295	262	-11.2%	-7.0%	729	695	-4.7%	4.9%	729	695	-4.7%	4.9%	3.0	2.2	-0.8
Mercedes	651	687	5.5%	6.3%	1,742	2,095	20.3%	15.5%	1,742	2,095	20.3%	15.5%	7.3	6.7	-0.6
MINI	131	145	10.7%	50.3%	294	348	18.4%	38.5%	294	348	18.4%	38.5%	1.2	1.1	-0.1
Mitsubishi	142	123	-13.4%	32.8%	286	326	14.0%	42.2%	286	326	14.0%	42.2%	1.2	1.0	-0.2
Nissan	717	648	-9.6%	23.2%	1,594	1,719	7.8%	27.2%	1,594	1,719	7.8%	27.2%	6.6	5.5	-1.1
Porsche	64	75	17.2%	38.3%	149	193	29.5%	38.2%	149	193	29.5%	38.2%	0.6	0.6	0.0
Saab	2	1	-50.0%	209.0%	4	7	75.0%	17.3%	4	7	75.0%	17.3%	0.0	0.0	0.0
smart	2	1	-50.0%	-40.1%	10	7	-30.0%	-34.7%	10	7	-30.0%	-34.7%	0.0	0.0	0.0
Subaru	162	158	-2.5%	3.0%	331	407	23.0%	19.8%	331	407	23.0%	19.8%	1.4	1.3	-0.1
Suzuki	32	31	-3.1%	0.8%	49	58	18.4%	17.9%	49	58	18.4%	17.9%	0.2	0.2	0.0
Toyota/Scion	1,791	2,286	27.6%	13.6%	4,682	5,958	27.3%	16.9%	4,682	5,958	27.3%	16.9%	19.5	19.0	-0.5
Volkswagen	309	420	35.9%	17.5%	829	964	16.3%	20.0%	829	964	16.3%	20.0%	3.5	3.1	-0.4
Volvo	71	83	16.9%	16.7%	158	193	22.2%	9.8%	158	193	22.2%	9.8%	0.7	0.6	-0.1
Other	37	25	-32.4%	-84.5%	134	67	-50.0%	-79.5%	134	67	-50.0%	-79.5%	0.6	0.2	-0.4

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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