Quarterly Report January 2014

Orange County Auto Outlook™

orange county OCADA automobile dealers association

Comprehensive information on the Orange County automotive market

FORECAST

County New Vehicle Market Predicted to Move Higher in 2014

New retail registrations reached pre-recession levels in 2013; '14 total predicted to hit 175,500 units

Forecasting automotive sales is a delicate balancing act. There are frequently conflicting indicators that can provide mixed signals on future market conditions. The trick is identifying these trends, separating the meaningful from the meaningless, and forming a consensus on where the market is headed. Below, we identify the key positive and negative forces that are likely to impact the market in 2014.

Forces leading the market higher

- Low interest rates and strong affordability. Low interest rates and mild inflation, combined with decent personal income growth have kept new vehicle affordabilliy at historically strong levels.
- Improving economic growth. Most economists expect GDP growth to accelerate in 2014, which should give a boost to the job market.
- Pent up demand and benefits to "upgrade." The average age of vehicles on the road exceeds 10 years. This will continue to prompt many consumers to purchase a new vehicle based on need (present vehicles are wearing out) and desire (new vehicles offer many advantages over the average 10 year old vehicle).

Forces holding the market back

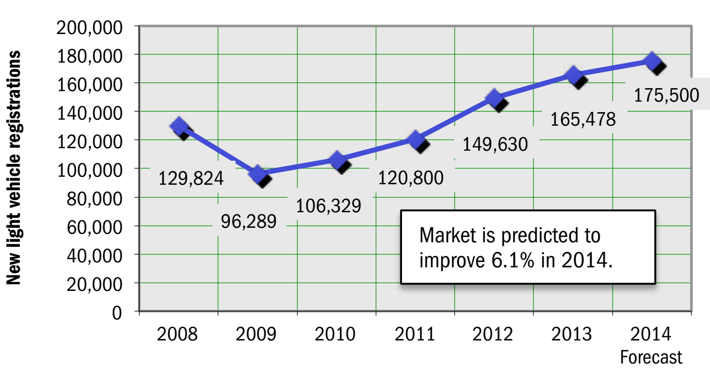
- Consumer sentiment. Although consumer attitudes have improved somewhat, there is still a pervading sense of concern about the future, a lingering consequence of the 2008 financial crisis, and ensuing economic recession.
- Household balance sheets. Consumers have made considerable headway in reducing debt, but are largely hesitant to fund increases in spending by adding on more debt.

Wrap up: Positive factors will lead the market higher in 2014, but we believe that for at least the next two years, the negative factors will place a ceiling on how high new vehicle sales will go, and we could approach that ceiling by 2015.

3 Key Market Trends

1. Orange County new retail light vehicle registrations increased 10.6% from 2012 to 2013, higher than the 7.5% improvement in the Nation.
2. Light truck market share increased to 37.7% in 2013, up 0.5 points from 2012.
3. Detroit Three county registrations were up 15.6% in '13, higher than the 10.6% increase for the industry. County Detroit Three market share still trailed U.S. (19.7% in county vs. 40.6% in Nation).

Annual Trend in Orange County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2013 and Auto Outlook's projection for 2014.

Market Summary

	2011	2012	2013	% ch. '12 to '13
TOTAL	120,800	149,630	165,478	10.6%
Car	72,811	93,958	103,125	9.8%
Light Truck	47,989	55,672	62,353	12.0%
Detroit Three	24,130	28,192	32,601	15.6%
European	26,760	31,785	33,311	4.8%
Japanese	56,846	72,901	82,186	12.7%
Korean	13,064	16,752	17,380	3.7%

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

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: MONTHLY MOVING AVERAGE

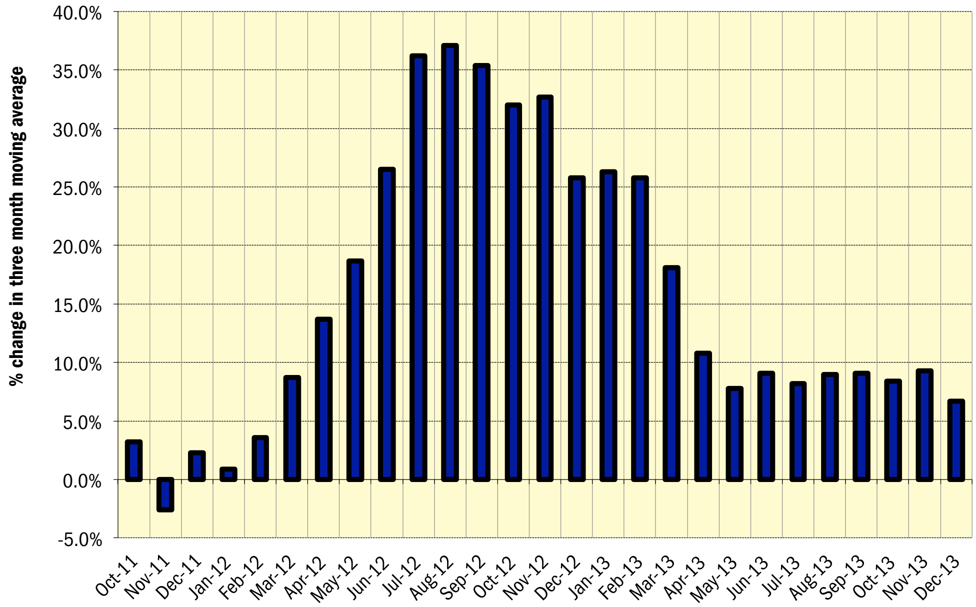
New Vehicle Market Winning Streak Continues

Percent change in three month moving average has improved for 25 straight 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 decidedly 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.

New vehicle registrations have continued their upward trend during the past several years, with the three month moving average increasing from year earlier levels in 47 of the past 49 months!

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

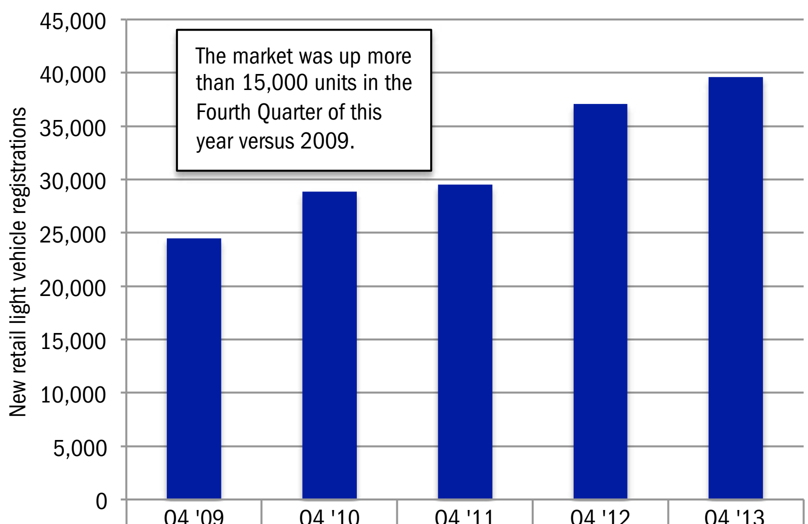


MARKET TRACKER: QUARTERLY PERSPECTIVE

Market Has Big Gain in 4Q '13

Fourth Quarter '13 registrations increase again

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



	Q4 '09	Q4 '10	Q4 '11	Q4 '12	Q4 '13
Regs.	24,499	28,844	29,506	37,117	39,621

Fourth quarter registrations during past five years

Details on Data

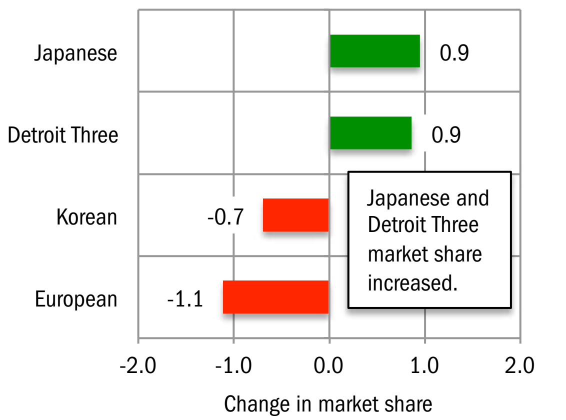
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian Automotive.

MARKET TRACKER: BRAND MARKET SHARE

European Brands Fall

Change in County Market Share
2013 vs. 2012



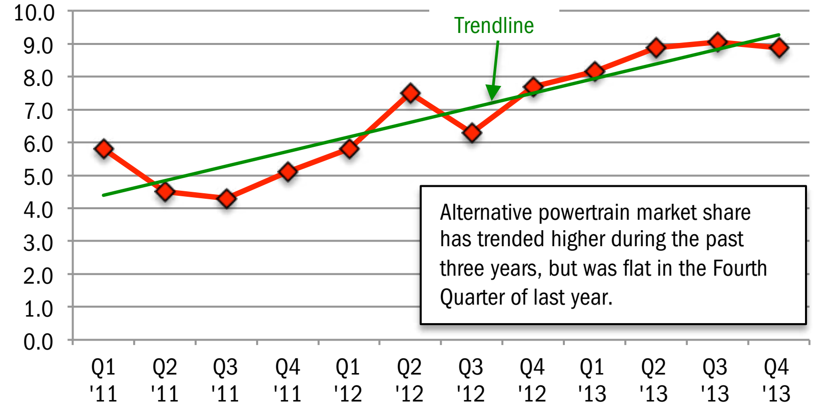
The graph above shows the change in annual market share for four primary brand segments.

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Green Vehicle Share Holds at 9%

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.

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER - SEGMENTS

Luxury and Sports Car Market Shares Moves Higher

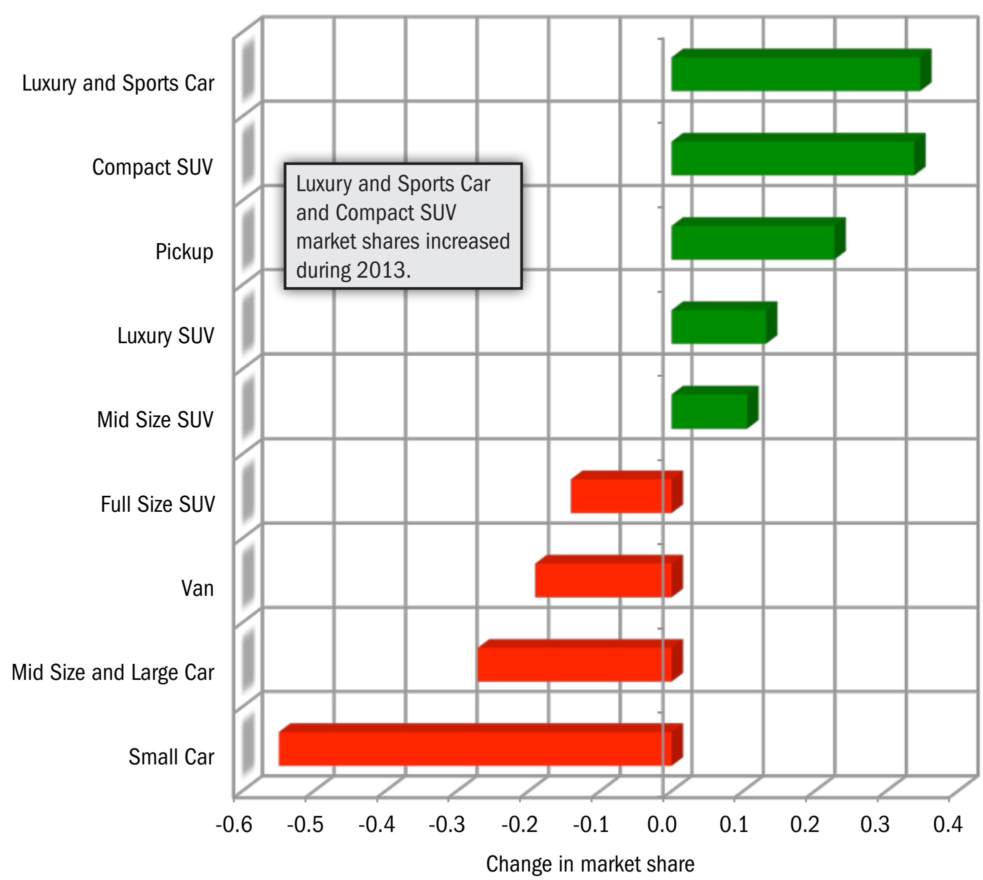
Change in Segment Market Share 2013 vs. 2012

Orange County Market

Typical models in segments:

Small Car: Hyundai Elantra
Mid Size & Large Car: Toyota Camry
Luxury & Sports Car: BMW 3-Series
Pickup: Ford F-Series
Van: Honda Odyssey
Compact SUV: Jeep Liberty
Mid Size SUV: Jeep Grand Cherokee
Full Size SUV: Chevrolet Tahoe
Luxury SUV: Lexus RX

Data Source: AutoCount data from Experian Automotive.



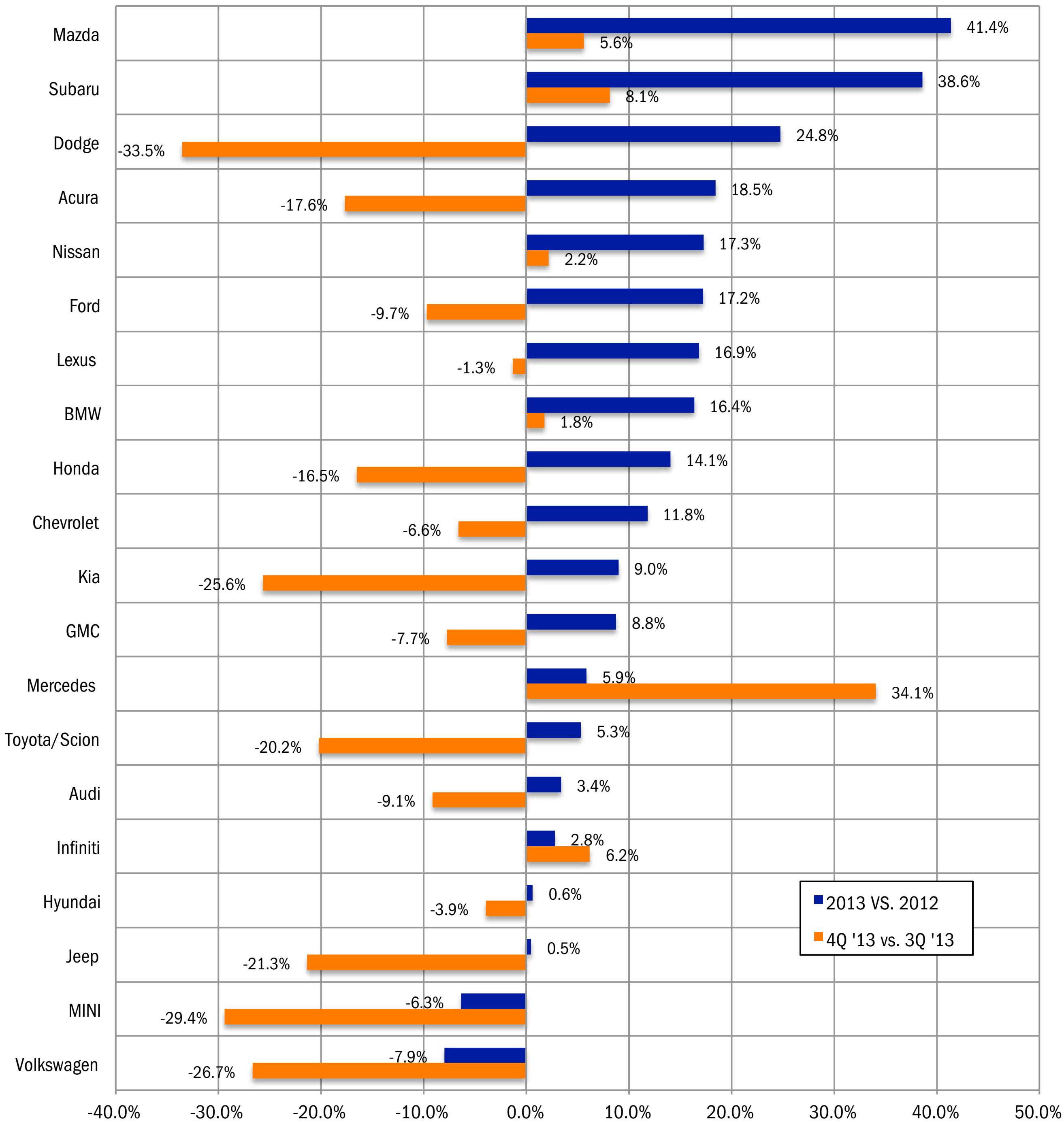
BRAND SCOREBOARD - PART ONE

Mazda and Subaru Post Largest Gains in 2013

Mercedes, Subaru, Infiniti and Mazda registrations increase from Third to Fourth Quarter of '13

The graph below provides a quick snapshot of brand sales performance in the county market. For the top 20 selling brands, it shows the percent change in new retail light vehicle registrations 2012 to 2013, and the change from the Third Quarter of 2013 to the Fourth Quarter. Brands are shown from top to bottom based on the annual percent change.

Percent Change in Orange County New Retail Light Vehicle Registrations (Top 20 Selling Brands) 2013 vs. 2012 (annual totals), and Fourth Quarter 2013 vs. Third Quarter 2013



Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD - PART TWO

Toyota is Most Popular Brand in County

Mercedes, BMW, Honda, Lexus, and Hyundai also rank high

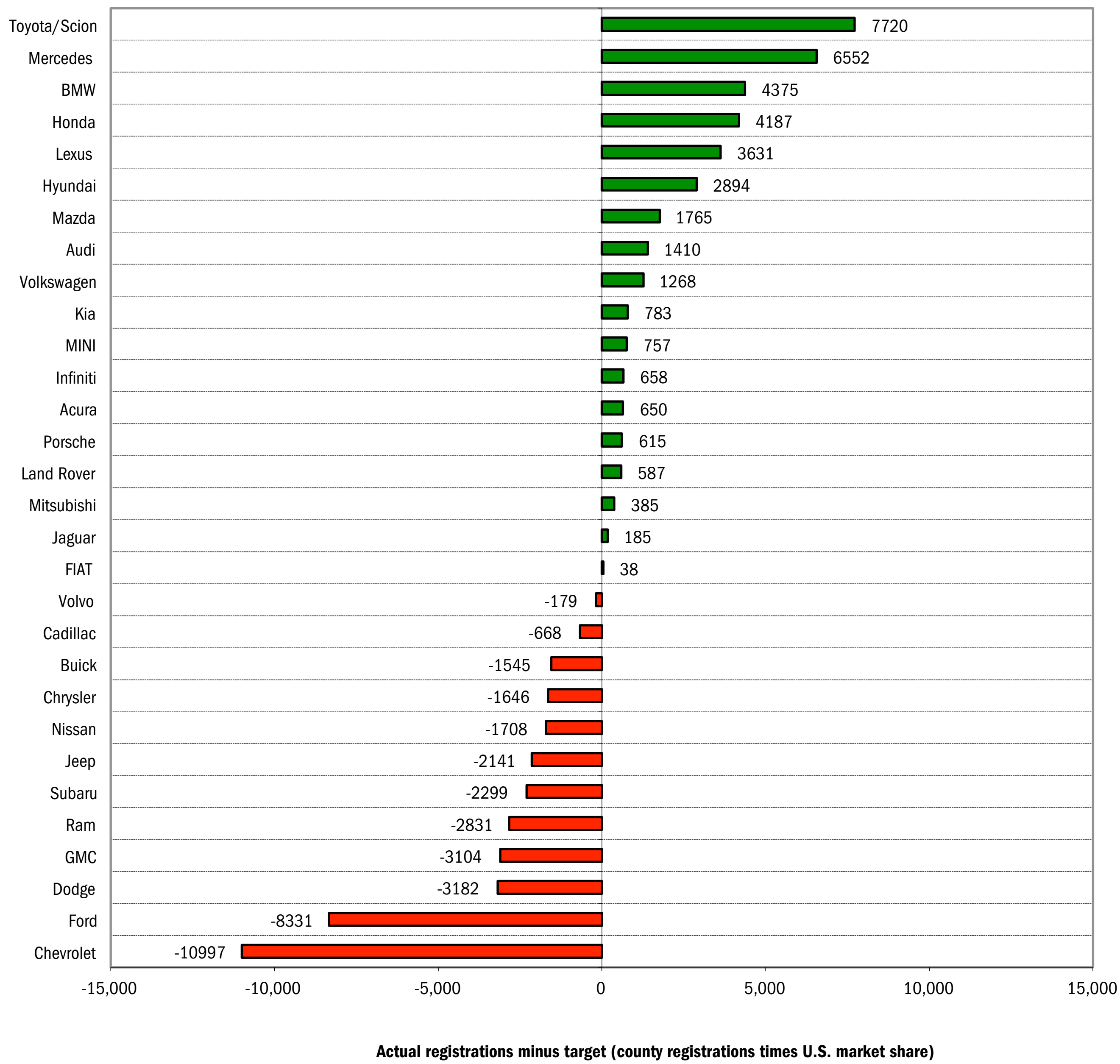
The graph below provides an indicator of brands that are popular in Orange County (relative to the National standard), and those that are not.

Here's how it works: For the top 30 selling brands in the county, each brand's share of the U.S. market is multiplied by retail registrations in the county during 2013. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

Brands at the top of the graph (i.e., Toyota, Mercedes, BMW, Honda, Lexus, and Hyundai) are relatively strong sellers in the county, with actual registrations exceeding calculated targets by large margins. For instance, Toyota registrations exceeded the target by 7,720 units.

Data Source: AutoCount data from Experian Automotive.

Orange County Retail Market Performance based on registrations for 2013
Actual registrations minus target (county industry registrations times U.S. market share)



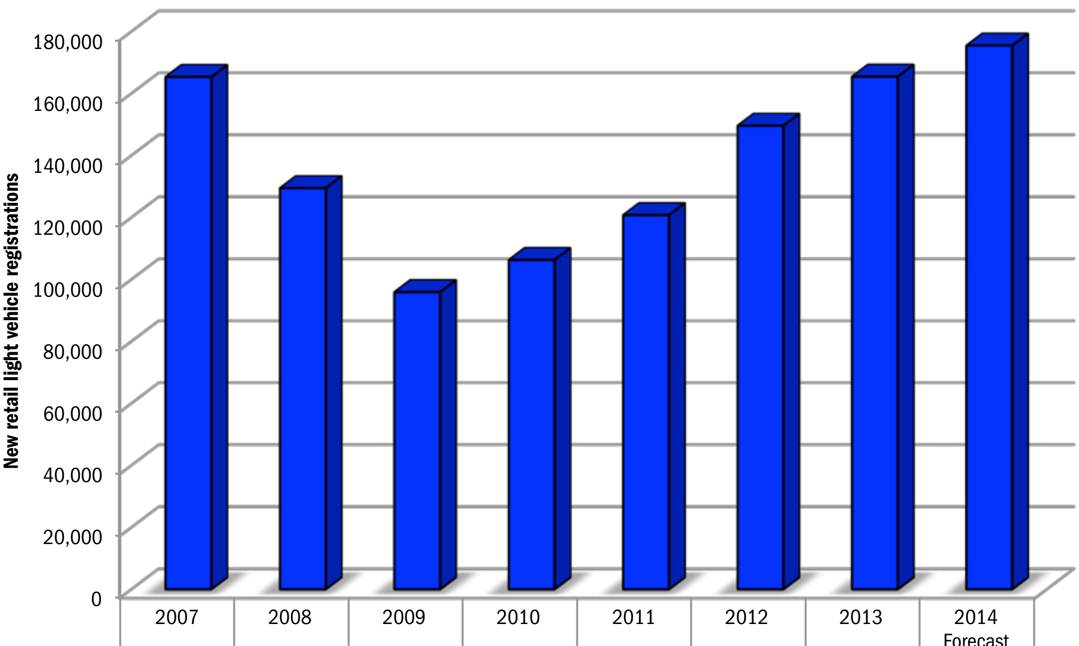
LONG TERM TRENDS

Cyclical Recovery Predicted to Continue in 2014

Market predicted to increase for fifth consecutive year

The two graphs below provide a long term perspective of trends in the Orange County new retail light vehicle market. The first graph shows historical registrations from 2007 thru 2013, along with Auto Outlook's forecast for 2014. The second graph shows light truck share of the overall light vehicle market. Source: AutoCount data from Experian Automotive.

County New Retail Light Vehicle Registrations - 2007 thru 2013, 2014 Forecast



	2007	2008	2009	2010	2011	2012	2013	2014 Forecast
Regs.	165,390	129,507	95,949	106,329	120,800	149,630	165,478	175,500

Years

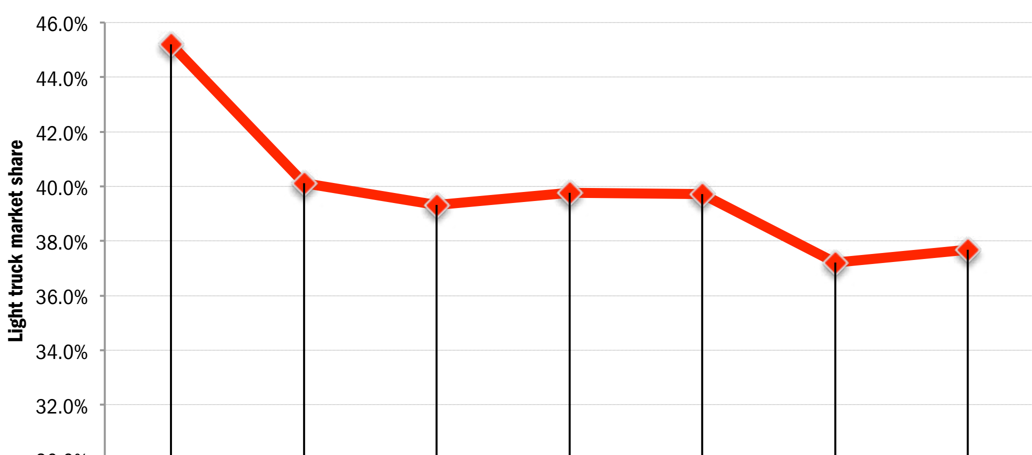
Key Trends

Between 2009 (the low point during the market downturn) and 2013, county new retail light vehicle registrations have increased by nearly 70,000 units an increase of 72%!

The market was up 10.6% last year versus 2012, and Auto Outlook is predicting a 6% increase this year.

Following a wild roller-coaster ride during the seven year period, county registrations exceeded 2007 levels in 2013, and should do so again this year.

County New Retail Light Truck Market Share - 2007 thru 2013



	2007	2008	2009	2010	2011	2012	2013
Share	45.2%	40.1%	39.3%	39.8%	39.7%	37.2%	37.7%

Years

Key Trends

Light truck share of the Orange County light vehicle market declined by 5.9 market share points between 2007 and 2009.

After declining from 2011 to 2012, light truck share increased to 37.7% in 2013, but was still down compared to 2009.

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

Orange County Market Increases 10.6% in 2013

Los Angeles County market was up 13.9%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Market*
Market Growth **% change in registrations** **2013 vs. 2012**	10.6%	13.9%	7.5%
Car Market Share **Car share of industry retail light vehicle** **2013**	62.3%	67.2%	50.0%
Domestic Brand Market Share **Domestic brand share of industry retail light vehicle** **registrations -2013**	19.7%	18.4%	45.2%

	New Retail Registrations - Annual Totals						Market Share (2013)		
	Orange County		Los Angeles County		U.S.*				
Brand	Regs.	% ch. from '12	Regs.	% ch. from '12	Regs.	% ch. from '12	Orange County	L.A. County	U.S.
Acura	2,676	18.5%	5,588	6.6%	165,436	5.9%	1.6	1.3	1.1
Audi	3,249	3.4%	10,560	11.2%	158,061	13.5%	2.0	2.5	1.0
BMW	8,110	16.4%	23,172	19.3%	309,280	9.9%	4.9	5.5	2.0
Buick	745	27.4%	1,489	20.3%	205,509	13.9%	0.5	0.4	1.3
Cadillac	1,414	9.7%	3,791	12.9%	182,543	21.9%	0.9	0.9	1.2
Chevrolet	6,683	11.8%	20,754	20.2%	1,947,125	5.2%	4.0	4.9	12.5
Chry Dodge Jeep Ram	7,331	8.3%	17,320	22.6%	1,757,132	9.3%	4.4	4.1	11.3
Chrysler	740	-11.4%	1,761	-2.3%	302,492	-1.8%	0.4	0.4	1.9
Dodge	2,044	24.8%	6,323	42.9%	596,343	13.6%	1.2	1.5	3.8
Jeep	3,513	0.5%	6,928	10.8%	490,454	3.4%	2.1	1.6	3.1
Ram	1,034	29.3%	2,308	40.3%	367,843	22.2%	0.6	0.5	2.4
Fiat	532	-7.5%	2,617	0.3%	43,236	-1.2%	0.3	0.6	0.3
Ford	13,581	17.2%	28,488	15.9%	2,403,542	11.2%	8.2	6.7	15.4
GMC	1,802	8.8%	3,377	8.2%	450,901	8.9%	1.1	0.8	2.9
Honda	21,507	14.1%	59,705	10.2%	1,359,876	7.4%	13.0	14.1	8.7
Hyundai	10,564	0.6%	15,910	1.4%	720,783	2.5%	6.4	3.7	4.6
Infiniti	2,017	2.8%	5,317	-3.7%	116,455	-2.9%	1.2	1.3	0.7
Jaguar	367	19.5%	953	-2.0%	16,952	41.1%	0.2	0.2	0.1
Kia	6,816	9.0%	17,932	14.1%	535,179	-4.0%	4.1	4.2	3.4
Land Rover	1,198	11.5%	3,002	13.1%	50,010	14.5%	0.7	0.7	0.3
Lexus	6,924	16.9%	18,816	28.6%	273,847	12.2%	4.2	4.4	1.8
Lincoln	350	6.1%	1,180	14.6%	81,694	-0.6%	0.2	0.3	0.5
Mazda	5,000	41.4%	6,661	28.0%	283,946	2.5%	3.0	1.6	1.8
Mercedes	10,354	5.9%	28,825	11.1%	334,324	13.3%	6.3	6.8	2.1
MINI	1,541	-6.3%	4,738	-0.8%	66,502	0.6%	0.9	1.1	0.4
Mitsubishi	1,096	12.4%	1,523	20.4%	62,227	7.7%	0.7	0.4	0.4
Nissan	10,113	17.3%	30,140	20.4%	1,131,965	10.8%	6.1	7.1	7.3
Porsche	1,126	12.7%	3,579	23.7%	42,324	20.8%	0.7	0.8	0.3
smart	198	-6.2%	461	12.2%	9,264	-7.4%	0.1	0.1	0.1
Subaru	2,794	38.6%	6,981	53.3%	424,683	26.2%	1.7	1.6	2.7
Toyota/Scion	30,035	5.3%	80,781	11.1%	1,962,195	6.7%	18.2	19.0	12.6
Volkswagen	5,731	-7.9%	16,411	-0.6%	407,704	-6.9%	3.5	3.9	2.6
Volvo	519	1.8%	1,820	2.0%	61,233	-10.1%	0.3	0.4	0.4
Other	1,105	88.2%	2,512	215.2%	17,591	-48.5%	0.7	0.6	0.1

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

*U.S. figures include fleets

Data Source for Orange and Los Angeles counties: AutoCount data from Experian Automotive. Source for U.S. figures: Automotive News.

Orange County New Retail Car and Light Truck Registrations

	December			Three Month Period Oct '13 thru Dec '13			Annual Total			Annual Market Share (%)		
	Orange County			Orange County			Orange County			Orange County		
	2012	2013	% chg.	Prev.	Curr.	% chg.	2012	2013	% chg.	2012	2013	Chg.
MARKET SUMMARY												
TOTAL	14,811	15,332	3.5%	37,117	39,621	6.7%	149,630	165,478	10.6%	0.0	0.0	0.0
Cars	9,170	9,482	3.4%	23,386	24,884	6.4%	93,958	103,125	9.8%	62.8	62.3	-0.5
Light Trucks	5,641	5,850	3.7%	13,731	14,737	7.3%	55,672	62,353	12.0%	37.2	37.7	0.5
Domestic	2,593	3,000	15.7%	6,574	7,694	17.0%	28,192	32,601	15.6%	18.8	19.7	0.9
European	3,748	3,352	-10.6%	8,734	8,432	-3.5%	31,785	33,311	4.8%	21.2	20.1	-1.1
Japanese	7,003	7,401	5.7%	17,863	19,500	9.2%	72,901	82,186	12.7%	48.7	49.7	0.9
Korean	1,467	1,579	7.6%	3,946	3,995	1.2%	16,752	17,380	3.7%	11.2	10.5	-0.7
BRAND REGISTRATIONS												
Acura	200	251	25.5%	614	630	2.6%	2,259	2,676	18.5%	1.5	1.6	0.1
Audi	342	304	-11.1%	868	739	-14.9%	3,142	3,249	3.4%	2.1	2.0	-0.1
BMW	1,000	773	-22.7%	2,175	1,916	-11.9%	6,968	8,110	16.4%	4.7	4.9	0.2
Buick	48	57	18.8%	136	172	26.5%	585	745	27.4%	0.4	0.5	0.1
Cadillac	133	135	1.5%	300	341	13.7%	1,289	1,414	9.7%	0.9	0.9	0.0
Chevrolet	521	674	29.4%	1,405	1,686	20.0%	5,976	6,683	11.8%	4.0	4.0	0.0
C/D/J/R	560	611	9.1%	1,460	1,556	6.6%	6,769	7,331	8.3%	4.5	4.4	-0.1
Chrysler	86	52	-39.5%	185	143	-22.7%	835	740	-11.4%	0.6	0.4	-0.1
Dodge	159	139	-12.6%	381	393	3.1%	1,638	2,044	24.8%	1.1	1.2	0.1
Jeep	249	309	24.1%	696	764	9.8%	3,496	3,513	0.5%	2.3	2.1	-0.2
Ram	66	111	68.2%	198	256	29.3%	800	1,034	29.3%	0.5	0.6	0.1
Fiat	76	49	-35.5%	141	141	0.0%	575	532	-7.5%	0.4	0.3	-0.1
Ford	1,138	1,243	9.2%	2,822	3,165	12.2%	11,586	13,581	17.2%	7.7	8.2	0.5
GMC	165	146	-11.5%	370	431	16.5%	1,657	1,802	8.8%	1.1	1.1	0.0
Honda	1,761	1,847	4.9%	4,475	5,053	12.9%	18,852	21,507	14.1%	12.6	13.0	0.4
Hyundai	1,023	1,027	0.4%	2,577	2,571	-0.2%	10,498	10,564	0.6%	7.0	6.4	-0.6
Infiniti	206	229	11.2%	460	566	23.0%	1,962	2,017	2.8%	1.3	1.2	-0.1
Jaguar	22	42	90.9%	64	101	57.8%	307	367	19.5%	0.2	0.2	0.0
Kia	444	552	24.3%	1,369	1,424	4.0%	6,254	6,816	9.0%	4.2	4.1	-0.1
Land Rover	121	106	-12.4%	277	258	-6.9%	1,074	1,198	11.5%	0.7	0.7	0.0
Lexus	742	753	1.5%	1,687	1,820	7.9%	5,925	6,924	16.9%	4.0	4.2	0.2
Lincoln	28	34	21.4%	81	101	24.7%	330	350	6.1%	0.2	0.2	0.0
Mazda	366	543	48.4%	933	1,279	37.1%	3,537	5,000	41.4%	2.4	3.0	0.7
Mercedes	1,253	1,295	3.4%	2,841	3,208	12.9%	9,780	10,354	5.9%	6.5	6.3	-0.3
MINI	150	104	-30.7%	401	279	-30.4%	1,645	1,541	-6.3%	1.1	0.9	-0.2
Mitsubishi	105	100	-4.8%	241	230	-4.6%	975	1,096	12.4%	0.7	0.7	0.0
Nissan	761	923	21.3%	2,006	2,500	24.6%	8,621	10,113	17.3%	5.8	6.1	0.3
Porsche	126	125	-0.8%	292	302	3.4%	999	1,126	12.7%	0.7	0.7	0.0
smart	18	9	-50.0%	64	45	-29.7%	211	198	-6.2%	0.1	0.1	0.0
Subaru	217	288	32.7%	580	758	30.7%	2,016	2,794	38.6%	1.3	1.7	0.3
Toyota/Scion	2,601	2,467	-5.2%	6,792	6,664	-1.9%	28,516	30,035	5.3%	19.1	18.2	-0.9
Volkswagen	571	448	-21.5%	1,421	1,208	-15.0%	6,225	5,731	-7.9%	4.2	3.5	-0.7
Volvo	31	47	51.6%	103	118	14.6%	510	519	1.8%	0.3	0.3	0.0
Other	82	150	82.9%	162	359	121.6%	587	1,105	88.2%	0.4	0.7	0.3

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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Data Source: AutoCount data from Experian Automotive.