

Orange County Auto Outlook™



Comprehensive information on the Orange County automotive market

FORECAST

County New Vehicle Market Continues to Move Higher

7% improvement predicted for entire year

Flash back to 2009 - the devastating impact that the financial crisis would have on the economy was becoming plainly evident. Banks weren't lending, the stock market crashed, and unemployment was rising. The writing was on the wall for a sharp decline in new vehicle sales, and that's exactly what transpired. New retail light vehicle registrations in Orange County fell from 165,390 in 2007, to just 95,949 in 2009, a 42% drop in two years.

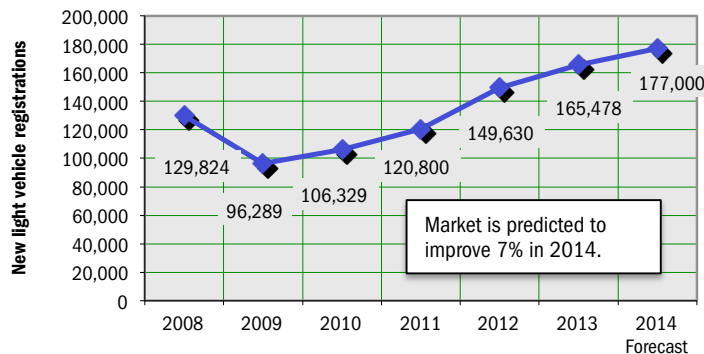
At the time, the prevailing view was that it could take a decade or more for the market to return to sales level reached during the early and mid-2000's. We disagreed. At the time, we pointed out that the combination of significant pent up demand, extremely low interest rates, higher used vehicle prices, and greatly improving new vehicle offerings would more than offset the negative impact of a slowing economy and household de-leveraging. We predicted that within about five years, the market could easily approach, or exceed, sales levels attained in 2007. And that is exactly what has transpired. This year's total is predicted to reach 177,000, higher than in 2007.

So where is the market likely to head in 2015 and beyond? As mentioned in the past few issues of Auto Outlook, there are reasons to believe that the pace of the sales recovery will ease during the next 18 months. At this point, we are predicting a 3% increase next year, with registrations exceeding 182,000.

6 Key Market Trends

- 1. County new retail registrations increased 7.9% for the first six months of this year versus a year earlier (June figures were estimated), higher than the 4.3% improvement in the U.S.
- 2. The market is predicted to increase 6% in the second half of 2014 versus 2013.
- 3. County light truck market share has increased from 37.8% during the first half of 2013 to 38.8% this year.
- 4. Detroit Three brand registrations were up 14.4%, higher than the 7.9% improvement in the overall market
- 5. Hybrid and electric vehicle market share was 8.4% thru June of this year, down slightly from 8.5% in 2013.
- 6. Toyota, Mercedes, Lexus, Honda, and BMW are strong performing brands in the county market (see page 5).

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

	YTD '12 thru June	YTD '13 thru June	YTD '14 thru June	% ch. '13 to '14
TOTAL	72,424	82,112	88,605	7.9%
Car	45,400	51,098	54,213	6.1%
Light Truck	27,024	31,014	34,392	10.9%
Detroit Three	14,021	16,150	18,482	14.4%
European	15,166	16,701	16,744	0.3%
Japanese	35,041	40,467	44,765	10.6%
Korean	8,196	8,794	8,614	-2.0%

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

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: MONTHLY MOVING AVERAGE

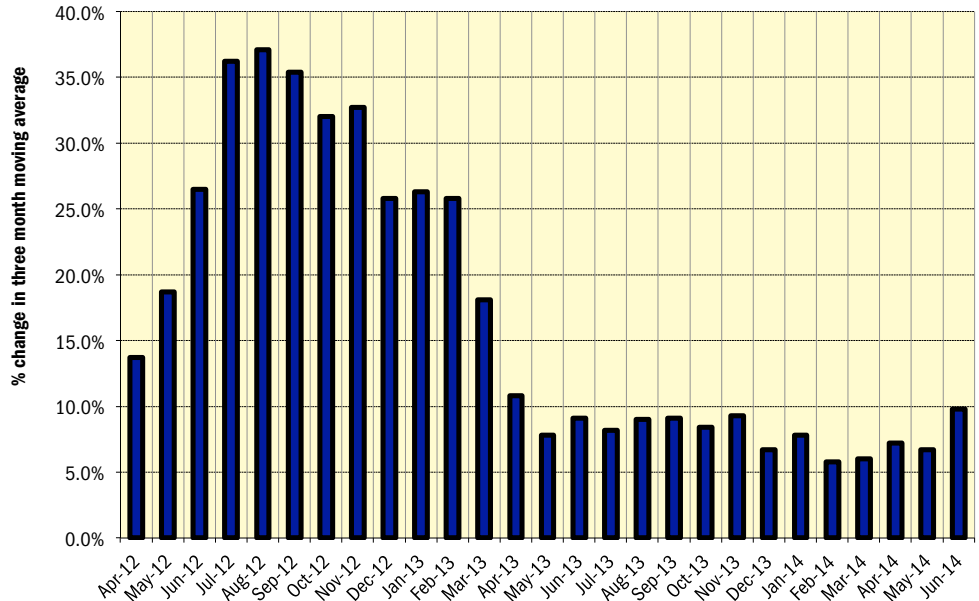
New Vehicle Market Continues on Upward Trend

Percent change in three month moving average has improved for 31 consecutive 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 53 of the past 55 months!

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

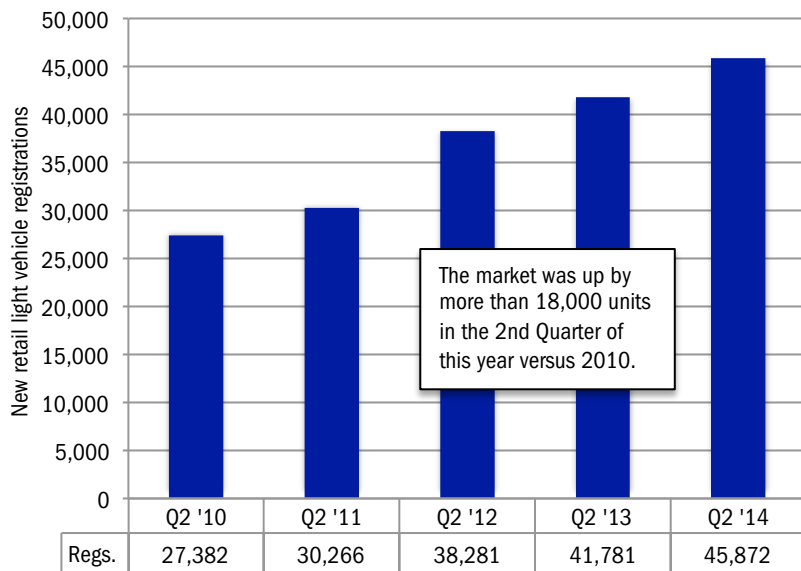


MARKET TRACKER: QUARTERLY PERSPECTIVE

2Q '14 Registrations Exceed 45,000

Second Quarter total this year is up 68% from 2010

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



The market was up by more than 18,000 units in the 2nd Quarter of this year versus 2010.

Second quarter registrations during past five years

WHAT
NEW AND USED
CARS SELL WELL
IN MY MARKETS?

WHO ARE
MY TOP
COMPETITORS?
-BY MARKET AREA?

ANSWERS DRIVE RESULTS.

You need insights into your marketplace to make the best decisions to maximize profits. The AutoCount® Dealer Report analyzes full details on new and used competitive dealer market share, down to specific areas you define. You bring the questions. We'll bring the answers.



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Details on Data

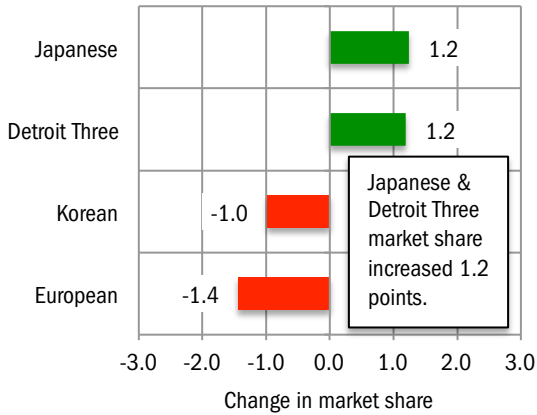
Data presented measures new vehicles registered to purchasers (or lessees) residing in Orange County. Monthly recording of registrations occurs when vehicle title is processed.

Data Source: AutoCount Data from Experian Automotive.

MARKET TRACKER: BRAND MARKET SHARE

European Share Declines

Change in County Market Share
YTD '14 thru June vs. YTD '13



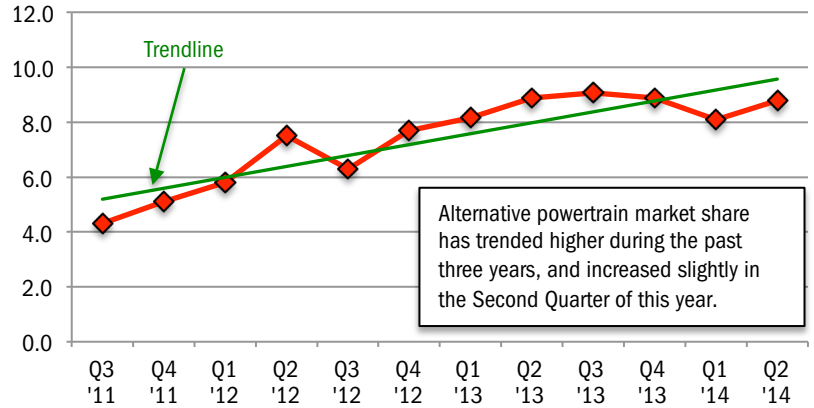
The graph above shows the change in market share for four primary brand segments.

Data Source: AutoCount data from Experian Automotive.

MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid/Electric Share Increases

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

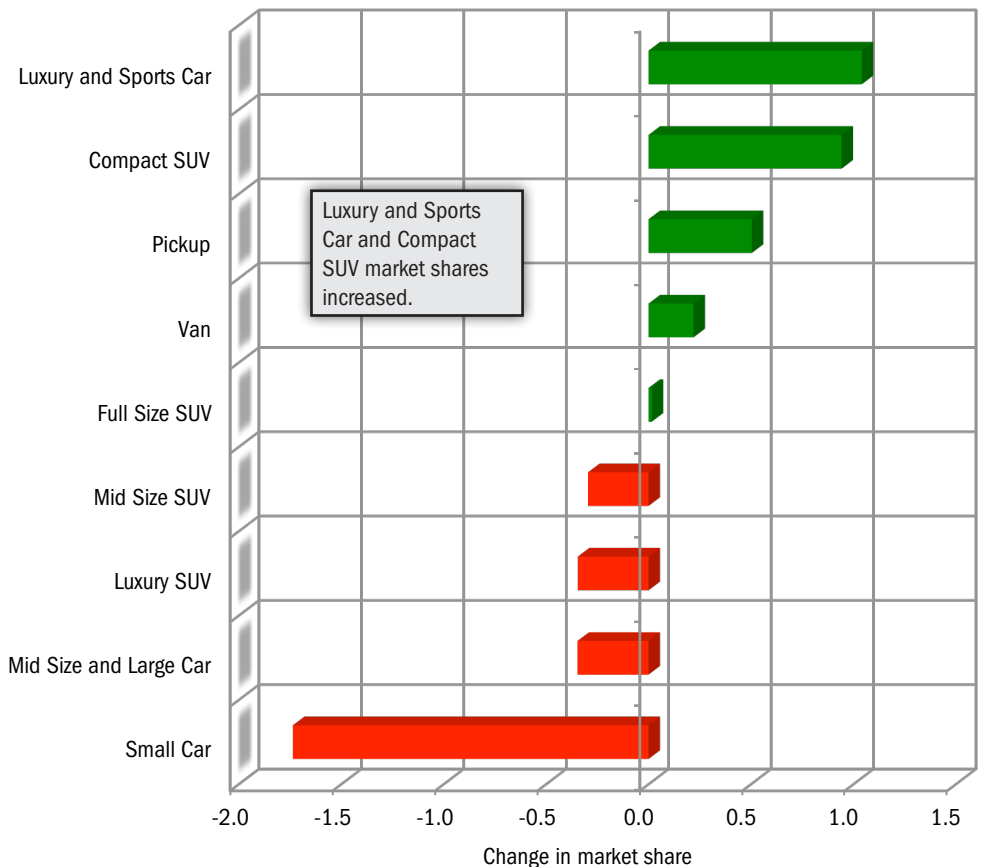
Change in Segment Market Share
YTD 2014 thru June
vs.
YTD 2013

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: Mazda CX5
- 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

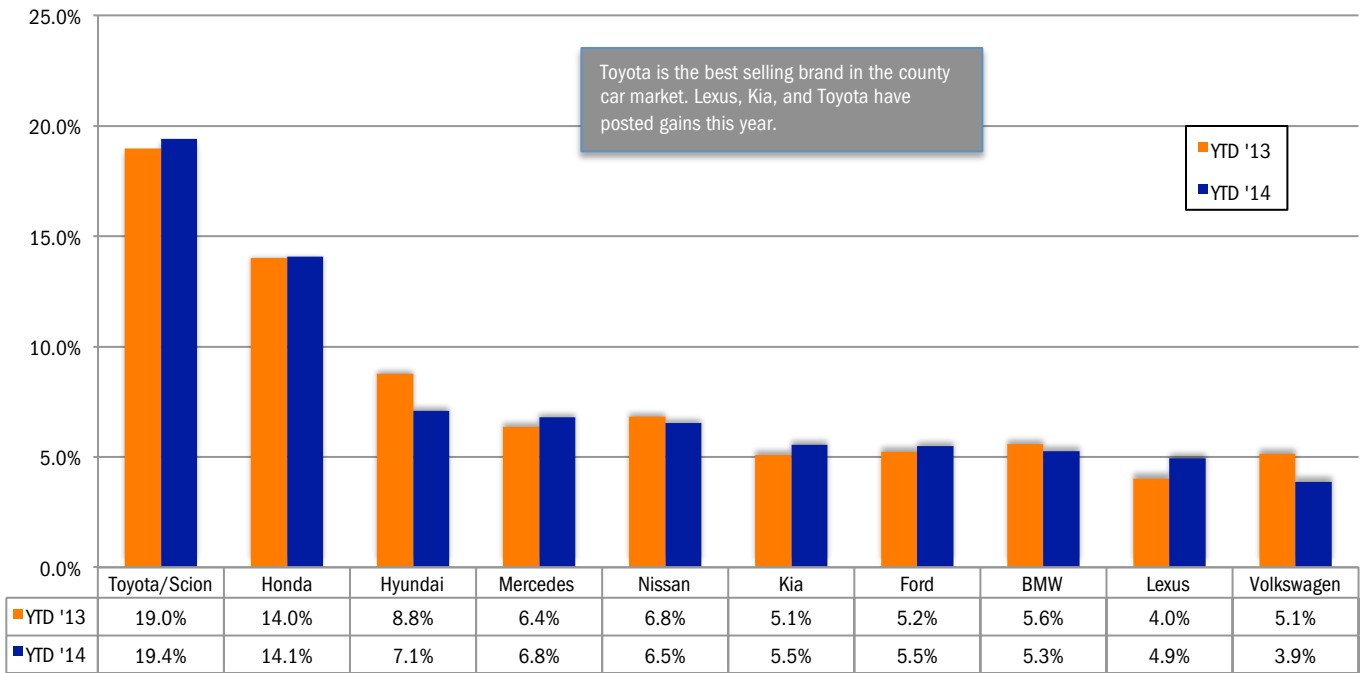
Toyota is County Car Market Share Leader

Toyota also leads in light trucks; Jeep market share moves higher

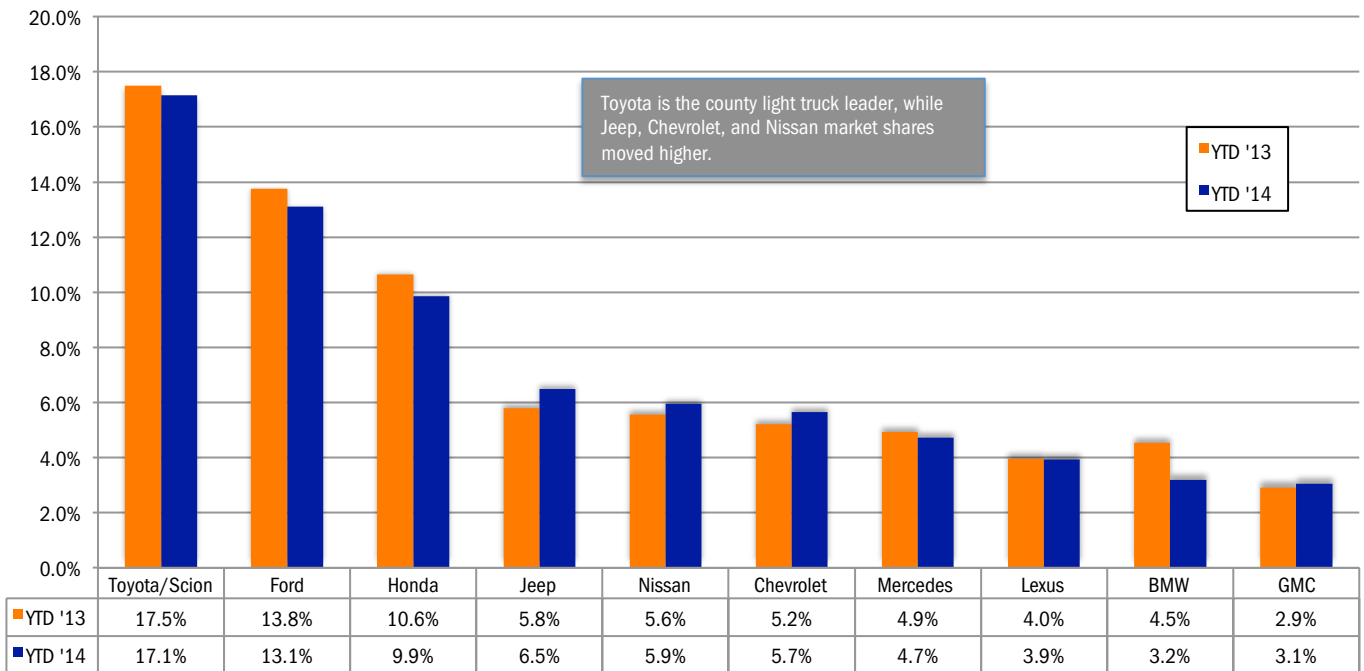
The two graphs below show market share for the top ten car and light truck brands for the first six months of 2013 and 2014. Brands are shown from left to right on each graph based on first half 2014 market share.

Source: AutoCount data from Experian Automotive.

Brand Market Share in County Car Market - YTD 2013 and YTD 2014, thru June
Top Ten Brands only



Brand Market Share in County Light Truck Market - YTD 2013 and YTD 2014, thru June
Top Ten Brands only



BRAND SCOREBOARD - PART TWO

Toyota and Mercedes Rank High in County Market

Lexus, Honda, and BMW are also strong sellers

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 registra-

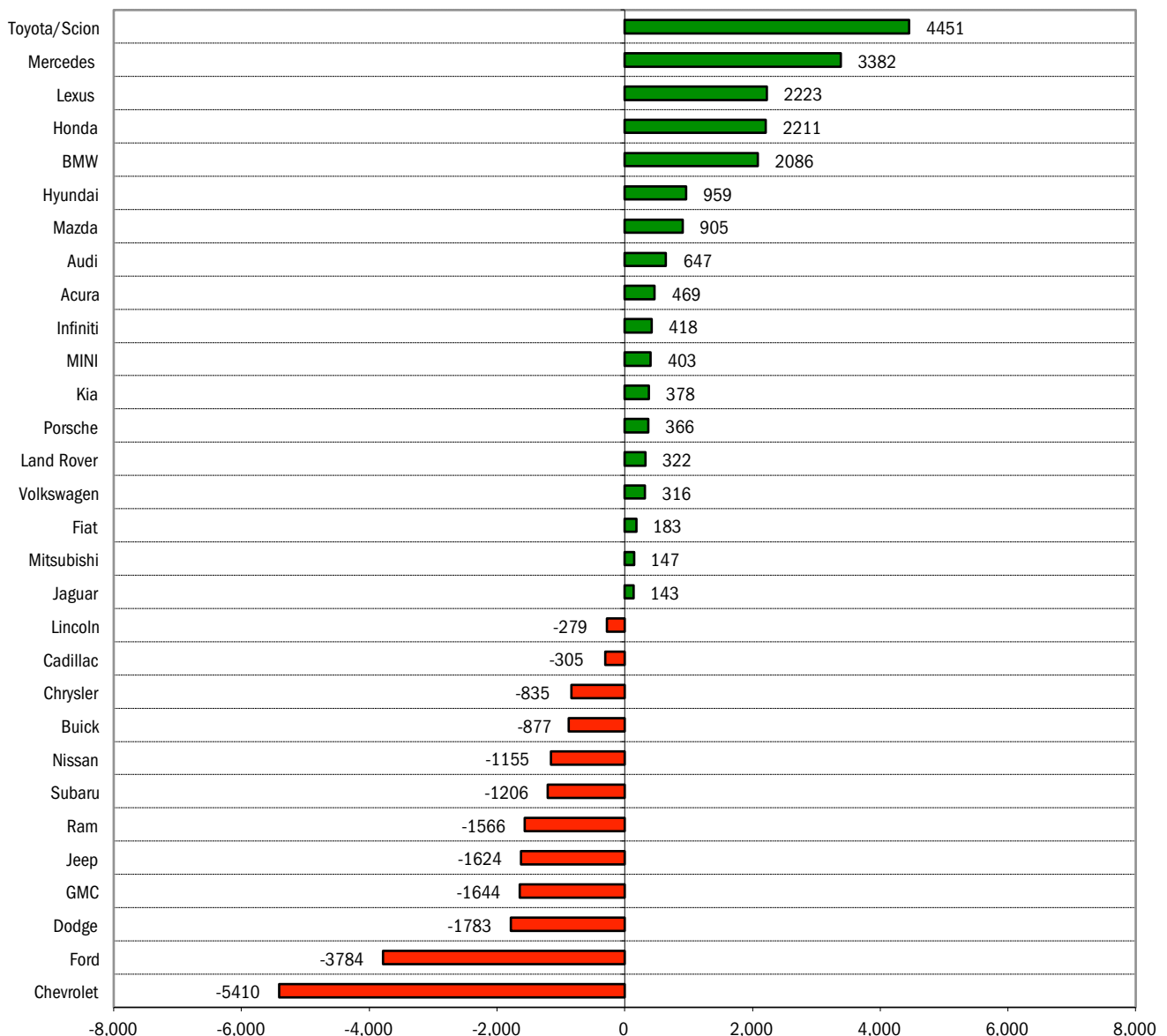
tions in the county during the first six months of 2014. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

Brands at the top of the graph (i.e., Toyota, Mercedes, Lexus, Honda, and BMW) are rela-

tively strong sellers in the county, with actual registrations exceeding calculated targets by large margins. For instance, Toyota registrations exceeded the target by 4,451 units.

Data Source: AutoCount data from Experian Automotive.

Orange County Retail Market Performance based on registrations for YTD 2014 thru June
Actual registrations minus target (county industry registrations times U.S. market share)



Actual registrations minus target (county registrations times U.S. market share)

MODEL RANKINGS

Honda Accord Is on Top of Standard Mid Sized Car Segment

Jeep Grand Cherokee is best-selling Mid Size SUV

The table below shows the top five selling models during the first six months of 2014 in 16 primary market segments. In addition to unit registrations, it also shows each model's market share in its respective segment.

Toyota Prius was the best-selling Sub Compact Car, with a 20% share. Nissan Versa was first

among Entry Cars, followed by Kia Soul and Fiat 500. BMW 3-Series remained at the top, as the best seller among Near Luxury Cars.

Ford F-Series was the leader among Full-Size Pickups, while Honda CR-V (Compact SUV), Jeep Grand Cherokee (Mid Size SUV), and

Lexus RX (Luxury SUV) were also top-ranked in their segments.

Data Source: Polk.

Top Selling Models in Each Segment - Orange County											
New Retail Registrations - YTD 2014 thru June											
Cars											
Entry			Sub Compact			Sporty Compact			Standard Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	848	22.1	Toyota Prius	3688	20.0	Chevrolet Camaro	381	21.9	Honda Accord	3663	25.8
Kia Soul	841	21.9	Honda Civic	3432	18.6	Ford Mustang	330	19.0	Toyota Camry	3307	23.3
Fiat 500	423	11.0	Toyota Corolla/Matrix	2234	12.1	Dodge Challenger	269	15.5	Kia Optima	1439	10.1
Honda Fit	331	8.6	Hyundai Elantra	1333	7.2	Hyundai Veloster	228	13.1	Hyundai Sonata	1339	9.4
Ford Fiesta	295	7.7	Mazda 3	1066	5.8	Scion tC	225	13.0	Ford Fusion	1250	8.8
Large Mid Size			Near Luxury			Luxury			Sports Car		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Avalon	333	26.5	BMW 3-Series	1097	14.0	Mercedes E-Class	1462	24.9	Porsche 911	193	23.7
Dodge Charger	182	14.5	Mercedes C-Class	1081	13.8	BMW 5-Series	811	13.8	Chevrolet Corvette	184	22.6
Kia Cadenza	160	12.7	Lexus ES	899	11.5	Tesla Model S	437	7.4	Mazda MX5	117	14.4
Chrysler 300	146	11.6	Lexus IS	742	9.5	Lexus GS	405	6.9	Nissan 370Z	91	11.2
Hyundai Azera	123	9.8	Infiniti Q50/G	577	7.4	Mercedes S-Class	403	6.9	Porsche Cayman	59	7.3
Light Trucks											
Compact Pickup			Full Size Pickup			Mini Van			Full Size Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	1314	77.2	Ford F-Series	1488	34.9	Toyota Sienna	1160	45.8	Nissan NV	209	22.5
Nissan Frontier	332	19.5	Chevrolet Silverado	1031	24.2	Honda Odyssey	976	38.5	Ford Transit Connect	199	21.4
Honda Ridgeline	55	3.2	Ram	671	15.8	Dodge Caravan	141	5.6	Sprinter	166	17.8
Chevrolet Colorado	0	0	Toyota Tundra	640	15.0	Chrysler T & C	83	3.3	Chevrolet Express	157	16.9
GMC Canyon	0	0	GMC Sierra	400	9.4	Nissan Quest	82	3.2	Ford E-Series	133	14.3
Compact SUV			Mid Size/Crossover SUV			Full Size SUV			Luxury SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Honda CRV	1732	19.2	Jeep Grand Cherokee	1223	20.7	Ford Explorer	864	33.2	Lexus RX	1145	15.7
Toyota RAV4	1229	13.6	Toyota Highlander	792	13.4	Ford Flex	331	12.7	Mercedes M-Class	598	8.2
Mazda CX5	747	8.3	Ford Edge	745	12.6	Chevrolet Tahoe	242	9.3	Acura MDX	571	7.8
Nissan Rogue	685	7.6	Hyundai Santa Fe	701	11.8	GMC Acadia	187	7.2	BMW X5	547	7.5
Ford Escape	668	7.4	Honda Pilot	615	10.4	Mazda CX9	168	6.5	Mercedes GLK	507	6.9

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

Orange County Market Increased 7.9% in First Half of 2014

Los Angeles County market was up 10.3%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Market*
Market Growth % change in registrations YTD '14 thru June vs. YTD '13	7.9%	10.3%	4.3%
Car Market Share Car share of industry retail light vehicle YTD '14 thru June	61.2%	66.5%	49.2%
Domestic Brand Market Share Domestic brand share of industry retail light vehicle registrations - YTD '14 thru June	20.9%	18.3%	45.5%

Brand	New Retail Registrations -YTD 2014 thru June						Market Share (YTD '14 thru June)		
	Orange County		Los Angeles County		U.S.*		Orange County	L.A. County	U.S.
	Regs.	% ch. from '13	Regs.	% ch. from '13	Regs.	% ch. from '13			
Acura	1,483	15.8%	2,877	3.8%	77,951	1.3%	1.7	1.2	1.0
Audi	1,714	1.0%	5,663	5.8%	84,349	13.6%	1.9	2.5	1.0
BMW	4,031	-6.5%	12,590	10.1%	157,382	12.1%	4.5	5.5	1.9
Buick	346	-2.8%	696	-6.7%	113,472	12.5%	0.4	0.3	1.4
Cadillac	702	-0.7%	1,835	-4.1%	82,117	-1.9%	0.8	0.8	1.0
Chevrolet	3,864	21.1%	10,826	6.1%	1,027,908	1.3%	4.4	4.7	12.6
Chry Dodge Jeep Ram	4,422	19.0%	10,275	21.0%	995,151	12.2%	5.0	4.5	12.2
Chrysler	287	-28.8%	659	-25.9%	141,068	-13.9%	0.3	0.3	1.7
Dodge	1,172	10.6%	3,497	5.7%	306,924	-3.6%	1.3	1.5	3.8
Jeep	2,225	25.1%	4,548	40.7%	332,802	45.1%	2.5	2.0	4.1
Ram	738	55.4%	1,571	47.9%	214,357	22.4%	0.8	0.7	2.6
Fiat	482	79.2%	1,867	60.4%	24,972	15.5%	0.5	0.8	0.3
Ford	7,457	7.9%	15,099	3.1%	1,220,835	-2.4%	8.4	6.5	15.0
GMC	1,047	15.8%	1,956	14.4%	232,371	5.3%	1.2	0.8	2.8
Honda	10,988	5.6%	31,215	4.8%	661,485	-1.1%	12.4	13.5	8.1
Hyundai	4,872	-8.4%	7,762	-5.0%	364,434	0.9%	5.5	3.4	4.5
Infiniti	1,138	24.0%	2,945	22.1%	59,341	13.6%	1.3	1.3	0.7
Jaguar	234	33.7%	518	10.0%	8,317	6.7%	0.3	0.2	0.1
Kia	3,742	7.6%	10,232	10.9%	297,413	7.2%	4.2	4.4	3.6
Land Rover	660	2.8%	1,776	14.8%	26,186	13.9%	0.7	0.8	0.3
Lexus	4,020	23.3%	12,260	46.4%	138,689	17.1%	4.5	5.3	1.7
Lincoln	206	32.9%	688	25.1%	44,522	16.3%	0.2	0.3	0.5
Mazda	2,748	9.5%	4,098	33.1%	156,430	7.9%	3.1	1.8	1.9
Mercedes	5,294	11.4%	14,537	3.5%	163,107	7.7%	6.0	6.3	2.0
MINI	742	-14.4%	2,139	-8.7%	24,152	-25.4%	0.8	0.9	0.3
Mitsubishi	641	16.5%	987	27.2%	39,672	30.2%	0.7	0.4	0.5
Nissan	5,569	7.8%	16,888	12.8%	645,136	12.7%	6.3	7.3	7.9
Porsche	642	14.4%	1,968	14.2%	22,918	7.5%	0.7	0.9	0.3
smart	131	39.4%	308	46.0%	4,647	4.2%	0.1	0.1	0.1
Subaru	1,820	36.3%	4,100	22.1%	238,008	16.3%	2.1	1.8	2.9
Toyota/Scion	16,358	8.9%	44,788	13.3%	1,026,918	3.7%	18.5	19.4	12.6
Volkswagen	2,327	-19.1%	7,436	-9.6%	179,144	-13.4%	2.6	3.2	2.2
Volvo	199	-25.2%	756	-25.4%	29,330	-10.0%	0.2	0.3	0.4
Other	726	72.4%	1,652	69.6%	9,254	-8.6%	0.8	0.7	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												
	June			Three Month Period Apr '14 thru Jun '14			YTD thru June			YTD Market Share (%)		
	Orange County			Orange County			Orange County			Orange County		
	2013	2014	% chg.	Prev.	Curr.	% chg.	2013	2014	% chg.	2013	2014	Chg.
MARKET SUMMARY												
TOTAL	16,906	18,911	11.9%	41,781	45,872	9.8%	82,112	88,605	7.9%	0.0	0.0	0.0
Cars	10,468	11,678	11.6%	26,041	28,296	8.7%	51,098	54,213	6.1%	62.2	61.2	-1.0
Light Trucks	6,438	7,233	12.3%	15,740	17,576	11.7%	31,014	34,392	10.9%	37.8	38.8	1.0
Domestic	3,525	3,934	11.6%	8,422	9,504	12.8%	16,150	18,482	14.4%	19.7	20.9	1.2
European	3,244	3,459	6.6%	8,120	8,466	4.3%	16,701	16,744	0.3%	20.3	18.9	-1.4
Japanese	8,325	9,642	15.8%	20,743	23,304	12.3%	40,467	44,765	10.6%	49.3	50.5	1.2
Korean	1,812	1,876	3.5%	4,496	4,598	2.3%	8,794	8,614	-2.0%	10.7	9.7	-1.0
BRAND REGISTRATIONS												
Acura	226	281	24.3%	630	719	14.1%	1,281	1,483	15.8%	1.6	1.7	0.1
Audi	339	408	20.4%	825	932	13.0%	1,697	1,714	1.0%	2.1	1.9	-0.1
BMW	827	758	-8.3%	2,094	2,013	-3.9%	4,312	4,031	-6.5%	5.3	4.5	-0.7
Buick	78	64	-17.9%	176	172	-2.3%	356	346	-2.8%	0.4	0.4	0.0
Cadillac	109	128	17.4%	324	333	2.8%	707	702	-0.7%	0.9	0.8	-0.1
Chevrolet	679	795	17.1%	1,636	2,040	24.7%	3,192	3,864	21.1%	3.9	4.4	0.5
C/D/J/R	862	978	13.5%	2,022	2,315	14.5%	3,716	4,422	19.0%	4.5	5.0	0.5
Chrysler	102	59	-42.2%	227	130	-42.7%	403	287	-28.8%	0.5	0.3	-0.2
Dodge	234	278	18.8%	564	638	13.1%	1,060	1,172	10.6%	1.3	1.3	0.0
Jeep	415	488	17.6%	971	1,156	19.1%	1,778	2,225	25.1%	2.2	2.5	0.3
Ram	111	153	37.8%	260	391	50.4%	475	738	55.4%	0.6	0.8	0.3
Fiat	57	101	77.2%	146	270	84.9%	269	482	79.2%	0.3	0.5	0.2
Ford	1,459	1,586	8.7%	3,526	3,729	5.8%	6,911	7,457	7.9%	8.4	8.4	0.0
GMC	188	245	30.3%	450	588	30.7%	904	1,047	15.8%	1.1	1.2	0.1
Honda	2,141	2,328	8.7%	5,471	5,825	6.5%	10,402	10,988	5.6%	12.7	12.4	-0.3
Hyundai	1,069	1,061	-0.7%	2,621	2,434	-7.1%	5,317	4,872	-8.4%	6.5	5.5	-1.0
Infiniti	140	246	75.7%	397	568	43.1%	918	1,138	24.0%	1.1	1.3	0.2
Jaguar	31	42	35.5%	78	99	26.9%	175	234	33.7%	0.2	0.3	0.1
Kia	743	815	9.7%	1,875	2,164	15.4%	3,477	3,742	7.6%	4.2	4.2	0.0
Land Rover	111	105	-5.4%	281	284	1.1%	642	660	2.8%	0.8	0.7	0.0
Lexus	667	802	20.2%	1,613	1,880	16.6%	3,260	4,020	23.3%	4.0	4.5	0.6
Lincoln	32	51	59.4%	79	108	36.7%	155	206	32.9%	0.2	0.2	0.0
Mazda	459	559	21.8%	1,240	1,342	8.2%	2,510	2,748	9.5%	3.1	3.1	0.0
Mercedes	860	1,098	27.7%	2,258	2,646	17.2%	4,753	5,294	11.4%	5.8	6.0	0.2
MINI	174	190	9.2%	456	377	-17.3%	867	742	-14.4%	1.1	0.8	-0.2
Mitsubishi	113	141	24.8%	262	354	35.1%	550	641	16.5%	0.7	0.7	0.1
Nissan	1,080	1,259	16.6%	2,643	2,953	11.7%	5,167	5,569	7.8%	6.3	6.3	0.0
Porsche	99	152	53.5%	272	340	25.0%	561	642	14.4%	0.7	0.7	0.0
smart	18	36	100.0%	58	68	17.2%	94	131	39.4%	0.1	0.1	0.0
Subaru	289	425	47.1%	701	926	32.1%	1,335	1,820	36.3%	1.6	2.1	0.4
Toyota/Scion	3,210	3,601	12.2%	7,786	8,737	12.2%	15,021	16,358	8.9%	18.3	18.5	0.2
Volkswagen	650	473	-27.2%	1,467	1,195	-18.5%	2,876	2,327	-19.1%	3.5	2.6	-0.9
Volvo	45	38	-15.6%	107	96	-10.3%	266	199	-25.2%	0.3	0.2	-0.1
Other	151	145	-4.0%	287	365	27.2%	421	726	72.4%	0.5	0.8	0.3

Orange County Auto Outlook

Published by Auto Outlook, Inc.

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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.