Quarterly Report January 2012

Orange County Auto Outlook™

Comprehensive information on the Orange County automotive market

FORECAST

County Market Picks Up Steam at End of 2011

Momentum likely to continue into 2012; 8.4% increase predicted for entire year

Below is a concise summary of key trends and developments in the Orange County new vehicle market.

County new retail light vehicle registrations improved 13.6% in 2011

Inventory shortages resulting from the Japanese earthquake, high fuel prices in the first half of the year, and the U.S. government's debt downgrade combined to put the brakes on the county new vehicle market during the first three quarters of last year. As the impact of these negative events abated during the Fourth Quarter, however, the sales recovery picked up steam. The 13.6% annual increase last year was in line with Auto Outlook's projected increase.

Market predicted to improve for third consecutive year in 2012

Auto Outlook projects that registrations will exceed 130,000 units this year, an increase of 8.4% from 2011. Despite the increase, the market will still be well below the 197,000 total recorded in 2004.

Several forecast determinants point to sustained recovery in new vehicle market

Encouragingly, several key new vehicle market indicators are signalling that county sales should continue their upward swing for an extended period. Consumer confidence and household debt levels are heading in the right direction, while affordability and pent up demand are providing significant market momentum. Despite these positive signs, the likelihood of sluggish economic growth and the tough labor market (hangovers from the financial markets crisis in 2008) should prevent a sharp rebound in sales.

Ford, Hyundai, and Volkswagen post big market share gains during past two years

Auto Outlook's exclusive county market share trending analysis reveals the consistent gains posted by these three brands during the past two years. (See pages 4 and 5).

Mercedes, Toyota, BMW, and Honda are relatively strong sellers in county market

County new retail light vehicle registrations for the four brands far exceeded expected levels during 2011. Expected levels are calculated based on U.S. market share (see page 6). Other high ranking brands were: Lexus, Hyundai, Audi, and Volkswagen.

Honda Accord best selling car in county market; CRV is light truck leader

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

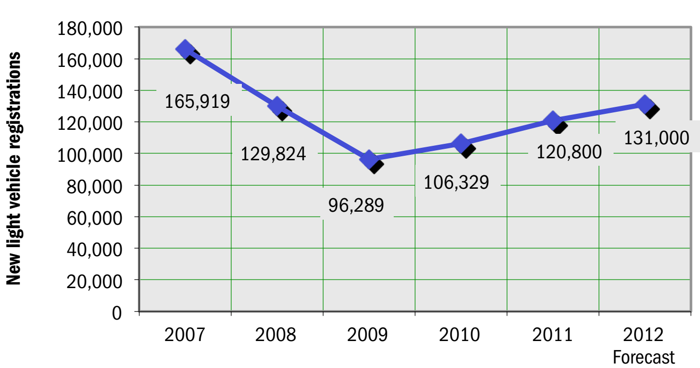
Compact SUV segment has big gains in county and U.S. markets

2011 was a good year for many Compact SUV models. Segment market share in the County increased 0.8 of a point last year.

Detroit Three market share increases

Detroit Three accounted for a larger percentage of the county market last year, with share increasing from 18.0% in 2010 to 20.0% in 2011.

Annual Trend in Orange County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2007 thru 2010, and Auto Outlook's projection for all of 2011 and 2012.

Market Summary

	2010	2011	Forecast 2012	% ch. '11 to '12
TOTAL	106,329	120,800	131,000	8.4%
Car	63,969	72,712	79,648	9.5%
Light Truck	42,360	48,088	51,352	6.8%
Detroit Three	19,172	24,130	25,676	6.4%
European	22,516	26,760	28,296	5.7%
Japanese	56,628	56,846	63,011	10.8%
Korean	8,013	13,064	14,017	7.3%

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

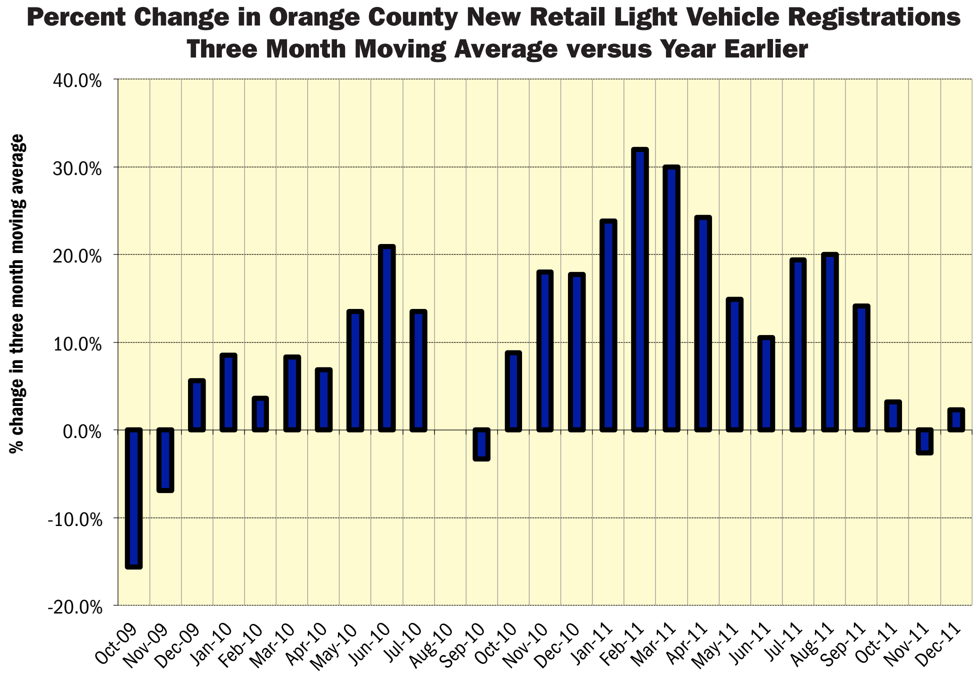
MARKET TRACKER

Market Turns Up in December

Percent change in three month moving average increased in 22 of past 25 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 is clearly emerging from the 2009 slump. The three month moving average has increased from year earlier levels in 22 of the past 25 months.

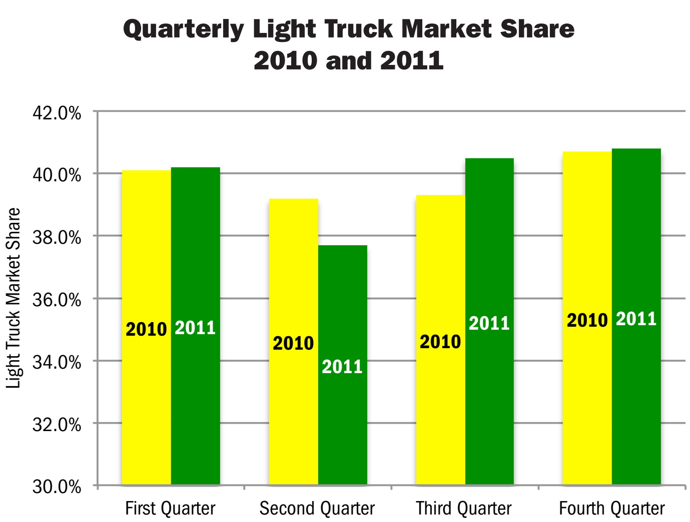


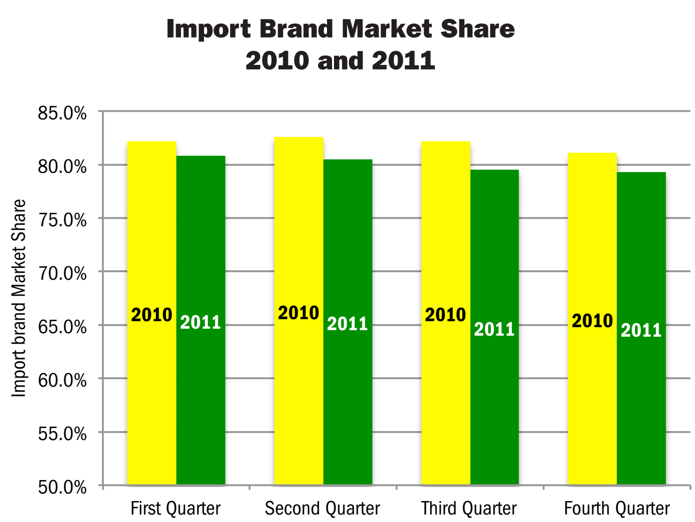
MARKET TRACKER (Continued)

Light Truck Market Share Increases Slightly in Fourth Quarter

Detroit Three continue to grab share from imports at end of 2011

The two graphs below show quarterly light truck and import brand share of the overall Orange County market during 2010 and 2011. Light truck share was slightly higher than year earlier levels in the Fourth Quarter of 2011. Strong new product introductions by the Detroit Three and the Japanese earthquake and tsunami contributed to the decline in import brand share during 2011.





SIX YEAR MARKET CYCLE - BOOM TO BUST TO NOW

Sales Recover from '09 Low Point; Up 25% in Two Years

County sales fell by 98,209 units between '05 and '09, followed by 24,511 unit increase from '09 to '11

By now, we are all familiar with the unsustainable formula that led the new vehicle market to record sales levels during the past decade: overly aggressive production levels, very low interest rates, easy credit, and profit-sapping incentives. Following the financial market crisis in late 2008, new vehicle sales predictably fell off the map.

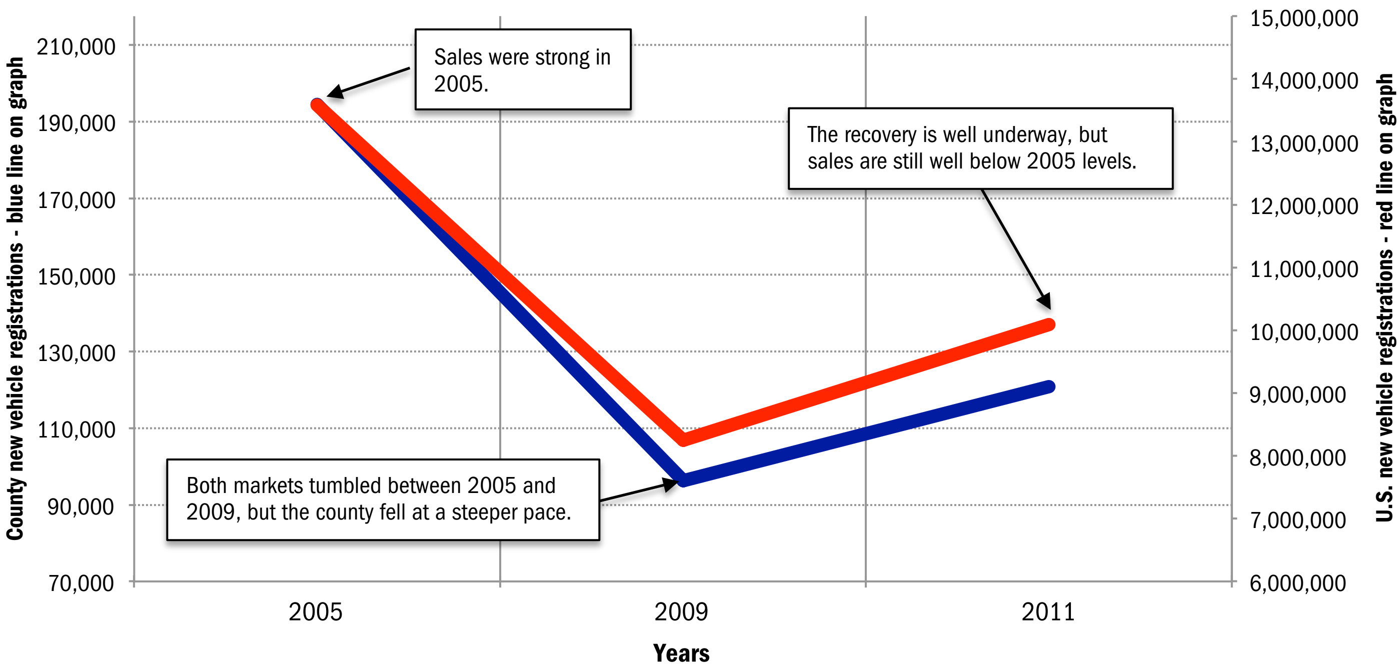
This is clearly illustrated on the graph below. County new retail light vehicle registrations nose dived by nearly 100,000 units between 2005 and 2009, a 50% decline. The U.S. market was down 39% during the same period.

But what goes down, usually comes back up, and indeed, sales have bounced back from the depression-like level they sank to in 2009.

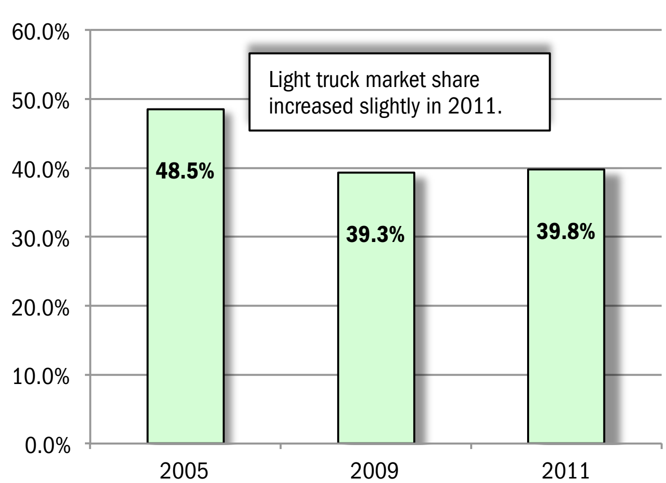
County and U.S. new retail registrations have increased for two consecutive years and are likely to move higher again this year.

The two graphs below show Detroit Three and Light Truck market share during the same three years - 2005, 2009, and 2011.

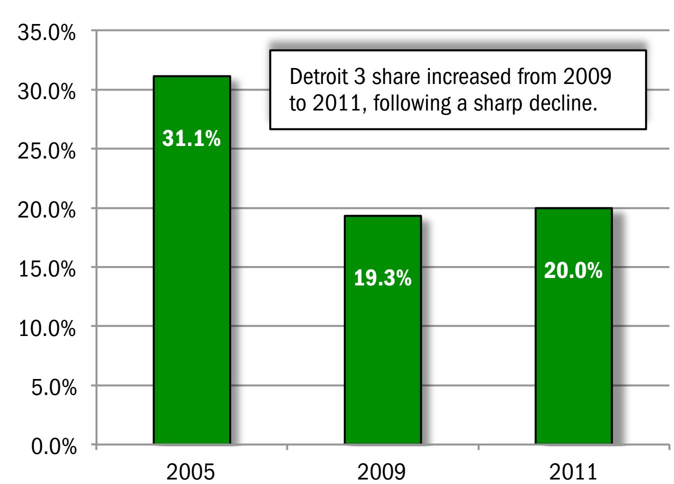
Orange County and U.S. New Retail Light Vehicle Registrations - 2005, 2009, and 2011



Light Truck Share of County Market 2005, 2009, and 2011



County Detroit Three Market Share 2005, 2009, and 2011



BRAND MARKET SHARE TRENDS

Ford and Hyundai Market Shares Increase

Supply Issues Push Toyota and Honda Lower

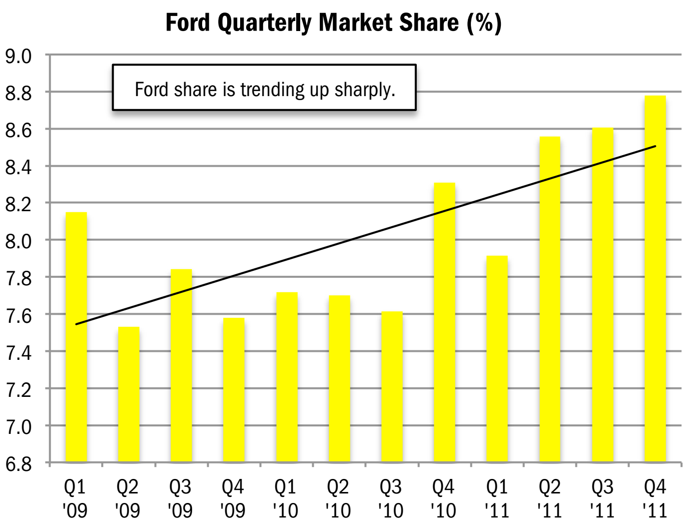
In today's hotly competitive automotive marketplace, the gain (or loss) of a few tenths of a market share point is significant. And as shown on the graphs below, some brands have had much bigger swings than that over the past 36 months.

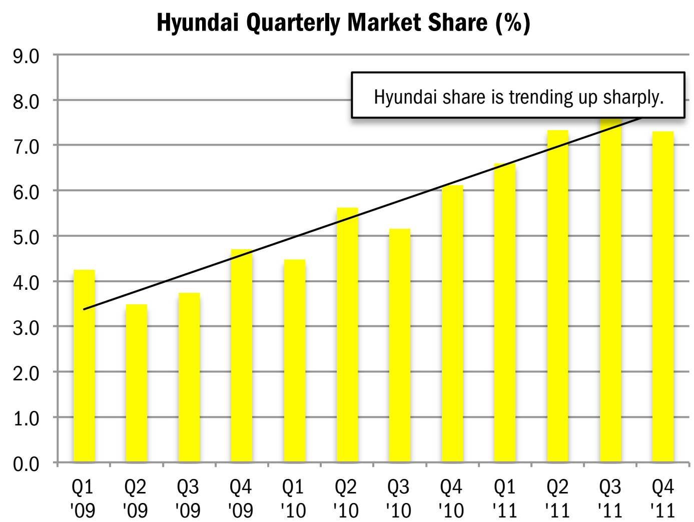
Each graph shows quarterly market share in the Orange County new retail light vehicle market, along with a trendline which illustrates the overall trending direction during the past three years.

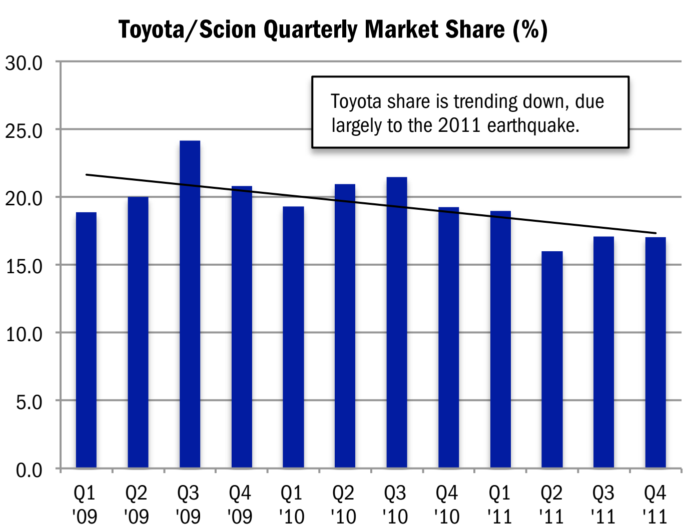
The starting point for the graphs, First Quarter 2009, was chosen for a reason. In many ways, the industry hit the reset button in 2009, following the onset of the financial markets crisis during late 2008. Several brands disappeared, while others rose in prominence. As a result the competitive landscape changed dramatically.

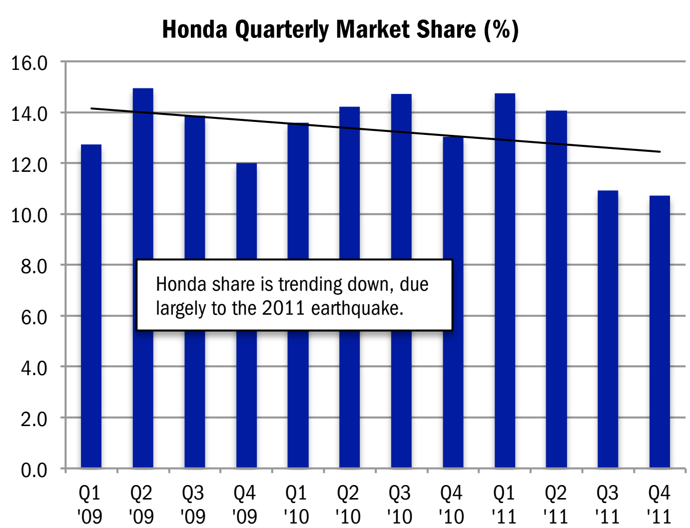
The other significant event that shook up the market was the Japanese earthquake and tsunami in March of 2011. Toyota and Honda most significantly, suffered product shortages for most of the year, which pushed market shares lower for both brands. Toyota market share fell from 19.3 in the First Quarter of 2010 to 17.1% in the Fourth Quarter of 2011.

Several brands (i.e., Ford, Hyundai, and Volkswagen to name a few) benefitted from lean inventories at Japanese brand competitors. Combined with some impressive new products, these brands are definitely on an upward swing.





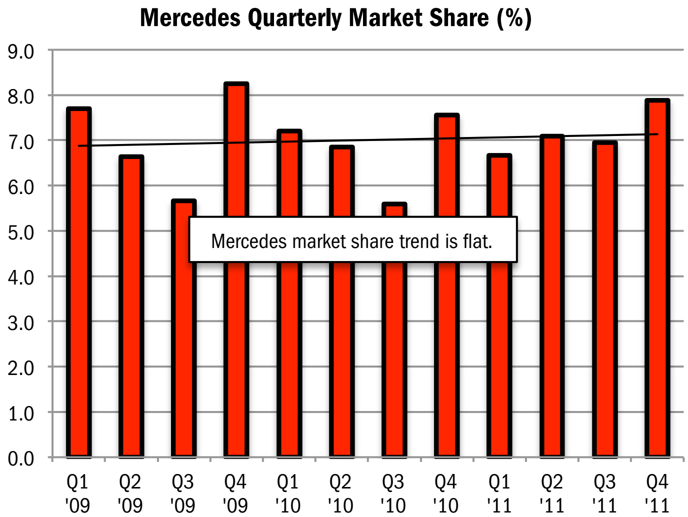


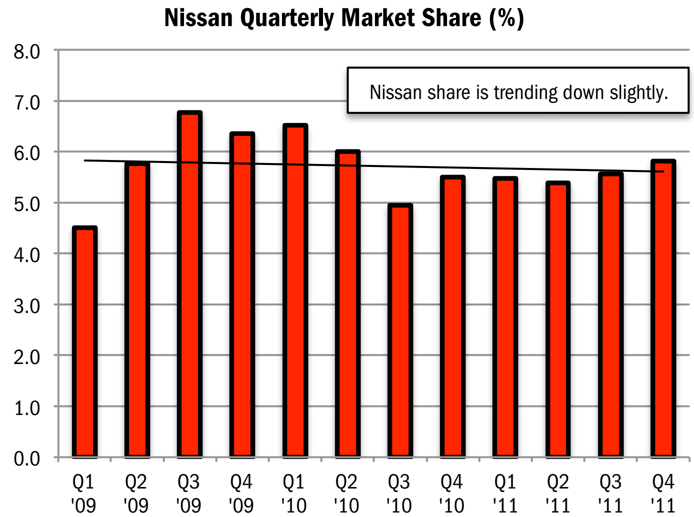


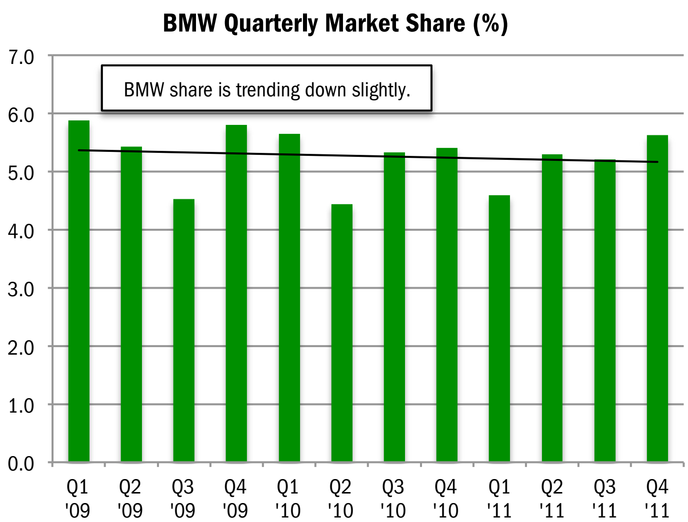
BRAND MARKET SHARE TRENDS

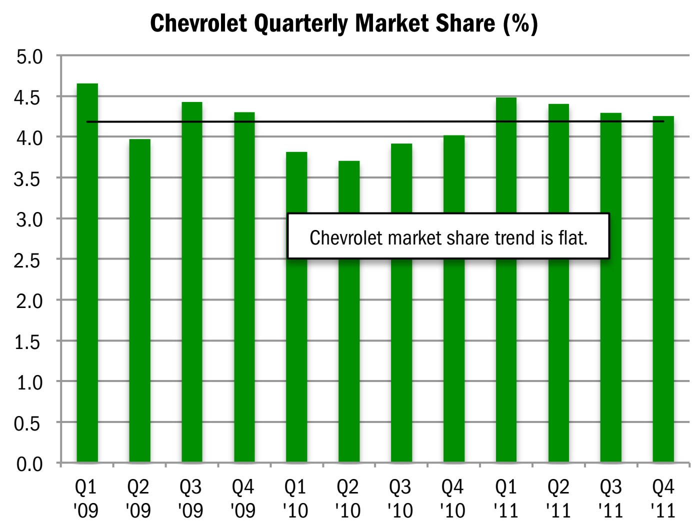
Mercedes Market Share is Trending Up Slightly

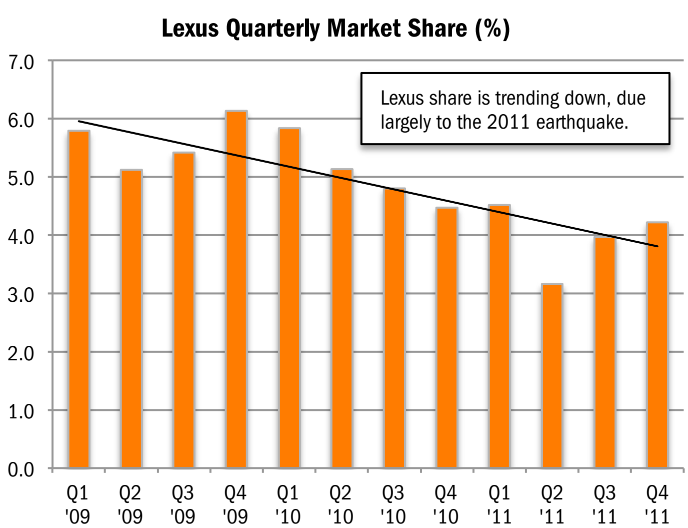
Volkswagen's trend is decidedly positive

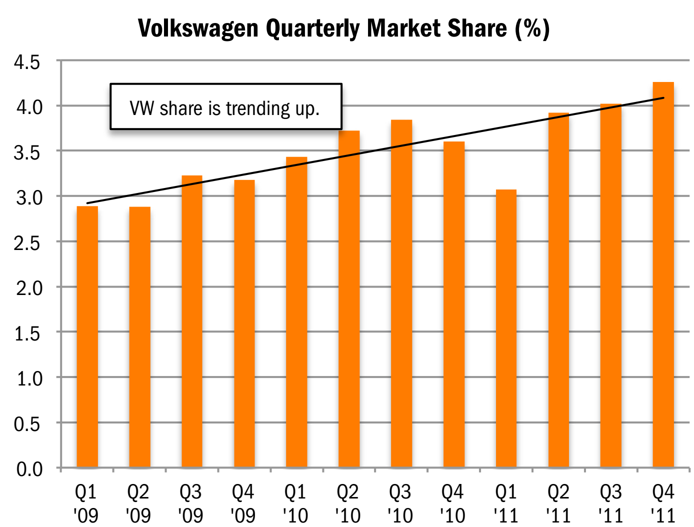












BRAND SCOREBOARD

Mercedes and Toyota Relatively Strong Performers in County

BMW, Honda, and Lexus also rank high

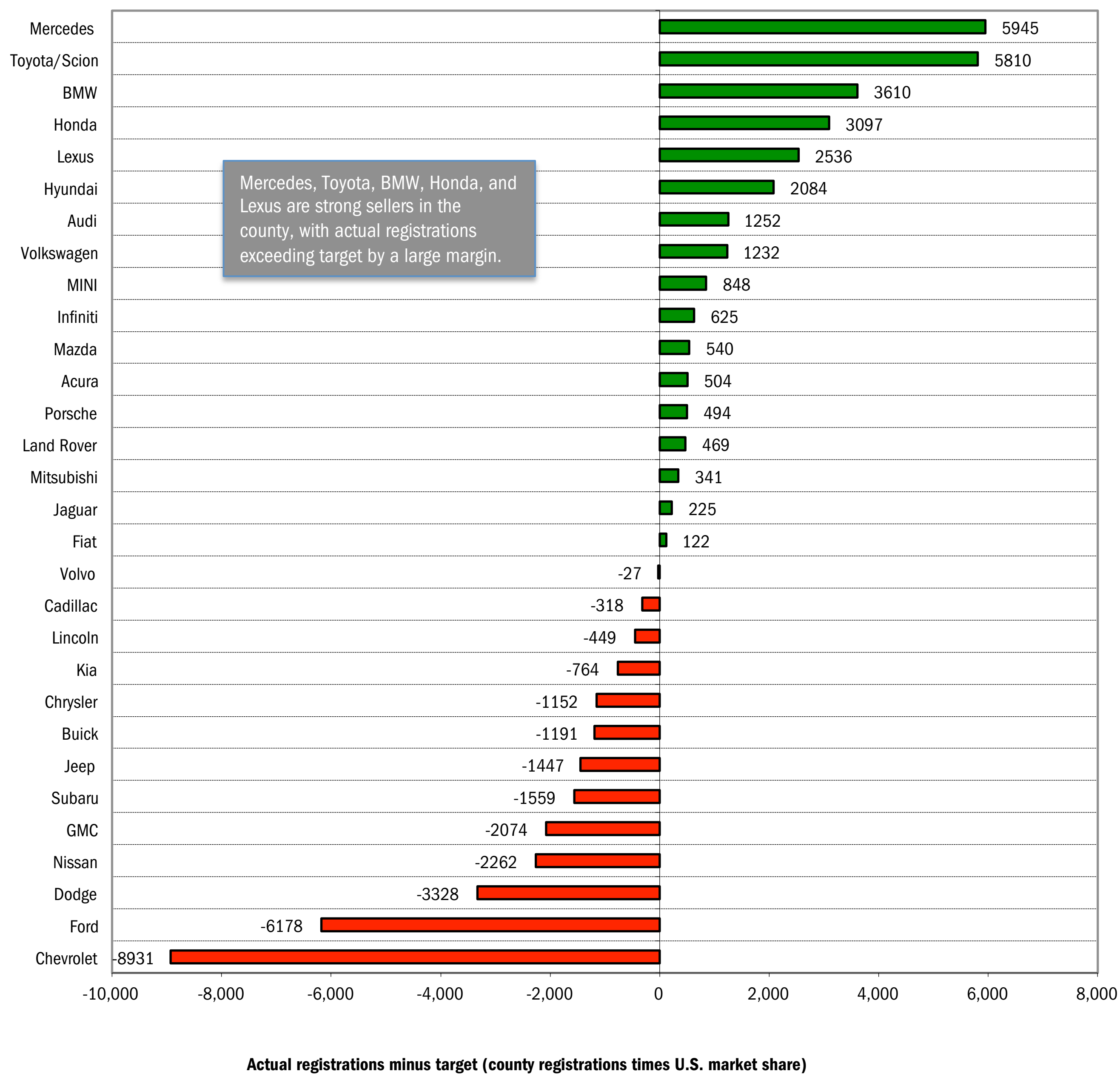
The graph below provides an indicator of brands that are popular in Orange County (relative to the National standard), and those that are not.

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 2011. 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., Mercedes, Toyota, BMW, Honda, and Lexus) are relatively strong sellers in the county, with actual registrations exceeding the calculated target by a large margin. For instance, Mercedes registrations exceeded the target by 5,945 units.

Source for registration data: AutoCount data from Experian Automotive.

Orange County Retail Market Performance based on registrations for 2011
Actual registrations minus target (county registrations times U.S. market share)



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

Orange County Market Up 13.6% in 2011

Los Angeles County market was up 11.6%; U.S. up 14%

	Orange County Retail Market	Los Angeles County Retail Market	U.S. Retail Market
Market Growth **% change in registrations** **2011 vs. 2010**	13.6%	11.6%	14.0%
Car Market Share **Car share of industry retail light vehicle** **2011**	60.2%	64.8%	49.3%
Domestic Brand Market Share **Domestic brand share of industry retail light vehicle** **registrations - 2011**	20.0%	18.1%	41.2%

	New Retail Registrations - 2011						Market Share (2011)		
	Orange County		Los Angeles County		U.S.				
Brand	Regs.	% ch. from '10	Regs.	% ch. from '10	Regs.	% ch. from '10	Orange County	L.A. County	U.S.
Acura	1,924	-0.5%	4,489	1.9%	118,537	0.9%	1.6	1.5	1.2
Audi	2,513	17.5%	7,435	0.3%	105,318	15.8%	2.1	2.5	1.0
BMW	6,247	13.1%	17,584	17.0%	220,212	18.0%	5.2	5.9	2.2
Buick	543	17.5%	1,117	6.9%	144,828	18.2%	0.4	0.4	1.4
Cadillac	1,193	4.5%	2,933	10.6%	126,147	12.0%	1.0	1.0	1.3
Chevrolet	5,268	28.1%	13,959	40.6%	1,185,681	20.7%	4.4	4.7	11.8
Chry Dodge Jeep Ram	4,822	48.4%	10,041	49.8%	897,569	40.6%	4.0	3.4	8.9
Chrysler	611	35.8%	1,266	68.6%	147,230	49.6%	0.5	0.4	1.5
Dodge	1,220	40.6%	3,627	49.4%	238,077	34.1%	1.0	1.2	2.4
Jeep	2,415	76.4%	4,305	57.8%	322,453	55.9%	2.0	1.4	3.2
Ram	576	2.5%	843	6.2%	189,809	22.0%	0.5	0.3	1.9
Fiat	255		777		11,120		0.2	0.3	0.1
Ford	10,215	22.4%	21,681	26.6%	1,368,831	17.6%	8.5	7.3	13.6
GMC	1,733	30.0%	3,144	14.2%	317,886	19.8%	1.4	1.1	3.2
Honda	15,290	3.6%	41,169	0.9%	1,018,132	-0.4%	12.7	13.8	10.1
Hyundai	8,843	54.5%	12,884	76.4%	564,388	34.1%	7.3	4.3	5.6
Infiniti	1,710	9.2%	4,699	4.2%	90,592	1.8%	1.4	1.6	0.9
Jaguar	356	8.9%	991	-9.0%	10,910	-1.8%	0.3	0.3	0.1
Kia	4,221	84.2%	9,063	106.5%	416,273	58.2%	3.5	3.0	4.1
Land Rover	860	32.1%	2,506	19.2%	32,685	21.6%	0.7	0.8	0.3
Lexus	4,797	-10.3%	11,459	-15.6%	188,818	-7.4%	4.0	3.8	1.9
Lincoln	351	0.9%	1,137	11.0%	66,808	4.7%	0.3	0.4	0.7
Mazda	2,925	0.8%	4,953	5.3%	199,149	1.7%	2.4	1.7	2.0
Mercedes	8,628	19.0%	21,774	16.7%	224,040	18.4%	7.1	7.3	2.2
MINI	1,493	19.9%	4,382	20.1%	53,858	31.4%	1.2	1.5	0.5
Mitsubishi	1,018	3.2%	1,216	3.8%	56,504	30.4%	0.8	0.4	0.6
Nissan	6,714	10.3%	21,448	28.1%	749,509	15.6%	5.6	7.2	7.4
Porsche	822	17.3%	2,735	14.7%	27,370	24.3%	0.7	0.9	0.3
Saab	23	15.0%	101	7.4%	5,089	13.0%	0.0	0.0	0.1
smart	54	-18.2%	222	-14.9%	3,877	-21.9%	0.0	0.1	0.0
Subaru	1,387	3.3%	3,092	4.2%	245,971	7.3%	1.1	1.0	2.4
Suzuki	185	0.5%	42	-6.7%	23,773	17.6%	0.2	0.0	0.2
Toyota/Scion	20,895	-2.9%	55,875	-9.5%	1,259,654	-4.2%	17.3	18.7	12.5
Volkswagen	4,596	18.3%	12,929	22.7%	280,927	25.7%	3.8	4.3	2.8
Volvo	638	31.5%	1,902	25.7%	55,548	24.5%	0.5	0.6	0.6
Other	281	-32.0%	719	-30.9%	17,051	-79.8%	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

	December				Three Month Period October '11 thru December '11				Annual Totals				Annual 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	10,830	11,967	10.5%	13.5%	28,844	29,506	2.3%	9.2%	106,329	120,800	13.6%	14.0%			
Cars	6,430	7,067	9.9%	13.1%	17,100	17,478	2.2%	6.4%	63,970	72,716	13.7%	12.4%	60.2	60.2	0.0
Light Trucks	4,400	4,900	11.4%	13.9%	11,744	12,028	2.4%	11.7%	42,359	48,084	13.5%	15.6%	39.8	39.8	0.0
Domestic	1,966	2,415	22.8%	19.7%	5,463	6,119	12.0%	15.6%	19,172	24,130	25.9%	21.4%	18.0	20.0	2.0
European	2,417	3,149	30.3%	30.6%	6,290	7,025	11.7%	21.0%	22,516	26,760	18.8%	20.0%	21.2	22.2	1.0
Japanese	5,602	5,148	-8.1%	-0.6%	14,551	13,199	-9.3%	-3.6%	56,628	56,846	0.4%	1.1%	53.3	47.1	-6.2
Korean	845	1,255	48.5%	37.5%	2,540	3,163	24.5%	30.4%	8,013	13,064	63.0%	42.7%	7.5	10.8	3.3
BRAND REGISTRATIONS															
Acura	200	215	7.5%	12.8%	502	457	-9.0%	-2.7%	1,933	1,924	-0.5%	0.9%	1.8	1.6	-0.2
Audi	237	276	16.5%	33.5%	575	661	15.0%	22.5%	2,138	2,513	17.5%	15.8%	2.0	2.1	0.1
BMW	679	751	10.6%	32.8%	1,560	1,660	6.4%	14.9%	5,524	6,247	13.1%	18.0%	5.2	5.2	0.0
Buick	62	52	-16.1%	-18.4%	142	105	-26.1%	-11.4%	462	543	17.5%	18.2%	0.4	0.4	0.0
Cadillac	138	149	8.0%	-5.1%	338	307	-9.2%	-5.4%	1,142	1,193	4.5%	12.0%	1.1	1.0	-0.1
Chevrolet	444	455	2.5%	2.9%	1,159	1,256	8.4%	8.3%	4,111	5,268	28.1%	20.7%	3.9	4.4	0.5
C/D/J/R	310	520	67.7%	34.4%	935	1,389	48.6%	36.3%	3,249	4,822	48.4%	40.6%	3.1	4.0	0.9
Chrysler	41	68	65.9%	53.7%	112	198	76.8%	62.8%	450	611	35.8%	49.6%	0.4	0.5	0.1
Dodge	73	119	63.0%	-6.4%	247	316	27.9%	16.7%	868	1,220	40.6%	34.1%	0.8	1.0	0.2
Jeep	149	259	73.8%	63.3%	431	697	61.7%	51.9%	1,369	2,415	76.4%	55.9%	1.3	2.0	0.7
Ram	47	74	57.4%	27.1%	145	178	22.8%	20.8%	562	576	2.5%	22.0%	0.5	0.5	0.0
FIAT	0	41			0	134			0	255			0.0	0.2	0.2
Ford	818	1,034	26.4%	7.6%	2,397	2,590	8.1%	11.9%	8,346	10,215	22.4%	17.6%	7.8	8.5	0.7
GMC	139	170	22.3%	-10.9%	370	380	2.7%	-1.2%	1,333	1,733	30.0%	19.8%	1.3	1.4	0.1
Honda	1,602	1,224	-23.6%	0.0%	3,763	3,161	-16.0%	-4.4%	14,755	15,290	3.6%	-0.4%	13.9	12.7	-1.2
Hyundai	591	825	39.6%	38.0%	1,765	2,156	22.2%	28.0%	5,722	8,843	54.5%	34.1%	5.4	7.3	1.9
Infiniti	158	145	-8.2%	7.2%	429	397	-7.5%	-3.9%	1,566	1,710	9.2%	1.8%	1.5	1.4	-0.1
Jaguar	36	21	-41.7%	0.9%	77	53	-31.2%	-7.1%	327	356	8.9%	-1.8%	0.3	0.3	0.0
Kia	254	430	69.3%	55.1%	775	1,007	29.9%	40.3%	2,291	4,221	84.2%	58.2%	2.2	3.5	1.3
Land Rover	75	111	48.0%	52.1%	175	230	31.4%	35.7%	651	860	32.1%	21.6%	0.6	0.7	0.1
Lexus	551	552	0.2%	20.1%	1,290	1,246	-3.4%	-2.3%	5,350	4,797	-10.3%	-7.4%	5.0	4.0	-1.0
Lincoln	43	35	-18.6%	-14.7%	98	92	-6.1%	-7.3%	348	351	0.9%	4.7%	0.3	0.3	0.0
Mazda	223	229	2.7%	14.6%	720	641	-11.0%	2.1%	2,901	2,925	0.8%	1.7%	2.7	2.4	-0.3
Mercedes	722	1,115	54.4%	74.9%	2,180	2,327	6.7%	34.5%	7,249	8,628	19.0%	18.4%	6.8	7.1	0.3
MINI	131	158	20.6%	42.7%	280	324	15.7%	30.6%	1,245	1,493	19.9%	31.4%	1.2	1.2	0.0
Mitsubishi	86	54	-37.2%	23.7%	276	181	-34.4%	18.8%	986	1,018	3.2%	30.4%	0.9	0.8	-0.1
Nissan	598	571	-4.5%	14.4%	1,588	1,715	8.0%	14.2%	6,088	6,714	10.3%	15.6%	5.7	5.6	-0.1
Porsche	70	72	2.9%	8.6%	214	186	-13.1%	-1.9%	701	822	17.3%	24.3%	0.7	0.7	0.0
smart	3	2	-33.3%	55.4%	7	16	128.6%	15.9%	66	54	-18.2%	-21.9%	0.1	0.0	-0.1
Subaru	127	103	-18.9%	-9.3%	364	309	-15.1%	-7.4%	1,343	1,387	3.3%	7.3%	1.3	1.1	-0.2
Suzuki	33	20	-39.4%	-5.3%	69	58	-15.9%	3.5%	184	185	0.5%	17.6%	0.2	0.2	0.0
Toyota/Scion	2,024	2,034	0.5%	4.2%	5,550	5,033	-9.3%	-6.5%	21,515	20,895	-2.9%	-4.2%	20.2	17.3	-2.9
Volkswagen	381	522	37.0%	51.5%	1,039	1,256	20.9%	33.1%	3,885	4,596	18.3%	25.7%	3.7	3.8	0.1
Volvo	53	43	-18.9%	17.4%	106	96	-9.4%	18.1%	485	638	31.5%	24.5%	0.5	0.5	0.0
Other	42	38	-9.5%	-68.8%	101	83	-17.8%	-75.6%	433	304	-29.8%	-75.1%	0.4	0.3	-0.1

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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