

Silicon Valley Auto Outlook™

Comprehensive information on the Santa Clara County automotive market

FORECAST

CARS Program Gives Market a Boost; Slow Recovery Heading into 2010

Market likely to improve in Fourth Quarter of '09 vs. '08; Projected 9.4% INCREASE in 2010

It's been nearly two years since the recession began, setting off the precipitous downturn in the Santa Clara County new retail light vehicle market. During that time, uncertainty and confusion have reigned supreme. Highlighted on this page is a series of basic questions and concise answers that pinpoint key trends in the county market.

How has the county new vehicle market held up during the recession?

Not too well. U.S. new vehicle sales declined 18% in 2008 (the first year of the recession) while the county market fell 22.9%. Through the first nine months of this year, U.S. sales were off 26.1% compared to 32.2% in the county.

Was the CARS program the only reason for the downturn in sales early this Fall?

Short answer: No. CARS contributed to the weak market early this Fall, but was by no means the sole cause. The unqualified success

of the program in boosting sales, and the resulting depletion of vehicle inventories contributed to the drop off, but for the most part, sales simply returned to pre-CARS levels.

Where will the market go in 2010?

It's headed up! As we have emphasized for quite some time, key market determinants are almost universally pointing to a sustained, albeit gradual, improvement. Auto Outlook predicts that county new retail light vehicle registrations will increase 9.4% next year.

What happened to light truck market share this year?

It has decreased from 37.3% during the first nine months of last year to 35.9% this year. The CARS program gave a boost to car sales during the the Third Quarter of this year.

Which brands have gained ground in the county market during the sales downturn?

Volkswagen, Subaru, and Toyota (see page 4).

Market Trends

CARS program helps stabilize market

New retail light vehicle registrations decreased 16.3% in Third Quarter versus a year earlier, an improvement from recent results.

Consumer affordability continues to be strong

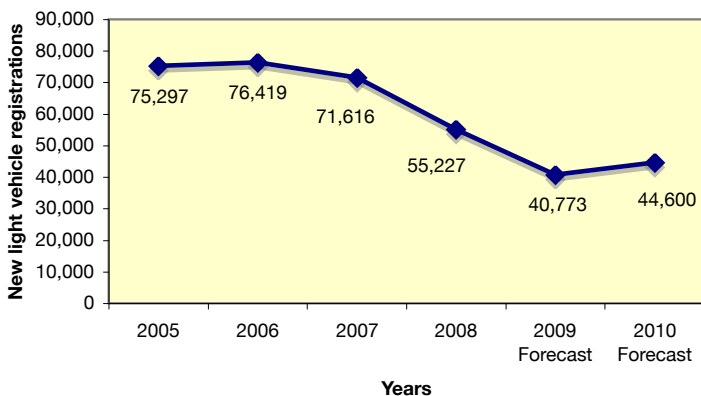
A key indicator of new vehicle affordability sends a positive signal.

Sub Compact Car segment fastest growing

Sub Compact Car segment market share increased two points during the first nine months of '09 vs. '08.

Annual Trend in County New Vehicle Market

New Retail Light Vehicle Registrations-2005 thru 2010



The graph above shows annual new retail light vehicle registrations in the county from 2005 thru 2008, and Auto Outlook's projections for all of this year and 2010.

Market Summary

New Retail Light Vehicle Registrations 2008 History and 2009 Forecast

	2008	Forecast 2009	% ch. '08 to '09	Mkt. Share 2009
TOTAL	55,227	40,773	-26.2%	
Car	34,530	25,605	-25.8%	62.8%
Light Truck	20,697	15,168	-26.7%	37.2%
Detroit Three	9,736	6,693	-31.3%	16.4%
Japanese	35,842	26,244	-26.8%	64.4%
European	8,791	7,076	-19.5%	17.4%
Korean	858	760	-11.4%	1.9%

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

Source for historical data: AutoCount, an Experian Company.

SEGMENT WATCH

Full Size Pickup Segment Loses the Most Market Share

Hybrid vehicle market share declines slightly

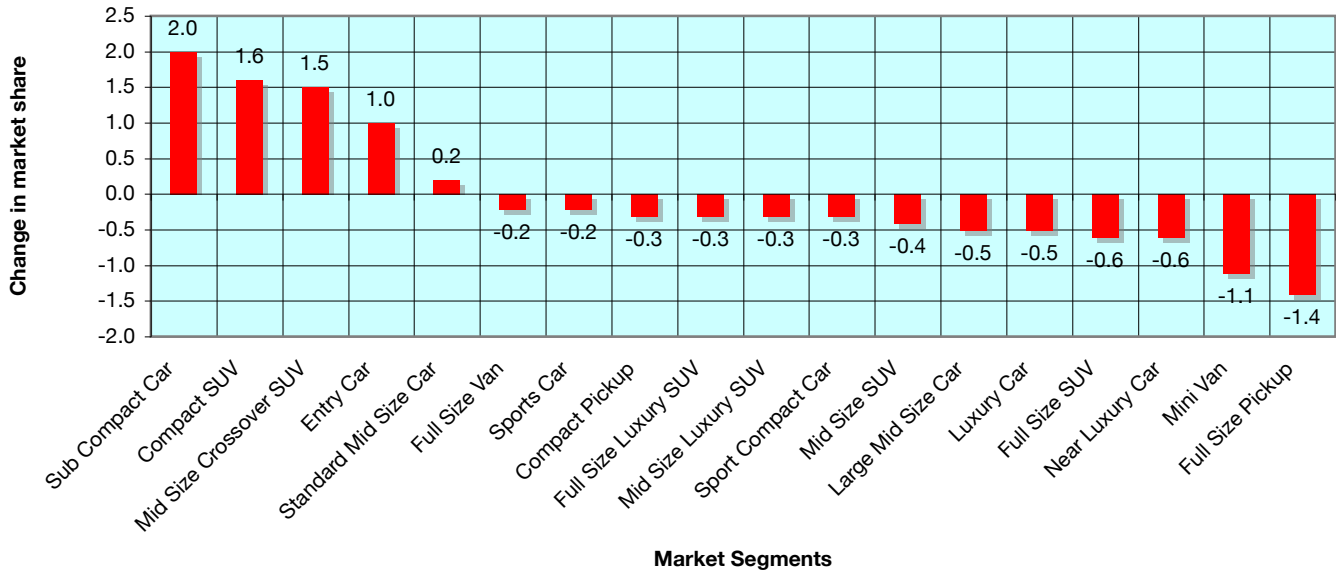
The graphs below answer a fundamental question: What types of vehicles are Santa Clara County new vehicle shoppers finding increasingly desirable? The first graph shows the change in market share for 18 segments during the first nine months of this year versus the same period a year earlier. The second graph shows hybrid vehicle share of the overall

market during the first nine months of 2005 thru 2009.

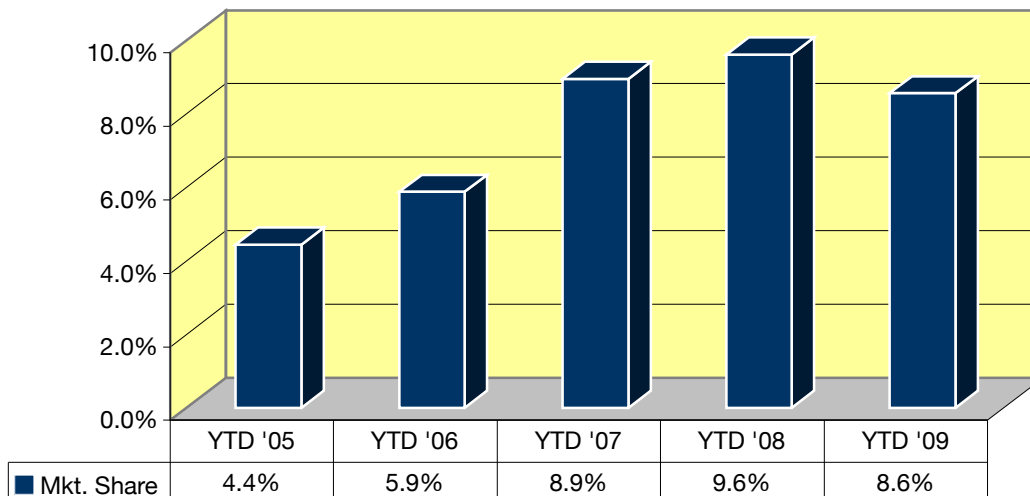
So, what's the answer to the question of what types of vehicles county shoppers are gravitating towards? Sub Compact Cars, Compact SUVs, and Mid Size Crossover SUVs. Market share for each of these segments has increased by more than one share point this year.

The CARS program gave a boost to hybrid vehicle sales in the county during the Third Quarter, as market share moved higher from the Second Quarter. However, year-to-date hybrid market share declined slightly from 9.6% in 2008 to 8.6% this year.

Change in Santa Clara County Segment Market Share - YTD 2009 thru September vs. Year Earlier



Hybrid Vehicle Share of Santa Clara County New Retail Market - YTD thru September, 2005 thru 2009



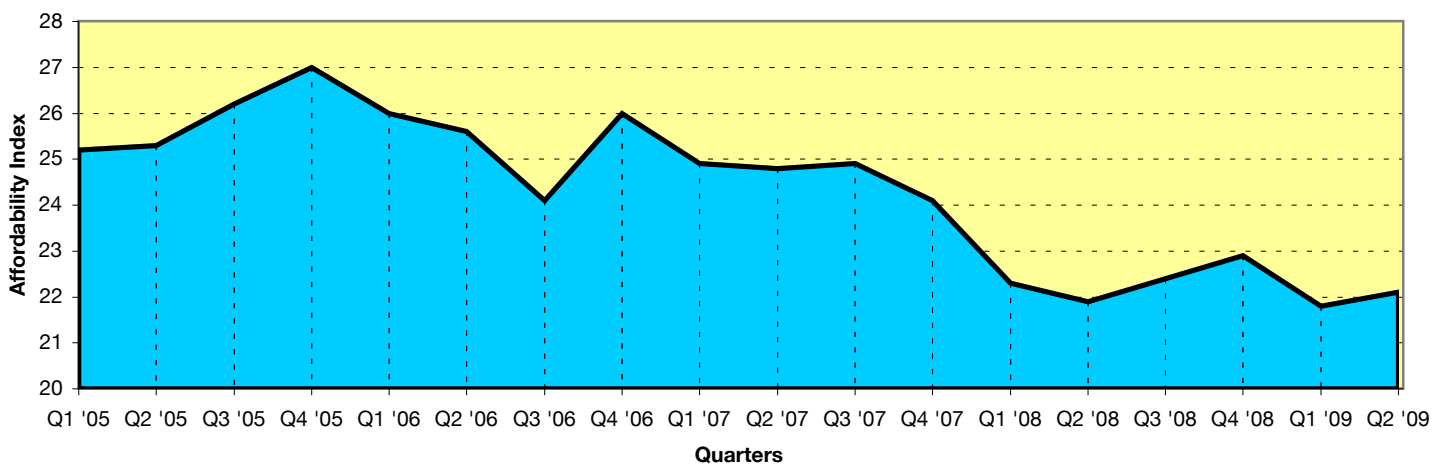
ECONOMIC UPDATE

Consumer Affordability Remains Strong; Positive Sign for County Market

Purchase of average priced new vehicle took 22.1 weeks of median family income in Second Quarter

Very low financing costs and respectable income levels helped keep the cost of a new vehicle at very affordable levels during the Second Quarter of this year. And although official results are not yet available, it is likely that affordability improved in the Third Quarter. The graph below shows Comerica Bank's Auto Affordability Index for the U.S. market, which tracks the number of weeks of median family income needed to purchase a new vehicle. The Index moved higher in the Second Quarter, indicating that the number of weeks of income needed to purchase a new vehicle increased slightly, but the Index is still at near-record low levels. Strong affordability, combined with an improving economy and consumer confidence, bodes well for a recovery in sales. Source: Comerica Bank.

Comerica Bank U.S. Auto Affordability Index (weeks of family income needed to purchase a new vehicle)



SANTA CLARA COUNTY MARKET VERSUS U.S.

Decline in County Market Steeper than U.S.

Import brand market share in County is 84.3%

	County Market		U.S. Market	
Market Growth				
% change in registrations YTD '09 thru Sept. vs. YTD '08		-32.2%		-26.1%
Car market share-YTD '09		64.1%		54.1%
Domestic brand market share YTD '09		15.7%		39.8%
Top Selling Retail Brands-YTD '09				
First	Toyota/Scion	27.2%	Toyota	15.7%
Second	Honda	20.0%	Honda	12.3%
Third	Ford	7.5%	Ford	11.3%
Fourth	Lexus	4.7%	Chevrolet	10.8%
Fifth	Nissan	4.4%	Nissan	6.8%
Sixth	Volkswagen	3.7%	Dodge	4.6%
Seventh	BMW	3.6%	Hyundai	4.3%
Eighth	Mercedes	3.5%	Kia	2.7%
Ninth	Chevrolet	3.4%	Jeep	2.6%
Tenth	Mazda	3.3%	GMC	2.3%

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.



www.experianautomotive.com 888 211 5809

Experian Automotive is the data provider for Auto Outlook.

Explanation of Data

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

BRAND SCOREBOARD

Volkswagen and Toyota Record Big Share Gains in County Market

BMW market share declines

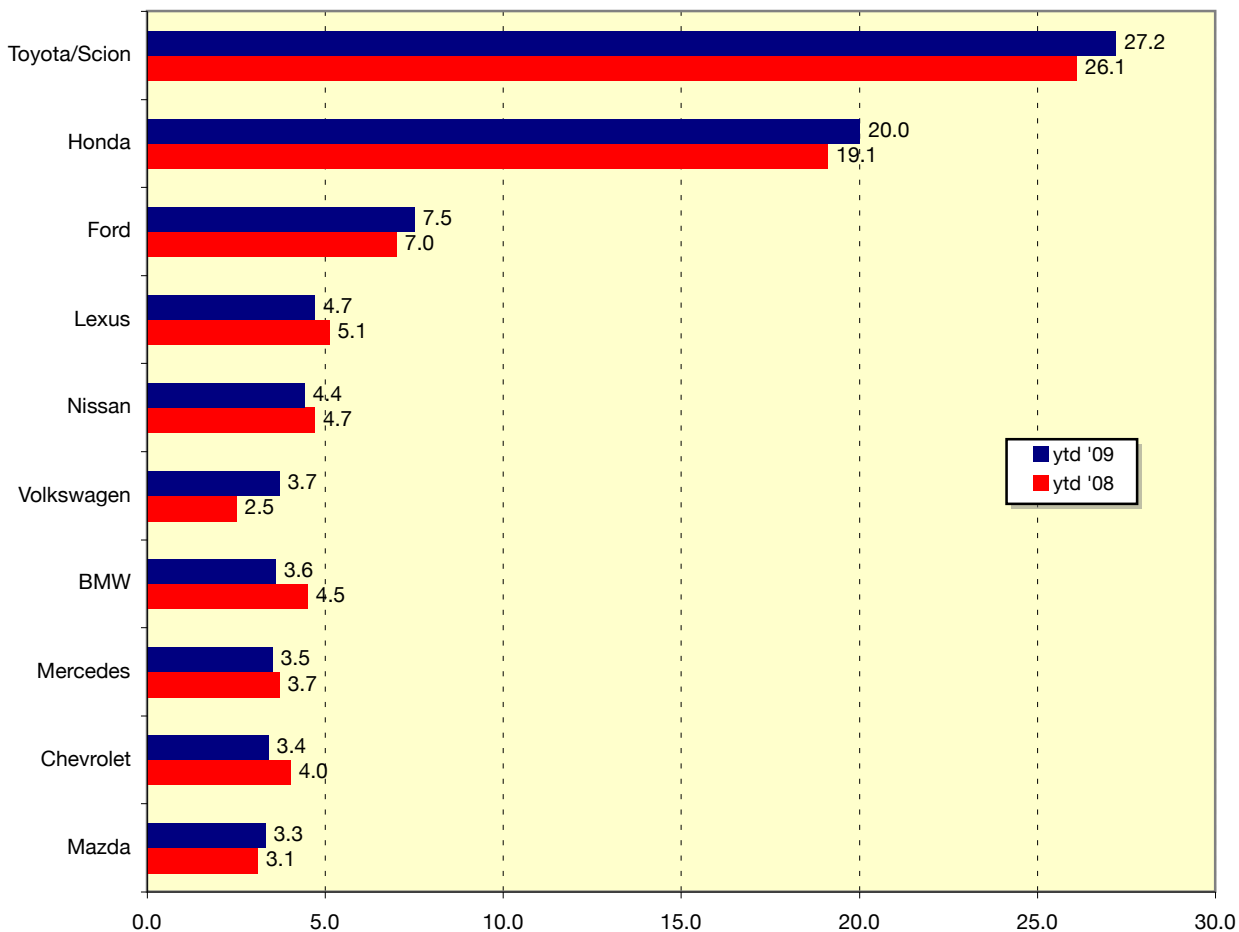
With the Santa Clara County new vehicle market declining 32.2% so far this year, there were very few brands that managed to post increased sales. During periods of sharply declining industry sales, changes in market share provide a

more accurate picture of brand sales performance. The graph below shows the change in county new retail light vehicle market share during the first nine months of 2008 and 2009 for the top 10 selling brands. Brands are ranked from

top to bottom based on market share this year.

Source: AutoCount data from Experian Automotive.

Santa Clara County New Retail Light Vehicle Market Share for Top 10 Selling Brands YTD 2008 and 2009, thru September



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