

Silicon Valley Auto Outlook

Comprehensive information on the Santa Clara County new vehicle market

FORECAST

Santa Clara County Market Gets off to Good Start

15.4% increase predicted for all of 2010

Following a dismal 2009, the Santa Clara County new retail light vehicle market got off to an encouraging start in the First Quarter of this year. New retail light vehicle registrations in the county increased 29.1% in the First Quarter of this year versus a year earlier, very much in line with our 27.7% forecast.

The key question on dealers' minds is: Will this momentum continue for the remainder of the year? Or, is it a brief period of elevated sales that will be followed by another slump? Auto Outlook is confident that the First Quarter sales gains are indeed a sign of better times to come. Many key forecast determinants point to a sustained recovery in county new vehicle sales. Following are three main reasons why the market is likely to trend higher for the foreseeable future:

1. Pent up demand is at record high levels. Indicators of pent up demand (vehicle purchases that were postponed during the recession) have reached record-high levels. Low sales for the past two years are unsustainable. Replacement de-

mand alone practically guarantees that the market will head higher.

2. The economy is improving. Just about all economists expect the economy to expand for at least the next 12 to 18 months. And some are predicting strong growth, with consequential improvements in the labor market (i.e., increasing payrolls and declining unemployment).

3. New vehicle affordability is strong. Low interest rates, aggressive incentives, and respectable household income levels have contributed to make a new vehicle purchase very affordable for many shoppers.

These primary indicators point squarely to improving sales. But given high unemployment rates, shaky consumer confidence, and still-high household debt levels, the sales recovery is likely to be gradual, with sales remaining below historically average levels for quite some time.

Market Trends

County new retail registrations predicted to exceed 47,000 units in '10

The total represents a 15.4% increase from 2009, but is nearly 29,000 units below the 2006 figure.

Toyota Camry is best-selling car in Santa Clara County light vehicle market

Honda CRV was the best-selling light truck in the First Quarter of this year.

Standard Mid Size Car segment gains market share

Market share for the segment increased 2.2 share points in the First Quarter of this year versus a year earlier.

Annual Trend in County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in Santa Clara County from 2005 thru 2009, and Auto Outlook's projection for 2010.

Data Source: AutoCount data from Experian Automotive.

Market Summary

| | 2009 | Forecast 2010 | % ch. '09 to '10 | Mkt. Share 2010 |
|---------------|--------|---------------|------------------|-----------------|
| TOTAL | 41,258 | 47,616 | 15.4% | |
| Car | 26,328 | 31,046 | 17.9% | 65.2% |
| Light Truck | 14,930 | 16,570 | 11.0% | 34.8% |
| Detroit Three | 6,230 | 7,069 | 13.5% | 14.8% |
| Japanese | 27,519 | 31,175 | 13.3% | 65.5% |
| European | 6,745 | 8,217 | 21.8% | 17.3% |
| Korean | 764 | 1,155 | 51.2% | 2.4% |

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

Historical data Source: AutoCount data from Experian Automotive.

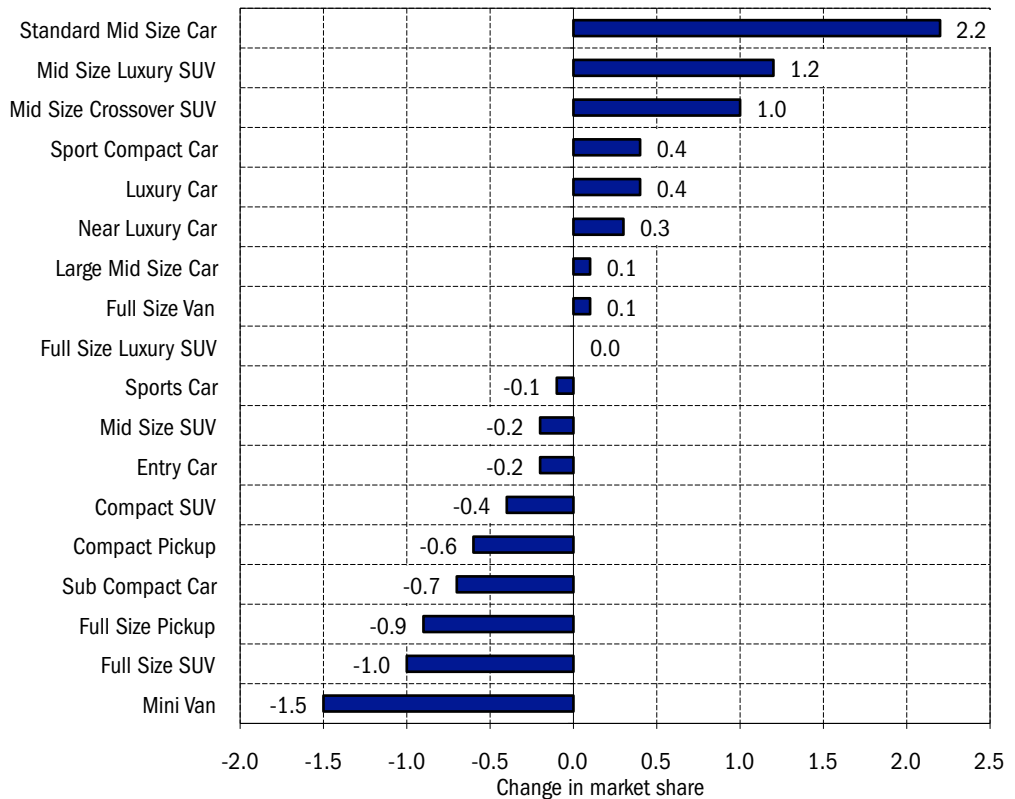
SEGMENT WATCH

Standard Mid Size Car Market Share Moves Higher

Mid Size Luxury SUV segment also had big increase

The graph on the right shows the change in market share for 18 primary segments during the first three months of this year versus the same period a year earlier. The segment gaining the most ground in Santa Clara County so far this year was Standard Mid Size Car, with market share increasing from 15.1 share points in the First Quarter of 2009 to 17.3% this year, an increase of 2.2 share points. Mid Size Luxury SUV segment market share increased 1.2 share points, while Mini Van share fell 1.5 points. Full Size SUV market share declined one point.

Change in Santa Clara County Segment Market Share - YTD '10 thru March vs. YTD '09



SANTA CLARA COUNTY MARKET VERSUS U.S.

County Market Up 29.1% This Year

U.S. market improves by only 5.9% in First Quarter

| | County Market | | U.S. Market | |
|--|---------------|-------|-------------|-------|
| Market Growth | | | | |
| % change in registrations | 29.1% | | 5.9% | |
| YTD '10 thru March vs. YTD '09 | | | | |
| Car market share-YTD '10 | 62.6% | | 52.9% | |
| Domestic brand market share | | | | |
| YTD '10 | 14.5% | | 37.5% | |
| Top Selling Retail Brands-YTD '10 | | | | |
| First | Toyota/Scion | 23.0% | Toyota | 15.6% |
| Second | Honda | 18.4% | Ford | 12.3% |
| Third | Ford | 7.2% | Chevrolet | 11.6% |
| Fourth | Lexus | 6.3% | Honda | 11.6% |
| Fifth | Nissan | 6.3% | Nissan | 7.9% |
| Sixth | BMW | 4.6% | Hyundai | 4.2% |
| Seventh | Mercedes | 3.8% | GMC | 3.2% |
| Eighth | Volkswagen | 3.7% | Kia | 2.8% |
| Ninth | Subaru | 3.4% | Subaru | 2.7% |
| Tenth | Mazda | 3.4% | Dodge | 2.7% |

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 the vehicle title is processed.

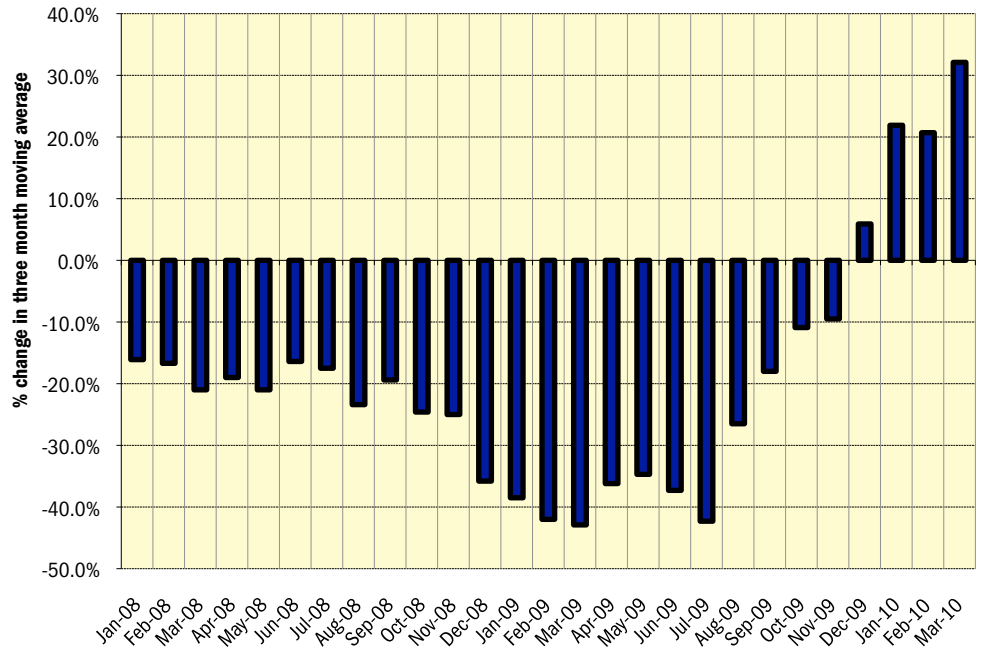
MARKET TRACKER

Market Sends Strong Signal that Recovery is Underway

Percent change in three month moving average of new vehicle registrations moves higher

The graph to the right provides a clear picture of the general trending direction of the county new retail light vehicle market. And as depicted on the graph, the trend is definitely up. 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. After declining by more than 20% from October of 2008 thru August of last year (and in some cases a lot more than 20%), the three month moving average increased in each of the past four months versus the same months a year earlier.

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



BEST SELLERS

Toyota Camry Best Selling Car in County Market

Honda CRV best selling light truck

The table on the right shows the top 15 selling car and light trucks in the Santa Clara County market during the First Quarter of this year. The best-selling car was Toyota Camry, followed by Honda Civic, Honda Accord, Toyota Prius, and Toyota Corolla/Matrix. The top 11 selling cars were import brand models.

Honda CRV was the best-selling light truck, followed by Toyota RAV4, Lexus RX, Honda Odyssey, Toyota Highlander, Ford F-Series, and Honda Pilot.

| Top 15 Selling Car and Light Trucks in Santa Clara County YTD 2010 thru March | | | | | |
|--|-----------------------|---------------|--------------|-------------------|---------------|
| Cars | | | Light Trucks | | |
| Rank | Model | Registrations | Rank | Model | Registrations |
| 1 | Toyota Camry | 723 | 1 | Honda CRV | 362 |
| 2 | Honda Civic | 715 | 2 | Toyota RAV4 | 328 |
| 3 | Honda Accord | 652 | 3 | Lexus RX | 305 |
| 4 | Toyota Prius | 618 | 4 | Honda Odyssey | 280 |
| 5 | Toyota Corolla/Matrix | 567 | 5 | Toyota Highlander | 232 |
| 6 | Subaru Legacy | 339 | 6 | Ford F-Series | 230 |
| 7 | BMW 3-Series | 304 | 7 | Honda Pilot | 226 |
| 8 | Nissan Altima | 278 | 8 | Toyota Sienna | 223 |
| 9 | Mazda 3 | 276 | 9 | Subaru Forester | 187 |
| 10 | Volkswagen Jetta | 238 | 10 | Toyota Tacoma | 160 |
| 11 | Mini Cooper | 170 | 11 | Ford Escape | 145 |
| 12 | Ford Fusion | 166 | 12 | Acura MDX | 135 |
| 13 | Lexus IS | 155 | 13 | Toyota Venza | 108 |
| 14 | Infiniti G | 152 | 14 | Toyota Tundra | 106 |
| 15 | Mercedes E-Class | 152 | 15 | BMW X5 | 104 |

| Santa Clara County New Retail Car and Light Truck Registrations - History and Forecast | | | | | | | | | | |
|--|---------------|--------|------------------|----------------|------------------------|--------------|------|------------------|---------------|------------------------|
| | Registrations | | | | | Market Share | | | | |
| | Units | | | Percent Change | | Share (%) | | | Change | |
| | 2008 | 2009 | Forecast 2010 | '08 to '09 | Forecast '09 to '10 | 2008 | 2009 | Forecast 2010 | '08 to '09 | Forecast '09 to '10 |
| TOTAL | 55,227 | 41,258 | 47,616 | -25.3% | 15.4% | | | | | |
| Acura | 1,618 | 1,059 | 1,151 | -34.5% | 8.7% | 2.9 | 2.6 | 2.4 | -0.3 | -0.2 |
| Audi | 839 | 858 | 1,128 | 2.3% | 31.5% | 1.5 | 2.1 | 2.4 | 0.6 | 0.3 |
| BMW | 2,430 | 1,532 | 1,897 | -37.0% | 23.8% | 4.4 | 3.7 | 4.0 | -0.7 | 0.3 |
| Buick | 181 | 121 | 202 | -33.1% | 66.9% | 0.3 | 0.3 | 0.4 | 0.0 | 0.1 |
| Cadillac | 260 | 168 | 179 | -35.4% | 6.5% | 0.5 | 0.4 | 0.4 | -0.1 | 0.0 |
| Chevrolet | 2,126 | 1,333 | 1,558 | -37.3% | 16.9% | 3.8 | 3.2 | 3.3 | -0.6 | 0.1 |
| Chrysler | 400 | 177 | 149 | -55.8% | -15.8% | 0.7 | 0.4 | 0.3 | -0.3 | -0.1 |
| Dodge | 727 | 309 | 344 | -57.5% | 11.3% | 1.3 | 0.7 | 0.7 | -0.6 | 0.0 |
| Ford | 3,879 | 2,982 | 3,678 | -23.1% | 23.3% | 7.0 | 7.2 | 7.7 | 0.2 | 0.5 |
| GMC | 856 | 390 | 475 | -54.4% | 21.8% | 1.5 | 0.9 | 1.0 | -0.6 | 0.1 |
| Honda | 10,474 | 7,942 | 9,155 | -24.2% | 15.3% | 19.0 | 19.2 | 19.2 | 0.2 | 0.0 |
| Hummer | 53 | 10 | 6 | -81.1% | -40.0% | 0.1 | 0.0 | 0.0 | -0.1 | 0.0 |
| Hyundai | 760 | 619 | 906 | -18.6% | 46.4% | 1.4 | 1.5 | 1.9 | 0.1 | 0.4 |
| Infiniti | 777 | 479 | 645 | -38.4% | 34.7% | 1.4 | 1.2 | 1.4 | -0.2 | 0.2 |
| Isuzu | 39 | 25 | 5 | -35.9% | -80.0% | 0.1 | 0.1 | 0.0 | 0.0 | -0.1 |
| Jaguar | 144 | 121 | 139 | -16.0% | 14.9% | 0.3 | 0.3 | 0.3 | 0.0 | 0.0 |
| Jeep | 384 | 235 | 251 | -38.8% | 6.8% | 0.7 | 0.6 | 0.5 | -0.1 | -0.1 |
| Kia | 98 | 145 | 249 | 48.0% | 71.7% | 0.2 | 0.4 | 0.5 | 0.2 | 0.1 |
| Land Rover | 169 | 113 | 127 | -33.1% | 12.4% | 0.3 | 0.3 | 0.3 | 0.0 | 0.0 |
| Lexus | 2,776 | 2,122 | 2,508 | -23.6% | 18.2% | 5.0 | 5.1 | 5.3 | 0.1 | 0.2 |
| Lincoln | 170 | 111 | 111 | -34.7% | 0.0% | 0.3 | 0.3 | 0.2 | 0.0 | -0.1 |
| Mazda | 1,644 | 1,376 | 1,551 | -16.3% | 12.7% | 3.0 | 3.3 | 3.3 | 0.3 | 0.0 |
| Mercedes | 2,058 | 1,540 | 1,846 | -25.2% | 19.9% | 3.7 | 3.7 | 3.9 | 0.0 | 0.2 |
| Mercury | 80 | 60 | 78 | -25.0% | 30.0% | 0.1 | 0.1 | 0.2 | 0.0 | 0.1 |
| MINI | 570 | 437 | 495 | -23.3% | 13.3% | 1.0 | 1.1 | 1.0 | 0.1 | -0.1 |
| Mitsubishi | 323 | 152 | 179 | -52.9% | 17.8% | 0.6 | 0.4 | 0.4 | -0.2 | 0.0 |
| Nissan | 2,526 | 2,156 | 2,767 | -14.6% | 28.3% | 4.6 | 5.2 | 5.8 | 0.6 | 0.6 |
| Pontiac | 253 | 179 | 20 | -29.2% | -88.8% | 0.5 | 0.4 | 0.0 | -0.1 | -0.4 |
| Porsche | 323 | 222 | 256 | -31.3% | 15.3% | 0.6 | 0.5 | 0.5 | -0.1 | 0.0 |
| Saab | 75 | 21 | 10 | -72.0% | -52.4% | 0.1 | 0.1 | 0.0 | 0.0 | -0.1 |
| Saturn | 367 | 155 | 18 | -57.8% | -88.4% | 0.7 | 0.4 | 0.0 | -0.3 | -0.4 |
| smart | 275 | 89 | 33 | -67.6% | -62.9% | 0.5 | 0.2 | 0.1 | -0.3 | -0.1 |
| Subaru | 958 | 1,115 | 1,511 | 16.4% | 35.5% | 1.7 | 2.7 | 3.2 | 1.0 | 0.5 |
| Suzuki | 84 | 49 | 29 | -41.7% | -40.8% | 0.2 | 0.1 | 0.1 | -0.1 | 0.0 |
| Toyota (incl. Scion) | 14,623 | 11,044 | 11,674 | -24.5% | 5.7% | 26.5 | 26.8 | 24.5 | 0.3 | -2.3 |
| Volkswagen | 1,446 | 1,539 | 1,971 | 6.4% | 28.1% | 2.6 | 3.7 | 4.1 | 1.1 | 0.4 |
| Volvo | 321 | 222 | 256 | -30.8% | 15.3% | 0.6 | 0.5 | 0.5 | -0.1 | 0.0 |
| Others | 141 | 51 | 59 | -63.8% | 15.7% | 0.3 | 0.1 | 0.1 | -0.2 | 0.0 |

Historical Data Source: AutoCount, an Experian Company

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