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Silicon Valley Auto Outlook™

Comprehensive information on the Santa Clara County automotive market

FORECAST

13.7% Increase Predicted for County New Vehicle Market in 2010

New retail light vehicle registrations to remain at below average levels, despite increase

With 2009 thankfully in the books, all attention is now focused on where the Santa Clara County new vehicle market is headed in 2010. And it's a very safe bet that the market is headed up. Below are the details on Auto Outlook's market forecast for 2010, and a review of the major factors influencing new vehicle sales over the next 12 months.

2010 Market Forecast

Auto Outlook predicts that new retail light vehicle registrations in Santa Clara County during 2010 will be 46,900 units. Compared to the 75,297 total for 2005, that figure looks bleak. But versus the 2009 total of 41,258, it looks pretty good. And that perspective provides a perfect synopsis of the 2010 forecast: the market will improve from 2009 (by a projected 13.7%), but compared to historical standards, the level of sales will be low.

Taking a closer look at the year ahead, the market should have little trouble showing relatively big gains in the first half of the year versus depressed sales a year earlier. New retail registrations during the first six months of 2010 are projected to increase 21.5% compared to the first half of 2009. An increase is also expected in the second half, but it should be smaller (7.6%).

Key Forecast Determinants

Pent up demand for new vehicles is at record-high levels, economic growth rebounded during the second half of 2009, and new vehicle affordability is very strong. All are positive developments for the county new vehicle market. But the news is not all good. Excessive household debt is still constricting spending and many new vehicle shoppers are rightly anxious about job security. From the depths that the market fell to in 2009, a sales recovery is practically guaranteed. But sizable roadblocks will almost certainly prevent a rapid return to the elevated sales levels of several years ago.

Market Trends

Market predicted to move higher in first half

County new vehicle market predicted to improve 21.5% in first half of '10 vs. '09.

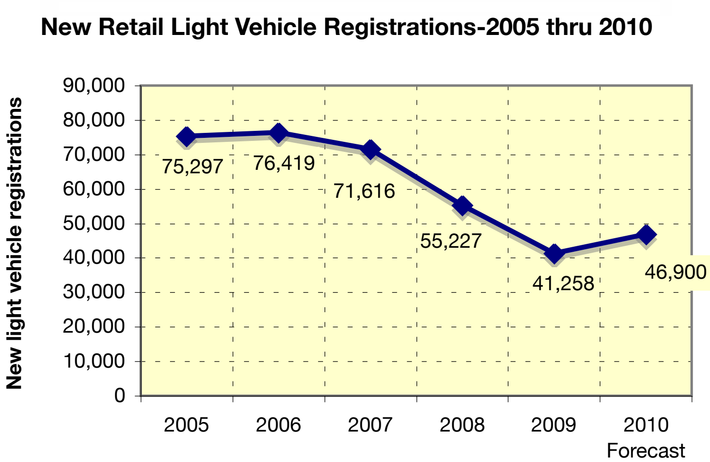
Big increases predicted for several brands

County new vehicle registrations for Buick, Hyundai, and Suzuki are projected to increase more than 25% from 2009 to 2010.

Decline in county market last year worse than U.S.

County new retail market off 25.3% last year, worse than the 21.5% drop in the U.S.

Annual Trend in County New Vehicle Market



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

Market Summary

New Retail Light Vehicle Registrations 2009 History and 2010 Forecast

	2009	Forecast 2010	% ch. '09 to '10	Mkt. Share 2010
TOTAL	41,258	46,900	13.7%	
Car	26,328	30,485	15.8%	65.0%
Light Truck	14,930	16,415	9.9%	35.0%
Detroit Three	6,230	7,035	12.9%	15.0%
Japanese	27,519	31,071	12.9%	66.2%
European	6,745	7,819	15.9%	16.7%
Korean	764	975	27.6%	2.1%

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

Source for historical data: AutoCount, an Experian Company.

BRAND SCOREBOARD - PART ONE

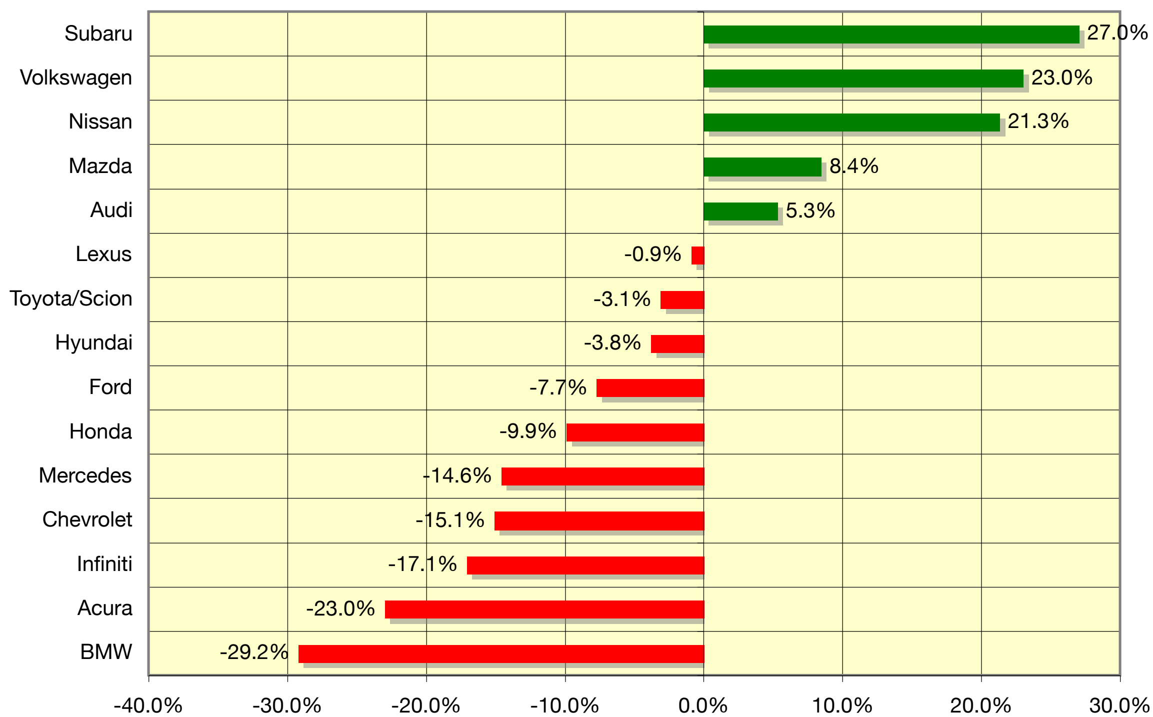
Subaru, Volkswagen, and Nissan Big Winners in Second Half of 2009

Mazda and Audi also post increases

The graph on the right shows the percent change in new retail light vehicle registrations during the second half of 2009 versus the same period a year earlier. (Includes the top 30 selling brands only.) Given the tumultuous nature of the market last year, focusing on second half results provides a clearer indicator of brands that are carrying positive sales momentum into 2010. Subaru, Volkswagen, and Nissan had increases of greater than 20%.

Source: AutoCount data from Experian Automotive.

Change in County New Retail Registrations
Second Half of 2009 (July thru December) vs. Same Period Year Earlier



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 2009 vs. 2008	-25.3%		-21.5%	
Car market share-2009	63.8%		54.4%	
Domestic brand market share 2009	15.7%		39.1%	
Top Selling Retail Brands-2009				
First	Toyota/Scion	26.8%	Toyota/Scion	15.9%
Second	Honda	19.2%	Honda	12.2%
Third	Ford	7.2%	Ford	11.4%
Fourth	Nissan	5.2%	Chevrolet	10.9%
Fifth	Lexus	5.1%	Nissan	7.0%
Sixth	Mercedes	3.7%	Dodge	4.3%
Seventh	Volkswagen	3.7%	Hyundai	4.2%
Eighth	BMW	3.7%	Kia	2.6%
Ninth	Mazda	3.3%	GMC	2.5%
Tenth	Chevrolet	3.2%	Jeep	2.4%

Explanation of Data

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

BRAND SCOREBOARD - PART TWO

Toyota/Scion and Honda Relatively Strong Performers

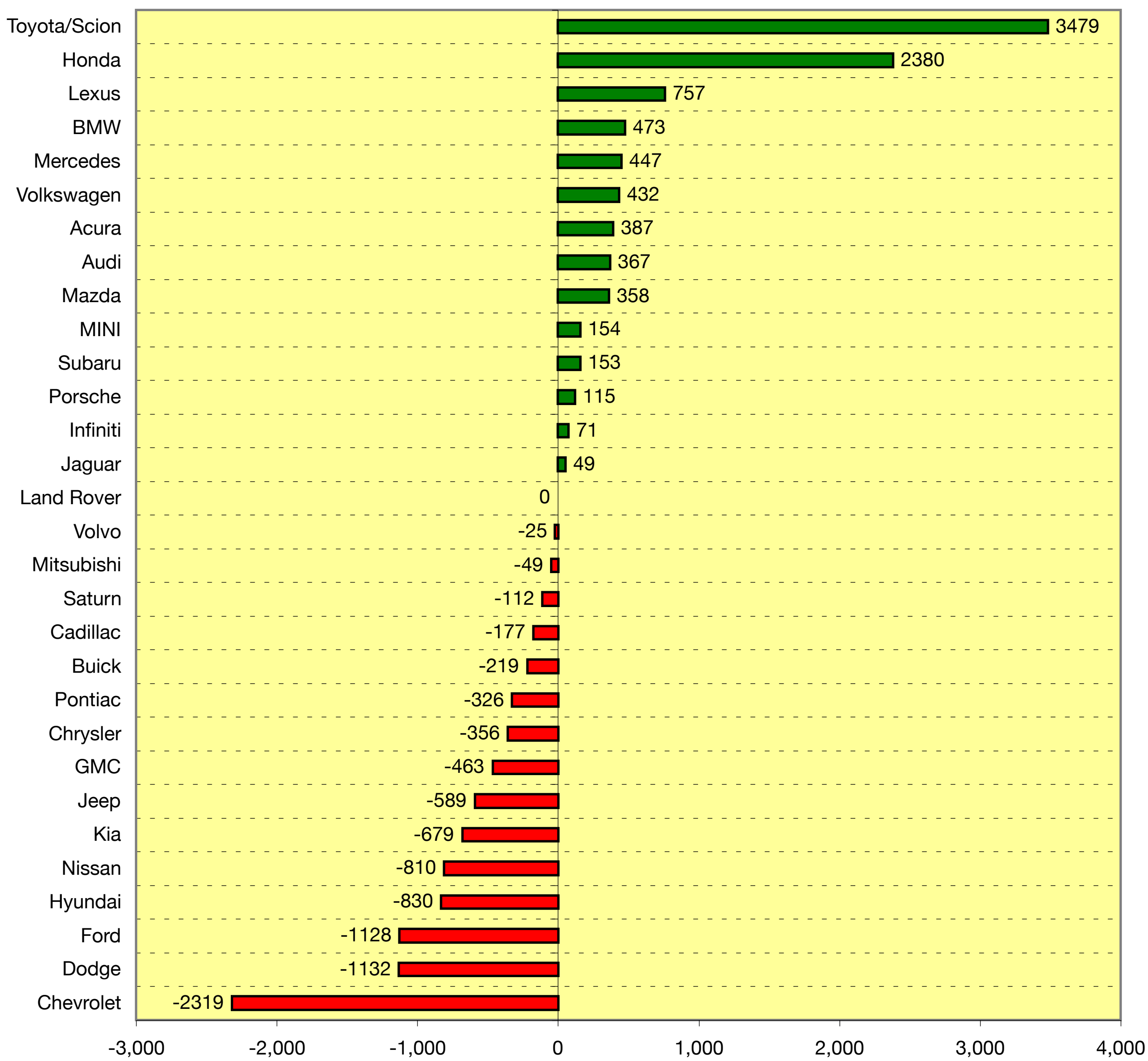
County Chevrolet market share is well below National

The graph below provides an indicator of brands that are popular in Santa Clara 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 2009. 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/Scion, Honda, and Lexus) are relatively strong sellers in the county, with actual registrations exceeding the calculated target by a large margin. For instance, Toyota/Scion registrations exceeded the calculated target by 3,479 units.

Santa Clara County Retail Market Performance based on registrations for 2009

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



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

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	46,900	-25.3%	13.7%					
Acura	1,618	1,059	1,106	-34.5%	4.4%	2.9	2.6	2.4	-0.3	-0.2
Audi	839	858	1,041	2.3%	21.3%	1.5	2.1	2.2	0.6	0.1
BMW	2,430	1,532	1,692	-37.0%	10.4%	4.4	3.7	3.6	-0.7	-0.1
Buick	181	121	158	-33.1%	30.6%	0.3	0.3	0.3	0.0	0.0
Cadillac	260	168	200	-35.4%	19.0%	0.5	0.4	0.4	-0.1	0.0
Chevrolet	2,126	1,333	1,533	-37.3%	15.0%	3.8	3.2	3.3	-0.6	0.1
Chrysler	400	177	165	-55.8%	-6.8%	0.7	0.4	0.4	-0.3	0.0
Dodge	727	309	298	-57.5%	-3.6%	1.3	0.7	0.6	-0.6	-0.1
Ford	3,879	2,982	3,673	-23.1%	23.2%	7.0	7.2	7.8	0.2	0.6
GMC	856	390	440	-54.4%	12.8%	1.5	0.9	0.9	-0.6	0.0
Honda	10,474	7,942	9,081	-24.2%	14.3%	19.0	19.2	19.4	0.2	0.2
Hummer	53	10	9	-81.1%	-10.0%	0.1	0.0	0.0	-0.1	0.0
Hyundai	760	619	795	-18.6%	28.4%	1.4	1.5	1.7	0.1	0.2
Infiniti	777	479	566	-38.4%	18.2%	1.4	1.2	1.2	-0.2	0.0
Isuzu	39	25	0	-35.9%	-100.0%	0.1	0.1	0.0	0.0	-0.1
Jaguar	144	121	145	-16.0%	19.8%	0.3	0.3	0.3	0.0	0.0
Jeep	384	235	252	-38.8%	7.2%	0.7	0.6	0.5	-0.1	-0.1
Kia	98	145	180	48.0%	24.1%	0.2	0.4	0.4	0.2	0.0
Land Rover	169	113	124	-33.1%	9.7%	0.3	0.3	0.3	0.0	0.0
Lexus	2,776	2,122	2,328	-23.6%	9.7%	5.0	5.1	5.0	0.1	-0.1
Lincoln	170	111	116	-34.7%	4.5%	0.3	0.3	0.2	0.0	-0.1
Mazda	1,644	1,376	1,592	-16.3%	15.7%	3.0	3.3	3.4	0.3	0.1
Mercedes	2,058	1,540	1,707	-25.2%	10.8%	3.7	3.7	3.6	0.0	-0.1
Mercury	80	60	62	-25.0%	3.3%	0.1	0.1	0.1	0.0	0.0
MINI	570	437	515	-23.3%	17.8%	1.0	1.1	1.1	0.1	0.0
Mitsubishi	323	152	148	-52.9%	-2.6%	0.6	0.4	0.3	-0.2	-0.1
Nissan	2,526	2,156	2,403	-14.6%	11.5%	4.6	5.2	5.1	0.6	-0.1
Pontiac	253	179	78	-29.2%	-56.4%	0.5	0.4	0.2	-0.1	-0.2
Porsche	323	222	275	-31.3%	23.9%	0.6	0.5	0.6	-0.1	0.1
Saab	75	21	11	-72.0%	-47.6%	0.1	0.1	0.0	0.0	-0.1
Saturn	367	155	51	-57.8%	-67.1%	0.7	0.4	0.1	-0.3	-0.3
smart	275	89	92	-67.6%	3.4%	0.5	0.2	0.2	-0.3	0.0
Subaru	958	1,115	1,334	16.4%	19.6%	1.7	2.7	2.8	1.0	0.1
Suzuki	84	49	62	-41.7%	26.5%	0.2	0.1	0.1	-0.1	0.0
Toyota (incl. Scion)	14,623	11,044	12,451	-24.5%	12.7%	26.5	26.8	26.5	0.3	-0.3
Volkswagen	1,446	1,539	1,899	6.4%	23.4%	2.6	3.7	4.0	1.1	0.3
Volvo	321	222	261	-30.8%	17.6%	0.6	0.5	0.6	-0.1	0.1
Others	141	51	57	-63.8%	11.8%	0.3	0.1	0.1	-0.2	0.0
Historical Data Source: AutoCount, an Experian Company										

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