California Auto Outlook™

Comprehensive information on the California new vehicle market

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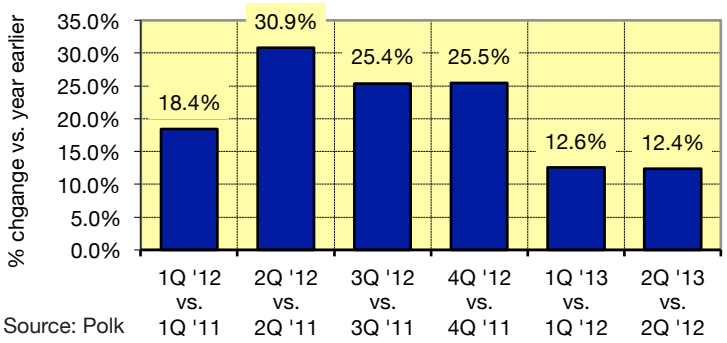
FORECAST AND ANALYSIS OF CALIFORNIA NEW LIGHT VEHICLE MARKET

California's New Vehicle Market Continues to Post Impressive Gains

The California new vehicle market had another double digit percentage increase in the Second Quarter of this year, with new light vehicle registrations improving 12.4 percent versus a year earlier. It was the eleventh consecutive quarterly year-over-year increase. Outlook is now projecting that this year's annual total will approach 1.7 million units, up 11.1 percent from 2011 and more than a 60 percent increase over the recessionary low point in 2009. Other key trends in the state market:

- Among the top 15 selling brands, Subaru, Dodge, BMW, and Chevrolet had the biggest percentage increases in the first half of this year. New registrations for each of the four brands increased by more than 22 percent (see page 6).
- Domestic brand registrations increased 19.3 percent during the first six months of this year and market share increased 1.7 points. Korean brands had a small increase and market share fell 0.8 of a share point.
- Hybrid vehicle market share (excluding plug ins) increased to 7 percent in the first half of this year, up from 6.2 percent in 2012. Electric vehicle market exceeded one percent.
- Used vehicle registrations fell 5.3 percent. Four year old vehicle sales declined due to tight supplies.

QUARTERLY NEW LIGHT VEHICLE REGISTRATIONS IN CALIFORNIA PERCENT CHANGE VERSUS YEAR EARLIER



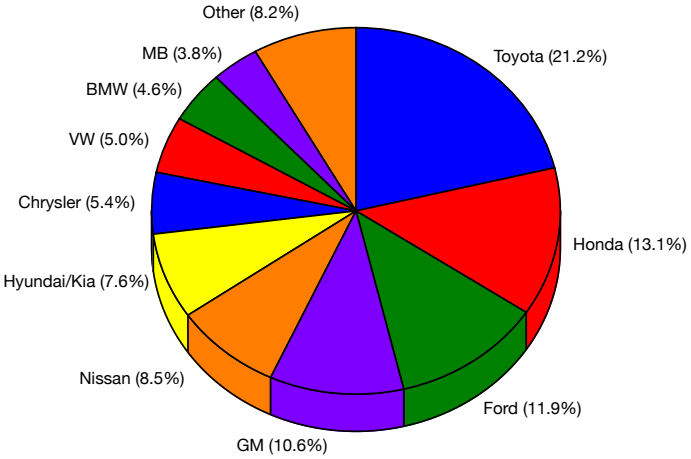
Source: Polk

CALIFORNIA NEW LIGHT VEHICLE REGISTRATIONS (INCLUDES RETAIL AND FLEET TRANSACTIONS)

	2011	2012	Forecast 2013	% ch. '11 to '12	% ch. '12 to '13
TOTAL	1,222,965	1,529,212	1,699,000	25.0%	11.1%
Car	737,884	961,464	1,063,574	30.3%	10.6%
Light Truck	485,081	567,748	635,426	17.0%	11.9%
Detroit Three	352,414	400,279	463,827	13.6%	15.9%
European	212,576	262,792	287,131	23.6%	9.3%
Japanese	564,681	739,909	817,219	31.0%	10.4%
Korean	93,294	126,232	130,823	35.3%	3.6%

Historical data source : Polk

MANUFACTURER SHARE OF CALIFORNIA NEW VEHICLE MARKET YTD 2013 THRU JUNE

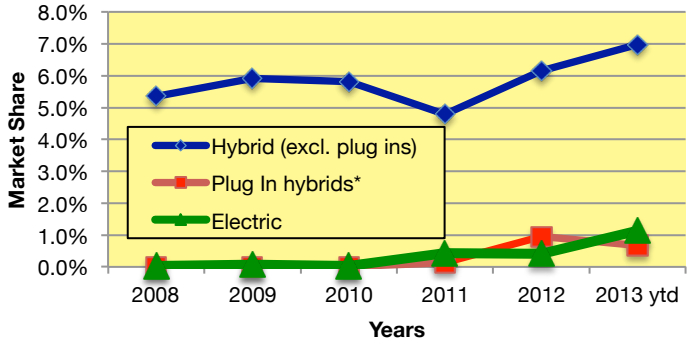


Brands included: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Ford (Ford and Lincoln), GM (Buick, Cadillac, Chevrolet, and GMC), Nissan (Nissan and Infiniti), Chrysler (Chrysler, Dodge, Fiat, and Jeep), VW (Audi, Bentley, and Volkswagen), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz and smart), Other (all other brands).

Data source: Polk.

Any material referenced from this publication must cite the above data source information.

HYBRID AND ELECTRIC VEHICLE SHARE OF RETAIL MARKET



HYBRID AND ELECTRIC VEHICLE RETAIL REGISTRATIONS AND MARKET SHARE

	2009	2010	2011	2012	YTD '13 thru June
Hybrid regs. (excl. plug ins)	61292	64211	58563	94238	59330
Hybrid share (excl. plug ins)	5.9%	5.8%	4.8%	6.2%	7.0%
Plug in hybrid regs.*	0	97	1662	14536	5736
Plug in hybrid share	0.0%	0.0%	0.1%	1.0%	0.7%
Electric regs.	772	300	5302	6197	9708
Electric share	0.1%	0.0%	0.4%	0.4%	1.1%

* Registrations for Ford C-Max Energi and Ford Fusion Energi (which constitute a portion of the plug in total) were estimated by Auto Outlook.
Source: Polk.

MODEL SALES

Prius Leads Civic and Accord in State New Car Market; F-Series is Light Truck Leader

Top Selling Models in Each Segment - YTD 2013 thru June
New Car and Light Truck Registrations

Cars

Entry			Sub Compact			Sporty Compact			Standard Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	10858	22.7	Toyota Prius	33987	16.4	Ford Mustang	5606	34.2	Honda Accord	31576	22.2
Kia Soul	5966	12.5	Honda Civic	31798	15.3	Chevrolet Camaro	4877	29.8	Toyota Camry	27996	19.7
Ford Fiesta	5502	11.5	Toyota Corolla	26522	12.8	Dodge Challenger	2989	18.2	Nissan Altima	15761	11.1
Honda Fit	5202	10.9	Ford Focus	12626	6.1	Hyundai Veloster	1719	10.5	Ford Fusion	13586	9.5
Chevrolet Sonic	4448	9.3	Hyundai Elantra	12511	6.0	Subaru BRZ	708	4.3	Kia Optima	11125	7.8
Large Mid Size			**Entry Luxury**			**Near Luxury**			**Luxury and Sports**		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Chevrolet Impala	4201	22.0	Lexus Ct200H	2801	34.7	BMW 3-Series	12806	24.7	Mercedes E-Class	6582	16.8
Toyota Avalon	3169	16.6	Acura ILX	2212	27.4	Mercedes C-Class	11375	21.9	BMW 5-Series	6077	15.5
Dodge Charger	3068	16.0	Acura TSX	1704	21.1	Lexus ES	6077	11.7	Tesla Model S	4714	12.0
Ford Taurus	2512	13.1	BMW 1-Series	843	10.4	Audi A4	4136	8.0	Lexus GS	2298	5.9
Chrysler 300	2318	12.1	Audi A3	333	4.1	Infiniti G	3812	7.3	Audi A6	1619	4.1

Light Trucks

Compact Pickup			Full Size Pickup			Van			Compact SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	14385	76.7	Ford F Series	19887	38.6	Toyota Sienna	9885	26.9	Honda CRV	15115	18.6
Nissan Frontier /Xe	3309	17.6	Chevrolet Silverado	12585	24.4	Honda Odyssey	7842	21.3	Toyota RAV4	11247	13.8
Honda Ridgeline	648	3.5	Ram	7714	15.0	Ford Econoline	4542	12.4	Ford Escape	10446	12.8
Chevrolet Colorado	288	1.5	Toyota Tundra	5619	10.9	Dodge Caravan	3632	9.9	Nissan Rogue	7099	8.7
GMC Canyon	59	0.3	GMC Sierra	4721	9.2	Chevrolet Express	2129	5.8	Jeep Wrangler	5478	6.7
Mid Size SUV (2 rows)			**Mid Size SUVs (3 rows)**			**Full Size SUV**			**Luxury SUV**		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Ford Edge	6979	29.1	Ford Explorer	8334	18.4	Ford Flex	2069	21.8	Lexus RX	7887	15.5
Jeep Gr. Cherokee	5650	23.6	Honda Pilot	7243	16.0	Chevrolet Tahoe	2043	21.5	BMW X5	4292	8.4
Subaru Forester	4249	17.7	Toyota Highlander	7171	15.8	GMC Yukon	1912	20.1	Audi Q5	3168	6.2
Hyund. Santa Fe Sp.	2283	9.5	Kia Sorento	4361	9.6	Ford Expedition	1104	11.6	Mercedes M-Class	3003	5.9
Toyota 4 Runner	1952	8.1	Nissan Pathfinder	3832	8.4	Chevrolet Suburban	959	10.1	Mercedes GLK	2958	5.8

Note: Prius includes c, v, and plug in.

Source: Polk.

MARKET PERSPECTIVE

Pace of Recovery in California Market Continues to Exceed the Nation

New light vehicle registrations (including retail and fleet transactions) in California increased 12.5 percent during the first six months of this year versus a year earlier, higher than the 7.7 percent improvement in the U.S. market (see table below). Passenger car share of the overall light vehicle market in California was 62.6 percent, exceeding National levels by more than 11 share points. Domestic brand market share (the Detroit Three) in California was 29 percent, up from last year, but well below the 46 percent share nationally. Japanese brand share in the state was 11 points higher than nationally.

Data Source: Polk.

NEW LIGHT VEHICLE MARKET COMPARISON
(INCLUDES RETAIL AND FLEET TRANSACTIONS)

Market	Percent change in registrations YTD '13 (June) vs. YTD '12	Car market share YTD '13 thru June	Domestic brand share YTD '13 thru June	European brand share YTD '13 thru June	Japanese brand share YTD '13 thru June	Korean brand share YTD '13 thru June
California	12.5%	62.6%	29.0%	15.6%	47.7%	7.6%
U.S.	7.7%	51.2%	46.0%	9.1%	36.7%	8.2%

Source:Polk

BRAND SCOREBOARD

Detailed Results for All Brands in California Market

The table shows new light vehicle registrations in California, including retail and fleet transactions. Please keep in mind that monthly registration figures can occasionally be subject to fluctuations, resulting in over or under estimation of actual results. This usually occurs due to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results. The top 10 ranked brands in each percent change category are shaded green. Data Source: Polk.

California New Car and Light Truck Registrations

	June				Second Quarter 2012 and 2013				Year-to-date Totals				YTD Market Share (%)		
	California			U.S.	California			U.S.	California			U.S.	California		
	2012	2013	% chg.	% chg.	2012	2013	% chg.	% chg.	2012	2013	% chg.	% chg.	2012	2013	Chg.
MARKET SUMMARY															
TOTAL	139,972	142,883	2.1%	7.1%	397,689	447,054	12.4%	8.2%	756,324	850,712	12.5%	7.7%			
Cars	88,743	88,415	-0.4%	5.3%	252,203	277,015	9.8%	5.2%	478,918	532,417	11.2%	4.7%	63.3	62.6	-0.7
Light Trucks	51,229	54,468	6.3%	9.0%	145,486	170,039	16.9%	11.6%	277,406	318,295	14.7%	11.1%	36.7	37.4	0.7
Domestic	39,270	41,936	6.8%	7.7%	109,449	132,021	20.6%	10.0%	206,873	246,811	19.3%	9.9%	27.4	29.0	1.7
European	24,121	23,485	-2.6%	3.7%	64,338	70,059	8.9%	7.3%	121,139	133,083	9.9%	8.6%	16.0	15.6	-0.4
Japanese	65,061	67,213	3.3%	8.7%	191,028	210,497	10.2%	7.7%	364,429	405,877	11.4%	6.8%	48.2	47.7	-0.5
Korean	11,520	10,249	-11.0%	1.5%	32,874	34,477	4.9%	2.0%	63,883	64,941	1.7%	-0.4%	8.4	7.6	-0.8
BRAND REGISTRATIONS															
Acura	2,113	1,816	-14.1%	-8.5%	5,580	5,797	3.9%	1.0%	9,737	11,073	13.7%	8.6%	1.3	1.3	0.0
Audi	2,293	2,467	7.6%	19.4%	6,176	7,388	19.6%	19.3%	11,969	13,626	13.8%	15.8%	1.6	1.6	0.0
BMW	5,240	5,641	7.7%	17.5%	13,277	17,131	29.0%	20.1%	25,669	31,981	24.6%	19.0%	3.4	3.8	0.4
Buick	638	716	12.2%	6.8%	2,242	2,770	23.6%	6.1%	3,754	4,675	24.5%	14.4%	0.5	0.5	0.1
Cadillac	870	904	3.9%	12.1%	2,402	3,268	36.1%	29.1%	5,112	6,805	33.1%	31.8%	0.7	0.8	0.1
Chevrolet	11,134	11,434	2.7%	10.5%	30,271	36,976	22.1%	7.2%	54,668	66,929	22.4%	6.0%	7.2	7.9	0.6
Chrysler	1,121	737	-34.3%	-9.4%	3,505	2,869	-18.1%	-5.9%	7,806	6,233	-20.2%	-3.2%	1.0	0.7	-0.3
Dodge	3,103	2,875	-7.3%	7.0%	8,086	10,059	24.4%	14.6%	15,579	21,135	35.7%	21.6%	2.1	2.5	0.4
FIAT	922	659	-28.5%	-23.3%	2,466	1,922	-22.1%	-4.5%	4,170	3,898	-6.5%	5.1%	0.6	0.5	-0.1
Ford	15,374	17,636	14.7%	11.1%	43,725	53,021	21.3%	13.7%	83,731	99,178	18.4%	12.9%	11.1	11.7	0.6
GMC	2,376	2,061	-13.3%	0.4%	6,355	6,691	5.3%	8.0%	11,433	11,886	4.0%	10.2%	1.5	1.4	-0.1
Honda	16,383	17,311	5.7%	11.3%	48,100	53,161	10.5%	7.7%	89,381	100,416	12.3%	7.4%	11.8	11.8	0.0
Hyundai	6,303	5,115	-18.8%	1.2%	18,620	18,084	-2.9%	5.0%	35,910	34,825	-3.0%	3.6%	4.7	4.1	-0.7
Infiniti	1,660	1,148	-30.8%	-19.9%	4,309	3,345	-22.4%	-14.5%	8,392	7,077	-15.7%	-2.0%	1.1	0.8	-0.3
Jaguar	191	198	3.7%	41.0%	589	595	1.0%	22.5%	1,245	1,254	0.7%	14.7%	0.2	0.1	0.0
Jeep	3,029	2,590	-14.5%	-11.3%	8,292	8,244	-0.6%	-3.7%	15,984	14,855	-7.1%	-6.9%	2.1	1.7	-0.4
Kia	5,217	5,134	-1.6%	1.9%	14,254	16,393	15.0%	-1.7%	27,973	30,116	7.7%	-5.1%	3.7	3.5	-0.2
Land Rover	611	559	-8.5%	0.0%	1,656	1,892	14.3%	6.1%	3,443	4,022	16.8%	14.1%	0.5	0.5	0.0
Lexus	4,014	4,117	2.6%	-0.3%	11,289	12,297	8.9%	1.8%	20,307	23,372	15.1%	11.0%	2.7	2.7	0.1
Lincoln	445	376	-15.5%	-7.3%	1,228	1,285	4.6%	-1.2%	2,349	2,230	-5.1%	-13.0%	0.3	0.3	0.0
Mazda	2,598	2,815	8.4%	11.8%	7,366	8,777	19.2%	10.3%	15,808	18,548	17.3%	2.0%	2.1	2.2	0.1
Mercedes	5,245	5,637	7.5%	2.9%	14,869	17,122	15.2%	7.6%	29,329	32,177	9.7%	7.4%	3.9	3.8	-0.1
MINI	1,532	1,375	-10.2%	-7.4%	3,904	4,050	3.7%	-4.6%	7,241	7,267	0.4%	-2.6%	1.0	0.9	-0.1
Mitsubishi	641	562	-12.3%	-6.6%	1,673	1,455	-13.0%	-12.2%	3,123	2,939	-5.9%	-8.1%	0.4	0.3	-0.1
Nissan	9,570	8,975	-6.2%	12.6%	26,335	32,912	25.0%	18.9%	56,614	65,088	15.0%	8.8%	7.5	7.7	0.2
Other	535	391	-26.9%	-48.8%	1,347	1,212	-10.0%	-44.4%	2,703	2,652	-1.9%	-32.0%	0.4	0.3	0.0
Porsche	666	806	21.0%	30.7%	1,925	2,437	26.6%	34.3%	3,337	4,586	37.4%	42.1%	0.4	0.5	0.1
Ram	1,146	1,466	27.9%	24.7%	3,211	4,390	36.7%	29.3%	6,231	7,946	27.5%	24.2%	0.8	0.9	0.1
Subaru	2,492	4,003	60.6%	32.0%	7,375	11,033	49.6%	28.3%	13,929	20,125	44.5%	22.1%	1.8	2.4	0.5
Tesla	8	1,097	13612.5%	22900.0%	8	2,308	28750.0%	45236.4%	14	4,714	33571.4%	38988.0%	0.0	0.6	0.6
Toyota	25,535	26,417	3.5%	6.8%	78,861	81,614	3.5%	2.9%	146,758	157,035	7.0%	4.5%	19.4	18.5	-0.9
Volkswagen	5,743	5,337	-7.1%	-2.0%	15,971	15,002	-6.1%	0.6%	28,527	29,067	1.9%	3.7%	3.8	3.4	-0.4
Volvo	1,224	508	-58.5%	-6.9%	2,422	1,554	-35.8%	-4.4%	4,098	2,982	-27.2%	-5.7%	0.5	0.4	-0.2

RETAIL MARKET RECAP

Increase in Northern California Market Exceeds Southern California

The table below summarizes new retail light vehicle market results during the first six months of 2012 and 2013. (Note: the information presented includes retail registrations only, and excludes fleet transactions.) New retail light vehicle registrations in California increased 13.2 percent in the first half, slightly above the 12.5 percent increase in total registrations, which include fleets.

The Southern California retail market increased 12.5 percent, while Northern California was up 14.7 percent. The LA and Orange County market improved 12.4 percent, while San Francisco Bay was up 14.8 percent.

Source: Polk.

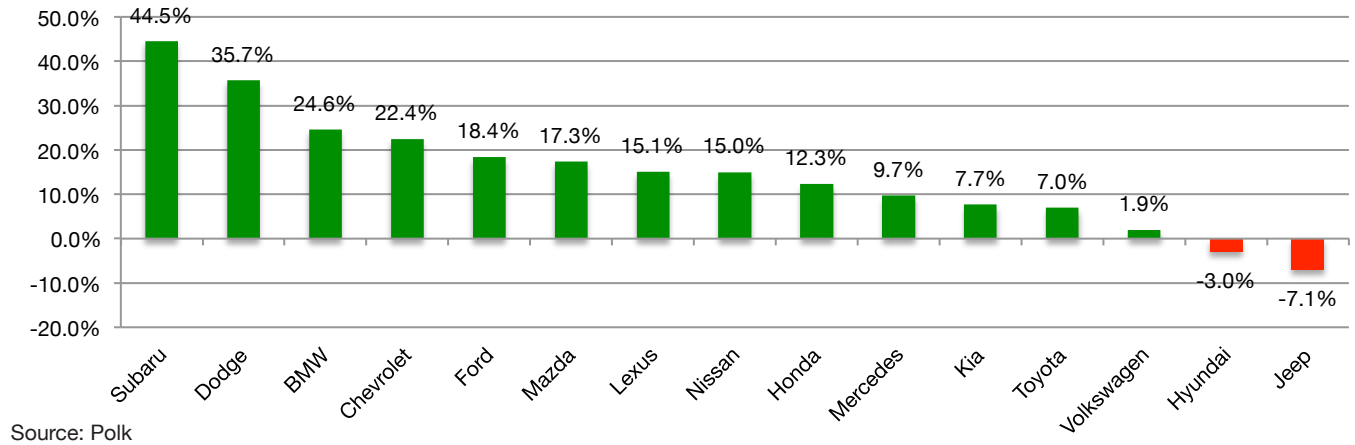
NEW RETAIL LIGHT VEHICLE REGISTRATIONS (excluding fleets) - YTD thru June							
Northern and Southern California				Selected Regional Markets			
	YTD 2012	YTD 2013	Percent Change		YTD 2012	YTD 2013	Percent Change
Statewide Total	639,775	724,426	13.2%	San Francisco Bay	121,154	139,064	14.8%
Cars	405,946	456,685	12.5%	Cars	76,575	87,307	14.0%
Light Trucks	233,829	267,741	14.5%	Light Trucks	44,579	51,757	16.1%
Northern California	211,090	242,020	14.7%	LA and Orange Counties	252,654	284,018	12.4%
Cars	128,446	144,599	12.6%	Cars	167,888	188,740	12.4%
Light Trucks	82,644	97,421	17.9%	Light Trucks	84,766	95,278	12.4%
Southern California	428,685	482,406	12.5%	San Diego County	61,181	68,110	11.3%
Cars	277,500	312,086	12.5%	Cars	37,961	42,132	11.0%
Light Trucks	151,185	170,320	12.7%	Light Trucks	23,220	25,978	11.9%

BRAND SCOREBOARD

13 of Top 15 Brands in State Move Higher in First Half of 2013

This graph below shows the percent change in new vehicle registrations during the first six months of this year versus a year earlier for the top 15 selling brands in the state.

PERCENT CHANGE IN NEW VEHICLE REGISTRATIONS FOR TOP 15 BRANDS IN STATE (INCLUDES FLEETS) - YTD '13 (JUNE) VS. YTD '12



Source: Polk

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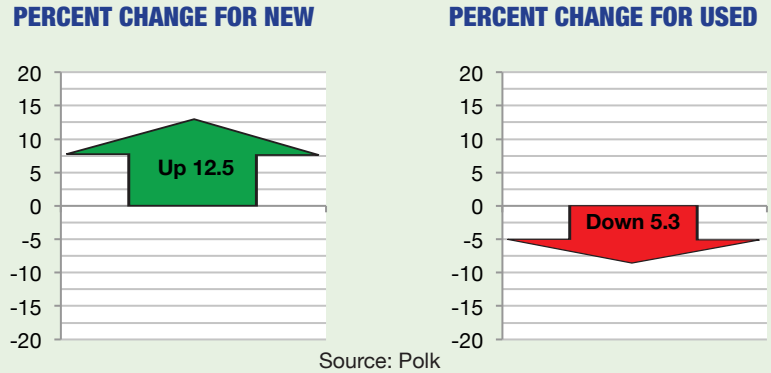
TRACKING THE CALIFORNIA USED VEHICLE MARKET

California's Used Vehicle Market Declines in First Half of 2013

COMPARISON OF CALIFORNIA NEW AND USED VEHICLE MARKETS PERCENT CHANGE IN REGISTRATIONS (YTD '13 THRU JUNE VS. YTD '12)



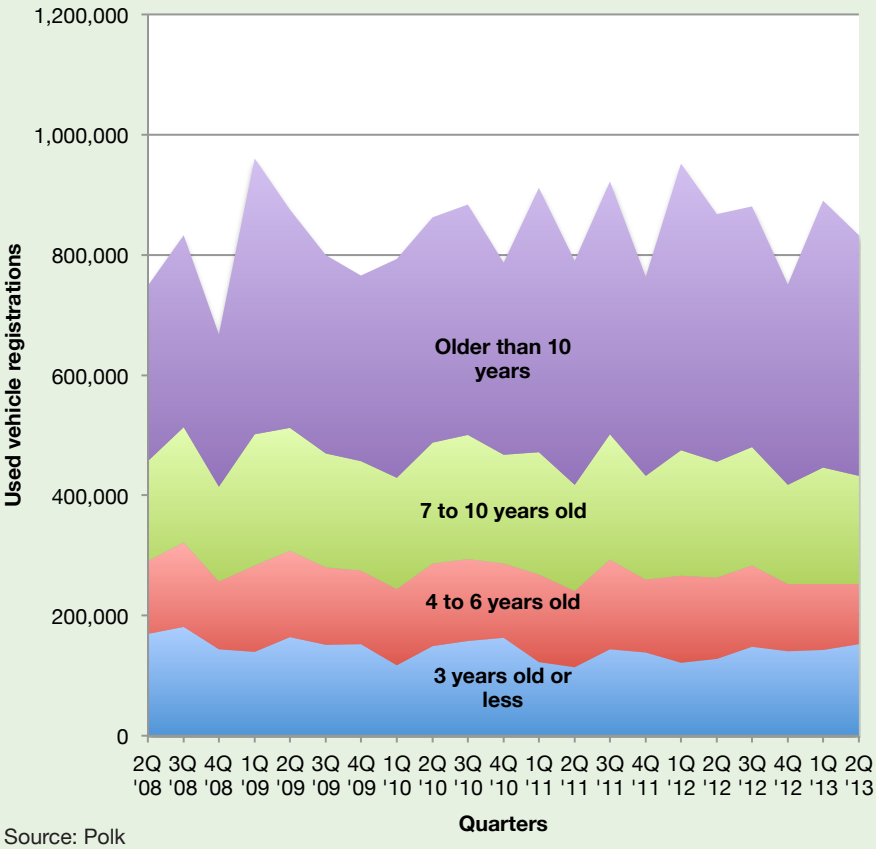
Source: Polk

CALIFORNIA USED LIGHT VEHICLE REGISTRATIONS - YTD THRU JUNE					
	Registrations		% Change	Market Share	
	YTD '12	YTD '13	'12 TO '13	YTD '12	YTD '13
TOTAL	1,819,940	1,722,853	-5.3%		
Cars	1,091,113	1,037,659	-4.9%	60.0%	60.2%
Light Trucks	728,827	685,194	-6.0%	40.0%	39.8%
Detroit Three	761,037	693,045	-8.9%	41.8%	40.2%
European	225,101	227,445	1.0%	12.4%	13.2%
Japanese	787,491	753,725	-4.3%	43.3%	43.7%
Korean	46,311	48,638	5.0%	2.5%	2.8%
Source: Polk					

Below is a list of key trends in the California used vehicle market:

- Used registrations in the state declined 5.3 percent during the first six months of this year versus a year earlier.
- The California new vehicle market has been growing at a faster pace than the used market for the past several years. New vehicle registrations increased 25 percent in 2012, while used registrations were up just 1.9 percent. As shown on the left, this trend continued in the first half of 2013.
- Used car registrations declined 4.9 percent during the first six months of this year while light trucks were off 6 percent. Korean brand used registrations increased five percent.
- Toyota Camry was the best-selling model in the state for vehicles six years old or newer, followed by Honda Civic and Toyota Corolla
- Franchised new car dealerships continued to increase their share of the overall state used vehicle market. Franchised dealers accounted for 18.6 percent of the market in the first half of this year, up from 12.9 percent in 2009 and 17.5 percent last year.

CALIFORNIA QUARTERLY USED VEHICLE REGISTRATIONS



Source: Polk

REGISTRATIONS BY VEHICLE AGE YTD '13 THRU JUNE VS. YTD '12			
	YTD 2012	YTD 2013	% ch. '12 to '13
INDUSTRY TOTAL	1,819,940	1,722,853	-5.3%
3 years old or less	248,958	295,109	18.5%
4 to 6 years old	280,982	209,283	-25.5%
7 to 10 years old	400,818	374,471	-6.6%
Older than 10 years	889,182	843,990	-5.1%

Source: Polk

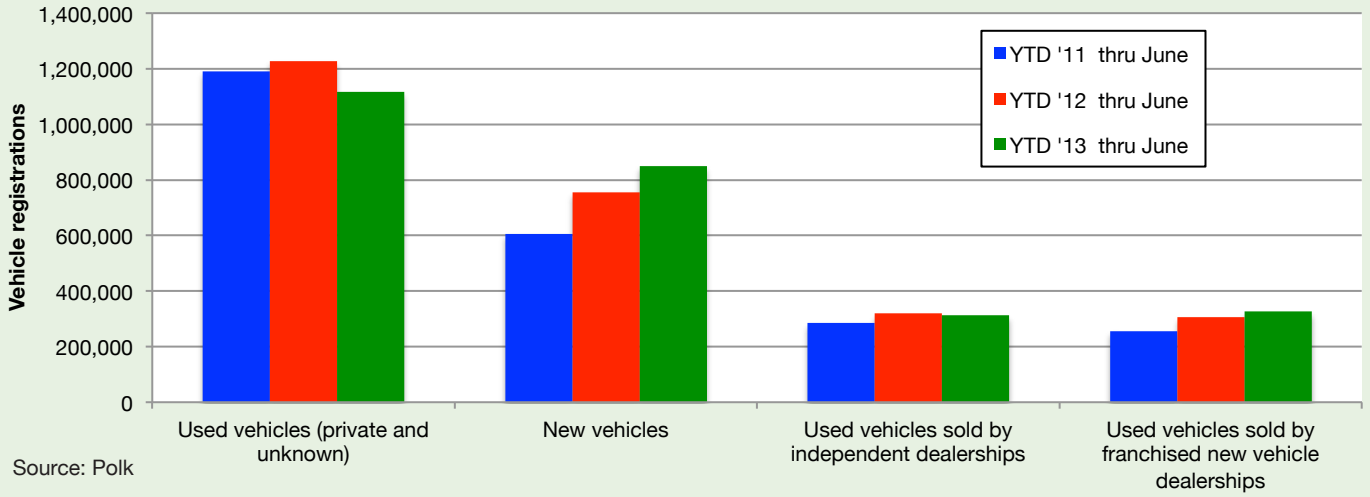
The sharp drop in new vehicle sales that began in 2008 has led to short supplies of four to six year old vehicles. As shown on the table above, used registrations for vehicles in this age range fell 25.5 percent in the first half of this year versus a year earlier. The steady recovery in the new vehicle market has led to increasing supplies of three year old or newer vehicles.

TRACKING THE CALIFORNIA USED VEHICLE MARKET

Used Vehicle Sales by Franchised New Car Dealerships Improve

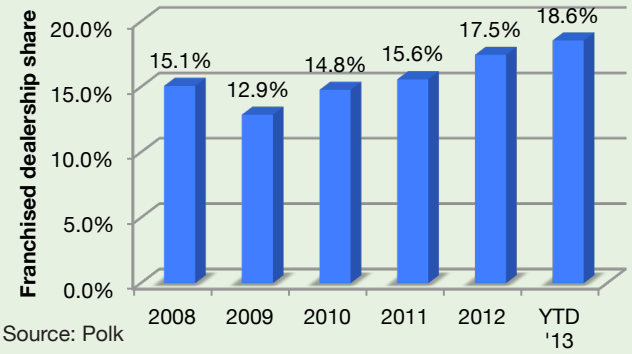
The first graph below shows vehicle registrations in the state during the first six months of 2011, 2012, and 2013 for four categories: 1. Used vehicles involving private party transactions (or unknown selling dealership); 2. New vehicles; 3. Used vehicles sold by independent dealerships; and 4. Used vehicles sold by franchised new vehicle dealerships. Private party and unknown dealership registrations declined by nearly 110,000 units during the first six months of this year versus a year earlier. New vehicle registrations increased for each of the past two years. Registrations for used vehicles sold by franchised new vehicle dealerships increased slightly this year.

USED AND NEW VEHICLE REGISTRATIONS IN CALIFORNIA - FIRST SIX MONTHS OF 2011, 2012, AND 2013



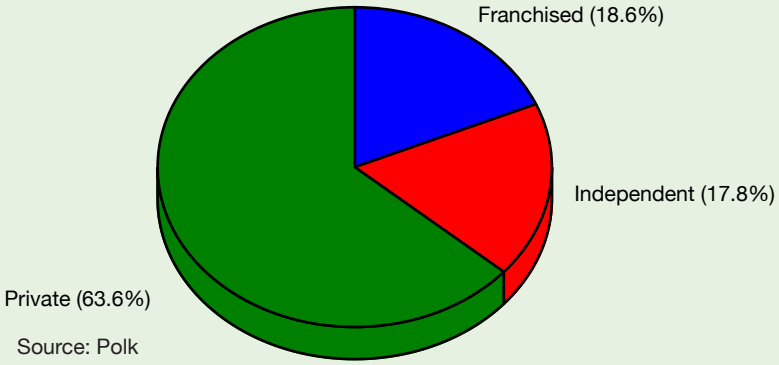
Source: Polk

FRANCHISED NEW VEHICLE DEALERSHIP SHARE OF CALIFORNIA USED VEHICLE MARKET



Source: Polk

SHARE OF STATE USED VEHICLE MARKET YTD 2013 THRU JUNE



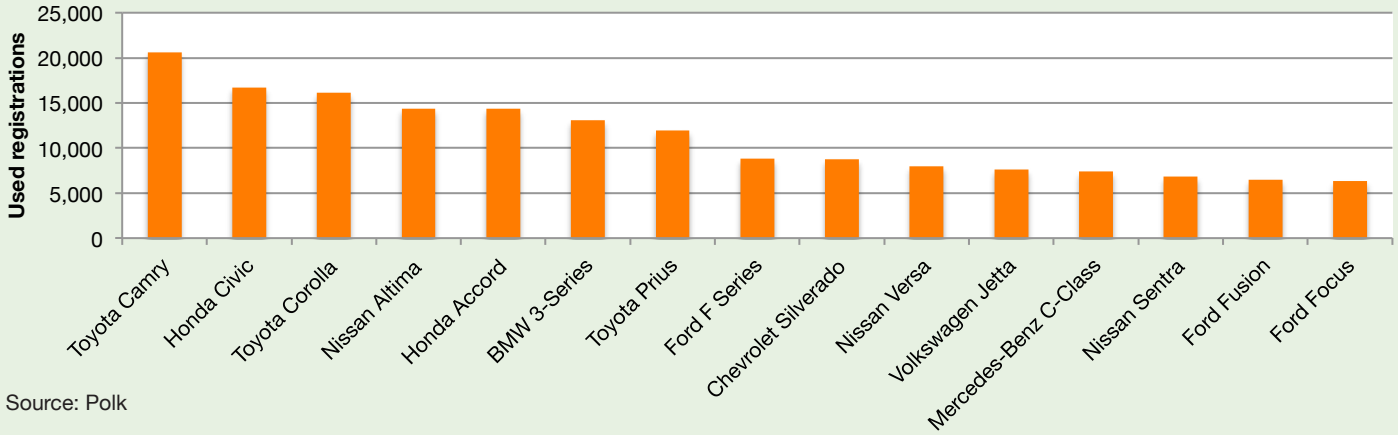
Source: Polk

BEST SELLING USED VEHICLES IN THE STATE

Toyota Camry Continues as Top Seller in State Used Vehicle Market

The graph below shows used vehicle registrations for the top 15 selling models in the state for vehicles six years old or newer.

TOP 15 SELLING USED VEHICLES BY ALL SOURCES IN CALIFORNIA (VEHICLES SIX YEARS OLD OR NEWER) - YTD 2013 THRU JUNE



Source: Polk