Southland Auto Outlook

Comprehensive information on the Southland Automotive Market

Covering First Quarter, 2007 Volume 5, Number 2

Cautious Consumers Contributing to Mild Slowdown in Southland Market

Forecasting the Southland new vehicle market is a balancing act. Indicators frequently present mixed signals on where the market is headed. Some point to improvement, while others indicate a decline. The summary on the right presents Auto Outlook's list of key positive and negative forecast determinants for the area market over the next 12 months. Unfortunately, it's our belief that the cumulative impact of the negative determinants slightly out weighs the impact of the positive determinants. This is expected to result in a small decline in the area market. The primary concern for the market is the financial well-being of area consumers, which should consequently impact their ability to purchase new vehicles.

On the flip side, unemployment rates remain low and consumer affordability for new vehicles remains at close to all-time record strong levels. In addition, the carrot of appealing new products should lead many consumers to enter the new vehicle market.

Forecast Summary: Less than 5% decline in area new retail light vehicle registrations predicted for 2007. Improvement likely in 2008 and 2009.

Weighing Forecast Determinants:

Positives and Negatives for the Area new vehicle market over the next 12 months

Positives (why the market could strengthen):

- ❑ Consumer affordability for new vehicles remains at healthy levels
- ❑ Impressive array of new products continue to be introduced at regular intervals
- ❑ Unemployment rates remain low and employment growth in the area should continue to be strong

Negatives (why the market could weaken):

- ❑ Economic growth is unlikely to rebound quickly
- ❑ Strong new vehicle sales over the past several years could lead to a cyclical decline
- ❑ High consumer debt levels combined with softening housing market
- ❑ Personal income growth easing

VERDICT: Mild slowdown predicted

The Southland New Retail Light Vehicle Market — At a Glance

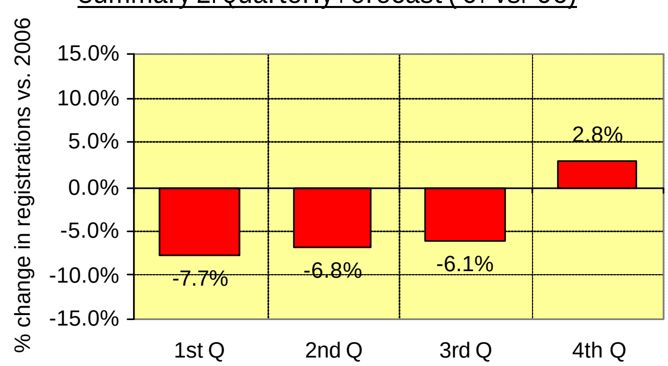
Summary 1. Top Ten Scoreboard

4th QUARTER, 2006			1st QUARTER, 2007			Change in
Rank	Make	Share	Rank	Make	Share	mkt. Share
1	Toyota	25.4%	1	Toyota	25.9%	0.5%
2	Honda	11.0%	2	Honda	11.4%	0.4%
3	Nissan	9.1%	3	Nissan	8.6%	-0.5%
4	Chevrolet	8.3%	4	Chevrolet	7.7%	-0.6%
5	Ford	7.7%	5	Ford	7.5%	-0.2%
6	Mercedes	4.1%	6	BMW	4.3%	0.4%
7	BMW	3.9%	7	Lexus	4.3%	0.7%
8	Lexus	3.6%	8	Mercedes	3.9%	-0.2%
9	Dodge	2.8%	9	Dodge	2.5%	-0.3%
10	GMC	2.5%	10	GMC	2.2%	-0.3%

The three summaries provide an overview of the Southland new retail light vehicle market. The table above shows the **Top Ten** sellers during the Fourth Quarter of last year and the First Quarter of this year, and the change in market share. (Note: Toyota registrations include Scion.) **Quarterly Forecast** presents the change in registrations during each quarter this year versus a year earlier. Actual figures are shown for the First Quarter of this year. The **Annual Review** on the right shows our forecast for 2007, and actual figures for 2005 and 2006.

Source for historical data: AutoCount, an Experian Company

Summary 2. Quarterly Forecast ('07 vs. '06)



Summary 3. Annual Review and Forecast

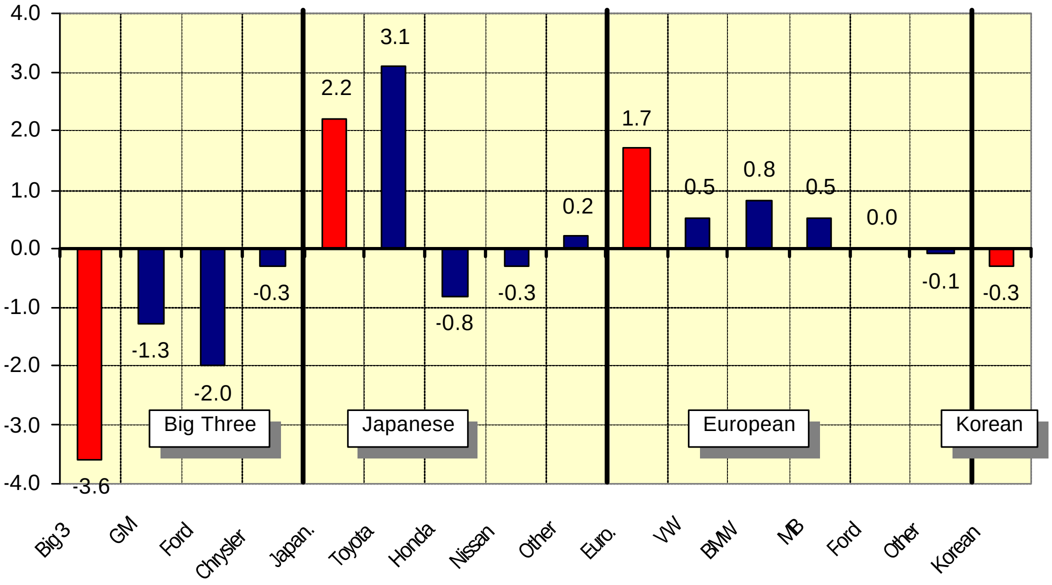
	2005	2006	Forecast 2007	% ch. '06 to '07
TOTAL	136,496	126,403	120,449	-4.7%
Car	68,968	68,007	64,561	-5.1%
Light Truck	67,528	58,396	55,888	-4.3%
Big Three	47,217	38,656	34,694	-10.2%
Japanese	70,619	70,090	68,603	-2.1%
European	15,046	14,932	14,457	-3.2%
Korean	3,614	2,725	2,695	-1.1%

Market Tracker

Japanese Brand Market Share Increases 2.2 Share Points During First Quarter of This Year

It's no secret that Domestic Brands (the Traditional Big Three) are behind the eight ball in the hotly contested new vehicle market. The basic strategy is one of retrenchment and regrouping. Market share losses for the Big Three are inevitable as the companies cut production and scale back incentive offers. Their hope is that they will emerge as leaner, more focused, more profitable, and more competitive. In the meantime, the picture will not be pretty, as illustrated by the graph on the right. Collectively, the Big Three lost 3.6 market share points in the Southland Area during the First Quarter of this year. Japanese brand market share increased 2.2 points.

Change in New Retail Light Vehicle Market Share
YTD 2007 (thru March) vs. YTD 2006



Brands included above: Big 3: GM (Buick, Cadillac, Chevrolet, GMC, Hummer, Pontiac, and Saturn), Ford (Ford, Lincoln, and Mercury), Chrysler (Chrysler, Dodge, and Jeep). **Japanese:** Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Isuzu, Mazda, Mitsubishi, Subaru, and Suzuki). **European:** VW (Audi, Bentley, and Volkswagen), BMW (BMW, Rolls Royce, and Mini), MB (Mercedes Benz), Ford (Aston Martin, Jaguar, Land Rover, and Volvo), Other (Ferrari, Lotus, Maserati, and Saab). **Korean:** Hyundai and Kia.

Background on Data Source

Exclusive source for new vehicle registration data presented in *Southland Auto Outlook* is AutoCount, an Experian Company. AutoCount specializes in providing detailed new and used vehicle sales and registration statistics. Data is available on a timely basis and is conveniently available directly over the Internet.

For more information on AutoCount, call 407.770.5900 or visit AutoCount's web site: www.autocount.com

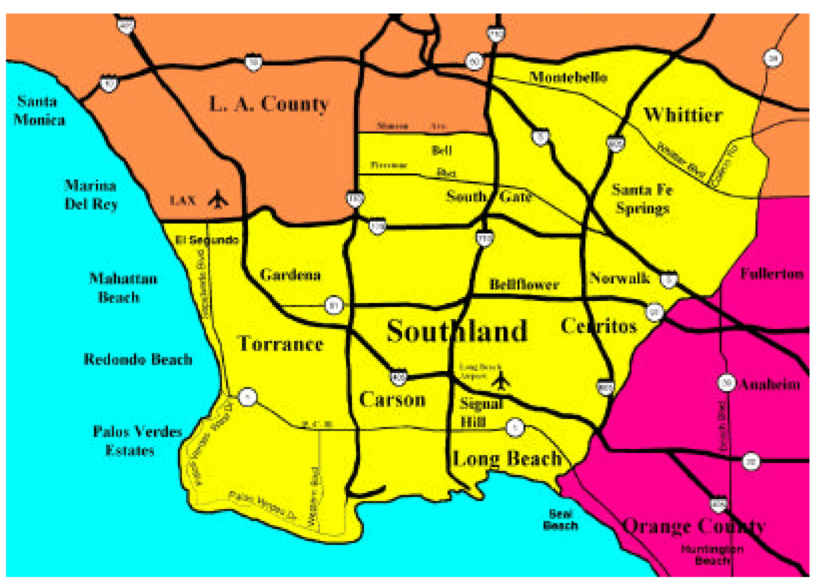
Southland Auto Outlook

Published by:
Auto Outlook, Inc., 5 Great Valley Parkway
Malvern, PA 19355
Phone: 800-206-0102

Editor:
Jeffrey A. Foltz

Map of Southland Area

The accompanying map shows the Southland Area. The Central/North LA County market referenced on page 7 consists of the balance of Los Angeles County that is not part of the Southland Area. For an exact list of zip codes in the Southland Area, contact SMCDA or Auto Outlook.



Segment Watch

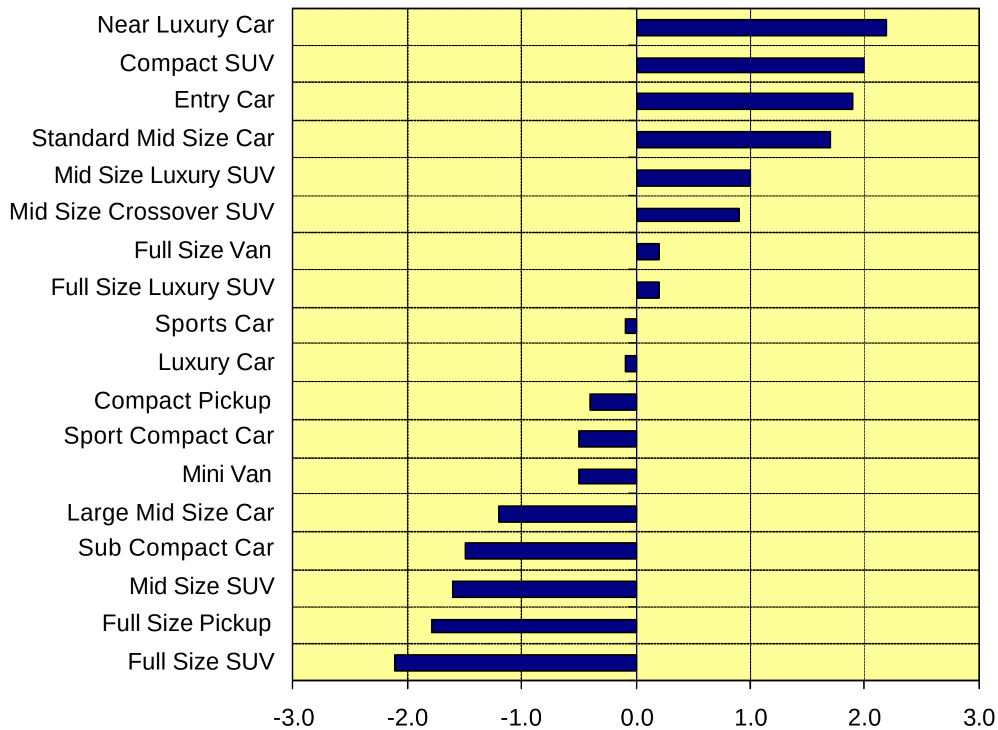
Near Luxury Car Segment Posts Largest Market Share Increase During First Quarter

This page provides information on the make-up of the Southland Area light vehicle market during the first three months of this year. The graph on the right provides a snap-shot of market segments that have lost or gained market share during the first three months of this year versus the same period a year earlier. The table below shows the top sellers in each of the market segments.

Observations: Several new products have undoubtedly given a boost to the Near Luxury Car segment, which had the largest increase in market share in the First Quarter. Compact SUV segment market share increased two points. Toyota Camry was the best selling Standard Mid Size Car, while Chevrolet Tahoe was the leader among Full Size SUVs.

Source: AutoCount, an Experian Company.

Change in Segment Market Share-YTD '07 (thru March) vs. YTD '06



Top Selling Models in Each Segment - Southland Market
New Retail Registrations, YTD 2007 (thru March) and Market Share of Segment

Cars

Entry			Sub Compact			Sporty Compact			Standard Mid Size		
Model	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**
Toyota Yaris	371	49.1	Toyota Corolla	1047	24.4	Scion tC	411	61.0	Toyota Camry	1683	46.6
Nissan Versa	115	15.2	Honda Civic	830	19.4	Ford Mustang	191	28.3	Honda Accord	951	26.3
Scion xA	94	12.4	Toyota Prius	406	9.5	Mitsubishi Eclipse	29	4.3	Nissan Altima	356	9.9
Honda Fit	82	10.8	Nissan Sentra	282	6.6	Hyundai Tiburon	21	3.1	Ford Fusion	142	3.9
Chevrolet Aveo	37	4.9	Ford Focus	187	4.4	Pontiac GTO	19	2.8	Saturn Aura	111	3.1
Large Mid Size			**Near Luxury**			**Luxury**			**Sports Car**		
Model	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**
Chrysler 300	258	24.2	BMW 3-Series	597	24.3	Mercedes E-Class	355	23.8	Chevrolet Corvette	69	24.0
Toyota Avalon	173	16.2	Lexus IS	311	12.7	BMW 5-Series	274	18.4	Nissan 350 ZX	48	16.7
Dodge Charger	169	15.8	Lexus ES	292	11.9	Mercedes S-Class	122	8.2	Porsche 911	35	12.2
Nissan Maxima	140	13.1	Infiniti G35	251	10.2	Lexus LS	118	7.9	Saturn Sky	26	9.0
Chevrolet Impala	101	9.5	Mercedes C-Class	222	9.0	BMW 7-Series	86	5.8	BMW Z4	24	8.3

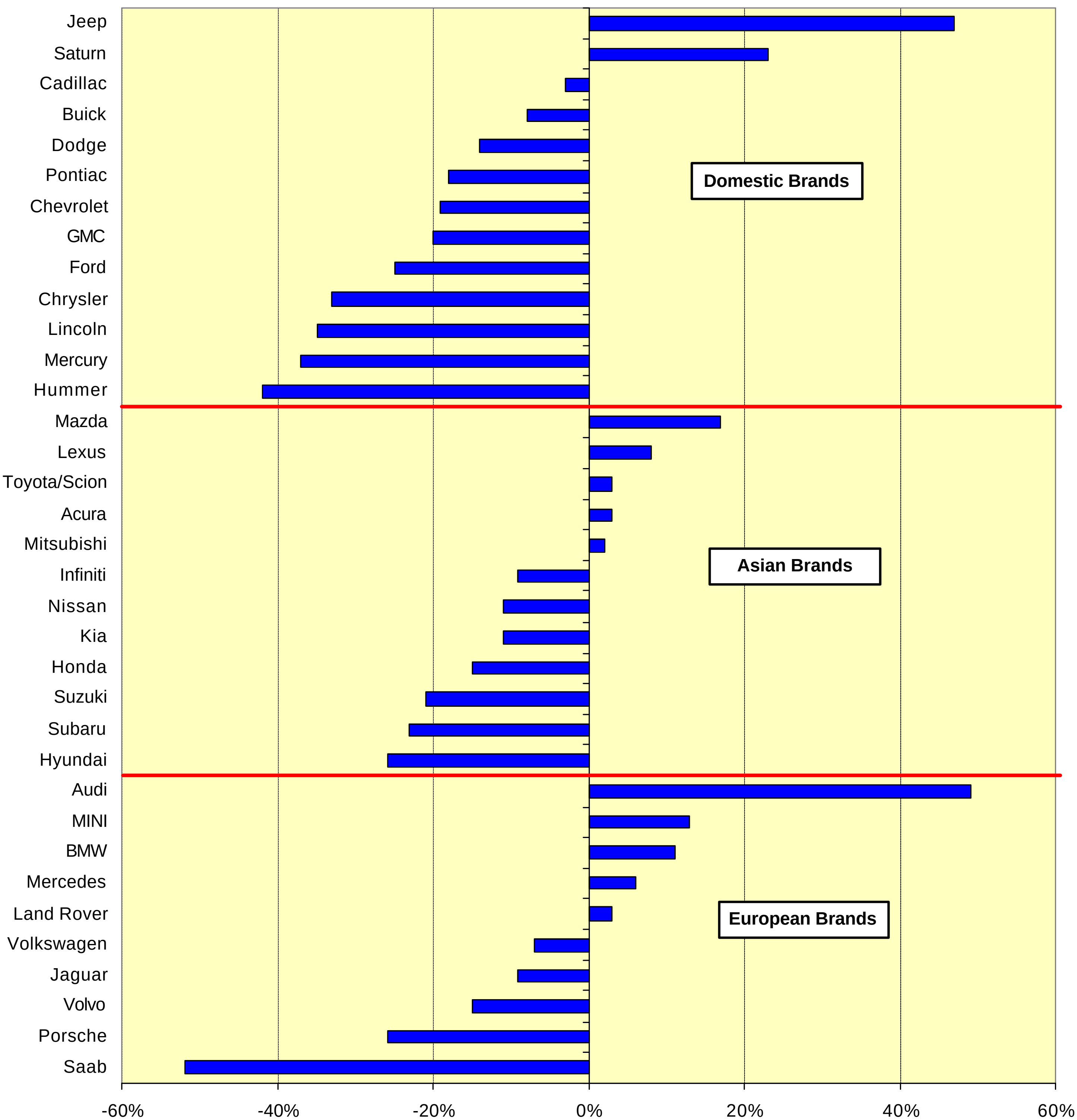
Light Trucks

Compact Pickup			Full Size Pick Up			Mini Van			Full Size Van		
Model	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**
Toyota Tacoma	833	61.7	Ford F-Series	681	29.0	Toyota Sienna	541	43.8	Chevrolet Express	143	44.7
Nissan Frontier	157	11.6	Chevrolet Silverado	574	24.5	Honda Odyssey	326	26.4	Ford E-Series	124	38.8
Honda Ridgeline	103	7.6	Toyota Tundra	301	12.8	Nissan Quest	95	7.7	GMC Savana	30	9.4
Ford Ranger	95	7.0	Dodge Ram	239	10.2	Chrysler T & C	73	5.9			
Chevrolet Colorado	95	7.0	Chevrolet Avalanche	195	8.3	Kia Sedona	70	5.7			
Compact SUV			**Mid Size SUV/Crossover SUV**			**Full Size SUV**			**Mid Size & Full Size Luxury SUV**		
Model	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**	**Model**	**Regs.**	**Share**
Honda CRV	501	23.0	Honda Pilot	387	17.8	Chevrolet Tahoe	377	27.6	Lexus RX	310	17.5
Toyota RAV4	376	17.3	Toyota 4Runner	282	13.0	GMC Yukon	181	13.3	Cadillac Escalade	172	9.7
Toyota FJ	217	10.0	Toyota Highlander	251	11.6	Ford Expedition	171	12.5	Acura MDX	163	9.2
Saturn Vue	187	8.6	Ford Explorer	162	7.5	Chevrolet Suburban	164	12.0	Mercedes ML-Class	111	6.3
Ford Escape	162	7.4	Nissan Pathfinder	152	7.0	Nissan Armada	156	11.4	Mercedes GL-Class	109	6.2

SOUTHLAND AREA BRAND SCOREBOARD-Part 1

The graph below shows the percent change in new retail light vehicle registrations for the first three months of this year versus the same period a year earlier. Brands are organized based on country of origin (Domestic, Asian, and European). This makes it easy to see how each brand stacks up versus its primary competitors. Jeep had the biggest percentage increase among Domestic brands. Mazda had the largest percentage increase for Asian brands, while Audi led among European brands.

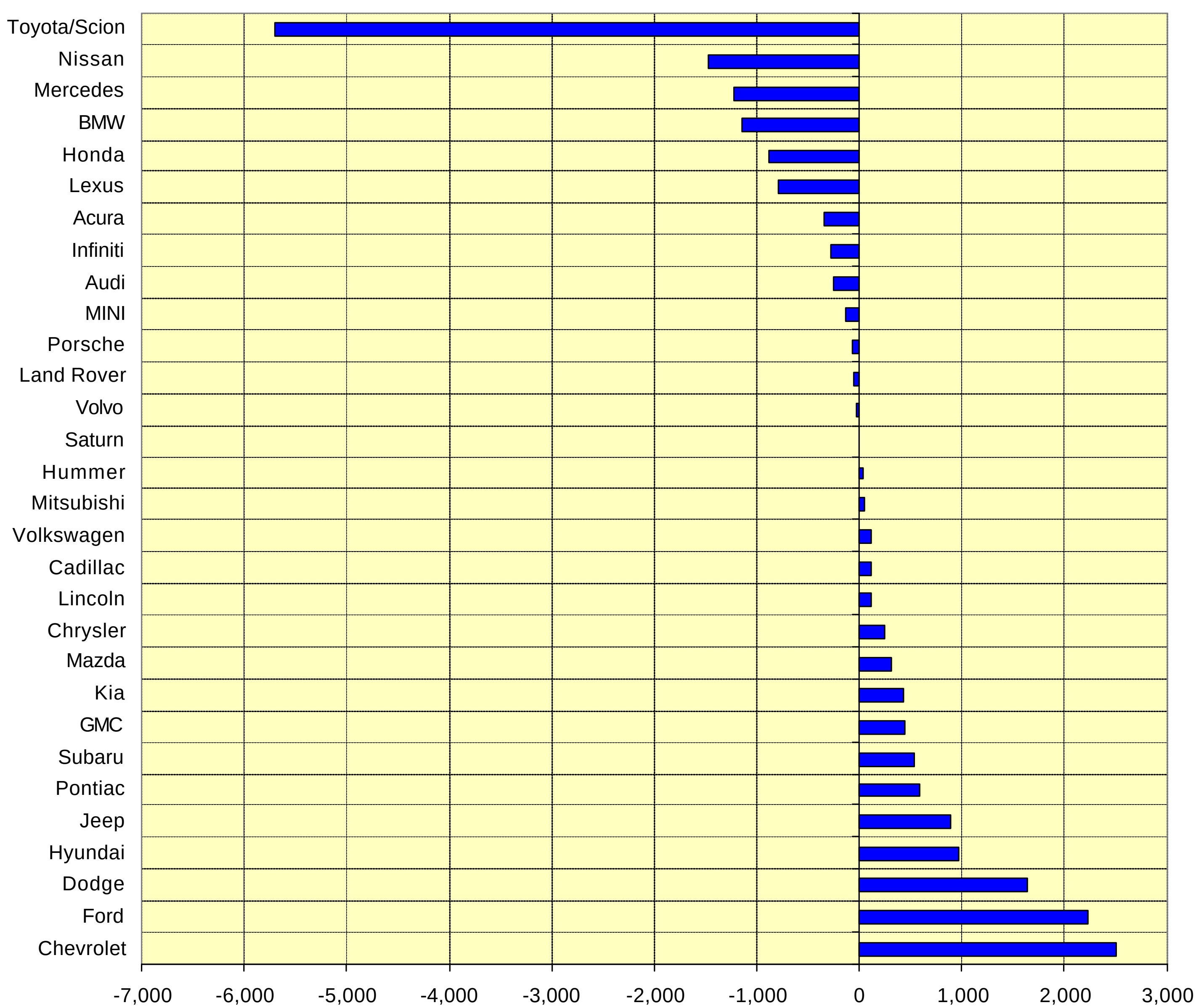
Percent Change in New Retail Light Vehicle Registrations-YTD '07 (thru March) vs. YTD '06



SOUTHLAND AREA BRAND SCOREBOARD-Part 2

The graph below provides an indicator of brands that are popular in the Southland Area (relative to the National standard), and those that are not. Here's how it works: For the top 30 selling brands in the area, each brand's share of the U.S. market is multiplied by retail registrations in the area from October of 2006 to March of this year. This yields a "target" for the area market. Actual registrations are subtracted from this target to arrive at the Unit Potential estimate. Brands at the bottom of the graph (i.e., Chevrolet and Ford) have a high unit potential in the area, meaning that registrations would need to increase by a significant number for area market share to equal National. Brands at the top of the graph (Toyota/Scion, Nissan, Mercedes, BMW, and Honda) have a "significant negative potential," indicating that they are strong sellers in the area. Registrations would have to decline in order for area market share to equal National. The top 13 brands on the graph are imports, reflecting a preference for import brands among Southland Area new vehicle consumers.

Southland Area Retail Market Potential—based on registrations for Oct. '06 thru Mar. '07
(Increase or decrease in registrations required for brand to equal National market share in area)

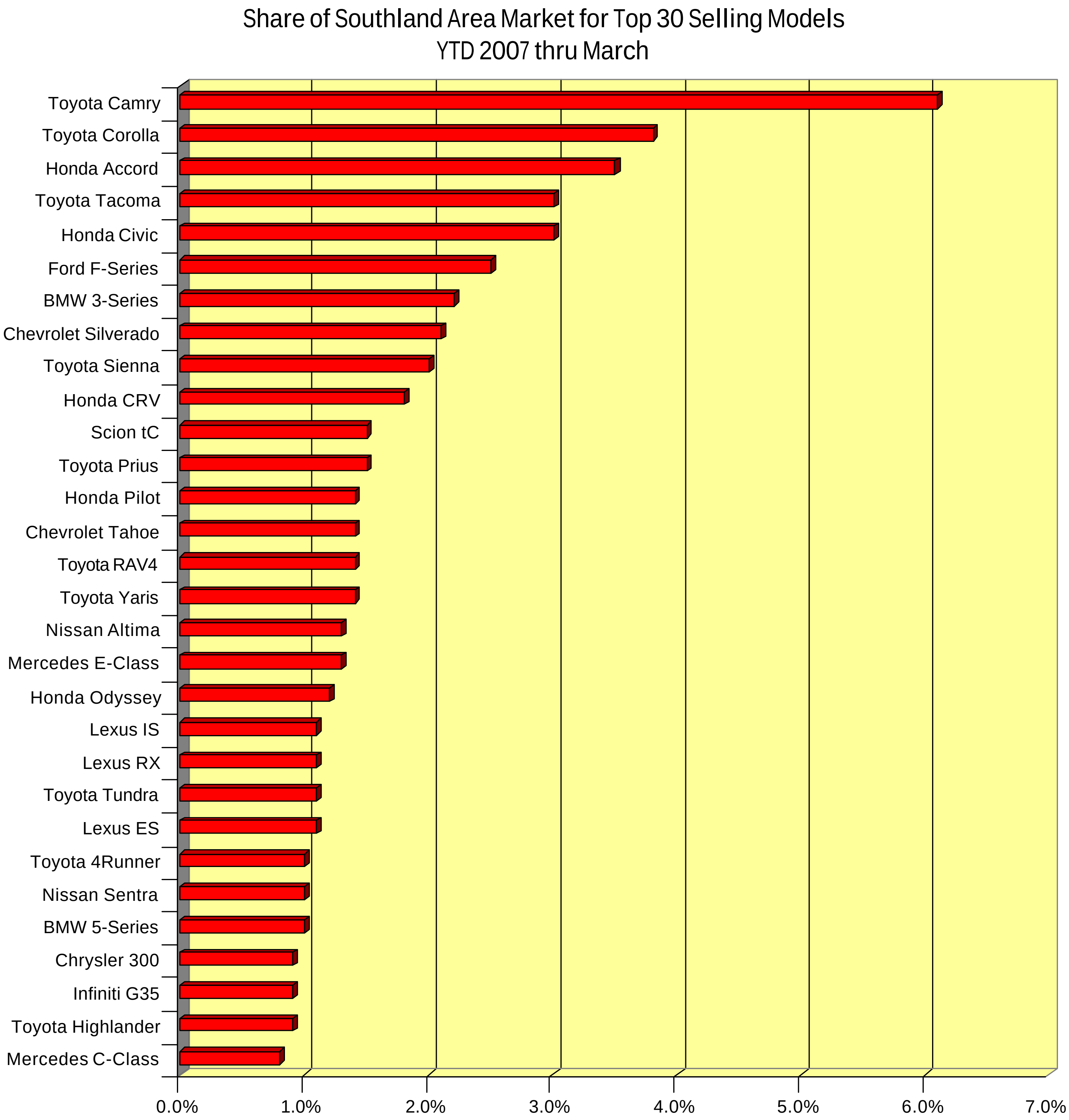


Best Selling Models in Southland Area

Toyota Camry Best Selling Model in Area Market During First Quarter of This Year

The graph below shows market share for each of the top 30 selling models in the Southland Area retail market during the first three months of this year. Toyota Camry was the leader in the area, accounting for 6.1% of the market. Toyota Corolla was second, followed by Honda Accord, Toyota Tacoma, Honda Civic, Ford F-Series, and BMW 3-Series.

Source: AutoCount, an Experian Company.



COMPARISON OF SOUTHLAND, CENTRAL/NORTH LA COUNTY, AND ORANGE COUNTY MARKETS

Market Characteristics

	Southland	Central/North LA County	Orange County
Market Growth % change in registrations YTD '07 (thru March) vs. YTD '06	**-7.7%**	**-4.1%**	**-7.0%**
Car Market Share Car share of industry retail light vehicle registrations - YTD '07 (thru March)	**53.5%**	**60.0%**	**53.6%**
Domestic Brand Market Share Domestic brand share of industry retail light vehicle registrations - YTD '07	**28.3%**	**21.4%**	**25.6%**

New Retail Light Vehicle Registrations (by brand)

	New Retail Registrations - YTD '07 (thru March)								Market Share (YTD '07)		
	Southland		Central/North LA County		Orange County		AREA TOTAL				
Brand	Regs.	% ch. from '06	Regs.	% ch. from '06	Regs.	% ch. from '06	Regs.	% ch. from '06	Southland	Central/N L.A. County	Orange County
TOTAL	29,356	-7.7%	78,602	-4.1%	43,432	-7.0%	151,390	-5.6%	100.0	100.0	100.0
Acura	585	2.6%	1,450	-21.7%	864	-10.9%	2,899	-14.5%	2.0	1.8	2.0
Audi	360	49.4%	1,776	34.1%	573	19.9%	2,709	32.6%	1.2	2.3	1.3
BMW	1,269	11.1%	5,386	10.0%	2,336	5.3%	8,991	8.9%	4.3	6.9	5.4
Buick	71	-7.8%	138	-26.6%	101	-19.8%	310	-20.7%	0.2	0.2	0.2
Cadillac	361	-3.2%	946	-5.9%	577	-9.6%	1,884	-6.5%	1.2	1.2	1.3
Chevrolet	2,273	-19.1%	4,129	-17.1%	2,893	-7.5%	9,295	-14.9%	7.7	5.3	6.7
Chrysler	583	-32.8%	1,005	-33.4%	624	-42.2%	2,212	-36.0%	2.0	1.3	1.4
Dodge	747	-14.2%	1,526	-5.5%	1,090	-12.4%	3,363	-9.8%	2.5	1.9	2.5
Ford	2,208	-25.1%	4,463	-27.7%	3,204	-24.7%	9,875	-26.1%	7.5	5.7	7.4
GMC	655	-20.1%	1,183	-17.8%	764	-24.7%	2,602	-20.5%	2.2	1.5	1.8
Honda	3,332	-14.6%	9,779	5.6%	4,822	-7.3%	17,933	-2.3%	11.4	12.4	11.1
Hummer	98	-42.4%	307	-34.5%	183	-25.0%	588	-33.4%	0.3	0.4	0.4
Hyundai	265	-26.2%	575	-21.6%	795	-20.3%	1,635	-21.7%	0.9	0.7	1.8
Infiniti	404	-8.6%	1,386	-9.9%	608	-23.8%	2,398	-13.7%	1.4	1.8	1.4
Isuzu	45	45.2%	81	189.3%	38	5.6%	164	72.6%	0.2	0.1	0.1
Jaguar	70	-9.1%	315	-12.0%	116	-1.7%	501	-9.4%	0.2	0.4	0.3
Jeep	483	47.3%	1,096	6.7%	706	3.4%	2,285	12.1%	1.6	1.4	1.6
Kia	291	-11.3%	584	-31.0%	126	-13.1%	1,001	-24.1%	1.0	0.7	0.3
Land Rover	174	3.0%	847	-8.8%	462	-13.5%	1,483	-9.1%	0.6	1.1	1.1
Lexus	1,250	7.8%	4,756	2.5%	2,827	16.1%	8,833	7.2%	4.3	6.1	6.5
Lincoln	158	-34.7%	581	-13.0%	255	-29.9%	994	-22.0%	0.5	0.7	0.6
Mazda	316	17.0%	1,234	27.6%	755	23.2%	2,305	24.6%	1.1	1.6	1.7
Mercedes	1,157	6.4%	5,419	14.9%	2,875	0.8%	9,451	9.2%	3.9	6.9	6.6
Mercury	71	-37.2%	200	-32.0%	103	-33.5%	374	-33.5%	0.2	0.3	0.2
MINI	139	13.0%	458	-2.8%	226	10.8%	823	3.1%	0.5	0.6	0.5
Mitsubishi	203	2.0%	458	11.4%	430	-16.8%	1,091	-3.2%	0.7	0.6	1.0
Nissan	2,560	-11.1%	4,785	-11.3%	2,318	-12.5%	9,663	-11.5%	8.7	6.1	5.3
Other	51	-20.3%	250	-11.7%	104	-30.2%	405	-18.3%	0.2	0.3	0.2
Pontiac	150	-18.5%	337	-10.6%	154	-33.0%	641	-19.0%	0.5	0.4	0.4
Porsche	96	-26.2%	565	-10.9%	266	-15.0%	927	-13.9%	0.3	0.7	0.6
Saab	28	-51.7%	202	-29.9%	70	-36.9%	300	-34.4%	0.1	0.3	0.2
Saturn	452	22.8%	898	11.4%	458	57.9%	1,808	23.5%	1.5	1.1	1.1
Subaru	105	-22.8%	363	-30.5%	232	-1.3%	700	-21.6%	0.4	0.5	0.5
Suzuki	89	-20.5%	109	-26.8%	174	-24.0%	372	-24.1%	0.3	0.1	0.4
Toyota/Scion	7,597	2.5%	18,542	1.2%	10,272	0.1%	36,411	1.1%	25.9	23.6	23.7
Volkswagen	427	-7.2%	1,647	-15.4%	650	-11.3%	2,724	-13.2%	1.5	2.1	1.5
Volvo	233	-14.7%	826	-8.3%	381	-14.0%	1,440	-10.9%	0.8	1.1	0.9

The tables above provide a comparison of the Southland, Central/North LA County, and Orange County new retail light vehicle markets. As shown on the top table, all three markets declined in the First Quarter of this year versus a year earlier.

Source: AutoCount, an Experian Company

Southland New Retail Car and Light Truck Registrations - History and Forecast

	Registrations					Market Share				
	Units			Percent Change		Share (%)			Change	
	2005	2006	Forecast 2007	'05 to '06	Forecast '06 to '07	2005	2006	Forecast 2007	'05 to '06	Forecast '06 to '07
TOTAL	136,496	126,403	120,449	-7.4%	-4.7%					
Acura	2,640	2,393	2,363	-9.4%	-1.3%	1.9	1.9	2.0	0.0	0.1
Audi	1,007	1,037	1,061	3.0%	2.3%	0.7	0.8	0.9	0.1	0.1
BMW	4,632	4,563	4,417	-1.5%	-3.2%	3.4	3.6	3.7	0.2	0.1
Buick	531	345	273	-35.0%	-20.9%	0.4	0.3	0.2	-0.1	-0.1
Cadillac	1,775	1,460	1,285	-17.7%	-12.0%	1.3	1.2	1.1	-0.1	-0.1
Chevrolet	12,995	11,058	9,843	-14.9%	-11.0%	9.5	8.7	8.2	-0.8	-0.5
Chrysler	3,348	2,965	2,557	-11.4%	-13.8%	2.5	2.3	2.1	-0.2	-0.2
Dodge	4,020	3,438	3,124	-14.5%	-9.1%	2.9	2.7	2.6	-0.2	-0.1
Ford	14,048	10,757	9,140	-23.4%	-15.0%	10.3	8.5	7.6	-1.8	-0.9
GMC	4,521	3,192	2,891	-29.4%	-9.4%	3.3	2.5	2.4	-0.8	-0.1
Honda	14,360	15,032	14,498	4.7%	-3.6%	10.5	11.9	12.0	1.4	0.1
Hummer	584	581	462	-0.5%	-20.5%	0.4	0.5	0.4	0.1	-0.1
Hyundai	1,959	1,469	1,434	-25.0%	-2.4%	1.4	1.2	1.2	-0.2	0.0
Infiniti	2,138	1,771	1,672	-17.2%	-5.6%	1.6	1.4	1.4	-0.2	0.0
Isuzu	139	135	89	-2.9%	-34.1%	0.1	0.1	0.1	0.0	0.0
Jaguar	332	265	181	-20.2%	-31.7%	0.2	0.2	0.2	0.0	0.0
Jeep	1,640	1,410	1,538	-14.0%	9.1%	1.2	1.1	1.3	-0.1	0.2
Kia	1,655	1,256	1,261	-24.1%	0.4%	1.2	1.0	1.0	-0.2	0.0
Land Rover	534	421	458	-21.2%	8.8%	0.4	0.3	0.4	-0.1	0.1
Lexus	4,155	4,367	4,265	5.1%	-2.3%	3.0	3.5	3.5	0.5	0.0
Lincoln	932	779	762	-16.4%	-2.2%	0.7	0.6	0.6	-0.1	0.0
Mazda	1,265	1,389	1,379	9.8%	-0.7%	0.9	1.1	1.1	0.2	0.0
Mercedes	4,104	4,423	4,371	7.8%	-1.2%	3.0	3.5	3.6	0.5	0.1
Mercury	427	377	311	-11.7%	-17.5%	0.3	0.3	0.3	0.0	0.0
Mini	543	572	605	5.3%	5.8%	0.4	0.5	0.5	0.1	0.0
Mitsubishi	800	826	853	3.3%	3.3%	0.6	0.7	0.7	0.1	0.0
Nissan	13,449	11,204	10,494	-16.7%	-6.3%	9.9	8.9	8.7	-1.0	-0.2
Pontiac	683	678	551	-0.7%	-18.7%	0.5	0.5	0.5	0.0	0.0
Porsche	440	465	413	5.7%	-11.2%	0.3	0.4	0.3	0.1	-0.1
Saab	222	184	137	-17.1%	-25.5%	0.2	0.1	0.1	-0.1	0.0
Saturn	1,713	1,616	1,957	-5.7%	21.1%	1.3	1.3	1.6	0.0	0.3
Subaru	522	495	422	-5.2%	-14.7%	0.4	0.4	0.4	0.0	0.0
Suzuki	512	529	556	3.3%	5.1%	0.4	0.4	0.5	0.0	0.1
Toyota (incl. Scion)	30,639	31,949	32,012	4.3%	0.2%	22.4	25.3	26.6	2.9	1.3
Volkswagen	1,828	1,734	1,721	-5.1%	-0.7%	1.3	1.4	1.4	0.1	0.0
Volvo	1,174	1,030	872	-12.3%	-15.3%	0.9	0.8	0.7	-0.1	-0.1
Others	230	238	221	3.5%	-7.1%	0.2	0.2	0.2	0.0	0.0

Historical Data Source: AutoCount, an Experian Company

***Southland Auto Outlook* is distributed free of charge to members of the Southland Motor Car Dealers Association. The publication is sponsored and supported by the Association. *Southland Auto Outlook* is published and edited by Auto Outlook, Inc., an independent automotive market analysis firm. Opinions expressed in *Southland Auto Outlook* are solely those of Auto Outlook, Inc., and are not necessarily shared by the Association.**