

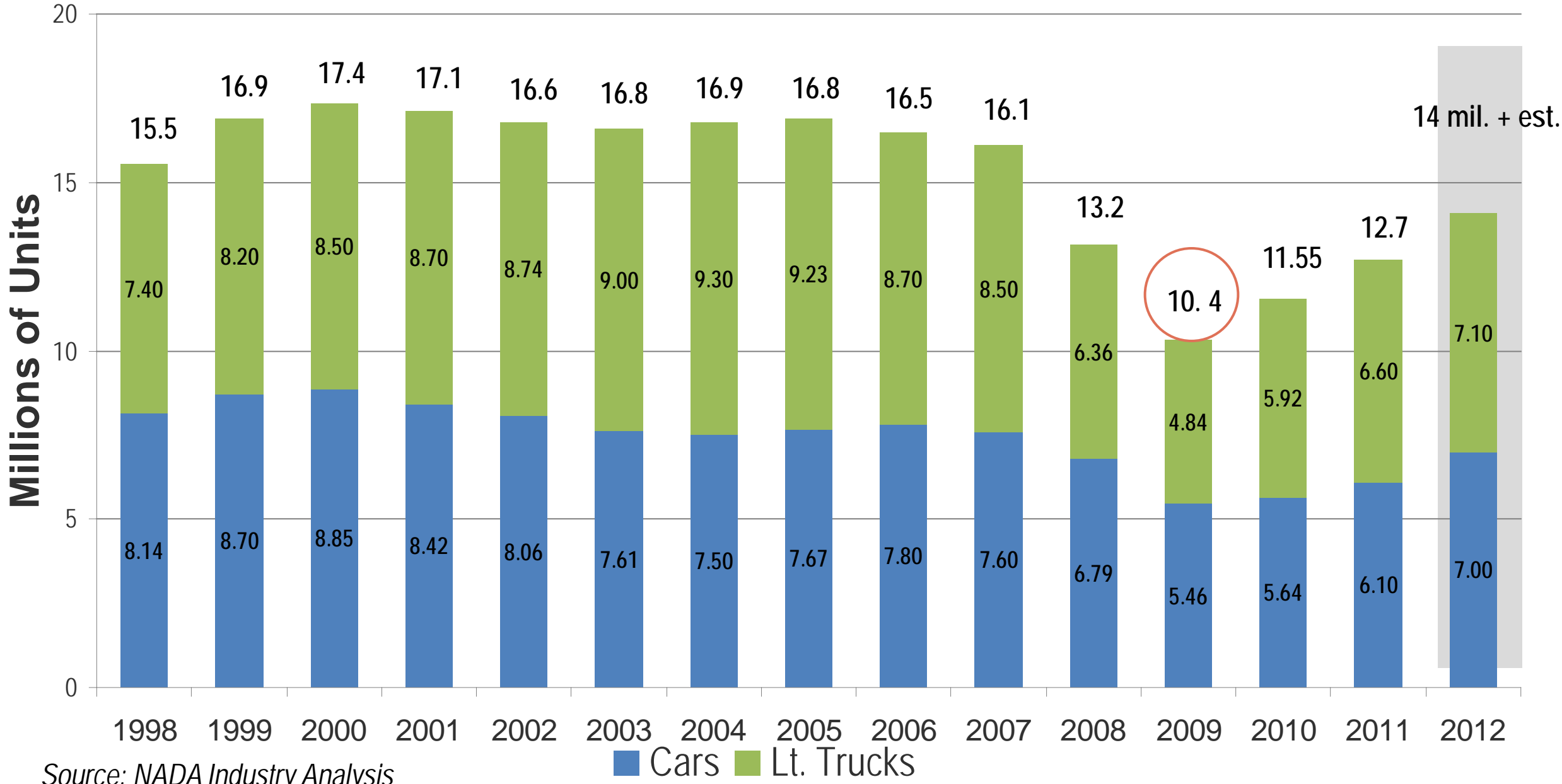
The Dealers' Outlook

Paul Taylor
Chief Economist
National Automobile Dealers Association

19th Annual Automotive Outlook Symposium
Federal Reserve Bank of Chicago

New Light-Vehicle Sales over 14 Million Units Expected for 2012 by NADA

12.7 Million Units in 2011, 14.4 Million Estimated for 2012



Source: NADA Industry Analysis

Vehicle Sales Growth in 4-months 2012 compared to 2011

Faster Pace for Light Vehicle Sales Expected in 2012

Over 14 Million Likely for 2012

Crossover Utility Vehicles

Small Cars

Midsize Cars

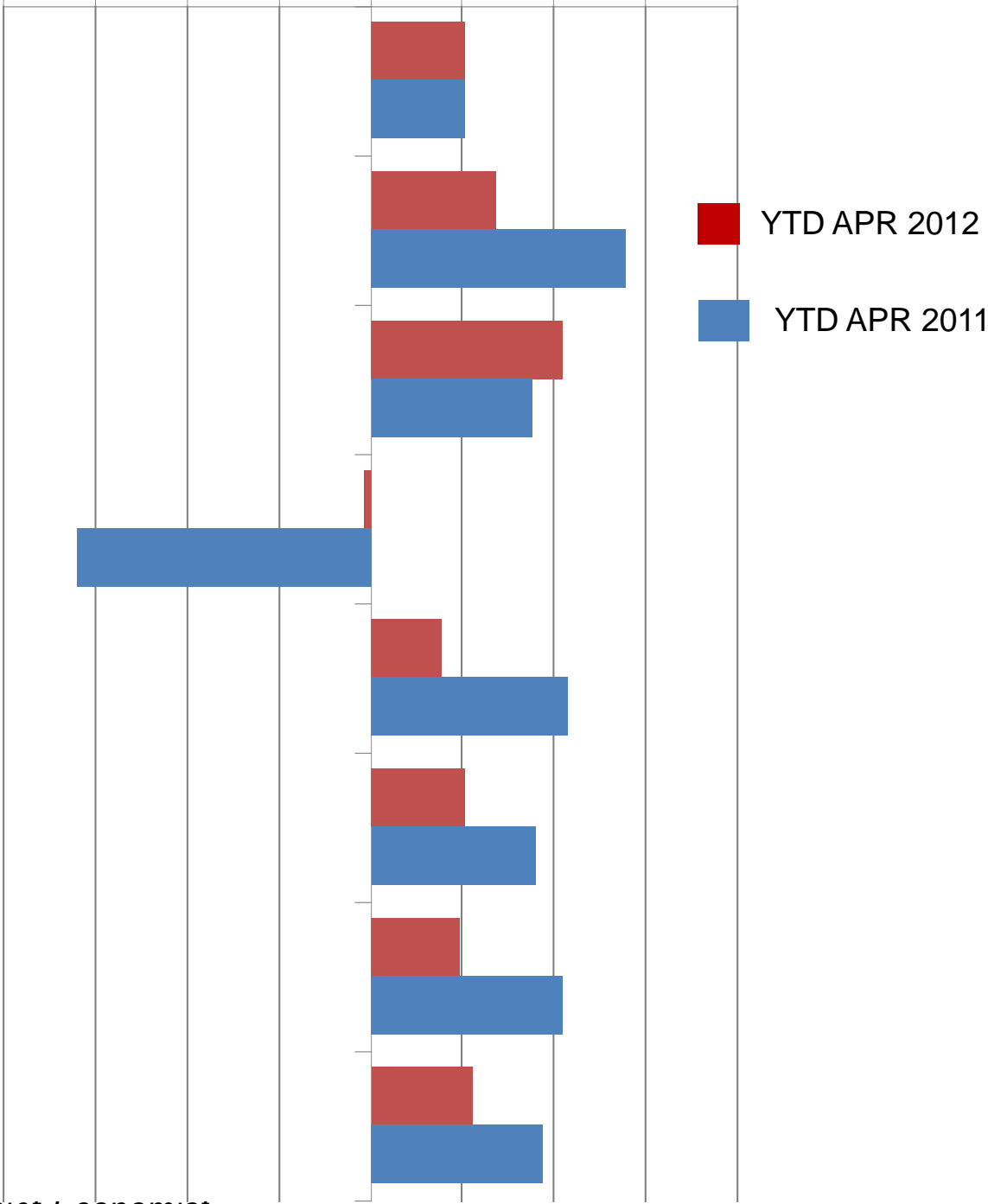
Large Cars

Luxury Cars

Pickups

Truck-based SUVs

Minivans, Vans



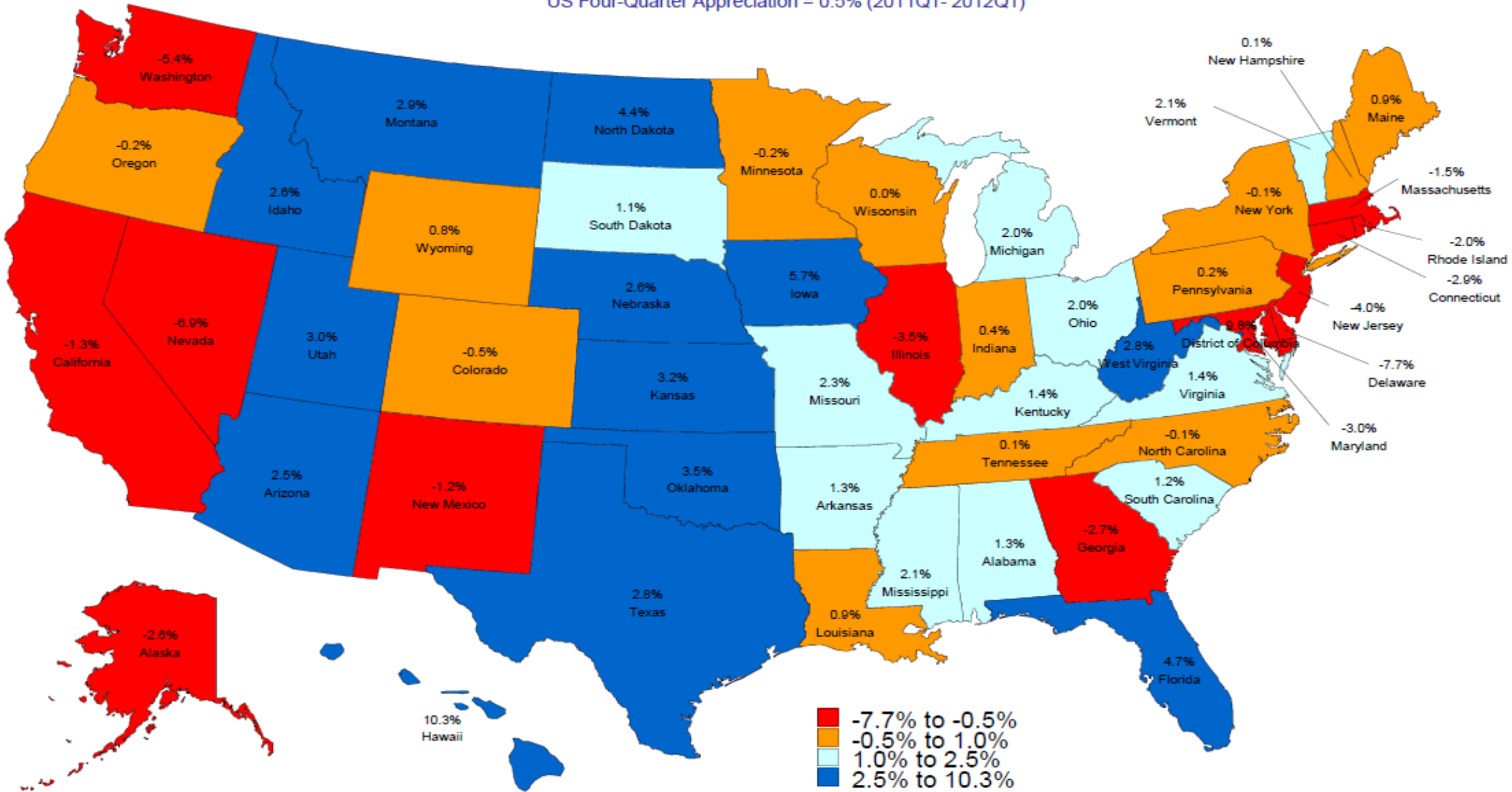
Source: Ward's Automotive, Graphics by NADA Industry Analysis, Paul Taylor, Chief Economist

State of the U.S. Economy: Q1 2012 and Beyond	Change
Performance of existing U.S. housing prices (FHFA index: year over / first quarter 2012)	+0.5%
Negative growth expected in Eurozone, 1st-quarter 2012: Germany, 1st-quarter 2012 GDP growth: U.S., 1st-quarter 2012 real GDP growth (estimated):	Estimated to be Flat +0.5% +2.2%
Lack of control of U.S. spending (U.S. elected officials, a long- and short-term concern)	Very modest progress
Lack of light-vehicle inventory, first-quarter 2012	Significant progress expected overall
Interest rates for light vehicles	Will Remain low during 2012
Consumer Confidence Index (Conference Board)	Increase to 64.5 in December 2011 (1985=100), 44.2 in August 2011, 68.7 in April dropping to 64.9 in May 2012
Unemployment rate	December 2011 rate was 8.5%, versus 8.1% in April, 2012

First Quarter, 2012 Housing Prices Find a Bottom in Most States

Four-Quarter Price Change by State: Purchase-Only Index (Seasonally Adjusted)

US Four-Quarter Appreciation = 0.5% (2011Q1- 2012Q1)



New Car Dealership Performance Improves in Slow-growth Economy

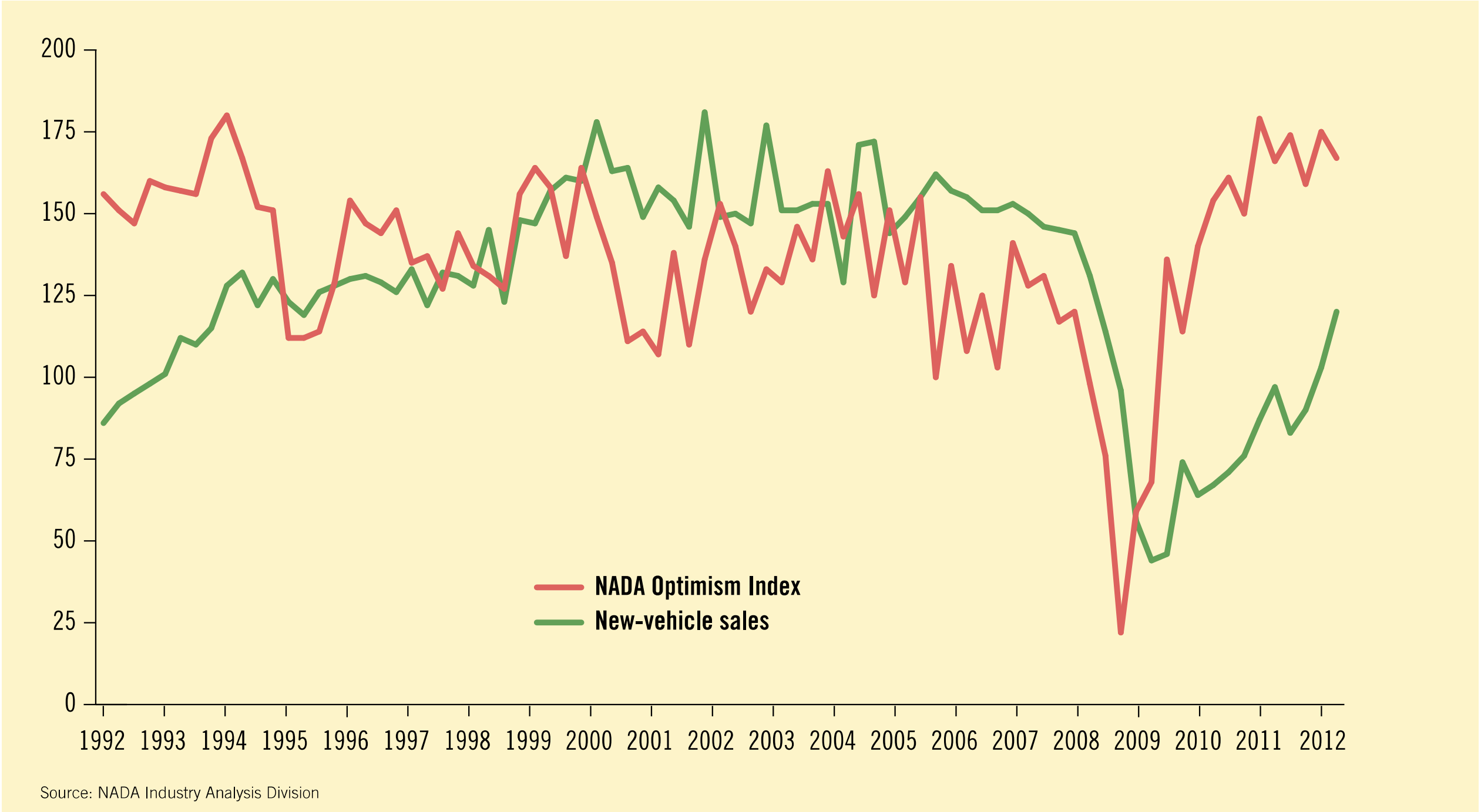
(Q1 2012 compared to 2011 for typical dealership)

First Quarter: 2011

2012

Total sales	\$8,318,022	\$9,158,600
Net pretax profit	2.4%	2.6%
Floorplan expense per new retail unit sold at retail	-\$67	-\$27
Net debt-to-equity ratio	0.99	0.95
Current ratio	1.35	1.36
Service & parts absorption	58.5%	56.1%
Return on equity	29.3%	32.6%

Optimism index vs. new-vehicle sales



Source: NADA Industry Analysis Division

Short-term and Long-term Issues for the U.S. Economy

- Interest rates remain low and will stay low through 2012-13. Government gridlock and the corrosive impact of government debt restrains economic growth, price recovery of the housing market and employment growth.
- Downgrade in the credit ratings in Europe, the U.S. and various states and cities slows U.S. economic recovery only slightly.
- Europe's Economy and the Euro currency are a concern to the U.S. through our trade accounts. Dollar rising versus the Euro eventually hurts exports from the U.S.

Supply of 1- to 2-Year-Old Vehicles:

Down Significantly as a Result of Recession,
Short Duration Leases Expected during 2012

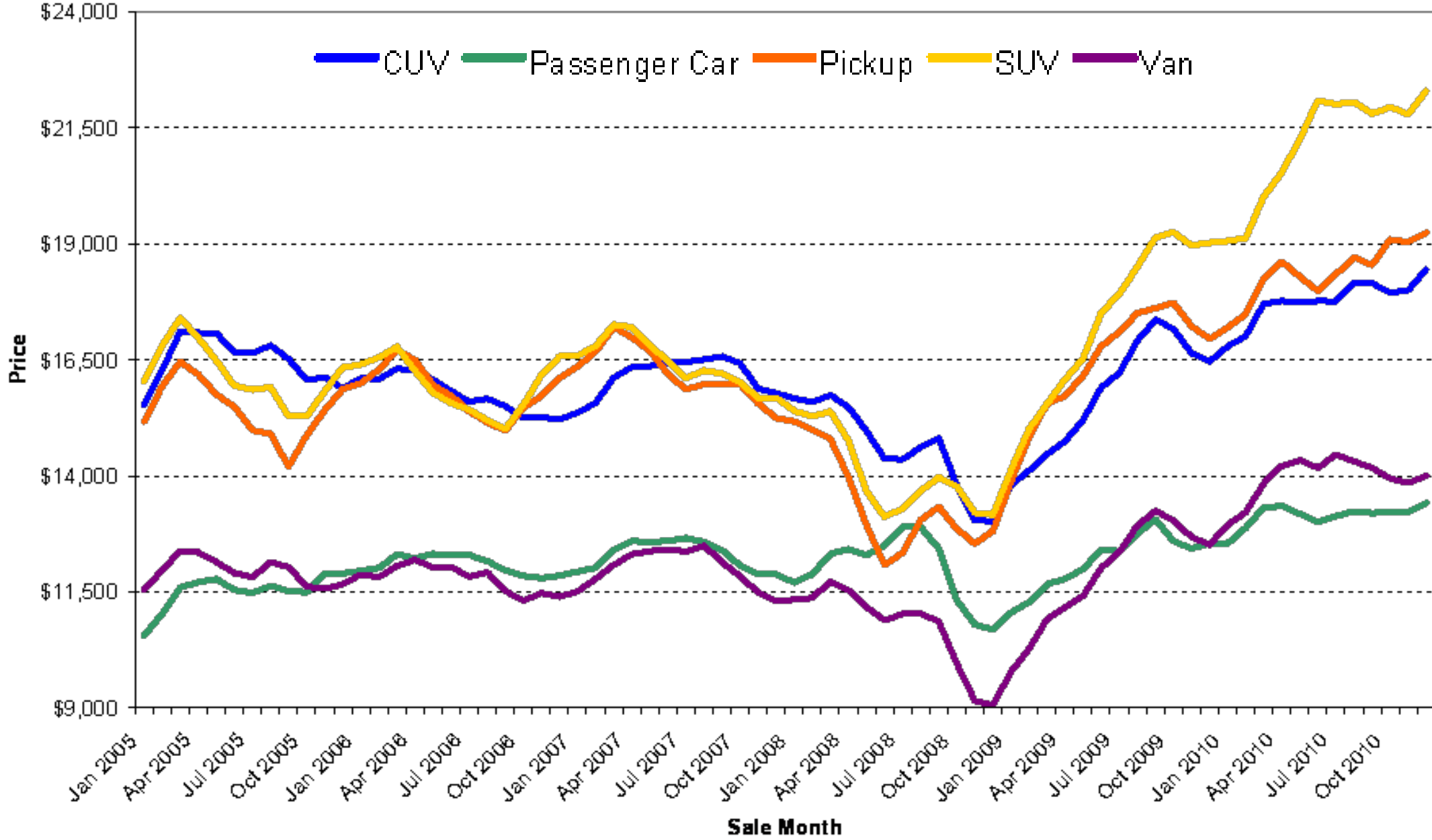
Returning used supply: Vehicle age 12-24 months
3-month moving average



Higher Used Car Average “AuctionNet” Prices by Segment support New Car Sales

1- to 5-Year-Old Used Vehicles, 2005-2011

Average AuctionNet segment price 1- to 5-Year old vehicles



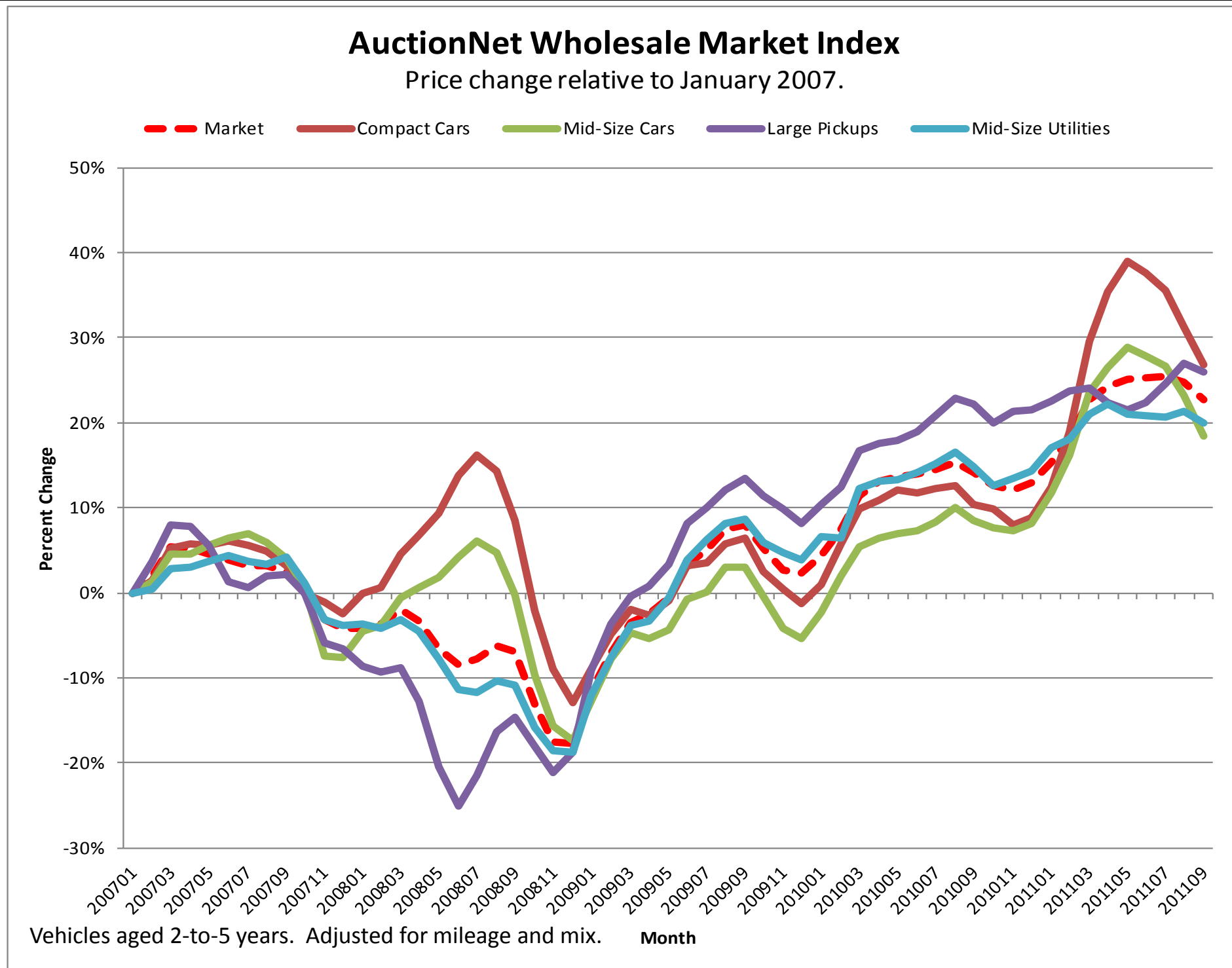
Source: AuctionNet®

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Used Vehicle Prices

Strong demand, declining supply, and positive new market symbiosis have pressured used vehicle prices to historic highs.



Short-term and Long-term Issues: Part 2

- Stabilizing prices of residential real estate assists consumer confidence on expenditures on big-ticket items as a price bottom occurs for housing prices in most states. Stable home prices help new car sales. Home prices increase in some states. Pacific states home prices mostly falling.
- Gasoline prices favorable to light-vehicle sales but international concerns for future crude oil prices remain. Recession in Europe should moderate oil prices, but concern focuses on Iran and Syria.
- Low interest rates, moderate gasoline prices and high values for used cars all support higher new-car sales ahead.

