

May 12, 2010

Attention Business/Financial Editors:

AutoCanada Inc. releases financial results for the reporting period ended March 31, 2010 and announces the reinstatement of a quarterly dividend of \$0.04 per common share:

A conference call to discuss the results for the three month period ended March 31, 2010 will be held on May 13, 2010 at 10:30 a.m. Eastern time. To participate in the conference call, please dial 1-888-231-8191 or (647) 427-7450 approximately 10 minutes prior to the call. A live and archived audio webcast of the conference call will also be available on the Company's website www.autocan.ca.

EDMONTON, Alberta, May 12, 2010/CNW - AutoCanada Inc. (the "Company" or "AutoCanada") (TSX: ACQ) today announced financial results for the three month period ended March 31, 2010.

2010 First Quarter Operating Results

- Same store new vehicle unit sales increase of 27.0%
- Same store revenue increased by 16.9% or \$26.6 million
- Same store gross profit increased by 11.1% or \$3.2 million
- EBITDA increased 38.1% to \$3.1 million from \$2.2 million in Q1 of 2009
- Pre-tax earnings increased 66.7% to \$2.0 million from \$1.2 million
- Net earnings increased by 27.2% to \$1.4 million from \$1.1 million
- Revenue increased 16.6% or \$28.7 million
- Gross profit increased by 11.3% or \$3.5 million
- Repair orders completed for the quarter were up 7.6%
- The number of new and used vehicles retailed increased by 7.2%

In commenting on the financial results for the three month period ended March 31, 2010, Pat Priestner, Chief Executive Officer of AutoCanada Inc. stated that, "We have continued to see improvements in the automotive retail market in the first three months of 2010. As a result of the increase in new vehicle sales, our finance and insurance revenues have improved and our parts and service revenues have also benefitted from increased sales. We are also pleased to have acquired an additional Hyundai dealership in April and to have the opportunity to build on our strong partnership with Hyundai Auto Canada in Mississauga, Ontario."

First Quarter 2010 Highlights

- Net earnings of \$1.4 million or basic and diluted earnings per share of \$0.072.
- Pre-tax earnings of \$2.0 million or basic and diluted earnings per share of \$0.098.
- Same store revenue increased by 16.9% in the first quarter of 2010, compared to the same quarter in 2009.
- Same store gross profit increased by 11.1% in the first quarter of 2010, compared to the same quarter in 2009.
- Revenue from existing and new dealerships increased 16.6% to \$201.5 million in the first quarter of 2010 from \$172.8 million in the same quarter in 2009.
- Gross profit from existing and new dealerships increased 11.3% to \$34.7 million in the first quarter of 2010 from \$31.2 million in the same quarter in 2009.
- EBITDA increased 38.1% to \$3.1 million in the first quarter of 2010 from \$2.2 million in the same quarter in 2009.
- Free cash flow generated of \$0.281 per share and adjusted free cash flow of \$0.123 in the first quarter of 2010.
- On April 12, 2010 the Company completed the acquisition of Future Hyundai, located in Mississauga, Ontario, to be continued under the name 401/Dixie Hyundai.

Reinstatement of a Quarterly Dividend

AutoCanada announced today that it is resuming payment of dividends at an annual rate of \$0.16 cents per common share. Accordingly, the board declared today an initial quarterly eligible dividend of \$0.04 per common share on AutoCanada's outstanding Class A common shares, payable on June 15, 2010 to shareholders of record at the close of business on May 31, 2010.

“Our improved financial performance in recent months confirms to us that we remain a highly competitive company with a manageable cost structure even during a prolonged economic downturn. We are confident that we can continue to deliver solid financial performance despite a fragile economic environment,” said Pat Priestner, CEO of AutoCanada. “We continue to focus on shareholder value and I am pleased to announce this milestone. The initiation of a regular quarterly dividend is a strong commitment to return cash to shareholders.”

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows the unaudited results of the AutoCanada for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

(In thousands of dollars except
Operating Data and gross profit %)

	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Income Statement Data								
New vehicles	128,371	118,807	96,634	87,176	108,181	117,513	102,880	115,395
Used vehicles	61,223	57,790	47,605	49,550	55,098	56,386	48,135	48,216
Parts, service & collision repair	26,610	26,492	27,105	26,390	27,322	26,941	27,730	27,011
Finance, insurance & other	13,121	13,597	11,023	9,683	11,669	12,027	10,252	10,918
Revenue	229,325	216,686	182,367	172,799	202,270	212,867	188,997	201,540
New vehicles	9,699	9,266	6,729	5,828	7,951	9,003	7,157	7,809
Used vehicles	5,180	5,156	3,671	3,810	5,677	5,744	4,309	3,977
Parts, service & collision repair	12,896	13,290	13,090	12,811	13,708	13,374	13,447	13,106
Finance, insurance & other	12,244	12,629	10,137	8,732	10,489	10,717	9,218	9,825
Gross profit	40,019	40,341	33,627	31,181	37,825	38,838	34,131	34,717
Gross profit %	17.5%	18.6%	18.4%	18.0%	18.7%	18.3%	18.1%	17.2%
Sales, general & admin expenses	29,916	30,491	28,157	27,813	30,450	30,565	29,313	29,834
SG&A exp. as % of gross profit	74.8%	75.5%	83.7%	89.2%	80.5%	78.7%	85.9%	85.9%
Floorplan interest expense	1,895	1,693	1,443	970	1,104	1,399	1,382	1,661
Other interest & bank charges	396	458	441	375	552	802	552	362
Income taxes	148	(1,869)	(8,579)	97	67	37	248	522
Net earnings	6,906	(38,318)	(67,121)	1,054	4,750	5,099	1,675	1,433
EBITDA	8,022	7,975	3,868	2,230	6,135	6,716	3,271	3,079
Operating Data								
Vehicles (new and used) sold	6,576	6,462	5,124	5,149	6,067	6,415	5,451	5,676
New retail vehicles sold	3,471	3,245	2,376	2,291	3,030	3,236	2,559	2,787
New fleet vehicles sold	470	532	526	473	446	619	695	661
Used retail vehicles sold	2,635	2,685	2,222	2,385	2,591	2,560	2,197	2,228
Number of service & collision repair orders completed	72,227	74,300	69,560	70,021	75,062	79,346	76,853	75,311
Absorption rate	100%	99%	94%	84%	90%	92%	91%	85%
# of dealerships	20	21	22	22	22	22	22	22
# of same store dealerships	14	14	14	16	17	18	19	19
# of service bays at period end	279	284	288	323	323	321	331	331
Same store revenue growth	(3.8)%	(17.1)%	(16.7)%	(19.8)%	(15.3)%	(3.9)%	1.3%	16.9%
Same store gross profit growth	0.2%	(3.3)%	(8.0)%	(12.8)%	(8.7)%	(6.3)%	(1.1)%	11.1%
Balance Sheet Data								
Cash and cash equivalents	18,459	19,194	19,592	12,522	14,842	23,224	22,465	23,615
Accounts receivable	35,374	39,390	31,195	33,821	27,034	38,134	35,388	40,752
Inventories	135,447	134,565	139,948	116,478	90,141	107,431	108,324	153,847
Revolving floorplan facilities	131,505	135,562	137,453	114,625	73,161	105,254	102,650	160,590

Company management considers same store gross profit and sales information to be an important operating metric when comparing the results of the Company to other industry participants.

The following table summarizes the sales for the three months ended March 31, 2010 on a same store basis by revenue source and compares these results to the same period in 2009.

(In thousands of dollars except % change and vehicle data)	For the Three Month Period Ended		
	March 31, 2010	March 31, 2009	% Change
Revenue Source			
New vehicles	104,729	77,816	34.6%
Used vehicles	45,087	46,806	(3.7)%
Finance, insurance and other	<u>9,884</u>	<u>8,853</u>	<u>11.7%</u>
Subtotal	159,700	133,475	19.6%
Parts, service and collision repair	24,633	24,251	1.6%
Total	<u>184,333</u>	<u>157,726</u>	<u>16.9%</u>
New vehicles - retail sold	2,512	2,003	25.4%
New vehicles – fleet sold	624	467	33.6%
Used vehicles sold	<u>2,055</u>	<u>2,208</u>	<u>(6.9)%</u>
Total	<u>5,191</u>	<u>4,678</u>	<u>11.0%</u>
Total vehicles retailed	<u>4,567</u>	<u>4,211</u>	<u>8.5%</u>

The following table summarizes the gross profit for the three months ended March 31, 2010 on a same store basis by revenue source and compares these results to the same period in 2009.

(In thousands of dollars except % change and gross profit %)	Same Store Gross Profit and Gross Profit Percentage					
	For the Three Month Period Ended					
	Gross Profit			Gross Profit %		
	March 31, 2010	March 31, 2009	% Change	March 31, 2010	March 31, 2009	% Change
Revenue Source						
New vehicles	7,088	4,922	44.4%	6.8%	6.3%	7.9%
Used vehicles	3,731	3,839	(2.8)%	8.3%	8.2%	1.2%
Finance, insurance and other	<u>9,092</u>	<u>8,143</u>	<u>11.7%</u>	92.0%	92.0%	0.0%
Subtotal	19,911	16,904	17.8%			
Parts, service and collision repair	<u>12,003</u>	<u>11,832</u>	<u>1.4%</u>	<u>48.7%</u>	<u>48.8%</u>	<u>0.0%</u>
Total	<u>31,914</u>	<u>28,736</u>	<u>11.1%</u>	<u>17.3%</u>	<u>18.2%</u>	<u>(4.9)%</u>

About AutoCanada

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 23 franchised dealerships in British Columbia, Alberta, Manitoba, Ontario, New Brunswick and Nova Scotia. In 2009, the 22 franchised automobile dealerships owned by the Company, sold approximately 23,000 vehicles and processed approximately 300,000 service and collision repair orders in our 331 service bays. We have grown, and intend to continue to grow, our business through the acquisition of franchised automobile dealerships in key markets, the organic growth of our existing dealerships, the opening of new franchised automobile dealerships, or "Open Points", and the management of franchised automobile dealerships.

Our dealerships derive their revenue from the following four inter-related business operations: new vehicle sales; used vehicle sales; parts, service and collision repair; and finance and insurance. While new vehicle sales are the most important source of revenue, they generally result in lower gross profits than used vehicle sales, parts, service and collision repair operations and finance and insurance sales. Overall gross profit margins increase as revenues from higher margin operations increase relative to revenues from lower margin operations. We earn fees for arranging financing on new and used vehicle purchases on behalf of third parties and therefore we do not have an in-house lease program and as a result we do not have exposure to residual value risk of returned lease vehicles.

Forward Looking Statements

Certain statements contained in this press release are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "expect", "plan", "seek", "may", "intend", "likely", "will", "believe" and similar expressions are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document.

In particular, material forward-looking statements in this press release include:

- our plans for future growth and effects of future growth on financial performance;
- assumptions regarding the upcoming launch of various Chrysler products and timing of arrival of products;
- assumptions regarding our ability to continue to deliver solid financial performance;
- our view that dividend reinstatement is attractive to shareholders going forward.

The foregoing factors are further discussed in the Company's Annual Information Form dated March 22, 2010 which is filed on SEDAR at www.sedar.com.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

NON-GAAP MEASURES

Our press release contains certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, and financing activities determined in accordance with Canadian GAAP, as indicators of our performance. We provide these measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used. We list and define these "NON-GAAP MEASURES" below:

EBITDA

EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. The Company believes EBITDA assists investors in comparing a company's performance on a consistent basis without regard to depreciation and amortization and asset impairment charges which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors such as historical cost. References to "EBITDA" are to earnings before interest expense (other than interest expense on floorplan financing and other interest), income taxes, depreciation, amortization and asset impairment charges.

Free Cash Flow

Free cash flow is a measure used by management to evaluate its performance. While the closest Canadian GAAP measure is cash provided by operating activities, free cash flow is considered relevant because it provides an indication of how much cash generated by operations is available after capital expenditures. It shall be noted that although we consider this measure to be free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that free cash flow may not actually be available for growth or distribution of the Company. References to "Free cash flow" are to cash provided by (used in) operating activities (including the net change in non-cash working capital balances) less capital expenditure.

Adjusted Free Cash Flow

Adjusted free cash flow is a measure used by management to evaluate its performance. Free cash flow is considered relevant because it provides an indication of how much cash generated by operations before changes in non-cash working capital is available after deducting expenditures for non-growth capital assets. It shall be noted that although we consider this measure to be adjusted free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that adjusted free cash flow may not actually be available for growth or distribution of the Company. References to "Adjusted free cash flow" are to cash provided by (used in) operating activities (before changes in non-cash working capital balances) less non-growth capital expenditures.

Absorption Rate

Absorption rate is an operating measure commonly used in the retail automotive industry as an indicator of the performance of the parts, service and collision repair operations of a franchised automobile dealership. Absorption rate is not a measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, absorption rate may not be comparable to similar measures presented by other issuers that operate in the retail automotive industry. References to "absorption rate" are to the extent to which the gross profits of a franchised automobile dealership from parts, service and collision repair cover the costs of these departments plus the fixed costs of operating the dealership, but does not include expenses pertaining to our head office. For this purpose, fixed operating costs include fixed salaries and benefits, administration costs, occupancy costs, insurance expense, utilities expense and interest expense (other than interest expense relating to floor plan financing) of the dealerships only.

Cautionary Note Regarding Non-GAAP Measures

EBITDA and Free Cash Flow are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating EBITDA and Free Cash Flow may differ from the methods used by other issuers. Therefore, the Company's EBITDA and Free Cash Flow may not be comparable to similar measures presented by other issuers.

Additional information about AutoCanada Inc. is available at the Company's website at www.autocan.ca and www.sedar.com. For further information contact:

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AutoCanada Inc.

Interim Consolidated Balance Sheet

(expressed in Canadian dollar thousands)

**March 31,
2010
(Unaudited)**

**December 31,
2009**

	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	23,615	22,465
Accounts receivable	40,752	35,388
Inventories (note 4)	153,847	108,324
Prepaid expenses	2,013	1,649
Future income taxes	-	500
	<u>220,227</u>	<u>168,326</u>
Property & equipment	17,400	17,794
Intangible assets	43,700	43,700
Future income taxes	1,160	1,647
Leasehold inducements (note 7)	2,569	2,142
Other assets	<u>56</u>	<u>56</u>
	<u>285,112</u>	<u>233,665</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	22,158	25,556
Revolving floorplan facilities (note 5)	160,590	102,650
Income taxes payable	1,547	-
Current portion of long-term debt (note 6)	272	271
Future income taxes	-	2,012
	<u>184,567</u>	<u>130,489</u>
Long-term debt (note 6)	<u>19,010</u>	<u>23,074</u>
	<u>203,577</u>	<u>153,563</u>
Economic dependence (note 2)		
SHAREHOLDERS' EQUITY		
Share capital	190,435	190,435
Contributed surplus	3,918	3,918
Deficit	<u>(112,818)</u>	<u>(114,251)</u>
	<u>81,535</u>	<u>80,102</u>
	<u>285,112</u>	<u>233,665</u>

AutoCanada Inc.

Interim Consolidated Statement of Operations, Comprehensive Income and Deficit

(expressed in Canadian dollar thousands except share and per share amounts)

	<i>Three Months ended March 31, 2010 (unaudited)</i>	<i>Three Months ended March 31, 2009 (unaudited)</i>
	\$	\$
Revenue		
Vehicles	173,569	145,946
Parts, service and collision repair	27,055	26,395
Other	916	458
	<hr/>	<hr/>
	201,540	172,799
Cost of sales (note 4)	166,823	141,618
	<hr/>	<hr/>
Gross profit	34,717	31,181
	<hr/>	<hr/>
Expenses		
Selling, general and administrative	29,834	27,813
Interest	2,023	1,345
Amortization	905	872
	<hr/>	<hr/>
	32,762	30,030
	<hr/>	<hr/>
Earnings before income taxes	1,955	1,151
Income taxes	522	97
	<hr/>	<hr/>
Net earnings & comprehensive income for the period	1,433	1,054
Deficit, beginning of period	(114,251)	(124,344)
Distributions declared	-	(2,485)
	<hr/>	<hr/>
Deficit, end of period	(112,818)	(125,778)
	<hr/>	<hr/>
Earnings per share		
Basic	0.072	0.053
	<hr/>	<hr/>
Diluted	0.072	0.053
	<hr/>	<hr/>
Weighted average shares		
Basic	19,880,930	19,880,930
	<hr/>	<hr/>
Diluted	19,880,930	19,880,930
	<hr/>	<hr/>

AutoCanada Inc.

Interim Consolidated Statement of Cash Flows

(expressed in Canadian dollar thousands)

	<i>Three Months ended March 31, 2010 (unaudited)</i>	<i>Three Months ended March 31, 2009 (unaudited)</i>
Cash provided by (used in)	\$	\$
Operating activities		
Net earnings for the period	1,433	1,054
Items not affecting cash		
Income taxes	522	97
Unit-based compensation	-	39
Amortization	905	872
Loss (gain) on disposal of property & equipment	(2)	9
	2,858	2,071
Net change in non-cash working capital balances	3,260	(5,284)
	6,118	(3,213)
Investing activities		
Purchase of property & equipment	(541)	(1,065)
Disposal of other assets	-	44
Payment of leasehold inducements	(427)	-
Proceeds on sale of property & equipment	63	-
Restricted cash	-	(218)
	(905)	(1,239)
Financing activities		
Proceeds from long-term debt	-	286
Repayment of long-term debt	(4,063)	(419)
Distributions paid	-	(2,485)
	(4,063)	(2,618)
Increase (decrease) in cash	1,150	(7,070)
Cash and cash equivalents, beginning of period	22,465	19,592
Cash and cash equivalents, end of period	23,615	12,522
Supplementary information		
Cash interest paid	1,857	1,486
Transfer of inventory to property & equipment	107	176
Transfer of property & equipment to inventory	77	252