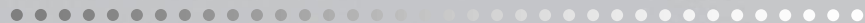




J.D. POWER
AND ASSOCIATES®

Staying Ahead of the Curve



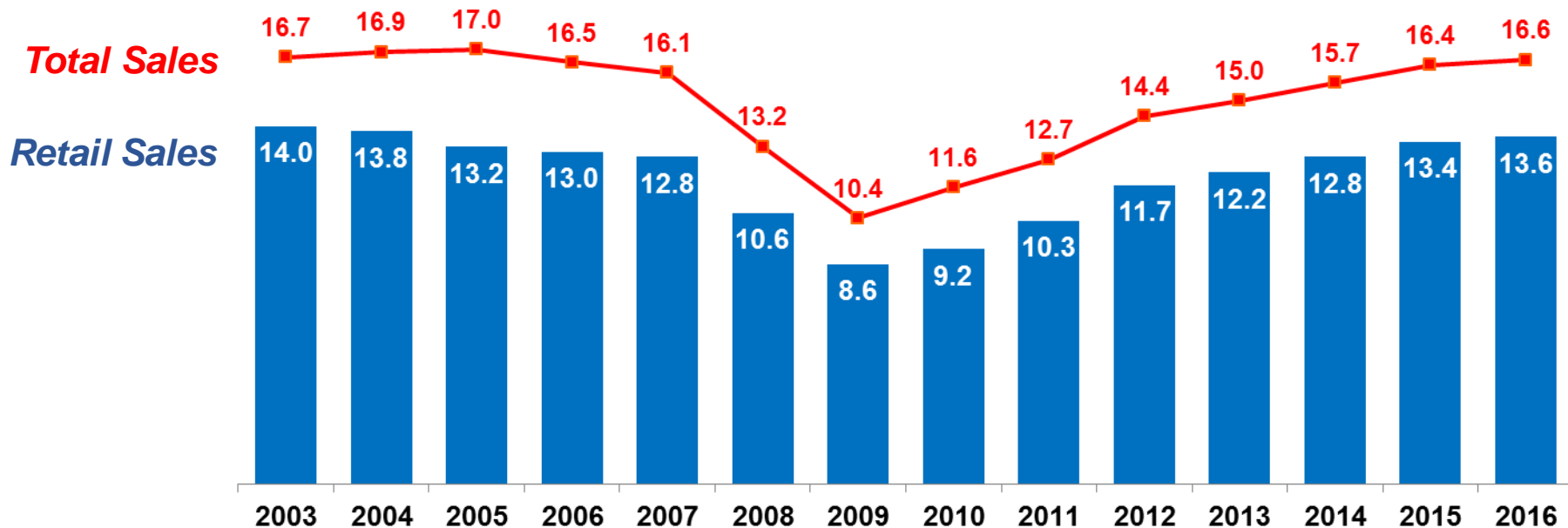
Understanding Key Trends in California's Automotive Marketplace

27 November 2012

John C. Humphrey
Senior Vice President & General Manager
Global Automotive Division
J.D. Power and Associates

Strong 2012 and Moderately Optimistic for 2013

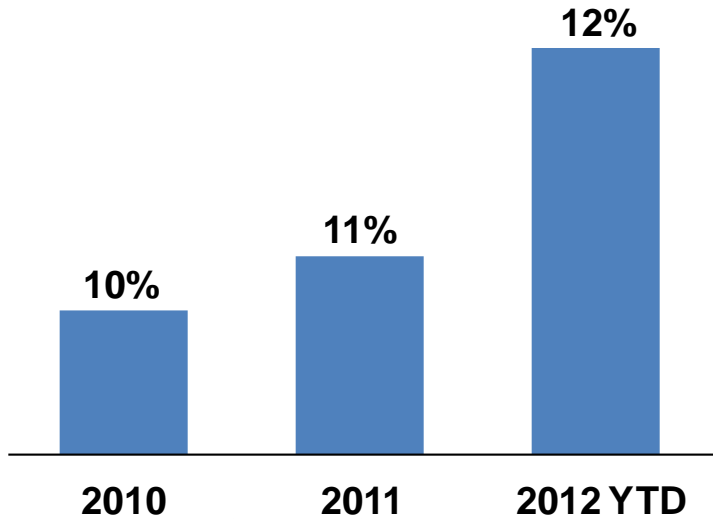
U.S. Light Vehicle Sales In Millions of Units



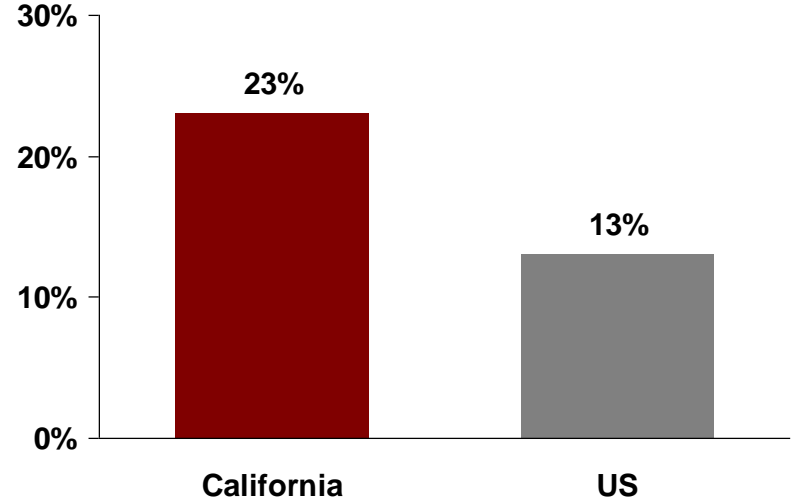
Sources: J.D. Power and Associates and LMC Automotive, November 2012

California's Recovery in Sales is Impressive

California Share of National Retail Sales



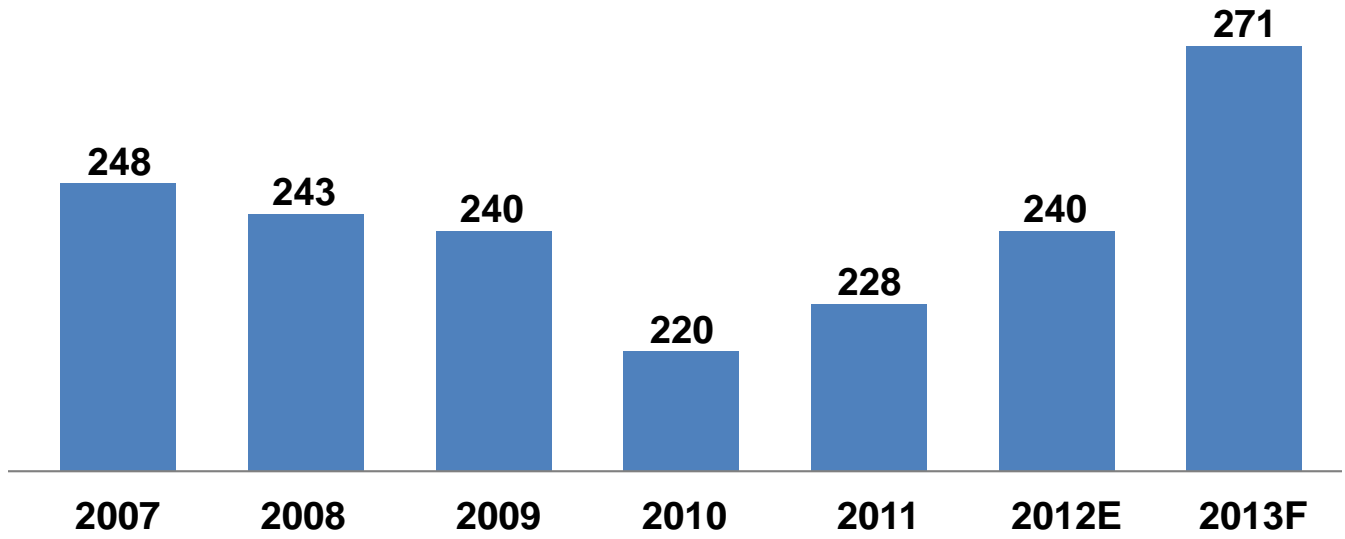
YOY Growth (2012 Trend)



Source: Power Information Network® (PIN)

More Product: More Consumer Interest *and* Competition

Products in Market

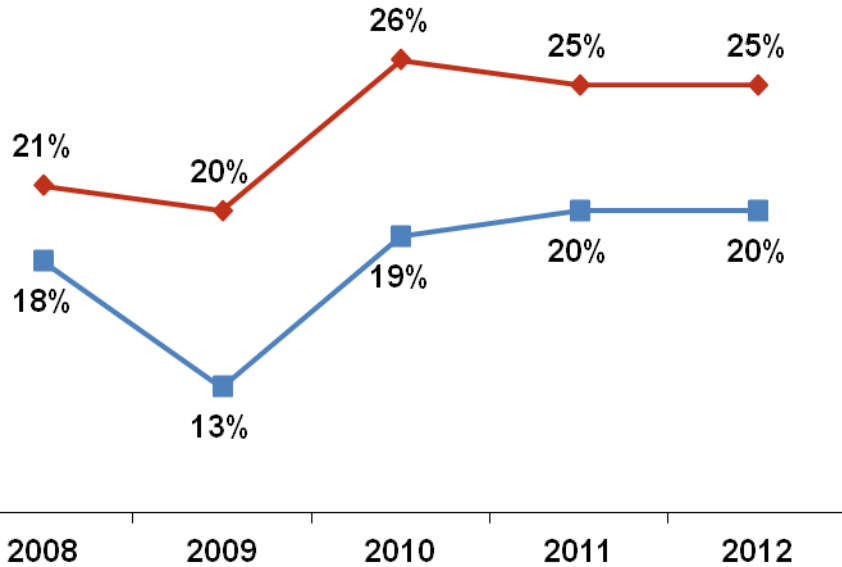


Sources: J.D. Power and Associates and LMC Automotive, November 2012

Recovery Seen in Leasing and Credit Availability

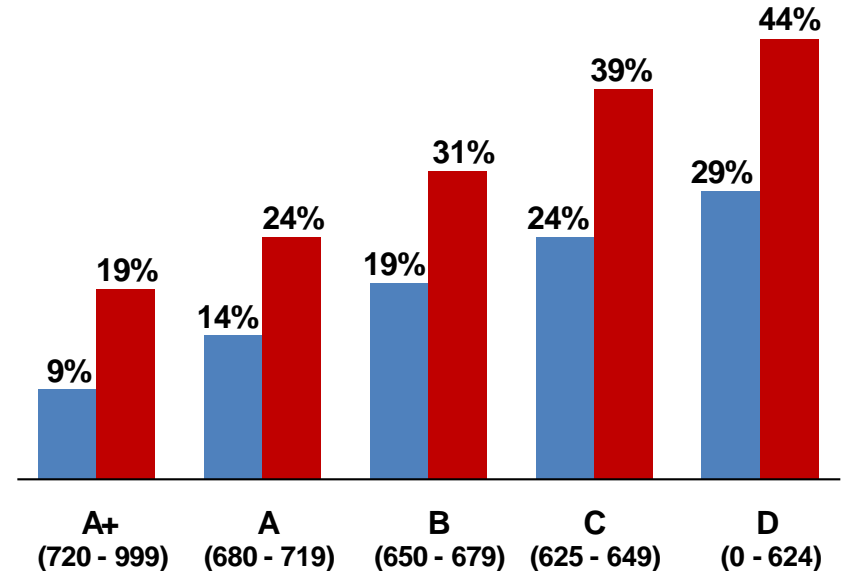
Lease Penetration

California (red line with diamonds) Nation (blue line with squares)



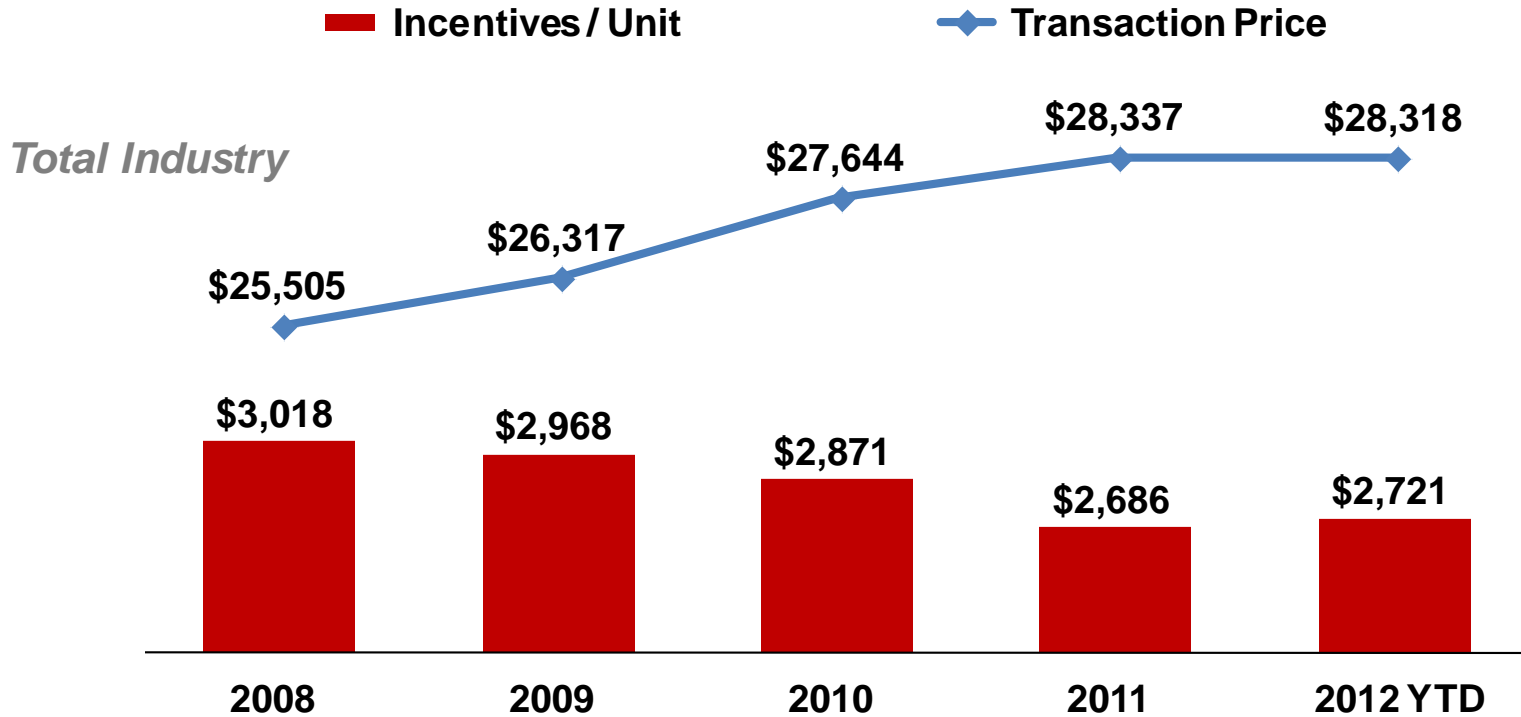
*Retail Sales by FICO:
2012 YTD Trend vs. 2011*

Nation (blue bars) California (red bars)



Source: Power Information Network® (PIN)

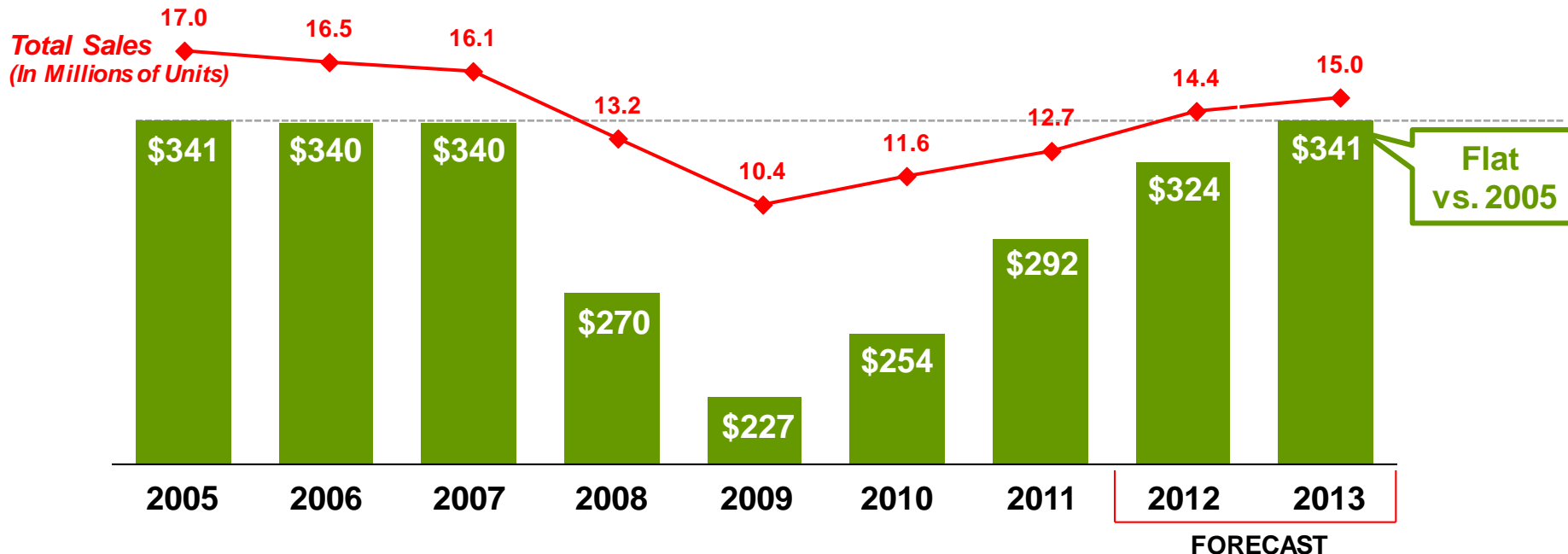
Record Transaction Prices And Less Incentives...



Source: Power Information Network® (PIN)

...Leading to A Much Healthier Industry

Consumer Expenditure on New Vehicles (\$Billions)



Sources: J.D. Power and Associates and LMC Automotive, November 2012

Risks to US Forecast

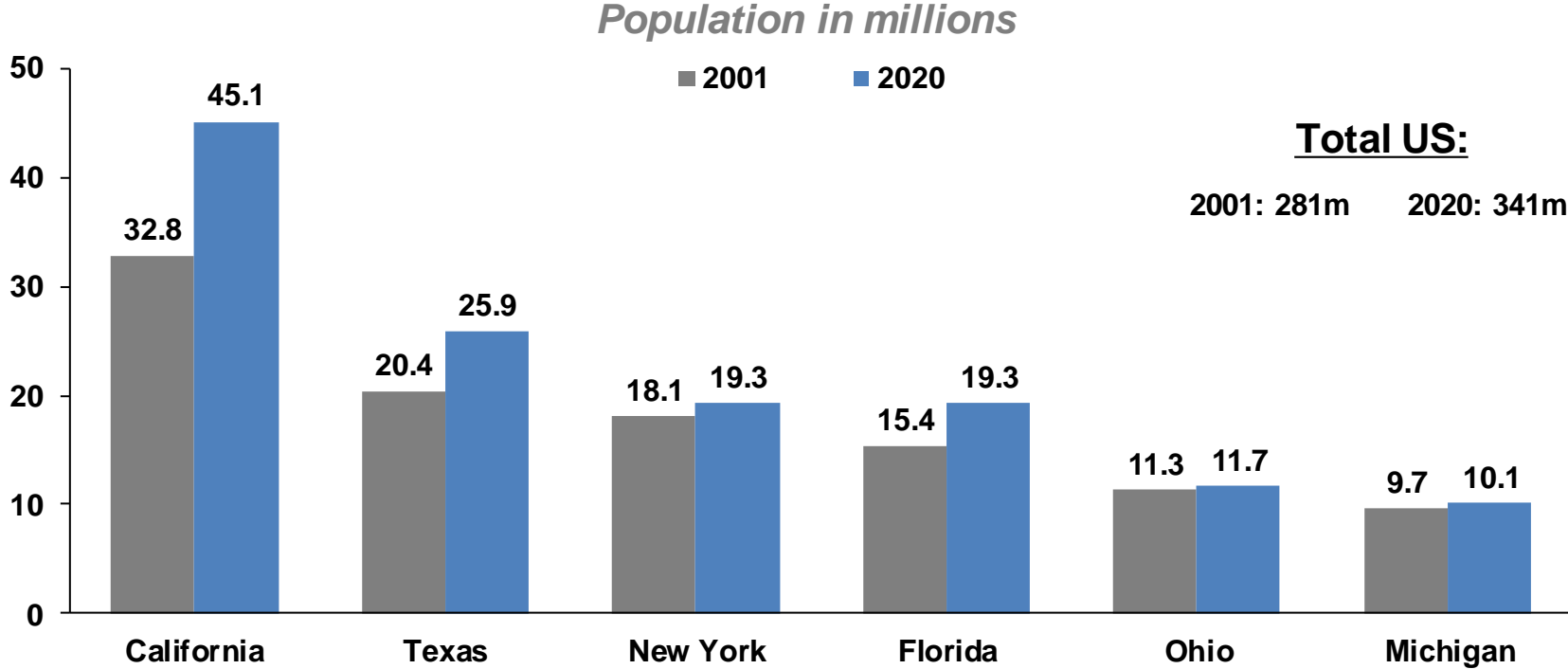
- Dealing with the fiscal cliff - real & psychological impact
- Geopolitical tensions in the gulf region
- Spreading of Euro debt crises
- Pace of recovery in employment
- Economic slow down in China

California Market Trends:

The Changing Face of California



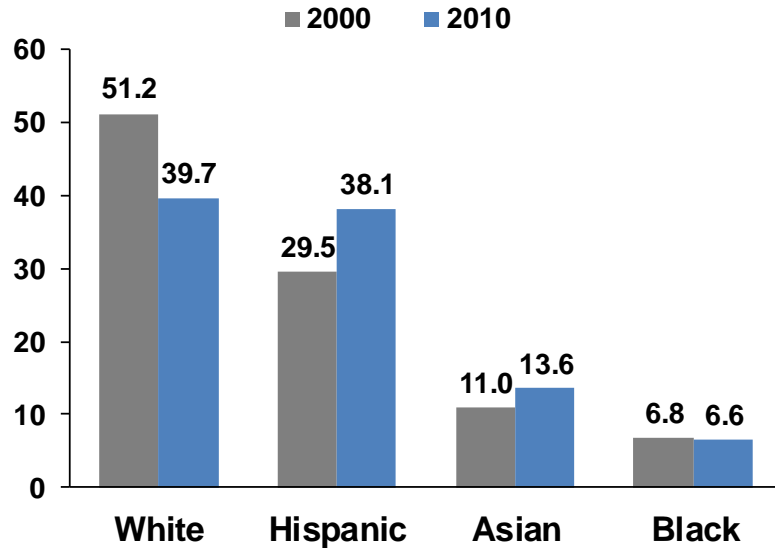
California: Continued Rapid Population Growth, But...



Source: Rand Corporation / U.S. Census Bureau

...A Rapid Diversification in Population

*California Demographics Trend
(percent)*



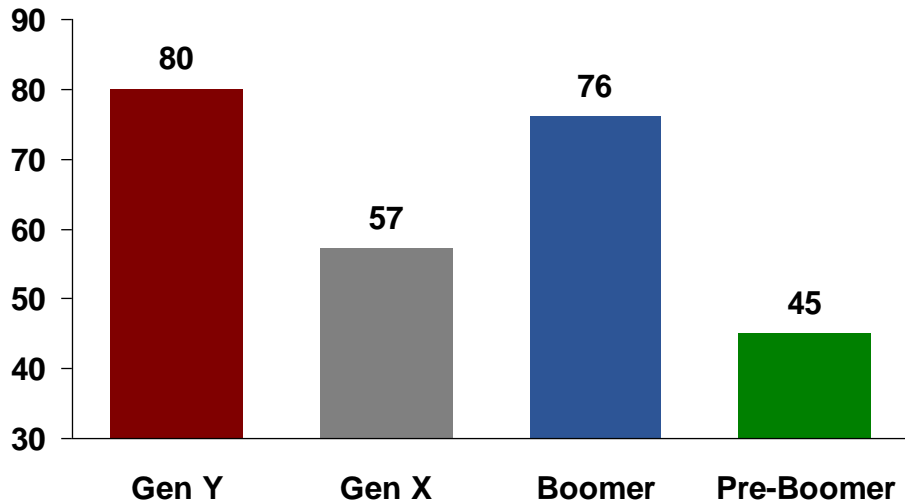
2010 %	California	USA
White	39.7	63.4
Hispanic	38.1	16.7
Asian	13.6	5.0
Black	6.6	13.1
Language other than English Spoken at home	43.0	20.1

Source: U.S. Census Bureau

Understanding Gen Y Will be Imperative

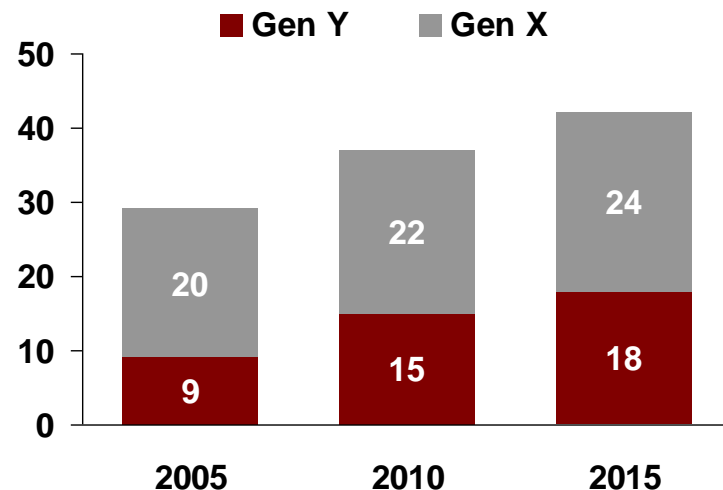
*US Estimated 2012 Population
(2012 Total USA Population: 313 Million)*

Population in millions



*Proportion of New-Vehicle Buyers
in the USA (Percent)*

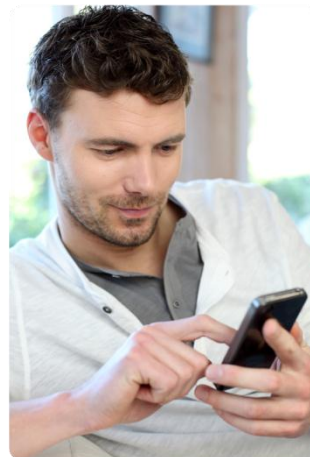
Percent



Sources: U.S. Census Bureau ; J.D. Power and Associates Sales Satisfaction Index (SSI) StudySM

California Market Trends:

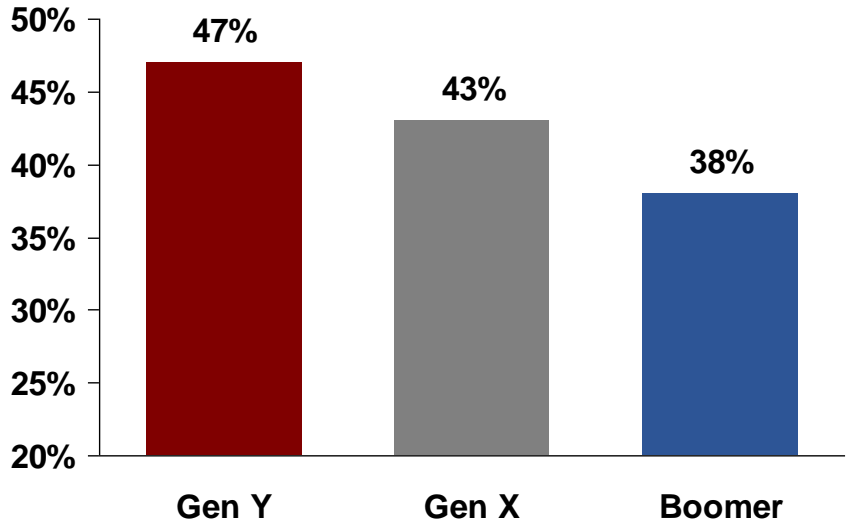
Attitudes, Values and Behavior



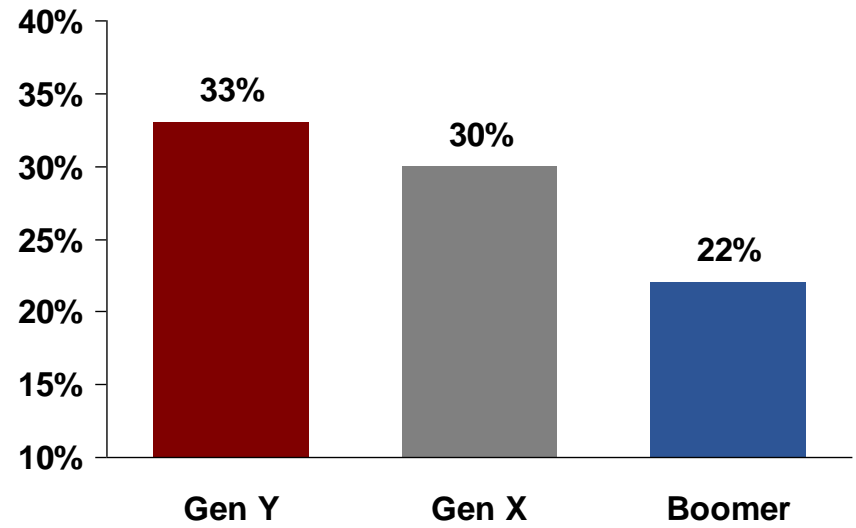
UNLEADED SELF	\$ 485 ⁹
PREMIUM SELF	\$ 496 ⁹
DIESEL PER	\$ 507 ⁹

Rethinking How to Engage with Younger Consumers

Most Influential Reason: Why I did Not Purchase from This Dealer? Dealer Treatment



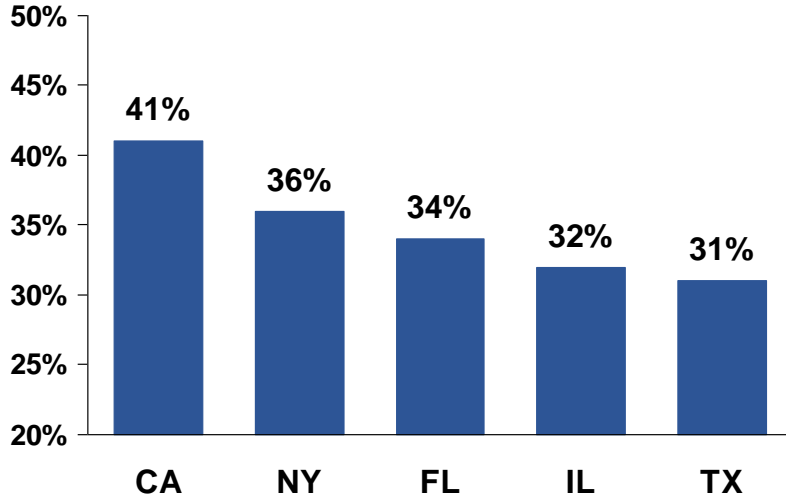
% Intending to Use Non-Franchised Dealer for Service



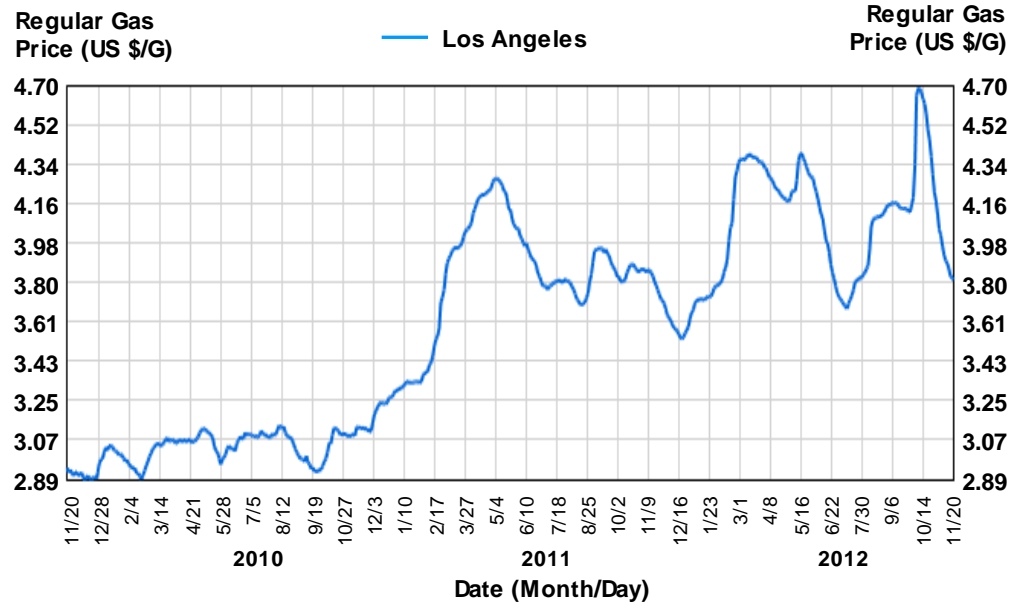
Source: J.D. Power and Associates Sales Satisfaction Index (SSI) StudySM

Trend Continues Towards Conservation / Environment

% Indicating Engaging in "Green" Activities



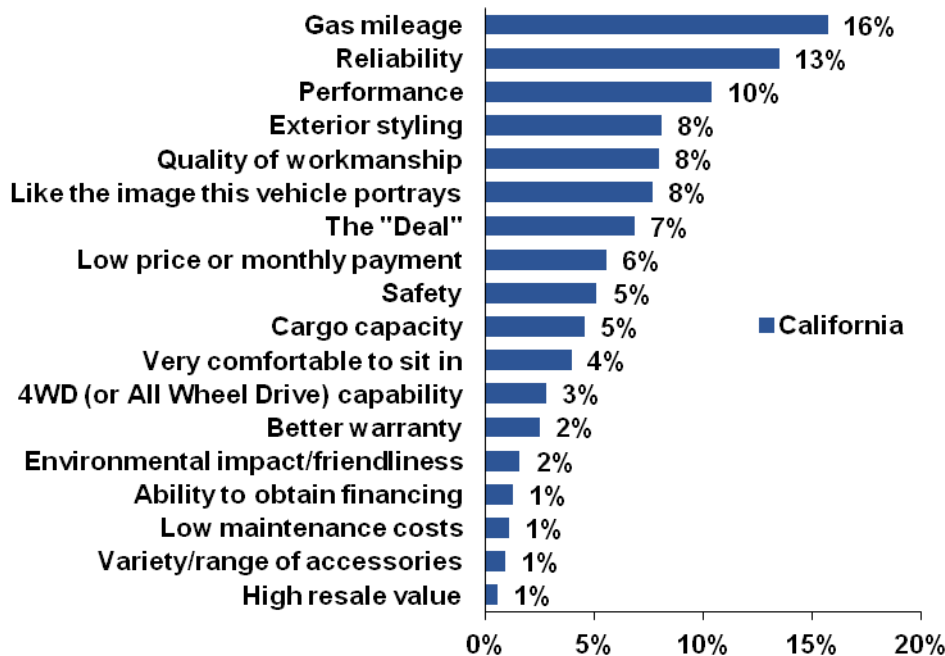
36 Month Average Retail Price Chart



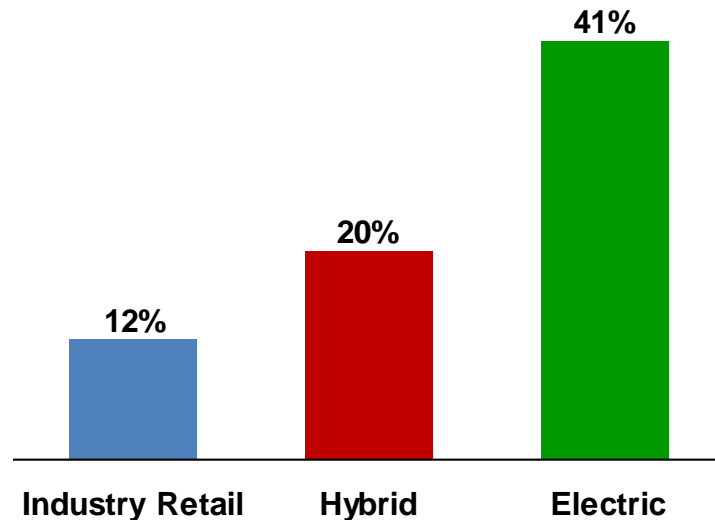
Source: ©2012 GasBuddy.com; J.D. Power Research

California Car Buyers: A Greater Interest in Fuel Efficiency

Most Influential Purchase Reason



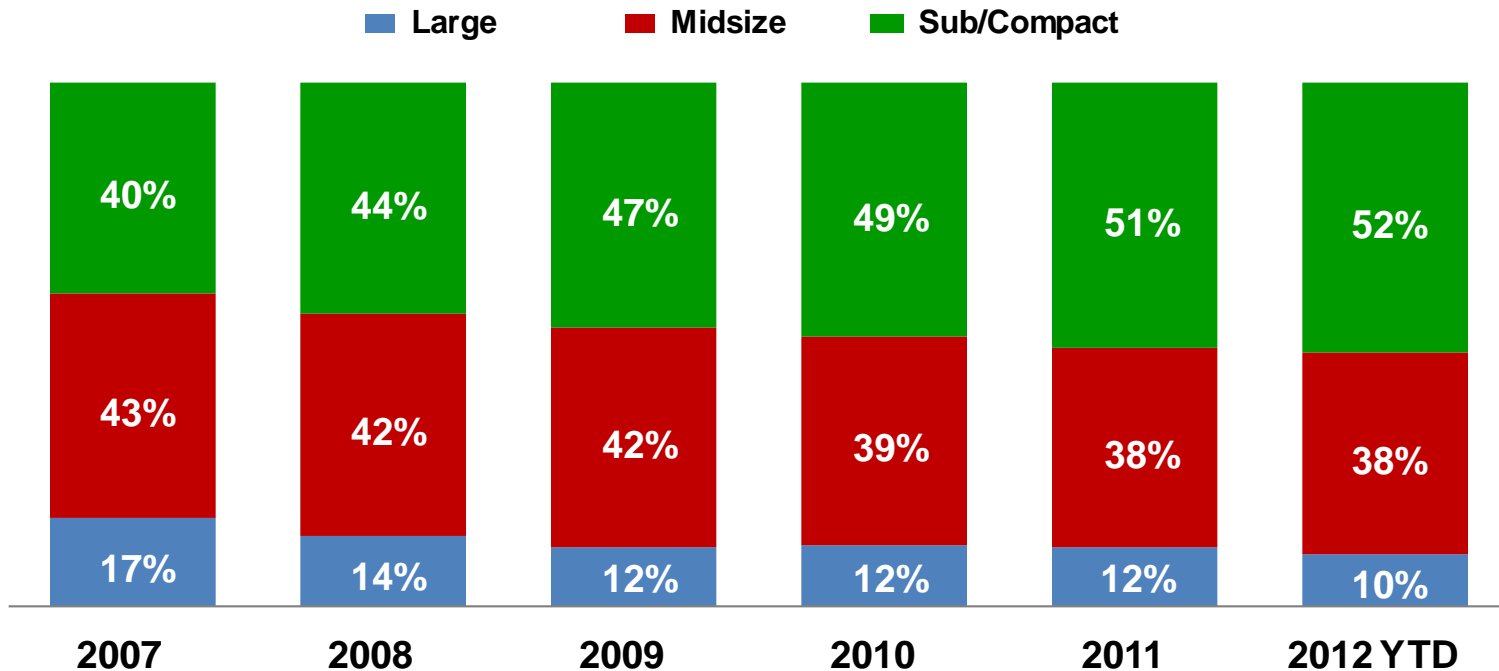
California % of National Sales



Sources: J.D. Power and Associates 2012 Automotive Media and Marketing ReportSM; Power Information Network[®] (PIN)

A Significant Shift To Smaller Vehicles

Segment Share of California Retail Sales



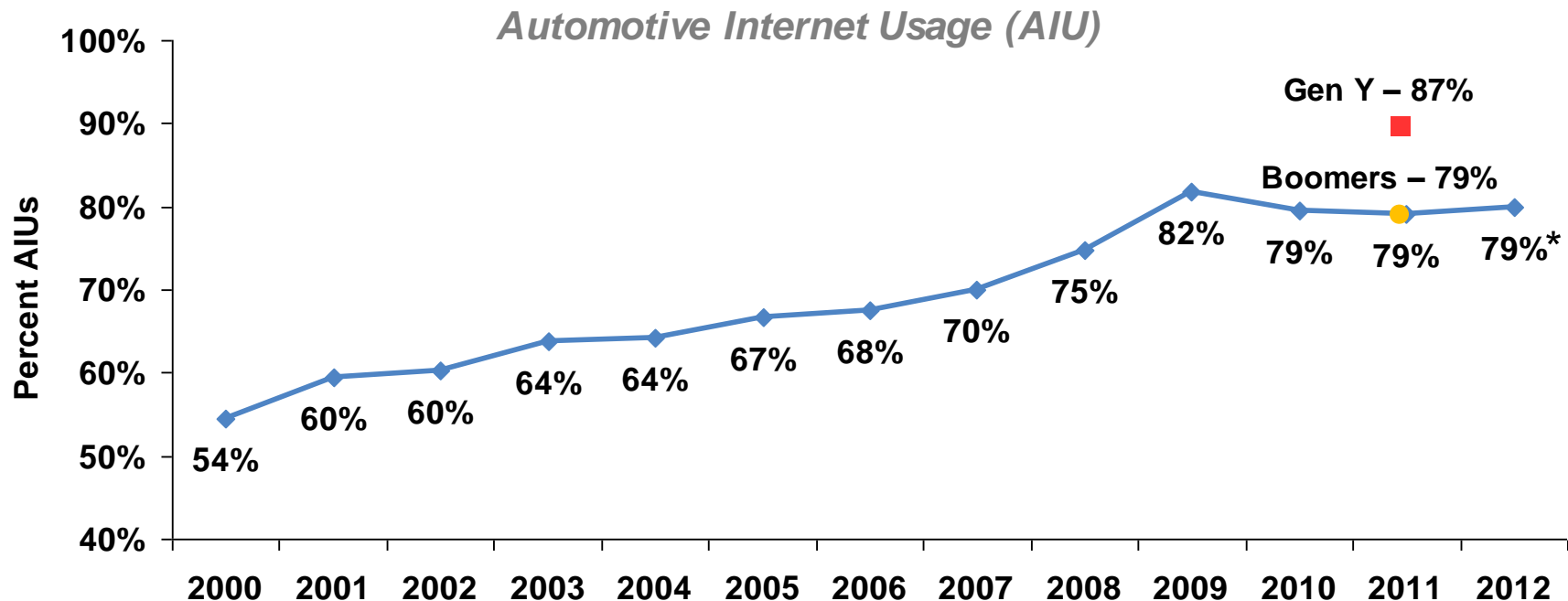
Source: Power Information Network® (PIN)

California Market Trends:

Technology's Impact on Retailing & Product



Are You Confident in Your Digital Strategy?

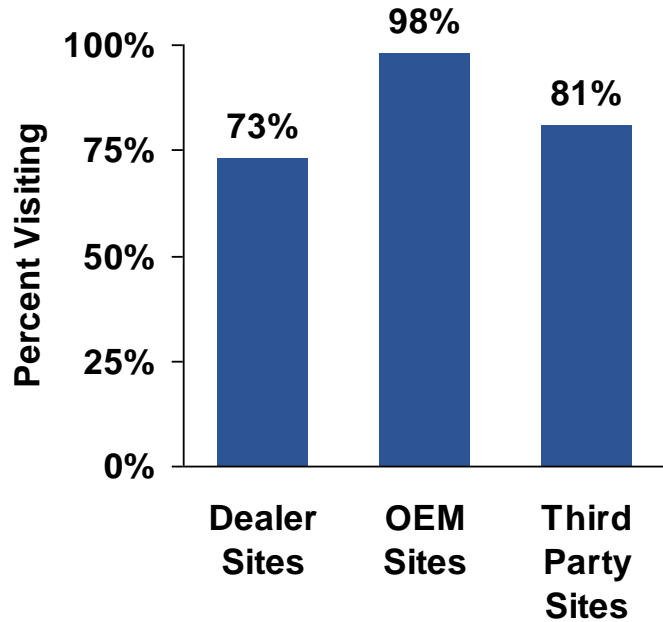


* Preliminary data from the J.D. Power and Associates 2012 Sales Satisfaction Index (SSI) StudySM

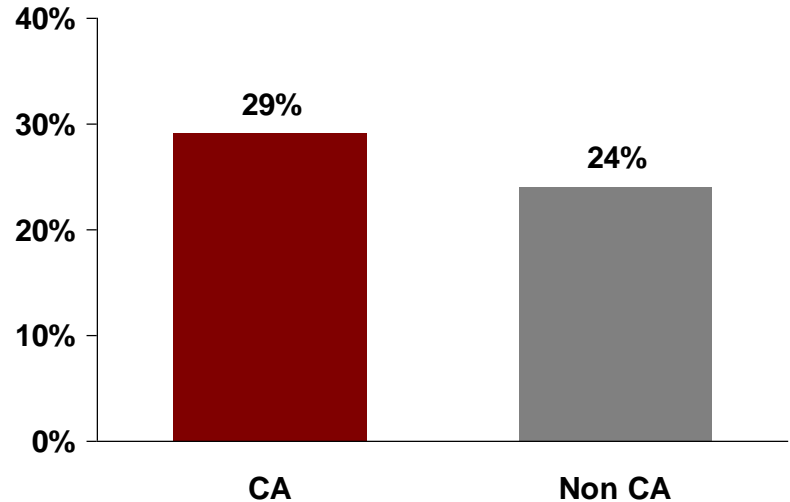
Source: J.D. Power and Associates New Autosshopper.com Study,SM 2000-2008 and Sales Satisfaction Index (SSI) Study,SM 2009-2011

Less Traditional Control of Content / Message

Buyers Visiting an Auto Site



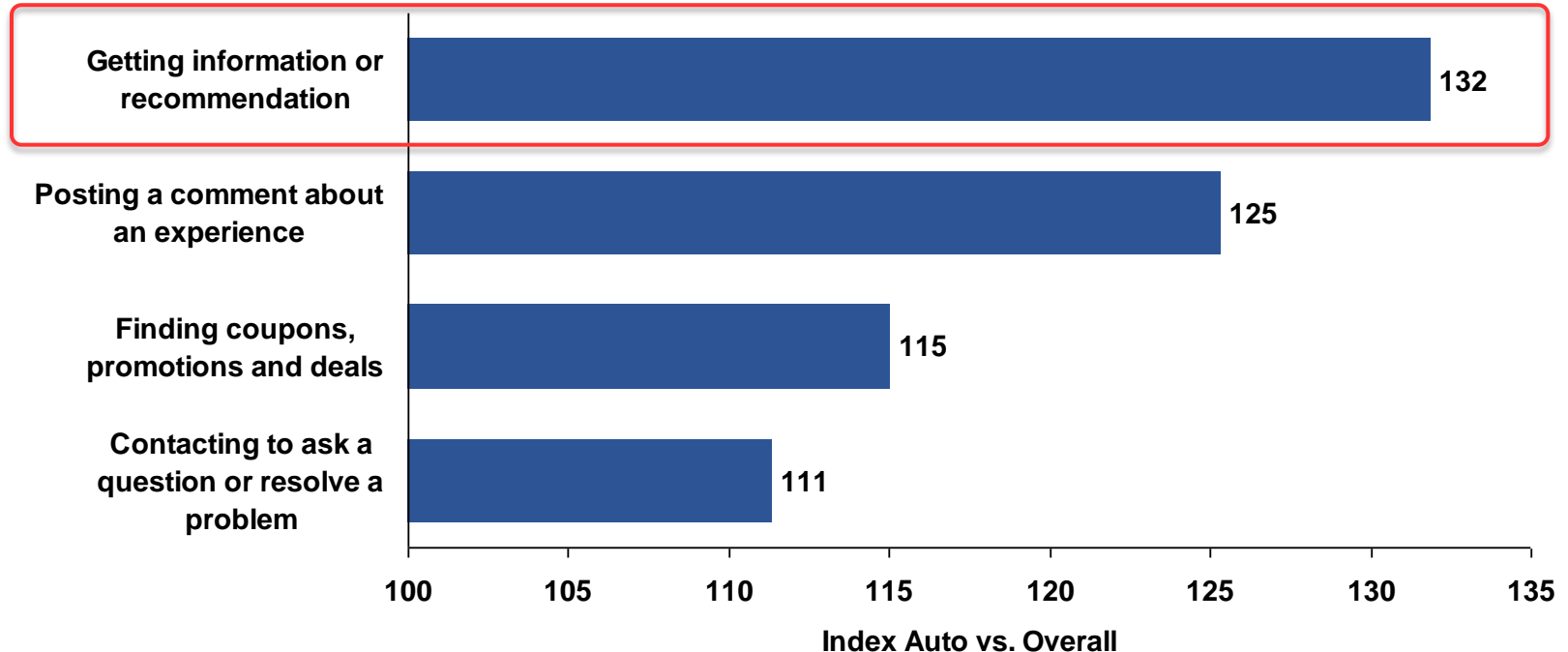
% of New Vehicle Buyers Indicating "Ratings Site" Influenced Dealer Selection



Sources: J.D. Power and Associates 2012 New Auto Shopper Study

Auto Consumers Use Social Media More Frequently

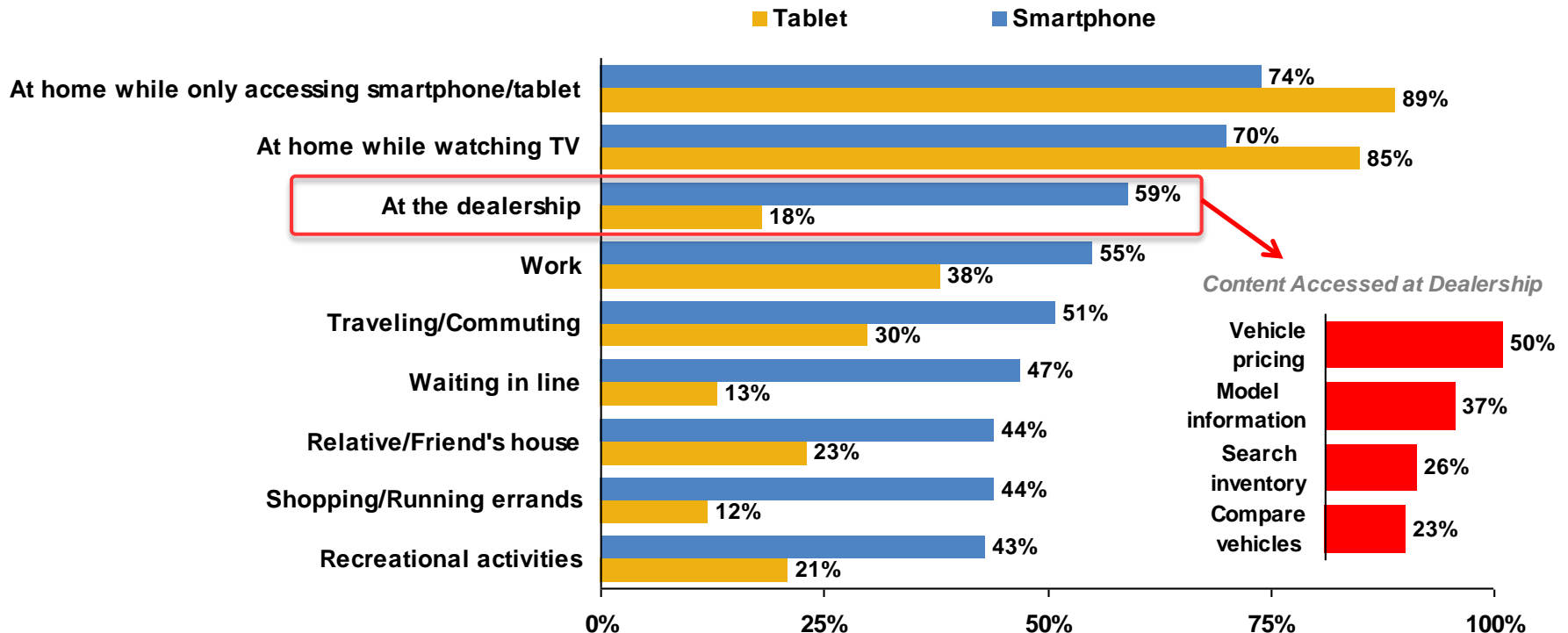
Automotive Consumer Social Media Usage: Activities



Source: J.D. Power and Associates 2012 Social Media Benchmarking StudySM

Salesperson or Shopper: Who Has More Information?

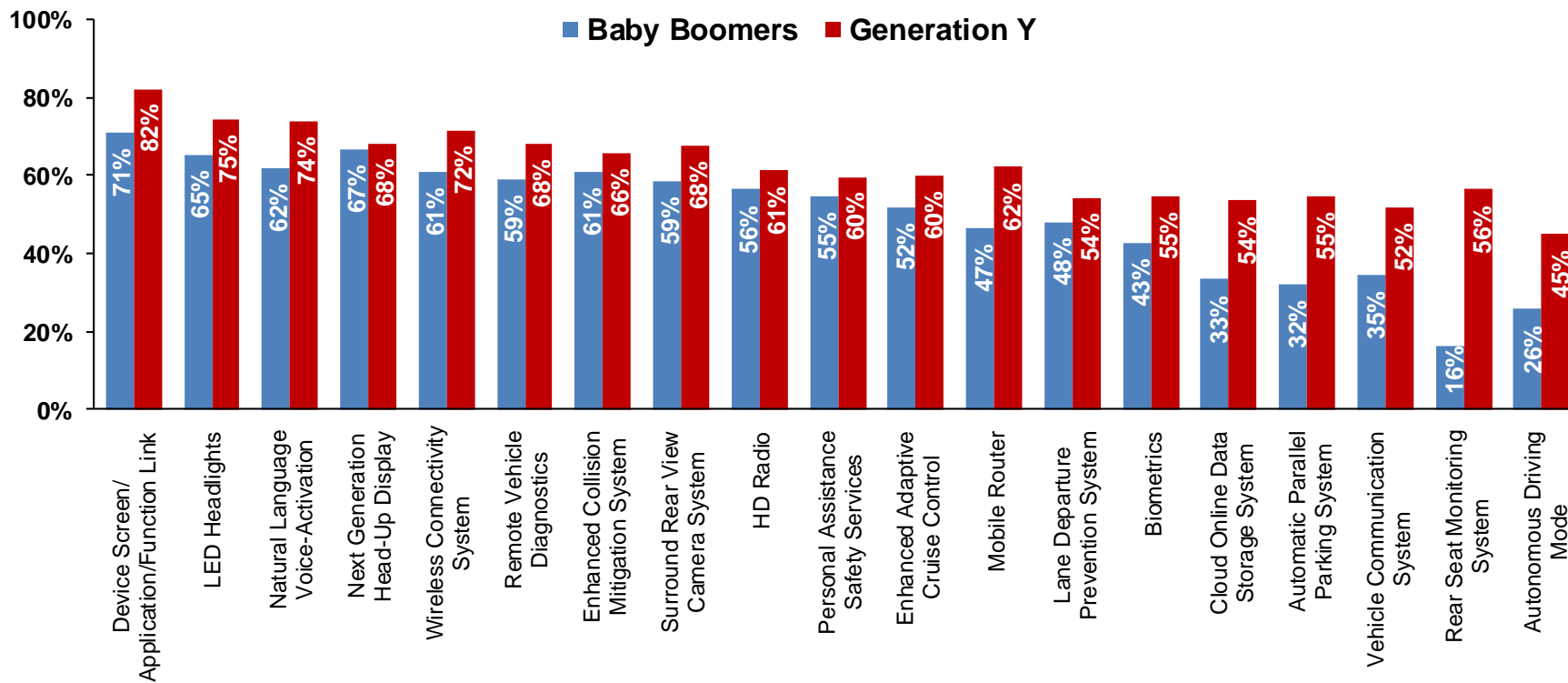
Location While Accessing Auto Content



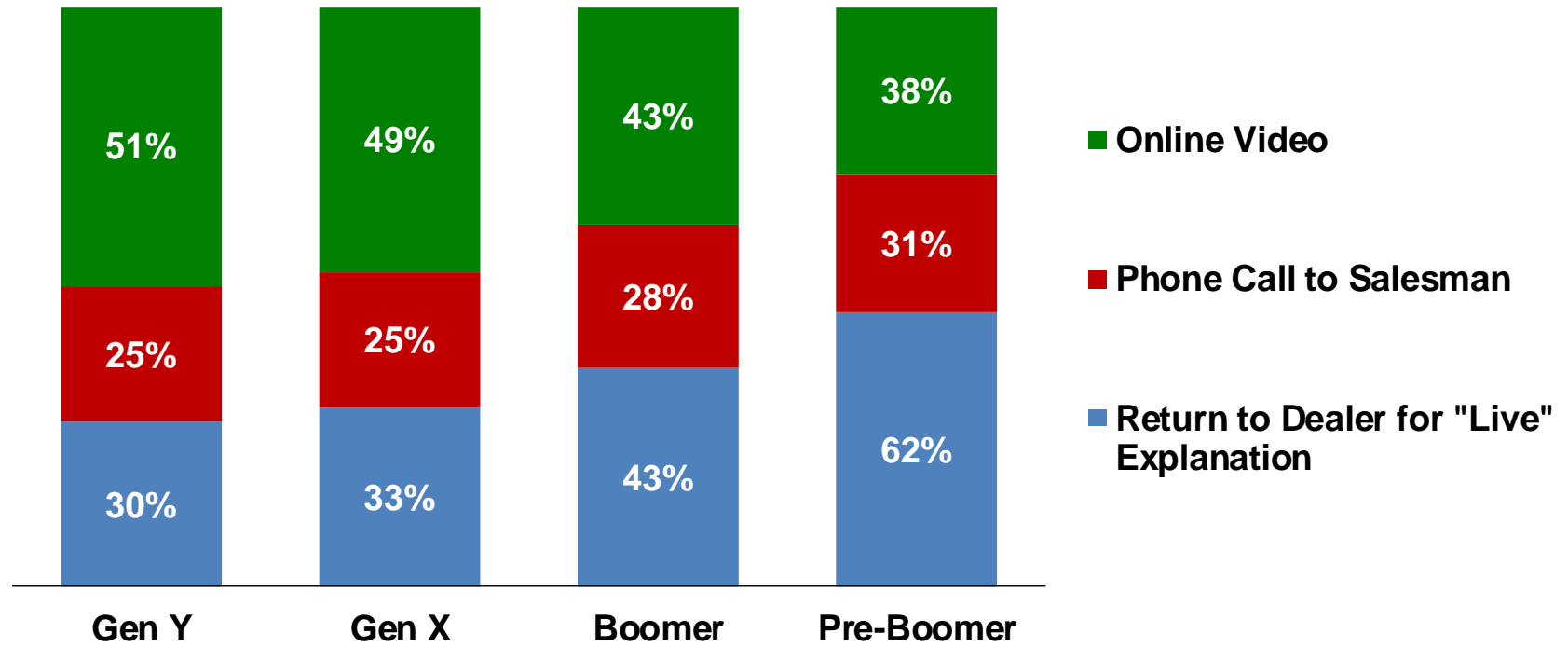
Source: J.D. Power and Associates 2012 New Autosshopper.com StudySM

Increasing Desire for Technology...

Emerging Technology Interest - Pre Price



Buyer's Preferred Method to Learn More about Features and Controls Post-Sale



Source: J.D. Power and Associates Sales Satisfaction Index (SSI) StudySM

Summary

- Rate of LV sales growth will slow, but overall more healthy industry
- In a period of rapid demographic change
- We are only in the beginning of how new consumers will change the way in which we market/communicate
- New consumers/technology causing amplification of product/dealer advocacy