

California Auto Outlook™

Comprehensive information on the California vehicle market

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Covering Third Quarter 2016



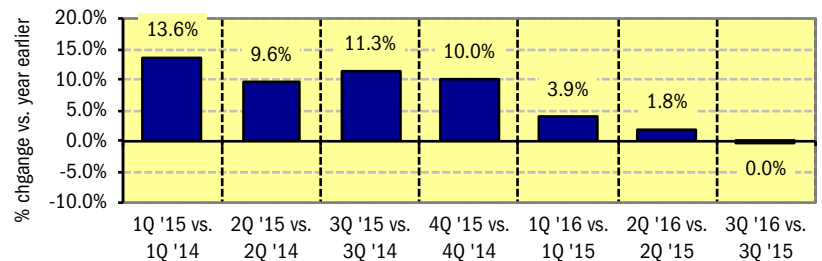
FORECAST AND ANALYSIS OF CALIFORNIA NEW LIGHT VEHICLE MARKET

California New Vehicle Market Has Small Gain During First Nine Months of This Year

Beginning in 2010, the California new vehicle market began an unprecedented run of six consecutive years of increasing sales, with new registrations last year exceeding the lofty total of more than 2 million units. But as depicted on the graph to the right, the market seems to be running out of steam. Following double digit percentage increases in the last two quarters of 2015, the gains were smaller in the first two quarters of 2016, and came to a halt in the Third Quarter.

The sales trend seems to be shifting from steady growth to mild contraction. Statewide new vehicle registrations are likely to drift lower over the next several years, but should remain relatively strong, based on historical standards. There is a bit more uncertainty following the results of the Presidential election, but the likely continuation of low interest rates, increasing personal incomes, attractive incentive offers, and significant improvements in today's new vehicles (i.e. advanced safety features and infotainment) should keep the annual total close to the 2 million unit mark for at least the next two years.

California Quarterly New Light Vehicle Registrations: Percent Change vs. Year Earlier

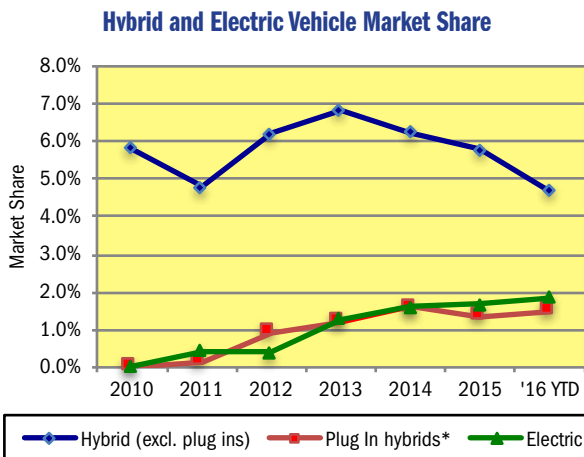


Source: IHS Markit

Year-to-date Results in California and U.S. New Light Vehicle Markets

California and U.S. New Light Vehicle Registrations (includes retail and fleet transactions)						
Year-to-date 2015 and 2016, thru September						
	California			U.S.		
	YTD '15	YTD '16	Change	YTD '15	YTD '16	Change
Registrations						
TOTAL	1,548,716	1,577,327	1.8%	13,008,930	13,156,380	1.1%
Car	918,835	867,796	-5.6%	5,923,765	5,445,824	-8.1%
Light Truck	629,881	709,531	12.6%	7,085,165	7,710,556	8.8%
Detroit Three	429,768	441,358	2.7%	5,846,886	5,899,226	0.9%
European	238,224	239,615	0.6%	1,152,623	1,154,829	0.2%
Japanese	759,248	773,966	1.9%	4,945,695	5,026,740	1.6%
Korean	121,476	122,388	0.8%	1,063,726	1,075,585	1.1%
Market Share						
Car	59.3	55.0	-4.3	45.5	41.4	-4.1
Light Truck	40.7	45.0	4.3	54.5	58.6	4.1
Detroit Three	27.7	28.0	0.3	44.9	44.8	-0.1
European	15.4	15.2	-0.2	8.9	8.8	-0.1
Japanese	49.0	49.1	0.1	38.0	38.2	0.2
Korean	7.8	7.8	0.0	8.2	8.2	0.0

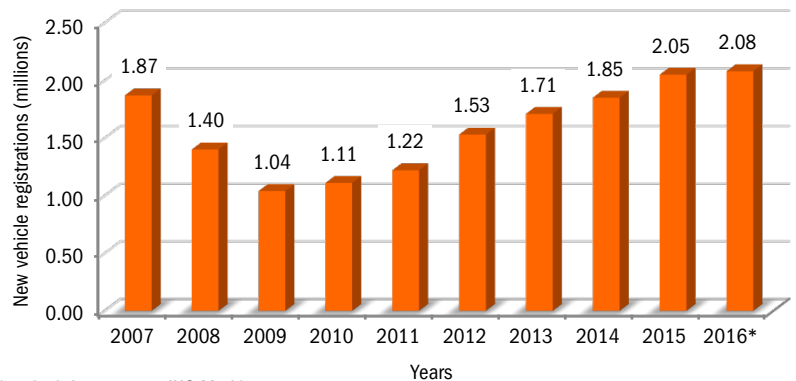
Source: IHS Markit



Hybrid and Electric New Vehicle Registrations and Market Share					
	2012	2013	2014	2015	YTD 2016
Hybrid regs.(excl. plug ins)	94878	116912	115544	118562	73679
Hybrid share(excl. plug ins)	6.2%	6.8%	6.3%	5.8%	4.7%
Plug in hybrid regs.	14103	20633	29949	27740	23844
Plug in hybrid share	0.9%	1.2%	1.6%	1.4%	1.5%
Electric regs.	5990	21912	29536	34477	29047
Electric share	0.4%	1.3%	1.6%	1.7%	1.8%

Source: IHS Markit.

California Annual Light Vehicle Registrations - 2007 thru 2016



Historical data source: IHS Markit

*Forecast projections by Auto Outlook

MODEL SALES

Honda Civic Has Big Lead in California Car Market; F-Series is Top Selling Light Truck

Top Selling Models in Each Segment - New Car and Light Truck Registrations, YTD 2016 thru September

Cars											
Entry			Sub Compact			Sporty Compact			Standard Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	17315	24.3	Honda Civic	67593	20.2	Ford Mustang	12221	40.8	Honda Accord	56014	23.8
Kia Soul	12269	17.2	Toyota Corolla	51033	15.3	Chevrolet Camaro	6931	23.1	Toyota Camry	45530	19.3
Honda Fit	8783	12.3	Toyota Prius	38178	11.4	Dodge Challenger	6931	23.1	Nissan Altima	27274	11.6
Hyundai Accent	6702	9.4	Nissan Sentra	33203	9.9	Hyundai Veloster	2489	8.3	Ford Fusion	23650	10.0
Ford Fiesta	5600	7.9	Mazda 3	16402	4.9	Subaru BRZ	870	2.9	Hyundai Sonata	19327	8.2
Large Mid Size			Entry Luxury			Near Luxury			Luxury and Sports		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Dodge Charger	6245	27.5	Audi A3	6567	25.5	Mercedes C-Class	15008	17.4	Tesla Model S	8569	13.7
Toyota Avalon	4081	18.0	Mercedes CLA-Class	5472	21.2	BMW 3-Series	14377	16.7	Mercedes E-Class	8443	13.5
Chevrolet Impala	4077	17.9	Lexus Ct200H	4235	16.4	Lexus ES	9765	11.4	BMW 5-Series	8372	13.4
Nissan Maxima	3014	13.3	BMW I3	4085	15.8	Lexus IS	8688	10.1	Mercedes S-Class	3231	5.2
Chrysler 300	2934	12.9	Acura ILX	2605	10.1	BMW 4-Series	8429	9.8	Lexus GS	3002	4.8
Light Trucks											
Compact Pickup			Full Size Pickup			Van			Compact SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	25035	55.0	Ford F Series	36966	32.7	Toyota Sienna	17772	25.9	Toyota RAV4	30792	14.6
Chevrolet Colorado	8326	18.3	Chevrolet Silverado	30426	26.9	Honda Odyssey	12450	18.1	Honda CR-V	29775	14.1
Nissan Frontier /Xe	7615	16.7	Ram	23465	20.7	Ford Transit Connect Van	12148	17.7	Nissan Rogue	20973	9.9
GMC Canyon	2806	6.2	Toyota Tundra	11023	9.7	Dodge Caravan	5359	7.8	Subaru Forester	13537	6.4
Honda Ridgeline	1367	3.0	GMC Sierra	10603	9.4	Nissan NV	3869	5.6	Mazda CX-5	13354	6.3
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
Jeep Grand Cherokee	11402	31.7	Ford Explorer	18337	23.0	Chevrolet Tahoe	5995	29.4	Lexus RX	14133	10.5
Ford Edge	8465	23.5	Toyota Highlander	14405	18.1	Ford Flex	3025	14.8	Lexus NX	8249	6.1
Toyota 4 Runner	7951	22.1	Honda Pilot	11056	13.9	Chevrolet Suburban	2996	14.7	Mercedes GLC/GLK-Class	7732	5.7
Hyundai Santa Fe Sport	4029	11.2	Kia Sorento	8632	10.8	GMC Yukon	2839	13.9	Mercedes GLE/M-Class	7056	5.2
Nissan Murano	3602	10.0	Nissan Pathfinder	5276	6.6	GMC Yukon XL	2047	10.0	BMW X5	6677	4.9

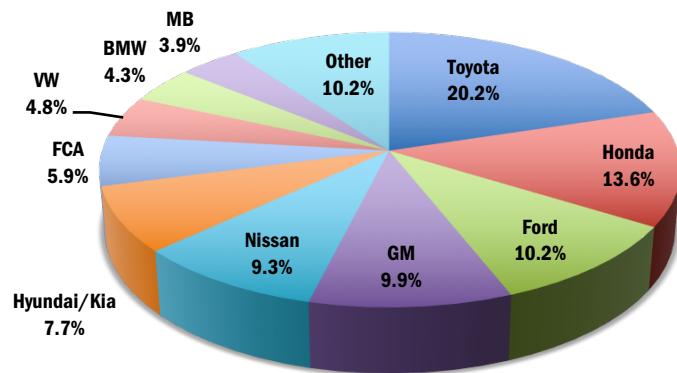
Note: Prius includes c, v, and plug in.

Source: IHS Markit.

BRAND RESULTS

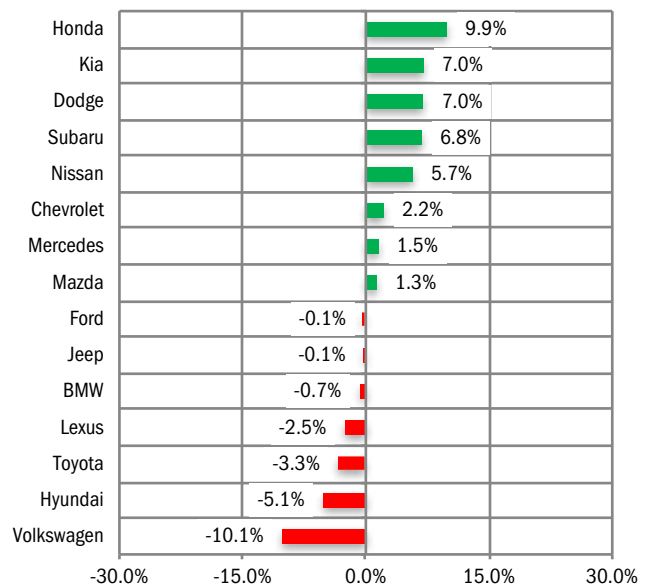
Honda Has Largest Percentage Increase in Registrations Among Top Selling Brands

**Manufacturer Share of California New Vehicle Market
YTD 2016 thru September**



Source: IHS Markit

**Percent Change in New Light Vehicle Registrations
YTD '16 thru September vs. YTD '15 (Top 15 selling brands)**



Source: IHS Markit

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), FCA (Chrysler, Dodge, Fiat, Jeep, and Ram), VW (Audi, Bentley, Volkswagen, and Porsche), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz and smart), Other (all other brands).

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.

California New Car and Light Truck Registrations											
	Third Quarter 2015 and 2016				Year-to-date thru September				YTD Market Share		
	California			U.S.	California			U.S.	California		
	2015	2016	% chg.	% chg.	YTD '15	YTD '16	% chg.	% chg.	YTD '15	YTD '16	Chg.
MARKET SUMMARY											
TOTAL	531,518	531,514	0.0%	-0.7%	1,548,716	1,577,327	1.8%	1.1%			
Cars	312,588	285,571	-8.6%	-9.5%	918,835	867,796	-5.6%	-8.1%	59.3	55.0	-4.3
Light Trucks	218,930	245,943	12.3%	6.1%	629,881	709,531	12.6%	8.8%	40.7	45.0	4.3
Domestic	141,414	144,277	2.0%	-1.9%	429,768	441,358	2.7%	0.9%	27.7	28.0	0.3
European	81,880	84,998	3.8%	1.9%	238,224	239,615	0.6%	0.2%	15.4	15.2	-0.2
Japanese	266,110	262,098	-1.5%	0.0%	759,248	773,966	1.9%	1.6%	49.0	49.1	0.1
Korean	42,114	40,141	-4.7%	-0.6%	121,476	122,388	0.8%	1.1%	7.8	7.8	0.0
BRAND REGISTRATIONS											
Acura	7,127	6,486	-9.0%	-7.6%	20,753	18,845	-9.2%	-9.2%	1.3	1.2	-0.1
Audi	9,714	10,832	11.5%	3.2%	27,294	30,437	11.5%	5.9%	1.8	1.9	0.1
BMW	19,743	21,428	8.5%	1.4%	59,118	58,717	-0.7%	-0.1%	3.8	3.7	-0.1
Buick	2,323	2,383	2.6%	4.7%	6,894	8,476	22.9%	0.3%	0.4	0.5	0.1
Cadillac	2,851	3,257	14.2%	9.8%	9,160	9,213	0.6%	3.8%	0.6	0.6	0.0
Chevrolet	35,471	37,975	7.1%	-2.4%	110,362	112,760	2.2%	-3.0%	7.1	7.1	0.0
Chrysler	4,033	2,331	-42.2%	-16.7%	13,674	9,232	-32.5%	-22.4%	0.9	0.6	-0.3
Dodge	8,852	8,791	-0.7%	1.2%	28,762	30,765	7.0%	3.0%	1.9	2.0	0.1
FIAT	2,973	2,730	-8.2%	-17.1%	9,354	7,407	-20.8%	-12.1%	0.6	0.5	-0.1
Ford	51,944	48,773	-6.1%	-8.0%	155,333	155,203	-0.1%	0.3%	10.0	9.8	-0.2
GMC	8,908	9,638	8.2%	-4.6%	24,983	26,124	4.6%	-2.2%	1.6	1.7	0.1
Honda	66,350	68,887	3.8%	2.0%	178,132	195,691	9.9%	4.7%	11.5	12.4	0.9
Hyundai	22,847	20,154	-11.8%	-1.0%	64,728	61,409	-5.1%	-0.6%	4.2	3.9	-0.3
Infiniti	5,189	5,296	2.1%	-0.8%	14,765	15,101	2.3%	2.6%	1.0	1.0	0.0
Jaguar	607	1,897	212.5%	181.6%	1,902	3,844	102.1%	83.0%	0.1	0.2	0.1
Jeep	14,193	14,306	0.8%	6.4%	44,706	44,643	-0.1%	13.9%	2.9	2.8	-0.1
Kia	19,267	19,722	2.4%	-0.8%	56,748	60,714	7.0%	3.0%	3.7	3.8	0.1
Land Rover	2,745	3,578	30.3%	18.1%	8,352	10,405	24.6%	14.9%	0.5	0.7	0.2
Lexus	19,932	18,532	-7.0%	-3.9%	54,507	53,139	-2.5%	-3.2%	3.5	3.4	-0.1
Lincoln	1,766	1,776	0.6%	4.4%	4,956	5,553	12.0%	10.2%	0.3	0.4	0.1
Mazda	13,096	13,150	0.4%	-5.9%	39,828	40,343	1.3%	-8.2%	2.6	2.6	0.0
Mercedes	21,331	22,074	3.5%	3.0%	61,057	61,973	1.5%	1.8%	3.9	3.9	0.0
MINI	3,415	2,895	-15.2%	-5.2%	10,735	8,821	-17.8%	-7.1%	0.7	0.6	-0.1
Mitsubishi	1,863	1,874	0.6%	-3.2%	7,403	5,796	-21.7%	3.6%	0.5	0.4	-0.1
Nissan	41,269	41,571	0.7%	-0.6%	124,534	131,584	5.7%	6.4%	8.0	8.3	0.3
Other	2,399	2,321	-3.3%	12.2%	7,115	6,006	-15.6%	-2.8%	0.5	0.4	-0.1
Porsche	3,167	3,048	-3.8%	-5.3%	9,250	9,469	2.4%	1.2%	0.6	0.6	0.0
Ram	8,455	9,595	13.5%	11.1%	22,929	25,819	12.6%	10.6%	1.5	1.6	0.1
Subaru	16,033	17,658	10.1%	9.6%	45,545	48,624	6.8%	4.2%	2.9	3.1	0.2
Tesla	2,481	5,298	113.5%	111.4%	7,630	13,202	73.0%	59.5%	0.5	0.8	0.3
Toyota	95,190	88,547	-7.0%	-1.4%	273,467	264,510	-3.3%	-1.1%	17.7	16.8	-0.9
Volkswagen	14,415	12,277	-14.8%	-11.1%	40,799	36,664	-10.1%	-13.5%	2.6	2.3	-0.3
Volvo	1,569	2,434	55.1%	43.3%	3,941	6,838	73.5%	39.5%	0.3	0.4	0.1

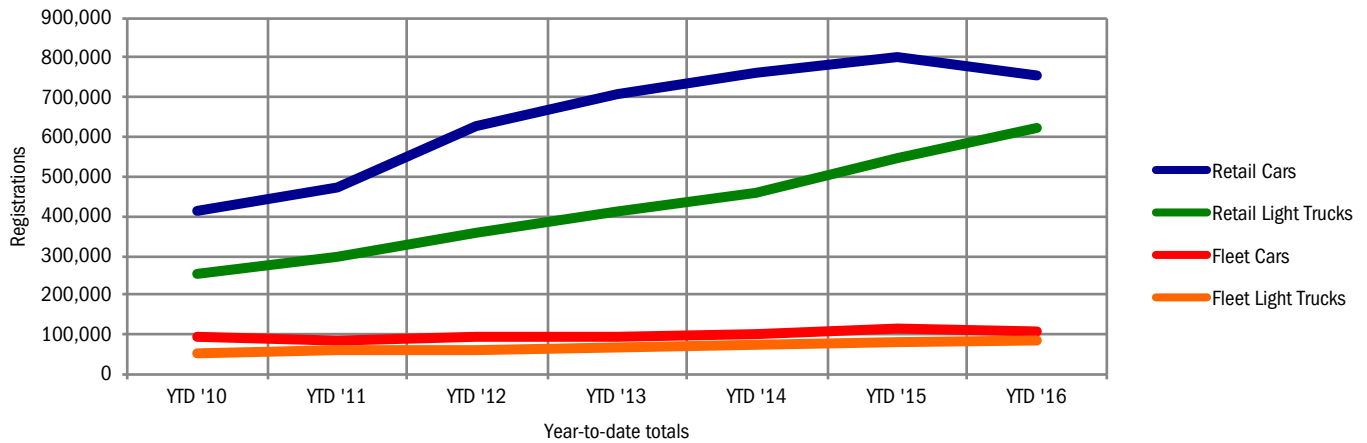
RETAIL MARKET RECAP

New Retail Light Vehicle Market Up About 2% So Far This Year

New retail light vehicle registrations in California increased 2.1 percent during the first nine months of this year, while fleet registrations were flat. Retail car registrations declined 5.8 percent, while light trucks (consisting of pickups, SUVs, and vans) surged 13.7 percent

The table below summarizes new retail light vehicle market results during the first nine months of 2015 and 2016. (Note: the information presented includes retail registrations only, and excludes fleet transactions.) The Southern California retail market increased 2.3 percent, while Northern California was up 1.8 percent.

California New Car and Light Truck Retail and Fleet Registrations - YTD thru September, 2010 thru 2016



Source: IHS Markit

New Retail Light Vehicle Registrations (excluding fleets) -Year-to-date thru September							
Northern and Southern California				Selected Regional Markets			
	YTD 2015	YTD 2016	Percent Change		YTD 2015	YTD 2016	Percent Change
Statewide Total	1,351,151	1,379,474	2.1%	San Francisco Bay	258,361	260,069	0.7%
Cars	802,680	755,996	-5.8%	Cars	153,001	139,993	-8.5%
Light Trucks	548,471	623,478	13.7%	Light Trucks	105,360	120,076	14.0%
Northern California	448,979	456,918	1.8%	LA and Orange Counties	538,768	556,034	3.2%
Cars	251,094	233,058	-7.2%	Cars	341,493	326,196	-4.5%
Light Trucks	197,885	223,860	13.1%	Light Trucks	197,275	229,838	16.5%
Southern California	902,172	922,556	2.3%	San Diego County	120,348	120,630	0.2%
Cars	551,586	522,938	-5.2%	Cars	68,781	63,741	-7.3%
Light Trucks	350,586	399,618	14.0%	Light Trucks	51,567	56,889	10.3%

Source: IHS Markit

California Auto Outlook

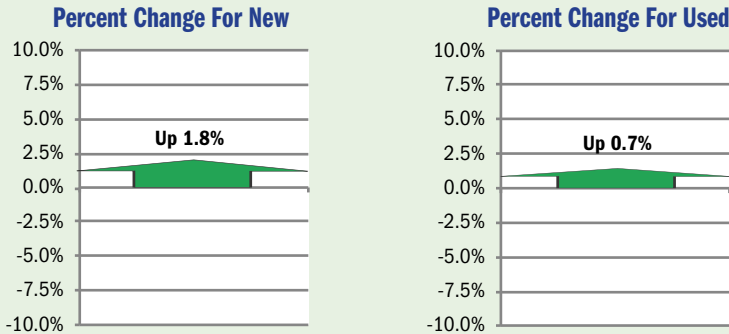
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TRACKING THE CALIFORNIA USED VEHICLE MARKET

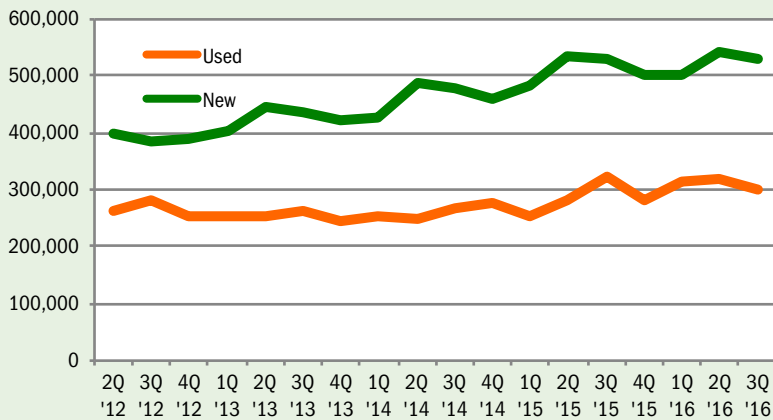
Used Vehicle Market Slows Down in Third Quarter of 2016

Comparison of California New and Used Vehicle Markets
 Percent change in registrations (YTD 2016 thru September vs. YTD 2015)



Source: IHS Markit

California Quarterly New and Used Retail Registrations
 (used only includes vehicles 6 years old or newer)



Source: IHS Markit

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

- ▶ The pace of improvement in the used vehicle market eased during the summer of this year. Used registrations were up 7.4 percent for the first six months of this year, but the increase slipped to just 0.7% after nine months.
- ▶ As shown on the graph below, the gap between the state's new and six year old used vehicles markets has remained wide during 2016. Registrations for six year old or newer vehicles were about 933,000 units during the first nine months of this year, 60 percent of the new vehicle total.
- ▶ Franchised new vehicle dealership share of the state's used vehicle market has declined in 2016. Franchised dealerships accounted for 19.9 percent of the overall used vehicle market in the first nine months of this year, down slightly from 20.9 percent a year earlier (see page 6).
- ▶ Honda Civic was the top seller in the state used vehicle market. (Only includes vehicles six years old or newer). Civic was also the best selling new vehicle.

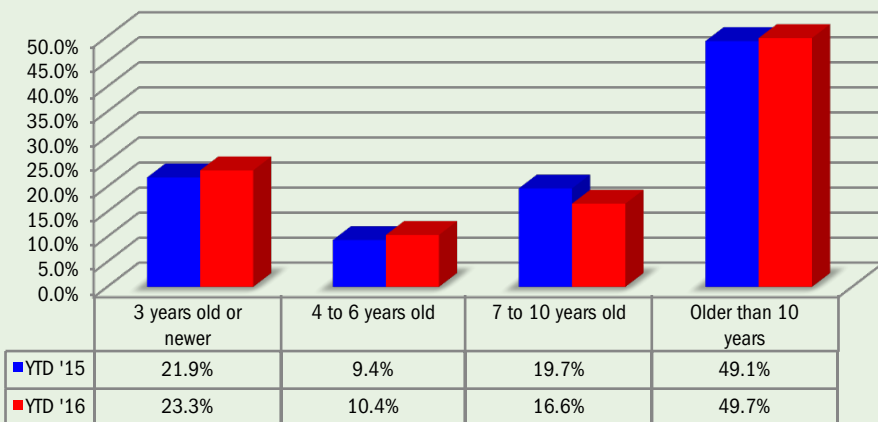
California Used Light Vehicle Registrations - YTD thru Sept.					
	Registrations		% Change '15 TO '16	Market Share	
	YTD '15	YTD '16		YTD '15	YTD '16
TOTAL	2,755,216	2,773,819	0.7%		
Cars	1,671,696	1,672,017	0.0%	60.7%	60.3%
Light Trucks	1,083,520	1,101,802	1.7%	39.3%	39.7%
Detroit Three	1,046,493	1,030,932	-1.5%	38.0%	37.2%
European	381,200	373,776	-1.9%	13.8%	13.5%
Japanese	1,220,541	1,249,685	2.4%	44.3%	45.1%
Korean	106,982	119,426	11.6%	3.9%	4.3%

Source: IHS Markit

ANALYSIS OF USED VEHICLE REGISTRATIONS BY VEHICLE AGE

4 to 6 Year Old Market Has Largest Percentage Increase

Used Vehicle Market Share by Age of Vehicle - YTD thru September, 2015 and 2016



Source: IHS Markit

Registrations by Vehicle Age			
YTD thru September			
	YTD 2015	YTD 2016	% ch. '15 to '16
INDUSTRY TOTAL	2,755,216	2,773,819	0.7%
3 years old or less	602,221	645,642	7.2%
4 to 6 years old	258,011	287,851	11.6%
7 to 10 years old	542,082	461,303	-14.9%
Older than 10 years	1,352,902	1,379,023	1.9%

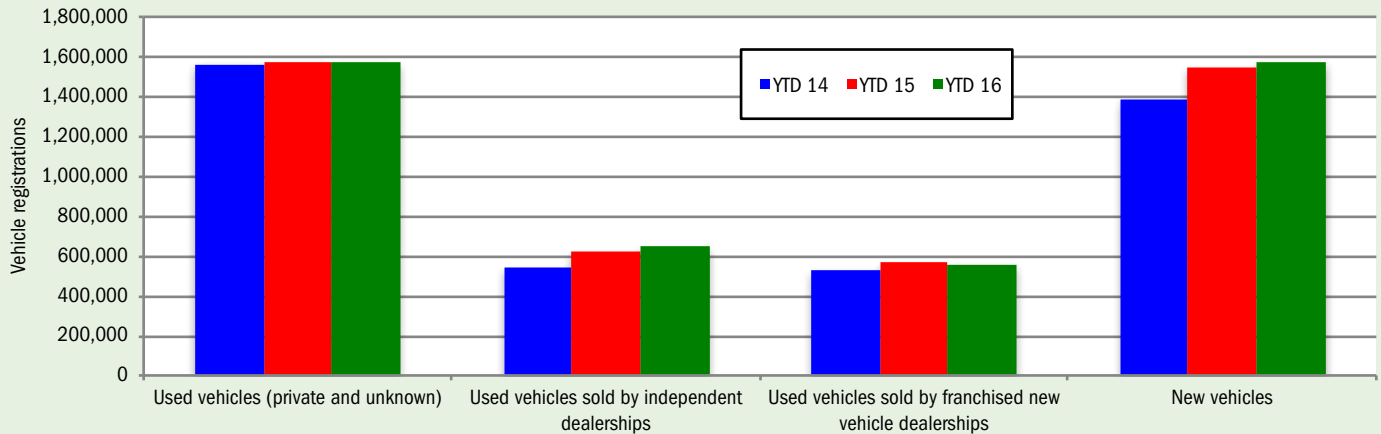
Source: IHS Markit

TRACKING THE CALIFORNIA USED VEHICLE MARKET

Sales at Independent Used Vehicle Dealerships Improve in 2016

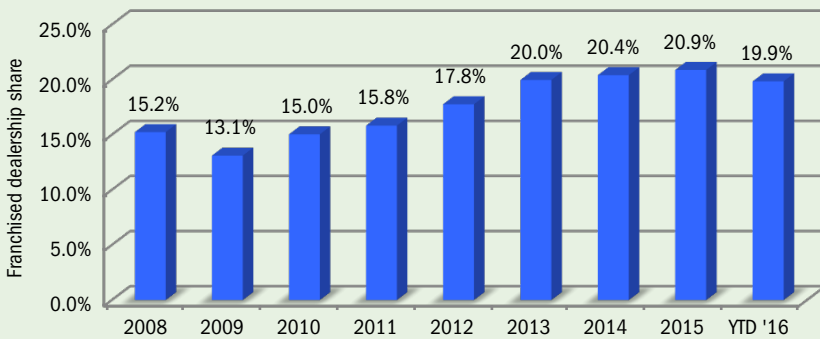
The first graph below shows vehicle registrations in the state during the first nine months of '14, '15, and '16 for four categories: 1. Used vehicles involving private party transactions (or unknown selling dealership); 2. Used vehicles sold by independent dealerships; 3. Used vehicles sold by franchised new vehicle dealerships; and 4. New vehicles.

Used and New Vehicle Registrations in California - YTD thru September, 2014, 2015, and 2016

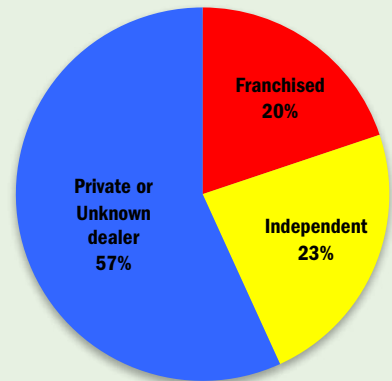


Source: IHS Markit

Franchised New Vehicle Dealership Share of California Used Vehicle Market



Share of State Used Vehicle Market (YTD '16 thru Sept.)



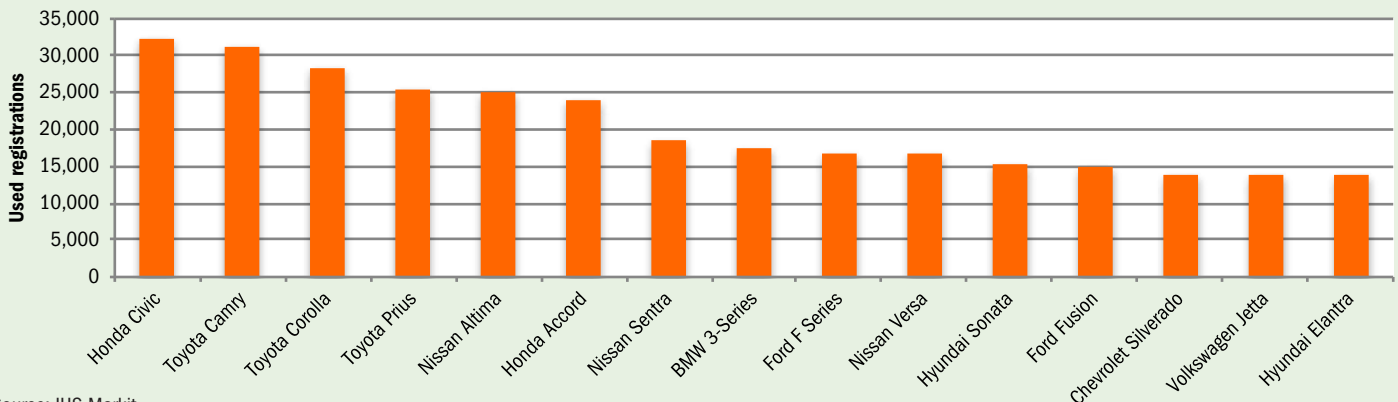
Source: IHS Markit

BEST SELLING USED VEHICLES IN THE STATE

Civic, Camry and Corolla are Top Sellers 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 2016 thru September



Source: IHS Markit