2010 FACTS AND STATISTICS ON THE USED MOTOR VEHICLE INDUSTRY
Put CARFAX® to Work for You!

Drive consumers to your lot with the name they recognize.

FREE
- TV, Radio and Print Ad Templates
- Point of Sale Materials

JOIN THE CAMPAIGN
Visit www.carfaxonline.com/Showme or call 800.444.0145 to get started today!
“UsedCarSpecials increased my click-throughs dramatically.”

Pat Cooper  
General Sales Manager  
Gator Ford  
Seffner, FL  

Watch as Pat shares his secret to success in our video series featuring true stories from actual dealers. Pat uses Cars.com’s UsedCarSpecials to help his inventory and dealership stand out online by cross-selling vehicles. UsedCarSpecials automatically pulls vehicles from his inventory that match shoppers’ search criteria, driving more clicks to his website and helping him turn his used-car inventory faster.

To see how Pat makes his inventory shine online, watch his video at  
dealers.cars.com/confidence
Find the formula for smarter buying.

MORE INVENTORY
A variety of vehicles with no brand restrictions, all within 5 years and 75,000 miles, backed by our industry leading InSight ECRs (Electronic Condition Reports).

MORE ACCESS
Open sales every week at multiple Manheim locations with online access at Manheim.com.

MORE CONFIDENCE
A name you know stands behind every transaction.

Visit Manheim.com for a complete sales schedule.
The past eighteen months are among the most volatile ever experienced in the automotive industry. The 12th edition of NIADA’s Used Car Industry Report brings you a snapshot of the turmoil, activity, successes and hardships that independent dealers went through in 2009 and early 2010. We hope you find the report invaluable to you as a resource.

In this edition, you will find familiar categories of statistics from previous years. You will also find a few new categories which may shed light on opportunity that lies ahead of us – or has already passed us by.

The Used Car Industry Report is divided into six sections.

Section One is traditionally a survey of NIADA members. It may appear to be basic demographics, but you will find some new questions concerning computer and Internet usage. Your answers allowed us to take data which leads to new programs, services and benefits – and it ensures we’re providing the right kind of service to our members.

Another familiar standard in Section Two is the work of Art Spinella of CNW Marketing Research in Oregon. His name is synonymous with comprehensive, in-depth statistical data about the used motor vehicle industry. Somehow, he understands one of the most sophisticated industries with complex operations which survives within an environment of economic chaos. Having his materials in our report each year is a little like working alongside the guru of statistical research. Not only are we impressed, we are also honored. Art’s work appeared in the very first Used Car Industry Report and has been included in every edition since.

Section Three features Buy Here-Pay Here Benchmarks provided by Ken Shilson of Sub-Prime Analytics and the National Alliance of Buy Here-Pay Here Dealers along with NCM Associates. Although this segment of the used car industry has been growing for some time, Buy Here-Pay Here took on special interest during the past several months as dealers started re-examining their operations and reviewing opportunities during the recession. Prospective and current BHPH business owners can use these benchmarks to determine where they should be in comparison to others and how they can more successfully build their operations.

Two giants in the automotive industry, Cars.com and CARFAX, shared some of their own research which we’ve included in the 2010 report.

Section Four of our report is the Cars.com Merchandising Survey Analysis. The data analyzes the importance of photos, videos, and prices within an online listing, and the impact they all have on increases in dealer page views and actual dealer contacts.

Section Five is furnished by CARFAX and focuses mainly on a regional inventory turns comparing dealers and specifically NIADA members who use and don’t use CARFAX reports. CARFAX has also furnished in this section a special “Daily Inventory Cost per Day” calculator so that you can determine and analyze a cost per day of the inventory on your lot.

Section Six is familiar and highly valuable as a high-level picture of our industry. It includes overviews provided by highly-respected automotive economists Tom Kontos of ADESA and Tom Webb of Manheim. As economists, they both understand the synergy between independent dealers and the auctions they represent. They analyze past activities which impacted the used motor vehicle marketplace. Then they draw in economic factors, try to see into the future, and share their economic insight with us. Their commentary can be the tie that brings all of the sections into a coherent pattern.

The final portion of the Used Car Industry Report is the NIADA member survey for next year. It is a keystone in our communications with dealers. NIADA is an organization dedicated to improving the used motor vehicle industry. To meet that goal, we must know about our constituents, their dealerships, their needs and their wants. Once you tell us, we can respond with new programs, legislative direction and the services which help you to become a more successful dealer. Please take a few moments to start the crucial communication process designed to help us fulfill your needs.

The Used Car Industry Report was among the first analytical study of its kind and remains a viable research tool for dealers, vendors, industry experts and communicators. NIADA finds it to be one of our most frequently used tools as we deal with those businesses and individuals who are involved in the automotive industry. We hope that you will find the statistics and narrative just as valuable for your own needs.
One of the best ways to gauge the success of your dealership and its operations is to compare your situation and your dealer data to those of other NIADA members around the country. Each year NIADA surveys a variety of topics which cover demographic and business data. This section provides a two year history of every question on our member survey.

For the first time, this year’s NIADA Member Data section also includes a third reference for each question from the surveys collected of our NIADA Certified Master Dealers (CMD). In many instances, there is a vast difference in the analysis from a regular NIADA Dealer Member compared to our members who have completed and passed the NIADA Certified Master Dealer course. This added reference for each question proves without a doubt the true value in the Certified Master Dealer Course. For a list of upcoming CMD classes, go to www.niada.com/education/cmd

Among the many member survey results, a few specific differences in data between 2008 and 2009 really stood out above the rest. Survey results indicate that in 2009 81.2% of dealer members now had their own dealership web site, compared to only 57.8% having dealer websites in 2008. Keeping with this online theme, 68.6% of members now report advertising their vehicles online, a large increase compared to 2008 figures of 47.9%.

Our survey is included in Section 7 of this report. Surveys are also included in your new and renewing member packets as well as in a few issues of Used Car Dealer Magazine shortly. Please take a moment to complete and mail back your updated surveys so that we may continue to provide you with this very valuable report and reference source.

### Types of Businesses You Operate

<table>
<thead>
<tr>
<th>Business Type</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>78.3</td>
<td>79.3</td>
</tr>
<tr>
<td>BHPH</td>
<td>27.2</td>
<td>30.8</td>
</tr>
<tr>
<td>Wholesale</td>
<td>39.8</td>
<td>39.8</td>
</tr>
<tr>
<td>Rental</td>
<td>9.2</td>
<td>9.3</td>
</tr>
<tr>
<td>Leasing</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Service Dept.</td>
<td>22.1</td>
<td>23.8</td>
</tr>
<tr>
<td>Parts Dept.</td>
<td>5.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Body Shop</td>
<td>5.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Other</td>
<td>7.0</td>
<td>7.5</td>
</tr>
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</table>

### Number of Years in Business

<table>
<thead>
<tr>
<th>Years in Business</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than 1 year</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>1-5 years</td>
<td>19.9</td>
<td>17.0</td>
</tr>
<tr>
<td>6-10 years</td>
<td>17.8</td>
<td>17.6</td>
</tr>
<tr>
<td>11-20 years</td>
<td>26.5</td>
<td>26.9</td>
</tr>
<tr>
<td>21+ years</td>
<td>35.5</td>
<td>37.9</td>
</tr>
</tbody>
</table>

### Number of Employees

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 employee</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>2-5 employees</td>
<td>51.6</td>
<td>50.0</td>
</tr>
<tr>
<td>6-10 employees</td>
<td>21.0</td>
<td>21.9</td>
</tr>
<tr>
<td>10+ employees</td>
<td>18.4</td>
<td>19.1</td>
</tr>
</tbody>
</table>

### Other

- NIADA MEMBERSHIP DATA
- TYPES OF BUSINESSES YOU OPERATE
- NUMBER OF YEARS IN BUSINESS
- NUMBER OF EMPLOYEES
RELIABILITY
The Industry Leader in GPS Tracking Solutions

Setting the Gold Standard in Reliability
GoldStar GPS offers the most reliable infrastructure on the market, with over 4,000 dealerships trusting our devices to protect their assets.

Here are a few key reasons why:

• World-class technical support
• Fully redundant network infrastructure
• Largest coverage area in the industry
• Large inventory in-stock and ready for immediate delivery

DON'T INSTALL ANOTHER DEVICE UNTIL YOU SEE OURS IN ACTION!

Here are a few product features:

• Free Daily Auto Report
• Smallest GPS device in the industry
• 500 pooled locates per device
• Stop Report – frequent stop location reporting
• trakSMS® – locate without the internet
• And many more

GOLDSTAR GPS® 866.655.8825 www.GoldStarGPS.com
Setting the Gold Standard
NIADA MEMBERSHIP DATA

SELL WARRANTIES OR SERVICE CONTRACTS (percentage of respondents)

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>34.4%</td>
</tr>
<tr>
<td>2009</td>
<td>38.2%</td>
</tr>
</tbody>
</table>

RENTAL CAR (percentage of respondents)

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>13.0%</td>
</tr>
<tr>
<td>2009</td>
<td>17.3%</td>
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</tbody>
</table>

RENTAL CAR (percentage of respondents)

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

WARRANTY/SERVICE CONTRACTS SOLD PER MONTH (percentage of respondents)

<table>
<thead>
<tr>
<th>1-5</th>
<th>4-10</th>
<th>11-20</th>
<th>21-30</th>
<th>31+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>56.7%</td>
<td>20.2%</td>
<td>15.5%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

TYPE OF RENTAL CAR OPERATION *

<table>
<thead>
<tr>
<th>INDEPENDENT</th>
<th>FRANCHISE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>62.5%</td>
</tr>
</tbody>
</table>

CMD 37.0 22.2 25.9 3.7 11.1

* Annual Comparative Data Not Available

NIADA STANDARDIZED ACCOUNTING TOOLS FOR THE USED VEHICLE DEALER

“Today’s independent retail used vehicle dealer no longer can afford to operate out of a shoebox or a cigar box. In order for a dealer to manage their business they need to be able to see the details of their accounting system. NIADA’s Accounting Manuals are an essential tool for helping to manage a dealer’s money.”

— Joe Lecceta, Chairman Automotive Marketing Department, Northwood University, Midland MI

Call NIADA at 800-682-3837 to order TODAY!!!

12 2010 NIADA USED CAR INDUSTRY REPORT
6 SOURCES. 60 SECONDS. 1 SMART DECISION.

In today’s market, it’s hard to know exactly how much a used vehicle is worth. But your profitability depends on an accurate appraisal. Get it right and get it fast — with NADA AppraisalPRO®. With just a click, book out a vehicle and print your appraisal offer. That’s all you need to close more deals in less time. All for the lowest price on the market. All from NADA.

Order NADA AppraisalPRO today for just $150 per month. Visit www.nada.com/appraisal for more information or call 866.974.6232 to set up your own personal demo.

*A separate subscription is required to the Experian AutoCheck service.*
ANNUAL RETAIL SALES (percentage of respondents)

- 0-100 vehicles: 10.8% in 2008, 10.6% in 2009
- 251-400 vehicles: 12.9% in 2008, 12.9% in 2009
- 401-550 vehicles: 3.6% in 2008, 3.6% in 2009
- 551-700 vehicles: 6.4% in 2008, 6.4% in 2009
- 701-850 vehicles: 1.0% in 2008, 1.0% in 2009
- 851-1,000 vehicles: 6.0% in 2008, 6.0% in 2009
- 1,001+ vehicles: 7.5% in 2008, 7.5% in 2009

ANNUAL WHOLESALE SALES (percentage of respondents)

- 0-100 vehicles: 12.6% in 2008, 12.8% in 2009
- 101-250 vehicles: 5.6% in 2008, 5.6% in 2009
- 251-400 vehicles: 1.4% in 2008, 1.4% in 2009
- 401-550 vehicles: 1.6% in 2008, 1.6% in 2009
- 551-700 vehicles: 1.3% in 2008, 1.3% in 2009
- 701-850 vehicles: .8% in 2008, .8% in 2009
- 851-1,000 vehicles: 2.5% in 2008, 2.5% in 2009
- 1,001+ vehicles: 2.1% in 2008, 2.1% in 2009

ADVERTISING MEDIA USED (percentage of respondents)

- TV: 75.1% in 2008, 74.9% in 2009
- Newspapers: 60% in 2008, 59.5% in 2009
- Radio: 40% in 2008, 40% in 2009
- Specialty Publications: 20% in 2008, 19.6% in 2009
- Online: 10% in 2008, 10% in 2009
- Other: 1.0% in 2008, 1.0% in 2009
- Magazine: 1.3% in 2008, 1.3% in 2009

WHAT COMPUTER IS USED FOR *

- Entire Operation: 62.4% in 2009
- Inventory: 13.4% in 2009
- F&I: 6.6% in 2009
- MKT/ADV: 3.7% in 2009
- Sales: 7.6% in 2009
- Other: 15.1% in 2009

HOW DO YOU USE THE INTERNET AT YOUR BUSINESS

- Dealership Website: 58.7% in 2008, 63.0% in 2009
- E-Mail: 75.9% in 2008, 79.1% in 2009
- Industry Research: 51.3% in 2008, 54.3% in 2009
- Online Buying/Selling: 48.0% in 2008, 51.1% in 2009
- Online Auctions: 44.1% in 2008, 50.0% in 2009
- Online Financing: 28.7% in 2008, 29.3% in 2009
- Other: 20.0% in 2008, 28.6% in 2009

81.2% of dealer members now had their own dealership website, compared to only 57.8% having dealer websites in 2008. Keeping with this online theme, 68.6% of members now report advertising their vehicles online, a large increase compared to 2008 figures of 47.9%.

* Annual Comparative Data Not Available
EVERYTHING UNDER THE SUN.

Dealers can access thousands of vehicles of nearly every make and model 24/7.

SmartAuction
KEEP IT MOVING.

Our online auction offers a diverse selection of vehicles, thanks to a vast community of buyers and sellers that includes OEMs, banks, rental companies and dealers across the country. So you can quickly and easily find the right pre-owned car for your customer. And that saves you a lot of hassle, time and money.

See how SmartAuction can help your used car business by visiting smartauction.biz or calling 1.877.273.5572.
The 2010 used car market is already looking brighter than the mind-numbing 2009. On track to nearly 40 million units, primarily due to pent-up demand, the only downside is the lack of desirable inventory.

Overall, CNW estimates that in 2009 more than 2 million units of sales were lost to the lack of inventory and a continued concern about taxes and other home-centric factors ranging from food prices to federal and local taxes.

While the latter concerns remain, the inventory picture is somewhat better as franchised dealers begin to see an increase in trade-ins.

For 2010, expect a full-year count of around 39 million sales with independent dealers collecting around one third of the total. That figure is up from 2009 by roughly a half percentage point.

But the 2010 forecast may be low. During the first quarter of 2010, independents have already been responsible for 34.3 percent of sales.

Equally important, used-vehicle shoppers are spending barely two weeks from first thought of buying a car or truck until actual acquisition. That’s down from better than three months last year.

Prices are also rising and will likely continue to do so for the rest of the year because demand is outstripping supply for many of the most popular vehicles including SUVs and other trucks. So far this year, average prices have risen more than four percent with hot segments up from 11 to 16 percent.

Overall: After coming off of two disappointing years, 2010 should look heaven sent. While still not as good as 2006 when 42.6 million used vehicles were sold, tighter cost controls with an increase in consumer interest should put many more dealers in the black.

NIADA members can obtain a free issue of Retail Automotive Summary, which includes used vehicle forecasts, email CNW at mailroom@cnwmr.com.
While the number of independent dealers decreased again in 2009, independent DEALER MARKET SHARE increased and sales volume held steady at 11 million units.
CNW MARKETING RESEARCH

USED VEHICLE ADVERTISING DISTRIBUTION - INDEPENDENT DEALERS WHO ADVERTISE

(Listed by percentage of money used for particular type of advertising; note that many dealers advertised more than one way, so percentages won't necessarily add to 100)

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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</thead>
<tbody>
<tr>
<td>Classified Ads</td>
<td>90.6</td>
<td>89.6</td>
<td>89.1</td>
<td>88.4</td>
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<tr>
<td>Radio</td>
<td>1.3</td>
<td>1.2</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Television</td>
<td>0.6</td>
<td>0.8</td>
<td>0.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Internet</td>
<td>20.8</td>
<td>22.1</td>
<td>23.4</td>
<td>24.8</td>
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</table>

AVERAGE PRICE OF USED VEHICLES SOLD BY INDEPENDENT DEALERS

<table>
<thead>
<tr>
<th>$K</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>$8K</td>
<td>$8,492</td>
<td>$8,650</td>
<td>$8,358</td>
<td>$8,459</td>
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<tr>
<td>$7.5K</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$7K</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>$6K</td>
<td></td>
<td></td>
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<td>$5K</td>
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</tr>
<tr>
<td>$1K</td>
<td></td>
<td></td>
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</table>

AVERAGE INDEPENDENT DEALERS ASKING PRICE VS. TRANSACTION PRICE

<table>
<thead>
<tr>
<th></th>
<th>ASKING PRICE</th>
<th>TRANSACTION PRICE</th>
</tr>
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<tbody>
<tr>
<td>2008</td>
<td>$8,603</td>
<td>$8,903</td>
</tr>
<tr>
<td>2007</td>
<td>$7,813</td>
<td>$8,314</td>
</tr>
<tr>
<td>2006</td>
<td>$8,603</td>
<td>$8,903</td>
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</table>

NEW AND USED VEHICLE SALES (in millions)

<table>
<thead>
<tr>
<th></th>
<th>NEW VEHICLES</th>
<th>USED VEHICLES</th>
<th>TOTAL SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>17.00</td>
<td>44.14</td>
<td>61.13</td>
</tr>
<tr>
<td>2006</td>
<td>16.54</td>
<td>42.56</td>
<td>59.11</td>
</tr>
<tr>
<td>2007</td>
<td>16.22</td>
<td>41.75</td>
<td>57.80</td>
</tr>
<tr>
<td>2008</td>
<td>13.30</td>
<td>36.50</td>
<td>49.80</td>
</tr>
<tr>
<td>2009</td>
<td>10.44</td>
<td>35.49</td>
<td>45.93</td>
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ADVERTISING EXPENSES ($ per vehicle)

<table>
<thead>
<tr>
<th>$100K</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>$268</td>
<td>$79,328</td>
<td>$76,507</td>
<td>$66,269</td>
<td>$82,459</td>
</tr>
<tr>
<td>per vehicle</td>
<td></td>
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</tr>
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</table>

RENT AND EQUIVALENT ($ per vehicle)

<table>
<thead>
<tr>
<th>$100K</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$378</td>
<td>$111,888</td>
<td>$115,214</td>
<td>$94,589</td>
<td>$106,856</td>
</tr>
<tr>
<td>per vehicle</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FLOOR PLAN INTEREST ($ per vehicle)

<table>
<thead>
<tr>
<th>$100K</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$118</td>
<td>$36,280</td>
<td>$35,986</td>
<td>$37,382</td>
<td>$39,222</td>
</tr>
<tr>
<td>per vehicle</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
“DealerCenter allows me to manage my dealership from virtually anywhere.”

Skip Potoski, Farrrells Deals on Wheels LLC.

Nowcom has taken Dealer Desktop’s popular DMS features and added them online to DealerCenter!

DealerCenter now allows you to:
- Book inventory from KBB®, NADA and BlackBook®
- Run credit reports with three national bureaus
- Manage sales and work deals
- Upload inventory to AutoTrader.com® and Cars.com™
- Customize business reports
- Get instant loan approvals with Westlake Financial Buy Program™
- Manage in-house financing with the Buy Here Pay Here module
- Add and structure deals with insurance binders
- Get AutoCheck® vehicle history reports
- Print plain paper contracts & forms from Bankers Systems by Wolters Kluwer

Receive a 30-day free trial of DealerCenter by visiting:
www.DealerCenter.net

For immediate assistance, please contact sales at:
sales@Nowcom.com

1-866-696-0296
USED VEHICLE SALES PER MONTH, PER OUTLET - INDEPENDENT DEALERS (in millions)

For example, in January 2009, independent dealers sold 537,132 vehicles from 38,125 locations. That results in 14.1 units per outlet.

INTERNET USED VEHICLE SALES

IN millions

UNITS OFFERED ON INTERNET

UNITS SOLD THROUGH INTERNET

1.0 1.9
1.1 2.2
1.2 2.7
4.1 4.2
6.8 10.7
12.7
14.1

NEW 2-4 YEAR OLD 5-7 YEAR OLD 8-10 YEAR OLD OVER 10 YEARS

NEW 2-4 YEAR OLD 5-7 YEAR OLD 8-10 YEAR OLD OVER 10 YEARS

PURCHASE OF EXTENDED WARRANTIES FOR USED CARS - 2008

FRANCHISED DEALERS
INDEPENDENT DEALERS

FRANCHISED DEALERS
INDEPENDENT DEALERS

PURCHASE OF EXTENDED WARRANTIES FOR USED CARS - 2009

(percentage of respondents)

(percentage of respondents)
VIEW MANY OF THE EDUCATIONAL SESSIONS FROM THE RECENT NIADA CONVENTION AT YOUR LEISURE, EXCLUSIVELY AT WWW.NIADA.TV. CLICK ON "NEW PROGRAMS".

WWW.NIADA.TV
This profile includes all active dealerships with an actual place of business and multiple sales of the same vehicle (post repossession, etc.)

**PAYMENT PROTECTION DEVICES - REDUCING LATE PAYMENT AND REPOSSESSIONS**
(dealers with devices)

**TOTAL GROSS**
(As percent of total sales per independent dealer)

**TOTAL EXPENSES**
(As percent of total sales per independent dealer)

**NET PROFIT BEFORE TAXES**
(As percent of total sales per independent dealer)

**INDEPENDENT USED VEHICLE DEALER PROFILE**
(Averages per independent dealer)

**2009 PROVED TO BE A GOOD YEAR for independent dealers still in business, as the average number of vehicles sold per dealership INCREASED TREMENDOUSLY.**

**USED CAR INDUSTRY DATA FROM CNW MARKETING RESEARCH**

**CNW MARKETING RESEARCH**
The Franchise... Without the Factory.

Stand Tall
Take Your Business To A New Level.

Thrifty Car Sales is standing beside you to help grow your business. With locations nationwide, Thrifty Car Sales and Thrifty Car Rental are standing tall. Call today and take your business to the Next Level!

Why... Thrifty Car Sales?

• A Recognized Brand Name and Image
• Advertising, Sales and Marketing Support
• A Business Development Center
• A Website Solution and Promotion
• Nationally Branded Products and Services

Why... Thrifty Car Rental?

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• Worldwide Reservation Services
• Financial Analysis & Review Services
• Advertising, Sales & Marketing Support
• Volume Purchasing Programs

To learn more about this Franchise opportunity, call toll free:

1-877-289-2583
www.ThriftyCarSales.com/franchise
OVERALL:
AFTER COMING OFF OF TWO DISAPPOINTING YEARS, 2010 SHOULD LOOK HEAVEN SENT.

USED VEHICLE SALES
(As percent of total sales)

F&I INCOME
(As percent of total sales)

SERVICE AND PARTS
(As percent of total sales)

OTHER INCOME
(As percent of total sales)

RETAIL GROSS PROFIT
(Percent of retail selling price)

USED VEHICLE SALES - FINANCED VS. CASH
(Franchised Dealers)

USED VEHICLE SALES - FINANCED VS. CASH
(Independent Dealers)
Protective Introduces...

Lifetime Engine Warranty
"You Deserve Peace of Mind"

Engine Coverage For Life!

*Serves Automotive Dealers Since 1962

Vehicle Service Contracts | GAP Coverage | Credit Insurance
Dealer Participation Programs | F&I Training | Advanced F&I Technology

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www.protectiveassetprotection.com
BUY HERE-PAY HERE INDUSTRY BENCHMARKS

Annually, NABD, with the help of Shilson, Goldberg & Cheung CPAs, compiles Buy Here-Pay Here financial benchmarks from a database of more than 500 operations nationwide. NABD benchmarks also include operating information on sales, collections and recoveries, and inventory management which were developed and supplied by NCM Twenty Groups, based upon a composite of all of their BHPH 20 group members. The attached NABD benchmarks also include portfolio performance metrics which were compiled electronically by Subprime Analytics, which to date, has analyzed more than $5 billion (more than 600,000 individual accounts) of subprime, BHPH installment loans to identify loss rates, patterns and trends. In the aggregate, these statistics provide a comprehensive look at the financial and operating performance of the BHPH industry for the last three years and some interesting trend information for earlier periods.

The automotive industry has had a difficult period of time. Major economic factors combined to create some unprecedented challenges for the entire automotive industry.

BUY HERE-PAY HERE INDUSTRY BENCHMARKS / TRENDS 2009

The table below compares the resultant changes in gross profit from 2007 – 2009. These numbers are compiled from our best performing dealers and are not industry averages.

Note: All percentages are expressed as a percentage of total revenues.

- Many operators experienced lower unit sales in 2009. This was particularly true for operators who did not expand their operations or add sales lots. Despite these lower sales volumes, profitability remained stable and in some cases, increased.

- Operators again struggled to “cover” bad debt losses with finance income (where interest income equals or exceeds bad debt expense). This was, in part, the result of reduced interest income as the average age of receivable portfolios increased due to lower originations. Interest revenue declined as the average portfolio age increased. Further, bad debt defaults increased in 2009 as more consumers surrendered their vehicles “voluntarily” due to reductions in overtime, layoffs and other pay reductions.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>COST OF VEHICLE SALES</td>
<td>(59%)</td>
<td>(60%)</td>
<td>(63%)</td>
</tr>
<tr>
<td>SUBTOTAL</td>
<td>41%</td>
<td>40%</td>
<td>37%</td>
</tr>
<tr>
<td>FINANCING INCOME</td>
<td>16%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>BAD DEBTS</td>
<td>(20%)</td>
<td>(21%)</td>
<td>(19%)</td>
</tr>
<tr>
<td>GROSS PROFIT</td>
<td>37%</td>
<td>37%</td>
<td>34%</td>
</tr>
</tbody>
</table>

AVERAGE CUSTOMER DOWN PAYMENT: 2005 – 2009

Source: NABD / Subprime Analytics
According to the research, Buy Here-Pay Here dealers spent more money in 2009 on reconditioning vehicles and spent more for the vehicles themselves than they did in 2008.

<table>
<thead>
<tr>
<th>COST OF VEHICLE SALES</th>
<th>2009 % OF VEHICLE SALES</th>
<th>2008 % OF VEHICLE SALES</th>
<th>2007 % OF VEHICLE SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST OF VEHICLES</td>
<td>49.03%</td>
<td>51.03%</td>
<td>54.34%</td>
</tr>
<tr>
<td>RECONDITIONING COSTS</td>
<td>6.68%</td>
<td>4.12%</td>
<td>4.97%</td>
</tr>
<tr>
<td>OTHER</td>
<td>2.85%</td>
<td>4.52%</td>
<td>3.28%</td>
</tr>
<tr>
<td>TOTAL COST OF VEHICLE SALES</td>
<td>58.56%</td>
<td>59.67%</td>
<td>62.59%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST OF VEHICLE SALES</th>
<th>2009 % OF VEHICLE SALES</th>
<th>2008 % OF VEHICLE SALES</th>
<th>2007 % OF VEHICLE SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADVERTISING</td>
<td>2.20%</td>
<td>1.55%</td>
<td>1.21%</td>
</tr>
<tr>
<td>BANK CHARGES</td>
<td>0.21%</td>
<td>0.24%</td>
<td>0.07%</td>
</tr>
<tr>
<td>CONTRIBUTIONS</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.03%</td>
</tr>
<tr>
<td>DEPRECIATION</td>
<td>0.40%</td>
<td>0.54%</td>
<td>0.82%</td>
</tr>
<tr>
<td>DUES AND SUBSCRIPTIONS</td>
<td>0.08%</td>
<td>0.02%</td>
<td>0.02%</td>
</tr>
<tr>
<td>INSURANCE</td>
<td>0.45%</td>
<td>0.99%</td>
<td>0.23%</td>
</tr>
<tr>
<td>LEGAL AND ACCOUNTING</td>
<td>0.51%</td>
<td>0.50%</td>
<td>0.71%</td>
</tr>
<tr>
<td>OUTSIDE SERVICES</td>
<td>0.13%</td>
<td>0.30%</td>
<td>0.07%</td>
</tr>
<tr>
<td>OFFICE EXPENSE</td>
<td>0.58%</td>
<td>1.31%</td>
<td>0.89%</td>
</tr>
<tr>
<td>RENT</td>
<td>2.18%</td>
<td>1.62%</td>
<td>1.13%</td>
</tr>
<tr>
<td>REPAIRS AND MAINTENANCE</td>
<td>0.22%</td>
<td>0.27%</td>
<td>0.44%</td>
</tr>
<tr>
<td>SALARIES (NON-OWNERS)</td>
<td>10.59%</td>
<td>10.81%</td>
<td>9.97%</td>
</tr>
<tr>
<td>TAXES - GENERAL</td>
<td>0.26%</td>
<td>0.30%</td>
<td>0.26%</td>
</tr>
<tr>
<td>OTHER OPERATING EXPENSE</td>
<td>0.94%</td>
<td>0.60%</td>
<td>0.83%</td>
</tr>
<tr>
<td>TAXES - PAYROLL</td>
<td>0.77%</td>
<td>1.11%</td>
<td>0.83%</td>
</tr>
<tr>
<td>UTILITIES AND TELEPHONE</td>
<td>0.70%</td>
<td>0.79%</td>
<td>0.64%</td>
</tr>
<tr>
<td>TRAVEL / TRAINING</td>
<td>0.27%</td>
<td>0.38%</td>
<td>0.47%</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENSE</td>
<td>20.50%</td>
<td>21.35%</td>
<td>18.62%</td>
</tr>
</tbody>
</table>

THE ABOVE REFERENCED LOSS DATA WAS DETERMINED BY ELECTRONICALLY ANALYZING APPROXIMATELY 613,000 LOANS, AGGREGATING APPROXIMATELY $5.3 BILLION TO IDENTIFY LOSS RATES AND TO UNDERSTAND WHY THEY OCCURRED.
While retail dealers had increases in the amount of vehicles sold in 2009, BUY HERE-PAY HERE DEALERS reported less units sold in 2009 compared to 2008, as well as a large decrease in BUY HERE-PAY HERE inventory.

<table>
<thead>
<tr>
<th>2009 DEALER OPERATING INFORMATION.</th>
<th>2008 NCM BENCHMARKS</th>
<th>2009 NCM BENCHMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AVERAGE UNITS SOLD PER DEALER (BHPH DEALS ONLY)</td>
<td>743</td>
<td>728</td>
</tr>
<tr>
<td>AVERAGE CASH IN DEAL PER VEHICLE SOLD</td>
<td>$4,696</td>
<td>$4,865</td>
</tr>
<tr>
<td>AVERAGE ACV PER VEHICLE SOLD (INCLUDES RECON)</td>
<td>$5,284</td>
<td>$5,534</td>
</tr>
<tr>
<td>AVERAGE RECONDITIONING COST PER VEHICLE SOLD</td>
<td>$499</td>
<td>$556</td>
</tr>
<tr>
<td>AVERAGE GROSS PER VEHICLE SOLD</td>
<td>$4,239</td>
<td>$4,149</td>
</tr>
<tr>
<td>AVERAGE CASH DOWN PAYMENT</td>
<td>$1,185</td>
<td>$1,272</td>
</tr>
<tr>
<td>AVERAGE AMOUNT FINANCED</td>
<td>$9,195</td>
<td>$9,274</td>
</tr>
<tr>
<td>AVERAGE TERM OF LOAN (IN WEEKS)</td>
<td>129</td>
<td>132</td>
</tr>
<tr>
<td>COLLECTIONS / RECOVERIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AVERAGE WEEKLY PAYMENT AMOUNT</td>
<td>$84</td>
<td>$84</td>
</tr>
<tr>
<td>AVERAGE # OF ACCOUNTS PAST DUE</td>
<td>350</td>
<td>366</td>
</tr>
<tr>
<td>AVERAGE # OF PAST DUE ACCOUNTS PER COLLECTOR</td>
<td>101</td>
<td>86</td>
</tr>
<tr>
<td>AVERAGE LOSS PER CHARGE OFF</td>
<td>$5,264</td>
<td>$4,360</td>
</tr>
<tr>
<td>AVERAGE PORTFOLIO DELINQUENCY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CURRENT</td>
<td>69.85%</td>
<td>74.40%</td>
</tr>
<tr>
<td>0-10 DAYS</td>
<td>11.75%</td>
<td>10.30%</td>
</tr>
<tr>
<td>11-29 DAYS</td>
<td>10.20%</td>
<td>7.80%</td>
</tr>
<tr>
<td>30-59 DAYS</td>
<td>4.60%</td>
<td>3.60%</td>
</tr>
<tr>
<td>60-89 DAYS</td>
<td>1.50%</td>
<td>1.70%</td>
</tr>
<tr>
<td>90+ DAYS</td>
<td>2.10%</td>
<td>2.20%</td>
</tr>
<tr>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>INVENTORY MANAGEMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AVERAGE NUMBER OF UNITS IN STOCK</td>
<td>169</td>
<td>145</td>
</tr>
<tr>
<td>AVERAGE INVENTORY AGING</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-30 DAYS</td>
<td>32.10%</td>
<td>40.80%</td>
</tr>
<tr>
<td>31-60 DAYS</td>
<td>22.40%</td>
<td>19.30%</td>
</tr>
<tr>
<td>61-90 DAYS</td>
<td>17.10%</td>
<td>12.80%</td>
</tr>
<tr>
<td>91+ DAYS</td>
<td>28.40%</td>
<td>27.10%</td>
</tr>
<tr>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

BHPH FINANCIAL TRENDS AVERAGE “CASH IN DEAL” 2006-2009
Average cash in deal per unit sold

BHPH FINANCIAL TRENDS 2003-2009 COSTS/EXPENSES

COST OF VEHICLES
OPERATING EXPENSES

Average total actual cost per vehicle sold (including recon)

Source: Shilson, Goldberg, Cheung & Associates, LLP

Source: NABD/NCM
The NABD results - combined dealer and finance affiliate numbers - break down balance sheets and income statements into 16 categories. It also compares 2009 to the past two years so dealers can examine industry trends.

### Ratio Comparisons, Combined Buy-Here, Pay-Here

#### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Inventory X Days) / Cost of Vehicle Sales</td>
<td>64.11 Days</td>
<td>68.57 Days</td>
<td>56.21 Days</td>
</tr>
<tr>
<td>Cost of Vehicle Sales / Average Inventory Dollars</td>
<td>5.98 X</td>
<td>5.96 X</td>
<td>8.51 X</td>
</tr>
<tr>
<td>Vehicle Sales / Average Inventory Dollars</td>
<td>11.16 X</td>
<td>9.98 X</td>
<td>13.59 X</td>
</tr>
<tr>
<td>Vehicle Sales / Total Assets</td>
<td>0.95 X</td>
<td>0.96 X</td>
<td>1.27 X</td>
</tr>
<tr>
<td>Total Assets / Total Liabilities</td>
<td>1.82 X</td>
<td>1.61 X</td>
<td>1.82 X</td>
</tr>
<tr>
<td>Allowance for Bad Debts / Finance Receivables*</td>
<td>21%</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Finance Receivables* / Total Assets</td>
<td>93%</td>
<td>89%</td>
<td>85%</td>
</tr>
<tr>
<td>Total Debt / Total Assets</td>
<td>55%</td>
<td>62%</td>
<td>55%</td>
</tr>
</tbody>
</table>

*Finance Receivables are net of unearned finance charges

#### Income Statement

<table>
<thead>
<tr>
<th>Ratio</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad Debts / Vehicle Sales</td>
<td>20%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Cost of Vehicle Sales / Vehicle Sales</td>
<td>59%</td>
<td>60%</td>
<td>63%</td>
</tr>
<tr>
<td>Gross Profit*** / Vehicle Sales</td>
<td>37%</td>
<td>37%</td>
<td>34%</td>
</tr>
<tr>
<td>Operating Expense / Vehicle Sales</td>
<td>21%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Interest Expense / Financing Income</td>
<td>18%</td>
<td>23%</td>
<td>20%</td>
</tr>
<tr>
<td>Operating Income / Vehicle Sales</td>
<td>16%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Financing Income / Vehicle Sales</td>
<td>16%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Compensation** / Vehicle Sales</td>
<td>11%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>Reconditioning Cost / Vehicle Sales</td>
<td>7%</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Compensation excludes those of the owners
***Gross Profit is net of bad debts and financing income

---

**Have you given YOUR warranty company a checkup lately?**

Don’t worry, NIADA has done it for you!

- Quality customer service
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Offer better vehicles and enjoy higher profits with NIADA’s exciting CPO Program! Now, independent dealers of all sizes can offer high-quality certified vehicles, get higher resale value, raise their profits and finally compete with factory certification programs!
Balloons. Shiny cars front and center. Signs and banners. And a giant, inflatable gorilla.

All these merchandising tactics work. On the lot. But how do you grab shoppers’ attention online and drive interest in your cars?

Online merchandising gets your inventory noticed and opens the door for you to sell more cars. Make a good impression with proven methods that make shoppers not only notice but also want your cars.

Selling cars online can feel like a fight for survival. With 92 percent of car shoppers turning online, how can you stand out? You’ve got to do more than stock in-demand cars. After all, competition is fierce, and your closest competitor is just a click away. On Cars.com, for example, shoppers have access to more than 2 million cars from more than 16,000 dealers. An April 2010 search for a used Honda Accord within 30 miles of downtown Chicago, for example, netted more than 750 results.

So how can you make your inventory and your dealership get noticed? We analyzed more than 200,000 listings on Cars.com to find out what clicks with car shoppers. What is it that grabs the attention of a car shopper online the way a large, inflatable gorilla can on a dealership’s lot? For the first time ever, we determined the impact of various online merchandising elements. The effect was huge—even larger than an oversized, inflatable gorilla on your lot.

Call it animal attraction. Consumers simply can’t resist your inventory and the lure of effective online marketing. Together, these merchandising tactics drive traffic and help you sell more cars:

- Competitive pricing shows consumers they’ll get a fair deal.
- Multiple photos and video invite a closer look.
- Engaging sell copy promotes the car and the value of buying from your store sets you apart from the herd.

Capgemini Cars Online 08/09 study. Includes U.S. shoppers with internet access only.
...how do you GRAB shoppers’ attention ONLINE and drive INTEREST in your cars?

IMPACT OF PHOTOS
MOVING FROM ZERO PHOTOS TO AT MOST TEN PHOTOS

INCREASES VEHICLE DETAIL PAGE VIEWS

142%

INCREASES DEALER CONTACTS

117%

IMPACT OF PHOTOS
MOVING FROM ZERO PHOTOS TO ELEVEN PHOTOS OR MORE

INCREASES VEHICLE DETAIL PAGE VIEWS

175%

INCREASES DEALER CONTACTS

127%

IMPACT OF VIDEO
INCLUDING VIDEO IN LISTINGS

INCREASES VEHICLE DETAIL PAGE VIEWS

5%

INCREASES DEALER CONTACTS

13%

IMPACT OF FAIR MARKET PRICE
VS’ ABOVE AVERAGE PRICE

INCREASES VEHICLE DETAIL PAGE VIEWS

79%

INCREASES DEALER CONTACTS

136%

IMPACT OF SELL COPY
SELL COPY INCREASES DEALER CONTACTS

INVENTORY COPY

10%

INCLUDING DEALERSHIP COPY

13%

INCLUDING BOTH

17%
One of the key elements to selling success is building customer confidence in your dealership. Customers are more likely to buy from someone they trust. Independent studies prove that vehicle history reports have a significant impact on buyer confidence and ultimately, inventory turn.

According to recent research from Carfax, NIADA members that give buyers a vehicle history report up front have better inventory turn than non-NIADA members. On average, NIADA members turn their inventory two days faster.

This research is centered on the independent dealer market and current sales trends. It clearly indicates that dealers greatly benefit by being an NIADA member and using vehicle history to build consumer confidence.

It’s also important to understand how the number of vehicles listed online directly relates to inventory turn. Knowing the average time that cars listed by competing dealerships stay posted online is crucial in today’s market. Aggressive pricing and utilizing resources that help your cars sell faster to online shoppers help you get a leg up on the competition, whether it be from independent or franchise dealers.

Independent dealers can take advantage of these benefits as NIADA members. When you give customers what they want, research shows they’ll buy faster.

Use the Inventory Cost Calculator located on the next page (sample data is provided as a guide) to figure out your approximate inventory costs and better understand how tools such as Carfax Vehicle History Reports can help lower those costs.
AGGRESSIVE pricing and utilizing resources that help your cars sell faster to online shoppers helps you GET A LEG UP on the competition...

SEE REGIONAL MAP

REGIONAL INVENTORY TURNS WITH & WITHOUT CARFAX REPORTS

<table>
<thead>
<tr>
<th>REGION</th>
<th>NIADA MEMBER WITH CARFAX</th>
<th>NON MEMBER INDEPENDENT WITH CARFAX</th>
<th>REGIONAL AVERAGE FRANCHISE &amp; INDEPENDENT WITH CARFAX</th>
<th>REGIONAL AVERAGE FRANCHISE &amp; INDEPENDENT WITHOUT CARFAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>46 DAYS</td>
<td>49</td>
<td>52</td>
<td>82</td>
</tr>
<tr>
<td>2</td>
<td>42 DAYS</td>
<td>44</td>
<td>46</td>
<td>81</td>
</tr>
<tr>
<td>3</td>
<td>47 DAYS</td>
<td>50</td>
<td>52</td>
<td>83</td>
</tr>
<tr>
<td>4</td>
<td>45 DAYS</td>
<td>44</td>
<td>46</td>
<td>78</td>
</tr>
<tr>
<td>5</td>
<td>56 DAYS</td>
<td>51</td>
<td>53</td>
<td>85</td>
</tr>
<tr>
<td>6</td>
<td>48 DAYS</td>
<td>49</td>
<td>51</td>
<td>83</td>
</tr>
<tr>
<td>7</td>
<td>48 DAYS</td>
<td>49</td>
<td>50</td>
<td>79</td>
</tr>
<tr>
<td>8</td>
<td>46 DAYS</td>
<td>45</td>
<td>49</td>
<td>79</td>
</tr>
<tr>
<td>9</td>
<td>45 DAYS</td>
<td>45</td>
<td>46</td>
<td>72</td>
</tr>
<tr>
<td>NATIONAL AVERAGE</td>
<td>46 DAYS</td>
<td>48 DAYS</td>
<td>50 DAYS</td>
<td>80 DAYS</td>
</tr>
</tbody>
</table>

DAILY INVENTORY COST PER DAY CALCULATOR

The calculator below will help determine the approximate daily carrying costs of your inventory. Write your dealership’s numbers in the empty column (sample data is provided as a guide) to see how much you could save per day by selling cars faster.

<table>
<thead>
<tr>
<th>SAMPLE DEALER</th>
<th>YOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>(I) AVERAGE # OF CARS ON YOUR LOT</td>
<td>30</td>
</tr>
<tr>
<td>AVERAGE COST PER CAR</td>
<td>$6,000</td>
</tr>
<tr>
<td>(T) TOTAL INVESTMENT</td>
<td>$180,000</td>
</tr>
<tr>
<td>(R) HOW MUCH DO YOU WANT TO MAKE PER CAR (PERCENTAGE)</td>
<td>10%</td>
</tr>
<tr>
<td>(O) OPPORTUNITY COST OF CAPITAL</td>
<td>$18,000</td>
</tr>
<tr>
<td>(D) DAILY TARGET RATE OF RETURN PER VEHICLE</td>
<td>$1.65</td>
</tr>
<tr>
<td>(P) AVERAGE GROSS PROFIT</td>
<td>$1,500</td>
</tr>
<tr>
<td>(V) AVERAGE DAYS TO SELL</td>
<td>45</td>
</tr>
<tr>
<td>(M) INVENTORY TURNOVER</td>
<td>8.111</td>
</tr>
<tr>
<td>(S) ANNUAL GROSS PROFIT PER SPACE</td>
<td>$12,167</td>
</tr>
<tr>
<td>(A) DAILY OPPORTUNITY COST PER SPACE</td>
<td>$33.33</td>
</tr>
<tr>
<td>COST OF INVENTORY PER DAY</td>
<td>$34.98</td>
</tr>
</tbody>
</table>

YOUR WORKSHEET

2010 NIADA USED CAR INDUSTRY REPORT
There is a consensus that a low point in both the economy and the automotive industry was reached in 2009, and that a recovery is under way. There is great disagreement, however, as to the nature of that recovery.

While it is safe to assert that the recession may have produced progress and solidity itself in the first quarter of 2010, there are still significant hurdles ahead, and it is our expectation that longer-term growth will be muted and uneven.

Forecasting is fraught with peril and, at best, can only place probabilities around possibilities. So, rather than speculating on near-term scenarios, it is better to look for long-term structural shifts that the recession may have produced. It is from that perspective that we analyze the trends in the remarketing industry.

The total number of vehicles sold at NAAA-member auctions declined by 5.9 percent in 2009, and, of course, there were larger shifts in several segments. For example, both off- and dealer consignment volumes were down sharply, but off-lease and repossessions continued to rise. With auction volumes falling to their lowest level in more than a decade and low new vehicle sales remaining, for a retailer to realize potential wholesale supplies in the future, it is fair for independent dealers to ask whether the auction industry has undergone a structural shift that will result in permanently lower volumes. We think not. In fact, we expect auction volumes to return to a more normal level before new and used vehicle sales get back to their previous strength.

Our reasoning is based on the increased need that buyers and sellers have for auction services.

Dealers recognize the importance of having an inventory mix that matches the needs of their customers. When an immediate gap exists in fulfilling a specific customer’s desires, dealers appreciate the ability to rely on the virtual inventory available in online auction channels.

In fact, online purchases continued their pronounced upward trajectory, accounting for 14 percent of all sales by National Auto Auction Association member auctions in 2009, up from 7 percent in 2007 and 3 percent in 2004.

Many of the forces that shaped the auction industry in 2009 will remain in force for years to come. For example, in 2009, the contraction in wholesale supply altered dealer acquisition strategies. No longer could a dealer fill inventory needs simply by attending the local auction on sale day. As a result, there was an accelerated movement toward online transactions, broadening a dealer’s inventory reach. Additionally, with capital constrained and floorplan lines limited, dealers were less likely to take a chance on purchasing a vehicle just because it was priced right. Instead, dealers bought vehicles on a need only basis, filling specific inventory gaps.

These trends will continue. Although we forecast that total auction volumes will rise steadily in the years ahead, there will be major shifts in certain segments. For example, off-lease volumes will drop sharply in 2011 and 2012. As such, there will always be various shortages depending on vehicle segment, market classes, price points or vehicle condition. Meanwhile, more dealers are fully utilizing used vehicle inventory management systems, and the related technology is becoming more powerful. This increases the dealer’s desire to find inventory that closely fits very specific criteria.

The combination of these two forces will drive more dealers to online channels. Already more than 37 percent of dealers who purchased from Manheim in 2009 bought at least one vehicle online, up from 24 percent in 2007. As increased usage develops familiarity and illustrates efficiencies, online transactions will accelerate further.

Tom Webb is chief economist at Manheim Consulting. For more in-depth and ranging industry updates, visit the Manheim Consulting blog at www.manheimconsulting.typepad.com or follow Tom Webb on Twitter at www.twitter.com/TomWebb_Manheim.
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NIADA MEMBERSHIP SURVEY

NIADA needs your data!!! So help us help you!!! You’ve now reached the back of this report, meaning you just can’t get enough data. If you are like most of our dealer members, this data is extremely important in comparing your dealership to nationwide industry standards. Please assist us in providing the most comprehensive and accurate dealership statistics by taking just five minutes to complete and fax back this NIADA Membership Survey to 817-649-5866.

Free NADA Guidebook Subscription or NIADA Accounting Manuals
The NIADA membership data is based on results from this survey. Your dealership demographic is important to us. We use the results from this survey to gather statistics for the NIADA Used Car Industry Report. The results will allow us to show trends in the industry over the past few years.

YOUR EFFORTS WILL NOT GO UNNOTICED.

By completing this survey, your name will be entered into a drawing to receive one of these items for free!

• NADA Guidebook Subscription (1 year, $90 value)

OR

• NIADA Standardized Accounting Manuals on CD ($125 value)

Please assist us in providing the most comprehensive and accurate dealership statistics by taking just five minutes to complete and fax back this NIADA Membership Survey to 817-649-5866.

All surveys must be completed and mailed or faxed back to us by December 31, 2010 to be eligible for the drawing. The survey can also be filled out online at www.niada.com.

BY COMPLETING THIS SURVEY, YOU ALSO AUTOMATICALLY QUALIFY FOR A DRAWING FOR TWO COMPLIMENTARY REGISTRATIONS TO THE 2011 NIADA CONVENTION & EXPO, TO BE HELD AT THE CAESARS PALACE IN LAS VEGAS, NV ON JUNE 20-23, 2011.
DEALER MEMBER QUESTIONNAIRE 2011

This survey is being used to gather statistical information from NIADA dealers for our 2011 Annual Used Car Industry Report. Please take a moment to complete the information in this questionnaire and fax us at 817-649-5866. This information is proprietary and will not be seen by anyone outside of NIADA. Thank You.

Dealer name ___________________________ Company name ___________________________

E-mail address* ___________________________ City & state ___________________________

* Certain NIADA Member Benefits are delivered via email and by providing your email address, you are consenting to and giving NIADA, its subsidiaries and affiliates, your permission to contact you at this address.

1. What is the nature of your business? (check all that apply)
   - Retail
   - BHPH
   - Wholesale
   - Retail
   - Leasing
   - Service Dept
   - Parts Dept
   - Body Shop
   - Other ___________________________

2. How long has your business been in operation? _____________

3. How many vehicles do you sell per year?
   - Retail: _____________
   - Wholesale: _____________

4. What is the monthly average total number of vehicles in your inventory? _____________

5. What type of vehicles do you sell? (check all that apply)
   - Cars
   - Trucks
   - Heavy-duty vehicles
   - Power Sports vehicles
   - RV's

6. What is the average retail price of most of the vehicles you sell? _____________

7. How many employees do you have (including yourself)? _____________

8. Which of the following mediums, do you spend your advertising dollars? (check all that apply)
   - TV
   - Newspaper
   - Radio
   - Magazines
   - Specialty pubs
   - Online
   - Other ___________________________

9. What percentage of your retail sales are to women buyers? _____________

10. Do you have a website for your dealership? __ Yes __ No

11. How do you use internet access at your dealership? (check all that apply)
    - Dealership Website
    - E-mail/Communication
    - Industry Research
    - NIADA.TV
    - Online Buying/Selling
    - Online Auctions
    - Online Financing
    - Other ___________________________

12. How do you finance/floorplan your inventory? __ Banks
    - Auction floorplanning
    - Cash
    - Other ___________________________

13. How do you finance vehicles for your customers? __ BH-PH
    - Finance companies
    - Banks
    - Other ___________________________

14. How old are most of the vehicles you sell? _____________
    - 1-2 yrs old
    - 3-5 yrs old
    - More than 6 yrs old

15. Where do you buy your vehicles? (check all that apply)
    - Wholesale auctions
    - Other dealers
    - Online
    - Other ___________________________

16. How do you wholesale your vehicles? __ Wholesale auctions
    - Other dealers
    - Online
    - Other ___________________________

17. How often does your dealership attend auctions per month?
    - None
    - 1-4 times per
    - 5-7 times
    - 8 or more times

18. Do you have multiple locations? __ Yes __ No
    - If yes, how many locations? _____________

19. If you have a body shop, parts and/or service dept. on site, how many service bays do you operate? _____________

20. Do you have a rental car operation? __ Yes __ No
    - If yes, please check: Franchise or Independent

21. What is the square footage of your dealership? __ Up to 10,000
    - 10,001 – 25,000
    - 25,001 – 50,000
    - 50,001+

22. Do you sell warranties and/or service contracts? __ Yes __ No
    - If yes, how many on average do you sell per month? _____________

23. Do you have outside lighting? __ Yes __ No

24. Do you have outside fencing? __ Yes __ No

25. Do you have a paved lot? __ Yes __ No

26. Is 100% of your inventory insured? __ Yes __ No

27. Do you have an indoor showroom? __ Yes __ No

28. Do you use payment protection devices? __ Yes __ No

29. Do you have a separate F&I department? __ Yes __ No

30. Do you sell aftermarket products to customers? __ Yes __ No

31. Do you do your own reconditioning and detailing work? __ Yes __ No

32. Do you carry workers compensation? __ Yes __ No

33. Do you carry commercial insurance on your building? __ Yes __ No

THANK YOU!

Your efforts will not go unnoticed... By filling out this survey and returning it to us by February 28, 2011, your name will be entered into a drawing to receive one of these items, FREE!

- NADA Guidebook Subscription (1yr ($90.00 value))
- NADA’S Standardized Accounting Manuals on CD ($125.00 value)

Mail to: NIADA, 2521 Brown Blvd., Arlington, TX 76006
Fax to: 817-649-5866
Worried about how your collateral recovery is going to be handled? 

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- Certified and Trained to ensure the job is done right.
- Experienced and Professional to give you peace of mind.

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As a Dealer Account Manager, I am able to offer my dealers personalized support. Whether they need help putting together deals, or learning about our newest programs, I am there for them 24/7.”

William Demboski
Dealer Account Manager - FL

- Full-spectrum auto financing
- Operating in 47 states
- Over 6,000 active dealers
- Over 275+ dealers joining our family every month
- 24/7 Approvals with the Westlake Buy Program™

At Westlake, we embrace technology and innovation, but our most valuable asset is our people.

Visit westlakefinancial.com/iamwestlake to learn more about William and the new things happening in our Marketing Department designed to help you be more profitable.
“AUTOTRADER.COM BRINGS ME TRAFFIC. THE MORE THEY ADVERTISE, THE MORE I WIN.”

Joel DeKoozer
Owner—DeKoozer Chevrolet
Albany, NY

“My sales are going to be up thirty-three percent this year. AutoTrader.com’s marketing plan has really made a huge difference for us. They have the most recognition and their marketing definitely brings in quality traffic. And their advertising draws people from all markets.” To hear the rest of Joel’s story and other dealers’, visit WeWorkForYou.com.