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Chicago Auto Outlook™

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Area New Retail Light Vehicle Market Predicted to Decline by Just 4.7% in 2003

Forecasting the Chicago Area new vehicle market is a delicate balancing act. Important market indicators frequently present mixed signals on where the market is headed. Some point squarely to an improving market, while others indicate a decline. Below we present the key plusses and minuses for the 2003 outlook, and conclude with the "bottom line" forecast summary.

Economic growth: New retail vehicle sales in the Chicago area are likely to decline by more than 5% this year, and the reason for the decline is plainly evident—it was not a good year for the Chicago area economy. The area's unemployment rate reached 7% in July, and total employment declined in every month (through August) versus the same month a year earlier. Although significant improvement is unlikely in 2003, it would appear as though the worst is behind us.

Consumer outlook: Financially healthy consumers are clearly critical for keeping new vehicle sales strong. We believe the average consumer's financial situation will deteriorate somewhat in 2003, but not precipitously or catastrophically. Consumer debt levels are very high, the plummeting stock market has beaten down net worth, and the stimulative impact of a strong housing market and low mortgage rates have just about run their course. On the positive side, personal income levels remain high and interest rates are very low. Consumers will be somewhat more hesitant to purchase new vehicles in 2003, but affordability should remain good.

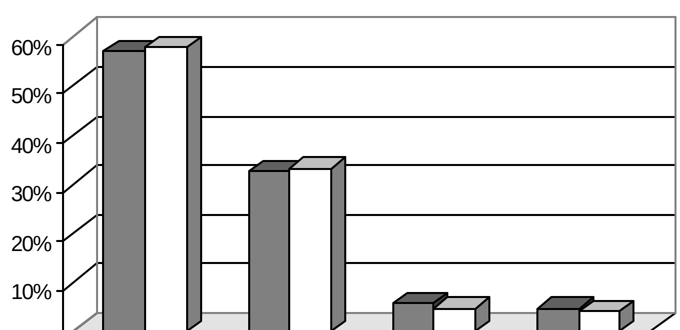
Cyclical factors: New vehicle sales have historically followed cycles of pronounced ups and downs. The market has been relatively strong for several years, perhaps a signal that a downturn is right around the corner. There is little question that aggressive incentives have pulled some sales away from 2003, but the majority of measures we use to track the market's cyclical behavior do not indicate a sharp decline in sales over the next few years (see page 8).

Incentives: Without a doubt, aggressive incentives have been a primary ingredient in keeping the market moving during the past year. And it's a predictable pattern; incentives typically reach a peak just before a cyclical decline in sales. Manufacturers realize that their ability to stimulate demand is waning, they turn off the "incentives spigot," and sales plummet. However, we think things will be a little bit different this time around. There is no doubt the powerful impact that the 0% offers have had over the past year is bound to diminish. But historically low interest rates will assist the manufacturers in concocting incentive programs that should lure a significant (if not reduced) number of consumers into showrooms.

Bottom line: New retail light vehicle registrations in the Chicago area are predicted to decline by 5.6% this year versus last year, and then decline by 4.7% in 2003. Despite the consecutive declines, registrations next year should still exceed 435,000 units, which is not a bad year for the area market, based on historical standards.

CHICAGO AREA RETAIL LIGHT VEHICLE MARKET—AT A GLANCE

RETAIL MARKET SHARE—AREA VS. U.S. (YTD, 2002 thru Sept.)



	Trad. Dom.	Japanese	European	Korean
Chicago	56.9%	32.6%	5.9%	4.7%
US	57.9%	33.3%	4.7%	4.0%

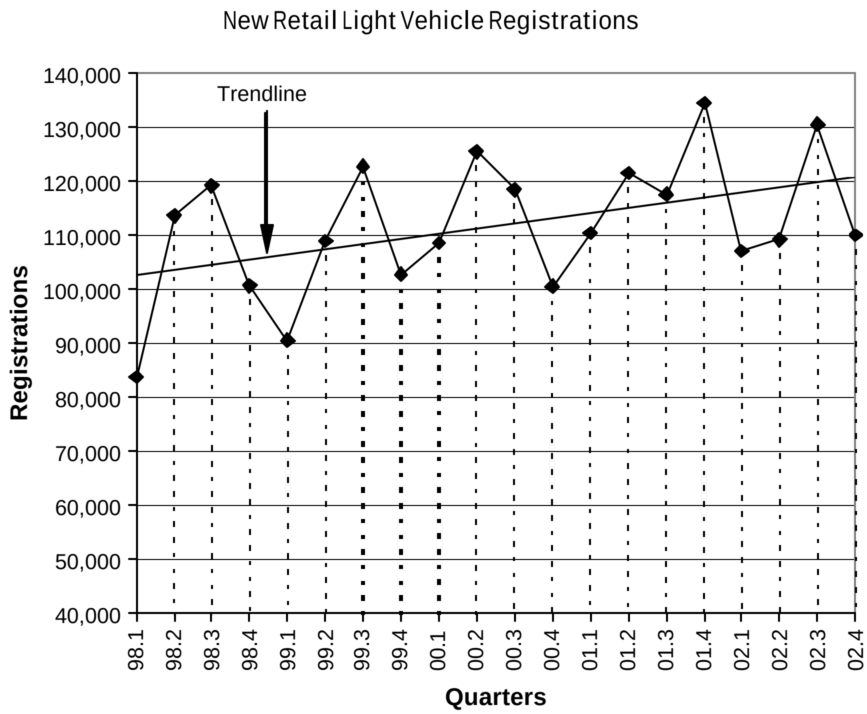
CHICAGO AREA NEW RETAIL LIGHT VEHICLE REGISTRATIONS

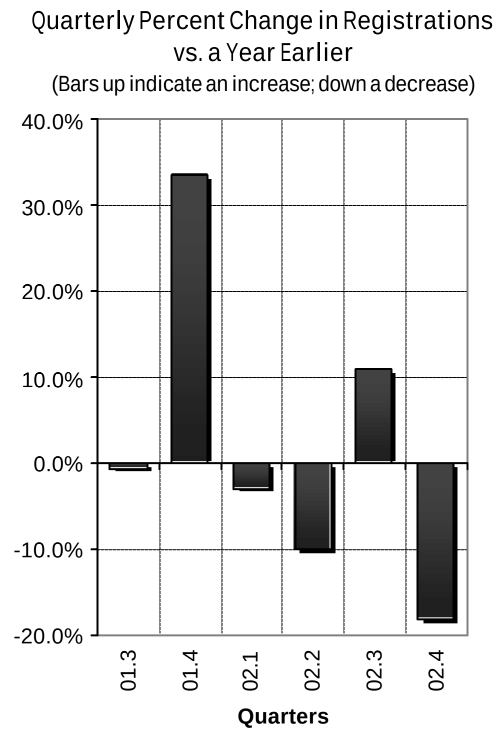
	2001	Forecast 2002	Forecast 2003	% change '01 to '02
TOTAL	483,987	456,778	435,112	-5.6%
Car	270,882	246,571	226,192	-9.0%
Light Truck	213,105	210,207	208,920	-1.4%
Traditional Domestic	288,973	260,066	241,580	-10.0%
Japanese	132,802	132,979	131,889	0.1%
European	40,809	42,834	41,917	5.0%
Korean	21,403	20,899	19,726	-2.4%

Source for historical data: The Polk Company

Quarterly Industry Results and Forecast

Market to Decline in Fourth Quarter versus Strong Year Earlier Results





Summary Table	00.1	00.2	00.3	00.4	01.1	01.2	01.3	01.4	02.1	02.2	02.3	02.4
Actual registrations	108,547	125,504	118,509	100,628	110,379	121,500	117,632	134,476	107,053	109,187	130,482	110,056
% change from year earlier	19.8%	15.3%	-3.4%	-2.1%	1.7%	-3.2%	-0.7%	33.6%	-3.0%	-10.1%	10.9%	-18.2%

As demonstrated on the two graphs above, the fourth quarter of last year was a phenomenal quarter for the area retail light vehicle market. Retail registrations soared above 130,000 units and the market was up nearly 35% from a year earlier. Clearly, it will be an impossible act to follow in this year's fourth quarter, with registrations predicted to decline by 18.2% from 2001. Source for Historical Data: The Polk Company.

Chicago Auto Outlook

Published by:
Auto Outlook, Inc.
5 Great Valley Parkway, Suite 228
Malvern, PA 19355
Phone: 800-206-0102
Fax: 610-648-3806
EMail: autoecon@msn.com

Editor:
Jeffrey A. Foltz

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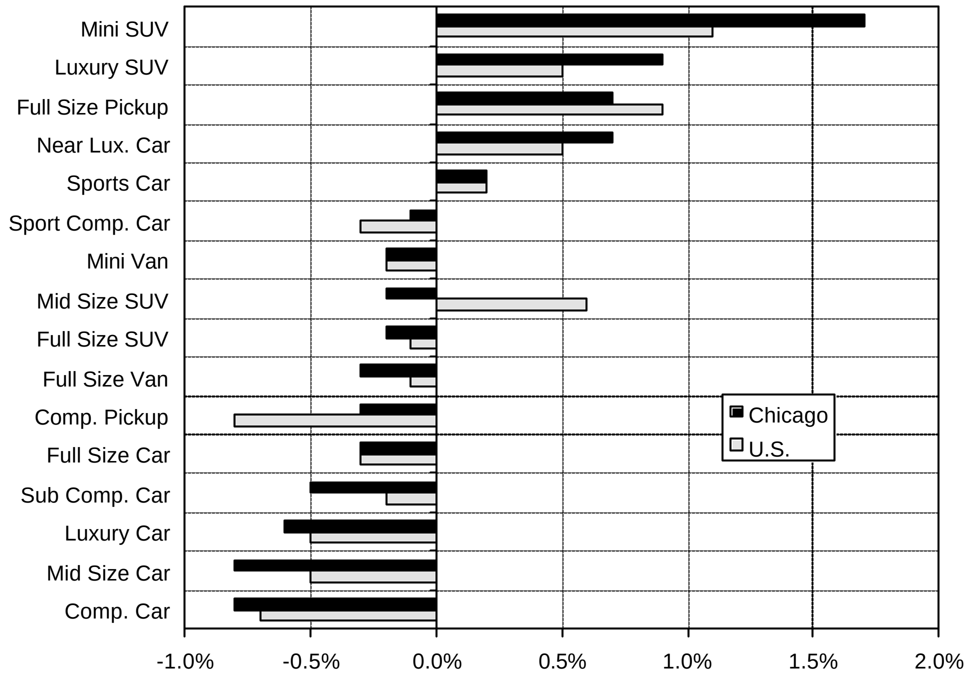
Segment Watch

Mini SUV Segment Continues to Record Market Share Increases in Area Market

Segment Watch provides a great deal of information on the makeup of the Chicago area light vehicle market. The graph on the right shows the increase or decrease in market share during the first nine months of this year (versus 2001) for each of the 16 primary segments in both the area and U.S. markets. The table below shows the top five sellers in each segment during the first nine months of this year, and the percent change in new registrations versus 2001.

Observations: Strong sales of the Jeep Liberty and big increases for the Honda CRV and Hyundai Santa Fe contributed to the 1.7 market share point increase in the Mini SUV segment. Compact Car market share declined by 0.7 points. Lexus ES300 registrations were up by 82%. *Source: The Polk Company.*

Change in Retail Light Vehicle Market Share - YTD ‘02 vs. ‘01, thru Sept.



Top Five Selling Models in Each Segment
New Retail Registrations, Year-to-date 2002 (thru September) and Percent Change vs. 2001

CARS

Sub Compact			Compact			Sporty Compact			Mid Size		
Model	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**
Chevy Cavalier	7017	-4%	Volks. Jetta	3481	3%	Ford Mustang	1710	-5%	Toyota Camry	7601	4%
Honda Civic	6378	-2%	Pontiac Grand Am	3378	-22%	Mitsubishi Eclipse	1569	-9%	Honda Accord	6328	-18%
Ford Focus	4070	-18%	Chevy Malibu	3098	-20%	Acura RSX	638	--	Nissan Altima	3871	52%
Saturn S	3451	-42%	Chrysler Sebring	3085	12%	Chevy Camaro	580	4%	Ford Taurus	3538	-14%
Toyota Corolla	3087	-15%	Dodge Stratus	1864	7%	Pontiac Firebird	508	-8%	Chevy Impala	3451	10%
Full Size			**Near Luxury**			**Luxury**			**Sports Car**		
Model	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**
Buick LeSabre	2509	-9%	BMW 3-Series	2257	-8%	Cadillac Deville	1918	-8%	Chevy Corvette	804	-2%
Mercury Gr. Marq.	1414	-19%	Lexus ES300	2105	82%	BMW 5-Series	1024	0%	Lexus SC430	436	85%
Pontiac Bonneville	843	-23%	Acura TL	1781	-8%	Lincoln Town Car	990	-5%	Ford Thunderbird	413	--
Ford Crown Vic.	493	9%	Audi A4	1253	34%	Audi A6	868	-23%	Porsche Boxster	364	12%
Buick Park Ave.	456	-36%	Mercedes C	1204	31%	Cadillac Seville	734	-21%	Porsche 911	338	29%

LIGHT TRUCKS

Compact Pickup			Full Size Pick Up			Mini Van			Full Size Van		
Model	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**
Ford Ranger	1848	-12%	Ford F-Series	5410	5%	Dodge Caravan	5722	-8%	Chevy Express	2140	-8%
Chevy S10	1823	-8%	Chevy Silverado	4051	-12%	Honda Odyssey	3651	18%	Ford Econoline	2087	-7%
Dodge Dakota	1799	-24%	Dodge Ram	2851	4%	Chrysler T & C	3098	-5%	Dodge Ram Van	1044	-37%
Toyota Tacoma	573	-14%	Chevy Avalanche	1561	--	Ford Windstar	2833	-20%	GMC Savanah	455	-18%
GMC Sonoma	452	8%	GMC Sierra	1364	0%	Toyota Sienna	2435	1%			
Mini SUV			**Mid Size SUV**			**Full Size SUV**			**Luxury SUV**		
Model	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**	**Model**	**Regs.**	**% ch.**
Honda CRV	3989	33%	Ford Explorer	7148	8%	Chevy Tahoe	2644	3%	Lexus RX300	2538	-5%
Jeep Liberty	3519	--	Jeep Gr. Cher.	5709	9%	Chevy Suburban	1846	1%	Buick Rendez.	2047	--
Ford Escape	3303	-9%	Chevy TrailBlazer	5285	--	Ford Expedition	1601	-33%	Acura MDX	1646	21%
Hyundai Santa Fe	2459	73%	Dodge Durango	2581	-26%	Toyota Sequoia	1119	-5%	BMW X5	1390	-1%
Toyota RAV4	2048	-5%	Toyota Highlander	2471	79%	GMC Yukon	584	--	Mercedes ML	1014	-14%

CHICAGO AREA NEW RETAIL LIGHT VEHICLE REGISTRATIONS

History and Forecast

(Historical data obtained from The Polk Company)

	ANNUAL TOTALS				PERCENT CHANGE		
			Forecast	Forecast		Forecast	Forecast
	2000	2001	2002	2003	00 to 01	01 to 02	02 to 03
TOTAL	453,188	483,987	**456,778**	**435,112**	6.8%	**-5.6%**	**-4.7%**
Acura	4,894	7,055	**7,122**	**6,532**	44.2%	**0.9%**	**-8.3%**
Car	4,704	4,998	**4,602**	**4,094**	6.3%	**-7.9%**	**-11.0%**
Truck	190	2,057	**2,520**	**2,438**	982.6%	**22.5%**	**-3.3%**
Audi	3,329	3,735	**3,764**	**3,479**	12.2%	**0.8%**	**-7.6%**
BMW	6,560	8,668	**8,543**	**8,148**	32.1%	**-1.4%**	**-4.6%**
Car	5,498	6,469	**6,415**	**6,106**	17.7%	**-0.8%**	**-4.8%**
Truck	1,062	2,199	**2,128**	**2,042**	107.1%	**-3.2%**	**-4.0%**
Buick	12,046	13,268	**11,881**	**10,848**	10.1%	**-10.5%**	**-8.7%**
Car	12,046	11,929	**8,701**	**7,768**	-1.0%	**-27.1%**	**-10.7%**
Truck	0	1,339	**3,180**	**3,080**	--	**137.5%**	**-3.1%**
Cadillac	6,672	7,219	**7,235**	**7,439**	8.2%	**0.2%**	**2.8%**
Car	6,017	6,239	**5,687**	**5,439**	3.7%	**-8.8%**	**-4.4%**
Truck	655	980	**1,548**	**2,000**	49.6%	**58.0%**	**29.2%**
Chevrolet	63,711	68,968	**65,873**	**62,546**	8.3%	**-4.5%**	**-5.1%**
Car	28,722	29,891	**26,937**	**23,710**	4.1%	**-9.9%**	**-12.0%**
Truck	34,989	39,077	**38,936**	**38,836**	11.7%	**-0.4%**	**-0.3%**
Chrysler	14,989	17,515	**16,396**	**15,784**	16.9%	**-6.4%**	**-3.7%**
Car	6,545	7,619	**7,184**	**6,447**	16.4%	**-5.7%**	**-10.3%**
Truck	8,444	9,896	**9,212**	**9,337**	17.2%	**-6.9%**	**1.4%**
Daewoo	1,269	1,574	**522**	**58**	24.0%	**-66.8%**	**-88.9%**
Dodge	36,374	34,176	**30,543**	**28,609**	-6.0%	**-10.6%**	**-6.3%**
Car	8,734	9,740	**9,115**	**8,638**	11.5%	**-6.4%**	**-5.2%**
Truck	27,640	24,436	**21,428**	**19,971**	-11.6%	**-12.3%**	**-6.8%**
Ferrari	47	52	**49**	**45**	10.6%	**-5.8%**	**-8.2%**
Ford	62,659	64,164	**57,081**	**51,420**	2.4%	**-11.0%**	**-9.9%**
Car	23,191	21,211	**18,325**	**15,463**	-8.5%	**-13.6%**	**-15.6%**
Truck	39,468	42,953	**38,756**	**35,957**	8.8%	**-9.8%**	**-7.2%**
GMC	8,752	10,612	**10,454**	**10,294**	21.3%	**-1.5%**	**-1.5%**
Honda	29,818	32,771	**34,325**	**34,823**	9.9%	**4.7%**	**1.5%**
Car	20,531	22,711	**21,200**	**20,332**	10.6%	**-6.7%**	**-4.1%**
Truck	9,287	10,060	**13,125**	**14,491**	8.3%	**30.5%**	**10.4%**
Hummer	0	0	**299**	**495**	--	**--**	**65.6%**
Hyundai	7,357	12,390	**13,206**	**12,748**	68.4%	**6.6%**	**-3.5%**
Car	7,114	9,729	**9,442**	**9,008**	36.8%	**-2.9%**	**-4.6%**
Truck	243	2,661	**3,764**	**3,740**	995.1%	**41.5%**	**-0.6%**
Infiniti	3,897	3,894	**3,891**	**4,455**	-0.1%	**-0.1%**	**14.5%**
Car	2,676	2,770	**3,058**	**3,364**	3.5%	**10.4%**	**10.0%**
Truck	1,221	1,124	**833**	**1,091**	-7.9%	**-25.9%**	**31.0%**
Isuzu	1,996	2,012	**1,499**	**1,437**	0.8%	**-25.5%**	**-4.1%**
Jaguar	1,463	1,501	**2,511**	**2,373**	2.6%	**67.3%**	**-5.5%**
Jeep	15,460	17,516	**16,603**	**15,836**	13.3%	**-5.2%**	**-4.6%**
Kia	5,943	7,344	**7,024**	**6,780**	23.6%	**-4.4%**	**-3.5%**
Car	3,314	4,699	**4,212**	**3,722**	41.8%	**-10.4%**	**-11.6%**
Truck	2,629	2,645	**2,812**	**3,058**	0.6%	**6.3%**	**8.7%**
Land Rover	1,045	1,027	**1,554**	**1,597**	-1.7%	**51.3%**	**2.8%**
Lexus	8,736	9,776	**10,546**	**10,376**	11.9%	**7.9%**	**-1.6%**
Car	3,881	5,243	**6,286**	**5,946**	35.1%	**19.9%**	**-5.4%**
Truck	4,855	4,533	**4,260**	**4,430**	-6.6%	**-6.0%**	**4.0%**

CHICAGO AREA NEW RETAIL LIGHT VEHICLE REGISTRATIONS

History and Forecast

(Historical data obtained from The Polk Company)

	ANNUAL TOTALS				PERCENT CHANGE		
			Forecast	Forecast		Forecast	Forecast
	2000	2001	2002	2003	00 to 01	01 to 02	02 to 03
Lincoln	5,984	5,070	**4,306**	**4,334**	-15.3%	**-15.1%**	**0.7%**
Car	4,757	4,046	**3,418**	**2,924**	-14.9%	**-15.5%**	**-14.5%**
Truck	1,227	1,024	**888**	**1,410**	-16.5%	**-13.3%**	**58.8%**
Mazda	4,194	5,478	**5,735**	**5,898**	30.6%	**4.7%**	**2.8%**
Car	2,906	3,241	**3,195**	**3,546**	11.5%	**-1.4%**	**11.0%**
Truck	1,288	2,237	**2,540**	**2,352**	73.7%	**13.5%**	**-7.4%**
Mercedes	7,377	7,239	**6,971**	**6,775**	-1.9%	**-3.7%**	**-2.8%**
Car	5,429	5,434	**5,258**	**5,172**	0.1%	**-3.2%**	**-1.6%**
Truck	1,948	1,805	**1,713**	**1,603**	-7.3%	**-5.1%**	**-6.4%**
Mercury	10,497	8,829	**6,695**	**5,198**	-15.9%	**-24.2%**	**-22.4%**
Car	8,044	6,623	**4,556**	**3,337**	-17.7%	**-31.2%**	**-26.8%**
Truck	2,453	2,206	**2,139**	**1,861**	-10.1%	**-3.0%**	**-13.0%**
Mini	0	0	**809**	**1,022**	--	**--**	**26.3%**
Mitsubishi	8,209	8,829	**8,651**	**8,622**	7.6%	**-2.0%**	**-0.3%**
Car	5,783	6,073	**6,186**	**5,448**	5.0%	**1.9%**	**-11.9%**
Truck	2,426	2,756	**2,465**	**3,174**	13.6%	**-10.6%**	**28.8%**
Nissan	17,722	17,926	**17,847**	**18,689**	1.2%	**-0.4%**	**4.7%**
Car	10,942	11,312	**12,570**	**12,787**	3.4%	**11.1%**	**1.7%**
Truck	6,780	6,614	**5,277**	**5,902**	-2.4%	**-20.2%**	**11.8%**
Oldsmobile	9,184	8,714	**4,813**	**3,000**	-5.1%	**-44.8%**	**-37.7%**
Car	6,893	6,428	**3,276**	**1,684**	-6.7%	**-49.0%**	**-48.6%**
Truck	2,291	2,286	**1,537**	**1,316**	-0.2%	**-32.8%**	**-14.4%**
Plymouth	3,071	1,573	**138**	**11**	-48.8%	**-91.2%**	**-92.0%**
Car	1,921	1,508	**133**	**11**	-21.5%	**-91.2%**	**-91.7%**
Truck	1,150	65	**5**	**0**	-94.3%	**-92.3%**	**-100.0%**
Pontiac	21,613	20,574	**16,995**	**14,980**	-4.8%	**-17.4%**	**-11.9%**
Car	19,711	18,030	**14,815**	**13,025**	-8.5%	**-17.8%**	**-12.1%**
Truck	1,902	2,544	**2,180**	**1,955**	33.8%	**-14.3%**	**-10.3%**
Porsche	742	803	**1,070**	**1,129**	8.2%	**33.3%**	**5.5%**
Car	742	803	**1,070**	**981**	8.2%	**33.3%**	**-8.3%**
Truck	0	0	**0**	**148**	--	**--**	**--**
Saab	1,232	1,423	**1,525**	**1,538**	15.5%	**7.2%**	**0.9%**
Saturn	10,814	10,775	**10,754**	**10,786**	-0.4%	**-0.2%**	**0.3%**
Car	10,814	10,774	**8,576**	**8,648**	-0.4%	**-20.4%**	**0.8%**
Truck	0	1	**2,178**	**2,138**	--	**217700.0%**	**-1.8%**
Subaru	3,439	4,558	**3,998**	**3,626**	32.5%	**-12.3%**	**-9.3%**
Car	1,751	2,779	**2,510**	**2,148**	58.7%	**-9.7%**	**-14.4%**
Truck	1,688	1,779	**1,488**	**1,478**	5.4%	**-16.4%**	**-0.7%**
Suzuki	1,498	1,697	**1,205**	**1,070**	13.3%	**-29.0%**	**-11.2%**
Car	384	336	**302**	**305**	-12.5%	**-10.1%**	**1.0%**
Truck	1,114	1,361	**903**	**765**	22.2%	**-33.7%**	**-15.3%**
Toyota	34,642	38,806	**38,160**	**36,361**	12.0%	**-1.7%**	**-4.7%**
Car	24,216	23,395	**22,317**	**20,884**	-3.4%	**-4.6%**	**-6.4%**
Truck	10,426	15,411	**15,843**	**15,477**	47.8%	**2.8%**	**-2.3%**
Volkswagen	12,354	12,331	**12,577**	**12,079**	-0.2%	**2.0%**	**-4.0%**
Car	12,309	12,243	**12,444**	**11,551**	-0.5%	**1.6%**	**-7.2%**
Truck	45	88	**133**	**528**	95.6%	**51.1%**	**297.0%**
Volvo	3,534	4,019	**3,453**	**3,725**	13.7%	**-14.1%**	**7.9%**
Car	3,534	4,019	**3,318**	**3,000**	13.7%	**-17.4%**	**-9.6%**
Truck	0	0	**135**	**725**	--	**--**	**437.0%**
Other	54	95	**147**	**140**	75.9%	**54.7%**	**-4.8%**

CHICAGO AREA BRAND SCOREBOARD

COMPREHENSIVE REVIEW OF BRAND SALES PERFORMANCE IN THE CHICAGO AREA AUTOMOTIVE MARKET

1. Monitoring Area Market Performance:
Winners and Losers in the Area Market During the Past Year

The table below presents a well-rounded picture of those brands that are definitely "on the way up" in the area's new vehicle market, and those that are lagging. Two primary measures are displayed and rated. The first, entitled "Longer Term Sales Growth," represents the percent change in new retail light vehicle registrations during the first nine months of 2002 versus 2001. Brands are then rated (from highest to lowest), using a 1 to 5 scale. Brands having the highest increases in registrations receive a 5 rating, and those with the largest decreases get a 1 rating. The second measure, "Shorter Term Sales Growth," represents the percent change in sales from the second to the third quarter of this year. The brands are also ranked and rated on a 1 to 5 scale. The last column in the table is the sum of the ratings for Longer Term and Shorter Term growth. Higher combined ratings indicate that brand sales were up sharply (versus a year earlier), AND that sales increased as the year progressed. Mazda, Kia, and GMC were the only brands to receive combined ratings of 10.

	Longer Term Sales Growth YTD 2001 to YTD 2002 (thru Sept.)				Shorter Term Sales Growth 2nd Qtr. 2002 to 3rd Qtr. 2002				Combined Rating (10 is high)
Brand	YTD '01 sales	YTD '02 sales	% ch '01 to '02	Rating (5 is high)	2Q '02 sales	3Q '02 sales	% change	Rating (5 is high)	
Mazda	3878	4559	17.6%	5	1375	2006	45.9%	5	10
Kia	4726	5528	17.0%	5	1673	2348	40.3%	5	10
GMC	7016	8026	14.4%	5	2347	3123	33.1%	5	10
Cadillac	4681	5521	17.9%	5	1753	2245	28.1%	4	9
Buick	8246	9155	11.0%	4	2768	3565	28.8%	5	9
Hyundai	8300	10157	22.4%	5	3302	3892	17.9%	3	8
Honda	23496	25537	8.7%	4	8192	9898	20.8%	4	8
Chevrolet	46197	50037	8.3%	4	14871	18646	25.4%	4	8
Jeep	12041	12549	4.2%	3	3513	4768	35.7%	5	8
Mitsubishi	6076	6464	6.4%	3	1978	2533	28.1%	4	7
Jaguar	1002	1932	92.8%	5	652	653	0.2%	1	6
VW	8673	9677	11.6%	4	3304	3734	13.0%	2	6
Toyota	27218	29236	7.4%	3	9508	11205	17.8%	3	6
Ford	42749	43371	1.5%	2	13360	17005	27.3%	4	6
Mercury	5847	5298	-9.4%	1	1597	2212	38.5%	5	6
Lexus	7091	7885	11.2%	4	2553	2650	3.8%	1	5
Acura	5001	5420	8.4%	4	1840	1909	3.8%	1	5
Infiniti	2778	2980	7.3%	3	1019	1106	8.5%	2	5
Nissan	12771	13487	5.6%	3	4331	4811	11.1%	2	5
Subaru	3219	3148	-2.2%	2	1001	1164	16.3%	3	5
Pontiac	14136	12942	-8.4%	1	4130	4953	19.9%	4	5
BMW	6304	6576	4.3%	3	2228	2228	0.0%	1	4
Audi	2729	2798	2.5%	2	894	937	4.8%	2	4
Saturn	7805	7944	1.8%	2	2874	3037	5.7%	2	4
Chrysler	12712	12286	-3.4%	2	3998	4158	4.0%	2	4
Lincoln	3736	3310	-11.4%	1	1151	1315	14.2%	3	4
Volvo	2856	2528	-11.5%	1	786	927	17.9%	3	4
Olds.	6513	3572	-45.2%	1	1064	1249	17.4%	3	4
Mercedes	5171	5280	2.1%	2	1701	1756	3.2%	1	3
Dodge	25041	22793	-9.0%	1	7401	7696	4.0%	1	2

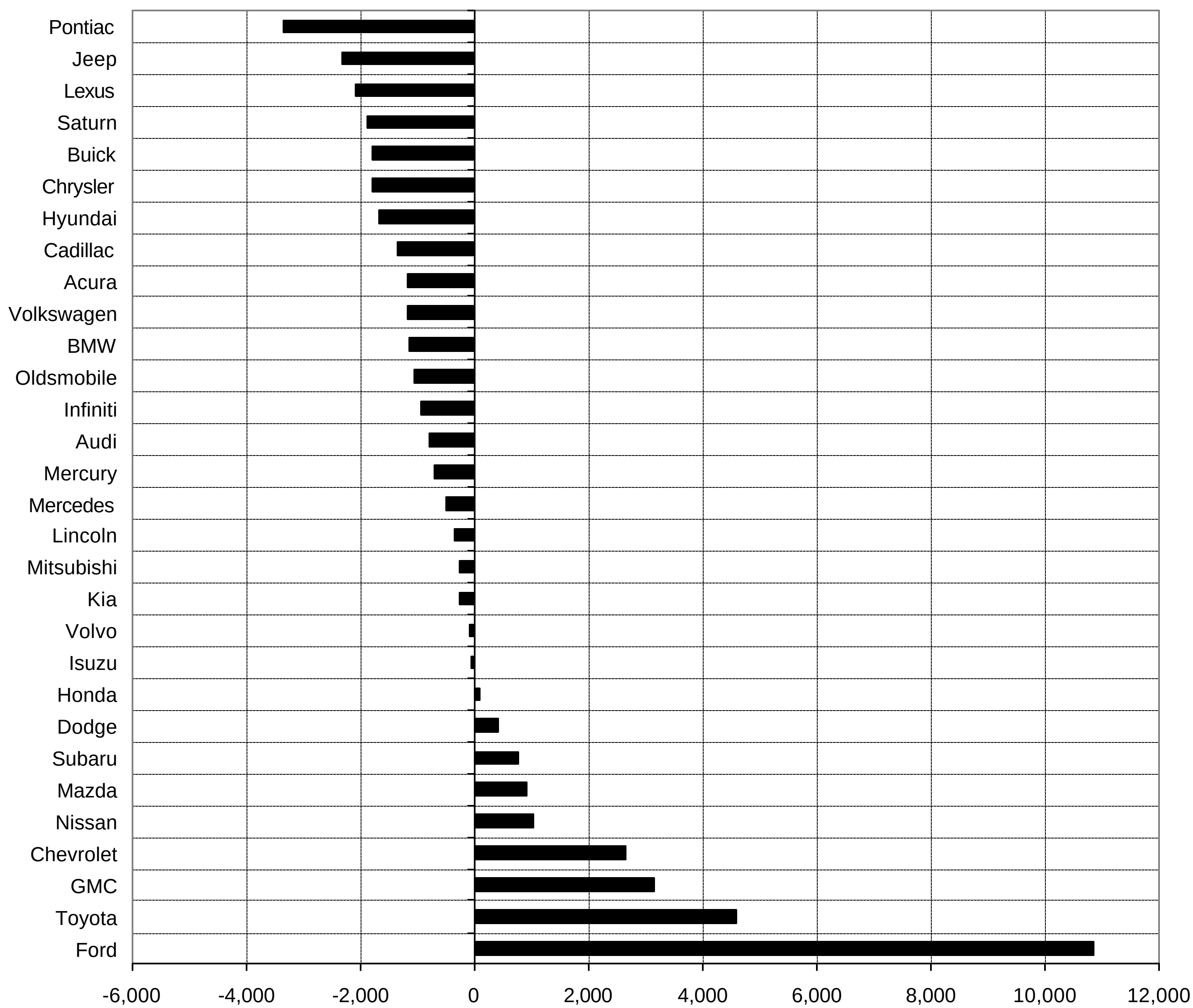
CHICAGO AREA BRAND SCOREBOARD (continued)

2. Evaluating Area Market Performance:
Unit Sales Potential Based on National Market Share

The graph below provides an indicator of those brands that are popular in the Chicago Area (relative to National), and those that are not. Here's how it works: For the top 30 selling brands in the area, each brand's share of the U.S. market is multiplied by retail registrations in the area during the first nine months of this year. This yields a "target" for the Chicago area market. Actual registrations are subtracted from this target to arrive at the Unit Potential estimate. Brands at the bottom of the graph (i.e., Ford and Toyota) have a high unit potential in the area, meaning that registrations would need to increase by a significant number for area market share to equal National. Brands at the top of the graph (Pontiac, Jeep, Lexus, Saturn, and Buick) have a "significant negative potential," indicating that the brands are strong sellers in the area. Registrations for these brands would have to be lower in order for Chicago area market share to equal National.

Chicago Area Retail Market Potential—Year-to-date 2002, thru September

(Increase or decrease in registrations required for brand market share in the area to equal National)



Source for registration data: The Polk Company.

Special Report: Long Term Forecast

Area New Light Vehicle Market Predicted to Avoid Major Slump in Next Three Years

The good news first: the Chicago area new retail light vehicle market is expected to remain in respectable shape for the next three years. Based on Auto Outlook's detailed long term forecast for the area market, yearly new retail car and light truck registrations are predicted to remain above 425,000 units for the 2003 through 2005 period, which (based on historical standards) is above average.

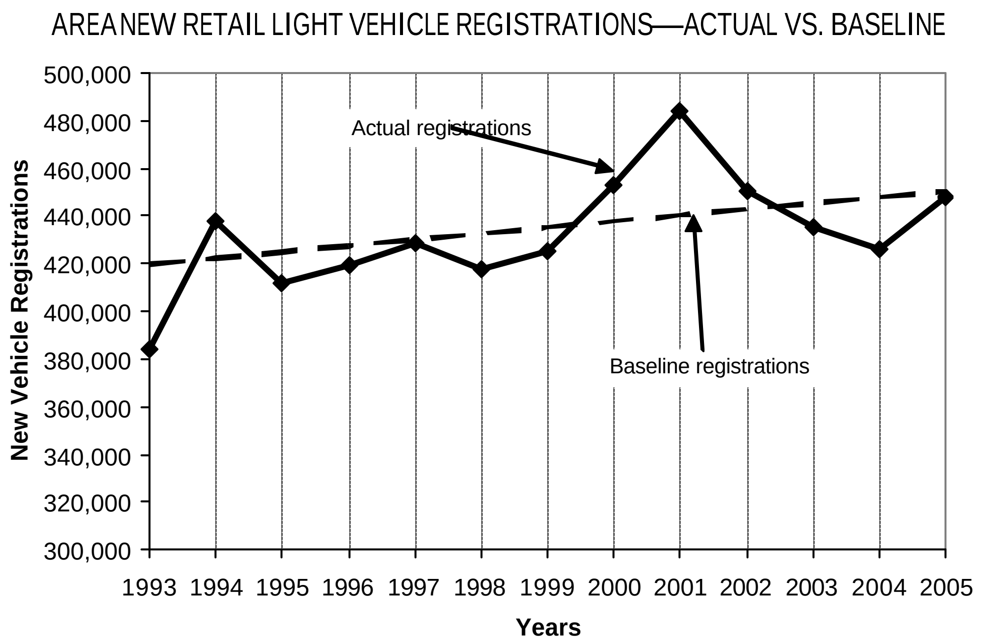
The "not so good" news: most longer term predictors are pointing to a mild slowdown in the market over the next two years. Registrations are predicted to decline by 4.7% from 2002 to 2003, and fall by another 2% in 2004. An increase is possible in 2005.

The two graphs on the right illustrate the market fundamentals that portend the mild slowdown in new vehicle sales. The top graph shows two lines: 1. **actual** registrations from 1993 through 2001, and Auto Outlook's forecast for 2002 through 2005. 2. **Baseline** registrations (denoted by the dotted line), which represent "anticipated" registrations in the absence of economic fluctuations.

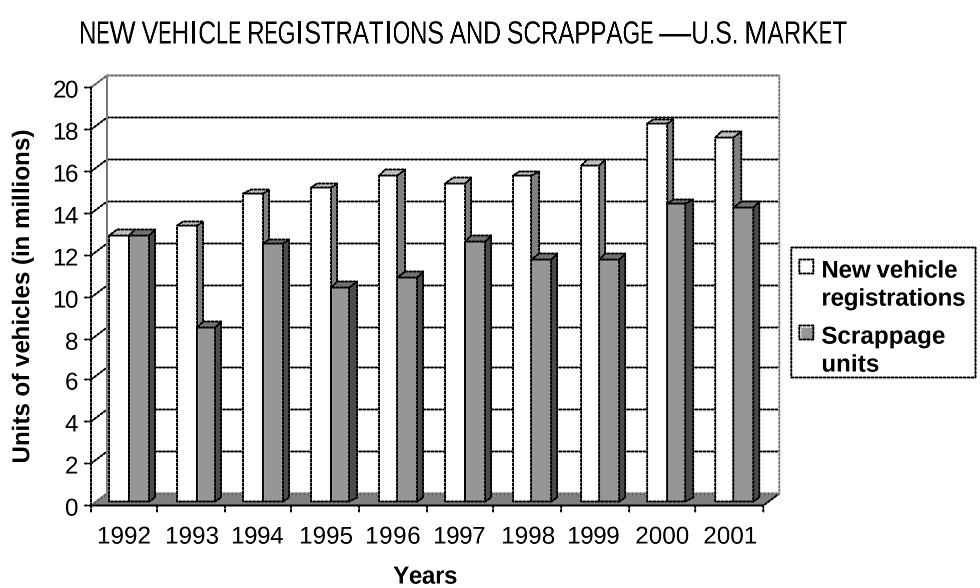
Historically, vehicle sales have followed a cyclical trend, with sales moving up and down in response to economic factors and consumer behavior. When **actual** registrations fall below **baseline,** new vehicle purchases are postponed (usually due to a slowing economy). When the economy improves, **actual** registrations move above **baseline**. This occurred between 2000 and 2002.

Indeed, it is this relative strength in sales that is likely to push the market lower over the next several years. Simply put, there is a limit to the number of new vehicles that area consumers can purchase over a given period of time, and the market has exceeded those limits

(Continued on page 9)



The two lines on the graph provide a synopsis of the past and anticipated future performance of the Chicago area new retail automotive market. The **Actual registrations** line shows actual market results and Auto Outlook's forecast for 2003 through 2005. **Baseline** represents anticipated registrations that would occur in the absence of economic fluctuations, and is a function of "core" factors, such as the number of households in the area and population over age 20. Conclusion: **actual** registrations exceeded **baseline** in 2000, 2001, and 2002, contributing to a likely softening of the market next year.



The graph above compares National new vehicle registrations and scrappage between 1992 and 2001. The relationship between these two measurements can serve as a significant predictor of new vehicle sales. When new vehicle registrations exceed scrappage, the size of the "overall vehicle fleet" is growing at an accelerated pace, which could portend a slowdown in new vehicle sales. The gap between the two was relatively large in 1999, but an increase in scrappage in 2000 and a decline in new vehicle sales in 2001 helped narrow the gap somewhat. Source: The Polk Company.

Special Report: Long Term Forecast

Import Brands Gain over 17 Market Share Points in 7 Years

(Continued from page 8)

over the past three years. However, the extent to which actual new vehicle sales moved above baseline between 2000 and 2002 only slightly exceeds the "shortfall" between 1995 and 1999. Therefore, a significant slowdown in sales would appear to be highly unlikely.

The second graph shows the relationship between new vehicle registrations in the U.S. market and scrappage. Bottom line conclusion from this graph: an increase in scrappage from 1999 to 2000, and a drop in new vehicle sales in 2001 support the prediction of a mildly declining market over the next several years.

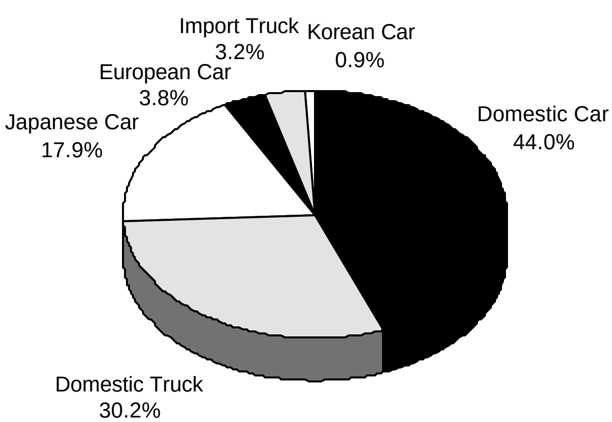
Long Term Trends

The three graphs below illustrate the changing, long term composition of the Chicago area retail automotive market. And there have definitely been some pronounced changes.

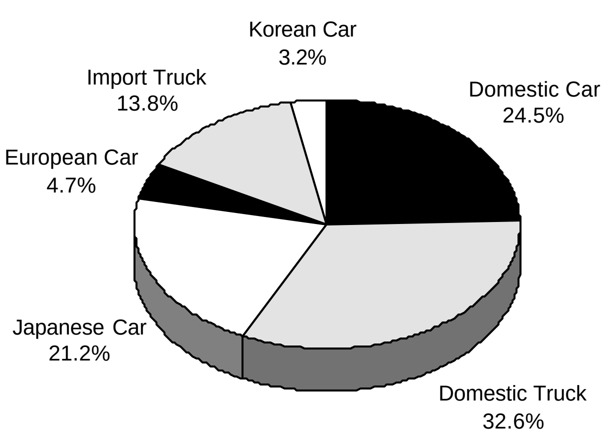
Between 1995 and 2002, Domestic Brand (traditional Big Three) car market share has declined by a whopping 19.5 points, and now accounts for less than 25% of the area market. A good portion of that lost market share was picked up by Import Trucks, which now account for 13.8% of the area market, up from just 3.2% in 1995. Japanese Car market share increased by 3.3 points.

The bar graph below shows unit changes in registrations during the first nine months of 2002 versus the same period in 1997. New registrations for Hyundai, Honda, Kia, Toyota, and Lexus increased by more than 4000 units each over the period over the same period.

RETAIL MARKET SHARE - 1995

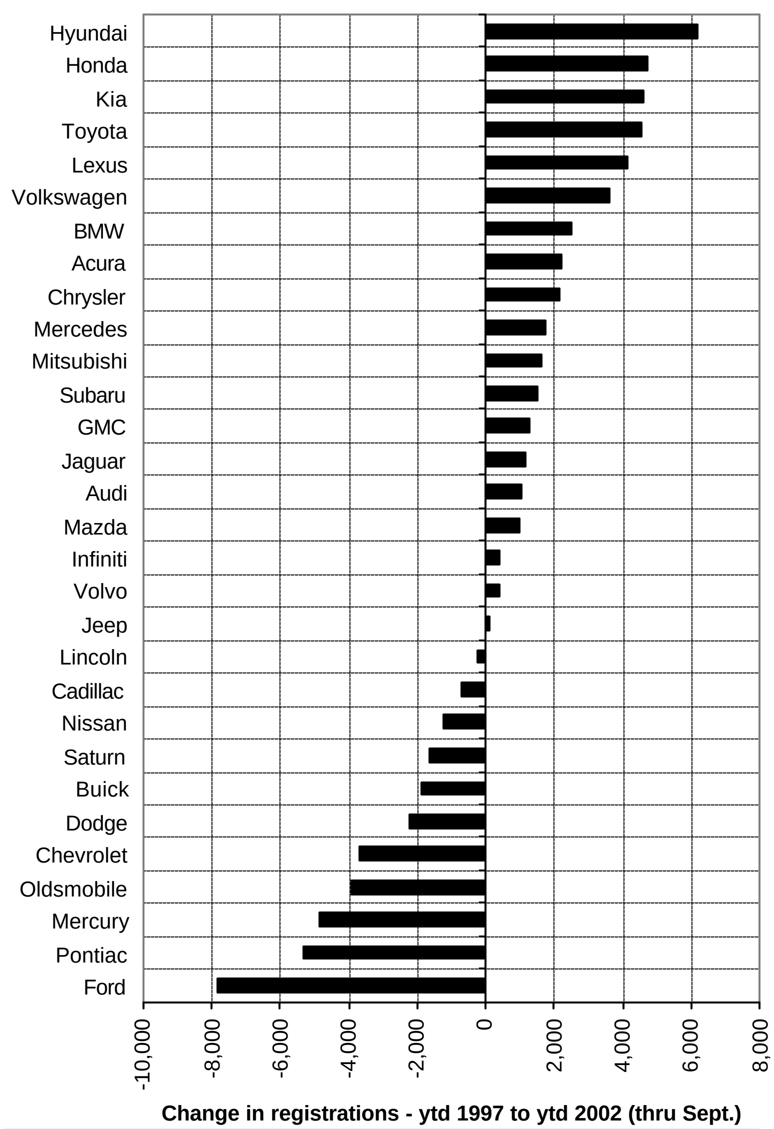


RETAIL MARKET SHARE - 2002



The two pie charts above provide a graphic illustration of the changing make-up of the area retail automotive market over the past seven years. Domestic consists of the traditional Big Three. Source: The Polk Company

CHANGE IN REGISTRATIONS—1997 TO 2002



Leading Light Truck Models

Explorer Number One Seller in Area's Competitive Light Truck Market

The two graphs below show new retail registrations in both the Chicago Area and U.S. markets for the top 20 selling light truck models in the Nation so far this year.

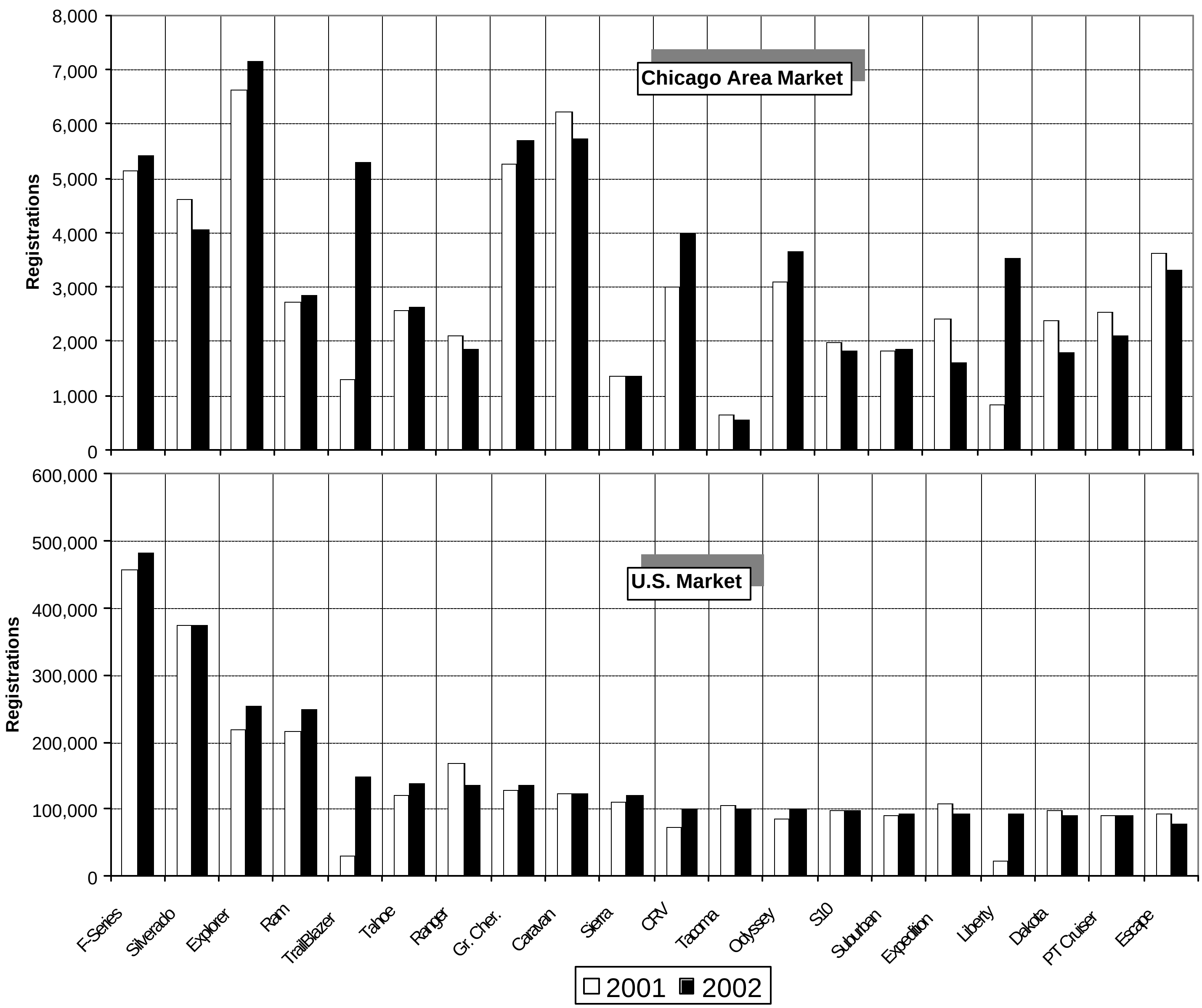
Comparing the relative heights of the bars reveals those models which are relatively popular (and unpopular) in the area. Bars for the Ford Explorer and Dodge Caravan, for instance, are relatively higher in the area than in the Nation.

In addition, comparing the heights of the bars in 2001 and 2002 reveals those models that are gaining ground (or losing ground). Honda CRV registrations, for instance, are up in both markets, while Ford Expedition registrations have decreased in both. Registrations of the GMC Sierra increased slightly in the U.S. during the first nine months of this year (versus a year earlier), and decreased slightly in the area market.

Observations

- Despite some bad press in recent years, Ford Explorer registrations increased in both markets.
- Chevrolet TrailBlazer, Jeep Grand Cherokee, Honda CRV, and Ford Escape are relatively strong sellers in the area.
- The top five sellers in the area market are separated by a slim 2,000 units.

New Retail Light Truck Registrations—Chicago Area and U.S. (thru September 2001 & 2002)



County Scoreboard

Will and Kane County Markets Record Biggest Gains So Far This Year

The tables on this page provide a thorough summary of the retail light vehicle markets for each of the eight counties that comprise the Chicago area. This unique county-level information provides a valuable perspective on local market performance, and a barometer to evaluate the performance of your dealership.

Part 1 (below) shows new retail light vehicle registrations during the first nine months of 2000, 2001, and 2002. Percentage change, reflecting the **relative** growth or contraction of county markets, is shown in the middle of the table. Unit change, reflecting the **absolute** growth or contraction of county markets, is shown in the last three columns.

Part 2 presents market share data for light trucks, Domestic brands, and the top five selling car and light truck brands in the area. The top two ranked counties in each category are shaded.

Source: The Polk Company

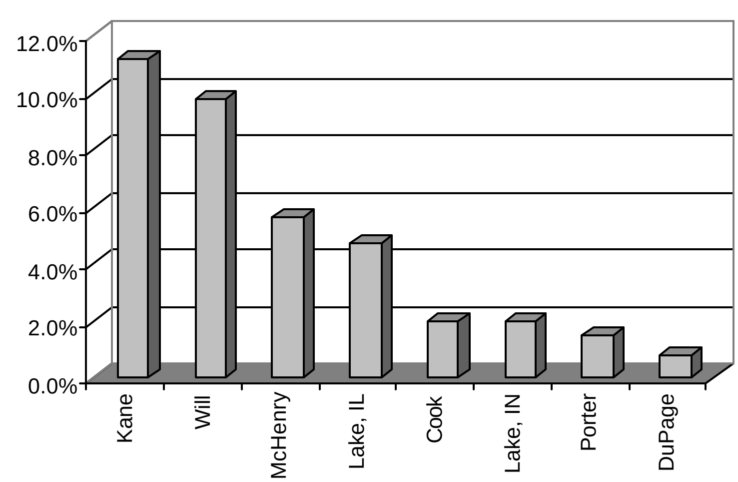
COUNTY BY COUNTY - PART 1

	Registrations (YTD, thru Sept.)			Percent Change			Unit Change		
	2000	2001	2002	2000 to 2001	2001 to 2002	2000 to 2002	2000 to 2001	2001 to 2002	2000 to 2002
Cook	176,460	168,428	171,793	-4.6%	2.0%	-2.6%	-8,032	3,365	-4,667
DuPage	52,332	50,327	50,748	-3.8%	0.8%	-3.0%	-2,005	421	-1,584
Kane	17,723	17,330	19,279	-2.2%	11.2%	8.8%	-393	1,949	1,556
Lake, IL	37,222	35,648	37,324	-4.2%	4.7%	0.3%	-1,574	1,676	102
Lake, IN	21,220	17,377	17,729	-18.1%	2.0%	-16.5%	-3,843	352	-3,491
McHenry	13,772	13,622	14,381	-1.1%	5.6%	4.4%	-150	759	609
Porter	7,632	6,477	6,577	-15.1%	1.5%	-13.8%	-1,155	100	-1,055
Will	26,199	26,302	28,891	0.4%	9.8%	10.3%	103	2,589	2,692

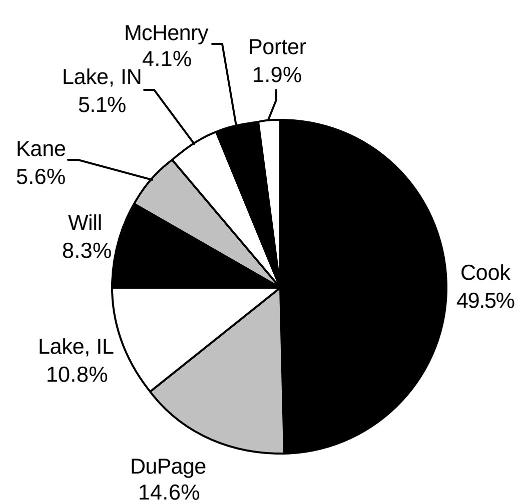
COUNTY BY COUNTY - PART 2

	Market Share Summary				Brand Market Share - Top Five Chicago Area Retail Brands, ytd '02									
	Light Truck		Domestic Brand		Cars					Light Trucks				
	YTD 2002	Change from '01	YTD 2002	Change from '00	Chev.	Toyota	Honda	Ford	Pont.	Chev.	Ford	Dodge	Jeep	Toyota
Cook	42.8	2.3	54.3	-2.1	11.4	10.1	8.5	7.2	5.6	17.5	17.2	10.2	7.7	8.2
DuPage	46.0	1.0	52.3	-3.4	9.0	9.0	9.3	6.8	5.2	17.6	17.9	8.1	7.5	8.7
Kane	52.7	1.2	62.1	-2.3	11.7	7.7	9.5	8.3	5.9	22.0	18.9	10.7	7.7	6.5
Lake, IL	49.3	2.1	49.7	-1.9	8.2	9.9	8.8	4.9	5.3	17.6	14.3	8.0	9.1	9.3
Lake, IN	50.3	2.9	75.0	-1.0	13.3	6.4	5.8	14.3	8.4	16.2	27.8	10.5	8.3	3.7
McHenry	56.6	2.4	66.2	-2.3	12.7	7.4	9.4	8.3	10.1	23.5	19.0	12.2	8.3	5.9
Porter	54.9	3.7	74.7	-0.5	11.5	5.9	6.9	11.9	11.4	15.3	23.6	10.9	8.1	3.5
Will	52.7	2.3	66.0	-2.5	13.8	7.0	6.9	9.2	7.4	21.5	20.5	11.1	6.7	5.0

Percent Change in Registrations – Year-to-date, '02 (vs. '01), thru Sept.



Share of Area Market – YTD, 2002 (thru Sept.)



Area Market Vs. U.S.

Area Domestic Brand Market Share Falls Below U.S.

	Area Market	U.S. Market
Market Growth % change in registrations YTD, 2002 vs. YTD, 2001 (thru Sept.)	**-0.8%**	**5.0%**
Car Market Share Car share of industry retail light vehicle registrations - YTD, 2002	**53.7%**	**46.0%**
Domestic Brand Market Share Domestic brand share of industry retail light vehicle registrations - YTD, 2002	**56.9%**	**57.9%**

Chicago Area Top Ten Scoreboard

Chevrolet and Ford Increase Lead Over Toyota

SECOND QUARTER, 2002			THIRD QUARTER, 2002			*change in*
Rank	Make	Market Share	**Rank**	Make	Market Share	*mkt. share*
1	Chevrolet	13.6%	**1**	Chevrolet	14.3%	*0.7%*
2	Ford	12.2%	**2**	Ford	13.0%	*0.8%*
3	Toyota	8.7%	**3**	Toyota	8.6%	*-0.1%*
4	Honda	7.5%	**4**	Honda	7.6%	*0.1%*
5	Dodge	6.8%	**5**	Dodge	5.9%	*-0.9%*
6	Nissan	4.0%	**6**	Pontiac	3.8%	*0.0%*
7	Pontiac	3.8%	**7**	Nissan	3.7%	*-0.3%*
8	Chrysler	3.7%	**8**	Jeep	3.7%	*0.5%*
9	Jeep	3.2%	**9**	Chrysler	3.2%	*-0.5%*
10	Volkswagen	3.0%	**10**	Hyundai	3.0%	*0.0%*

The table on the left shows the Top 10 sellers in the Chicago area light vehicle market during the second and third quarters of this year. Chevrolet and Ford gained market share in the third quarter and widened their lead over third place Toyota. Dodge trailed fourth place Honda by 1.7 market share points.

Source: The Polk Company.

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Published by:

Auto Outlook, Inc.
5 Great Valley Parkway, Suite 228
Malvern, PA 19355

Phone: 800-206-0102

Fax: 610-648-3806

EMail autoecon@email.msn.com

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