

Chicago Auto Outlook™

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Chicago Area Market Predicted to Improve in 2004

It's definitely important to keep abreast of developments in the U.S. market, but in many cases, National trends are not reflective of what's occurring in the Chicago Area. That's where Auto Outlook comes in. On a quarterly basis, we keep you informed of current events, and forecast projections for the area new vehicle market. Following is a comprehensive characterization and evaluation of the area market.

Predicted increase in area new retail light vehicle market this year to exceed U.S. Auto Outlook is predicting that new retail light vehicle registrations in the Chicago Area will increase 4.4% this year versus 2003, beating our projected 1.6% improvement in National registrations. We think total area registrations will exceed 432,000 units this year.

National market out-performed Chicago Area market last year. Chicago Area new retail vehicle registrations declined 5.7% from 2002 to 2003, while U.S. registrations fell just 2.1% (see page 12).

Light truck gains in the area market trailed U.S. during 2003. Light truck share of the area car and light truck retail market increased 1.7 market share points last year, below the 2.0 point increase in the U.S. Nationally, light trucks accounted for 56.5% of the overall retail market compared to just 48.4% in Chicago.

Domestic brand market share declined again last year in both the Chicago and U.S. markets. Big Three market share in the area fell 4.6 share points from 2002 to 2003, to 51.8%. Domestic brands had a 55.8% share in the Nation, down two points from 2002.

Sub Compact and Standard Mid Size Car segments relatively popular in area market. The Sub Compact car segment accounted for 15.5% of the area retail market last year, higher than its 13.4% share in the U.S. Standard Mid Size Car share was 15.4% in the area versus 13.5% in the Nation.

Pontiac, Lexus, Saturn, Hyundai, Honda, and Acura are strong sellers in area market. Those six brands are at the top of the charts based on area sales results versus the U.S. (See page 7 for complete rankings.)

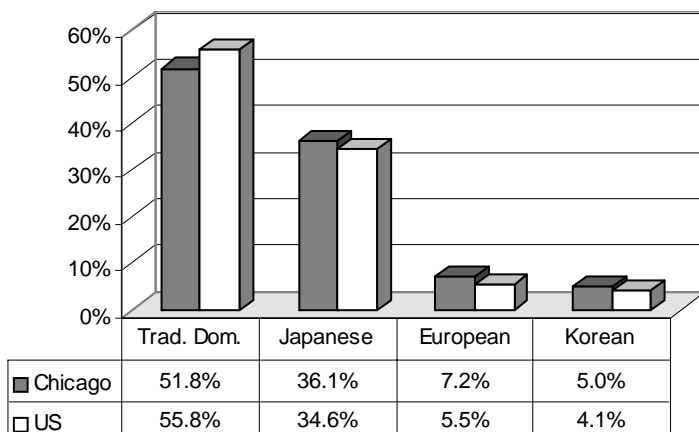
Chevrolet Cavalier best selling Sub Compact Car in area; Honda Odyssey leads among Mini Vans. Chevrolet Cavalier was at the top of the list among Sub Compact Cars in the Chicago Area last year, while Honda Civic led in the U.S. Honda Odyssey was the best selling Mini Van in both the area and National new retail markets during 2003.

Area economy shows signs of improvement during 2003, but pace of recovery slightly trails the Nation. Economic news in the Chicago Area was a mixed bag at the end of last year. The area's unemployment rate was 6.5% at the close of 2003, 0.1 points below its year earlier total, but total employment in the area increased by 2.2%. The National unemployment rate was 5.4% in December of last year, 0.3 points lower than a year earlier, but total employment increased by a relatively slim 1.4%

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CHICAGO AREA RETAIL LIGHT VEHICLE MARKET—AT A GLANCE

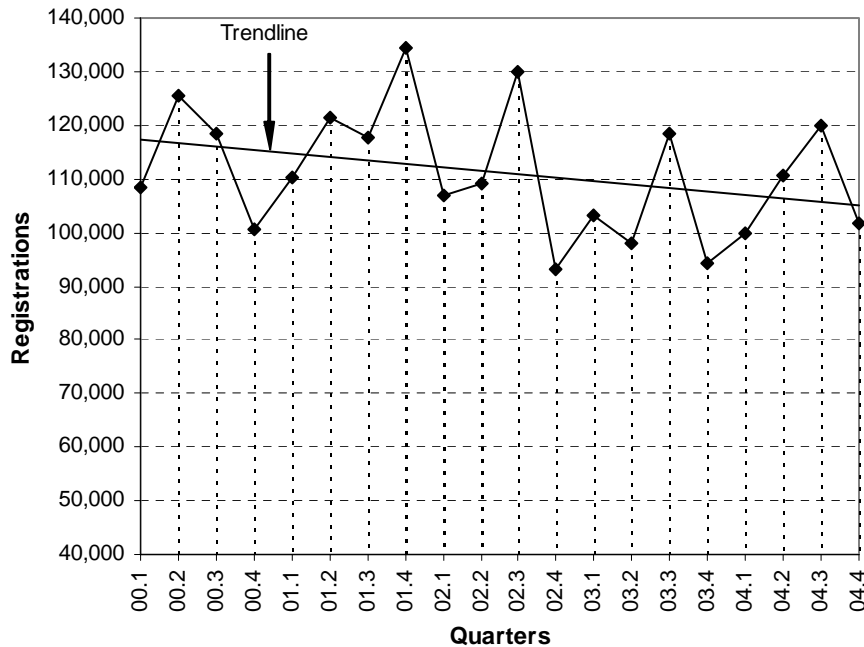
RETAIL MARKET SHARE—AREA VS. U.S., 2003



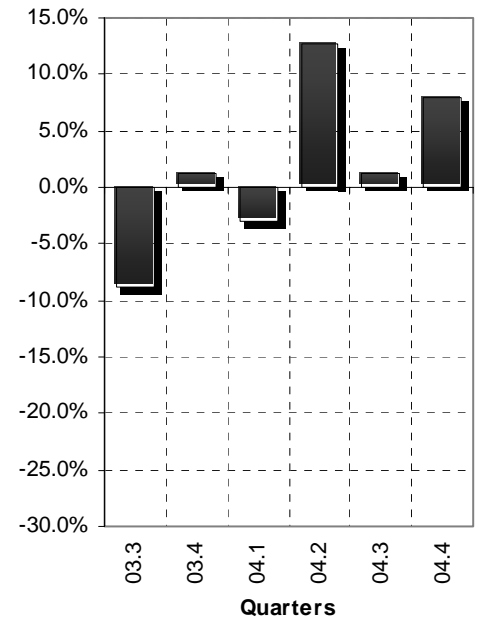
CHICAGO AREA NEW RETAIL LIGHT VEHICLE REGISTRATIONS

			Forecast % change	
	2002	2003	2004	'03 to '04
TOTAL	439,339	414,117	432,421	4.4%
Car	236,268	215,703	218,644	1.4%
Light Truck	203,071	198,414	213,777	7.7%
Traditional Domestic	247,701	214,498	216,511	0.9%
Japanese	129,204	136,250	148,747	9.2%
European	41,618	42,674	46,290	8.5%
Korean	20,816	20,695	20,873	0.9%

Source for historical data: The Polk Company

Quarterly Industry Results and Forecast**Area Market Should Have Little Trouble Moving Higher in the Second Quarter of This Year****New Retail Light Vehicle Registrations****Quarterly Percent Change in Registrations vs. a Year Earlier**

(Bars up indicate an increase; down a decrease)



Summary Table	02.1	02.2	02.3	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4
Actual registrations	107,053	109,187	130,079	93,020	103,148	98,139	118,598	94,232	100,003	110,559	120,091	101,768
% change from year earlier	-3.0%	-10.1%	10.6%	-30.8%	-3.6%	-10.1%	-8.8%	1.3%	-3.0%	12.7%	1.3%	8.0%

Auto Outlook predicts that new retail light vehicle registrations in the Chicago Area will increase 12.7% during the Second Quarter of this year versus a year earlier. The increase is at least partially due to the market's relatively weak performance during the Second Quarter of 2003, when registrations fell below 100,000. Smaller increases are predicted for the Third and Fourth Quarters. Source for Historical Data: The Polk Company.

Chicago Auto Outlook**Published by:**

Auto Outlook, Inc.
 5 Great Valley Parkway, Suite 234
 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

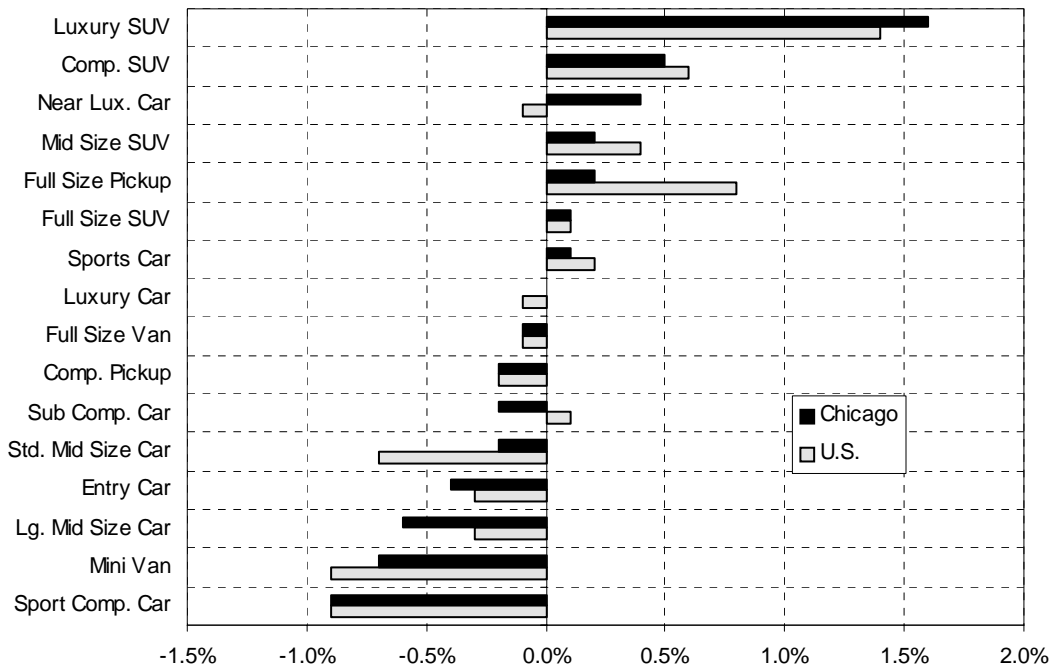
Luxury SUV Segment Easily Posts Largest Market Share Gain in Area During 2003

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 2003 (versus 2002) 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 last year and the percent change in new registrations versus 2002.

Observations: Large sales increases for the Lexus RX330 and Acura MDX contributed to the 1.6 market share point increase for the Luxury SUV segment in the Chicago Area. Honda Accord registrations in the area increased 8% last year, although it still trailed Toyota Camry in the Standard Mid Size Car segment.

Source: The Polk Company.

Change in Retail Light Vehicle Market Share - 2003 vs. 2002



Top Five Selling Models in Each Segment											
New Retail Registrations, 2003 and Percent Change vs. 2002											
CARS											
Entry			Sub Compact			Sporty Compact			Standard Mid Size		
Model	Regs.	% ch.	Model	Regs.	% ch.	Model	Regs.	% ch.	Model	Regs.	% ch.
Hyundai Accent	1125	-31%	Chevrolet Cavalier	9350	-1%	Ford Mustang	2053	-18%	Toyota Camry	11355	-2%
Kia Rio	1012	-38%	Toyota Corolla	8813	33%	Mitsubishi Eclipse	1508	-33%	Honda Accord	10789	8%
Toyota Prius	529	13%	Honda Civic	8417	-15%	Acura RSX	847	-5%	Nissan Altima	6275	8%
Toyota Echo	315	-59%	Saturn Ion	4980	1%	Hyundai Tiburon	754	-3%	Chevrolet Malibu	4512	2%
Suzuki Aerio	298	24%	Ford Focus	4920	-23%	Toyota Celica	315	-48%	Pontiac Grand Am	4029	-13%
Large Mid Size			Near Luxury			Luxury			Sports Car		
Model	Regs.	% ch.	Model	Regs.	% ch.	Model	Regs.	% ch.	Model	Regs.	% ch.
Chevrolet Impala	5888	9%	BMW 3-Series	3513	4%	Cadillac Deville	2500	-16%	Chevrolet Corvette	1041	-10%
Pontiac Grand Prix	4129	-4%	Lexus ES300	2770	-8%	Mercedes E	1958	48%	Nissan 350ZX	1001	231%
Chevrolet Monte Ca	3152	-13%	Infiniti G35	2431	96%	BMW 5-Series	1806	26%	BMW Z4	655	158%
Buick LeSabre	3029	-17%	Acura TL	2317	-7%	Lincoln Town Car	1328	-10%	Ford Thunderbird	470	-13%
Mercury Gr. Marq.	2870	31%	Cadillac CTS	2084	50%	Audi A6	1010	-24%	Porsche 911	329	-25%
LIGHT TRUCKS											
Compact Pickup			Full Size Pick Up			Minivan			Full Size Van		
Model	Regs.	% ch.	Model	Regs.	% ch.	Model	Regs.	% ch.	Model	Regs.	% ch.
Ford Ranger	2585	-3%	Ford F-Series	7259	-9%	Honda Odyssey	6121	8%	Chevrolet Express	3204	-3%
Chevrolet Colorado/	2553	0%	Chevrolet Silverado	5972	-2%	Dodge Caravan	5913	-23%	Ford Econoline	2667	-14%
Dodge Dakota	1826	-26%	Dodge Ram	4630	11%	Toyota Sienna	3987	21%	Dodge Ram Van	844	-44%
Toyota Tacoma	713	-14%	Chevrolet Avalanche	2352	-2%	Ford Freestar	3859	-7%	GMC Savanah	719	9%
Nissan Frontier	499	-21%	GMC Sierra	1819	-12%	Chrysler T & C	3759	-12%			
Compact SUV			Mid Size SUV			Full Size SUV			Luxury SUV		
Model	Regs.	% ch.	Model	Regs.	% ch.	Model	Regs.	% ch.	Model	Regs.	% ch.
Honda CRV	5445	-7%	Ford Explorer	8599	-24%	Chevrolet Tahoe	3575	-7%	Lexus RX330	4046	14%
Ford Escape	5351	6%	Chevrolet TrailBlazer	7957	-2%	Ford Expedition	3012	22%	Acura MDX	2873	13%
Jeep Liberty	4830	-15%	Jeep Gr. Cher.	6064	-28%	Chevrolet Suburban	2667	-8%	Buick Rendezvous	2209	-25%
Hyundai Santa Fe	4521	18%	Toyota Highlander	4301	13%	Toyota Sequoia	1250	-23%	BMW X5	1945	-11%
Saturn Vue	3540	21%	Honda Pilot	4076	126%	Hummer H2	967	73%	Cadillac Escalade	1501	13%

CHICAGO AREA NEW RETAIL LIGHT VEHICLE REGISTRATIONS

History and Forecast

(Historical data obtained from The Polk Company)

	Registrations				Percent Change		
	2001	2002	2003	Forecast	01 to 02	02 to 03	Forecast
				2004			03 to 04
TOTAL	483,987	439,339	414,117	432,421	-9.2%	-5.7%	4.4%
Acura	7,055	6,849	7,288	7,986	-2.9%	6.4%	9.6%
Car	4,998	4,317	4,415	4,817	-13.6%	2.3%	9.1%
Truck	2,057	2,532	2,873	3,169	23.1%	13.5%	10.3%
Audi	3,735	3,661	3,577	3,814	-2.0%	-2.3%	6.6%
BMW	8,668	8,504	9,136	10,638	-1.9%	7.4%	16.4%
Car	6,469	6,322	7,191	7,848	-2.3%	13.7%	9.1%
Truck	2,199	2,182	1,945	2,790	-0.8%	-10.9%	43.4%
Buick	13,268	11,324	9,141	8,186	-14.7%	-19.3%	-10.4%
Car	11,929	8,396	6,815	5,519	-29.6%	-18.8%	-19.0%
Truck	1,339	2,928	2,326	2,667	118.7%	-20.6%	14.7%
Cadillac	7,219	7,528	7,663	8,558	4.3%	1.8%	11.7%
Car	6,239	5,853	5,646	5,863	-6.2%	-3.5%	3.8%
Truck	980	1,675	2,017	2,695	70.9%	20.4%	33.6%
Chevrolet	68,968	62,190	57,434	60,283	-9.8%	-7.6%	5.0%
Car	29,891	25,260	24,013	26,006	-15.5%	-4.9%	8.3%
Truck	39,077	36,930	33,421	34,277	-5.5%	-9.5%	2.6%
Chrysler	17,515	14,802	11,574	12,159	-15.5%	-21.8%	5.1%
Car	7,619	6,440	4,390	4,275	-15.5%	-31.8%	-2.6%
Truck	9,896	8,362	7,184	7,884	-15.5%	-14.1%	9.7%
Daewoo	1,574	534	236	1	-66.1%	-55.8%	-99.6%
Dodge	34,176	27,816	21,479	21,534	-18.6%	-22.8%	0.3%
Car	9,740	8,332	5,914	5,602	-14.5%	-29.0%	-5.3%
Truck	24,436	19,484	15,565	15,932	-20.3%	-20.1%	2.4%
Ford	64,164	54,726	47,615	48,763	-14.7%	-13.0%	2.4%
Car	21,211	17,500	13,848	12,634	-17.5%	-20.9%	-8.8%
Truck	42,953	37,226	33,767	36,129	-13.3%	-9.3%	7.0%
GMC	10,612	10,527	10,220	10,255	-0.8%	-2.9%	0.3%
Honda	32,771	33,632	37,057	39,283	2.6%	10.2%	6.0%
Car	22,711	20,312	19,421	19,711	-10.6%	-4.4%	1.5%
Truck	10,060	13,320	17,636	19,572	32.4%	32.4%	11.0%
Hummer	0	560	967	1,147	--	72.7%	18.6%
Hyundai	12,390	13,141	13,422	13,545	6.1%	2.1%	0.9%
Car	9,729	9,307	8,901	8,582	-4.3%	-4.4%	-3.6%
Truck	2,661	3,834	4,521	4,963	44.1%	17.9%	9.8%
Infiniti	3,894	3,864	4,820	5,656	-0.8%	24.7%	17.3%
Car	2,770	3,029	3,442	3,791	9.4%	13.6%	10.1%
Truck	1,124	835	1,378	1,865	-25.7%	65.0%	35.3%
Isuzu	2,012	1,532	1,056	939	-23.9%	-31.1%	-11.1%
Jaguar	1,501	2,369	1,842	1,666	57.8%	-22.2%	-9.6%
Jeep	17,516	16,157	12,489	12,398	-7.8%	-22.7%	-0.7%
Kia	7,344	7,003	6,856	7,089	-4.6%	-2.1%	3.4%
Car	4,699	4,094	3,374	3,427	-12.9%	-17.6%	1.6%
Truck	2,645	2,909	3,482	3,662	10.0%	19.7%	5.2%
Land Rover	1,027	1,597	1,373	1,484	55.5%	-14.0%	8.1%
Lexus	9,776	9,683	10,440	11,109	-1.0%	7.8%	6.4%
Car	5,243	5,738	4,766	4,721	9.4%	-16.9%	-0.9%
Truck	4,533	3,945	5,674	6,388	-13.0%	43.8%	12.6%
Lincoln	5,070	4,233	4,444	4,290	-16.5%	5.0%	-3.5%
Car	4,046	3,336	2,456	2,143	-17.5%	-26.4%	-12.7%
Truck	1,024	897	1,988	2,147	-12.4%	121.6%	8.0%

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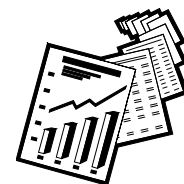
History and Forecast

(Historical data obtained from The Polk Company)

	Registrations				Percent Change		
	2001	2002	Forecast		01 to 02	02 to 03	Forecast
			2003	2004			03 to 04
Mazda	5,478	5,597	5,450	6,293	2.2%	-2.6%	15.5%
Car	3,241	3,129	3,337	4,164	-3.5%	6.6%	24.8%
Truck	2,237	2,468	2,113	2,129	10.3%	-14.4%	0.8%
Mercedes	7,239	7,107	7,439	7,691	-1.8%	4.7%	3.4%
Car	5,434	5,381	6,218	6,549	-1.0%	15.6%	5.3%
Truck	1,805	1,726	1,221	1,142	-4.4%	-29.3%	-6.5%
Mercury	8,829	6,709	5,913	5,340	-24.0%	-11.9%	-9.7%
Car	6,623	4,545	4,431	3,629	-31.4%	-2.5%	-18.1%
Truck	2,206	2,164	1,482	1,711	-1.9%	-31.5%	15.5%
Mini	0	830	1,218	1,250	--	46.7%	2.6%
Mitsubishi	8,829	8,321	6,736	7,069	-5.8%	-19.0%	4.9%
Car	6,073	5,938	3,954	3,987	-2.2%	-33.4%	0.8%
Truck	2,756	2,383	2,782	3,082	-13.5%	16.7%	10.8%
Nissan	17,926	17,119	19,212	21,432	-4.5%	12.2%	11.6%
Car	11,312	12,161	13,306	13,515	7.5%	9.4%	1.6%
Truck	6,614	4,958	5,906	7,917	-25.0%	19.1%	34.1%
Oldsmobile	8,714	4,250	1,591	714	-51.2%	-62.6%	-55.1%
Car	6,428	2,912	1,022	411	-54.7%	-64.9%	-59.8%
Truck	2,286	1,338	569	303	-41.5%	-57.5%	-46.7%
Plymouth	1,573	102	0	0	-93.5%	-100.0%	--
Car	1,508	99	0	0	-93.4%	-100.0%	--
Truck	65	3	0	0	-95.4%	-100.0%	--
Pontiac	20,574	15,987	13,564	12,819	-22.3%	-15.2%	-5.5%
Car	18,030	13,941	11,927	11,368	-22.7%	-14.4%	-4.7%
Truck	2,544	2,046	1,637	1,451	-19.6%	-20.0%	-11.4%
Porsche	803	892	1,063	1,087	11.1%	19.2%	2.3%
Car	803	892	555	487	11.1%	-37.8%	-12.3%
Truck	0	0	508	600	--	--	18.1%
Saab	1,423	1,412	1,728	2,152	-0.8%	22.4%	24.5%
Saturn	10,775	10,790	10,404	10,065	0.1%	-3.6%	-3.3%
Car	10,774	7,865	6,864	6,392	-27.0%	-12.7%	-6.9%
Truck	1	2,925	3,540	3,673	--	21.0%	3.8%
Scion	0	0	0	1,136	--	--	--
Car	0	0	0	674	--	--	--
Truck	0	0	0	462	--	--	--
Subaru	4,558	4,084	4,055	4,432	-10.4%	-0.7%	9.3%
Car	2,779	2,493	2,354	2,593	-10.3%	-5.6%	10.2%
Truck	1,779	1,591	1,701	1,839	-10.6%	6.9%	8.1%
Suzuki	1,697	1,290	1,200	1,452	-24.0%	-7.0%	21.0%
Car	336	344	374	687	2.4%	8.7%	83.7%
Truck	1,361	946	826	765	-30.5%	-12.7%	-7.4%
Toyota	38,806	37,233	38,936	41,960	-4.1%	4.6%	7.8%
Car	23,395	22,098	22,819	24,085	-5.5%	3.3%	5.5%
Truck	15,411	15,135	16,117	17,875	-1.8%	6.5%	10.9%
Volkswagen	12,331	11,917	10,439	10,909	-3.4%	-12.4%	4.5%
Car	12,243	11,801	9,755	9,346	-3.6%	-17.3%	-4.2%
Truck	88	116	684	1,563	31.8%	489.7%	128.5%
Volvo	4,019	3,274	4,796	5,535	-18.5%	46.5%	15.4%
Car	4,019	3,252	3,405	3,843	-19.1%	4.7%	12.9%
Truck	0	22	1,391	1,692	--	6222.7%	21.6%
Other	95	138	181	238	45.3%	31.2%	31.5%

CHICAGO AREA BRAND SCOREBOARD

COMPREHENSIVE REVIEW OF BRAND SALES PERFORMANCE IN THE AREA AUTOMOTIVE MARKET



Winners and Losers in the Area Market During 2003

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 Fourth Quarter of last year versus the same pe-

riod a year earlier. 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 Third to the Fourth Quarter of last

year. 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 sales growth. Higher combined ratings indicate that brand sales were up during the Fourth Quarter of 2003 (versus a year earlier), AND that sales increased (or decreased by a relatively small amount) from the Third to the Fourth quarter.

Brand	Longer Term Sales Growth 4th Quarter '02 to 4th Quarter '03				Shorter Term Sales Growth 3rd Qtr. 2003 to 4th Qtr. 2003				Combined Rating (10 is high)
	4Q '02 sales	4Q '03 sales	% ch '02 to '03	Rating (5 is high)	3Q '03 sales	4Q '03 sales	% change	Rating (5 is high)	
Volvo	746	1239	66.1%	5	1290	1239	-4.0%	5	10
Lexus	1799	2630	46.2%	5	2740	2630	-4.0%	5	10
Acura	1432	1825	27.4%	5	1940	1825	-5.9%	5	10
Nissan	3634	4761	31.0%	5	5560	4761	-14.4%	4	9
Volkswage	2363	2601	10.1%	4	3007	2601	-13.5%	4	8
BMW	1928	2059	6.8%	4	2443	2059	-15.7%	4	8
Audi	888	923	3.9%	3	989	923	-6.7%	5	8
Cadillac	2006	2083	3.8%	3	1957	2083	6.4%	5	8
Mercedes	1829	1828	-0.1%	3	1856	1828	-1.5%	5	8
Saab	232	359	54.7%	5	494	359	-27.3%	2	7
Toyota	8019	8933	11.4%	4	11174	8933	-20.1%	3	7
Ford	11403	11392	-0.1%	3	13534	11392	-15.8%	4	7
GMC	2508	2466	-1.7%	3	2864	2466	-13.9%	4	7
Infiniti	884	1062	20.1%	5	1510	1062	-29.7%	1	6
Lincoln	923	976	5.7%	4	1332	976	-26.7%	2	6
Chevrolet	12223	12739	4.2%	4	17267	12739	-26.2%	2	6
Honda	8105	8114	0.1%	3	10889	8114	-25.5%	3	6
Mercury	1413	1366	-3.3%	2	1623	1366	-15.8%	4	6
Mazda	1038	1161	11.8%	4	1703	1161	-31.8%	1	5
Jaguar	437	425	-2.7%	2	554	425	-23.3%	3	5
Dodge	5044	4776	-5.3%	2	6096	4776	-21.7%	3	5
Pontiac	3068	2896	-5.6%	2	3836	2896	-24.5%	3	5
Chrysler	2522	2421	-4.0%	2	3255	2421	-25.6%	2	4
Hyundai	2985	2774	-7.1%	2	3729	2774	-25.6%	2	4
Jeep	3612	2822	-21.9%	1	3652	2822	-22.7%	3	4
Buick	2177	1993	-8.5%	1	2701	1993	-26.2%	2	3
Kia	1475	1324	-10.2%	1	2047	1324	-35.3%	1	2
Subaru	938	820	-12.6%	1	1196	820	-31.4%	1	2
Mitsubishi	1855	1421	-23.4%	1	1990	1421	-28.6%	1	2
Saturn	2846	2033	-28.6%	1	3032	2033	-32.9%	1	2

CHICAGO AREA BRAND SCOREBOARD (continued)



Unit Sales Potential Based on National Market Share

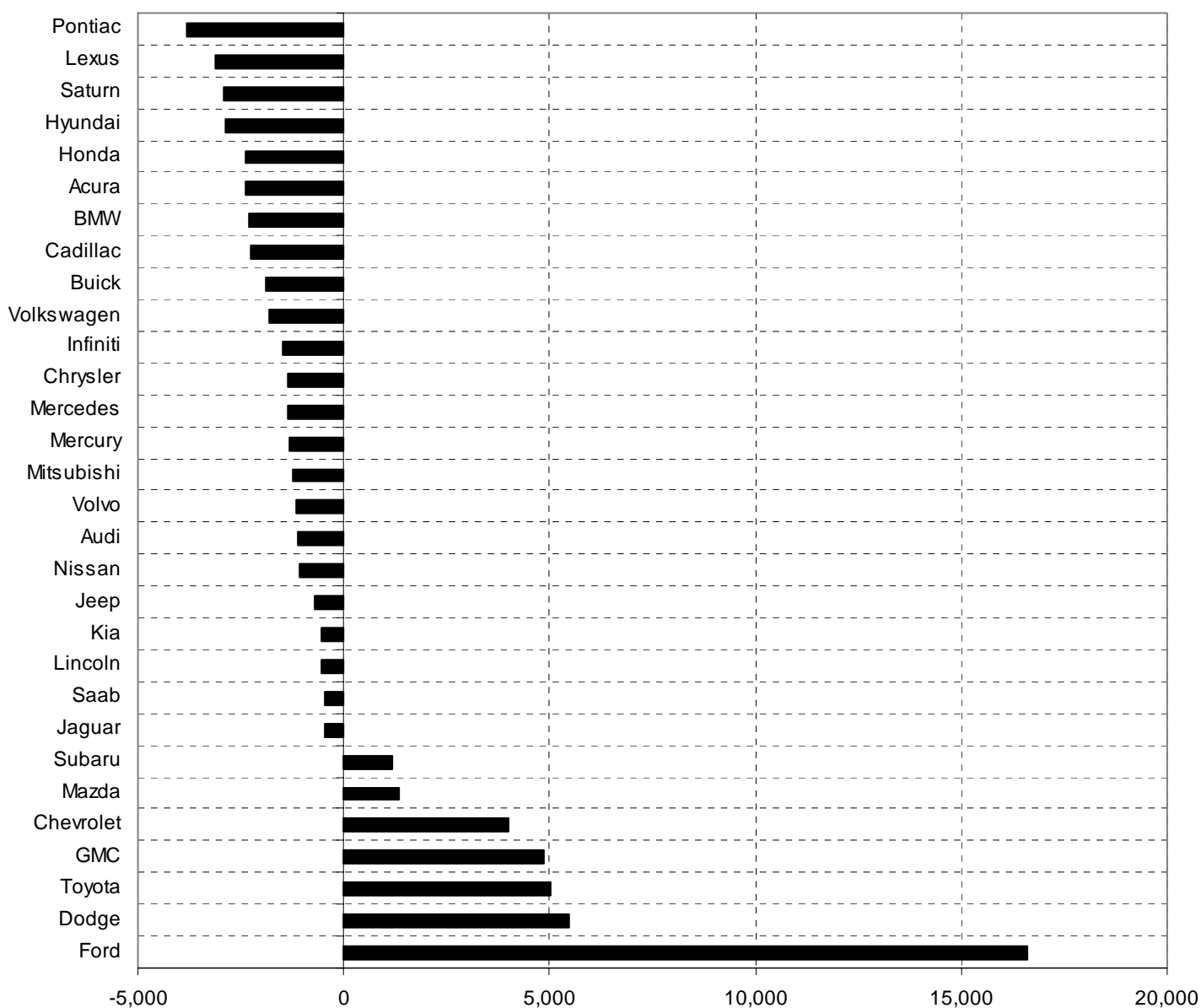
The graph below provides an indicator of brands that are popular in the Chicago Area (relative to the National standard), and those that are not. Here's how it works: For the top 30 selling brands in the area, each brand's share of the U.S. market is multiplied by retail registrations in the area during all of 2003. 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 end of the graph (i.e., Ford, Dodge, 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, Lexus, Saturn, Hyundai, and Honda) have a "significant negative potential," indicating that they are strong sellers in the area. Their registrations would have to decline in order for area market share to equal National.

Chicago Area Retail Market Potential—based on registrations for 2003

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



Data Source: The Polk Company.

Market Trends**Will Intense Competition Lead to the Demise of Several Brands? We Don't Think So**

Consider the amazing array of new vehicles that were introduced at the 2004 Chicago International Auto Show. General Motors showed off the new Cobalt, Corvette, Equinox, G6, Solstice, Terraza, Relay, and La-Crosse. Ford Motor displayed the Five Hundred, Freestyle, Mustang, Mariner, Mark LT, Aviator, and Montego. Daimler Chrysler featured the Magnum, 300C, restyled mini vans, Dakota and the ME Four-Twelve super car. Toyota showcased the hybrid-powered Highlander, Lexus RX400h, and new Lexus GS. Honda took the wraps off its concept SUT pickup, due next year. Nissan paraded the new Pathfinder, Frontier, and QX56. Subaru showed the new Legacy, Mazda the 6 wagon and hatchback, and BMW the 6-Series Convertible. And that's just a sample. The number of new model introductions was simply mind boggling.

At the press conferences, the manufacturers presented these impressive new products, and for the most part, backed them up with sound marketing strategy. It was easy to believe that just about all of the new products will be grand slam homeruns when they hit the market. But clearly that will not be the case. There are bound to be some winners and losers. To the dismay of executives and product planners, some of these new products will be met with a collective yawn

from increasingly discerning automotive consumers.

Obviously, the slew of new products is not the only sign of the competitive boiling pot that is the U.S. automotive market of 2004. Price competition is brutal and the industry suffers from significant excess production capacity. Clearly, the stakes in the automotive market poker game have been raised substantially. The often predicted result: a bloodbath that will result in several brands being forced to exit the market. Clearly, this scenario is a major concern to automotive dealers, wondering if their franchise is one of those "on the bubble."

But competition in the industry is nothing new. Pundits have predicted the eventual departure of many brands from the U.S. market going all the way back to the 1980's. But with a few exceptions (i.e., Sterling, Peugeot, Daewoo) the landscape has remained relatively unchanged. And indeed, we believe this will continue to be true for the foreseeable future.

Why do we believe that a significant exodus of brands is highly unlikely? The mergers and acquisitions that occurred during the late 1980's and 1990's, combined with ever-increasing production efficiencies, have allowed manufactures to cost effectively develop many products off

of individual vehicle platforms. In many cases, it is now viable to develop products with relatively low sales volumes, aimed at narrow market niches. And we believe this trend will accelerate in the coming years. Automotive consumers clearly demand vehicles that are reliable and have top-notch quality, but a significant number also desire a healthy dose of distinctiveness and individuality that only comes with a multitude of product choices across manufacturers and brands.

Saab is a perfect example. We think it can easily survive in the luxury segment due to significant cost savings realized through platform (and individual component) sharing with other GM products. The critical caveat: these products must clearly represent Saab traits in the marketplace.

Bottom line: The new product avalanche is shifting into higher gear, and competition is intense. But the result is not likely to be a significant elimination of brands from the marketplace. Clearly, some currently struggling brands will lose market share, especially those with little or no new products in the pipeline. But we believe that very few dealers will need to lose sleep waiting for the bomb to drop on their franchises.

Chicago Area Top Ten Scoreboard**Ford Gains Ground on Chevrolet**

THIRD QUARTER, 2003			FOURTH QUARTER, 2003			change in mkt. share
Rank	Make	Market Share	Rank	Make	Market Share	
1	Chevrolet	14.6%	1	Chevrolet	13.5%	-1.1%
2	Ford	11.4%	2	Ford	12.1%	0.7%
3	Toyota	9.4%	3	Toyota	9.5%	0.1%
4	Honda	9.2%	4	Honda	8.6%	-0.6%
5	Dodge	5.1%	5	Dodge	5.1%	0.0%
6	Nissan	4.7%	6	Nissan	5.1%	0.4%
7	Pontiac	3.2%	7	Pontiac	3.1%	-0.1%
8	Hyundai	3.1%	8	Jeep	3.0%	-0.1%
9	Jeep	3.1%	9	Hyundai	2.9%	-0.2%
10	Chrysler	2.7%	10	Lexus	2.8%	0.5%

The table on the left shows the Top 10 sellers in the Chicago Area light vehicle market during the Third and Fourth Quarters of last year. Chevrolet's first place lead over Ford shrunk to 1.4 market share points in the Fourth Quarter. Lexus gained 0.5 share points and entered the Top 10.

Source: The Polk Company.

Best Selling Models in Chicago Area

**Toyota Camry Best Selling Car in Area Retail Market;
Ford Explorer Light Truck Leader**

The tables on the right show the 20 best selling models in the Chicago Area retail car and light truck markets in 2003. In addition to total registrations, the table also shows the percent change in registrations from 2002 for both the area and U.S. markets.

Each model's share of the car or light truck market is also compared for both the area and the U.S. The column labeled "Area as a % of U.S." shows each model's share of the area market divided by its U.S. share. When this number is above 100%, for instance, area market share is above U.S. This provides an indicator of relative popularity of models in the Chicago Area. The top five ranked models in each category are shaded.

Rank	Model	Area Regs.	% change in regs. 2002 to 2003		Market Share in 2003		
			Area	U.S.	Area	U.S.	Area as a % of U.S.
1	Toyota Camry	11,355	-1.5%	-3.7%	5.3%	6.1%	88%
2	Honda Accord	10,789	7.9%	-0.7%	5.0%	6.5%	78%
3	Chevrolet Cavalier	9,350	-0.9%	7.6%	4.4%	3.1%	143%
4	Toyota Corolla	8,813	32.9%	28.5%	4.1%	4.7%	88%
5	Honda Civic	8,417	-15.3%	-5.0%	3.9%	4.9%	81%
6	Nissan Altima	6,275	7.6%	-5.1%	2.9%	2.9%	102%
7	Chevrolet Impala	5,888	9.3%	16.2%	2.8%	2.7%	102%
8	Saturn Ion	4,980	1.3%	3.8%	2.3%	2.0%	118%
9	Ford Focus	4,920	-22.9%	-8.0%	2.3%	2.9%	78%
10	Chevrolet Malibu	4,512	1.6%	3.8%	2.1%	1.6%	131%
11	Pontiac Grand Prix	4,129	-3.7%	8.4%	1.9%	1.3%	146%
12	Pontiac Grand Am	4,029	-12.9%	-7.3%	1.9%	1.5%	124%
13	Volkswagen Jetta	4,023	-22.4%	-19.3%	1.9%	1.9%	100%
14	Ford Taurus	3,988	-23.5%	-19.8%	1.9%	2.0%	93%
15	Hyundai Elantra	3,814	-0.7%	-1.0%	1.8%	1.8%	101%
16	BMW 3-Series	3,513	4.4%	0.7%	1.6%	1.6%	101%
17	Nissan Maxima	3,393	18.8%	1.4%	1.6%	1.3%	120%
18	Chevrolet Monte Carlo	3,152	-13.0%	-5.5%	1.5%	0.9%	164%
19	Buick LeSabre	3,029	-17.4%	-13.0%	1.4%	1.5%	95%
20	Dodge Neon	2,964	-15.4%	-5.0%	1.4%	1.3%	111%

Observations

- ❑ Toyota Camry and Ford Explorer, respectively, are the best selling car and light truck models in the area.
- ❑ Nissan Maxima registrations in the area increased 18.8% versus a relatively slim 1.4% increase in the Nation.
- ❑ Lexus RX330 market share in the Chicago Area was 2.0%, almost double its 1.1% share in the U.S.
- ❑ Not surprisingly, pickup truck models (Ford F-Series, Dodge Ram, and Chevrolet Silverado) were relatively low sellers in the Chicago Area.
- ❑ Honda Odyssey registrations in the area increased 8.3% compared to a slight decline in the U.S.

Rank	Model	Area Regs.	% change in regs. 2002 to 2003		Market Share in 2003		
			Area	U.S.	Area	U.S.	Area as a % of U.S.
1	Ford Explorer	8,599	-23.7%	-15.6%	4.3%	4.2%	102%
2	Chevrolet TrailBlazer	7,957	-2.0%	1.5%	4.0%	2.9%	137%
3	Ford F-Series	7,259	-8.8%	-0.5%	3.6%	9.1%	40%
4	Honda Odyssey	6,121	8.3%	-0.6%	3.1%	2.0%	155%
5	Jeep Gr. Cher.	6,064	-28.0%	-10.7%	3.0%	2.4%	128%
6	Chevrolet Silverado	5,972	-1.8%	5.4%	3.0%	7.5%	40%
7	Dodge Caravan	5,913	-23.5%	-18.0%	3.0%	1.8%	162%
8	Honda CRV	5,445	-7.3%	-1.7%	2.7%	1.8%	148%
9	Ford Escape	5,351	6.1%	8.0%	2.7%	1.6%	163%
10	Jeep Liberty	4,830	-14.9%	-6.2%	2.4%	1.8%	131%
11	Dodge Ram	4,630	11.3%	12.0%	2.3%	5.3%	43%
12	Hyundai Santa Fe	4,521	17.9%	29.0%	2.3%	1.2%	183%
13	Toyota Highlander	4,301	12.8%	6.4%	2.1%	1.5%	141%
14	Honda Pilot	4,076	125.6%	106.6%	2.0%	1.3%	151%
15	Lexus RX330	4,046	13.7%	21.7%	2.0%	1.1%	185%
16	Toyota Sienna	3,987	21.4%	20.4%	2.0%	1.3%	158%
17	GMC Envoy	3,960	5.2%	16.0%	2.0%	1.5%	129%
18	Ford Freestar	3,859	-6.7%	-14.2%	1.9%	1.0%	184%
19	Chrysler T & C	3,759	-12.4%	-9.1%	1.9%	1.3%	145%
20	Chevrolet Tahoe	3,575	-6.7%	-4.4%	1.8%	2.4%	75%

Market Perspective

New Vehicle Sales Likely to Remain Relatively Strong For an Extended Period

For the past five years, automotive sales have been humming along at a strong pace, and for the most part, automotive retailers have been a happy bunch. But as anyone familiar with the industry knows, sales tend to move in cycles, up and down. Sales have been especially strong for the past five years (setting a new record in 2000), so some are fearing an impending and extended downturn that will send new vehicle sales tumbling to near record low levels.

We believe there is very little chance that this will happen. In fact, the latest downward sales cycle (which actually began in 2001) likely came to an end last year, with a small increase predicted for 2004. Small declines are possible in 2005 and 2006, but based on historical totals, sales should remain in good shape. The graph below demonstrates why.

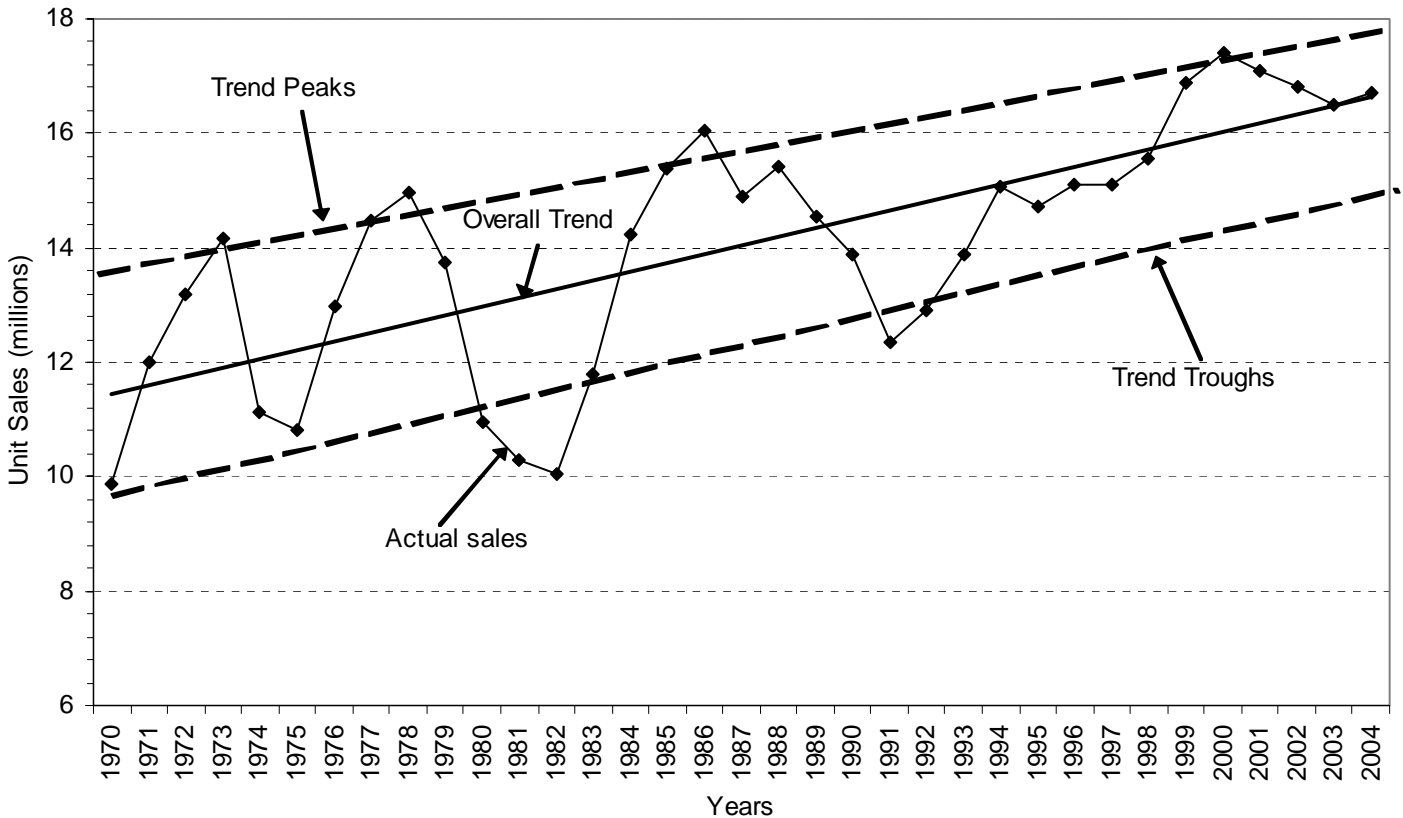
The graph clearly shows the up and down cyclical pattern new vehicle sales have followed over the past 33 years. Our conclusion that sales should remain relatively strong for the foreseeable future is demonstrated by looking at the three "trend lines." The overall trend over the past 33 years has moved steadily upward, and importantly, the same is true for trends in the cyclical peaks and troughs. In fact, the trend line for the market troughs portends that, in the worst case scenario, the low point for a downward sales cycle is now higher than 15 million units. A far cry from 17.4 million in 2000, but nowhere near the 12.5 million in 1991.

In addition, there is a common perception that the market was especially strong, and exceeded trend levels beginning in the mid-1990's. The graph shows that this was not the

case. For most of the 1990's, the market was below trend or just at trend. Therefore, a prolonged sales decline, precipitated by an overheated market, would not appear to be in the cards.

No doubt about it, these are uncertain times; any economically-based forecast carries with it a lot of risk. And after a small increase this year, we believe there is a good chance that sales will move marginally lower for a couple of years. But there is very convincing evidence that new vehicle sales will remain strong for several years and that a sub-16 million unit sales year is not likely any time soon. Add to this the impressive array of new vehicles regularly being introduced, and new power train technologies that are being developed, causes us to believe that new vehicle retailing is a great business to be in.

U.S. New Light Vehicle Sales—Long Term Perspective



The graph shows four data series from 1970 to 2004: 1. **Actual** new vehicle sales. 2. The **Overall Sales Trend**. 3. **Trend Peaks**, which is the trend line for the four cyclical sales peaks. 4. **Trend Troughs**, which is the trend line for the four cyclical sales troughs.

County Scoreboard

Kane County Market Falls by Less than 5% in 2003

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 during 2001, 2002, and 2003. 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.

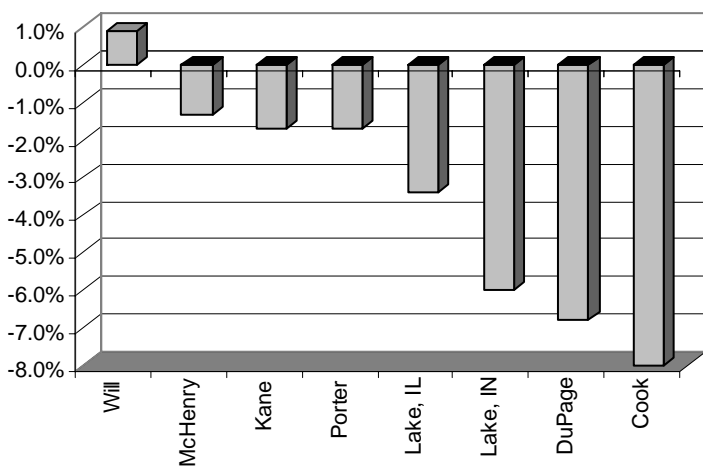
Part 2 presents market share data for light trucks, Domestic brands, and the top five selling car and light truck brands in the area. The top two ranked counties in each category are shaded.

Source: The Polk Company

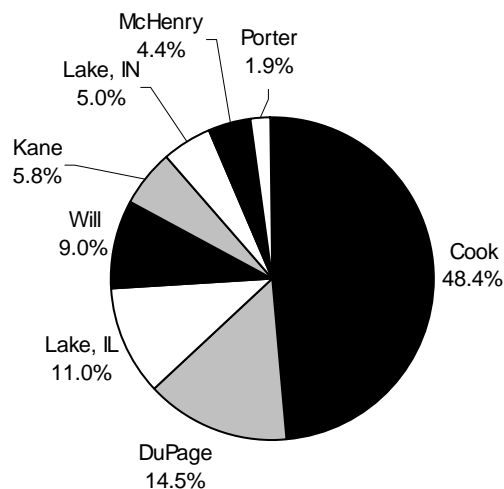
COUNTY BY COUNTY - PART 1									
	Registrations (2003)			Percent Change			Unit Change		
	2001	2002	2003	2001 to 2002	2002 to 2003	2001 to 2003	2001 to 2002	2002 to 2003	2001 to 2003
Cook	243,890	217,890	200,466	-10.7%	-8.0%	-17.8%	-26,000	-17,424	-43,424
DuPage	71,412	64,277	59,876	-10.0%	-6.8%	-16.2%	-7,135	-4,401	-11,536
Kane	25,493	24,359	23,952	-4.4%	-1.7%	-6.0%	-1,134	-407	-1,541
Lake, IL	51,332	47,300	45,704	-7.9%	-3.4%	-11.0%	-4,032	-1,596	-5,628
Lake, IN	26,556	22,179	20,845	-16.5%	-6.0%	-21.5%	-4,377	-1,334	-5,711
McHenry	19,926	18,289	18,046	-8.2%	-1.3%	-9.4%	-1,637	-243	-1,880
Porter	9,936	8,207	8,067	-17.4%	-1.7%	-18.8%	-1,729	-140	-1,869
Will	38,942	36,838	37,161	-5.4%	0.9%	-4.6%	-2,104	323	-1,781

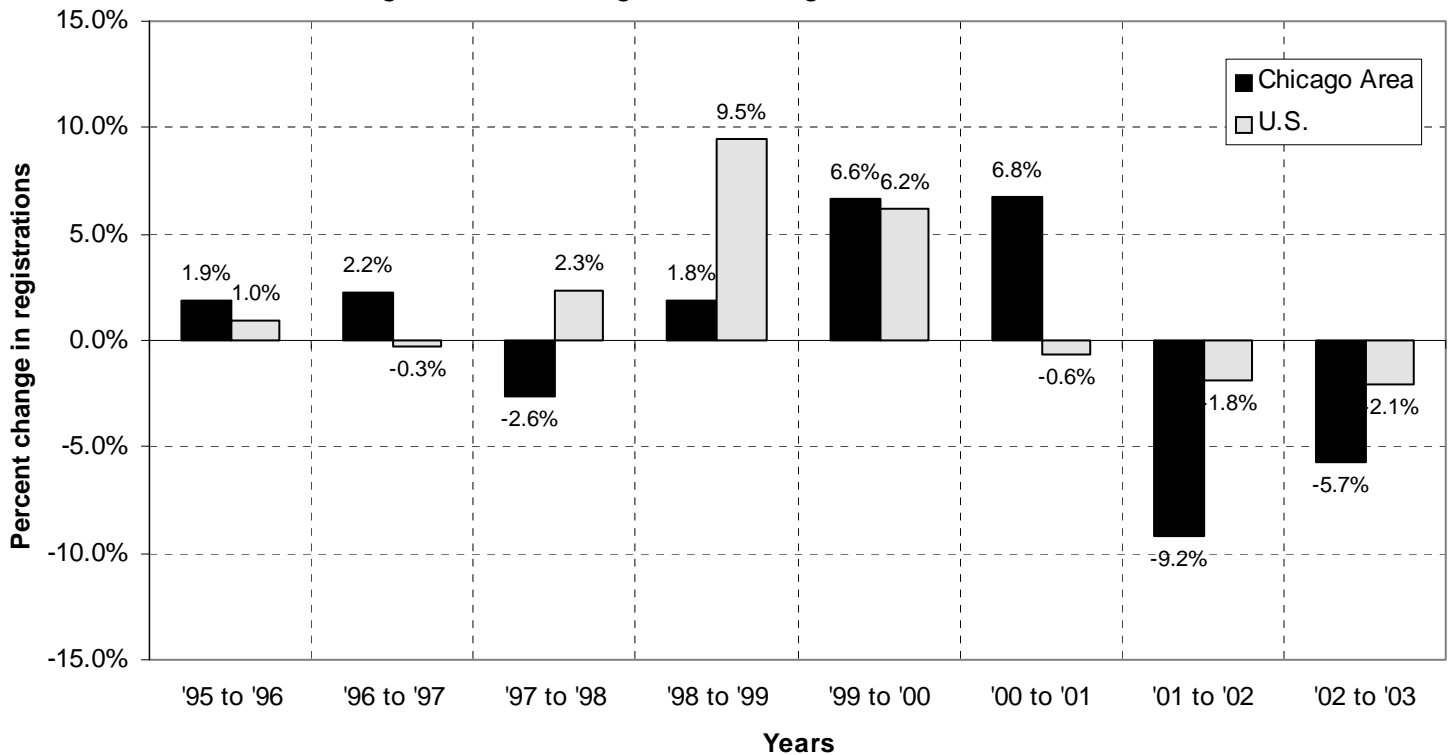
COUNTY BY COUNTY - PART 2														
	Market Share Summary				Brand Market Share - Top Five Chicago Area Retail Brands									
	Light Truck		Domestic Brand		Cars					Light Trucks				
	2003	Change from '02	2003	Change from '02	Chev.	Toyota	Honda	Ford	Nissan	Chev.	Ford	Honda	Dodge	Toyota
Cook	44.3	1.3	49.3	-4.5	11.5	11.8	9.0	6.2	6.2	15.8	15.9	9.4	7.5	8.8
DuPage	48.2	2.0	46.8	-5.1	8.7	10.9	9.9	5.8	6.7	15.2	16.1	10.0	6.2	9.1
Kane	54.3	1.5	56.4	-5.1	10.7	8.7	10.3	6.9	7.2	19.1	17.8	8.4	9.3	6.8
Lake, IL	51.3	2.0	44.7	-4.6	8.8	10.9	9.2	4.1	5.0	16.0	12.6	9.4	6.9	10.2
Lake, IN	56.8	0.2	60.5	-5.0	11.7	8.2	10.4	7.4	5.5	21.6	18.6	7.1	9.9	6.0
McHenry	55.7	2.6	60.9	-4.8	13.7	7.9	8.0	8.1	6.4	19.1	19.6	6.9	9.0	5.6
Porter	51.8	1.2	70.3	-4.7	17.3	7.1	7.1	11.9	6.5	17.5	25.7	5.3	8.6	4.2
Will	57.4	1.5	69.6	-4.5	13.1	7.2	8.8	10.4	6.7	14.5	21.5	7.4	10.0	4.0

Percent Change in Registrations – 2003 vs. 2002



Share of Area Market – 2003



Area Market Vs. U.S.**Area Retail Market Declined More Than U.S. in 2003****Annual Percent Change in New Retail Light Vehicle Registrations—Area vs. U.S. (1995 thru 2003)**

The graph above shows the annual percent change in new retail light vehicle registrations in both the Chicago Area and U.S. markets between 1995 and 2003. The graph provides an excellent picture of the similar (or dissimilar) paths that the two markets have followed. In 2001, the Chicago Area market improved by a very strong 6.8% (versus a small decline in the U.S.), and over the past two years, the market has suffered the consequences. From 2001 to 2002, area registrations fell by 9.2%, versus the 1.8% drop in the Nation. From 2002 to 2003, new retail registrations declined 5.7% in the area, compared to 2.1% in the U.S.

Source: The Polk Company.

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Published by:

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5 Great Valley Parkway, Suite 228
Malvern, PA 19355

Phone: 800-206-0102

Fax: 610-648-3806

E-Mail autoecon@email.msn.com

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