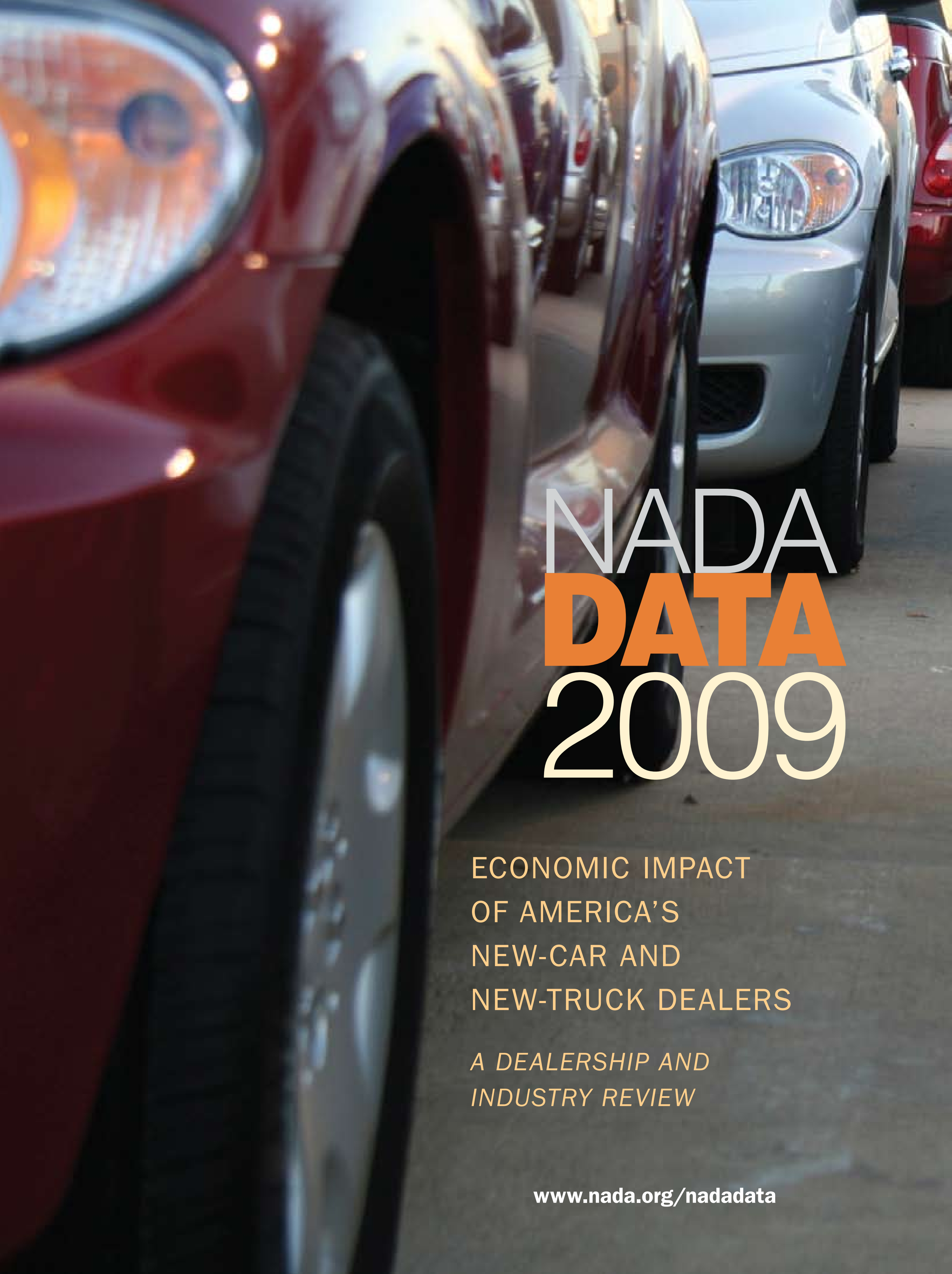


NADA DATA 2009

ECONOMIC IMPACT OF AMERICA'S NEW-CAR AND NEW-TRUCK DEALERS

A DEALERSHIP AND INDUSTRY REVIEW

www.nada.org/nadadata

The nation's franchised new-car dealers sold 13.2 million units in 2008, down dramatically from the previous year's 16.1 million units, as recession gripped the economy. The good news? The average dealership's sales will rise in all departments as the economy starts to grow in the second half of 2009. The unemployment rate moved steadily upward this year, standing at 9.5 percent in June. But consumer confidence also started recovering in 2009, with the index moderating to 49.3 in June.

The continued slowdown in residential housing sales and finance was a key drag on economic growth in late 2008 and early 2009. Those problems now appear to be clearing up in 31 states in the Midwest and Southeast, except for Florida. The remaining 19 states include the more severe real estate corrections under way in California, Nevada, Arizona, Florida, and Maryland that will persist into 2010. New-car sales will be stronger in states where the real estate market is bottoming out this year, namely in the Midwest and Southeast. New York and Massachusetts are showing stability in real estate prices, and that should help new light-vehicle sales in those important states and in the Northeast generally.

Falling home values in 2008 shook consumer confidence and devastated new vehicle sales. Fortunately, the cost of borrowing remains moderate and credit is becoming more available. The Federal Reserve has made it clear that short-term rates are likely to remain low in 2010. New light-vehicle sales—expected to be around 10.3 million units in 2009—have been constrained by credit availability. But that situation is improving. Sales will approach 12 million units in 2010.

Second-half 2009 will benefit from low interest rates and expected modest fuel and energy costs. Total dealership dollar sales in 2008 exceeded $576 billion, down by more than a billion from $693 billion in 2007. This was associated with dealerships' payroll employment moderating to just over 1.05 million people—a decrease of about 50,000 from 2007. Total payroll expense in 2008 reached $53.2 billion, down 1.3 percent from 2007.

Dealership expenditures, excluding cost of goods sold, dropped to $77 billion in 2008 from $84 billion the previous year. But franchised dealers were also major payers and generators of federal, state, and local tax revenue, as well as major contributors of both time and money to local and regional charities.

Note: *NADA's Industry Analysis Division (Paul Taylor, chief economist) prepares* NADA Data. *Contact NADA Industry Analysis, 8400 Westpark Drive, McLean, VA 22102, call 800.252.NADA, or e-mail industryrelations@nada.org.*

About this special section

On the following pages, you will find the results of NADA's yearlong analysis of the U.S. car and truck industry, with emphasis on the retail side of the business.

The key segments covered are:

Average Dealership Profile

Sales for the nation's new-car dealers fell to 13.2 million units in 2008 as recession engulfed the economy. Total dealership revenue was $598 billion in 2008, falling from $693 billion in 2007. Used-vehicle sales suffered a slight net loss on average for the first time in decades. New-car sales revenue fell by nearly as much as used-car revenue, dropping 15.4 percent from 2007. Net profit levels dropped 44.7 percent from 2007 to just 1 percent of total sales for the average dealer. The typical new-car dealership generated only $279,685 in net pretax profit for 2008, compared with $508,000 in annual net pretax profit for 2007.

TOTAL GROSS AND EXPENSE

Average total dealership gross margins fell 9.1 percent in 2008, at 13.3 percent of total dealership sales. Operating profit declined 90 percent to just 0.1 percent. Total expense dropped a modest 4.6 percent. Floor-plan expense fell in 2008. Advertising outlays decreased 9.4 percent. Some major expenses for the average dealership last year:

Payroll $2,658,000
Advertising $341,285
Rent and equivalent $376,578

TOTAL DEALERSHIP PROFITS

Service and parts brought more than 100 percent of operating profits in 2008, as used-car profits were slightly in the red for the first time in decades.

Average dealership profile

	2003	2004	2005	2006	2007	2008	% change 2007 to 2008
Total dealership sales	$32,296,859	$33,009,335	$32,318,461	$31,855,768	$33,379,501	$28,789,595	-13.8%
Total dealership gross	$ 4,315,654	$ 4,363,870	$ 4,307,479	$ 4,338,448	$ 4,546,212	$ 4,116,348	-9.5%
As % of total sales	13.4%	13.2%	13.3%	13.6%	13.6%	14.3	
Total dealership expense	$ 3,751,511	$ 3,804,184	$ 3,776,446	$ 3,848,964	$ 4,038,084	$ 3,836,663	-5.0%
As % of total sales	11.6%	11.5%	11.7%	12.1%	12.1%	13.3%	
Net profit before taxes	$ 564,143	$ 559,686	$ 531,033	$ 489,484	$ 508,127	$ 279,685	-45.0%
As % of total sales	1.7%	1.7%	1.6%	1.5%	1.5%	1.0%	
(Net pretax profit in constant 1982 dollars)	$ 306,600	$ 304,177	$ 288,605	$ 266,024	$ 276,156	$ 152,003	-45.0%
New-vehicle department sales	$19,359,130	$20,116,264	$19,469,000	$18,795,482	$19,545,287	$16,457,614	-15.8%
As % of total sales	59.9%	60.9%	60.2%	59.0%	58.6%	57.2%	
Used-vehicle department sales	$ 9,142,647	$ 9,090,534	$ 9,067,128	$ 9,265,366	$ 9,821,093	$ 8,242,208	-16.1%
As % of total sales	28.3%	27.5%	28.1%	29.1%	29.4%	28.6%	
Service and parts sales	$ 3,795,081	$ 3,802,537	$ 3,782,334	$ 3,794,920	$ 4,013,121	$ 4,089,773	1.9%
As % of total sales	11.8%	11.5%	11.7%	11.9%	12.0%	14.2%	
New-vehicle average selling price	$ 27,565	$ 28,060	$ 28,381	$ 28,451	$ 28,797	$ 28,350	-1.6%
Used-vehicle average selling price	$ 13,473	$ 14,247	$ 14,923	$ 15,518	$ 15,714	$ 15,200	-3.3%
Average net worth (as of 12/31)	$ 2,243,589	$ 2,301,417	$ 2,258,753	$ 2,160,181	$ 2,306,742	$ 2,251,583	-2.4%
Net profit as % of net worth	25.1%	24.3%	23.5%	22.7%	22.0%	12.4%	

Source: NADA Industry Analysis Division

NADA Optimism Index

Consumer confidence fell during most of the year, but remained in the range of the 20-year low of 47.3 set in February 1992, during the 1990–92 recession. The Consumer Confidence Index indicated a moderate upward trend early in 2009 that pointed toward an end to the recession after low confidence during 2008. Consumer concern about the economy—especially the mortgage crisis and high energy costs—persisted through 2008. Then the index turned more positive during the spring of 2009, when evidence suggested 31 states were nearing a bottom in the residential real estate price declines.

The NADA Optimism Index fell to 120 in March 2008 and 68 in March 2009, the latter a 29-year low.

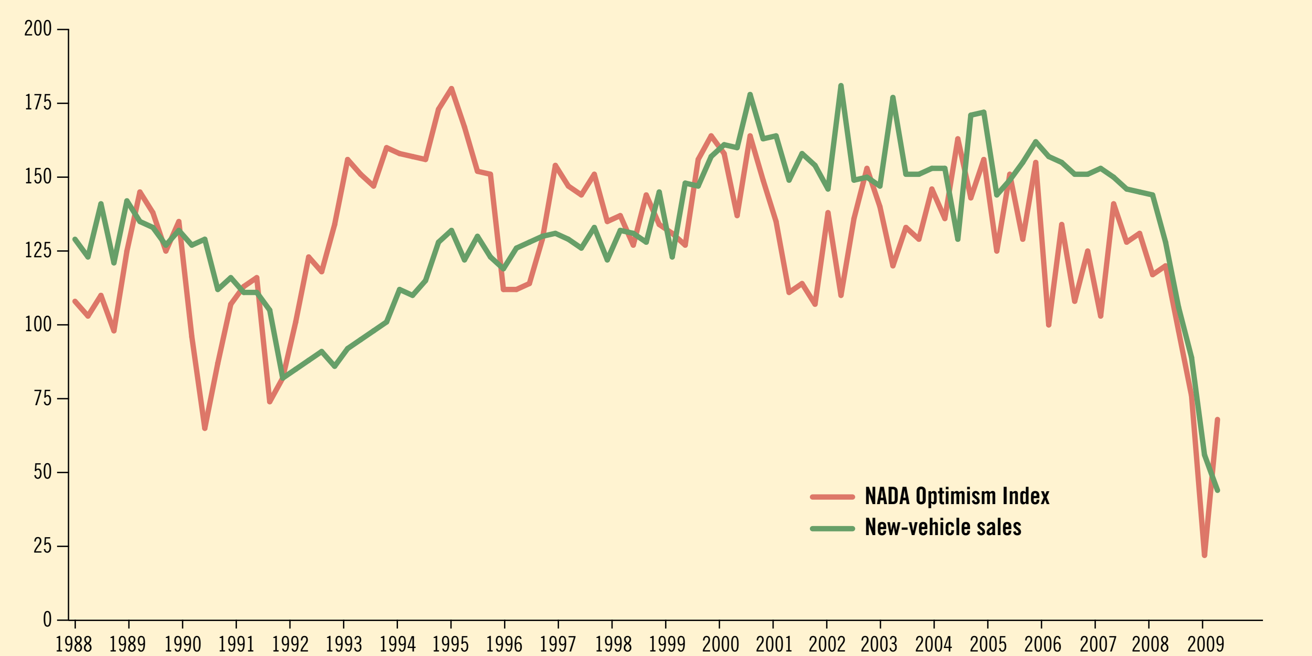
Expectations for dealership profits

Percent of dealers expecting profits to:

	Increase	Not change	Decline	Value index
April 1996	54.1%	35.0%	11.0%	154
April 1997	42.4	44.0	13.6	135
April 1998	41.9	43.3	14.8	134
April 1999	56.5	37.8	5.7	164
April 2000	49.0	39.9	11.1	149
April 2001	31.5	40.7	27.8	107
March 2002	53.2	36.7	10.1	153
March 2003	13.5	46.2	40.2	133
March 2004	7.8	31.7	60.4	163
March 2005	9.4	39.6	51.1	151
March 2006	15.9	41.4	42.7	134
March 2007	15.7	36.8	47.5	141
March 2008	21.6	42.0	36.4	120
March 2009	18.6	39.9	41.5	68

Source: NADA Industry Analysis Division

Optimism index vs. new-vehicle sales



Source: NADA Industry Analysis Division

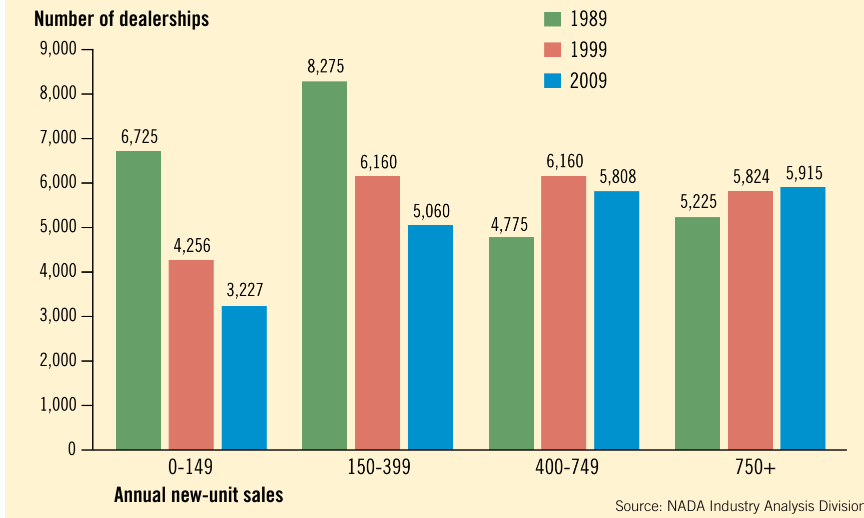
New-Car Dealerships

Consolidation in the number of franchised dealerships is likely to continue. Amid manufacturers' efforts to reduce or freeze the number of dealership points, the net closure rate of dealerships will double in 2009. The number of new-car dealerships fell in 2008, with the net dealership count down by more than 760 after a fall of more than 400 in 2007.

The bar graph at right shows that the loss of dealerships over the past 20 years has been largely concentrated in the smaller-volume categories. In 1989 there were 6,725 dealerships with sales of less than 150 new vehicles per year. Today, there are only 3,227 such stores. In contrast, now 11,723 dealerships sell 400-plus new units per year; in 1989 only 10,000 stores of that size existed.

Dealership declines were most severe in states with difficult residential real estate markets. California lost over 100 franchised new-car dealerships. Texas, with strength from oil and natural gas, lost no dealerships on a net basis during 2008.

Number of dealerships, by volume of new-unit sales



Source: NADA Industry Analysis Division

New-car dealerships

As of January 1	
1988	25,025
1989	25,000
1990	24,825
1991	24,200
1992	23,500
1993	22,950
1994	22,850
1995	22,800
1996	22,750
1997	22,700
1998	22,600
1999	22,400
2000	22,250
2001	22,150
2002	21,800
2003	21,725
2004	21,650
2005	21,640
2006	21,495
2007	21,200
2008	20,770
2009	20,010

Source: NADA Industry Analysis Division

New-car dealerships, by state

As of January 1, 2009

Alabama	343	Montana	129
Alaska	35	Nebraska	207
Arizona	253	Nevada	116
Arkansas	257	New Hampshire	163
California	1,492	New Jersey	548
Colorado	280	New Mexico	137
Connecticut	302	New York	1,058
Delaware	62	North Carolina	656
D.C.	1	North Dakota	95
Florida	923	Ohio	901
Georgia	576	Oklahoma	296
Hawaii	64	Oregon	264
Idaho	121	Pennsylvania	1,097
Illinois	903	Rhode Island	60
Indiana	503	South Carolina	318
Iowa	358	South Dakota	114
Kansas	256	Tennessee	410
Kentucky	291	Texas	1,312
Louisiana	332	Utah	152
Maine	142	Vermont	91
Maryland	342	Virginia	537
Massachusetts	459	Washington	371
Michigan	745	West Virginia	170
Minnesota	412	Wisconsin	574
Mississippi	232	Wyoming	70
Missouri	480	**Total U.S.**	**20,010**

Source: NADA Industry Analysis Division

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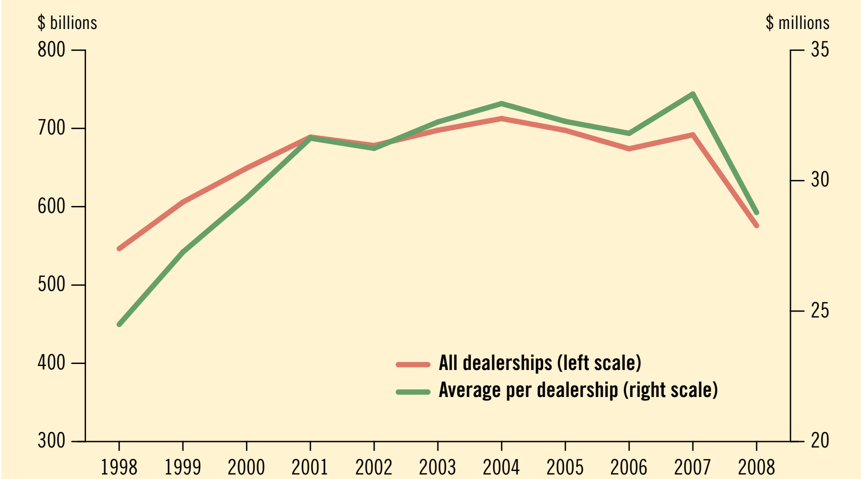
Total Dealership Sales Dollars

Total dollar sales at the nation's new-car dealerships fell to $576.1 billion compared with $693 billion in 2007. Used-vehicle sales declined, with the average new-vehicle selling price falling to $15,201 from $15,714 in 2007. Gross as a percentage of selling price fell to 10.74 percent from 11.31 percent in 2007. Dealers suffered a $5 net loss on every used car retailed for the first time in many decades. Average dealership sales varied significantly across the country, with new-car sales hit hardest in Pacific and Atlantic coast states (with the exception of the Carolinas).

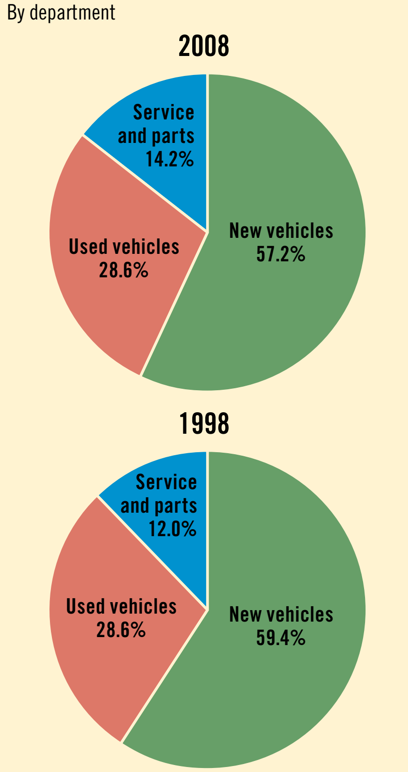
Total sales of new-car dealerships



Sources: U.S. Department of Commerce; NADA Industry Analysis Division

Share of total dealership sales dollars

By department



Source: NADA Industry Analysis Division

2008 total sales, by state

State	All dealerships (millions)	Average per dealership (thousands)
Alabama	$8,288	$24,164
Alaska	1,258	35,947
Arizona	13,896	54,923
Arkansas	5,039	19,607
California	62,032	41,576
Colorado	9,661	34,504
Connecticut	7,462	24,710
Delaware	1,685	27,175
D.C.	13	12,998
Florida	35,876	38,869
Georgia	16,374	28,427
Hawaii	2,092	32,690
Idaho	2,390	19,751
Illinois	22,771	25,217
Indiana	10,640	21,154
Iowa	5,844	16,323
Kansas	5,134	20,053
Kentucky	5,946	20,433
Louisiana	8,863	26,696
Maine	2,532	17,834
Maryland	10,628	31,076
Massachusetts	12,872	28,043
Michigan	21,488	28,843
Minnesota	9,974	24,209
Mississippi	4,301	18,537
Missouri	10,892	22,693
Montana	$2,138	$16,577
Nebraska	3,472	16,775
Nevada	5,008	43,172
New Hampshire	3,662	22,468
New Jersey	21,999	40,144
New Mexico	3,544	25,868
New York	31,842	30,096
North Carolina	16,410	25,016
North Dakota	1,671	17,584
Ohio	20,131	22,342
Oklahoma	15,964	53,931
Oregon	6,084	23,045
Pennsylvania	24,521	22,353
Rhode Island	1,705	28,423
South Carolina	7,429	23,360
South Dakota	1,626	14,260
Tennessee	11,318	27,605
Texas	53,782	40,992
Utah	4,866	32,010
Vermont	1,345	14,781
Virginia	14,723	27,417
Washington	11,039	29,755
West Virginia	2,985	17,558
Wisconsin	9,458	16,478
Wyoming	1,268	18,114
Total U.S.	**$576,051**	**$28,788**

Source: NADA Industry Analysis Division

Relationship of new-car dealerships to total retail trade in 2008, by state (estimated)

	Number of dealers as % of total retail establishments in the state	Dealer sales as % of total retail sales in the state	Dealer payroll as % of total retail payroll in the state	Dealer employees as % of total retail employment in the state
Alabama	1.8%	14.4%	12.5%	6.9%
Alaska	1.4	11.5	12.2	6.3
Arizona	1.5	15.5	15.2	9.1
Arkansas	2.3	14.3	12.4	6.5
California	1.5	15.3	13.1	8.2
Colorado	1.5	15.5	13.4	6.8
Connecticut	2.3	14.3	13.8	7.6
Delaware	1.7	14.2	13.8	7.6
D.C.	0.2	3.0	1.3	0.6
Florida	1.2	15.6	13.4	7.7
Georgia	1.7	15.4	13.3	7.3
Hawaii	1.4	11.5	12.4	7.3
Idaho	1.9	13.1	11.7	7.1
Illinois	2.4	14.5	13.2	6.9
Indiana	2.4	13.5	12.9	6.8
Iowa	2.8	13.6	12.9	6.7
Kansas	2.5	14.0	13.2	6.8
Kentucky	1.8	12.3	11.3	6.2
Louisiana	1.9	14.7	14.2	8.1
Maine	2.2	11.9	11.7	6.3
Maryland	1.8	16.0	14.4	8.2
Massachusetts	1.9	13.8	12.7	6.7
Michigan	2.3	16.8	15.5	7.6
Minnesota	2.0	13.6	12.3	6.6
Mississippi	2.0	13.5	12.3	6.8
Missouri	2.3	14.5	13.3	6.9
Montana	2.7	13.0	12.3	8.4
Nebraska	2.9	13.7	12.5	6.5
Nevada	1.4	13.5	14.6	6.5
New Hampshire	2.6	13.8	13.5	6.9
New Jersey	1.6	15.6	14.0	7.3
New Mexico	2.1	13.9	13.8	7.7
New York	1.4	12.2	10.2	6.1
North Carolina	2.0	14.7	13.4	6.5
North Dakota	3.1	14.3	13.9	8.9
Ohio	2.4	14.3	12.9	6.6
Oklahoma	2.4	15.9	14.9	7.9
Oregon	1.9	13.2	12.6	6.3
Pennsylvania	2.5	14.4	13.8	7.7
Rhode Island	1.5	14.0	11.9	6.2
South Carolina	1.8	13.6	11.9	6.0
South Dakota	2.9	12.8	13.1	6.9
Tennessee	1.9	14.6	12.6	6.5
Texas	1.9	16.4	15.0	8.0
Utah	1.7	13.3	11.3	6.5
Vermont	2.6	13.6	11.9	6.9
Virginia	2.0	13.8	14.3	7.1
Washington	1.8	12.2	12.1	6.9
West Virginia	2.4	13.6	11.7	7.2
Wisconsin	3.1	14.1	12.3	6.4
Wyoming	2.6	13.4	13.5	8.8
Total U.S.	**1.9%**	**14.6%**	**13.3%**	**6.9%**

Source: NADA Industry Analysis Division

The New-Vehicle Department

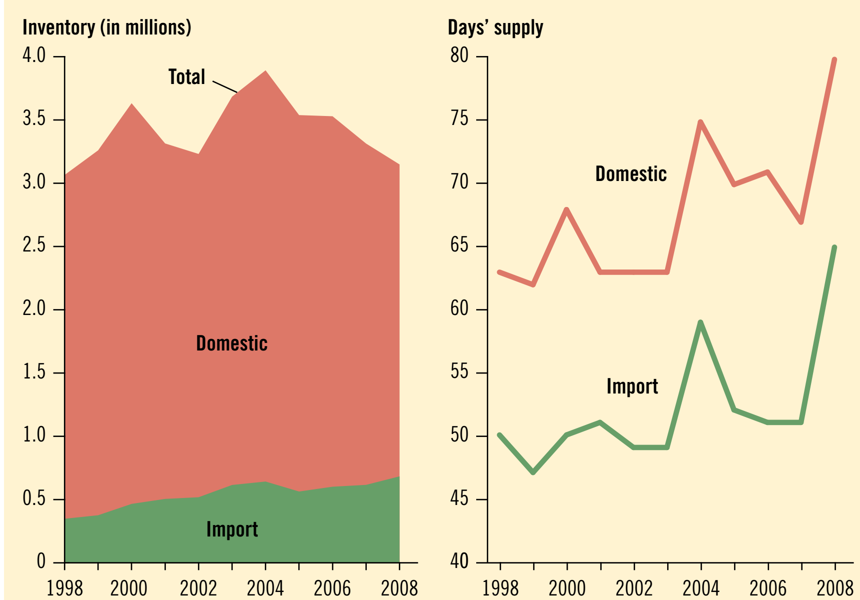
Total automaker inventory remained flat compared with 2007, averaging 3.2 million units in 2008.

New-vehicle sales for 2008 were 13.2 million units—down significantly from 2007's 16.1 million. Sales volume dropped to a 10.5 million seasonally adjusted annual rate (SAAR) by December 2008, and below 10 million SAAR in early 2009. Total automaker inventory was lower in 2008 by more than 161,000 light vehicles for the Detroit Three, at 1.7 million units. Days' supply of domestic vehicles decreased to 100, while imported vehicles were at 75 days' supply.

As shown on page 8, even popular crossover utility vehicles (CUVs) could not sustain light-duty truck sales, which slipped to 6.4 million units, lower than the 6.8 million cars sold in 2008. Light trucks were 52.6 percent of total light vehicles sold in 2007, but slid to 48.4 percent of total new light-vehicle sales in 2008.

The average selling price of a new vehicle in 2008, including accessories and options ("Average Dealership Profile"), decreased 1.5 percent during 2008 to $28,351. New-vehicle sales by manufacturer (page 8, bottom) show GM, Ford, and Chrysler losing market share in 2008. Three of the major Japanese brands—Toyota, Honda, and Nissan—saw their shares increase. Audi, BMW, Hyundai, Infiniti, Kia, Mazda, Mercedes, Subaru, and Volkswagen saw market share gains in 2008, even as overall total light-vehicle sales fell 18 percent.

New-vehicle inventories and days' supply



Source: NADA Industry Analysis Division

Source: NADA Industry Analysis Division

New-vehicle sales, by month

	2008 Actual	2008 SAAR* (in millions)	2007 Actual	2007 SAAR* (in millions)	% change 2007 to 2008
January	1,039,116	15.2	1,086,290	16.7	–4.3%
February	1,169,217	15.3	1,249,103	16.5	–0.6%
March	1,351,542	15.1	1,534,021	16.2	–11.9%
April	1,244,386	14.4	1,331,433	16.2	–6.5%
May	1,392,840	14.3	1,555,947	16.1	–10.5%
June	1,185,435	13.6	1,450,199	16.1	–18.3%
July	1,132,182	12.5	1,304,150	15.5	–13.2%
August	1,246,053	13.7	1,472,808	16.2	–15.4%
September	962,427	12.5	1,309,654	16.2	–26.5%
October	834,752	10.5	1,227,202	16.0	–32.0%
November	743,604	10.1	1,175,381	16.2	–36.7%
December	893,072	10.3	1,384,522	16.2	–35.5%
Full year	**13,194,626**	**13.2**	**16,080,710**	**16.1**	**–17.9%**

*Seasonally adjusted annual rate

Source: NADA Industry Analysis Division

New light-duty vehicle sales, by year

Year	New cars	Light-duty trucks	Total light-duty vehicles	Light-duty trucks as % of total
1998	8,137,400	7,404,500	15,541,900	47.6%
1999	8,698,600	8,197,200	16,895,800	48.5
2000	8,846,900	8,502,800	17,349,700	49.0
2001	8,422,600	8,699,300	17,121,900	50.8
2002	8,103,200	8,714,300	16,817,500	51.8
2003	7,609,800	9,024,900	16,634,700	54.3
2004	7,505,900	9,360,600	16,866,500	55.5
2005	7,666,700	9,278,300	16,945,000	54.8
2006	7,780,800	8,721,000	16,502,700	52.8
2007	7,618,400	8,470,900	16,089,300	52.6
2008	6,813,550	6,381,050	13,194,600	48.4
Average 1998–2008	**7,927,623**	**8,432,259**	**16,359,964**	**51.5%**

Source: NADA Industry Analysis Division

Number of new vehicles sold and selling price

Year	New vehicles sold per dealership	Average retail selling price
1998	694	$23,600
1999	759	24,450
2000	783	24,900
2001	785	25,800
2002	774	26,150
2003	769	27,550
2004	779	28,050
2005	788	28,400
2006	778	28,450
2007	775	28,800
2008	659	28,350

Source: NADA Industry Analysis Division

New-vehicle sales and market share, by manufacturer

Year	Chrysler	Ford	General Motors	Toyota	Honda	Nissan	Volkswagen	Other imports	Total
1998	2,510,000	3,860,200	4,570,100	1,361,000	1,009,600	621,600	267,200	1,342,300	15,541,900
	16.15%	24.84%	29.41%	8.76%	6.50%	4.00%	1.72%	8.64%	
1999	2,638,600	4,115,600	4,974,600	1,475,400	1,076,900	677,900	381,500	1,555,300	16,895,800
	15.62%	24.36%	29.44%	8.73%	6.37%	4.01%	2.26%	9.21%	
2000	2,522,700	4,147,700	4,911,700	1,619,200	1,158,900	752,800	435,900	1,800,800	17,349,700
	14.54%	23.91%	28.31%	9.33%	6.68%	4.34%	2.51%	10.38%	
2001	2,273,200	3,915,500	4,852,500	1,741,300	1,207,600	703,700	438,900	1,989,200	17,121,900
	13.28%	22.87%	28.34%	10.17%	7.05%	4.11%	2.56%	11.62%	
2002	2,205,450	3,576,250	4,815,150	1,756,150	1,247,850	739,850	423,850	2,052,950	16,817,500
	13.11%	21.27%	28.63%	10.44%	7.42%	4.40%	2.52%	12.21%	
2003	2,127,450	3,437,700	4,716,050	1,866,300	1,349,850	794,800	389,100	1,953,450	16,634,700
	12.79%	20.67%	28.35%	11.22%	8.11%	4.78%	2.34%	11.74%	
2004	2,206,000	3,271,100	4,657,400	2,060,050	1,394,400	855,000	334,050	2,088,500	16,866,500
	13.08%	19.39%	27.61%	12.21%	8.27%	5.07%	1.98%	12.38%	
2005	2,304,900	3,106,900	4,456,800	2,260,300	1,462,500	1,076,900	307,250	1,969,450	16,945,000
	13.60%	18.34%	26.30%	13.34%	8.63%	6.36%	1.81%	11.62%	
2006	2,142,500	2,848,100	4,067,600	2,542,500	1,509,400	1,019,500	325,300	2,047,900	16,502,700
	12.98%	17.26%	24.65%	15.41%	9.15%	6.18%	1.97%	12.41%	
2007	2,076,100	2,502,000	3,824,550	2,620,800	1,551,550	1,068,500	324,050	2,121,750	16,089,300
	12.90%	15.55%	23.77%	16.29%	9.64%	6.64%	2.01%	13.19%	
2008	1,447,750	1,942,050	2,955,900	2,217,700	1,428,800	951,450	310,900	1,940,050	13,194,600
	10.97%	14.72%	22.40%	16.81%	10.83%	7.21%	2.36%	14.70%	
Average 1998–2008	**2,223,150**	**3,338,464**	**4,436,577**	**1,956,427**	**1,308,850**	**842,000**	**358,000**	**1,896,514**	**16,359,964**
	13.59%	**20.41%**	**27.12%**	**11.96%**	**8.00%**	**5.15%**	**2.19%**	**11.59%**	

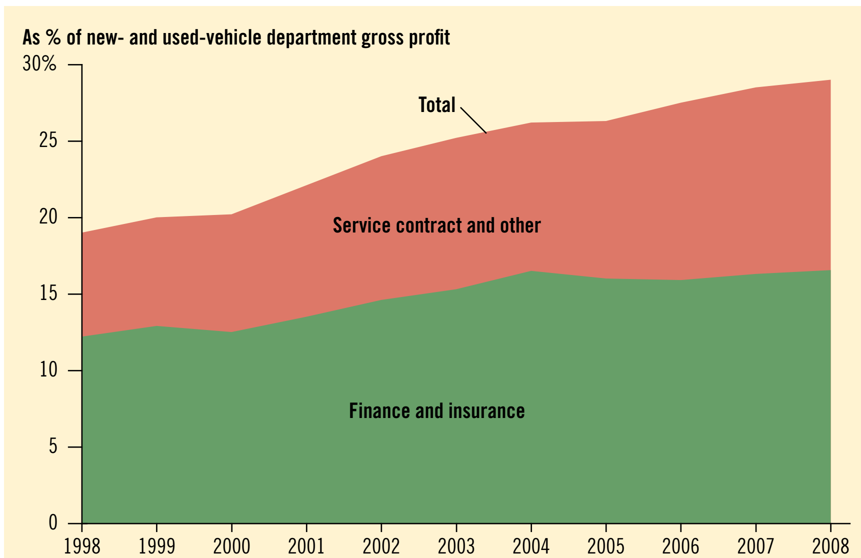
Source: NADA Industry Analysis Division

F&I, Service Contracts

Gross margin on the sale of new units fell to 4.43 percent of the selling price in 2008, down from 5 percent in 2007. The decrease in gross profit as sales slowed made profits generated by finance, insurance, and service contracts increasingly important to the new-vehicle department. Aftermarket income (combined gross from F&I and service contracts) was 29 percent of new- and used-vehicle department gross in 2008—up from 28.5 percent in 2007. This stemmed partly from a renewed focus on F&I, resulting in higher finance penetration rates for both new and used cars, as well as a greater emphasis on customer understanding and satisfaction in dealer financing during a difficult year for finance.

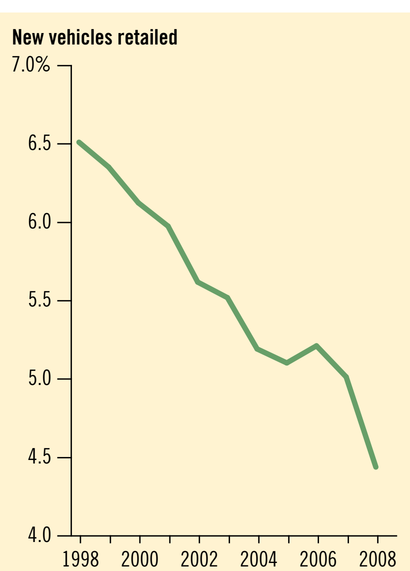
Improvement in vehicle quality and warranties helped bring a drop in service contract penetration from a high of 35 percent in 1986, 31 percent in 2007, and recovery to 32.1 percent in 2008.

Aftermarket income



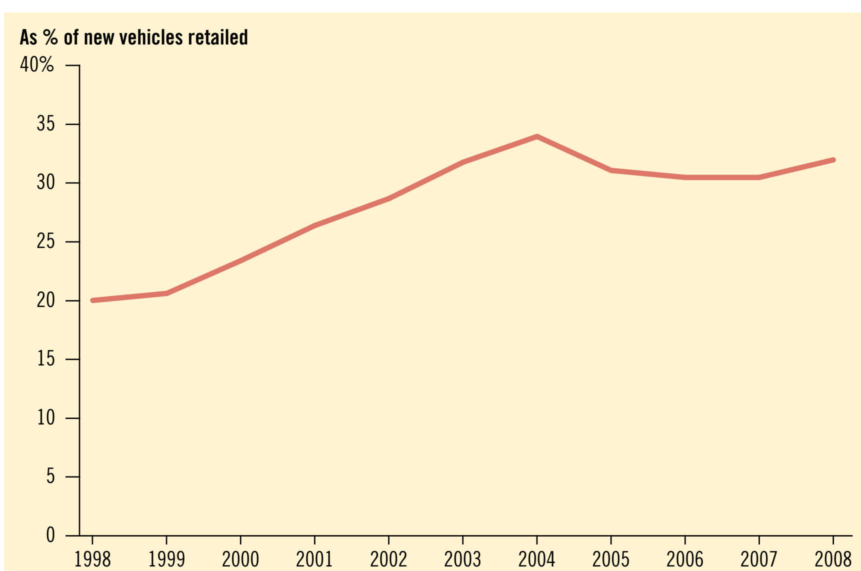
Source: NADA Industry Analysis Division

Gross as percentage of selling price



Source: NADA Industry Analysis Division

Service contract penetration rates

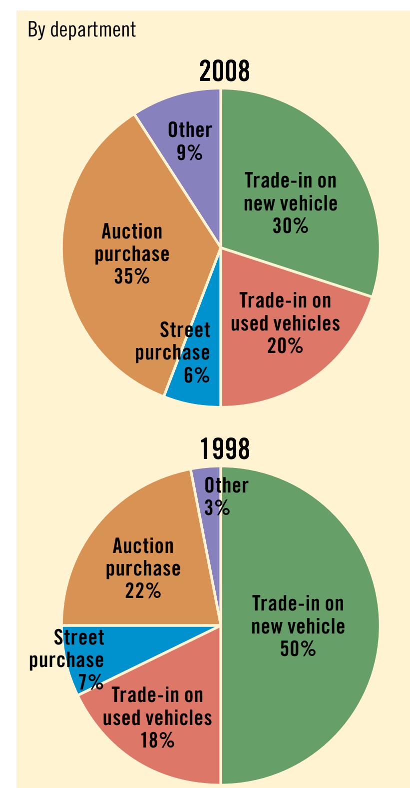


Source: NADA Industry Analysis Division

The Used-Vehicle Department

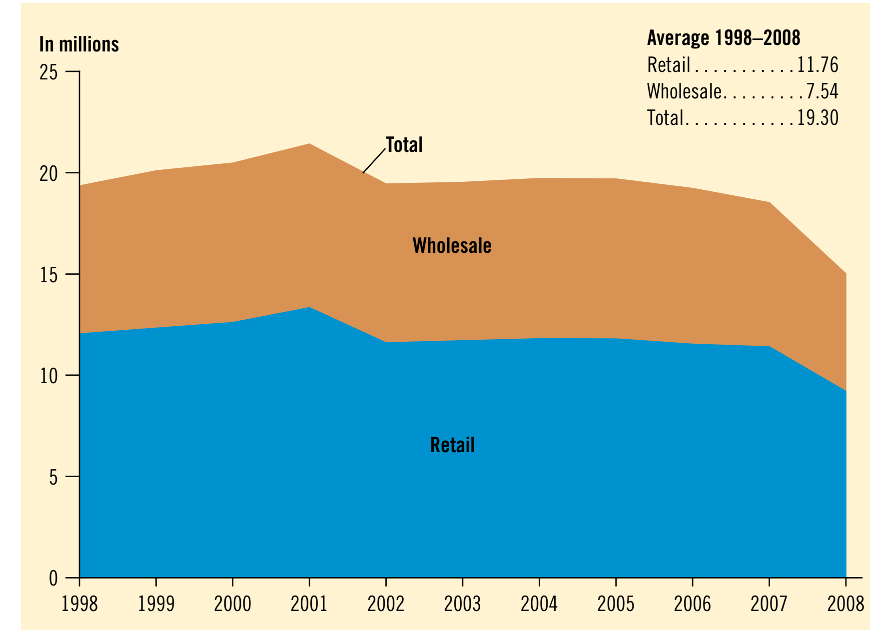
New-car dealers sold some 16 million used vehicles last year. Of these, 10 million were retail and 6 million wholesale. The average selling price of a used unit retailed was $15,201. New-car dealers acquired 50 percent of the used units from trade-ins and the remaining 50 percent from auctions, street purchases, or other sources. Auctions have jumped from less than 10 percent as the source of the dealer's inventory in the early 1980s to 35 percent in 2008.

Sources of used vehicles retailed by dealerships



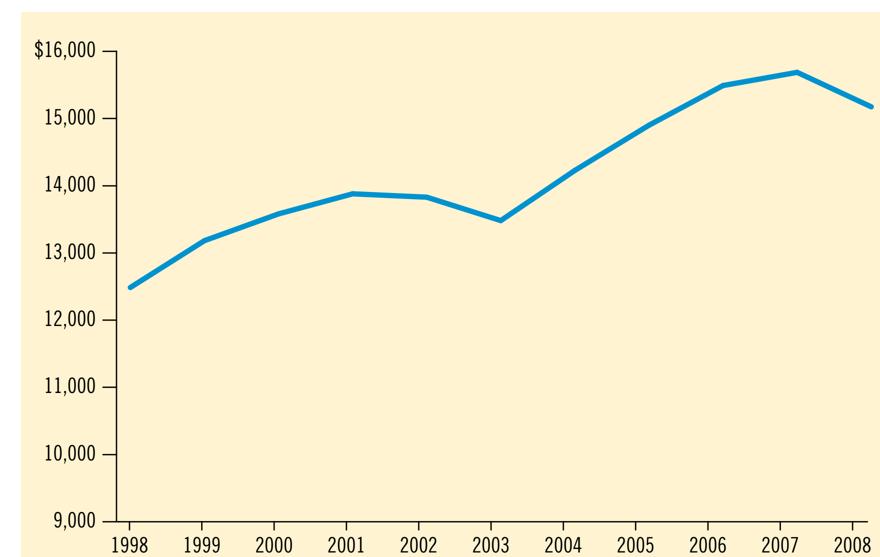
Source: NADA Industry Analysis Division

Used-vehicle sales by new-car dealerships



Source: NADA Industry Analysis Division

Average retail selling price of used vehicles retailed by new-car dealerships



Source: NADA Industry Analysis Division

NADA DATA

Service, Parts, and Body Shop

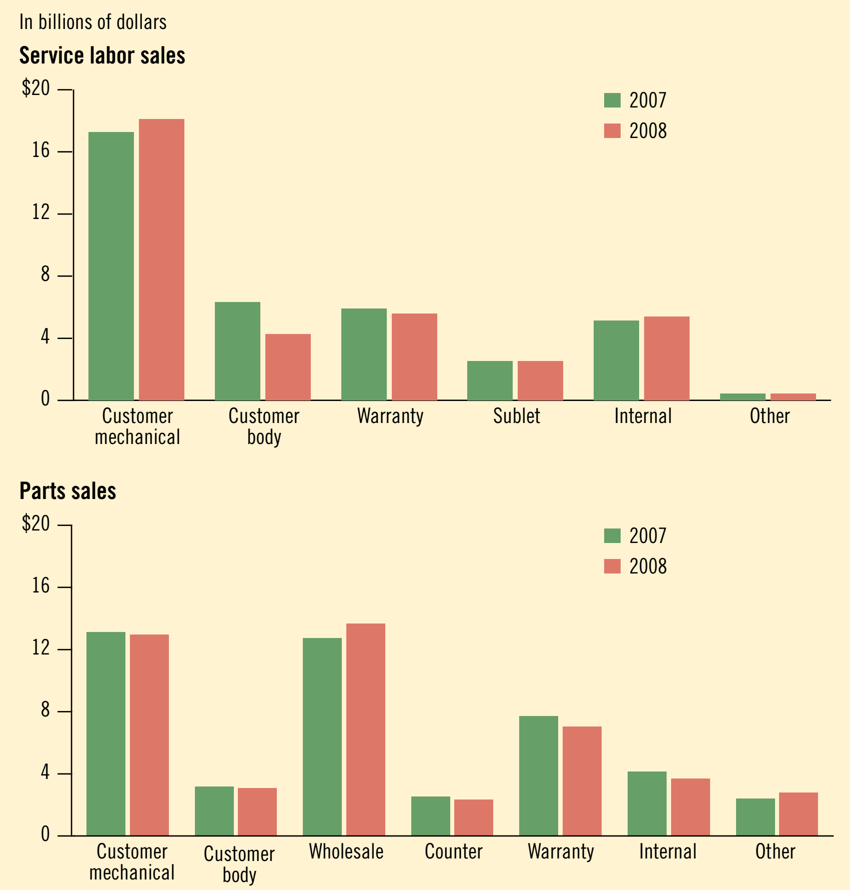
In 2008 dealers provided 357,779 service bays, employed 246,648 technicians, and carried a parts inventory valued at $6.6 billion.

Franchised dealership service and parts sales totaled almost $82 billion in 2008, down slightly from $83 billion in 2007. Dealers face increased competition from independent service stations and quick-lube centers, but continue to attract customers with competitive pricing and upgraded facilities. Last year's service sales saw reduced warranty work because of slower new-vehicle sales and improved quality. An increase to $88 of the customer-paid mechanical labor rate helped contribute to the 2.4 percent overall service and parts revenue increase in 2008. New-car dealers have made major investments in service and parts to beef up sales and customer satisfaction. In 2008 dealers provided 357,779 service bays (down from 366,157 in 2007) and employed 246,648 technicians (down from 257,200 in 2007). Dealers carried a total parts inventory valued at $6.6 billion, up from $5.7 billion in 2007.

Some 71 percent of dealers offered evening service hours, weekend hours, or both. The average service department was open for business 57 hours a week.

In recent years, more dealerships have opted out of the body shop business. Only 36 percent of new-car dealerships had body shops in 2008, a decline from 2007. Auto bodywork performed by dealerships fell to $7.32 billion (from $9.5 billion in 2007) as customers postponed minor repairs.

Dealerships' total service and parts sales



Source: NADA Industry Analysis Division

Profile of dealerships' service and parts operations, 2008

	Average dealership	All dealers
Total service and parts sales	$4,089,773	$81.84 billion
Total gross profit as percent of service and parts sales	45.89%	
Total net profit as percent of service and parts sales	8.37%	
Total number of repair orders written	13,191	264 million
Total service and parts sales per customer repair order	$219	
Total service and parts sales per warranty repair order	$242	
Number of technicians (including body)	12	246,648
Number of service bays (excluding body)	18	357,779
Total parts inventory	$317,646	$6.6 billion
Average customer mechanical labor rate	$88	

Source: NADA Industry Analysis Division

Dealerships' total service and parts sales

In billions of dollars

	Amount	% change
1998	$63.56	1.0%
1999	67.66	6.5
2000	73.83	9.1
2001	80.10	8.5
2002	83.11	3.8
2003	85.35	2.7
2004	85.48	0.2
2005	85.16	–0.4
2006	80.45	–5.5
2007	83.35	3.6
2008	81.84	-1.8

Source: NADA Industry Analysis Division

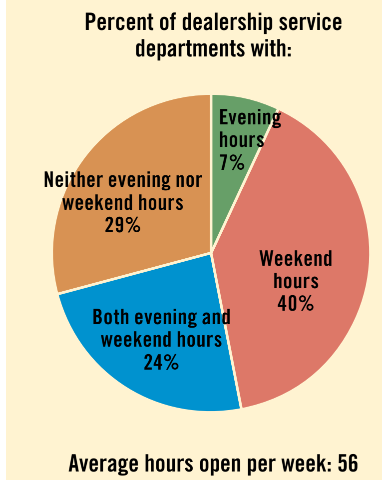
Dealerships' service and parts sales

In billions of dollars

	2007	2008	% change
Service labor sales			
Customer mechanical	$17.25	$18.10	5.0%
Customer body	6.33	4.26	-32.8
Warranty	5.89	5.58	-5.1
Sublet	2.54	2.52	-0.8
Internal	5.14	5.40	4.9
Other	0.45	0.45	0.0
Total service labor	**$37.60**	**$36.31**	**-3.4%**
Parts sales			
Customer mechanical	$13.10	$12.96	-1.1%
Customer body	3.18	3.07	-3.5
Wholesale	12.72	13.67	7.5
Counter	2.53	2.34	-7.7
Warranty	7.69	7.03	-8.5
Internal	4.14	3.67	-11.3
Other	2.40	2.79	16.6
Total parts	**$45.75**	**$45.53**	**-0.5%**
Total service and parts	**$83.35**	**$81.84**	**-1.8%**

Source: NADA Industry Analysis Division

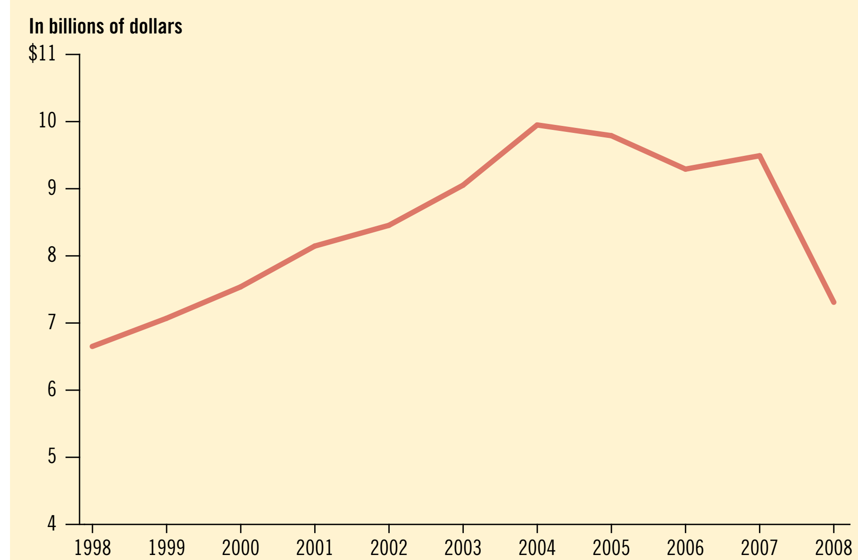
Service department hours of operation



Average hours open per week: 56

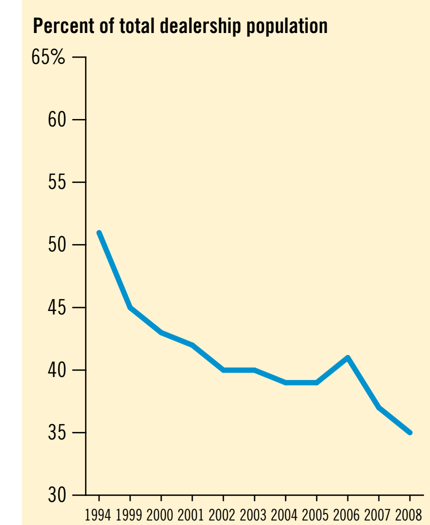
Source: NADA Industry Analysis Division

Total dealership body shop sales



Source: NADA Industry Analysis Division

Dealerships operating on-site body shops



Source: NADA Industry Analysis Division

Employment and Payroll

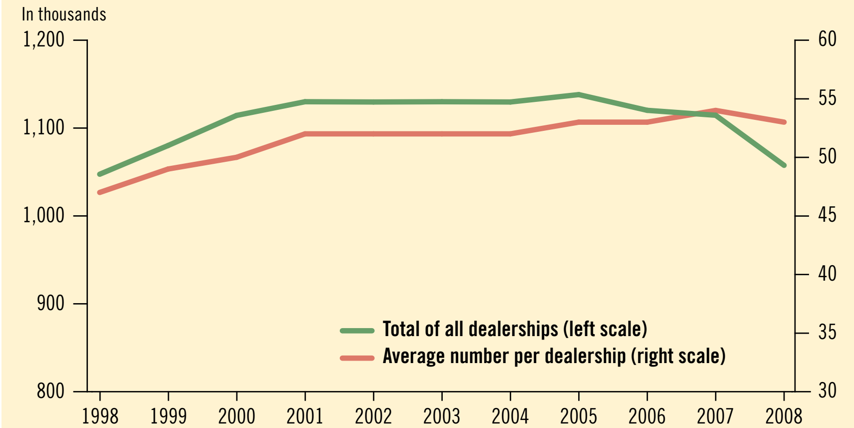
Franchised dealers are major employers, as well as significant contributors to their communities' economies, tax bases, and civic and charitable organizations. In the past eight years, total dealership employment has remained consistent, but in 2008 dealership closings cut employment to 1,057,500 from the 1,114,500 employed in 2007.

The number and type of employees vary significantly among dealerships, depending on store characteristics such as size, location, makes handled, and distribution of sales among departments. Total dealership employment count in 2008 was estimated as follows:

New- and used-vehicle salespeople 204,100
Technicians 246,700
Service and parts workers (other than technicians) 334,400
Supervisors, general office workers, and others 272,300
Total 1,057,500

The average dealership in 2008 employed 53 people and had an annual payroll of $2,524,000. The payroll for all dealerships was $50.5 billion, and represented almost 13 percent of the nation's total retail trade payroll.

Estimated number of employees of new-car dealerships



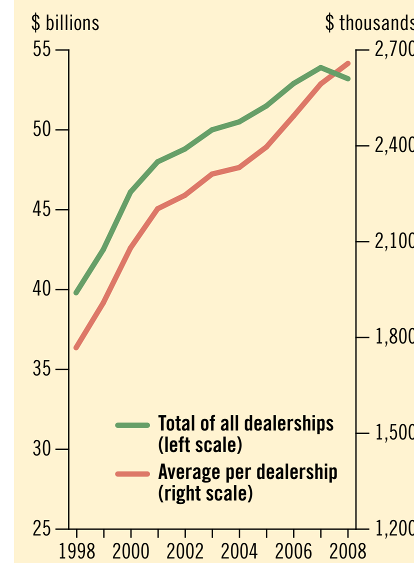
Source: NADA Industry Analysis Division

Estimated number of new-car dealership employees in 2008, by state

State	Total number all dealers	Average number per dealership	State	Total number all dealers	Average number per dealership
Alabama	15,422	45	Montana	4,923	38
Alaska	2,587	74	Nebraska	6,986	34
Arizona	25,775	102	Nevada	9,042	78
Arkansas	9,049	35	New Hampshire	6,652	41
California	108,059	72	New Jersey	33,330	61
Colorado	17,172	61	New Mexico	7,434	54
Connecticut	13,722	45	New York	54,226	51
Delaware	3,343	54	North Carolina	30,182	46
D.C.	32	32	North Dakota	3,845	40
Florida	58,852	64	Ohio	39,141	43
Georgia	29,483	51	Oklahoma	30,802	74
Hawaii	4,062	63	Oregon	12,314	47
Idaho	4,989	41	Pennsylvania	50,072	46
Illinois	40,664	45	Rhode Island	3,096	52
Indiana	19,864	39	South Carolina	14,118	44
Iowa	12,744	36	South Dakota	3,462	30
Kansas	10,275	40	Tennessee	21,364	52
Kentucky	12,786	44	Texas	94,351	72
Louisiana	18,190	55	Utah	9,675	64
Maine	5,320	37	Vermont	2,769	30
Maryland	21,023	61	Virginia	29,893	56
Massachusetts	22,958	50	Washington	22,101	60
Michigan	34,434	46	West Virginia	6,457	38
Minnesota	18,686	45	Wisconsin	19,672	34
Mississippi	8,691	37	Wyoming	2,825	40
Missouri	20,584	43	**Total U.S.**	**1,057,500**	**53**

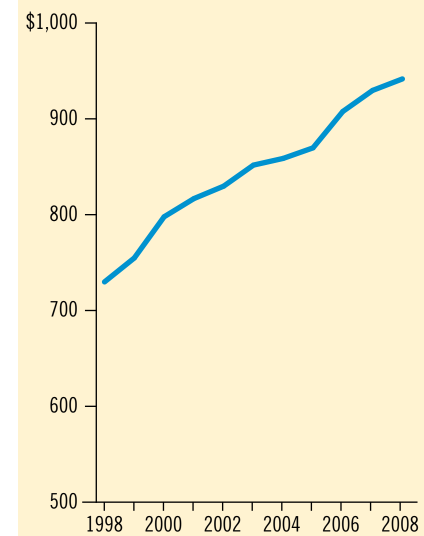
Source: NADA Industry Analysis Division

Annual payroll of new-car dealerships



Source: NADA Industry Analysis Division

Average weekly earnings of dealership employees



Source: NADA Industry Analysis Division

Average weekly earnings of new-car dealership employees in 2008, by state

Alabama	$ 850	Montana	$ 738
Alaska	964	Nebraska	817
Arizona	1,004	Nevada	1,131
Arkansas	793	New Hampshire	977
California	1,072	New Jersey	1,115
Colorado	1,008	New Mexico	854
Connecticut	1,073	New York	996
Delaware	922	North Carolina	903
D.C.	905	North Dakota	740
Florida	985	Ohio	842
Georgia	954	Oklahoma	812
Hawaii	980	Oregon	920
Idaho	840	Pennsylvania	837
Illinois	954	Rhode Island	928
Indiana	851	South Carolina	867
Iowa	792	South Dakota	791
Kansas	840	Tennessee	931
Kentucky	811	Texas	987
Louisiana	857	Utah	878
Maine	819	Vermont	824
Maryland	965	Virginia	920
Massachusetts	1,022	Washington	969
Michigan	1,005	West Virginia	704
Minnesota	874	Wisconsin	767
Mississippi	840	Wyoming	800
Missouri	898	**Total U.S.**	**$ 942**

Source: NADA Industry Analysis Division

2008 annual payroll of new-car dealerships, by state

State	Total all dealerships ($ billions)	Average per dealership ($ millions)
Alabama	$0.71	$2.07
Alaska	0.12	3.50
Arizona	1.38	5.44
Arkansas	0.37	1.43
California	6.59	4.42
Colorado	0.91	3.23
Connecticut	0.79	2.60
Delaware	0.19	3.00
D.C.	0.00	1.52
Florida	3.50	3.79
Georgia	1.57	2.73
Hawaii	0.23	3.66
Idaho	0.24	1.96
Illinois	2.14	2.37
Indiana	0.94	1.87
Iowa	0.51	1.42
Kansas	0.45	1.75
Kentucky	0.54	1.86
Louisiana	0.77	2.32
Maine	0.23	1.63
Maryland	1.15	3.36
Massachusetts	1.22	2.66
Michigan	1.84	2.47
Minnesota	0.87	2.10
Mississippi	0.38	1.62
Missouri	0.99	2.07
Montana	0.17	1.31
Nebraska	0.30	1.43
Nevada	0.57	4.87
New Hampshire	0.35	2.12
New Jersey	1.90	3.47
New Mexico	0.33	2.41
New York	2.68	2.53
North Carolina	1.50	2.29
North Dakota	0.14	1.44
Ohio	1.80	2.00
Oklahoma	0.92	3.12
Oregon	0.63	2.38
Pennsylvania	2.18	1.99
Rhode Island	0.16	2.62
South Carolina	0.67	2.11
South Dakota	0.14	1.27
Tennessee	1.07	2.61
Texas	4.70	3.58
Utah	0.43	2.80
Vermont	0.12	1.33
Virginia	1.49	2.78
Washington	1.14	3.07
West Virginia	0.23	1.36
Wisconsin	0.85	1.48
Wyoming	0.11	1.54
Total U.S.	**$53.19**	**$2.66**

Source: NADA Industry Analysis Division

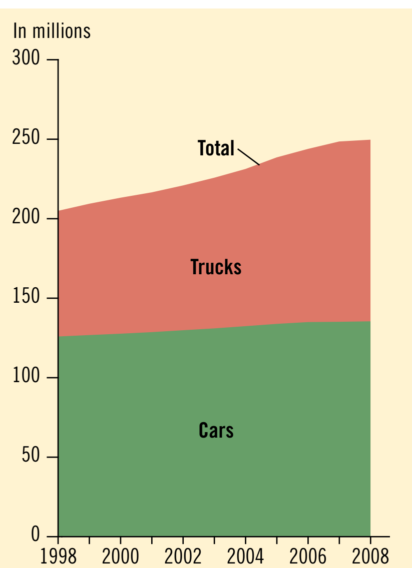
NADA DATA

Vehicles in Operation and Scrappage

On June 30, 2008, there were about 250 million vehicles in operation. In the past 10 years, the total light-vehicle fleet has increased by an average of 2 percent each year. The 2008 median age for cars was 9.4 years (an all-time high) and for light trucks, 7.5 years.

Scrappage—the difference between sales and the growth of the vehicle population—was 13.6 million units in 2008, up more than a million units compared with 2007. NADA Industry Analysis estimates that the average light vehicle on the road was 8.1 years old in 2008. Because of the recession, the average age of cars and trucks increased rapidly in 2008.

Total vehicles in operation, by year



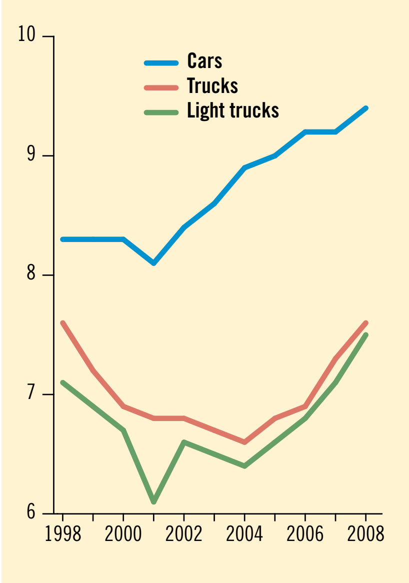
Source: R.L. Polk & Co.

Vehicles in operation—scrappage, by year

	Total vehicles in use	New vehicle registrations	Scrappage	Scrappage as % of registrations
1998	205,042,639	15,637,540	11,665,298	74.6%
1999	209,509,161	16,130,124	11,663,602	72.3
2000	213,299,313	18,088,911	14,298,759	79.0
2001	216,682,936	17,505,343	14,121,720	80.7
2002	221,027,121	17,639,934	13,295,749	75.4
2003	225,882,103	16,939,662	12,084,680	71.3
2004	232,167,136	17,419,471	11,134,438	63.9
2005	239,384,168	17,287,680	10,070,648	58.3
2006	244,642,610	17,332,357	12,073,915	69.7
2007	248,700,997	16,765,603	12,707,216	75.8
2008	249,812,723	15,127,946	14,016,220	92.1

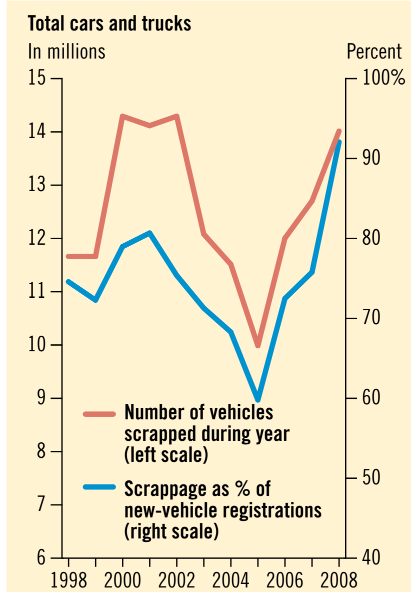
Source: R.L. Polk & Co.

Median age of passenger cars, trucks, and light trucks, by year



Source: R.L. Polk & Co.

Estimated vehicle scrappage



Source: R.L. Polk & Co.

Total vehicles in operation in 2008, by state

State	Passenger cars	Light Trucks GVW 1–3	Trucks GVW 4–8	Total vehicles*
AL	2,180,888	2,036,120	111,784	4,328,792
AK	177,445	340,573	22,476	540,494
AZ	2,104,992	2,018,608	163,078	4,286,678
AR	1,044,942	1,176,152	73,887	2,294,981
CA	14,987,246	13,380,985	757,323	29,125,554
CO	1,810,156	1,970,491	103,330	3,883,977
CT	1,928,743	1,041,758	57,788	3,028,289
DE	435,937	309,023	25,066	770,026
DC	220,195	54,394	2,609	277,198
FL	7,942,351	6,409,715	298,442	14,650,508
GA	3,656,081	3,621,602	222,693	7,500,376
HI	513,980	484,844	16,087	1,014,911
ID	430,474	580,154	50,356	1,060,984
IL	6,185,267	4,337,590	341,972	10,864,829
IN	2,875,412	2,321,552	185,114	5,382,078
IA	1,407,300	1,196,339	115,963	2,719,602
KS	1,192,649	1,060,094	78,434	2,331,177
KY	1,804,701	1,405,721	80,879	3,291,301
LA	1,831,873	1,926,715	92,554	3,851,142
ME	558,892	504,206	37,406	1,100,504
MD	2,707,379	2,021,231	100,569	4,829,179
MA	3,266,501	2,161,025	93,882	5,521,408
MI	4,990,644	4,045,499	187,526	9,223,669
MN	2,282,843	1,838,618	157,038	4,278,499
MS	1,072,069	745,054	37,451	1,854,574
MO	2,496,979	2,149,162	114,589	4,760,730
MT	367,685	484,151	52,884	904,720
NE	741,516	787,363	82,139	1,611,018
NV	825,658	767,433	43,366	1,636,457
NH	623,816	556,159	31,839	1,211,814
NJ	4,691,995	3,008,494	212,183	7,912,672
NM	737,005	894,121	42,972	1,674,098
NY	7,938,541	4,907,859	258,057	13,104,457
NC	3,766,543	2,545,211	208,771	6,520,525
ND	309,557	287,476	34,267	631,300
OH	5,934,312	4,221,742	269,091	10,425,145
OK	1,581,584	1,413,278	118,703	3,113,565
OR	1,349,283	1,401,141	79,412	2,829,836
PA	5,954,813	3,890,940	339,766	10,185,519
RI	539,906	334,659	19,513	894,078
SC	1,657,112	1,297,810	80,777	3,035,699
SD	360,409	374,501	41,746	776,656
TN	2,502,663	1,947,342	111,928	4,561,933
TX	8,158,374	8,462,524	453,104	17,074,002
UT	826,621	826,677	72,170	1,725,468
VT	312,207	280,267	18,737	611,211
VA	3,657,770	2,331,984	147,657	6,137,411
WA	2,418,306	1,855,675	143,616	4,417,597
WV	742,701	719,139	34,582	1,496,422
WI	2,591,232	2,174,174	165,539	4,930,945
WY	156,573	307,302	28,843	492,718
Total	**128,852,121**	**105,214,647**	**6,619,958**	**240,686,726**

*Includes buses

Total new-vehicle registrations, by state

State	2008	2007	2006	2005
Alabama	182,697	223,480	232,666	239,098
Alaska	30,890	31,016	32,155	33,861
Arizona	286,873	377,996	419,204	409,009
Arkansas	113,935	131,402	128,258	134,349
California	1,401,305	1,871,132	2,086,931	2,144,882
Colorado	215,712	255,466	252,000	253,408
Connecticut	157,375	192,054	189,950	204,524
Delaware	40,106	49,922	53,379	56,579
D.C.	16,148	20,995	18,612	17,888
Florida	950,695	1,241,454	1,416,862	1,451,193
Georgia	366,012	466,284	499,669	507,011
Hawaii	72,335	96,917	107,727	119,623
Idaho	43,939	59,738	63,270	59,831
Illinois	560,424	654,387	663,428	667,939
Indiana	226,921	251,149	279,154	276,890
Iowa	109,005	117,485	118,466	122,236
Kansas	100,982	113,370	114,433	116,042
Kentucky	124,430	153,544	152,761	155,749
Louisiana	217,459	262,688	286,369	268,106
Maine	51,019	52,872	57,946	59,568
Maryland	284,436	360,195	376,039	395,737
Massachusetts	289,280	332,090	344,490	371,789
Michigan	570,907	646,485	693,741	664,900
Minnesota	220,239	259,924	268,358	257,426
Mississippi	93,700	116,226	132,168	109,942
Missouri	238,975	280,499	286,714	285,193
Montana	41,300	49,944	46,787	47,289
Nebraska	68,105	75,380	71,679	75,517
Nevada	123,354	177,227	192,413	182,385
New Hampshire	76,447	84,304	97,145	91,252
New Jersey	532,241	611,572	602,437	608,774
New Mexico	87,172	107,505	106,234	105,212
New York	798,624	870,323	847,727	863,734
North Carolina	345,428	434,165	443,149	446,689
North Dakota	26,343	27,019	25,319	25,977
Ohio	487,357	563,468	563,813	597,276
Oklahoma	322,361	362,883	336,895	273,066
Oregon	124,860	162,753	170,512	168,564
Pennsylvania	557,525	682,697	661,787	700,724
Rhode Island	43,564	52,974	55,157	59,457
South Carolina	168,687	209,066	210,321	206,404
South Dakota	28,319	32,860	33,374	35,039
Tennessee	227,556	277,901	272,329	271,963
Texas	1,192,701	1,390,745	1,302,253	1,284,460
Utah	98,467	122,332	122,521	116,550
Vermont	33,260	37,936	38,287	38,820
Virginia	337,651	427,456	445,841	452,985
Washington	225,226	285,385	291,249	286,048
West Virginia	71,318	80,352	80,963	83,744
Wisconsin	199,855	232,224	242,574	258,467
Wyoming	26,057	30,138	29,059	27,111
Total U.S.	**13,209,577**	**16,007,379**	**16,564,575**	**16,690,280**

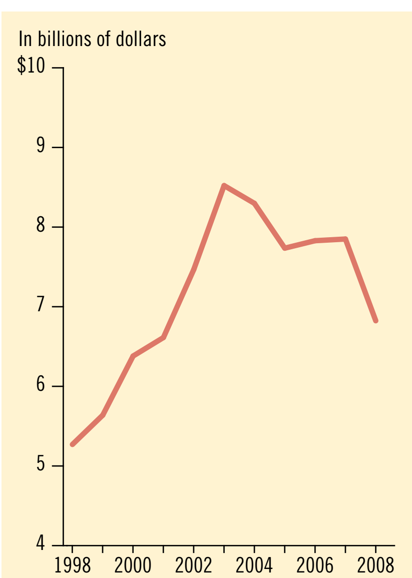
Source: R.L. Polk & Co.

NADA DATA

Advertising and the Dealership

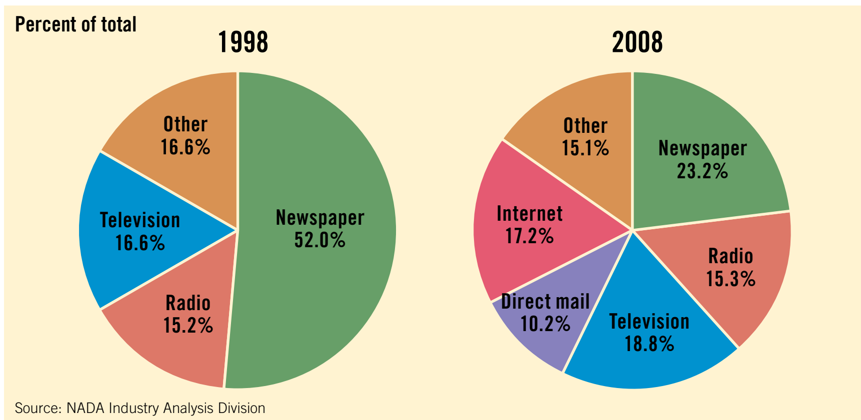
FRANCHISED DEALERS SPENT more than $7.65 billion on advertising in 2008. Dealership ad expenses fell by 9.4 percent. In the past 10 years, the amount of a dealership's ad budget allocated to newspapers dropped by 29 percent, though many newspapers provide linked Internet advertising. Dealers now spend more than 17 percent of advertising dollars on the Web, up from 11.5 percent in 2006 and 9.9 percent in 2005. (Since 2005, Internet advertising has been included as a separate category in the chart.)

Total dealership advertising expenditures



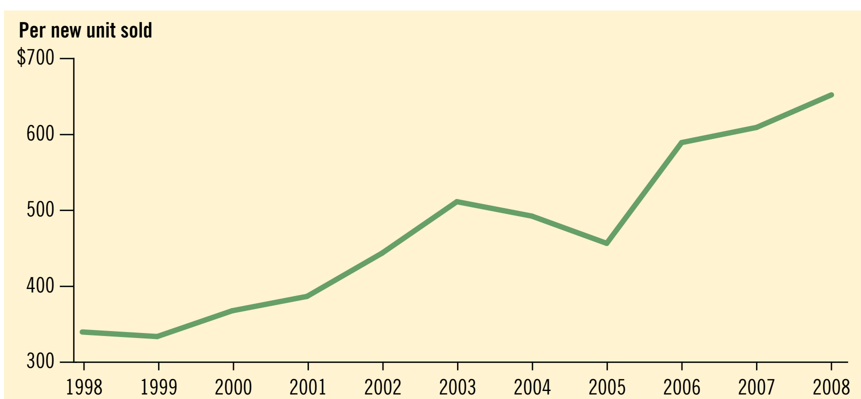
Source: NADA Industry Analysis Division

Advertising expenditures, by medium



Source: NADA Industry Analysis Division

Total dealership advertising



Source: NADA Industry Analysis Division

Estimated advertising expenses per dealership in 2008

By number of new units sold

By media used	Average of all dealerships	1–149	150–399	400–749	750 or more
Newspapers	$79,615	$22,645	$38,007	$82,090	$174,994
Radio	52,361	11,961	27,116	54,148	126,527
TV	64,090	15,759	29,375	76,692	147,363
Direct mail	34,899	8,911	15,590	40,537	84,074
Internet	58,677	15,885	28,607	69,027	115,891
Other	51,643	12,089	23,546	62,051	116,900
Total	**$341,285**	**$87,249**	**$162,243**	**$384,545**	**$765,749**
Total advertising as a % of total sales	1.19%	1.28%	1.17%	1.16%	1.04%
Total advertising per new vehicle sold	$653	$926	$671	$559	$429

Source: NADA Industry Analysis Division

NADA DATA

Consumer Credit

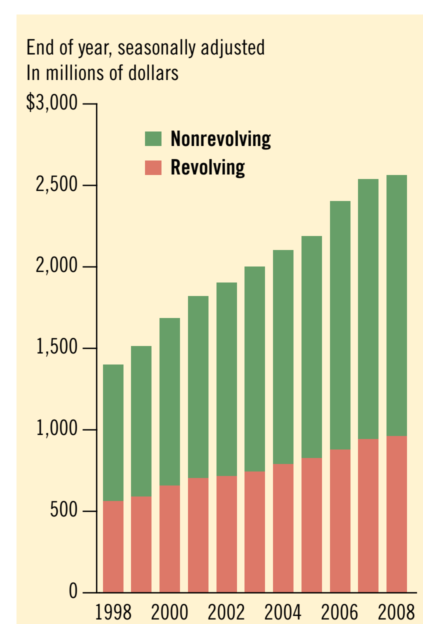
AVERAGE NEW-VEHICLE loan rates at finance companies averaged 5 percent for the first three quarters of 2008 and escalated to 7.09 percent in fourth-quarter 2008. Bank rates dropped to 6.92 percent as 2009 began. New-vehicle loan rates at banks averaged 7 percent in 2008.

Average maturity of new-car loans at finance companies

2001	55.1 months
2002	56.9
2003	61.4
2004	60.5
2005	60.0
2006	62.3
2007	61.0
2008	63.4

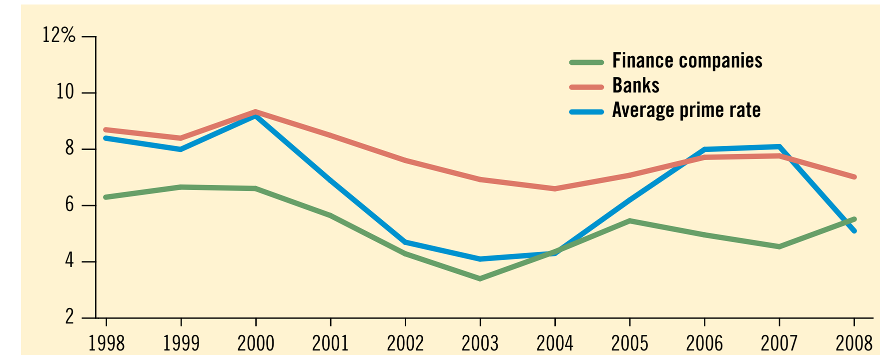
Source: Federal Reserve Board

Consumer credit outstanding



Source: Federal Reserve Board

Average finance rate on new-car loans



Note: The bank series represents the average of direct 48 month loans. The finance company series represents the average of all loans made.

Source: Federal Reserve Board

New-vehicle affordability index

	Avg. finance rate	Avg. length loan	Avg. consumer expenditure*	Median family income	Avg. weeks of median family income to buy car*
2002Q1	6.41%	53.9 months	$25,250	$62,833	25.5
2002Q2	6.86	57.3	25,527	63,625	26.1
2002Q3	4.34	58.9	24,537	64,185	24.4
2002Q4	4.44	57.3	24,936	64,185	25.0
2003Q1	3.65	59.1	25,486	66,264	24.6
2003Q2	2.61	61.1	25,733	66,906	24.1
2003Q3	3.55	63.0	26,949	64,663	24.8
2003Q4	3.80	62.5	27,139	65,982	25.1
2004Q1	3.24	59.7	26,909	68,469	24.6
2004Q2	3.65	60.2	27,126	69,582	24.6
2004Q3	5.54	60.9	25,520	68,380	25.3
2004Q4	5.01	61.3	25,988	70,205	25.0
2005Q1	4.86	59.3	26,054	70,275	24.8
2005Q2	5.18	59.5	26,315	70,974	24.7
2005Q3	5.8	60.2	28,105	70,690	26.4
2005Q4	5.97	61.1	29,200	70,337	27.0
2006Q1	5.34	61.8	28,600	72,946	26.2
2006Q2	5.62	61.0	27,800	73,990	25.1
2006Q3	3.24	64.2	26,500	74,225	23.6
2006Q4	5.62	62.0	29,400	73,150	26.2
2007Q1	4.78	59.9	28,200	75,645	24.7
2007Q2	4.86	59.2	28,480	77,098	24.6
2007Q3	4.44	61.4	29,025	77,639	24.8
2007Q4	4.07	63.3	28,715	76,149	24.4
2008Q1	4.85	62.6	28,389	74,558	23.9
2008Q2	5.28	63.5	27,704	75,304	23.1
2008Q3	4.87	65.4	28,929	76,057	24.1
2008Q4	7.29	62.3	27,700	76,017	22.3

*With possible rebate

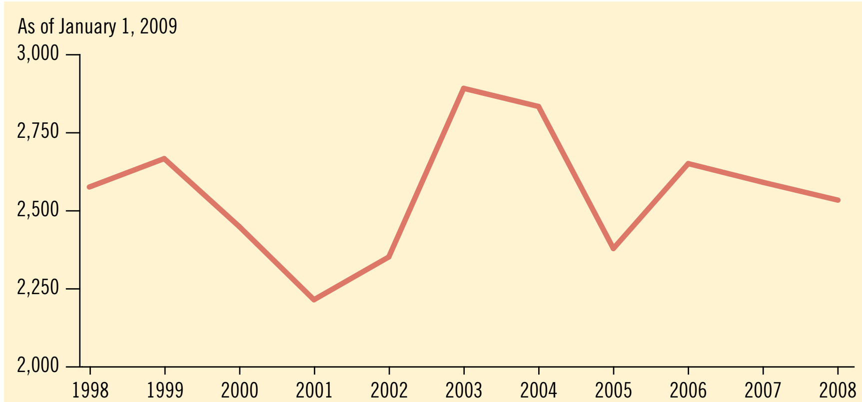
Sources: Comerica Bank; Commerce Department; Federal Reserve

NADA DATA

New-Truck Dealerships

Sales of medium- and heavy-duty trucks (Classes 4-8) dropped to 298,424 units in 2008 from 371,100 units in 2007, a 20 percent decline. Market shares changed somewhat in 2008 as International climbed back into first place ahead of Freightliner as the top-selling medium- and heavy-duty truck maker, with a 22.6 percent market share. Freightliner has 20.3 percent of the market, and Ford is third with 15.6 percent. GM has the fourth spot with 8.3 percent of sales. Peterbilt is at 7.2 percent, Kenworth at 6.6 percent, Volvo Truck at 4.4 percent, and Mack at 4 percent. Import manufacturers Isuzu, Hino, Mitsubishi Fuso, and Nissan Diesel finished behind the leaders in that order, with Dodge at 1.8 percent after Isuzu in the mix with 5,386 sales of a Class 5 cab and chassis unit.

Number of medium- and heavy-duty truck dealerships



Source: American Truck Dealers

U.S. retail sales and market share—calendar year 2008

Truck classes 4–8

Class	4	5	6	7	8	Total	Percent of market
Freightliner	3,130	369	8,499	14,789	33,935	60,722	20.3%
Ford	18,437	17,699	6,767	3,551	0	46,454	15.6
International	2,564	894	15,736	15,828	32,399	67,421	22.6
Peterbilt	0	130	182	3,480	17,613	21,405	7.2
Kenworth	0	150	828	2,732	15,855	19,565	6.6
GMC	2,473	7,334	1,002	3,844	0	14,653	4.9
Sterling	793	1,199	675	1,822	7,477	11,966	4.0
Volvo Truck	0	0	0	0	13,061	13,061	4.4
Chevrolet	4,086	4,158	612	1,319	0	10,175	3.4
Mack	0	0	0	0	11,794	11,794	4.0
Isuzu	3,602	2,036	413	106	0	6,157	2.1
Dodge	0	5,386	0	0	0	5,386	1.8
Hino	165	145	3,478	1,129	0	4,917	1.6
Mitsubishi Fuso	933	493	623	87	0	2,136	0.7
Western Star	0	0	0	0	1,227	1,227	0.4
Nissan Diesel	191	307	582	193	0	1,273	0.4
Other	0	0	0	0	112	112	0.0
Total	**36,374**	**40,300**	**39,397**	**48,880**	**133,361**	**298,424**	**100.0%**

Source: © 2008 Ward's Communications

Truck categories

Trucks are classified by gross vehicle weight

Class 1	0 – 6,000 lb.
Class 2	6,001 – 10,000
Class 3	10,001 – 14,000
Class 4	14,001 – 16,000
Class 5	16,001 – 19,500
Class 6	19,501 – 26,000
Class 7	26,001 – 33,000
Class 8	33,001 lb. and over

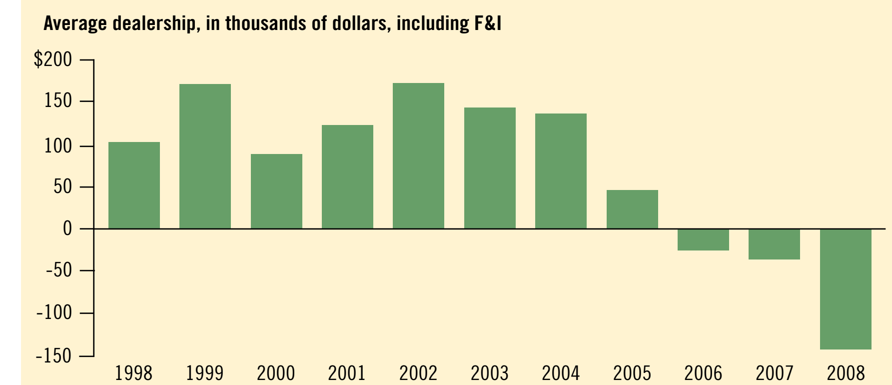
NADA DATA

Dealership Financial Trends

The average dealership's new-vehicle profits increased from 2001 through 2004. In 2005 the department saw the start of a significant decline in profit margins. From 2006 through 2008, the new-vehicle department posted increasing net losses. Falling sales caused lower inventories and falling advertising spending, while generous consumer incentives, higher floor plan, and energy costs cut further into dealer profit in 2008. For the first time in many decades, total used-car profits turned slightly negative, after accounting for 27 percent of the average store's total operating profits in the previous year.

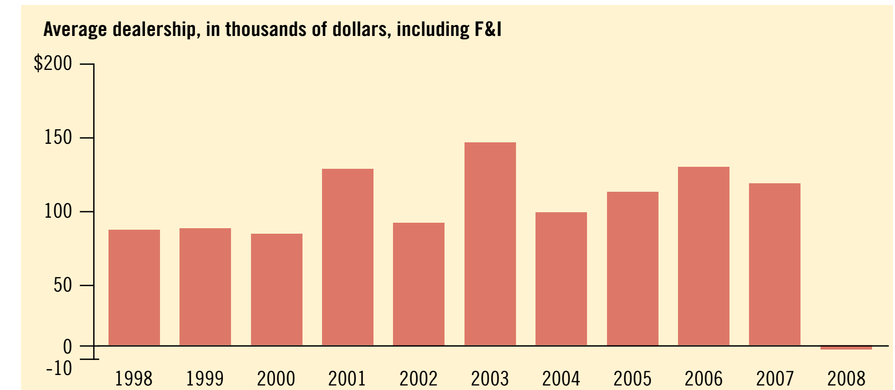
Total service and parts profits increased as service and parts revenue rose by 2.4 percent in 2008. Service and parts gross margins improved slightly and departmental expenses were largely contained. Service and parts department profits accounted for all of total dealership net profit. They also more than offset the slight net loss in used-vehicle operations and the growing net loss in new-vehicle net profits for 2008, to leave overall net profits of the average dealership at 1 percent of total sales. Total average dealership revenue fell 13.4 percent in 2008, while the number of dealership closings increased. The return of future dealership revenue and growth remains dependent on growth of revenue in new- and used-car sales. Dealers continue to compete with a large segment of independent service outlets to service older vehicles.

New-vehicle department net profit



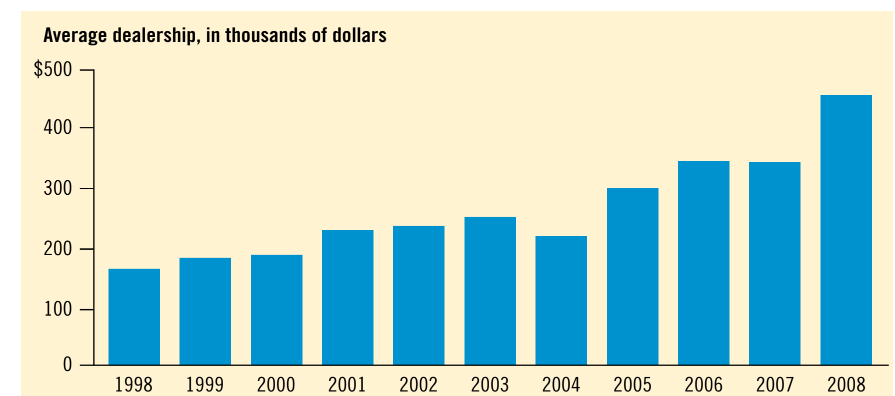
Source: NADA Industry Analysis Division

Used-vehicle department net profit



Source: NADA Industry Analysis Division

Service and parts department net profit



Source: NADA Industry Analysis Division