LAW OFFICES OF MICHAEL J. FLANAGAN
MICHAEL J. FLANAGAN State Bar #93772
GAVIN M. HUGHES State Bar #242119
2277 Fair Oaks Boulevard, Suite 450
Sacramento, CA 95825
Telephone: (916) 646-9100
Facsimile: (916) 646-9138
E-mail: lawmjf@msn.com

ATTORNEYS FOR PROTESTANT

STATE OF CALIFORNIA

NEW MOTOR VEHICLE BOARD

In the Matter of the Protest of:

SHAYCO, INC., dba
ONTARIO VOLKSWAGEN,

Protestant,

v.

VOLKSWAGEN OF AMERICA, INC.,

Respondent.
_______________________________/

Protest No: PR-2265-10

DECLARATION OF JOSEPH F. ROESNER FOLLOWING REMAND FROM THE SUPERIOR COURT

I, Joseph F. Roesner, declare that:

1. I am the President of The Fontana Group, Inc. and have been retained by Ontario Volkswagen in this matter as an expert in the analysis of retail dealer networks. I previously testified both during the hearing before Administrative Law Judge Archibald and by declaration in connection with the Remand hearing. My credentials and experience were previously submitted and testified to. I have personal knowledge of the facts stated herein and, if called upon to do so, could give competent testimony concerning them.

2. This declaration and attached exhibits update previous testimony and exhibits to take into account the current existing circumstances concerning the proposal to establish an additional Volkswagen dealer in Montclair, California. The exhibits to my declaration are identified by Tab and Page number located at the bottom right corner of each. The vast majority of data used in this report was recently provided to The Fontana Group, Inc. by Respondent. Additionally, Ontario Volkswagen provided updated financial statements and customer information similar to what was used in my previous reports. Other sources of information included: registration data from R.L. Polk, the accepted source in the Industry; employment data from the Bureau of Labor Statistics; sales data from Automotive News; original articles as included; the slides from Volkswagen's April Dealer Web Conference which were forwarded to me from Mr. Earl Reed.

3. The Volkswagen dealer network within Riverside - San Bernardino has already, and is in the process of, expanding from what existed at the time of the last submission of evidence in this matter. Volkswagen of Moreno Valley opened in late 2011 and a Volkswagen dealer is slated to open November 2013 in San Bernardino. **(Tab 1)**

4. The addition of the San Bernardino Volkswagen dealership has significant repercussions for this case. Ontario Volkswagen does not have protest rights relative to the San Bernardino point. This dealership will be situated such that it will cannibalize much of Ontario Volkswagen's business that comes from the east and from the Victorville area. The Montclair area is already extremely important to the Ontario Volkswagen dealership and will become even more critical starting in November 2013 when the San Bernardino dealership opens.[1]

5. The maps in **Tab 2** show the location of Volkswagen dealerships in the market relative to the road network and the RMA. The new dealership, Volkswagen of Moreno Valley, is located to the southeast of Ontario on State Highway 60. The San Bernardino Volkswagen dealership is to be located just off of I-215 approximately one-half mile from I-10. On all my maps I have labeled the San Bernardino location as "Future Point." If the Montclair Volkswagen point is opened, Volkswagen will have representation in Covina (Bozzani Motors), Ontario and in

[1] Respondent argued at the initial hearing that only one additional dealer was needed to bring the RSB Market up to the average number of Volkswagen dealers in the state.

Montclair. Based on 2012 registrations, Volkswagen would be the smallest volume line make with dealers in all three cities. **(Tab 3)**

6. The exhibits in **Tabs 4 and 5** show that there are a number of Volkswagen dealerships that currently surround the proposed Montclair point, with Ontario Volkswagen being the closest existing dealership to that location. Of the existing Volkswagen dealerships, only Riverside is closer than Ontario to the new Volkswagen of Moreno Valley location. The San Bernardino dealership opening later this year is only 14.2 miles from the Ontario location.

7. VWoA's expert in this matter prepared Volkswagen sales projections using a 20-mile ring around the dealership. Very little of the area from which the proposed Montclair point will draw its sales is not already covered by Ontario Volkswagen. **(Tab 6 Page 1)** With the addition of Volkswagen of Moreno Valley and the upcoming opening of the future point in San Bernardino, there is already significant overlap of the areas from which each of the Volkswagen dealerships draw their sales and service customers. **(Tab 6 Page 2)** The area from which the San Bernardino store will draw its customers also substantially overlaps Ontario Volkswagen's area further diminishing opportunities for Ontario.

8. The maps in **Tab 7** show the current Volkswagen-assigned PAIs for each of the dealers in the area on 2000 census tract definitions and also on 2010 census tract definitions. These maps are then repeated with the PAI for Montclair Volkswagen carved out of the existing dealers PAIs. The proposed Montclair Volkswagen point is within the current Ontario PAI, as assigned by Volkswagen, and numerous census tracts currently assigned to Ontario will become part of the Montclair Volkswagen PAI. Based on registrations, Volkswagen units-in-operation, and population and household counts, from 30% to 40% of the PAI assigned to Ontario will be lost to Montclair Volkswagen if it is established. **(Tab 8)**

9. VWoA and its experts argue that there will be no loss of business if the Montclair point goes in. Their argument is solely based on the logic that every market in California should perform at or above the California average. According to Volkswagen, if a dealership is added it will draw solely from this "lost opportunity" that exists because there is not a dealer in the market. The logic is that the California average is a floor for performance so every market should be at least

average but can actually do better than that. Of course this does not address the fact that to the extent some markets are above average others **have** to be below average.

10. In 2010, Puente Hills Volkswagen was added to this market. In late 2011 Volkswagen of Moreno Valley was added. The addition of these two dealerships did not increase Volkswagen registrations to California average. **(Tab 9)** In 2012, the City of Industry PAI, in which Puente Hills is located, had Volkswagen registration effectiveness relative to California average of 65.07%. The Moreno Valley PAI had registration effectiveness relative to California average of 68.30%. With two more Volkswagen dealerships the Riverside-San Bernardino area as a whole had lower performance relative to California in 2012 (66.48%) than it did in 2009 (70.26%) before the two dealerships were added. VWoA's theory that the surrounding dealers would benefit due to additional brand exposure and the ability to concentrate on their own markets has been proven false. Instead of improving Volkswagen performance in the market, registrations are simply being split among two additional dealerships.

11. Without an increase in brand performance, the sales made by the new dealerships simply come at the expense of existing Volkswagen dealerships. The last pages in the tab demonstrate the effect on the surrounding dealerships' sales performance after the opening of the two dealerships in Puente Hills and Moreno Valley. As can be seen on page 4, in 2012 not one dealership in or adjacent to the Riverside-San Bernardino market had sales performance relative to California average equal to its performance in 2008, 2009 or 2010, the years before the establishment of the new dealerships.

12. The first page of **Tab 10** shows the relative decrease in Bozzani Motors Volkswagen sales following the addition of Puente Hills Volkswagen. As can be seen from Tab 5, Bozzani Motors is the closest dealership to the Puente Hills location. When this dealership was added Bozzani's sales decreased dramatically relative to the California average. If Bozzani Motors had maintained its pre-Puente Hills relative level of sales it would have made 351 more new retail Volkswagen sales than it actually did in 2012.

13. The second page of **Tab 10** shows that, following the opening of Moreno Valley Volkswagen, Riverside Volkswagen's new retail sales decreased substantially relative to sales levels

before the opening of the dealership 13.9 miles away. Riverside Volkswagen made 396 fewer sales in 2012 than it would have made had it maintained its 2010 sales performance level. Neither of these dealers was able to make up the lost sales by "focusing on their own PAIs." In both PAIs the 2012 registration effectiveness remained similar to that which existed before the opening of the nearby point. As shown by **Tab 11,** Volkswagen of Moreno Valley's service business primarily came from existing Volkswagen dealers with Riverside Volkswagen enduring the largest cannibalization from the new dealer.

14. As shown by the maps included in **Tabs 12 and 13**, on the basis of both drive distance and drive time, Ontario Volkswagen is currently the closest dealership to: the proposed Montclair point, a large part of San Bernardino and the majority of the Victorville area. The second page of these tabs demonstrates that once the future point in San Bernardino is established in November 2013, Ontario will lose its proximity advantage to a large portion of the geography to the east of the dealership. It is also the case that, because of the highway network and the San Bernardino point's proximity to I-215, Victorville will become more proximate to the San Bernardino Volkswagen store than it is to Ontario. As demonstrated in later tabs, both San Bernardino and Victorville are currently important sources of business to Ontario that will be lost starting in November 2013. The last page of the tab shows the area that will remain closest to Ontario if the Montclair point is allowed to open. At that time, the area most proximate to Ontario Volkswagen will only be a fraction of what is now closest to the dealership.

15. **Tab 14** demonstrates that in terms of competition between same line-make dealerships, proximity does make a difference to consumers. Dealerships will tend to sell more Volkswagens than other Volkswagen dealerships in the areas that are more proximate to them. Currently Ontario Volkswagen tends to sell more vehicles than its competitors in the areas to which it is most proximate. Once the future point in San Bernardino opens, I would expect the sales advantage in both San Bernardino and Victorville to end for Ontario Volkswagen. At that point, the area around Montclair will become even more critical to Ontario Volkswagen's survival. If the Montclair point is then filled, the loss of business to Ontario Volkswagen would be devastating.

16. The maps in **Tab 15** demonstrate that a large percentage of Ontario Volkswagen's new, used and service customers come from the Montclair RMA. The other areas of business for Ontario Volkswagen are to the east and northeast, areas to which Ontario Volkswagen will lose advantage beginning in November 2013. Another factor that can be seen from these maps is that the area within a few miles of Ontario Volkswagen provides relatively few sales opportunities to the dealership. For most dealerships the area within a few miles is the easiest from which to draw customers relative to its same line-make competitors. For Ontario Volkswagen, this area has heavy commercial development with little residential thus, fewer sale opportunities. As can be seen from the maps in **Tab 16**, the households and corresponding registrations are sparse around Ontario Volkswagen which makes the area around Montclair even more important to the Ontario Volkswagen dealership.

17. The two existing Volkswagen dealers that are closest to the proposed Montclair point are Ontario Volkswagen and Bozzani Motors. Not surprisingly these are also the two dealers that together make up the majority of Volkswagen business in the RMA. **(Tab 17)** Each year from 2005 to 2012, Ontario has sold from 29.9% to 40.5% of all the new Volkswagens registered in the RMA. In the time period 2009 to 2/2013 YTD, Ontario Volkswagen sold from 22.2% to 42.3% of the certified pre-owned Volkswagens registered in the RMA. During that same time period, from 42.2% to 46.6% of all Volkswagen repair orders performed on vehicles with RMA addresses had the work done at Ontario Volkswagen. Clearly this is a very important area for Ontario Volkswagen.

18. The first page of **Tab 18** demonstrates that Ontario Volkswagen is the largest seller of Volkswagens registered in the Montclair PAI. In 2012, Ontario Volkswagen sold 167 new retail Volkswagens that were registered to addresses in the Montclair PAI. This was more than any other dealer and represented 31% of all Volkswagens registered in the Montclair PAI. The 167 vehicles sold represent 19.4% of Ontario Volkswagen's sales.

19. This exhibit also illustrates the current importance of the San Bernardino PAI to Ontario Volkswagen. In 2012, Ontario Volkswagen sold 103 new retail Volkswagens that were registered in the San Bernardino PAI. This was 27.1% of all Volkswagens registered in that PAI

and 12.0% of Ontario Volkswagen's nationwide sales. In 2012, Ontario Volkswagen also sold 85 new retail Volkswagens in the Victorville PAI. This represented 40.3% of all Volkswagens registered in that PAI and 9.9% of Ontario Volkswagen's sales. Once the San Bernardino Volkswagen dealership is established in November 2013, it will be in a more favorable position than Ontario to capture business from both of these PAIs.

20. **Tab18 Page 2** shows that from 2005 to 2012 Ontario Volkswagen sold 1,045 new retail Volkswagens that were registered in the Montclair PAI. This was 36.3% of all Volkswagens registered in the Montclair PAI during that time period. The Montclair PAI was the source of 20.7% of all Ontario Volkswagen's new retail sales from 2005 to 2012. The 1,045 vehicles was only one more vehicle than Ontario Volkswagen sold into the combined San Bernardino and Victorville PAIs. Beginning in November 2013 those two PAIs will be more proximate to the San Bernardino Volkswagen dealership and Montclair will become even more important to Ontario Volkswagen.

21. **Tab 19** demonstrates the importance of the Montclair PAI to Ontario Volkswagen in regard to the sale of certified pre-owned Volkswagens. Ontario Volkswagen is the largest seller of certified pre-owned Volkswagen vehicles registered in the Montclair PAI. In 2012, Ontario Volkswagen sold 45 certified pre-owned vehicles that were registered in that PAI. The combined San Bernardino and Victorville PAIs had registrations sold by Ontario Volkswagen totaling 54 vehicles but, as previously pointed out, future sales in these areas will be more likely to be captured by the San Bernardino dealer when it opens in November 2013.

22. The exhibits in **Tab 20** demonstrate the importance of the Montclair PAI to Ontario Volkswagen in regard to generating service customers for the dealership. Ontario Volkswagen services more Volkswagen vehicles with addresses within the Montclair PAI than any other dealership. In 2012, Ontario Volkswagen serviced 1,165 of the vehicles with addresses in that PAI. The combined San Bernardino and Victorville PAIs generated slightly more service business for Ontario Volkswagen than the Montclair PAI but, I would expect that to change dramatically when the new San Bernardino dealership opens in November 2013. Once the San Bernardino dealership

opens, the Montclair PAI will be even more critical to Ontario Volkswagen as a source of service and parts business.

23. The exhibits in **Tab 21** look at the number of Ontario Volkswagen's current customers to whom the Montclair Volkswagen point will have a proximity advantage, if that point is allowed to open. There are several key points related to this analysis. First, these are Ontario Volkswagen's customers as generated based on the current dealer network. With the addition of San Bernardino in November 2013, I would expect that fewer of Ontario Volkswagen's customers will come from San Bernardino and Victorville. Following that, the percentage coming from areas more proximate to Montclair will increase dramatically. Second, the proximity advantage is not an absolute advantage. I am not claiming that all of these sales will be lost to the Montclair point. However, it is important to understand that not all of Ontario Volkswagen's sales that remain closer to Ontario will be retained. If established, Montclair Volkswagen can be expected to sell not just in its own PAI, but also into the Ontario PAI, the San Bernardino PAI, the Riverside PAI, and throughout the market. As long as it remains open, Ontario Volkswagen will also continue to sell throughout the market, just to a lower extent than it otherwise would have. As depicted in the tab it is not just Ontario Volkswagen's new retail Volkswagen sales that are at risk but also used, certified pre-owned, warranty and customer pay service and related parts, and the wholesale parts customers for Ontario Volkswagen. In fact, while for the other categories it is approximately 30% of customers for which Ontario Volkswagen will lose a proximity advantage, depending on the measure from 43.7% to 47.0% of Ontario Volkswagen's wholesale parts customers will be closer to Montclair if that point is established.

24. As stated above, the percentages do not take into account the fact that the San Bernardino point will be opening in November 2013. At that time the area most proximate to Ontario will have between 25.4% to 38.8% fewer registrations based on drive distance or drive time. **(Tab 22)** This is a similar reduction to that which would come from just the addition of a Montclair point (26.0% to 28.6% reduction) ignoring the reality of the upcoming San Bernardino point. The effect of the two combined actions would be a reduction of Ontario Volkswagen's area from 53.1% to 64.9%. When measured in terms of Volkswagen units-in-operation, the combined

reduction in Ontario Volkswagen's area ranges from 63.1% to 67.7%. **(Tab 23)** Because these are the vehicles that generate service and parts sales for the dealership, these two actions together would have a dramatic impact on Ontario Volkswagen.

25. I have already addressed some factors impacting Ontario Volkswagen and its market. The exhibits in **Tab 24** show that the area around Ontario and the proposed point has a lower median income than other parts of the market. From these maps alone it is obvious that not all census tracts and not all PAIs and not all areas look identical to each other. Yet Volkswagen and its expert have proposed that every census tract that performs below California average represents real lost opportunity that will be captured by a new point. As by the example addition of Puente Hills Volkswagen and Moreno Valley Volkswagen, that has not happened in this market. Not all census tracts nor all markets in California are going to perform at exactly the same level. To the extent some markets are above average others will be below.

26. There are demographic and socio-economic reasons why markets vary and, contrary to what Volkswagen and its expert would have us believe, segmentation does not account for all differences. In California the coastal markets tend to have higher penetrations for Volkswagen than do the interior markets. This is true not just for the Inland Empire but throughout California. The first page of **Tab 25** displays the California PAIs that were over the California average in 2010. The second page of the tab is the same analysis for 2012. The most obvious difference in the two maps is that in 2010 the Bakersfield PAI was above average while the Chico PAI was below average, and in 2012 those two markets positions had reversed.

27. Volkswagen tends to be more popular in areas that have a higher level of educational attainment. Over 55% of the variation in PAI registration effectiveness is explained by the percentage of population age 25 and older that has obtained at least a Bachelor's Degree. **(Tab 26 page 1)** Page 5 of the tab shows that in California markets with a large percentage of Hispanic population Volkswagen has tended to not perform as well. The point of these analyses is that not every factor is accounted for by Volkswagen when they claim that, but for too small a dealer network, these markets should achieve a minimum of California average. The existing circumstances demonstrate the reasons why the Inland Empire does not register the average number

of Volkswagens and, as has been the case in the past, adding a dealership in this market is not going to change that.

28. While employment rates have improved somewhat from their lows, the unemployment rate in Riverside and San Bernardino Counties is still very high. **(Tab 27)** According to the March 22, 2013, Bureau of Labor Statistics News Release, Riverside-San Bernardino-Ontario had the highest unemployment rate in the U.S. among the 49 metropolitan areas with 1 million or more in population.

29. **Tab 28** is the 2012 profit contribution for Ontario Volkswagen. This exhibit calculates the incremental revenues that come from sales generated by each department and subtracts the incremental expenses. Even a small change in sales volume for a dealership can translate to a large impact on a dealership's bottom line. This is because the dealership has expenses that change little or remain constant no matter what the sales volume. Expenses that do not vary with sales volume are known as fixed expenses. The expense item "Utilities" is an example of a fixed expense at Ontario. This expense will not change with sales volume unless the operation moved to a smaller/larger facility.

30. Other expenses, called variable expenses, vary directly with the dealership's sales volume. Salespersons' compensation is an example because each vehicle sold generates some commission payable to the salesperson. A third class of expenses, semi-variable expenses, tend to change in the same direction as sales volumes but may not vary with small volume changes. Semi-variable expenses tend to lack transaction-level characteristics. An example of a semi-variable expense would be the amount paid for telephone service. A single additional sale will have little or no measurable effect on telephone expenses. However, if the store were to sell 20 additional cars per month, it is possible it would need to add an additional telephone line, thereby affecting its monthly telephone expense. Because some expenses exhibit little or no increase with additional sales, a dealership's marginal profit on incremental sales can be much greater than its average profit per sale.

31. The profit contribution approach allows us to calculate the net profit that will be lost by Ontario if the Montclair point is established. I have updated the analysis in **Tab 29** to reflect

data for 2012, which is used to illustrate the impact of the Montclair Volkswagen dealership if it had been fully established throughout that year. I have used a range of possible loss percentages that includes a low and a high number for possible impact.

32. The percentages used in the low end of the calculations do not take into account the San Bernardino Volkswagen dealership that is being added in November 2013. Both sets of percentages also reflect the possibility that there is an improvement in Volkswagen performance following the establishment of the additional points. As the previously reviewed analyses demonstrate, this has not been the case in the past, but nonetheless I have left room for that possibility. If the proposed Montclair Volkswagen dealership is established it will impact Ontario Volkswagen's profitability by at least $545,587. In combination with the San Bernardino point, the impact could be as high as $1,253,679. Based on Ontario Volkswagen's current level of profitability the combined actions are likely to result in an economically unsustainable situation for Ontario Volkswagen.

33. It is true that the automobile industry has had a resurgence since the collapse that occurred in 2008. Since 2008, Volkswagen has increased both its volume and its market share. However, it is important to note that both the automobile industry as a whole and individual brands can be cyclical in nature. Volkswagen had its strongest years in the United States in the late 1960s and early 1970s. **(Tab 30)** After that they fell considerably to a low in 1993. Volkswagen has had recent increases but it is very probable that at some point the brand will again go into another downturn. When that happens, it will be much more difficult for Volkswagen dealerships to lower fixed expenses than it was to originally add them.

34. The possibility of a downturn in Volkswagen's fortunes is illustrated based on January 2013 results. **(Tab 31)** In California, Volkswagen achieved a market share of 4.1% in both 2011 and 2012. In January 2012 Volkswagen had a market share of 4.0%. Volkswagen's January 2013 market share fell considerably to 3.4%. Volkswagen's national market share showed a slight decrease in January. One month does not in itself indicate a trend. However, it does demonstrate the vulnerability of VWoA's projections.

35. The fragility of the average Volkswagen dealer's profitability is demonstrated by the exhibits included in **Tab 32**. The April Volkswagen Pacific Region Dealer Web Conference included information on the average Volkswagen dealership's financial performance for February 2013 year-to-date. **Tab 32 Page 2** shows that the average Volkswagen dealership's profitability throughout the country was off substantially compared to the same period one year earlier. In the Pacific Region dealer profitability fell almost 60% from $167,054 to $67,353.

36. **Tab 32 Page 3** shows that nationally Volkswagen dealerships' return on sales fell from 2.0% to 1.2%. In the Pacific Region the average return on sales went from 2.3% to 1.0%. **Tab 32 Page 4** displays return on sales by Volkswagen Area. In the LA Metro-South, which includes Ontario Volkswagen, the average Volkswagen dealership's return on sales fell from 2.2% to 0.3%. As shown by **Tab 32 Page 5**, for the year-to-date only 55.0% of Pacific Region Volkswagen dealerships were profitable. **Tab 32 Page 6** shows that only 45.5% of LA Metro-South Volkswagen dealerships were profitable for the period.

37. An additional area of concern is the recent increase in the percentage of Volkswagen vehicles that are being marketed as fleet. **Tab 33** compares the number of new retail Volkswagen registrations as reported by R.L. Polk to the total number of Volkswagen registrations as reported in Automotive News. The difference between the two numbers increased dramatically in 2012 to 19.0%. If Volkswagen resorts to making its numbers through the sale of fleet vehicles it could have long term repercussions on the brand's value in terms of residual values.

38. There is little doubt that the U.S. economy has improved over the last few years. However, this improvement has been far from robust. There are still significant concerns as reflected by the latest job report. We are still not certain that economic growth will continue into the future. If there are other "bubbles" that may pop **(Tab 34)**, the current strength shown by the automotive industry might be reversed. If that is the case, dealers such as Ontario Volkswagen will be much less likely to weather any downturn if their markets have also been reduced with the addition of other Volkswagen dealerships.

39. The exhibit in **Tab 35** demonstrates that, relative to what would otherwise be expected, Ontario Volkswagen will be impacted no matter what happens with Volkswagen sales

volumes. While there is reason to question Volkswagen's continued increases, if it were to increase, the unit impact on Ontario Volkswagen would be even greater because a percentage loss of volume equates to more units as the anticipated volume increases. Also, on absolute basis, any potential growth in Volkswagen sales is very unlikely to compensate for the sales lost to the San Bernardino and Montclair dealers.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 12Th day of April, 2013, at Tucson, Arizona.

Joseph F. Roesner
Declarant

New Volkswagen dealership coming to San Bernardino

By Jim Steinberg jim.steinberg@inlandnewspapers.com 909-386-3855 Twitter: FontanaNow San Bernardino County Sun
Posted:

sbsun.com

SAN BERNARDINO -- The city has landed a new Volkswagen dealership at the San Bernardino Auto Center.

The $7 million facility will employ at least 50 people full time and generate revenues of $35 million per year, said Vikki Murphy, spokeswoman for the David Wilson Automotive Group, which is based in the city of Orange.

"Auto dealerships are our single largest producer to tax revenues," said San Bernardino Mayor Pat Morris. "San Bernardino began 2006 with 12 auto dealerships and during the meltdown got down to five," Morris said. "We are on our way back.

"David Wilson has given this city his seal of approval. He had other options and he chose San Bernardino, and for that we are grateful."

San Bernardino now has 10 dealerships, counting the addition of Volkswagen of San Bernardino.

"People are down about the bankruptcy and this gives us a shot in the arm," said Judi Penman, president and CEO of the San Bernardino Area Chamber of Commerce.

"This shows that others are still willing to invest in our community," she said. "It is exciting, not only because more tax dollars for our city, but it is a new building and new energy and it makes people feel good. And there is a new product coming to town. "

The 34,000-square-foot facility is the 17th automobile dealership for Wilson Auto Group and its first Volkswagen dealership.

It is expected to open in November.

Wilson could not be immediately reached for comment.

"The more dealerships are in an auto mall, the more people come in to look," said Cliff Cummings, who owns Cummings Auto Group.

Cummings Auto Group owns the Toyota, Scion, Mitsubishi, and Subaru dealerships at the San Bernardino Auto Center.

The Kia and Nissan dealerships have other owners.

"And we all carry all brands on our used car lots. ... This just gives people a choice and people like to shop at busy places," Cummings said.

Additionally, having more dealerships in an auto mall results in more to share in certain expenses, such as landscaping of common areas, lighting of common areas and security, Cummings said.

Cummings said he has been friends with Wilson for 30 years and had many discussions with him about moving into the San Bernardino Auto Center.

Wilson bought the 3.5 acre parcel from Cummings.

"The auto center is one of the economic engines we have in this community and I am delighted they have chosen to locate in our community," said 5th Ward Councilman Chas Kelley.

Derrick Van Nieulande, who has been with the Wilson Group for 15 years, will manage the San Bernardino dealership.

He was previously general sales manager of Newport Lexus.

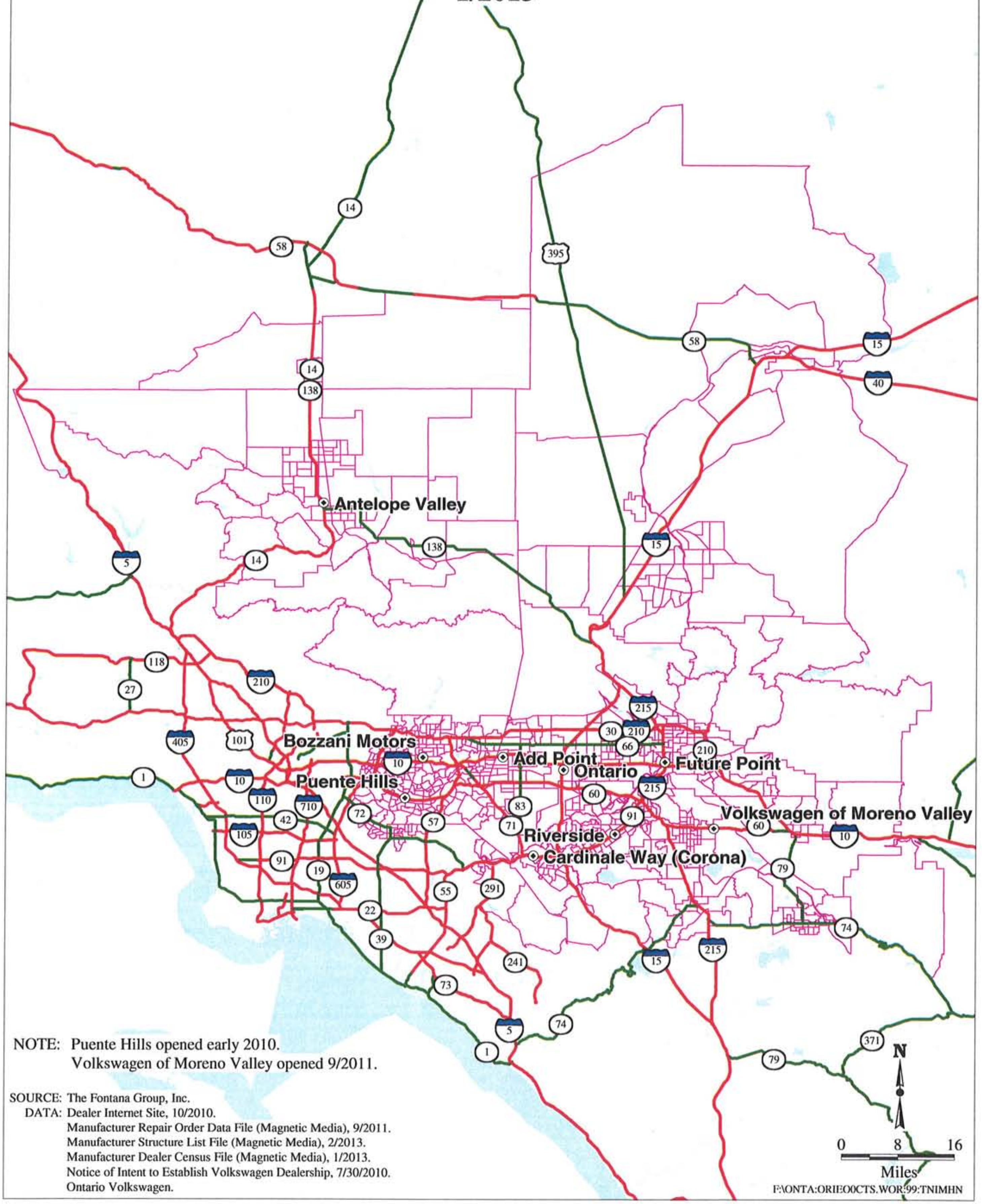
The announcement coincides with favorable news about the nation's automobile industry.

March sales of new cars and trucks were at the highest monthly total in five years, according to Autodata.

Morris said the dealership has a sentimental meaning for him: His first car was a 1961 Volkswagen beetle.

Cummings said there will be many physical upgrades to the auto center in the coming months.

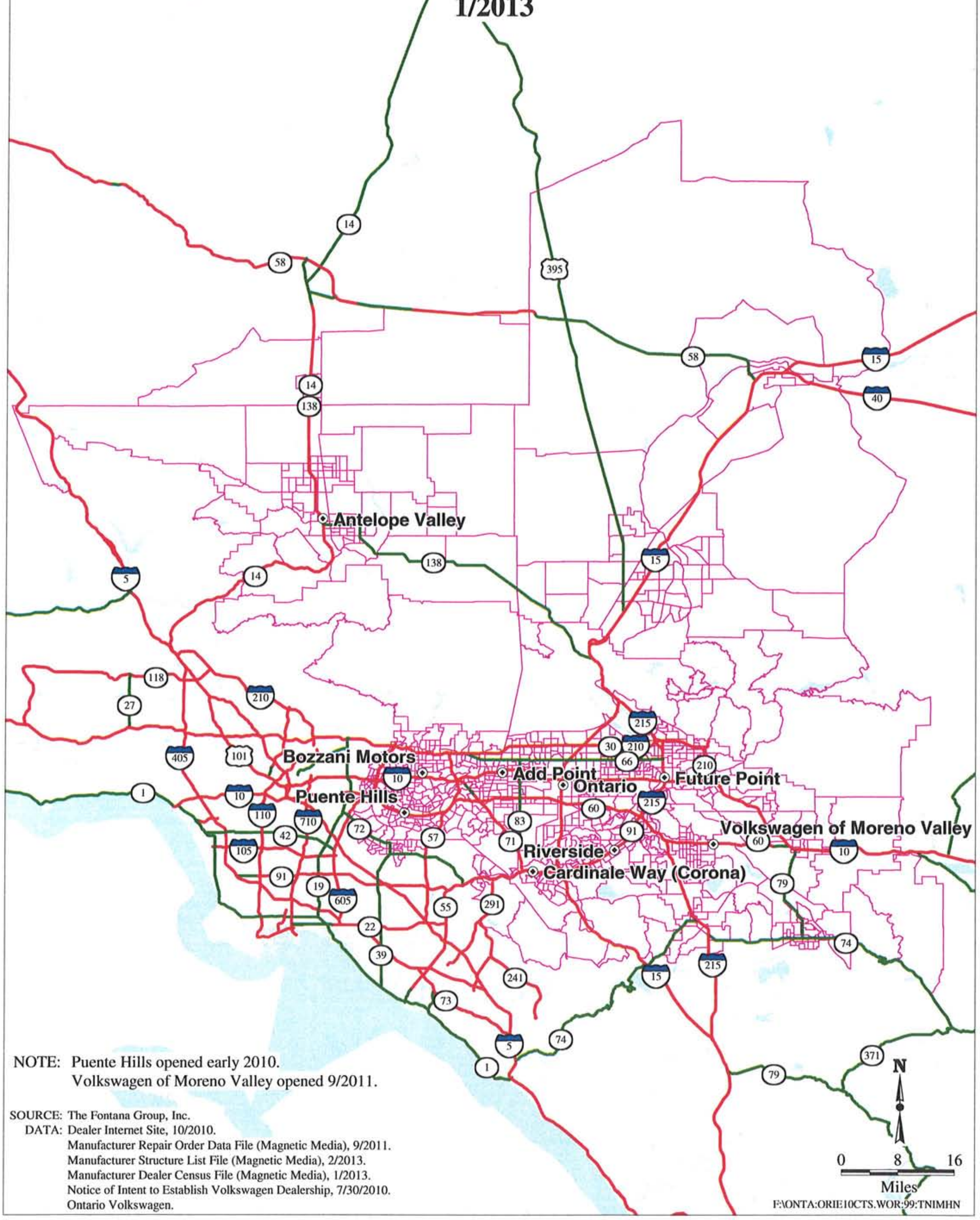
Market Volkswagen Dealer Locations
Riverside - San Bernardino Plus Fringe by 2000 Census Tract
1/2013



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

Market Volkswagen Dealer Locations
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
1/2013



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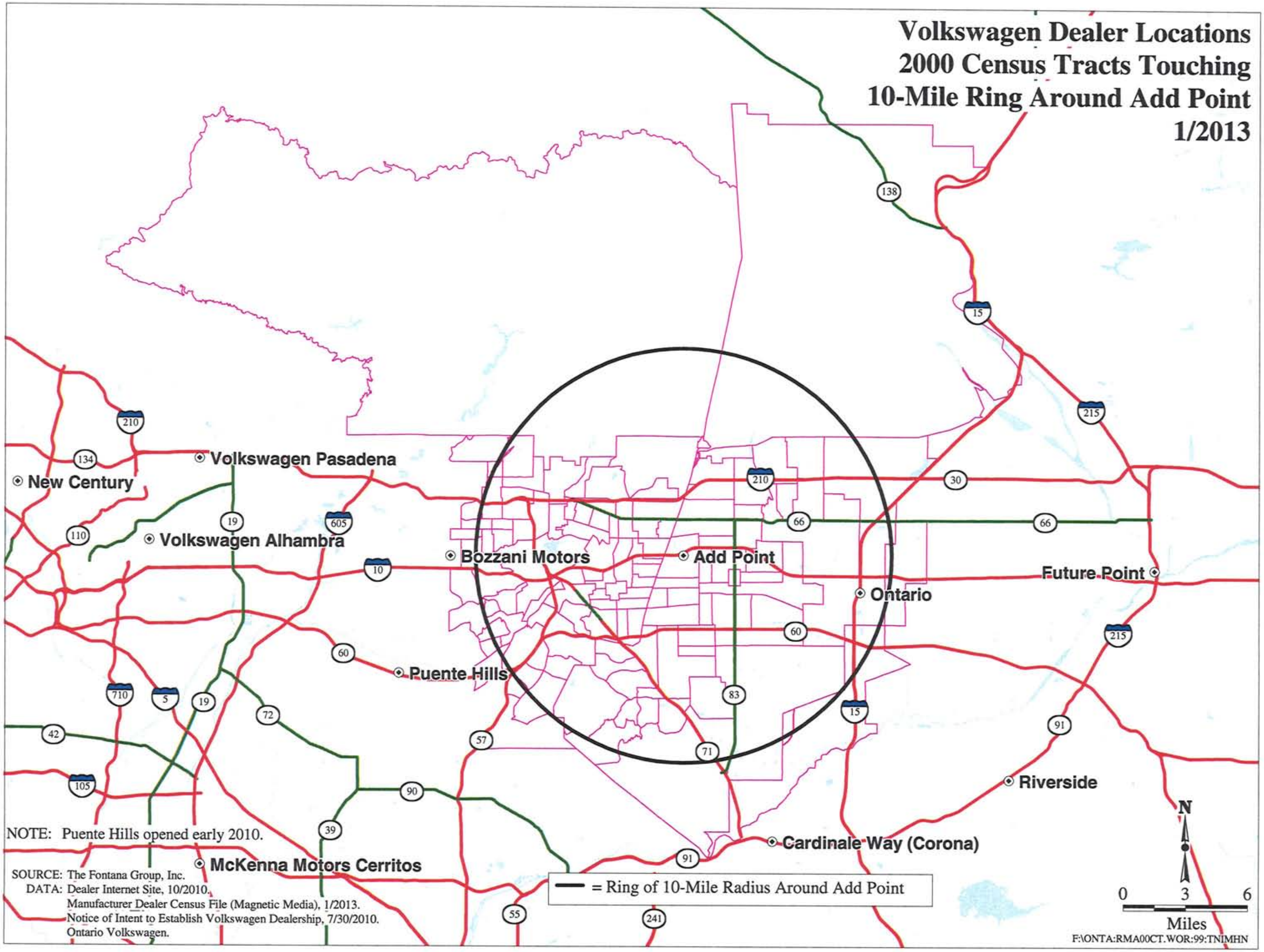
Ontario Volkswagen.


Volkswagen Dealer Locations
2000 Census Tracts Touching
10-Mile Ring Around Add Point
1/2013
Volkswagen Pasadena
New Century
Volkswagen Alhambra
Bozzani Motors
Add Point
Future Point
Ontario
Puente Hills
Riverside
Cardinale Way (Corona)
McKenna Motors Cerritos
210
134
19
605
110
10
30
66
66
60
60
215
215
15
15
138
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NOTE: Puente Hills opened early 2010.
SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.
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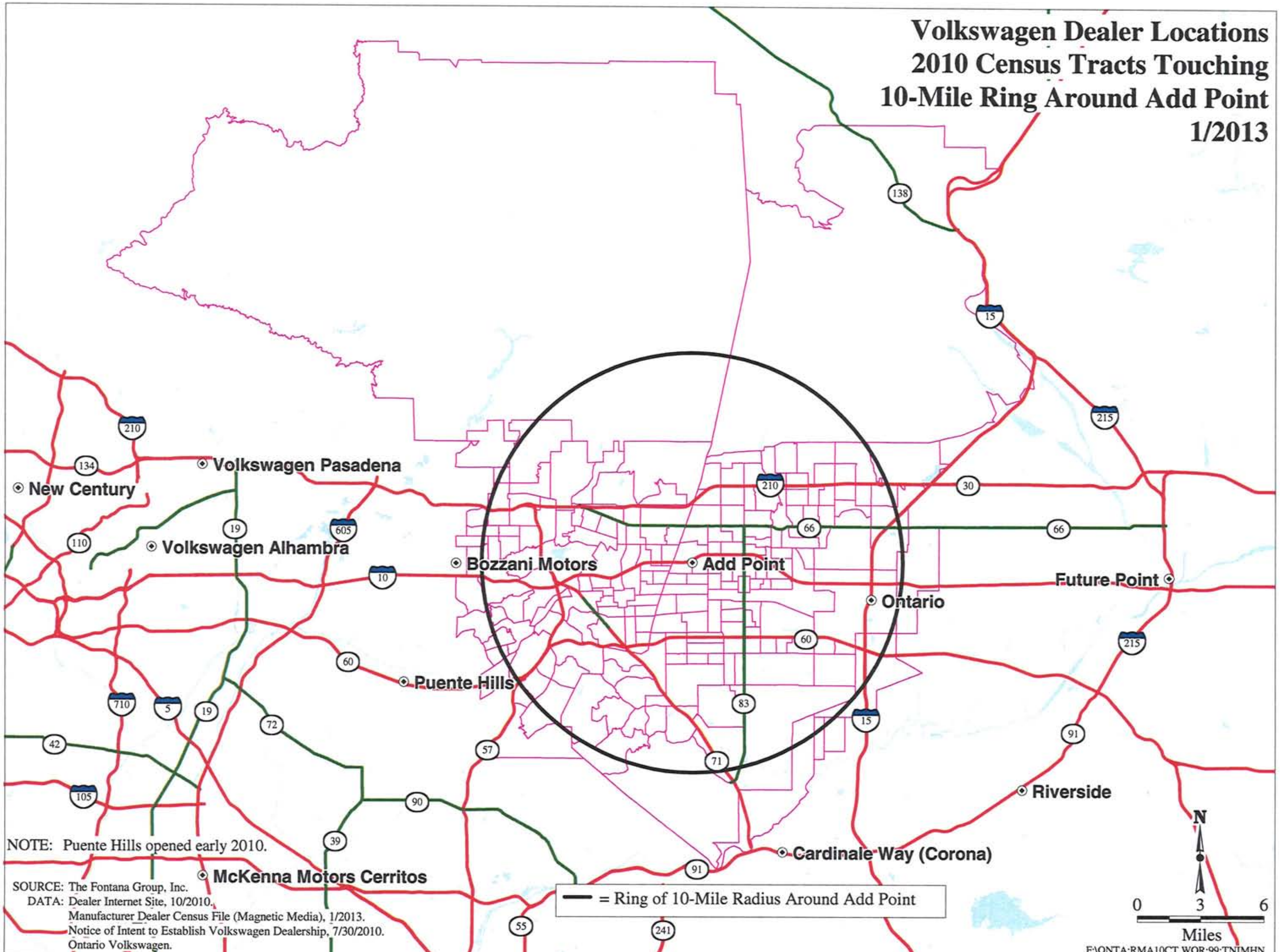
Volkswagen Dealer Locations
2010 Census Tracts Touching
10-Mile Ring Around Add Point
1/2013



NOTE: Puente Hills opened early 2010.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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Volkswagen and Select* Line Make
New Retail Car and Light Truck Registrations
U.S.
2012

Line Make	2012
Volkswagen	354,949
Kia	494,693
Nissan	819,838
Honda	1,229,516
Chevrolet	1,256,691
Ford	1,487,306
Toyota**	1,599,230

* Line Makes with representation in each of the following PAIs: Montclair (Add Point), Ontario (Ontario), and Covina (Bozzani Motors).

** Includes Scion Registrations = 70,316.

SOURCE: The Fontana Group, Inc.
DATA: R.L. Polk & Co., 2012.
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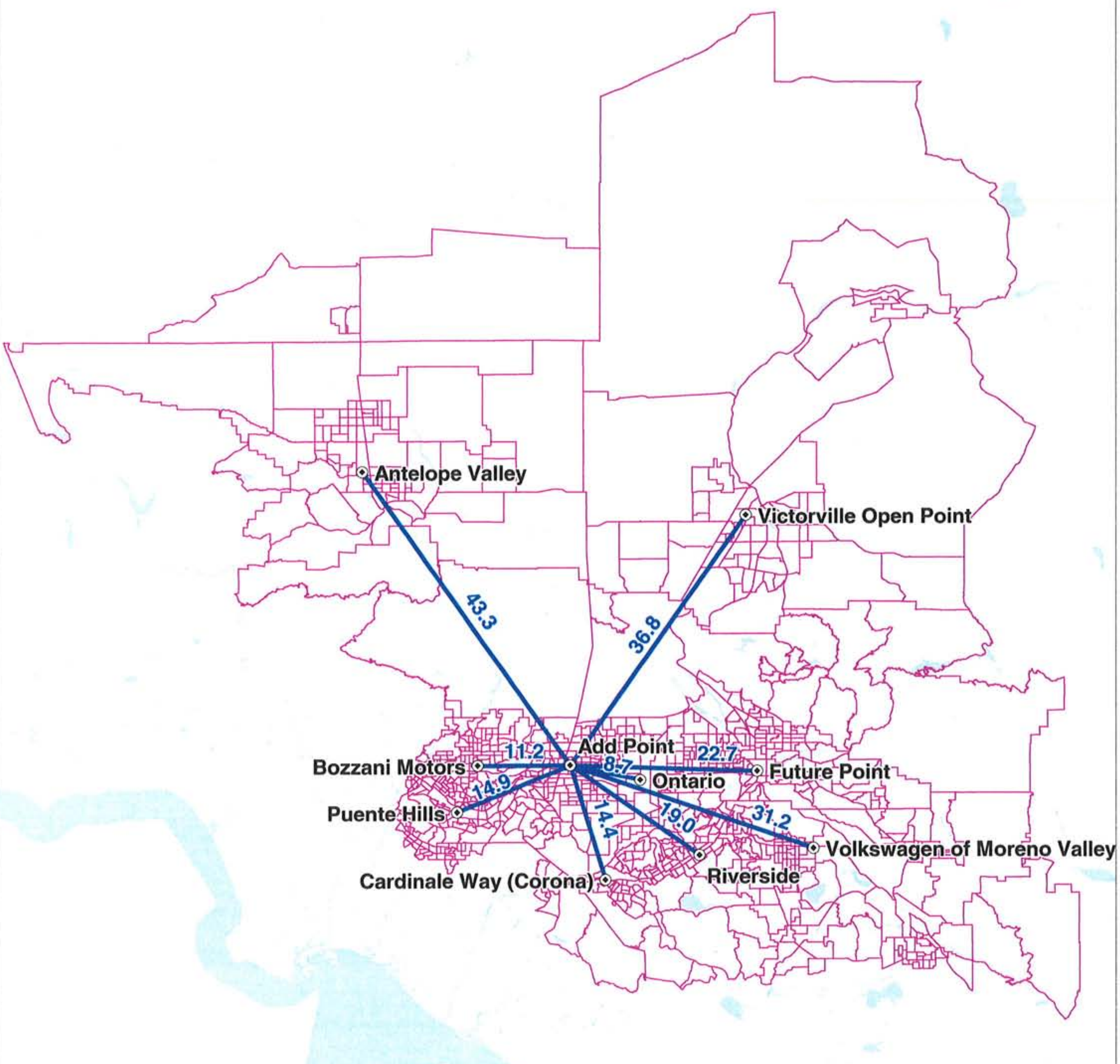
Air Distance in Miles from Add Point to Surrounding Volkswagen Dealer Locations Riverside - San Bernardino Plus Fringe by 2010 Census Tract

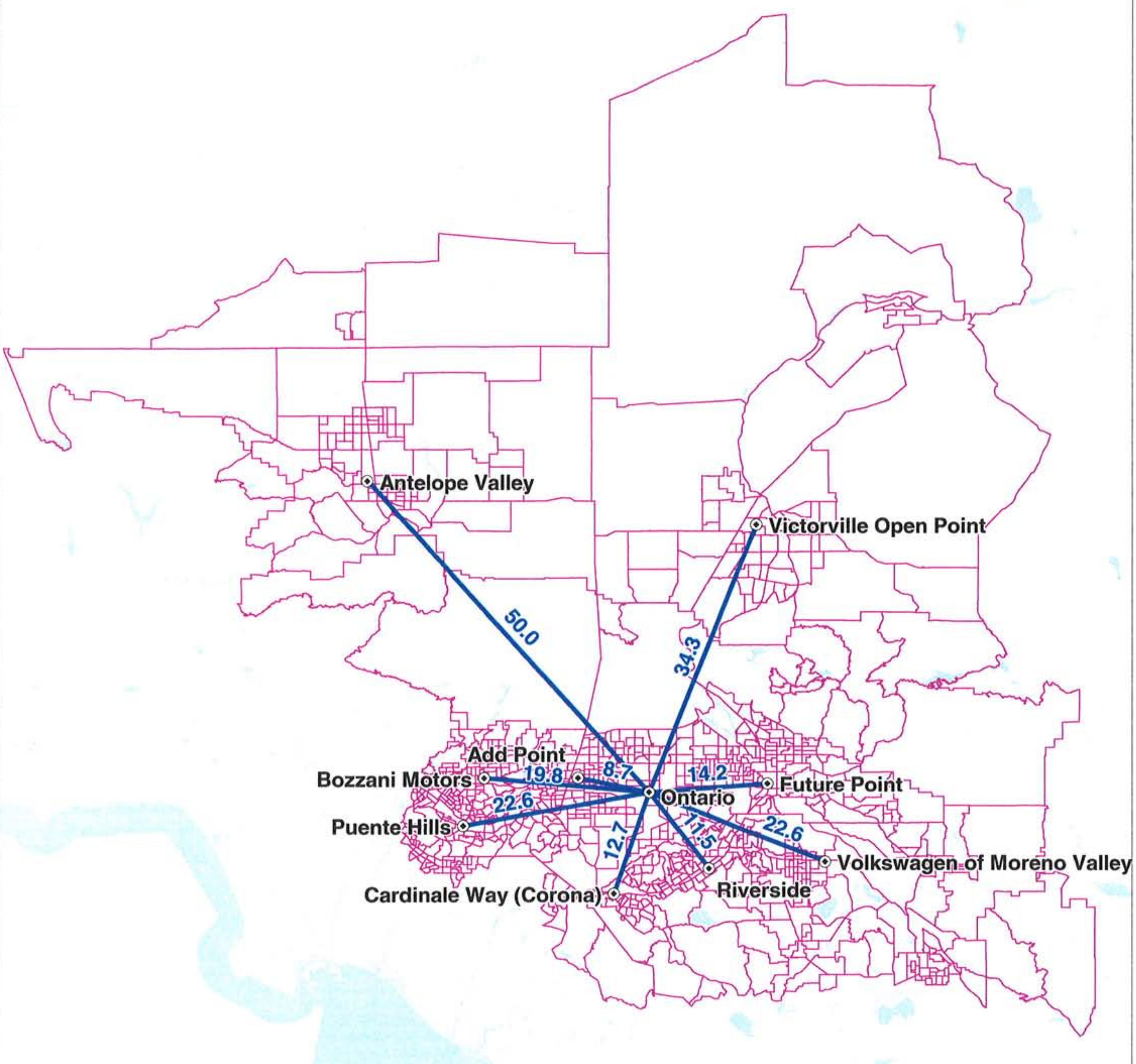


NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

F:\ONTA:ADDPDISTN.WOR:89:TNIEHN:RTKTMHN:89

Air Distance in Miles from Ontario to Surrounding Volkswagen Dealer Locations Riverside - San Bernardino Plus Fringe by 2010 Census Tract



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

F:\ONTA:ONTADISTN.WOR:89:TNIEHN:RTKTMHN:89

Air Distance in Miles Between Volkswagen Dealer Locations
Riverside - San Bernardino Plus Fringe
1/2013

Origin	Add Point	Antelope Valley	Bozzani Motors	Cardinale Way (Corona)	Future Point	Ontario	Puente Hills	Riverside	Victorville Open Point	Volkswagen of Moreno Valley
Add Point	0.0	43.3	11.2	14.4	22.7	8.7	14.9	19.0	36.8	31.2
Antelope Valley	43.3	0.0	38.0	57.2	59.8	50.0	42.5	61.6	46.6	71.0
Bozzani Motors	11.2	38.0	0.0	20.7	33.9	19.8	6.2	29.0	44.3	42.0
Cardinale Way (Corona)	14.4	57.2	20.7	0.0	22.6	12.7	19.8	11.8	47.0	25.6
Future Point	22.7	59.8	33.9	22.6	0.0	14.2	36.8	12.3	30.8	11.6
Ontario	8.7	50.0	19.8	12.7	14.2	0.0	22.6	11.5	34.3	22.6
Puente Hills	14.9	42.5	6.2	19.8	36.8	22.6	0.0	29.9	50.0	43.6
Riverside	19.0	61.6	29.0	11.8	12.3	11.5	29.9	0.0	41.2	13.9
Victorville Open Point	36.8	46.6	44.3	47.0	30.8	34.3	50.0	41.2	0.0	40.9
Volkswagen of Moreno Valley	31.2	71.0	42.0	25.6	11.6	22.6	43.6	13.9	40.9	0.0

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.
F:\ONTA: DLRGRDN.XLSX:SAD:89:TNIEHN

Drive Distance in Miles Between Volkswagen Dealer Locations
Riverside - San Bernardino Plus Fringe
1/2013

	Destination									
Origin	Add Point	Antelope Valley	Bozzani Motors	Cardinale Way (Corona)	Future Point	Ontario	Puente Hills	Riverside	Victorville Open Point	Volkswagen of Moreno Valley
Add Point	0.0	73.2	12.3	17.0	23.6	9.7	16.6	21.7	48.1	33.9
Antelope Valley	73.6	0.0	63.5	84.9	68.2	70.6	64.2	79.4	51.3	85.2
Bozzani Motors	12.4	63.2	0.0	24.1	35.3	21.5	7.0	32.3	59.0	44.6
Cardinale Way (Corona)	18.1	85.0	25.3	0.0	26.1	15.6	25.9	12.7	56.3	28.3
Future Point	23.5	68.4	35.2	25.5	0.0	15.4	39.3	13.6	39.7	18.7
Ontario	9.9	70.8	21.4	15.7	15.3	0.0	25.3	13.7	42.1	25.7
Puente Hills	16.5	63.7	7.0	24.7	39.3	25.4	0.0	34.6	64.2	46.7
Riverside	21.7	79.5	32.2	12.5	13.7	13.7	34.5	0.0	50.8	15.8
Victorville Open Point	47.8	51.3	59.1	56.3	39.6	42.0	64.0	50.8	0.0	56.6
Volkswagen of Moreno Valley	34.3	85.6	44.9	28.3	19.0	26.0	46.9	16.2	56.9	0.0

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.
F:\ONTA: DLRGRDN.XLSX:SDD:89:TNIEHN

Drive Time in Minutes Between Volkswagen Dealer Locations
Riverside - San Bernardino Plus Fringe
1/2013

	Destination									
Origin	Add Point	Antelope Valley	Bozzani Motors	Cardinale Way (Corona)	Future Point	Ontario	Puente Hills	Riverside	Victorville Open Point	Volkswagen of Moreno Valley
Add Point	0.0	85.4	12.7	27.4	24.5	12.3	21.2	29.7	49.6	43.2
Antelope Valley	85.8	0.0	74.2	101.6	84.0	87.6	83.0	96.5	72.3	106.0
Bozzani Motors	12.8	74.1	0.0	37.0	35.0	22.8	10.2	40.2	60.1	53.7
Cardinale Way (Corona)	28.9	103.2	39.1	0.0	32.2	21.7	39.8	18.2	59.0	42.0
Future Point	24.0	84.2	34.4	30.8	0.0	17.8	42.9	16.0	40.0	25.6
Ontario	12.5	87.4	22.9	20.8	19.1	0.0	31.4	20.6	43.2	35.7
Puente Hills	21.2	82.6	10.3	38.8	43.4	31.2	0.0	44.0	68.5	58.2
Riverside	30.0	96.7	40.4	17.1	16.3	20.9	43.9	0.0	52.4	26.1
Victorville Open Point	48.8	72.7	59.2	57.5	39.8	43.4	67.7	52.3	0.0	61.8
Volkswagen of Moreno Valley	43.7	106.7	54.1	41.7	26.3	35.9	58.7	27.0	62.4	0.0

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.
F:\ONTA: DLRGRDN.XLSX:SDT:89:TNIEHN

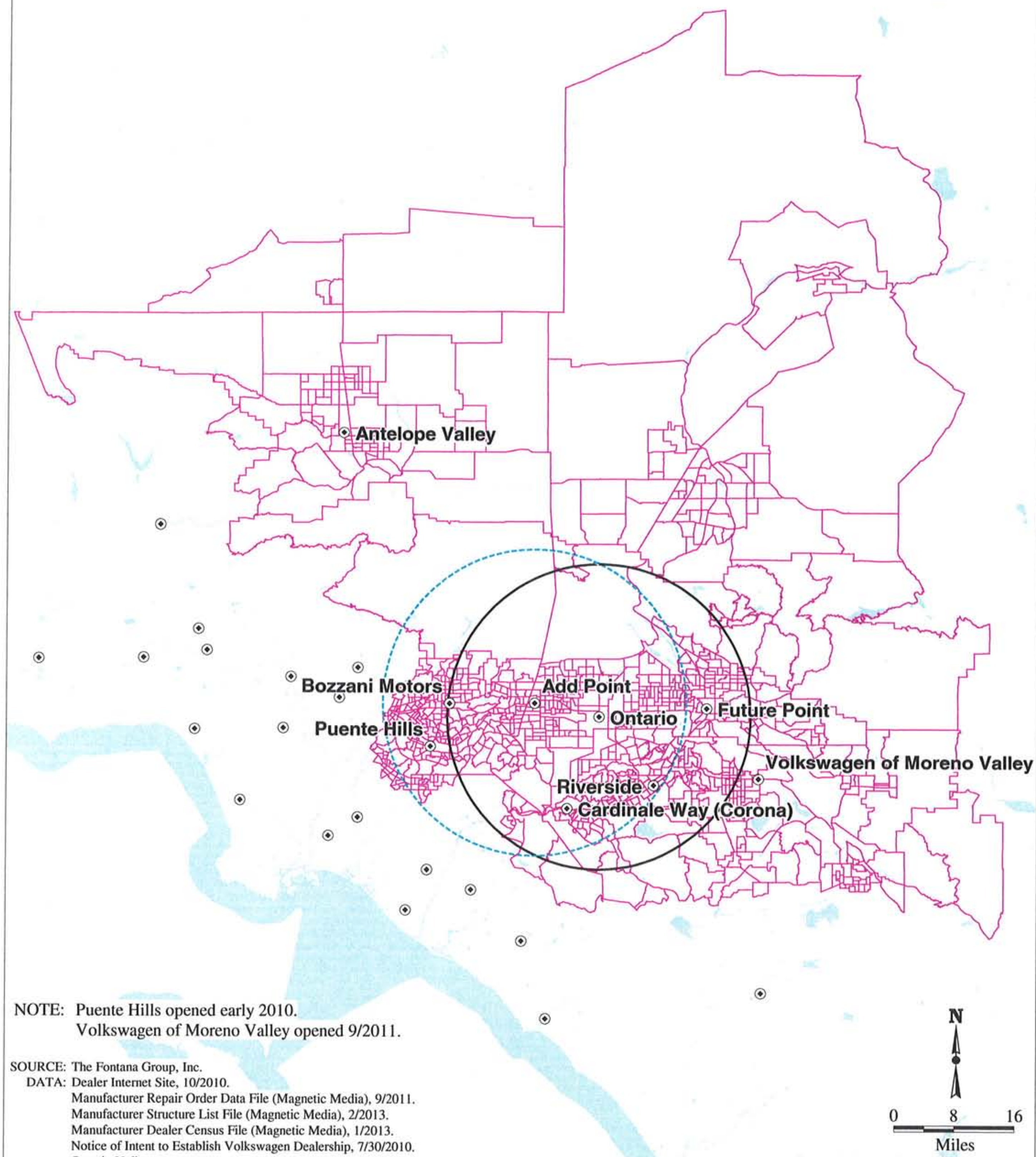
Air Distance in Miles Between Ontario Volkswagen and Select Volkswagen Dealers

	Riverside	Cardinale Way (Corona)	Future Point	Bozzani Motors	Puente Hills	Volkswagen of Moreno Valley	Montclair Add Point
Distance from Ontario	11.5	12.7	14.2	19.8	22.6	22.6	8.7
Half Distance from Ontario	5.8	6.4	7.1	9.9	11.3	11.3	4.4

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.
F:\ONTA: DLRGRDN.XLSX:SADS:89:TNIEHN

Volkswagen Dealer Locations
with 20-Mile Rings around Ontario and Add Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
1/2013



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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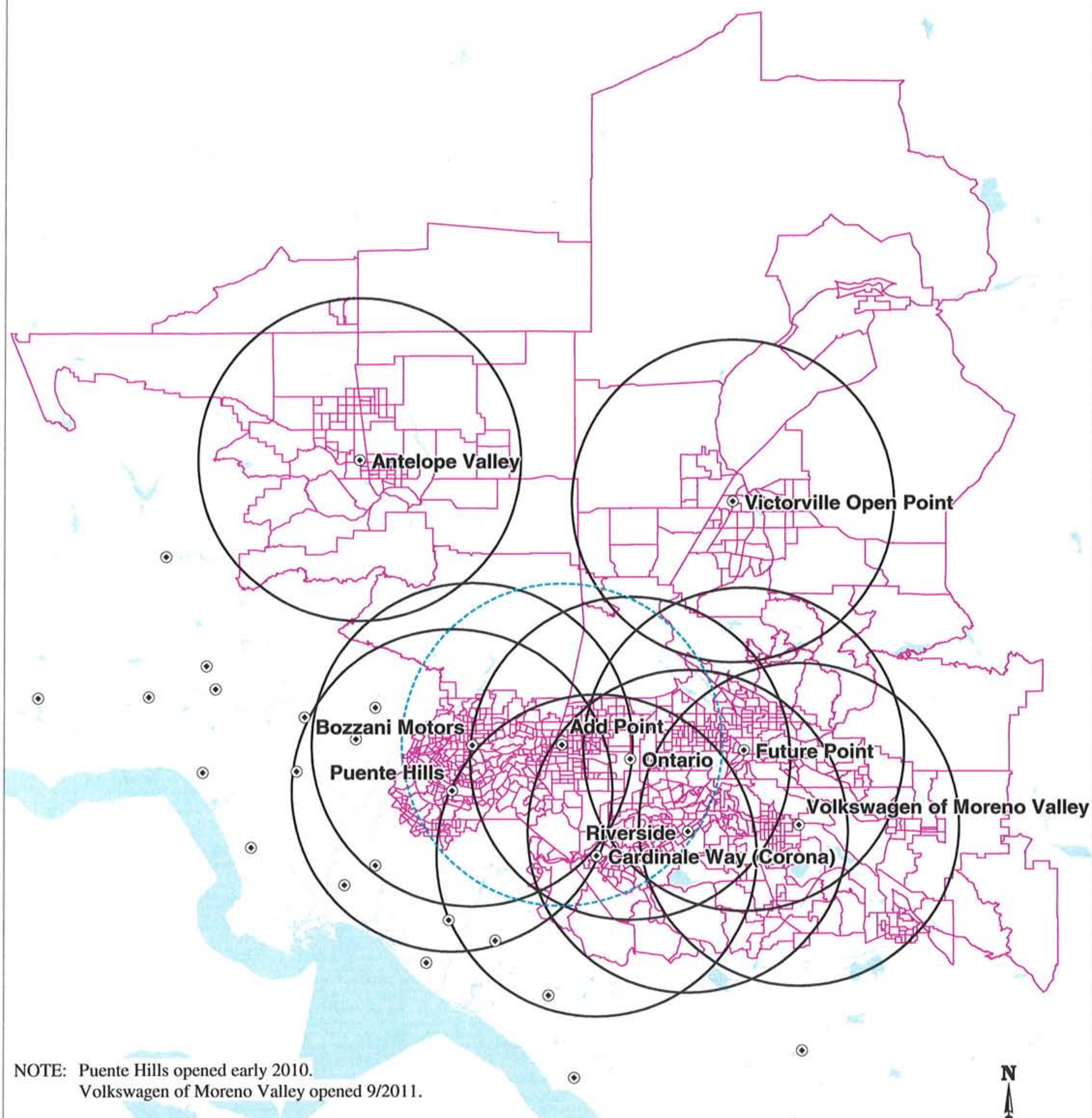
Volkswagen Dealer Locations with 20-Mile Rings around Market Dealers, Add Point, Victorville Open Point, and Future Point Riverside - San Bernardino Plus Fringe by 2010 Census Tract 1/2013



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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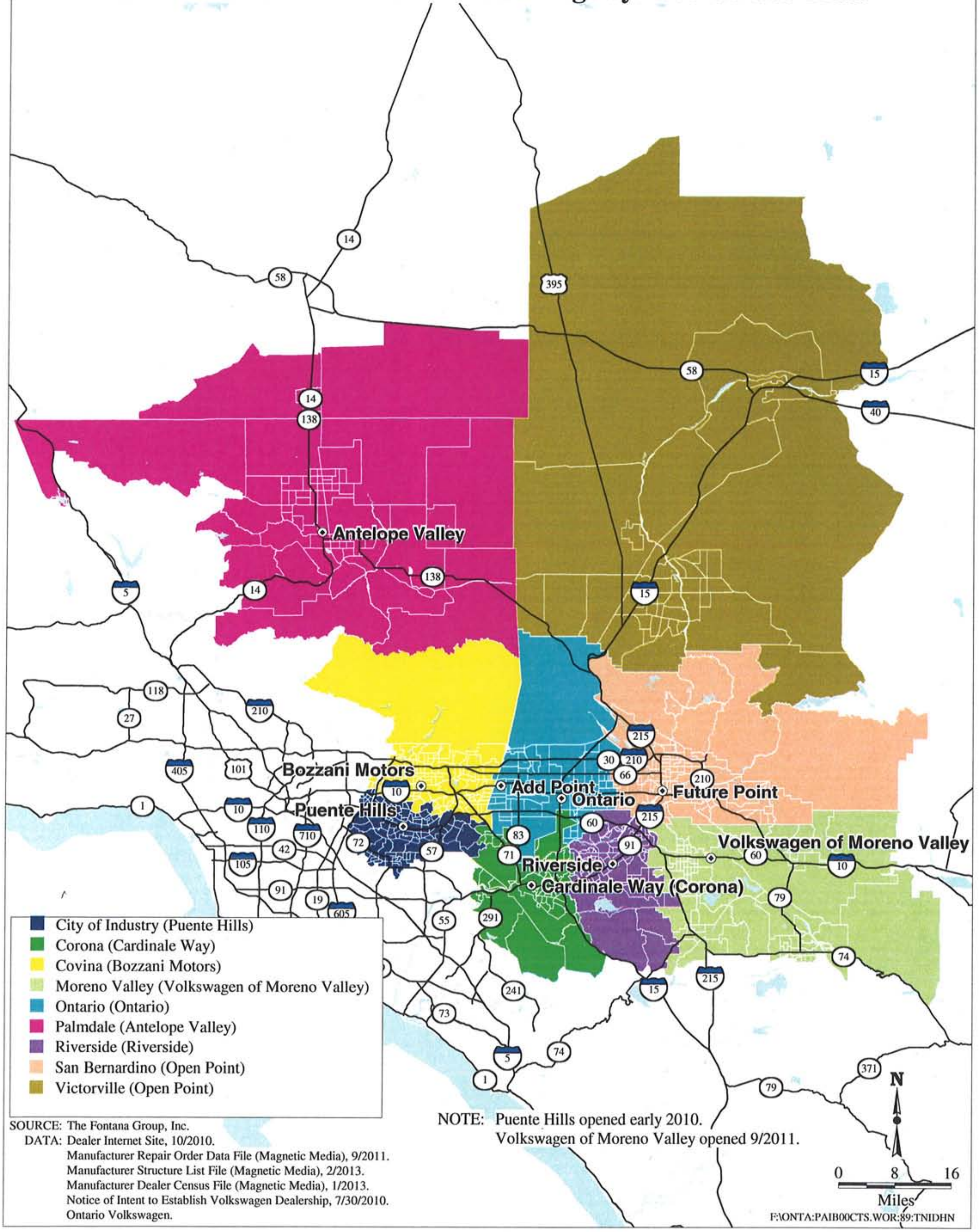
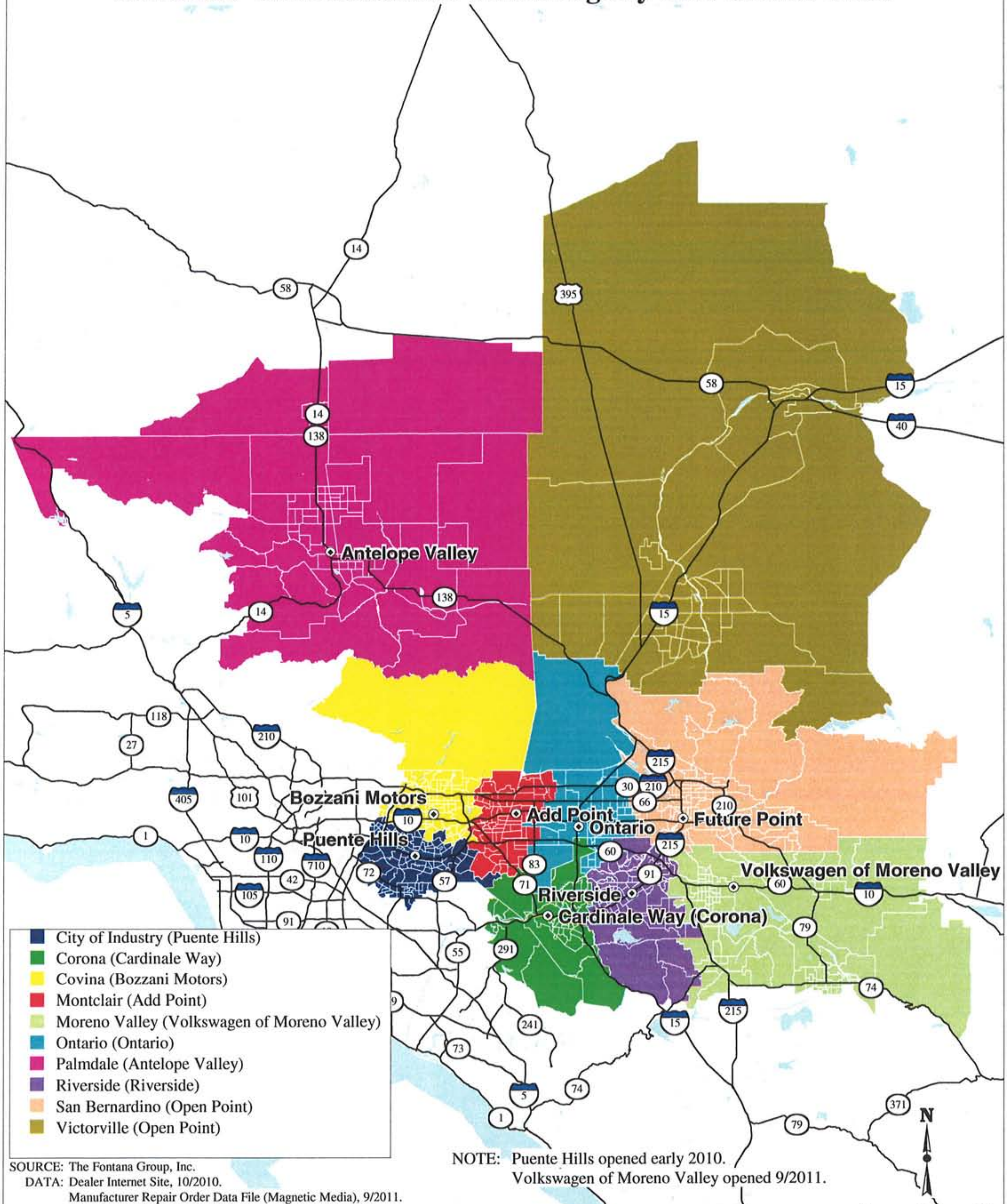
Volkswagen PAIs Before Add Point
Riverside - San Bernardino Plus Fringe by 2000 Census Tract



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

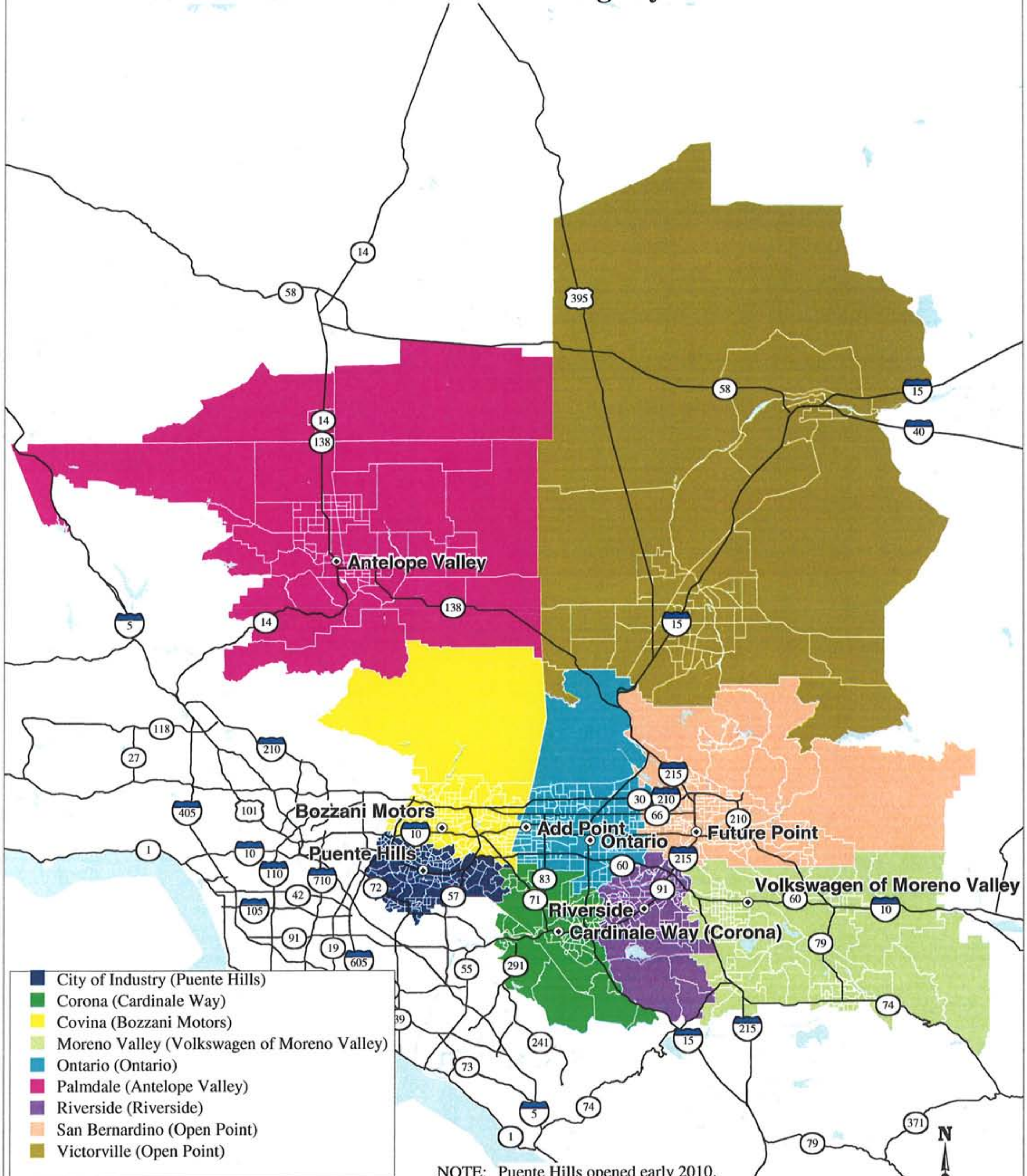
Volkswagen PAIs After Add Point
Riverside - San Bernardino Plus Fringe by 2000 Census Tract



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

Volkswagen PAIs Before Add Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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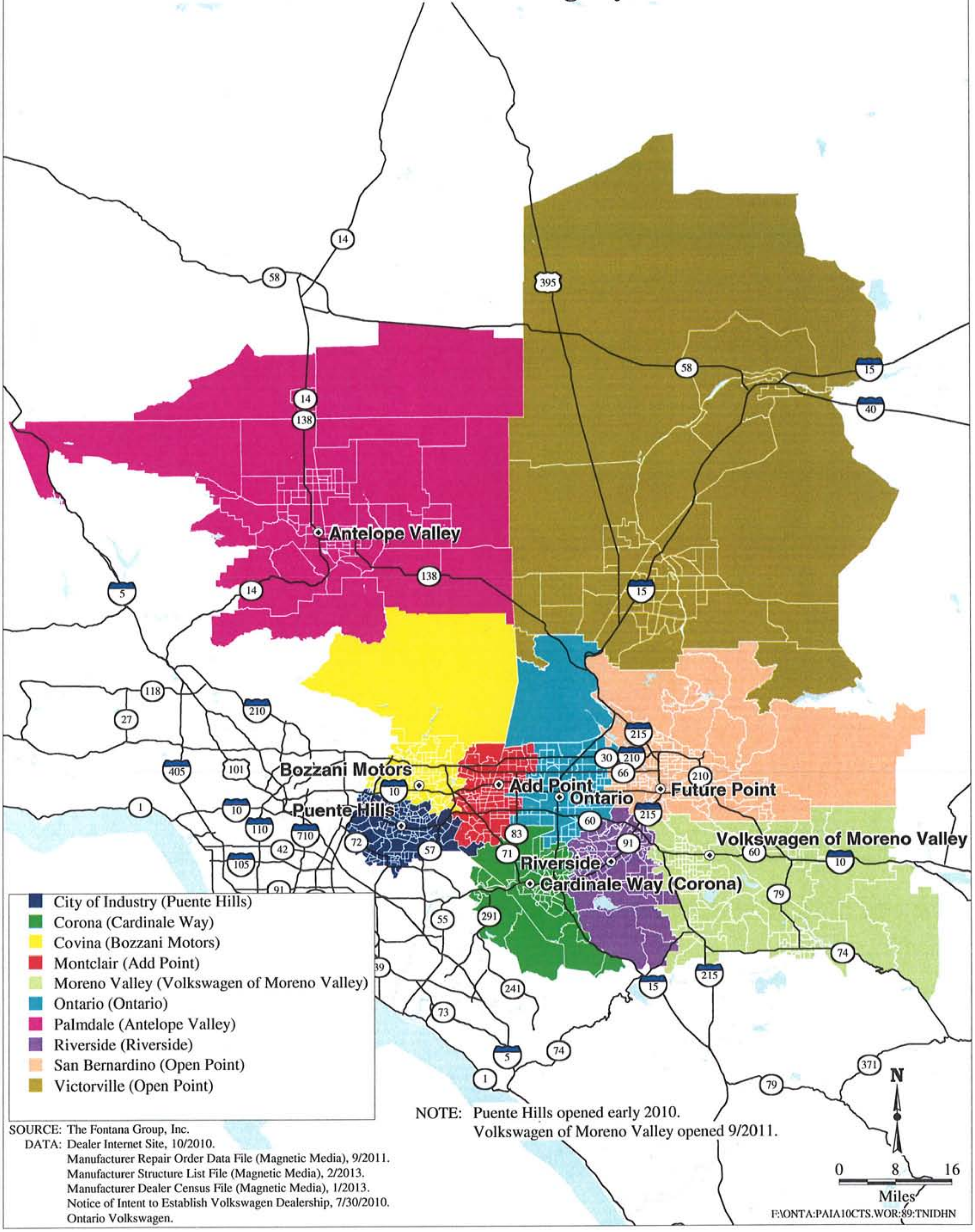
Volkswagen PAIs After Add Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract



SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

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New Primary Competitive Group Retail Car + Light Truck Registration Change
Ontario (Ontario) PAI Before and After Add Point
2012

Before Add Point	Volkswagen Registrations	Primary Competitive Group Registrations
Ontario (Ontario)	779	14,753

After Add Point	Volkswagen Registrations	Primary Competitive Group Registrations
Montclair (Add Point)	539	10,274
Ontario (Ontario)	538	9,788

	Volkswagen Registrations		Primary Competitive Group Registrations	
PAI	Change	% Change	Change	% Change
Montclair (Add Point)	539	n/c	10,274	n/c
Ontario (Ontario)	(241)	-30.9%	(4,965)	-33.7%

NOTE: n/c = not calculable.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2012.
F:\ONTA: PAIRGCH.XLSX:SPAI:26:TKTHHN

Units in Operation Change
Ontario (Ontario) PAI Before and After Add Point
12/2011

Before Add Point	**Units in Operation**
Ontario (Ontario)	9,068

After Add Point	**Units in Operation**
Montclair (Add Point)	6,992
Ontario (Ontario)	5,601

	Units in Operation	
PAI	**Change**	**% Change**
Montclair (Add Point)	6,992	n/c
Ontario (Ontario)	(3,467)	-38.2%

NOTE: n/c = not calculable.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Units in Operation Data File (Magnetic Media), 12/2011.
F:\ONTA: UIOCHG11.XLSX:SPAI:26:TKTHHN

Population and Household Change
Ontario (Ontario) PAI Before and After Add Point
2012 and 2017

Before Add Point	2012 Population	2012 Households	2017 Population	2017 Households
Ontario (Ontario)	806,922	227,084	847,690	237,887

After Add Point	2012 Population	2012 Households	2017 Population	2017 Households
Montclair (Add Point)	598,020	174,652	612,661	179,303
Ontario (Ontario)	497,663	136,933	530,283	145,138

	2012 Population		2012 Households		2017 Population		2017 Households	
PAI	Change	% Change	Change	% Change	Change	% Change	Change	% Change
Montclair (Add Point)	598,020	n/c	174,652	n/c	612,661	n/c	179,303	n/c
Ontario (Ontario)	(309,259)	-38.3%	(90,151)	-39.7%	(317,407)	-37.4%	(92,749)	-39.0%

NOTE: n/c = not calculable.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Demographic Data File (Magnetic Media), 2012 Update.
F:\ONTA: DEMCHG12.XLSX:SPAI:26:TKTHHN

New Volkswagen Retail Car + Light Truck Registration Effectiveness
Based on Volkswagen as a Percent of Primary Competitive Group by Segment
in *California Represented*
Riverside - San Bernardino Plus Fringe PAIs After Add Point
2008 - 2012

	Actual Volkswagen Registrations				
PAI (Dealer)	**2008**	**2009**	**2010**	**2011**	**2012**
City of Industry (Puente Hills)	303	274	409	546	637
Corona (Cardinale Way)	292	272	380	487	558
Covina (Bozzani Motors)	249	198	260	347	447
Montclair (Add Point)	291	287	340	468	539
Moreno Valley (Moreno Valley)	104	97	182	282	474
Ontario (Ontario)	240	224	263	399	538
Palmdale (Antelope Valley)	248	234	252	310	435
Riverside (Riverside)	253	221	244	389	452
San Bernardino (Open Point)	227	191	231	328	380
Victorville (Open Point)	91	100	133	167	211
Riverside - San Bernardino	1,407	1,292	1,640	2,353	2,941
Riverside - San Bernardino Plus Fringe	2,298	2,098	2,694	3,723	4,671

	Volkswagen Registrations at California Represented Average				
PAI (Dealer)	**2008**	**2009**	**2010**	**2011**	**2012**
City of Industry (Puente Hills)	497	486	590	748	979
Corona (Cardinale Way)	320	280	385	487	594
Covina (Bozzani Motors)	362	331	398	526	715
Montclair (Add Point)	448	405	476	646	868
Moreno Valley (Moreno Valley)	187	166	340	498	694
Ontario (Ontario)	408	339	408	575	831
Palmdale (Antelope Valley)	317	245	270	372	554
Riverside (Riverside)	314	264	293	424	575
San Bernardino (Open Point)	469	385	421	617	856
Victorville (Open Point)	297	231	264	337	532
Riverside - San Bernardino	2,148	1,839	2,320	3,246	4,424
Riverside - San Bernardino Plus Fringe	3,621	3,127	3,842	5,228	7,213

	New Volkswagen Retail Car + Light Truck Registration Effectiveness				
PAI (Dealer)	**2008**	**2009**	**2010**	**2011**	**2012**
City of Industry (Puente Hills)	60.97%	56.38%	69.32%	72.99%	65.07%
Corona (Cardinale Way)	91.25%	97.14%	98.70%	100.00%	93.94%
Covina (Bozzani Motors)	68.78%	59.82%	65.33%	65.97%	62.52%
Montclair (Add Point)	64.96%	70.86%	71.43%	72.45%	62.10%
Moreno Valley (Moreno Valley)	55.61%	58.43%	53.53%	56.63%	68.30%
Ontario (Ontario)	58.82%	66.08%	64.46%	69.39%	64.74%
Palmdale (Antelope Valley)	78.23%	95.51%	93.33%	83.33%	78.52%
Riverside (Riverside)	80.57%	83.71%	83.28%	91.75%	78.61%
San Bernardino (Open Point)	48.40%	49.61%	54.87%	53.16%	44.39%
Victorville (Open Point)	30.64%	43.29%	50.38%	49.55%	39.66%
Riverside - San Bernardino	65.50%	70.26%	70.69%	72.49%	66.48%
Riverside - San Bernardino Plus Fringe	63.46%	67.09%	70.12%	71.21%	64.76%

NOTE: Numbers may vary due to rounding.
Puente Hills closed in 2006 and reopened in early 2010; Power Corona became Cardinale Way in 2008; Moreno Valley opened September 2011.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2008 - 2012.
F:\ONTA: APESUM12.XLSX:SRRC:36:TNIEHN

New Volkswagen Retail Car + Light Truck Registration Effectiveness
Based on Volkswagen as a Percent of Primary Competitive Group by Segment
in *California Represented*
Riverside - San Bernardino Plus Fringe PAIs After Add Point
2008 - 2012

	New Volkswagen Retail Car + Light Truck Registration Effectiveness				
PAI	2008	2009	2010	2011	2012
City of Industry (Puente Hills)	60.97%	56.38%	69.32%	72.99%	65.07%
Corona (Cardinale Way)	91.25%	97.14%	98.70%	100.00%	93.94%
Covina (Bozzani Motors)	68.78%	59.82%	65.33%	65.97%	62.52%
Montclair (Add Point)	64.96%	70.86%	71.43%	72.45%	62.10%
Moreno Valley (Moreno Valley)	55.61%	58.43%	53.53%	56.63%	68.30%
Ontario (Ontario)	58.82%	66.08%	64.46%	69.39%	64.74%
Palmdale (Antelope Valley)	78.23%	95.51%	93.33%	83.33%	78.52%
Riverside (Riverside)	80.57%	83.71%	83.28%	91.75%	78.61%
San Bernardino (Open Point)	48.40%	49.61%	54.87%	53.16%	44.39%
Victorville (Open Point)	30.64%	43.29%	50.38%	49.55%	39.66%
Riverside - San Bernardino	65.50%	70.26%	70.69%	72.49%	66.48%
Riverside - San Bernardino Plus Fringe	63.46%	67.09%	70.12%	71.21%	64.76%

NOTE: Puente Hills closed in 2006 and reopened in early 2010; Power Corona became Cardinale Way in 2008; Moreno Valley opened September 2011.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2008 - 2012.
F:\ONTA: APESUM12.XLSX:SASC:36:TNIEHN

New Volkswagen Retail Car + Light Truck Sales Effectiveness in PAI
Based on Volkswagen as a Percent of Primary Competitive Group by Segment in *California Represented*
Riverside - San Bernardino Plus Fringe Dealers
2008 - 2012

	Dealer's Nationwide Volkswagen Sales				
PAI (Dealer)	**2008**	**2009**	**2010**	**2011**	**2012**
City of Industry (Puente Hills)	0	0	480	737	829
Corona (Cardinale Way)	364	366	469	674	671
Covina (Bozzani Motors)	597	468	371	459	657
Montclair (Add Point)	0	0	0	0	0
Moreno Valley (Moreno Valley)	0	0	0	77	538
Ontario (Ontario)	501	597	634	819	860
Palmdale (Antelope Valley)	298	227	245	273	368
Riverside (Riverside)	679	594	724	1,011	1,025
San Bernardino (Open Point)	21 *	0	0	0	0
Victorville (Open Point)	0	0	0	0	0
Riverside - San Bernardino	1,565	1,557	1,827	2,581	3,094
Riverside - San Bernardino Plus Fringe	2,460	2,252	2,923	4,050	4,948

	Volkswagen Registrations at California Represented Average				
PAI (Dealer)	**2008**	**2009**	**2010**	**2011**	**2012**
City of Industry (Puente Hills)	497	486	590	748	979
Corona (Cardinale Way)	320	280	385	487	594
Covina (Bozzani Motors)	362	331	398	526	715
Montclair (Add Point)	448	405	476	646	868
Moreno Valley (Moreno Valley)	187	166	340	498	694
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Riverside (Riverside)	314	264	293	424	575
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Riverside - San Bernardino	2,148	1,839	2,320	3,246	4,424
Riverside - San Bernardino Plus Fringe	3,621	3,127	3,842	5,228	7,213

	New Volkswagen Retail Car + Light Truck Sales Effectiveness in PAI				
PAI (Dealer)	**2008**	**2009**	**2010**	**2011**	**2012**
City of Industry (Puente Hills)	0.00%	0.00%	81.36%	98.53%	84.68%
Corona (Cardinale Way)	113.75%	130.71%	121.82%	138.40%	112.96%
Covina (Bozzani Motors)	164.92%	141.39%	93.22%	87.26%	91.89%
Montclair (Add Point)	0.00%	0.00%	0.00%	0.00%	0.00%
Moreno Valley (Moreno Valley)	0.00%	0.00%	0.00%	15.46%	77.52%
Ontario (Ontario)	122.79%	176.11%	155.39%	142.43%	103.49%
Palmdale (Antelope Valley)	94.01%	92.65%	90.74%	73.39%	66.43%
Riverside (Riverside)	216.24%	225.00%	247.10%	238.44%	178.26%
San Bernardino (Open Point)	4.48%	0.00%	0.00%	0.00%	0.00%
Victorville (Open Point)	0.00%	0.00%	0.00%	0.00%	0.00%
Riverside - San Bernardino	72.86%	84.67%	78.75%	79.51%	69.94%
Riverside - San Bernardino Plus Fringe	67.94%	72.02%	76.08%	77.47%	68.60%

* Figure represents sales made by Freeway. Freeway closed in early to mid-2008.

NOTE: Numbers may vary due to rounding.
Puente Hills closed in 2006 and reopened in early 2010; Power Corona became Cardinale Way in 2008; Moreno Valley opened September 2011.
Nationwide Sales data were not provided for partial-year dealers who are no longer open; In those instances, Market Sum sales were used instead.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2008 - 2012.
Manufacturer Nationwide Sales Data File (Magnetic Media), 2008 - 2012.
Manufacturer Cross-Sell Data File (Magnetic Media), 2008.
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New Volkswagen Retail Car + Light Truck Sales Effectiveness in PAI
Based on Volkswagen as a Percent of Primary Competitive Group by Segment
in *California Represented*
Riverside - San Bernardino Plus Fringe Dealers
2008 - 2012

	New Volkswagen Retail Car + Light Truck Sales Effectiveness in PAI				
PAI (Dealer)	**2008**	**2009**	**2010**	**2011**	**2012**
City of Industry (Puente Hills)	0.00%	0.00%	81.36%	98.53%	84.68%
Corona (Cardinale Way)	113.75%	130.71%	121.82%	138.40%	112.96%
Covina (Bozzani Motors)	164.92%	141.39%	93.22%	87.26%	91.89%
Montclair (Add Point)	0.00%	0.00%	0.00%	0.00%	0.00%
Moreno Valley (Moreno Valley)	0.00%	0.00%	0.00%	15.46%	77.52%
Ontario (Ontario)	122.79%	176.11%	155.39%	142.43%	103.49%
Palmdale (Antelope Valley)	94.01%	92.65%	90.74%	73.39%	66.43%
Riverside (Riverside)	216.24%	225.00%	247.10%	238.44%	178.26%
San Bernardino (Open Point)	4.48% *	0.00%	0.00%	0.00%	0.00%
Victorville (Open Point)	0.00%	0.00%	0.00%	0.00%	0.00%
Riverside - San Bernardino	72.86%	84.67%	78.75%	79.51%	69.94%
Riverside - San Bernardino Plus Fringe	67.94%	72.02%	76.08%	77.47%	68.60%

* Figure represents sales made by Freeway. Freeway closed in early to mid-2008.

NOTE: Puente Hills closed in 2006 and reopened in early 2010; Power Corona became Cardinale Way in 2008; Moreno Valley opened September 2011.
Nationwide Sales data were not provided for partial-year dealers who are no longer open; In those instances, Market Sum sales were used instead.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2008 - 2012.
Manufacturer Nationwide Sales Data File (Magnetic Media), 2008 - 2012.
Manufacturer Cross-Sell Data File (Magnetic Media), 2008.
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Bozzani Motors' Gained/(Lost) Sales as a Percent of Projected Nationwide New Volkswagen Retail Car + Light Truck Sales
Bozzani Motors (Covina, CA)
2010 - 2012

	(1)	(2)	(3) (1) / (2)	(4) (2) * 99.79%	(5) (1) - (4)	(6) (5) / (4)
	Bozzani Motors' Nationwide Volkswagen Sales	Covina PAI* Volkswagen Registrations at California Represented Average**	Bozzani Motors' Nationwide Volkswagen Sales % Covina PAI* Registrations at California Represented Average**	Bozzani Motors' Projected Nationwide Volkswagen Sales	Bozzani Motors' Gained/(Lost) Nationwide Volkswagen Sales	Bozzani Motors' Gained/(Lost) Sales % Projected Nationwide Volkswagen Sales
2009	468	469	99.79%			
2010	371	564		563	(192)	-34.10%
2011	459	748		746	(287)	-38.47%
2012	657	1,010		1,008	(351)	-34.82%

* 2/2013 Covina (Bozzani Motors) PAI before Montclair Add Point and after Puente Hills used in all years.
** Based on Volkswagen as a Percent of Primary Competitive Group by Segment.
NOTE: Puente Hills in City of Industry opened in early 2010.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2009 - 2012.
Manufacturer Nationwide Sales Data File (Magnetic Media), 2009 - 2012.
F:\ONTA: CASESTUDY.XLSX:SBMC:73:TKTIHN

Riverside's Gained/(Lost) Sales as a Percent of Projected Nationwide New Volkswagen Retail Car + Light Truck Sales
Riverside (Riverside, CA)
2011 - 2012

	(1)	(2)	(3) (1) / (2)	(4) (2) * 247.10%	(5) (1) - (4)	(6) (5) / (4)
	Riverside's Nationwide Volkswagen Sales	Riverside PAI* Volkswagen Registrations at California Represented Average**	Riverside's Nationwide Volkswagen Sales % Riverside PAI* Registrations at California Represented Average**	Riverside's Projected Nationwide Volkswagen Sales	Riverside's Gained/(Lost) Nationwide Volkswagen Sales	Riverside's Gained/(Lost) Sales % Projected Nationwide Volkswagen Sales
2010	724	293	247.10%			
2011	1,011	424		1,048	(37)	-3.53%
2012	1,025	575		1,421	(396)	-27.87%

* 2/2013 Riverside (Riverside) PAI after Moreno Valley used in all years.
** Based on Volkswagen as a Percent of Primary Competitive Group by Segment.
NOTE: Volkswagen of Moreno Valley opened in September 2011.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2010 - 2012.
Manufacturer Nationwide Sales Data File (Magnetic Media), 2010 - 2012.
F:\ONTA: CASESTUDY.XLSX:SRIC:73:TKTIHN

Percent of Dealer's California Volkswagen Service Vehicles (Excluding 2012 - 2013 Model Years) Previously Serviced by Another Dealer Before Volkswagen of Moreno Valley Opened*

Volkswagen of Moreno Valley

9/30/2011 - 12/31/2011, 2012, and 2/2013 YTD

Year	Volkswagen of Moreno Valley Service Vehicles	Previously Serviced by Riverside	Previously Serviced by Any Dealer	Percent Previously Serviced by Riverside	Percent Previously Serviced by Any Dealer
9/30/2011 - 12/31/2011	362	135	262	37.29%	72.38%
2012	965	319	670	33.06%	69.43%
2/2013 YTD	217	68	152	31.34%	70.05%

* Repair Order data begins with 2009.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Repair Order Data File (Magnetic Media), 2009 - 2/2013.
F:\ONTA: VMORPREV.XLSX:SNLM:99:TKTIHN

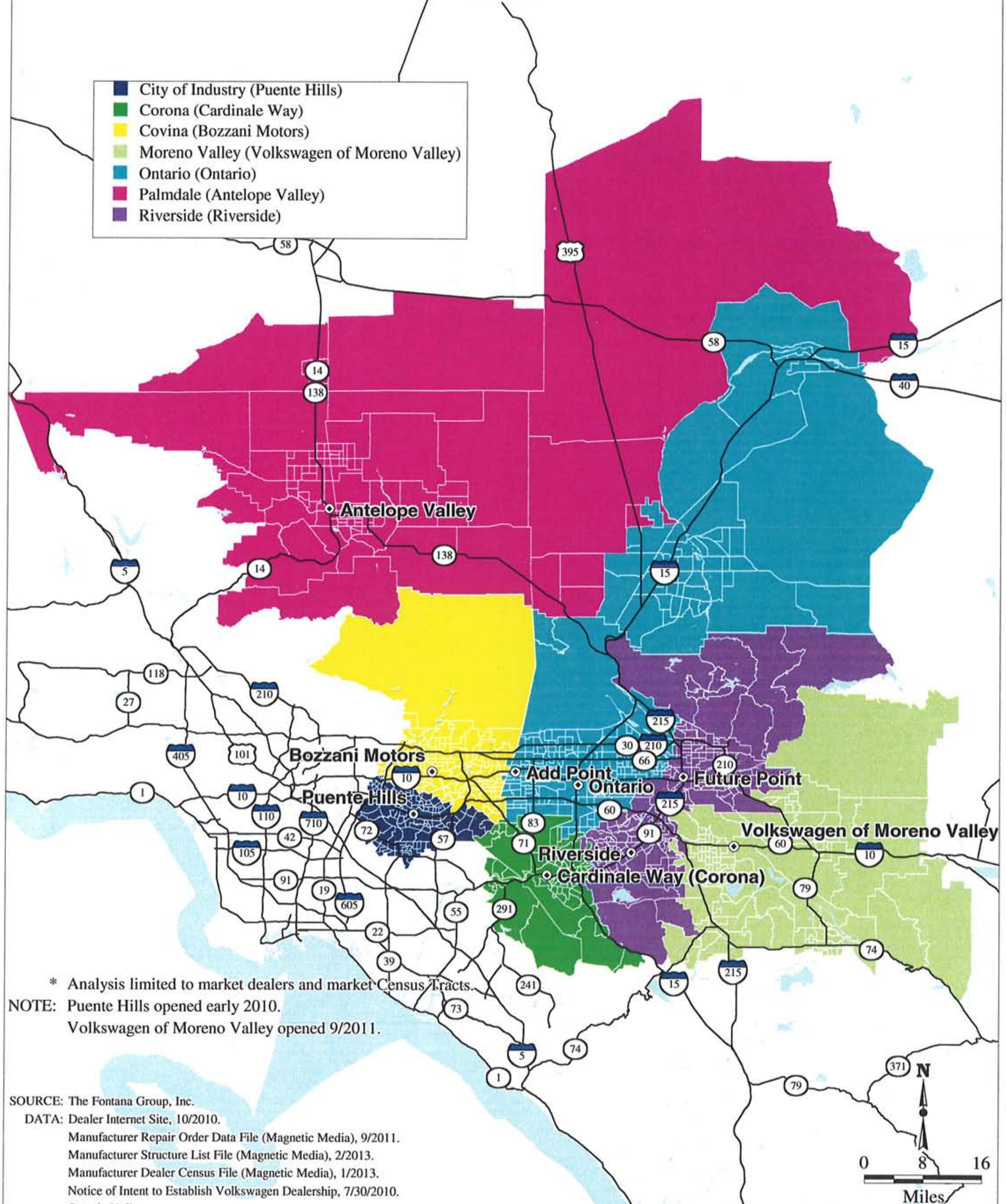
Percent of Dealer's California Volkswagen Service Vehicles
(Excluding 2012 - 2013 Model Years)
Previously Serviced by Another Dealer
Before Volkswagen of Moreno Valley Opened*
Volkswagen of Moreno Valley
9/30/2011 - 12/31/2011, 2012, and 2/2013 YTD

Year	Volkswagen of Moreno Valley Service Vehicles	Previously Serviced by Ontario	Percent Previously Serviced by Ontario
9/30/2011 - 12/31/2011	362	56	15.47%
2012	965	110	11.40%
2/2013 YTD	217	25	11.52%

* Repair Order data begins with 2009.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Repair Order Data File (Magnetic Media), 2009 - 2/2013.
F:\ONTA: VMORPREV.XLSX:SONT:99:TKTIHN

Volkswagen Dealer Areas Based on Drive Distance* Before Add Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
1/2013



* Analysis limited to market dealers and market Census Tracts.

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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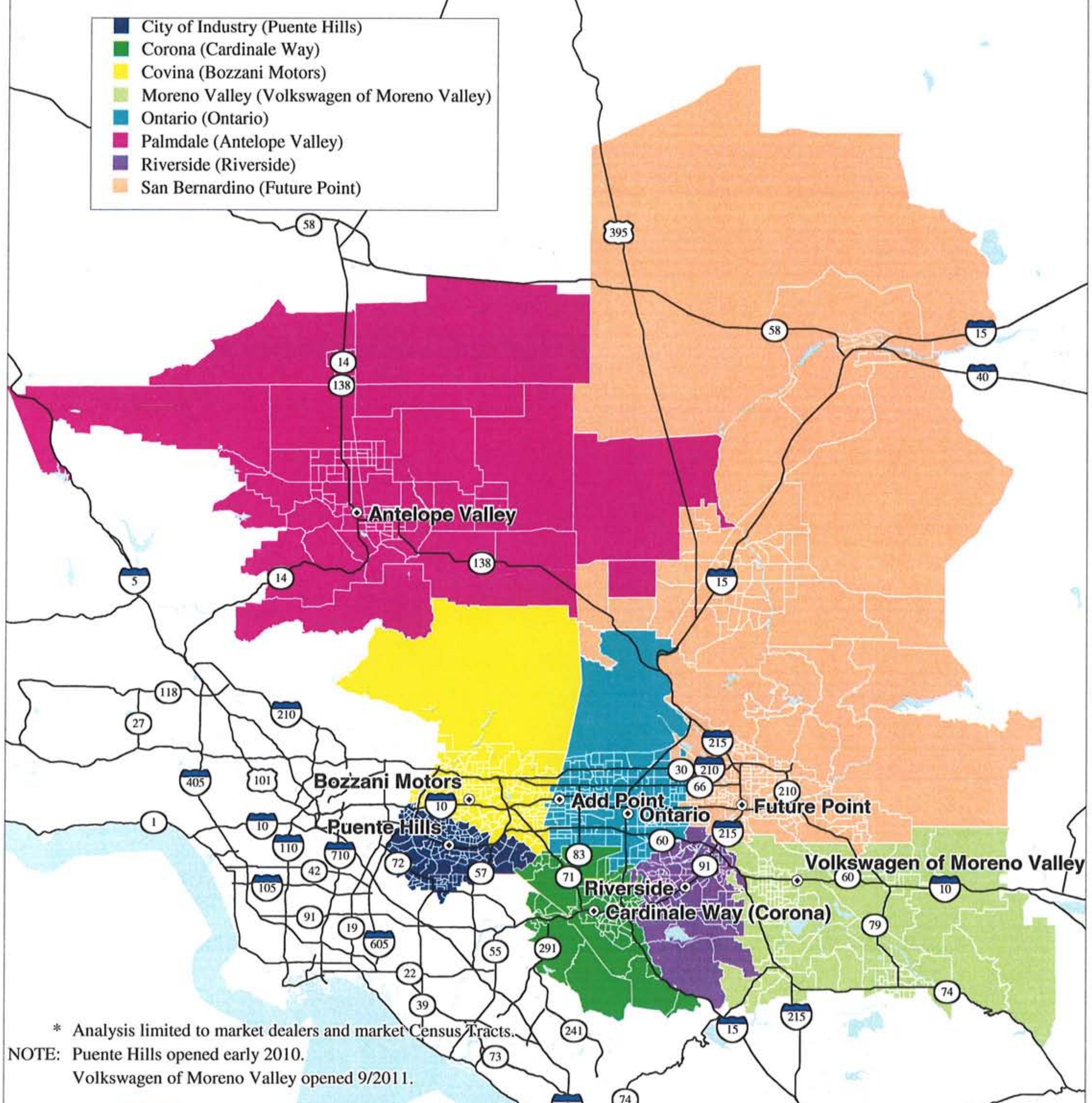
Volkswagen Dealer Areas Based on Drive Distance* Before Add Point with Future Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
1/2013



* Analysis limited to market dealers and market Census Tracts.

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.

DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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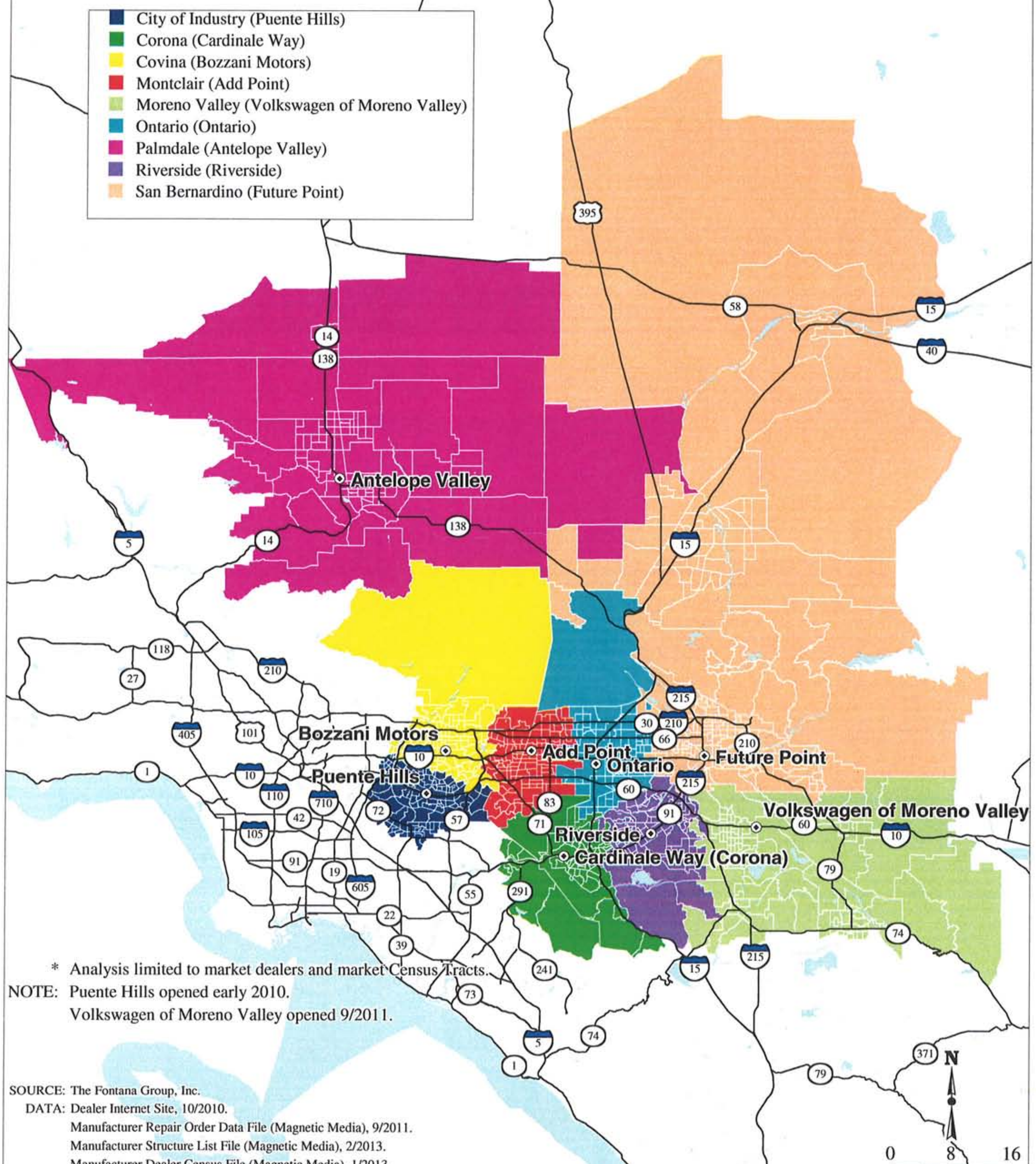
Volkswagen Dealer Areas Based on Drive Distance* After Add Point with Future Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
1/2013



* Analysis limited to market dealers and market Census Tracts.

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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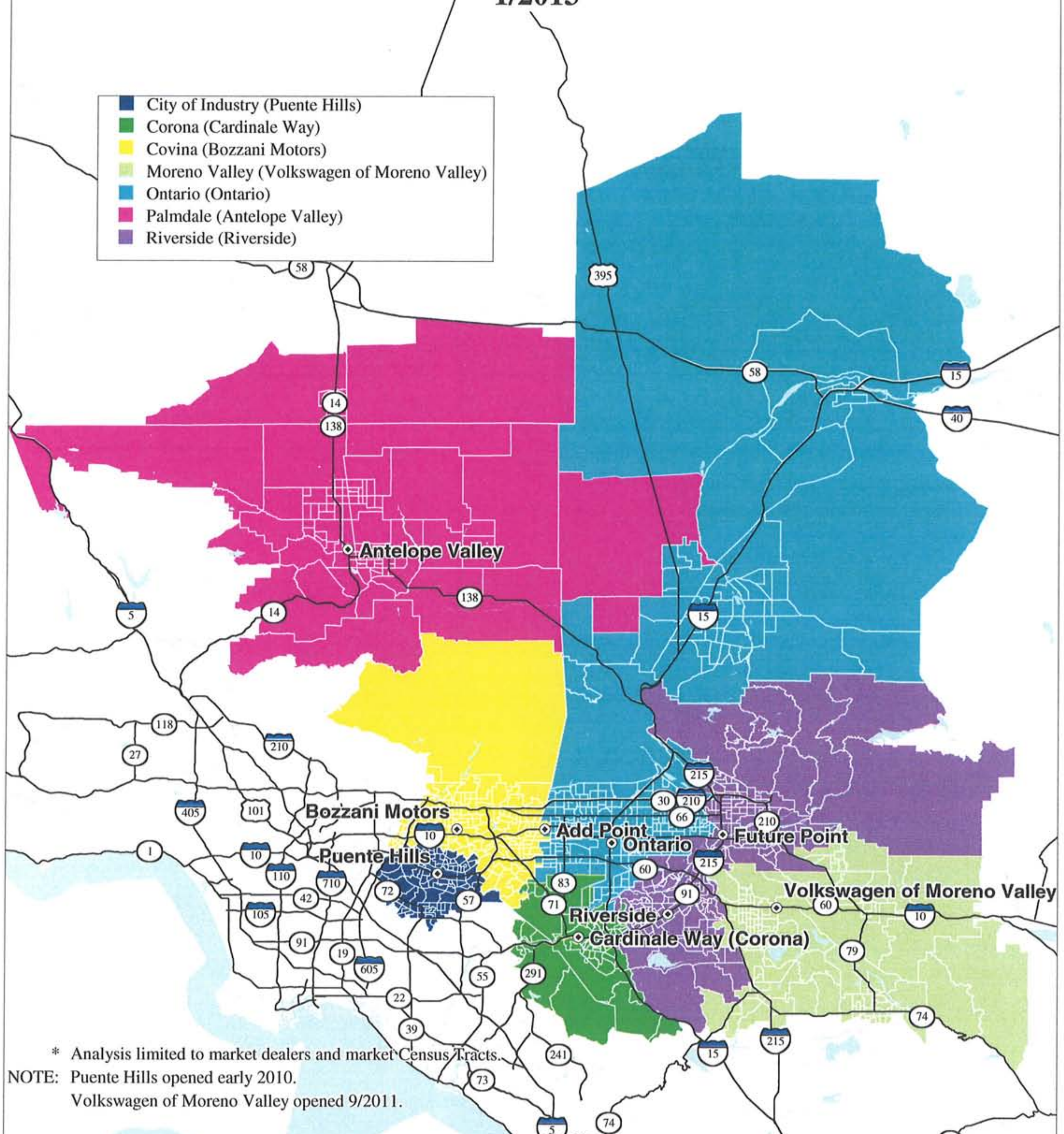
Volkswagen Dealer Areas Based on Drive Time* Before Add Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
1/2013



* Analysis limited to market dealers and market Census Tracts.

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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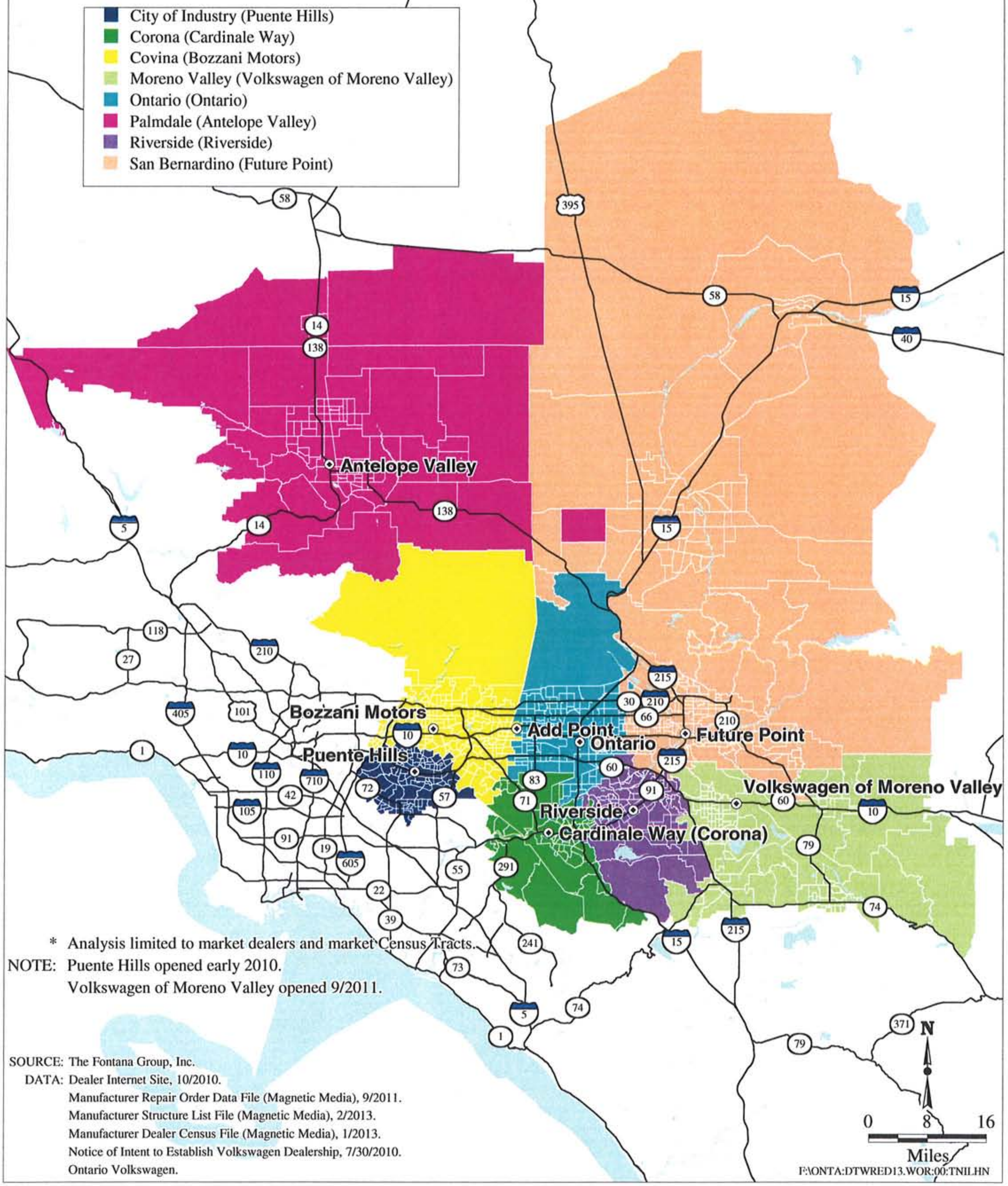
Volkswagen Dealer Areas Based on Drive Time* Before Add Point with Future Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
1/2013



* Analysis limited to market dealers and market Census Tracts.

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.

DATA: Dealer Internet Site, 10/2010.
Manufacturer Repair Order Data File (Magnetic Media), 9/2011.
Manufacturer Structure List File (Magnetic Media), 2/2013.
Manufacturer Dealer Census File (Magnetic Media), 1/2013.
Notice of Intent to Establish Volkswagen Dealership, 7/30/2010.
Ontario Volkswagen.

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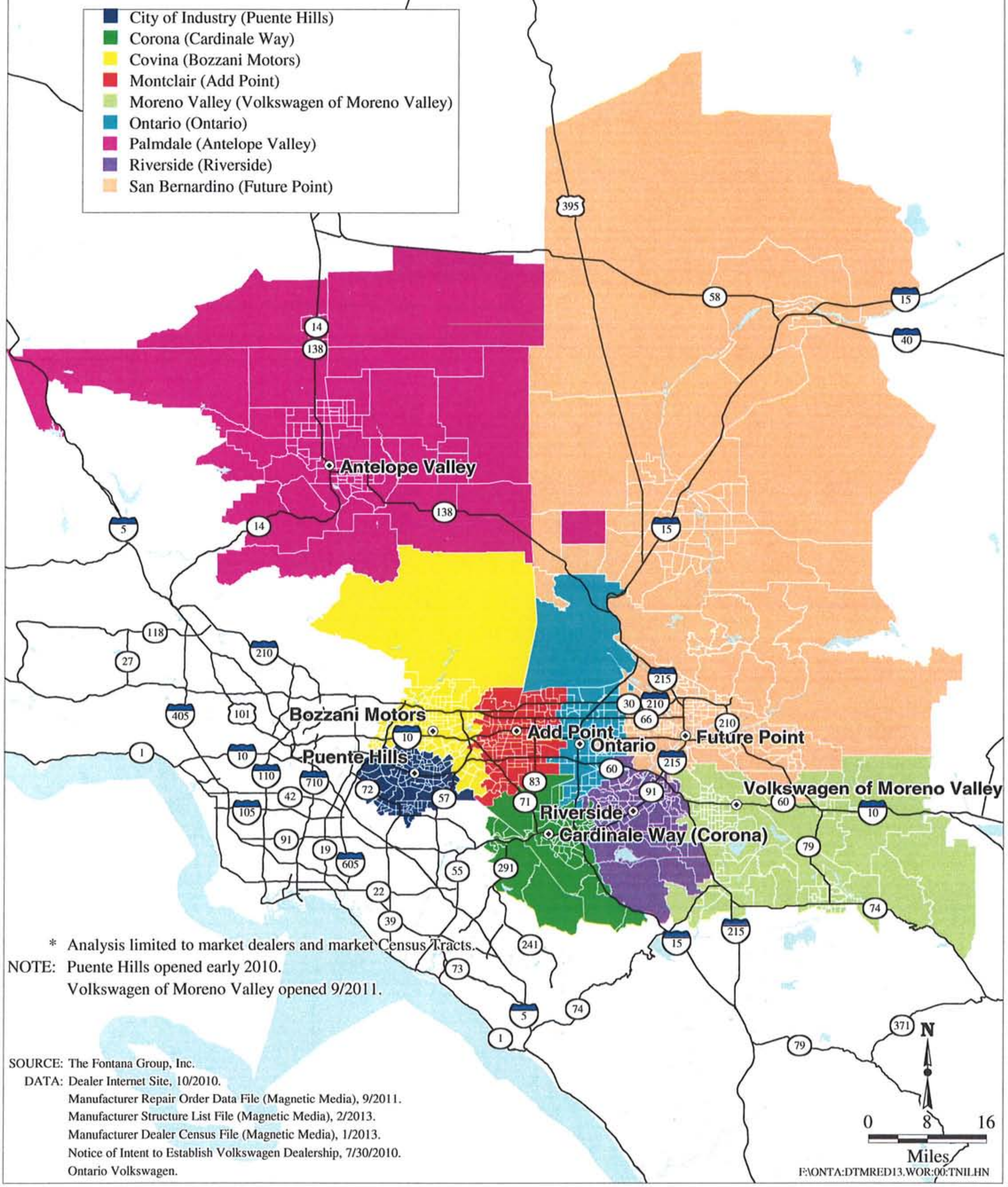
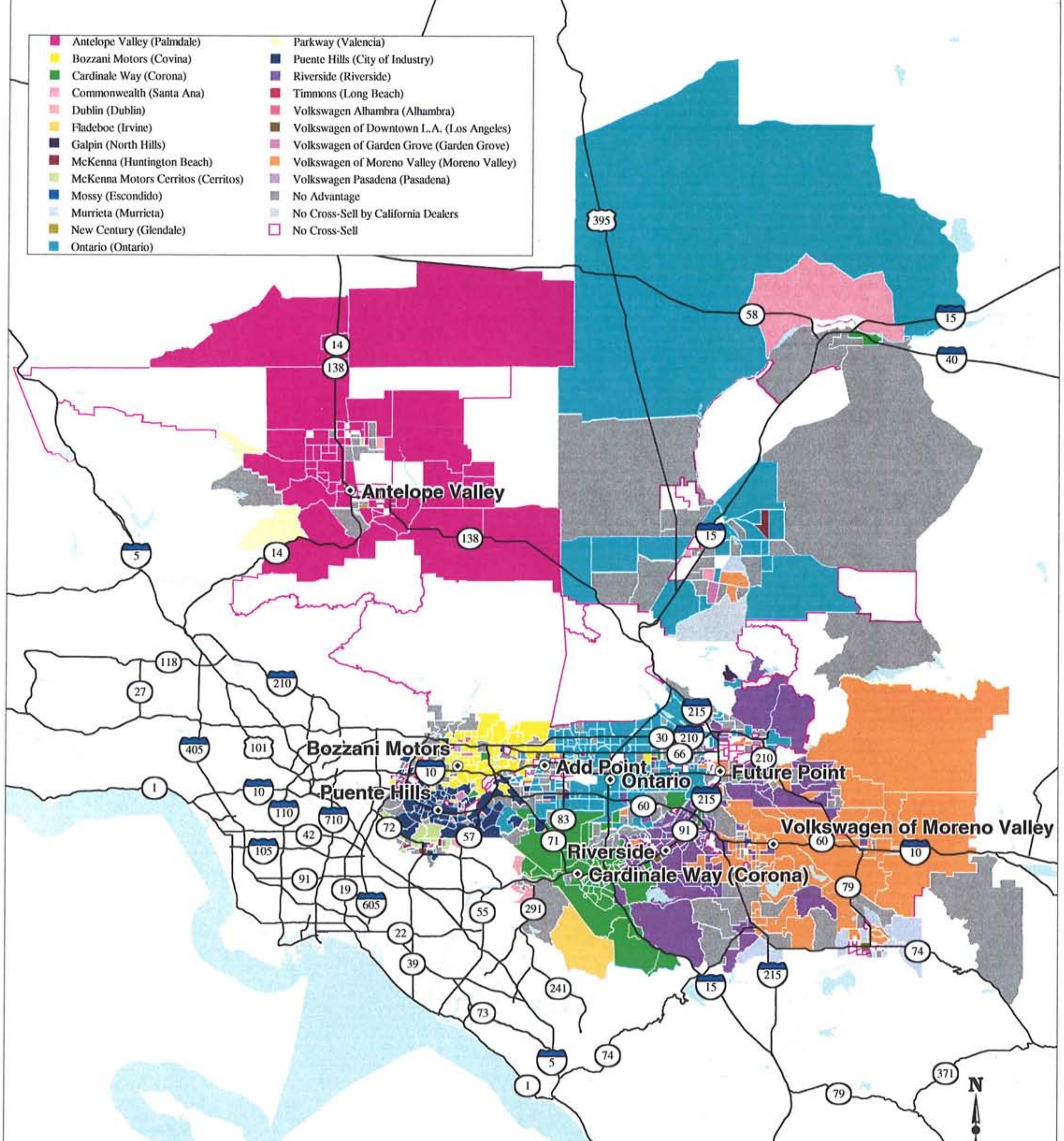
Volkswagen Dealer Areas Based on Drive Time* After Add Point with Future Point
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
1/2013



New Volkswagen Retail Car + Light Truck
Areas of Dealer Sales Advantage
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
2012



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

N

0 8 16
Miles

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Cross-Sell Data File (Magnetic Media), 2012.

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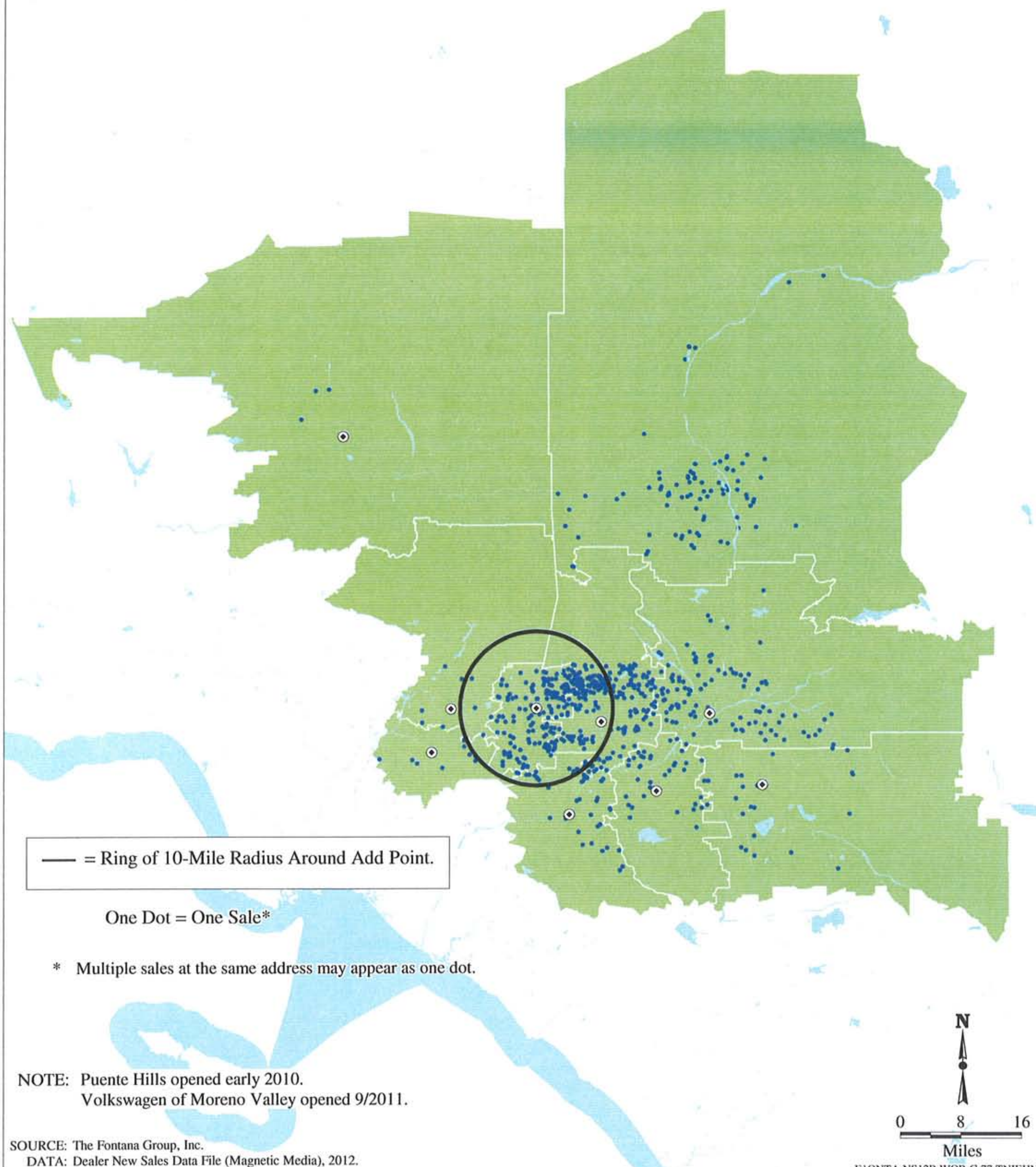
Ontario's New Volkswagen Retail Car + Light Truck Sales
Riverside - San Bernardino Plus Fringe by PAIs After Add Point
2012



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer New Sales Data File (Magnetic Media), 2012.

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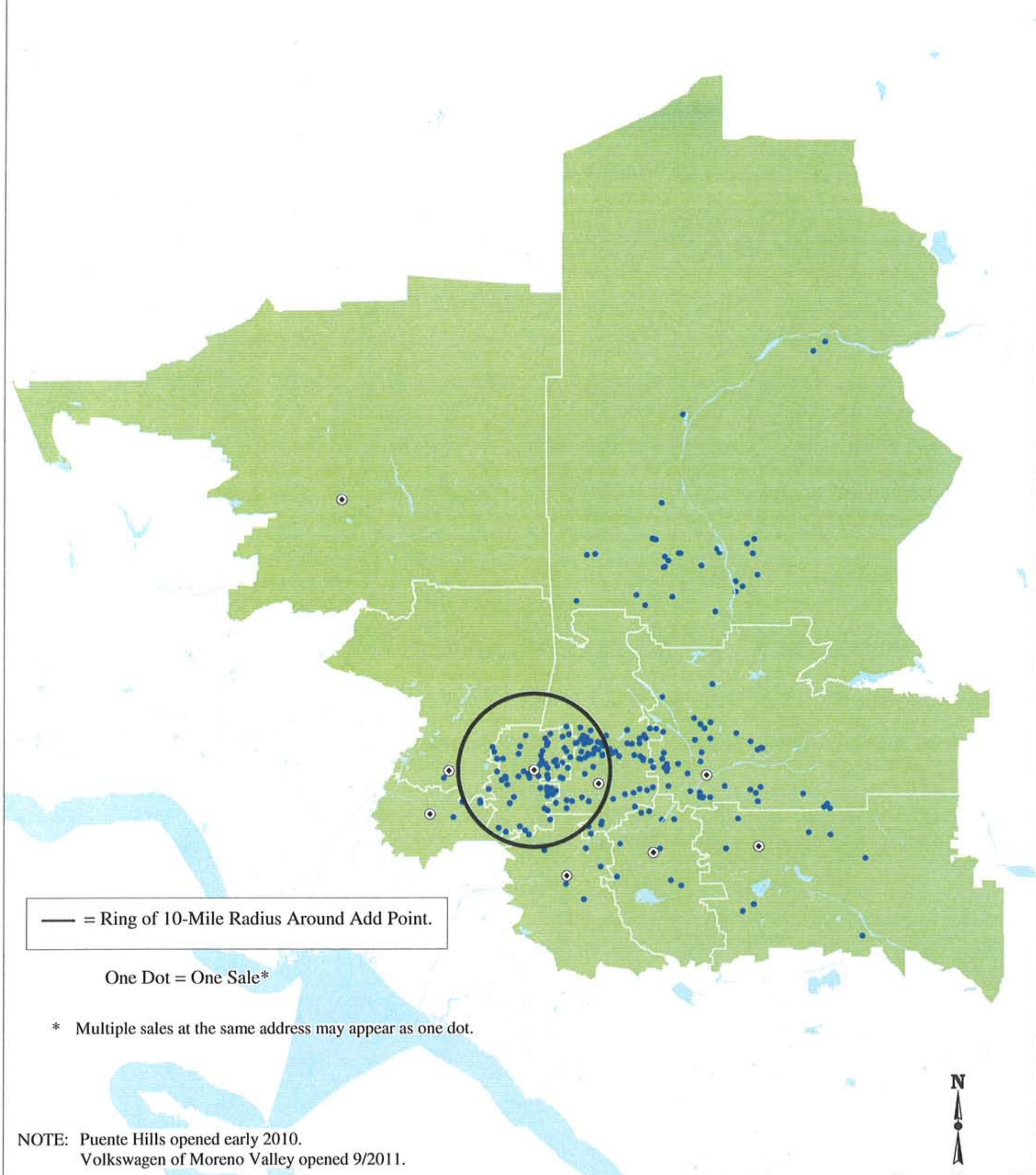
Ontario's Used Volkswagen Retail Car + Light Truck Sales
Riverside - San Bernardino Plus Fringe by PAIs After Add Point
2012



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Used Sales Data File (Magnetic Media), 2012.

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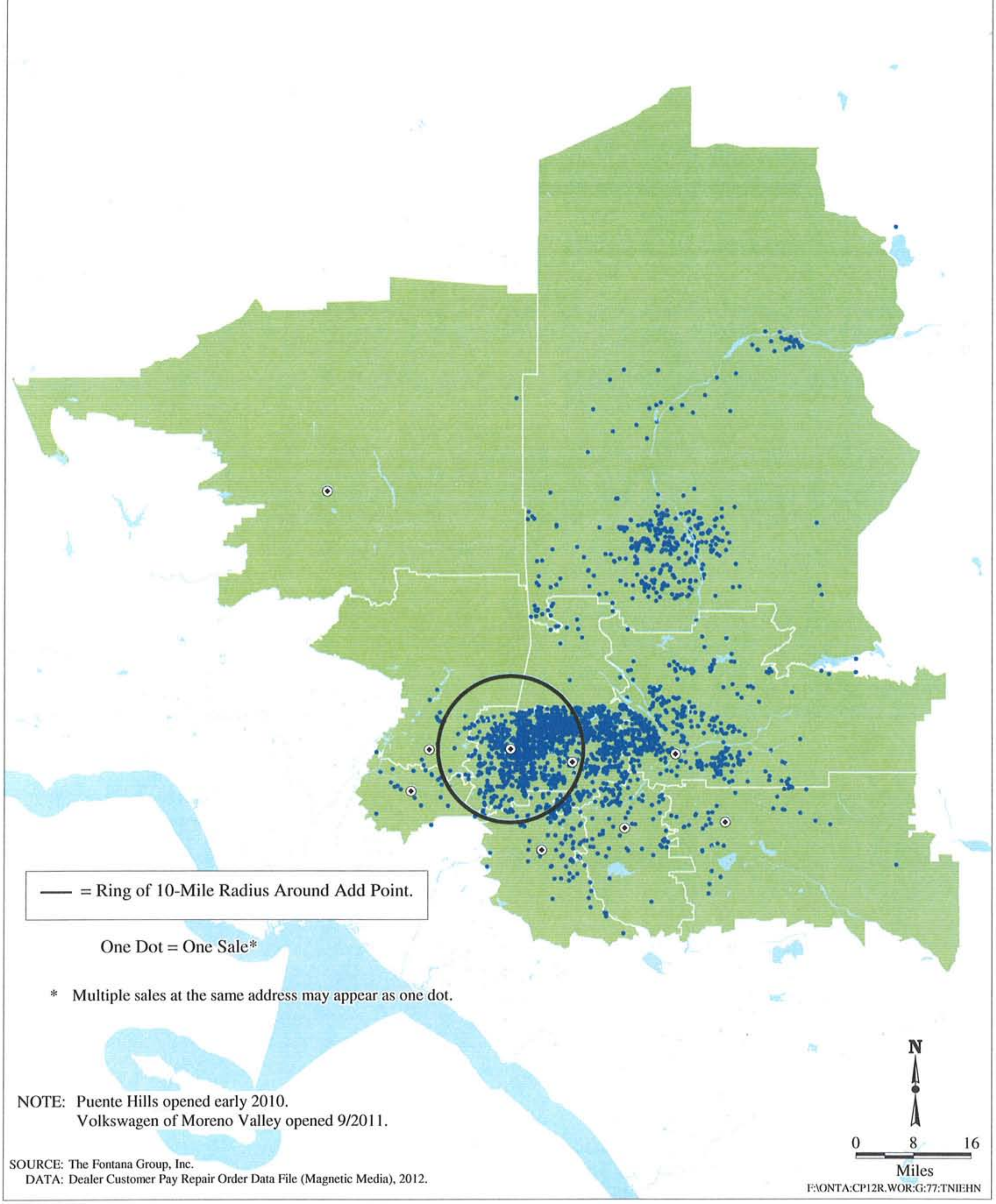
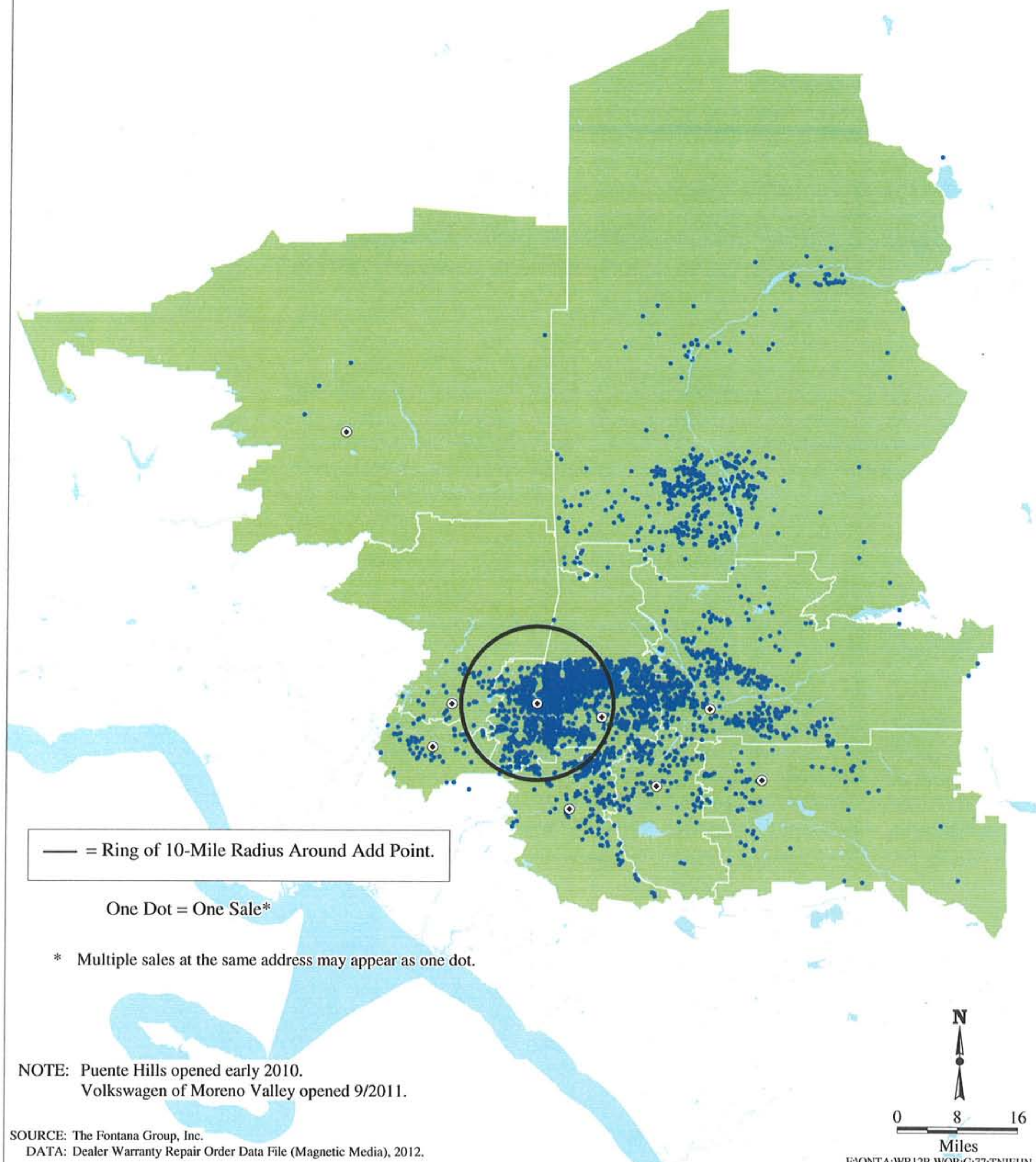
Ontario's Volkswagen Customer Pay Repair Orders
Riverside - San Bernardino Plus Fringe by PAIs After Add Point
2012



Ontario's Volkswagen Warranty Repair Orders
Riverside - San Bernardino Plus Fringe by PAIs After Add Point
2012

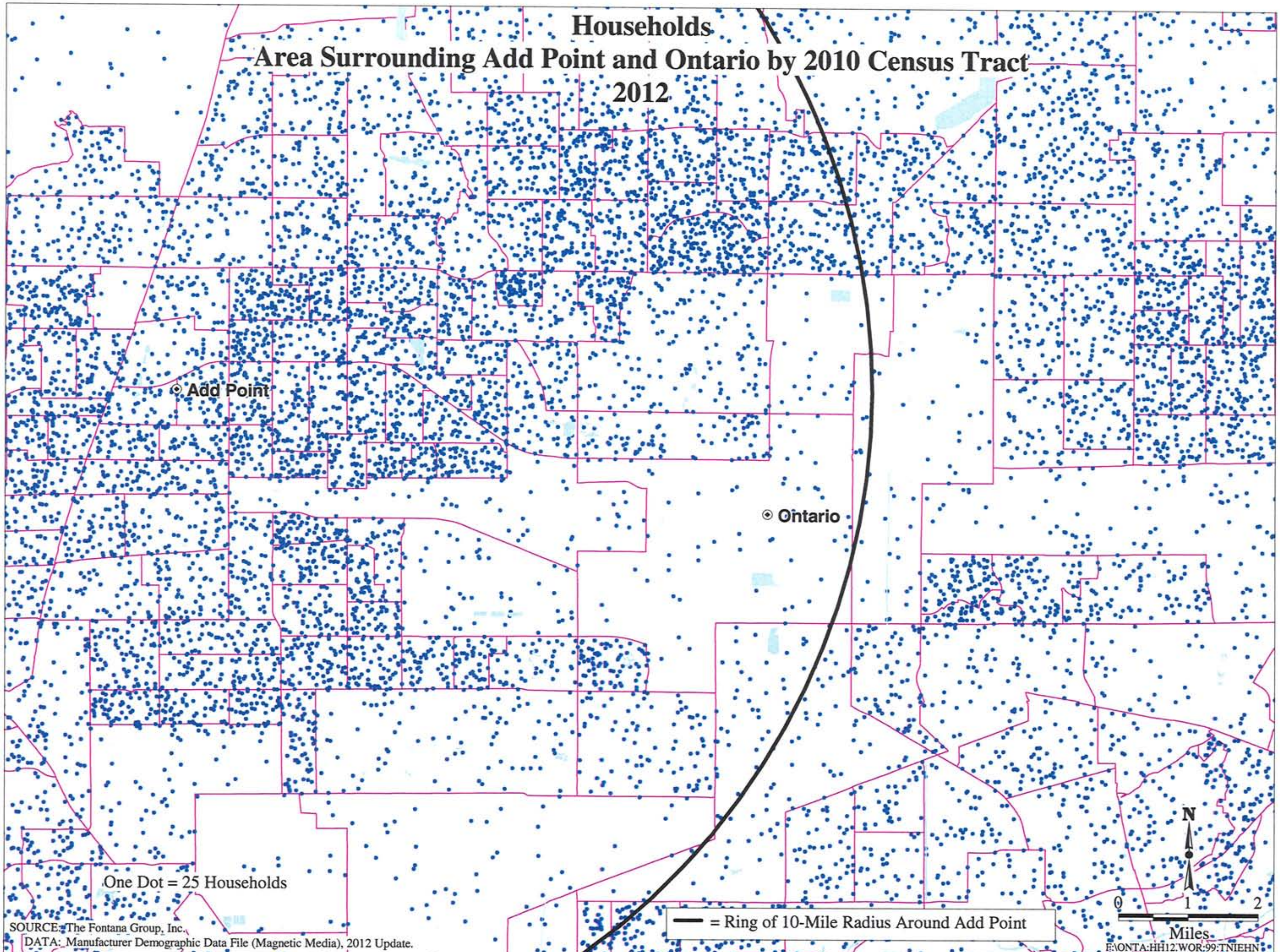


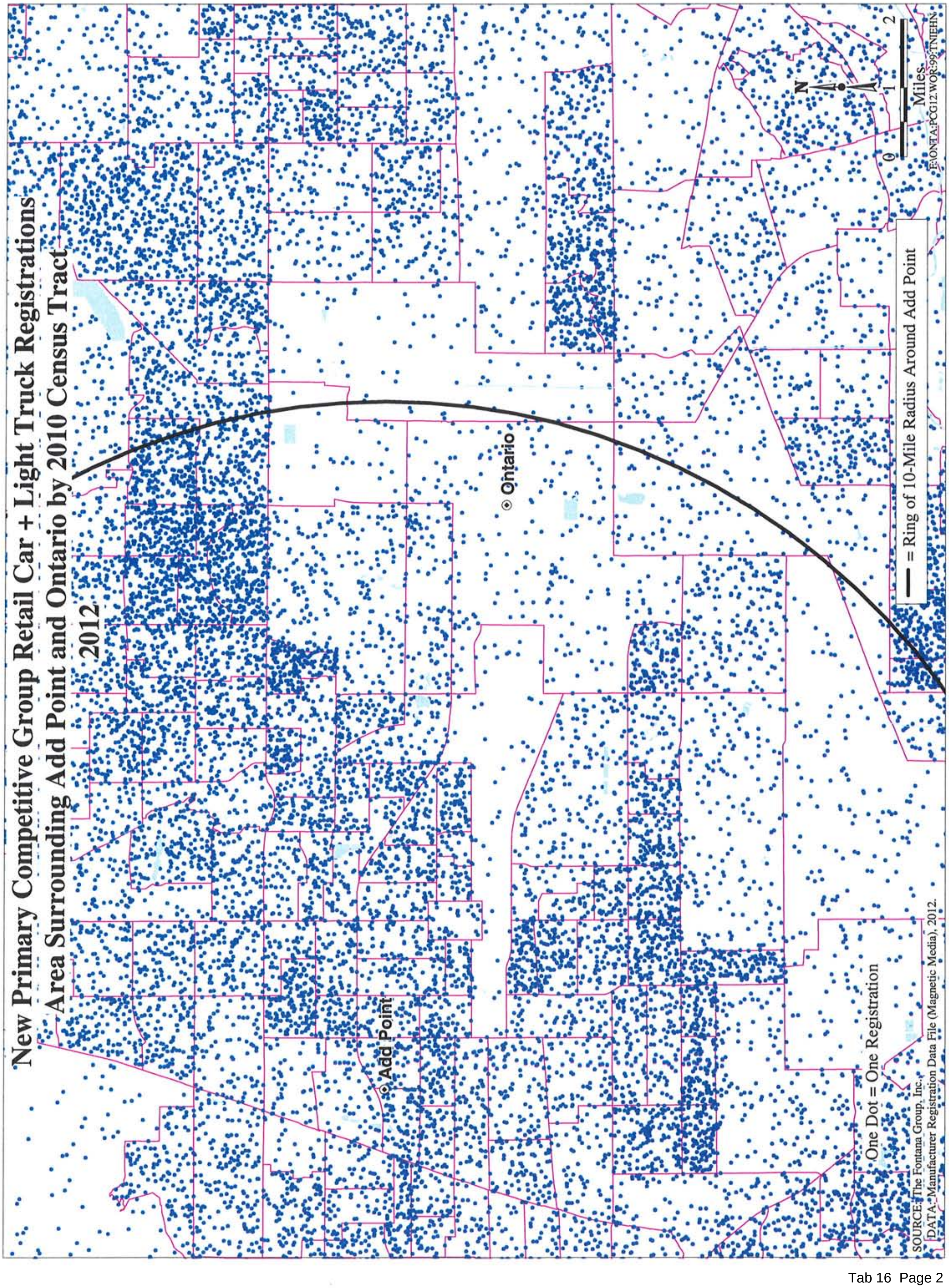
* Multiple sales at the same address may appear as one dot.

NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Warranty Repair Order Data File (Magnetic Media), 2012.

F:\ONTA:WR12R.WOR:G:77:TNIEHN


Households
Area Surrounding Add Point and Ontario by 2010 Census Tract
2012
Add Point
Ontario
One Dot = 25 Households
= Ring of 10-Mile Radius Around Add Point
N
0 1 2
Miles
SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Demographic Data File (Magnetic Media), 2012 Update.
E:\ONTA:HH12.WOR:99:TNIEHN


New Primary Competitive Group Retail Car + Light Truck Registrations
Area Surrounding Add Point and Ontario by 2010 Census Tract
2012
Ontario
Add Point
= Ring of 10-Mile Radius Around Add Point
N
0 1 2
Miles
One Dot = One Registration
SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data File (Magnetic Media), 2012.

Dealer's New Volkswagen Retail Car + Light Truck Sales into 10-Mile RMA
Riverside - San Bernardino Plus Fringe Dealers
2005 - 2012

Dealer	2005	2006	2007	2008	2009	2010	2011	2012
Antelope Valley								
Dealer's 10-Mile RMA Sales	1	1	1	0	0	0	0	0
Dealer's Nationwide Sales	443	444	436	298	227	245	273	368
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Dealer's 10-Mile RMA Sales % Nationwide Sales	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Bozzani Motors								
Dealer's 10-Mile RMA Sales	93	117	145	142	124	106	142	210
Dealer's Nationwide Sales	353	455	566	597	468	371	459	657
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	15.5%	20.1%	25.6%	25.9%	23.1%	16.4%	16.5%	19.6%
Dealer's 10-Mile RMA Sales % Nationwide Sales	26.3%	25.7%	25.6%	23.8%	26.5%	28.6%	30.9%	32.0%
Cardinale Way								
Dealer's 10-Mile RMA Sales	46	54	46	51	54	60	86	84
Dealer's Nationwide Sales	354	429	318	364	366	469	674	671
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	7.7%	9.3%	8.1%	9.3%	10.1%	9.3%	10.0%	7.9%
Dealer's 10-Mile RMA Sales % Nationwide Sales	13.0%	12.6%	14.5%	14.0%	14.8%	12.8%	12.8%	12.5%
Freeway								
Dealer's 10-Mile RMA Sales	4	4	6	2				
Dealer's Nationwide Sales	145	142	197	21				
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	0.7%	0.7%	1.1%	0.4%				
Dealer's 10-Mile RMA Sales % Nationwide Sales	2.8%	2.8%	3.0%	9.5%				
Ontario								
Dealer's 10-Mile RMA Sales	217	219	222	191	217	229	307	320
Dealer's Nationwide Sales	534	569	538	501	597	634	819	860
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	36.2%	37.7%	39.2%	34.9%	40.5%	35.4%	35.7%	29.9%
Dealer's 10-Mile RMA Sales % Nationwide Sales	40.6%	38.5%	41.3%	38.1%	36.3%	36.1%	37.5%	37.2%
Puente Hills								
Dealer's 10-Mile RMA Sales	91	12				73	100	140
Dealer's Nationwide Sales	616	44				480	737	829
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	15.2%	2.1%				11.3%	11.6%	13.1%
Dealer's 10-Mile RMA Sales % Nationwide Sales	14.8%	27.3%				15.2%	13.6%	16.9%
Riverside								
Dealer's 10-Mile RMA Sales	25	26	22	29	22	24	35	57
Dealer's Nationwide Sales	642	515	736	679	594	724	1,011	1,025
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	4.2%	4.5%	3.9%	5.3%	4.1%	3.7%	4.1%	5.3%
Dealer's 10-Mile RMA Sales % Nationwide Sales	3.9%	5.0%	3.0%	4.3%	3.7%	3.3%	3.5%	5.6%
Volkswagen of Moreno Valley								
Dealer's 10-Mile RMA Sales							2	6
Dealer's Nationwide Sales							77	538
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum							0.2%	0.6%
Dealer's 10-Mile RMA Sales % Nationwide Sales							2.6%	1.1%
Other Dealers' 10-Mile RMA Sales	123	148	125	133	119	155	189	252
10-Mile RMA Sum	600	581	567	548	536	647	861	1,069

NOTE: Puente Hills closed in 2006 and re-opened in early 2010.
Freeway closed in early to mid-2008.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Cross-Sell Data File (Magnetic Media), 2005 - 2012.
Manufacturer Nationwide Sales Data File (Magnetic Media), 2005 - 2012.
Volkswagen Dealer Sales Shortfall Ranking Report, 2005.
Sales Effectiveness Shortfall by Volume Report, 2006 - 2007.
F:\ONTA: RMASLS.XLSX:SRSF:13:TNIDHN:RTNILHN:13

Certified Pre-Owned Volkswagen Retail Car + Light Truck Sales into 10-Mile RMA
Riverside - San Bernardino Plus Fringe Dealers
2009 - 2/2013

Dealer	2009	2010	2011	2012	2/2013 YTD
Antelope Valley					
Dealer's 10-Mile RMA Sales	0	0	0	0	0
Dealer's California Sales	67	56	69	106	20
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	0.0%	0.0%	0.0%	0.0%	0.0%
Dealer's 10-Mile RMA Sales % California Sales	0.0%	0.0%	0.0%	0.0%	0.0%
Bozzani Motors					
Dealer's 10-Mile RMA Sales	39	24	46	42	14
Dealer's California Sales	182	113	180	196	39
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	28.5%	18.3%	21.7%	13.8%	22.2%
Dealer's 10-Mile RMA Sales % California Sales	21.4%	21.2%	25.6%	21.4%	35.9%
Cardinale Way					
Dealer's 10-Mile RMA Sales	4	13	15	18	3
Dealer's California Sales	38	134	186	127	21
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	2.9%	9.9%	7.1%	5.9%	4.8%
Dealer's 10-Mile RMA Sales % California Sales	10.5%	9.7%	8.1%	14.2%	14.3%
Ontario					
Dealer's 10-Mile RMA Sales	58	36	57	74	14
Dealer's California Sales	184	121	171	200	30
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	42.3%	27.5%	26.9%	24.3%	22.2%
Dealer's 10-Mile RMA Sales % California Sales	31.5%	29.8%	33.3%	37.0%	46.7%
Puente Hills					
Dealer's 10-Mile RMA Sales		16	10	46	9
Dealer's California Sales		99	84	236	47
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum		12.2%	4.7%	15.1%	14.3%
Dealer's 10-Mile RMA Sales % California Sales		16.2%	11.9%	19.5%	19.1%
Riverside					
Dealer's 10-Mile RMA Sales	5	4	13	5	3
Dealer's California Sales	47	146	229	203	27
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum	3.6%	3.1%	6.1%	1.6%	4.8%
Dealer's 10-Mile RMA Sales % California Sales	10.6%	2.7%	5.7%	2.5%	11.1%
Volkswagen of Moreno Valley					
Dealer's 10-Mile RMA Sales			0	1	0
Dealer's California Sales			4	26	4
Dealer's 10-Mile RMA Sales % 10-Mile RMA Sum			0.0%	0.3%	0.0%
Dealer's 10-Mile RMA Sales % California Sales			0.0%	3.8%	0.0%
Other Dealers' 10-Mile RMA Sales	31	38	71	119	20
10-Mile RMA Sum	137	131	212	305	63

NOTE: Puente Hills opened in early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer CPO Sales Data File (Magnetic Media), 2009 - 2/2013.
F:\ONTA: RMASLSU.XLSX:SRSF:13:TNILHN

Volkswagen Repair Orders
into 10-Mile RMA
Riverside - San Bernardino Plus Fringe Dealers
2009 - 2/2013

Dealer	2009	2010	2011	2012	2/2013 YTD
Antelope Valley					
Dealer's 10-Mile RMA Repair Orders	1	2	3	4	1
Dealer's California Repair Orders	5,643	5,136	5,968	5,866	969
Dealer's 10-Mile RMA ROs % 10-Mile RMA Sum	0.0%	0.0%	0.0%	0.0%	0.1%
Dealer's 10-Mile RMA ROs % California ROs	0.0%	0.0%	0.1%	0.1%	0.1%
Bozzani Motors					
Dealer's 10-Mile RMA Repair Orders	2,127	1,777	1,896	1,943	316
Dealer's California Repair Orders	6,081	4,762	5,153	5,485	780
Dealer's 10-Mile RMA ROs % 10-Mile RMA Sum	30.1%	25.1%	23.0%	22.2%	20.4%
Dealer's 10-Mile RMA ROs % California ROs	35.0%	37.3%	36.8%	35.4%	40.5%
Cardinale Way					
Dealer's 10-Mile RMA Repair Orders	374	534	700	888	208
Dealer's California Repair Orders	2,796	4,383	5,728	6,695	1,126
Dealer's 10-Mile RMA ROs % 10-Mile RMA Sum	5.3%	7.5%	8.5%	10.1%	13.4%
Dealer's 10-Mile RMA ROs % California ROs	13.4%	12.2%	12.2%	13.3%	18.5%
Ontario					
Dealer's 10-Mile RMA Repair Orders	3,286	3,269	3,728	3,733	654
Dealer's California Repair Orders	7,945	7,732	8,748	8,749	1,524
Dealer's 10-Mile RMA ROs % 10-Mile RMA Sum	46.6%	46.1%	45.1%	42.6%	42.2%
Dealer's 10-Mile RMA ROs % California ROs	41.4%	42.3%	42.6%	42.7%	42.9%
Puente Hills					
Dealer's 10-Mile RMA Repair Orders	0	229	578	764	160
Dealer's California Repair Orders	0	1,566	3,430	4,536	845
Dealer's 10-Mile RMA ROs % 10-Mile RMA Sum	0.0%	3.2%	7.0%	8.7%	10.3%
Dealer's 10-Mile RMA ROs % California ROs	n/c	14.6%	16.9%	16.8%	18.9%
Riverside					
Dealer's 10-Mile RMA Repair Orders	159	182	187	194	26
Dealer's California Repair Orders	6,624	7,003	9,230	10,128	1,587
Dealer's 10-Mile RMA ROs % 10-Mile RMA Sum	2.3%	2.6%	2.3%	2.2%	1.7%
Dealer's 10-Mile RMA ROs % California ROs	2.4%	2.6%	2.0%	1.9%	1.6%
Volkswagen of Moreno Valley					
Dealer's 10-Mile RMA Repair Orders	0	0	7	30	8
Dealer's California Repair Orders	0	0	914	3,278	601
Dealer's 10-Mile RMA ROs % 10-Mile RMA Sum	0.0%	0.0%	0.1%	0.3%	0.5%
Dealer's 10-Mile RMA ROs % California ROs	n/c	n/c	0.8%	0.9%	1.3%
Other Dealers' 10-Mile RMA Repair Orders	1,108	1,099	1,159	1,202	175
10-Mile RMA Sum	7,055	7,092	8,258	8,758	1,548

NOTE: n/c = not calculable.
Puente Hills opened early 2010; Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Repair Order Data File (Magnetic Media), 2009 - 2/2013.
F:\ONTA: RORMA13.XLSX:SRSF:99:TKTHHN

New Volkswagen Retail Car + Light Truck Buyer Behavior Report
Riverside - San Bernardino Plus Fringe PAIs After Add Point
2012

Dealer	City of Industry PAI	%	Corona PAI	%	Covina PAI	%	Montclair PAI	%	Moreno Valley PAI	%	Ontario PAI	%	Palmdale PAI	%	Riverside PAI	%	San Bernardino PAI	%	Victorville PAI	%	Nationwide Sales
Puente Hills	282	34.0%	18	2.2%	66	8.0%	67	8.1%	3	0.4%	38	4.6%	2	0.2%	5	0.6%	3	0.4%	1	0.1%	829
% PAI Sum	44.3%		3.2%		14.8%		12.4%		0.6%		7.1%		0.5%		1.1%		0.8%		0.5%		
Cardinale Way	7	1.0%	273	40.7%	7	1.0%	42	6.3%	10	1.5%	54	8.0%	0	0.0%	74	11.0%	14	2.1%	15	2.2%	671
% PAI Sum	1.1%		48.9%		1.6%		7.8%		2.1%		10.0%		0.0%		16.4%		3.7%		7.1%		
Bozzani Motors	56	8.5%	8	1.2%	209	31.8%	99	15.1%	1	0.2%	27	4.1%	1	0.2%	0	0.0%	5	0.8%	6	0.9%	657
% PAI Sum	8.8%		1.4%		46.8%		18.4%		0.2%		5.0%		0.2%		0.0%		1.3%		2.8%		
Add Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Volkswagen of Moreno Valley	2	0.4%	9	1.7%	3	0.6%	5	0.9%	227	42.2%	7	1.3%	1	0.2%	37	6.9%	77	14.3%	17	3.2%	538
% PAI Sum	0.3%		1.6%		0.7%		0.9%		47.9%		1.3%		0.2%		8.2%		20.3%		8.1%		
Ontario	11	1.3%	41	4.8%	8	0.9%	167	19.4%	22	2.6%	259	30.1%	3	0.3%	34	4.0%	103	12.0%	85	9.9%	860
% PAI Sum	1.7%		7.3%		1.8%		31.0%		4.6%		48.1%		0.7%		7.5%		27.1%		40.3%		
Antelope Valley	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	269	73.1%	0	0.0%	0	0.0%	8	2.2%	368
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		61.8%		0.0%		0.0%		3.8%		
Riverside	13	1.3%	68	6.6%	7	0.7%	28	2.7%	100	9.8%	54	5.3%	1	0.1%	246	24.0%	128	12.5%	23	2.2%	1,025
% PAI Sum	2.0%		12.2%		1.6%		5.2%		21.1%		10.0%		0.2%		54.4%		33.7%		10.9%		
San Bernardio Open Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Victorville Open Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Other	266		141		147		131		111		99		158		56		50		56		
% PAI Sum	41.8%		25.3%		32.9%		24.3%		23.4%		18.4%		36.3%		12.4%		13.2%		26.5%		
Sum	637		558		447		539		474		538		435		452		380		211		
% PAI Sum	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		

NOTE: n/c = not calculable.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Cross-Sell Data File (Magnetic Media), 2012.
Manufacturer Nationwide Sales Data File (Magnetic Media), 2012.
F:\ONTA: BUYBEHR.XLSX:S12A:13:TNIOHN

Ontario Volkswagen New Retail Car + Light Truck Sales
Riverside - San Bernardino Plus Fringe PAIs After Add Point
2005 - 2012

	City of Industry (Puente Hills)		Corona (Cardinale Way)		Covina (Bozzani Motors)		Montclair (Add Point)		Moreno Valley (Volkswagen of Moreno Valley)		Ontario (Ontario)		Palmdale (Antelope Valley)		Riverside (Riverside)		San Bernardino (Open Point)		Victorville (Open Point)		Nationwide
Year	PAI	%	PAI	%	PAI	%	PAI	%	PAI	%	PAI	%	PAI	%	PAI	%	PAI	%	PAI	%	Sales
2005	2	0.4%	26	4.9%	12	2.2%	119	22.3%	12	2.2%	155	29.0%	0	0.0%	26	4.9%	62	11.6%	54	10.1%	534
% PAI Sum	0.5%		10.0%		5.1%		36.8%		8.6%		56.2%		0.0%		8.4%		21.1%		46.2%		
2006	15	2.6%	27	4.7%	19	3.3%	112	19.7%	9	1.6%	163	28.6%	0	0.0%	31	5.4%	54	9.5%	55	9.7%	569
% PAI Sum	4.7%		11.0%		8.1%		35.6%		8.2%		58.4%		0.0%		12.6%		19.4%		43.7%		
2007	15	2.8%	30	5.6%	17	3.2%	125	23.2%	10	1.9%	159	29.6%	1	0.2%	23	4.3%	50	9.3%	46	8.6%	538
% PAI Sum	4.7%		13.5%		7.0%		39.9%		8.1%		55.8%		0.3%		7.2%		15.1%		38.0%		
2008	11	2.2%	28	5.6%	15	3.0%	110	22.0%	12	2.4%	132	26.3%	0	0.0%	17	3.4%	49	9.8%	46	9.2%	501
% PAI Sum	3.6%		9.6%		6.0%		37.8%		11.5%		55.0%		0.0%		6.7%		21.6%		50.5%		
2009	16	2.7%	33	5.5%	17	2.8%	116	19.4%	17	2.8%	147	24.6%	1	0.2%	20	3.4%	59	9.9%	55	9.2%	597
% PAI Sum	5.8%		12.1%		8.6%		40.4%		17.5%		65.6%		0.4%		9.0%		30.9%		55.0%		
2010	6	0.9%	39	6.2%	19	3.0%	126	19.9%	17	2.7%	148	23.3%	0	0.0%	23	3.6%	78	12.3%	73	11.5%	634
% PAI Sum	1.5%		10.3%		7.3%		37.1%		9.3%		56.3%		0.0%		9.4%		33.8%		54.9%		
2011	12	1.5%	57	7.0%	15	1.8%	170	20.8%	30	3.7%	212	25.9%	0	0.0%	39	4.8%	94	11.5%	81	9.9%	819
% PAI Sum	2.2%		11.7%		4.3%		36.3%		10.6%		53.1%		0.0%		10.0%		28.7%		48.5%		
2012	11	1.3%	41	4.8%	8	0.9%	167	19.4%	22	2.6%	259	30.1%	3	0.3%	34	4.0%	103	12.0%	85	9.9%	860
% PAI Sum	1.7%		7.3%		1.8%		31.0%		4.6%		48.1%		0.7%		7.5%		27.1%		40.3%		
2005 - 2012	88	1.7%	281	5.6%	122	2.4%	1,045	20.7%	129	2.6%	1,375	27.2%	5	0.1%	213	4.2%	549	10.9%	495	9.8%	5,052
% PAI Sum	2.8%		10.3%		5.5%		36.3%		8.5%		54.9%		0.2%		8.7%		24.3%		46.4%		

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Cross-Sell Data File (Magnetic Media), 2005 - 2012.
Manufacturer Nationwide Sales Data File (Magnetic Media), 2005 - 2012.
F:\ONTA: BUYBEHR.XLSX:SAFT:13:TNIOHN

Certified Pre-Owned Volkswagen Retail Car + Light Truck Buyer Behavior Report
Riverside - San Bernardino Plus Fringe PAIs After Add Point
2012

Dealer	City of Industry PAI	%	Corona PAI	%	Covina PAI	%	Montclair PAI	%	Moreno Valley PAI	%	Ontario PAI	%	Palmdale PAI	%	Riverside PAI	%	San Bernardino PAI	%	Victorville PAI	%	California Sales
Puente Hills	68	28.8%	2	0.8%	15	6.4%	31	13.1%	4	1.7%	7	3.0%	1	0.4%	1	0.4%	5	2.1%	1	0.4%	236
% PAI Sum	42.0%		1.5%		11.9%		17.7%		4.3%		5.8%		0.8%		0.8%		4.5%		1.9%		
Cardinale Way	1	0.8%	58	45.7%	3	2.4%	11	8.7%	1	0.8%	6	4.7%	1	0.8%	7	5.5%	8	6.3%	2	1.6%	127
% PAI Sum	0.6%		44.3%		2.4%		6.3%		1.1%		5.0%		0.8%		5.6%		7.2%		3.8%		
Bozzani Motors	6	3.1%	5	2.6%	57	29.1%	18	9.2%	1	0.5%	14	7.1%	1	0.5%	1	0.5%	0	0.0%	1	0.5%	196
% PAI Sum	3.7%		3.8%		45.2%		10.3%		1.1%		11.6%		0.8%		0.8%		0.0%		1.9%		
Add Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Volkswagen of Moreno Valley	0	0.0%	2	7.7%	0	0.0%	0	0.0%	10	38.5%	1	3.8%	0	0.0%	5	19.2%	5	19.2%	0	0.0%	26
% PAI Sum	0.0%		1.5%		0.0%		0.0%		10.8%		0.8%		0.0%		4.0%		4.5%		0.0%		
Ontario	4	2.0%	6	3.0%	1	0.5%	45	22.5%	7	3.5%	50	25.0%	0	0.0%	9	4.5%	32	16.0%	22	11.0%	200
% PAI Sum	2.5%		4.6%		0.8%		25.7%		7.5%		41.3%		0.0%		7.2%		28.8%		41.5%		
Antelope Valley	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	85	80.2%	0	0.0%	0	0.0%	2	1.9%	106
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		68.5%		0.0%		0.0%		3.8%		
Riverside	0	0.0%	14	6.9%	0	0.0%	2	1.0%	30	14.8%	8	3.9%	0	0.0%	75	36.9%	26	12.8%	7	3.4%	203
% PAI Sum	0.0%		10.7%		0.0%		1.1%		32.3%		6.6%		0.0%		60.0%		23.4%		13.2%		
San Bernardino Open Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Victorville Open Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Other	83		44		50		68		40		35		36		27		35		18		
% PAI Sum	51.2%		33.6%		39.7%		38.9%		43.0%		28.9%		29.0%		21.6%		31.5%		34.0%		
Sum	162		131		126		175		93		121		124		125		111		53		
% PAI Sum	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		

NOTE: n/c = not calculable.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer CPO Sales Data File (Magnetic Media), 2012.
F:\ONTA: BUYBEHUR.XLSX:S12A:13:TNIDHN

Volkswagen Service Vehicle Buyer Behavior Report
Riverside - San Bernardino Plus Fringe PAIs After Add Point
2012

Dealer	City of Industry PAI	%	Corona PAI	%	Covina PAI	%	Montclair PAI	%	Moreno Valley PAI	%	Ontario PAI	%	Palmdale PAI	%	Riverside PAI	%	San Bernardino PAI	%	Victorville PAI	%	California Service Vehicles
Puente Hills	1,360	51.5%	56	2.1%	221	8.4%	225	8.5%	7	0.3%	60	2.3%	5	0.2%	6	0.2%	8	0.3%	7	0.3%	2,641
% PAI Sum	47.9%		1.7%		9.7%		8.6%		0.3%		2.2%		0.2%		0.2%		0.4%		0.7%		
Cardinale Way	36	1.0%	2,089	59.0%	9	0.3%	200	5.6%	45	1.3%	319	9.0%	0	0.0%	255	7.2%	69	1.9%	24	0.7%	3,542
% PAI Sum	1.3%		64.1%		0.4%		7.6%		1.8%		11.8%		0.0%		7.2%		3.1%		2.4%		
Bozzani Motors	354	11.0%	39	1.2%	1,503	46.8%	575	17.9%	3	0.1%	97	3.0%	2	0.1%	7	0.2%	18	0.6%	25	0.8%	3,209
% PAI Sum	12.5%		1.2%		66.0%		21.9%		0.1%		3.6%		0.1%		0.2%		0.8%		2.5%		
Add Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Volkswagen of Moreno Valley	0	0.0%	18	1.0%	1	0.1%	12	0.6%	1,364	72.2%	22	1.2%	2	0.1%	84	4.4%	217	11.5%	18	1.0%	1,890
% PAI Sum	0.0%		0.6%		0.0%		0.5%		53.8%		0.8%		0.1%		2.4%		9.8%		1.8%		
Ontario	46	0.9%	214	4.1%	45	0.9%	1,165	22.4%	77	1.5%	1,759	33.8%	4	0.1%	157	3.0%	714	13.7%	633	12.2%	5,208
% PAI Sum	1.6%		6.6%		2.0%		44.4%		3.0%		65.2%		0.2%		4.4%		32.1%		63.4%		
Antelope Valley	1	0.0%	0	0.0%	1	0.0%	1	0.0%	0	0.0%	5	0.2%	2,002	78.8%	1	0.0%	3	0.1%	52	2.0%	2,540
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.2%		85.3%		0.0%		0.1%		5.2%		
Riverside	9	0.2%	294	5.5%	9	0.2%	46	0.9%	527	9.9%	163	3.1%	5	0.1%	2,866	53.7%	955	17.9%	101	1.9%	5,338
% PAI Sum	0.3%		9.0%		0.4%		1.8%		20.8%		6.0%		0.2%		80.6%		43.0%		10.1%		
San Bernardino Open Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Victorville Open Point	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0	n/c	0
% PAI Sum	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		
Other	1,035		551		487		401		513		273		327		178		238		139		
% PAI Sum	36.4%		16.9%		21.4%		15.3%		20.2%		10.1%		13.9%		5.0%		10.7%		13.9%		
Sum	2,841		3,261		2,276		2,625		2,536		2,698		2,347		3,554		2,222		999		
% PAI Sum	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		

NOTE: n/c = not calculable.

SOURCE: The Fontana Group, Inc
DATA: Manufacturer Repair Order Data File (Magnetic Media), 2012.
F:\ONTA: SVCUIO13.XLSX:SS12:99:TKTHHN

Ontario's New Volkswagen Retail Car + Light Truck Sales
Closer in Air Distance, Drive Time and Drive Distance
to Add Point Than to Ontario
Riverside - San Bernardino Plus Fringe
2012

Air Distance

Ontario's New Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's New Volkswagen Sales	Percent of Ontario's New Volkswagen Sales Closer to Add Point Than to Ontario
224	734	30.5%

Drive Time

Ontario's New Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's New Volkswagen Sales	Percent of Ontario's New Volkswagen Sales Closer to Add Point Than to Ontario
239	734	32.6%

Drive Distance

Ontario's New Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's New Volkswagen Sales	Percent of Ontario's New Volkswagen Sales Closer to Add Point Than to Ontario
221	734	30.1%

SOURCE: The Fontana Group, Inc.
DATA: Dealer New Sales Data File (Magnetic Media), 2012.
F:\ONTA: CTDDC.XLSX:SNSL:G:77:TNIEHN

Ontario's Used Volkswagen Retail Car + Light Truck Sales
Closer in Air Distance, Drive Time and Drive Distance
to Add Point Than to Ontario
Riverside - San Bernardino Plus Fringe
2012

Air Distance

Ontario's Used Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's Used Volkswagen Sales	Percent of Ontario's Used Volkswagen Sales Closer to Add Point Than to Ontario
76	237	32.1%

Drive Time

Ontario's Used Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's Used Volkswagen Sales	Percent of Ontario's Used Volkswagen Sales Closer to Add Point Than to Ontario
80	237	33.8%

Drive Distance

Ontario's Used Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's Used Volkswagen Sales	Percent of Ontario's Used Volkswagen Sales Closer to Add Point Than to Ontario
73	237	30.8%

SOURCE: The Fontana Group, Inc.
DATA: Dealer Used Sales Data File (Magnetic Media), 2012.
F:\ONTA: CTDDC.XLSX:SUSL:G:77:TNIEHN

Ontario's Certified Pre-Owned Volkswagen Retail Car + Light Truck Sales
Closer in Air Distance, Drive Time and Drive Distance
to Add Point Than to Ontario
Riverside - San Bernardino Plus Fringe
2012

Air Distance

Ontario's Certified Pre-Owned Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's Certified Pre-Owned Volkswagen Sales	Percent of Ontario's Certified Pre-Owned Volkswagen Sales Closer to Add Point Than to Ontario
54	176	30.7%

Drive Time

Ontario's Certified Pre-Owned Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's Certified Pre-Owned Volkswagen Sales	Percent of Ontario's Certified Pre-Owned Volkswagen Sales Closer to Add Point Than to Ontario
58	176	33.0%

Drive Distance

Ontario's Certified Pre-Owned Volkswagen Sales Closer to Add Point Than to Ontario	Ontario's Certified Pre-Owned Volkswagen Sales	Percent of Ontario's Certified Pre-Owned Volkswagen Sales Closer to Add Point Than to Ontario
52	176	29.5%

SOURCE: The Fontana Group, Inc.
DATA: Dealer Customer Pre-Owned Sales Data File (Magnetic Media), 2012.
F:\ONTA: CTDDC.XLSX:SCPO:G:77:TNIEHN

Ontario's Volkswagen Customer Pay Repair Orders
Closer in Air Distance, Drive Time and Drive Distance
to Add Point Than to Ontario
Riverside - San Bernardino Plus Fringe
2012

Air Distance

Ontario's Volkswagen Customer Pay Repair Orders Closer to Add Point Than to Ontario	Ontario's Volkswagen Customer Pay Repair Orders	Percent of Ontario's Volkswagen Customer Pay Repair Orders Closer to Add Point Than to Ontario
1,094	3,968	27.6%

Drive Time

Ontario's Volkswagen Customer Pay Repair Orders Closer to Add Point Than to Ontario	Ontario's Volkswagen Customer Pay Repair Orders	Percent of Ontario's Volkswagen Customer Pay Repair Orders Closer to Add Point Than to Ontario
1,181	3,968	29.8%

Drive Distance

Ontario's Volkswagen Customer Pay Repair Orders Closer to Add Point Than to Ontario	Ontario's Volkswagen Customer Pay Repair Orders	Percent of Ontario's Volkswagen Customer Pay Repair Orders Closer to Add Point Than to Ontario
1,078	3,968	27.2%

SOURCE: The Fontana Group, Inc.
DATA: Dealer Customer Pay Repair Order Data File (Magnetic Media), 2012.
F:\ONTA: CTDDC.XLSX:SCRO:G:77:TNIEHN

Ontario's Volkswagen Warranty Repair Orders
Closer in Air Distance, Drive Time and Drive Distance
to Add Point Than to Ontario
Riverside - San Bernardino Plus Fringe
2012

Air Distance

Ontario's Volkswagen Warranty Repair Orders Closer to Add Point Than to Ontario	Ontario's Volkswagen Warranty Repair Orders	Percent of Ontario's Volkswagen Warranty Repair Orders Closer to Add Point Than to Ontario
1,650	5,663	29.1%

Drive Time

Ontario's Volkswagen Warranty Repair Orders Closer to Add Point Than to Ontario	Ontario's Volkswagen Warranty Repair Orders	Percent of Ontario's Volkswagen Warranty Repair Orders Closer to Add Point Than to Ontario
1,815	5,663	32.1%

Drive Distance

Ontario's Volkswagen Warranty Repair Orders Closer to Add Point Than to Ontario	Ontario's Volkswagen Warranty Repair Orders	Percent of Ontario's Volkswagen Warranty Repair Orders Closer to Add Point Than to Ontario
1,662	5,663	29.3%

SOURCE: The Fontana Group, Inc.
DATA: Dealer Warranty Repair Order Data File (Magnetic Media), 2012.
F:\ONTA: CTDDC.XLSX:SWRO:G:77:TNIEHN

Ontario's Wholesale Parts Customers
Closer in Air Distance, Drive Time and Drive Distance
to Add Point Than to Ontario
Riverside - San Bernardino Plus Fringe
2012

Air Distance

Ontario's Wholesale Parts Customers Closer to Add Point Than to Ontario	Ontario's Wholesale Parts Customers	Percent of Ontario's Wholesale Parts Customers Closer to Add Point Than to Ontario
403	922	43.7%

Drive Time

Ontario's Wholesale Parts Customers Closer to Add Point Than to Ontario	Ontario's Wholesale Parts Customers	Percent of Ontario's Wholesale Parts Customers Closer to Add Point Than to Ontario
433	922	47.0%

Drive Distance

Ontario's Wholesale Parts Customers Closer to Add Point Than to Ontario	Ontario's Wholesale Parts Customers	Percent of Ontario's Wholesale Parts Customers Closer to Add Point Than to Ontario
417	922	45.2%

SOURCE: The Fontana Group, Inc.
DATA: Dealer Wholesale Parts Customer Data File (Magnetic Media), 2012.
F:\ONTA: CTDDC.XLSX:SPWC:G:77:TNIEHN

New Primary Competitive Group Retail
Car + Light Truck Registration Change
Ontario Dealer Area *Based on Drive Distance* Before and After
Montclair Add Point With and Without Future Point
2012

Ontario Dealer Area	Volkswagen Registrations	Primary Competitive Group Registrations
Existing	1,045	22,935
Ontario with Future Point	780	14,891
Ontario with Montclair	755	16,970
Ontario with Montclair and Future Point	490	8,926

Percent Change from Existing		
Ontario with Future Point	-25.4%	-35.1%
Ontario with Montclair	-27.8%	-26.0%
Ontario with Montclair and Future Point	-53.1%	-61.1%

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2012.
F:\ONTA: REGCHGR12.XLSX:SDDP:36:TKTHHN

New Primary Competitive Group Retail
Car + Light Truck Registration Change
Ontario Dealer Area *Based on Drive Time* Before and After
Montclair Add Point With and Without Future Point
2012

Ontario Dealer Area	**Volkswagen Registrations**	**Primary Competitive Group Registrations**
Existing	1,059	22,826
Ontario with Future Point	749	13,978
Ontario with Montclair	756	16,860
Ontario with Montclair and Future Point	446	8,012

Percent Change from Existing		
Ontario with Future Point	-29.3%	-38.8%
Ontario with Montclair	-28.6%	-26.1%
Ontario with Montclair and Future Point	-57.9%	-64.9%

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2012.
F:\ONTA: REGCHGR12.XLSX:SDTP:36:TKTHHN

Units in Operation Change
Ontario Dealer Area *Based on Drive Distance* Before and After Montclair Add Point With and Without Future Point
12/2011

Ontario Dealer Area	**Volkswagen Registrations**
Existing	13,936
Ontario with Future Point	9,183
Ontario with Montclair	9,889
Ontario with Montclair and Future Point	5,136

Percent Change from Existing	
Ontario with Future Point	-34.1%
Ontario with Montclair	-29.0%
Ontario with Montclair and Future Point	-63.1%

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Units in Operation Data File (Magnetic Media), 12/2011.
F:\ONTA: UIOCHGOP12.XLSX:SDD:36:TKTHHN

Units in Operation Change
Ontario Dealer Area *Based on Drive Time* Before and After Montclair Add Point With and Without Future Point
12/2011

Ontario Dealer Area	**Volkswagen Registrations**
Existing	13,767
Ontario with Future Point	8,405
Ontario with Montclair	9,810
Ontario with Montclair and Future Point	4,448

Percent Change from Existing	
Ontario with Future Point	-38.9%
Ontario with Montclair	-28.7%
Ontario with Montclair and Future Point	-67.7%

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Units in Operation Data File (Magnetic Media), 12/2011.
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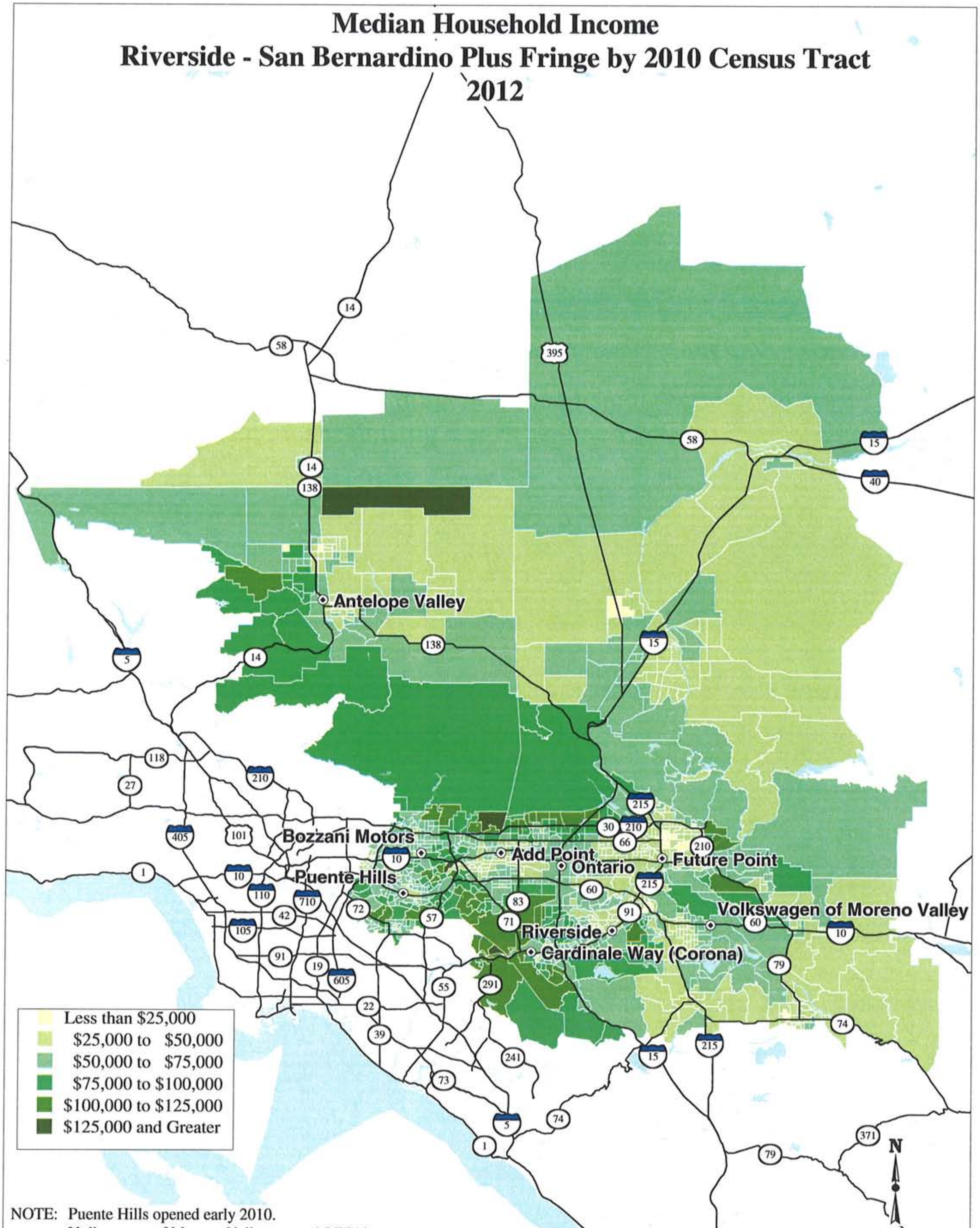
Median Household Income
Riverside - San Bernardino Plus Fringe by 2010 Census Tract
2012



NOTE: Puente Hills opened early 2010.
Volkswagen of Moreno Valley opened 9/2011.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Demographic Data File (Magnetic Media), 2012 Update.

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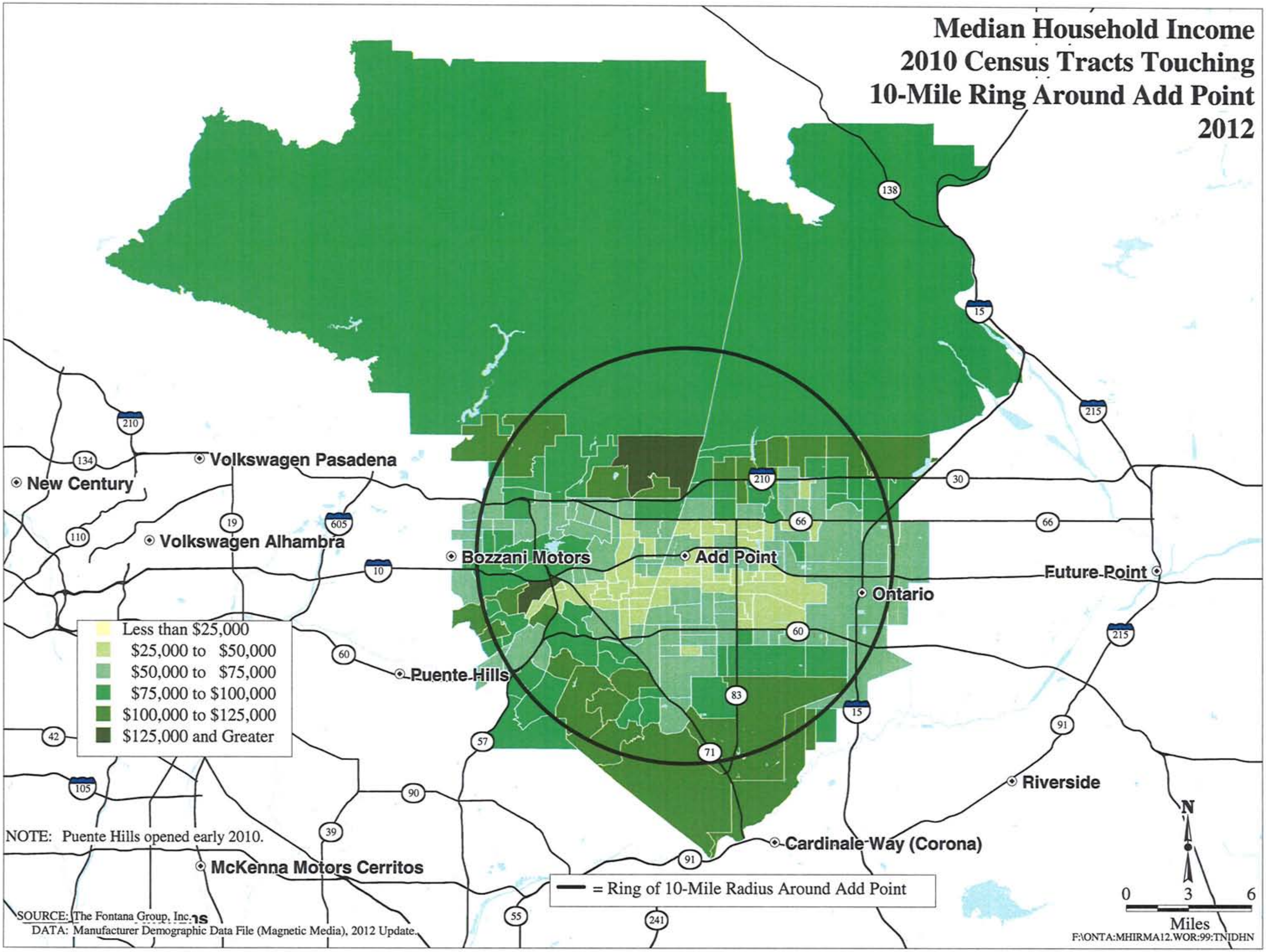
Median Household Income 2010 Census Tracts Touching 10-Mile Ring Around Add Point 2012



NOTE: Puente Hills opened early 2010.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Demographic Data File (Magnetic Media), 2012 Update.

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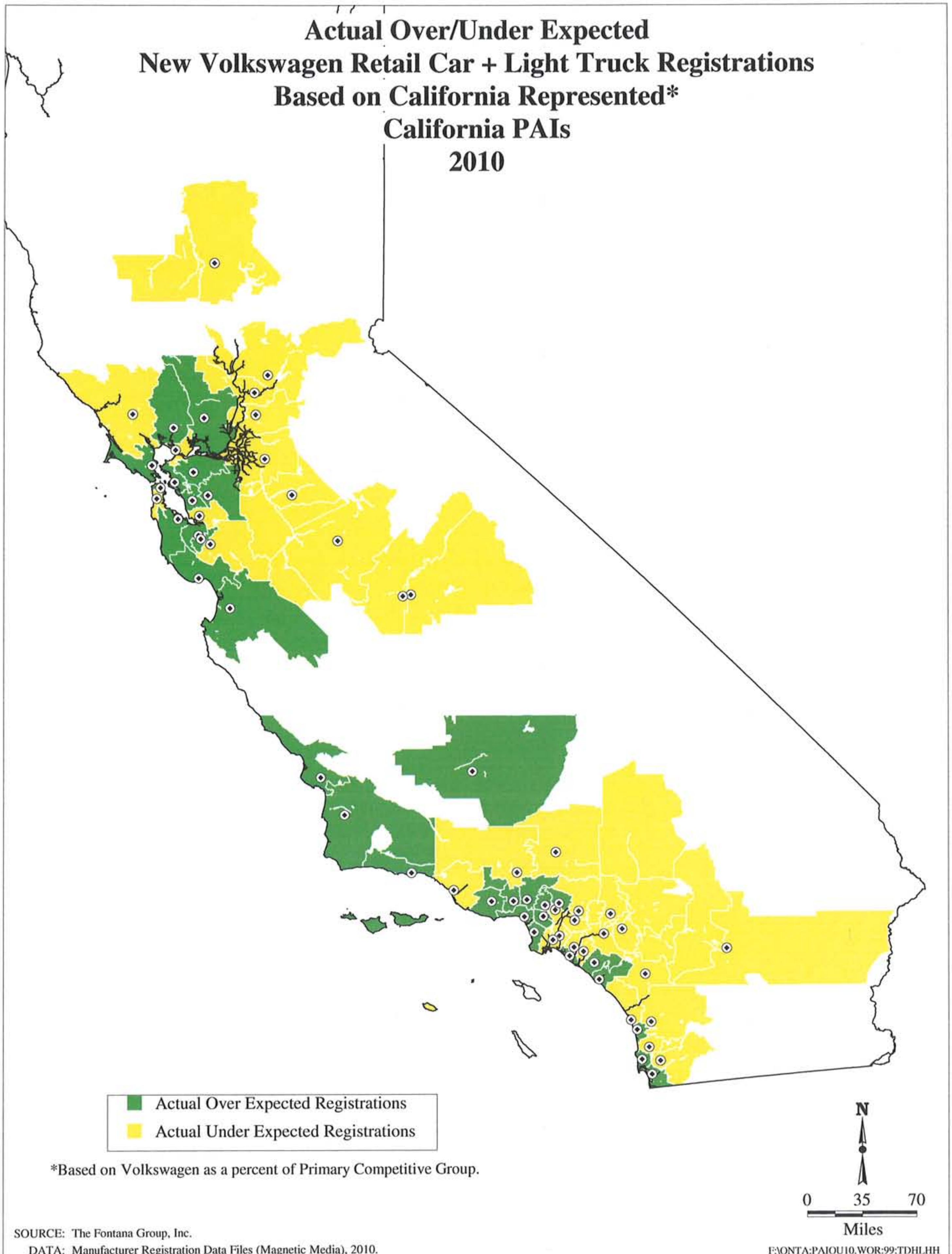
Actual Over/Under Expected
New Volkswagen Retail Car + Light Truck Registrations
Based on California Represented*
California PAIs
2010



*Based on Volkswagen as a percent of Primary Competitive Group.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2010.

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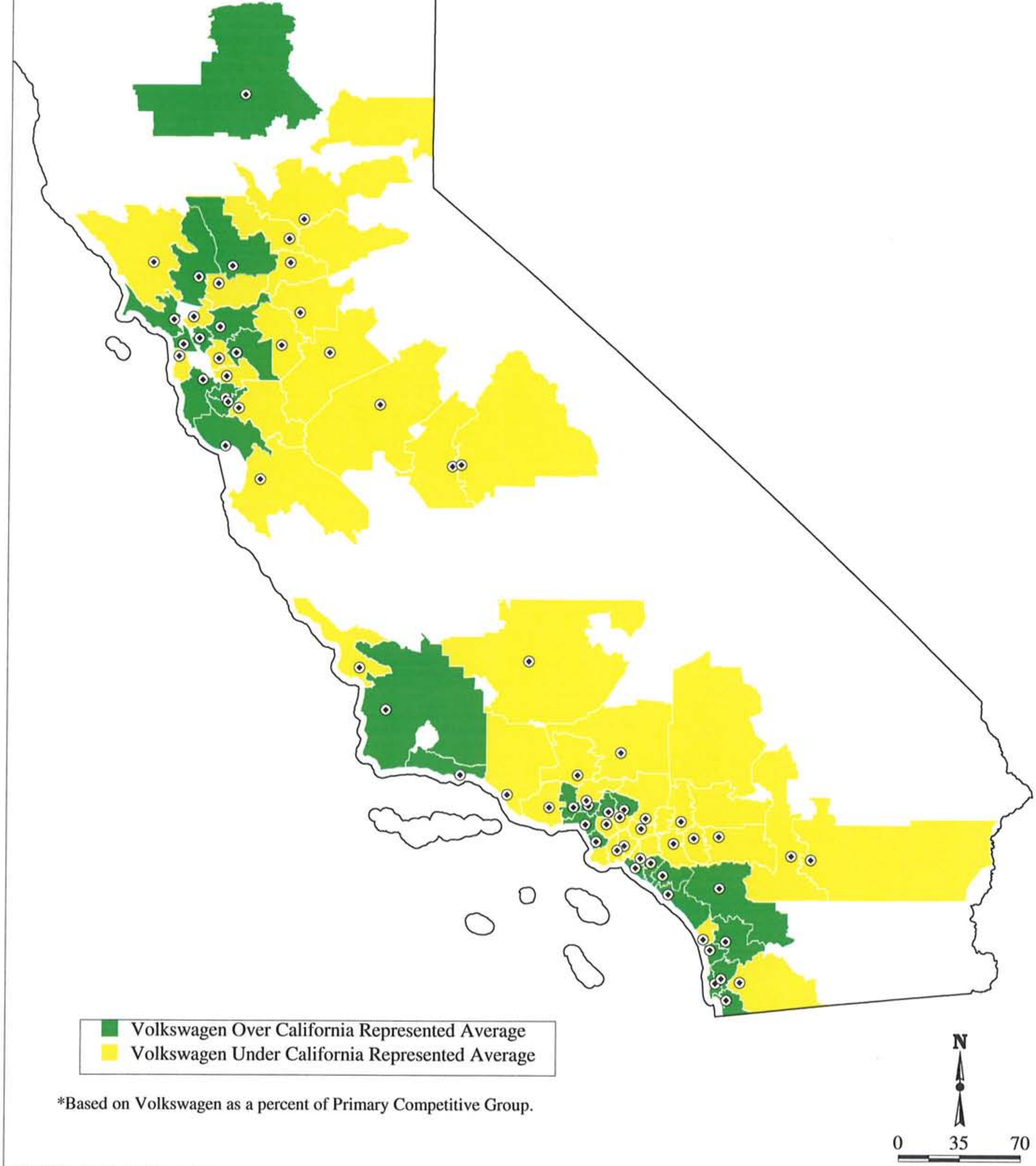
New Volkswagen Retail Car + Light Truck Registrations
Over/Under California Represented*
California PAIs
2012



*Based on Volkswagen as a percent of Primary Competitive Group.

SOURCE: The Fontana Group, Inc.
DATA: Manufacturer Registration Data Files (Magnetic Media), 2012.

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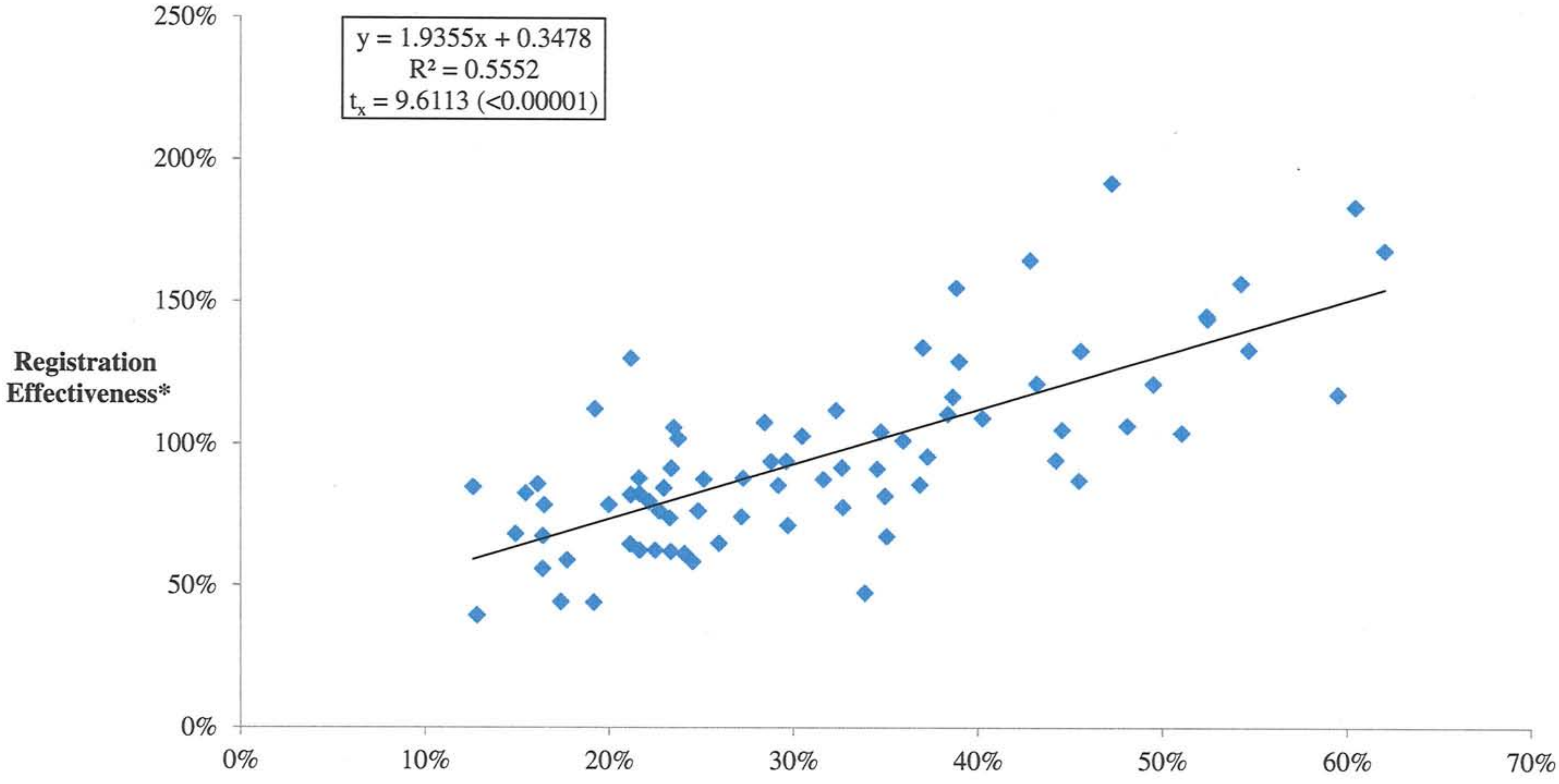
New Volkswagen Retail Car + Light Truck Registration Effectiveness* and Percent Population 25 and Older with at Least a Bachelor's Degree California PAIs After Add Point 2012



* Registration Effectiveness based on Volkswagen as a Percent of Primary Competitive Group by Segment in California Represented.

SOURCE: The Fontana Group, Inc.
DATA: The Nielsen Company, 2013 Update.
Manufacturer Demographic Data File (Magnetic Media), 2012 Update.
Manufacturer Registration Data Files (Magnetic Media), 2012.

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New Volkswagen Retail Car + Light Truck Registration Effectiveness* and Percent Population 25 and Older with at Least a Bachelor's Degree California PAIs After Add Point 2012

PAI	Actual Volkswagen Registrations	Volkwagen Registrations at California Represented Average	Registration Effectiveness*	Percent Population 25 and Older with at Least a Bachelor's Degree
Alhambra	893	1,083	82.46%	21.63%
Anaheim	735	945	77.78%	32.65%
Bakersfield	610	738	82.66%	15.44%
Carlsbad	645	686	94.02%	29.58%
Cerritos	848	1,383	61.32%	24.05%
Chico	218	206	105.83%	23.48%
City of Industry	637	979	65.07%	25.91%
Clovis	296	387	76.49%	24.79%
Colma	669	699	95.71%	37.27%
Corona	558	594	93.94%	28.75%
Covina	447	715	62.52%	22.47%
Dublin	615	590	104.24%	51.03%
El Cajon	709	809	87.64%	25.09%
Elk Grove	282	482	58.51%	24.49%
Encinitas	729	432	168.75%	62.05%
Escondido	801	715	112.03%	32.28%
Fairfield	208	246	84.55%	22.94%
Folsom	349	517	67.50%	35.04%
Fresno	248	420	59.05%	17.70%
Garden Grove	377	853	44.20%	19.15%
Glendale	2,381	1,534	155.22%	38.84%
Hawthorne	849	825	102.91%	30.43%
Hayward	500	568	88.03%	27.23%
Huntington Beach	971	751	129.29%	38.98%
Indio	308	375	82.13%	21.15%
Irvine	1,281	1,054	121.54%	49.49%
Long Beach	725	909	79.76%	22.14%
Los Angeles	1,391	1,619	85.92%	16.10%
Merced	173	204	84.80%	12.59%
Modesto	339	502	67.53%	16.38%
Montclair	539	868	62.10%	23.32%
Moreno Valley	474	694	68.30%	14.89%
Murrieta	1,042	1,022	101.96%	23.71%

New Volkswagen Retail Car + Light Truck Registration Effectiveness* and Percent Population 25 and Older with at Least a Bachelor's Degree California PAIs After Add Point 2012

PAI	Actual Volkswagen Registrations	Volkwagen Registrations at California Represented Average	Registration Effectiveness*	Percent Population 25 and Older with at Least a Bachelor's Degree
Napa	293	272	107.72%	28.39%
National City	1,408	1,082	130.13%	21.16%
Newark	511	585	87.35%	45.48%
North Hills	979	1,113	87.96%	21.60%
Oakland	1,097	824	133.13%	45.57%
Ontario	538	831	64.74%	21.12%
Palm Springs/Cathedral City	244	330	73.94%	23.26%
Palmdale	435	554	78.52%	16.45%
Pasadena	881	725	121.52%	43.20%
Redwood City	1,206	829	145.48%	52.39%
Reno	10	21	47.62%	33.85%
Richmond	299	419	71.36%	29.66%
Riverside	452	575	78.61%	19.96%
Roseville	680	795	85.53%	29.14%
Sacramento	614	825	74.42%	27.14%
Salinas	442	483	91.51%	23.34%
San Bernardino	380	856	44.39%	17.36%
San Diego	894	569	157.12%	54.24%
San Diego	1,040	988	105.26%	44.56%
San Francisco	1,638	1,133	144.57%	52.43%
San Jose	906	849	106.71%	48.08%
San Jose	911	1,114	81.78%	34.95%
San Juan Capistrano	1,165	606	192.24%	47.26%
San Luis Obispo	202	220	91.82%	32.60%
San Rafael	633	474	133.54%	54.66%
Santa Ana	1,229	1,124	109.34%	40.26%
Santa Barbara	467	283	165.02%	42.84%
Santa Cruz	373	368	101.36%	35.93%
Santa Maria	272	242	112.40%	19.21%
Santa Monica	2,862	1,555	184.05%	60.46%
Santa Rosa	532	607	87.64%	31.59%
Stockton	253	452	55.97%	16.36%
Sunnyvale	1,118	948	117.93%	59.50%

New Volkswagen Retail Car + Light Truck Registration Effectiveness* and Percent Population 25 and Older with at Least a Bachelor's Degree California PAIs After Add Point 2012

PAI	Actual Volkswagen Registrations	Volkwagen Registrations at California Represented Average	Registration Effectiveness*	Percent Population 25 and Older with at Least a Bachelor's Degree
Thousand Oaks	763	807	94.55%	44.23%
Torrance	630	734	85.83%	36.85%
Tracy	205	328	62.50%	21.64%
Vacaville	327	313	104.47%	34.72%
Valencia	552	604	91.39%	34.52%
Van Nuys	1,265	943	134.15%	37.01%
Ventura	446	584	76.37%	22.69%
Victorville	211	532	39.66%	12.80%
Walnut Creek	1,069	965	110.78%	38.36%
Woodland Hills	1,074	919	116.87%	38.64%

* Registration Effectiveness based on Volkswagen as a Percent of Primary Competitive Group by Segment in California Represented.

SOURCE: The Fontana Group, Inc.
DATA: The Nielsen Company, 2013 Update.
Manufacturer Demographic Data File (Magnetic Media), 2012 Update.
Manufacturer Registration Data Files (Magnetic Media), 2012.
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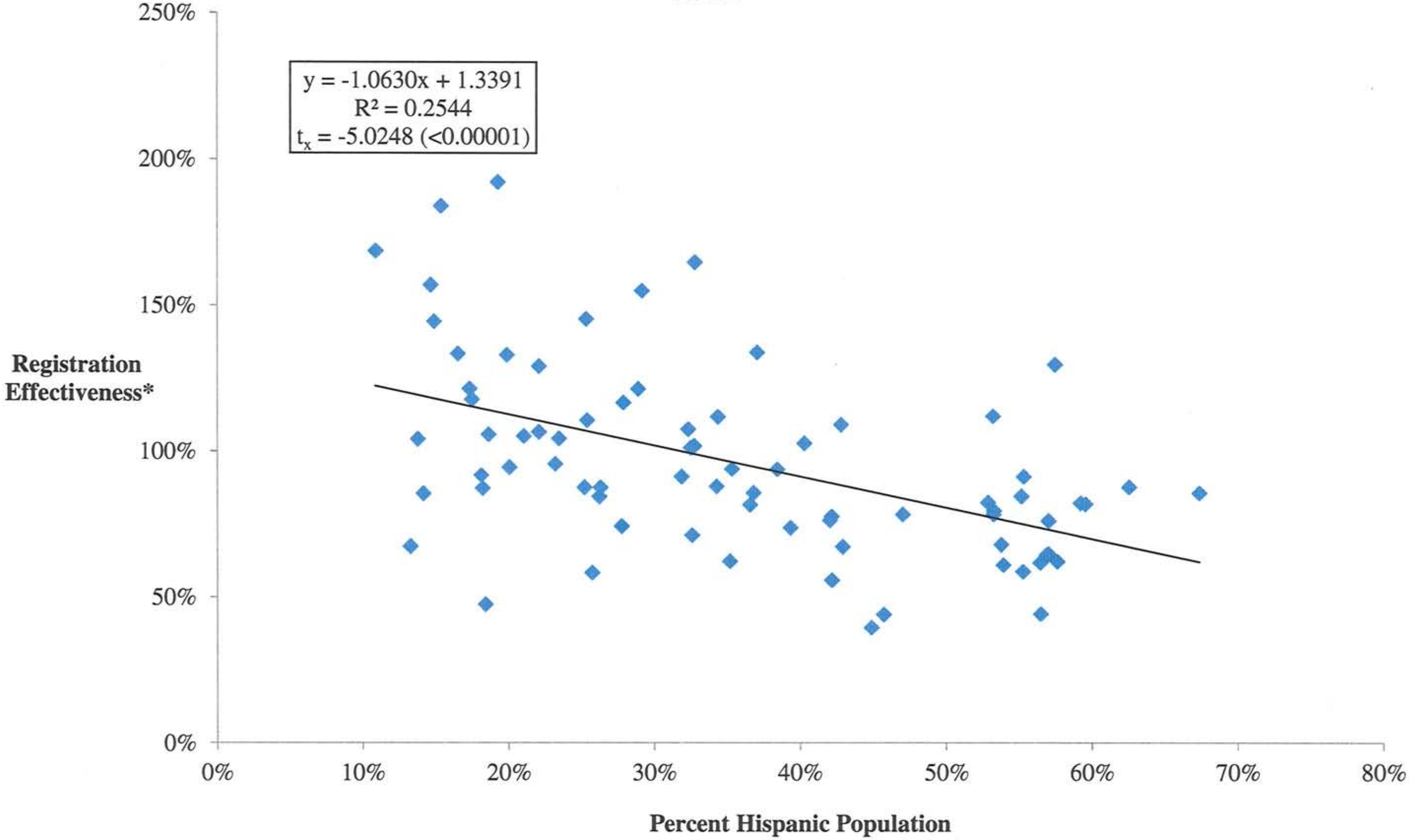
New Volkswagen Retail Car + Light Truck Registration Effectiveness* and Percent Hispanic Population
California PAIs After Add Point
2012



SOURCE: The Fontana Group, Inc.
DATA: The Nielsen Company, 2013 Update.
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* Registration Effectiveness based on Volkswagen as a Percent of Primary Competitive Group by Segment in California Represented.

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New Volkswagen Retail Car + Light Truck Registration Effectiveness* and Percent Hispanic Population
California PAIs After Add Point
2012

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Bakersfield	610	738	82.66%	52.87%
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San Jose	906	849	106.71%	22.07%
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San Luis Obispo	202	220	91.82%	18.10%
San Rafael	633	474	133.54%	16.50%
Santa Ana	1,229	1,124	109.34%	42.80%
Santa Barbara	467	283	165.02%	32.79%
Santa Cruz	373	368	101.36%	32.50%
Santa Maria	272	242	112.40%	53.21%
Santa Monica	2,862	1,555	184.05%	15.35%
Santa Rosa	532	607	87.64%	26.32%
Stockton	253	452	55.97%	42.15%
Sunnyvale	1,118	948	117.93%	17.46%

New Volkswagen Retail Car + Light Truck Registration Effectiveness* and Percent Hispanic Population
California PAIs After Add Point
2012

PAI	Actual Volkswagen Registrations	Volkwagen Registrations at California Represented Average	Registration Effectiveness*	Percent Hispanic Population
Thousand Oaks	763	807	94.55%	20.04%
Torrance	630	734	85.83%	36.80%
Tracy	205	328	62.50%	35.18%
Vacaville	327	313	104.47%	23.46%
Valencia	552	604	91.39%	31.87%
Van Nuys	1,265	943	134.15%	37.05%
Ventura	446	584	76.37%	57.00%
Victorville	211	532	39.66%	44.87%
Walnut Creek	1,069	965	110.78%	25.40%
Woodland Hills	1,074	919	116.87%	27.89%

* Registration Effectiveness based on Volkswagen as a Percent of Primary Competitive Group by Segment in California Represented.

SOURCE: The Fontana Group, Inc.
DATA: The Nielsen Company, 2013 Update.
Manufacturer Demographic Data File (Magnetic Media), 2012 Update.
Manufacturer Registration Data Files (Magnetic Media), 2012.
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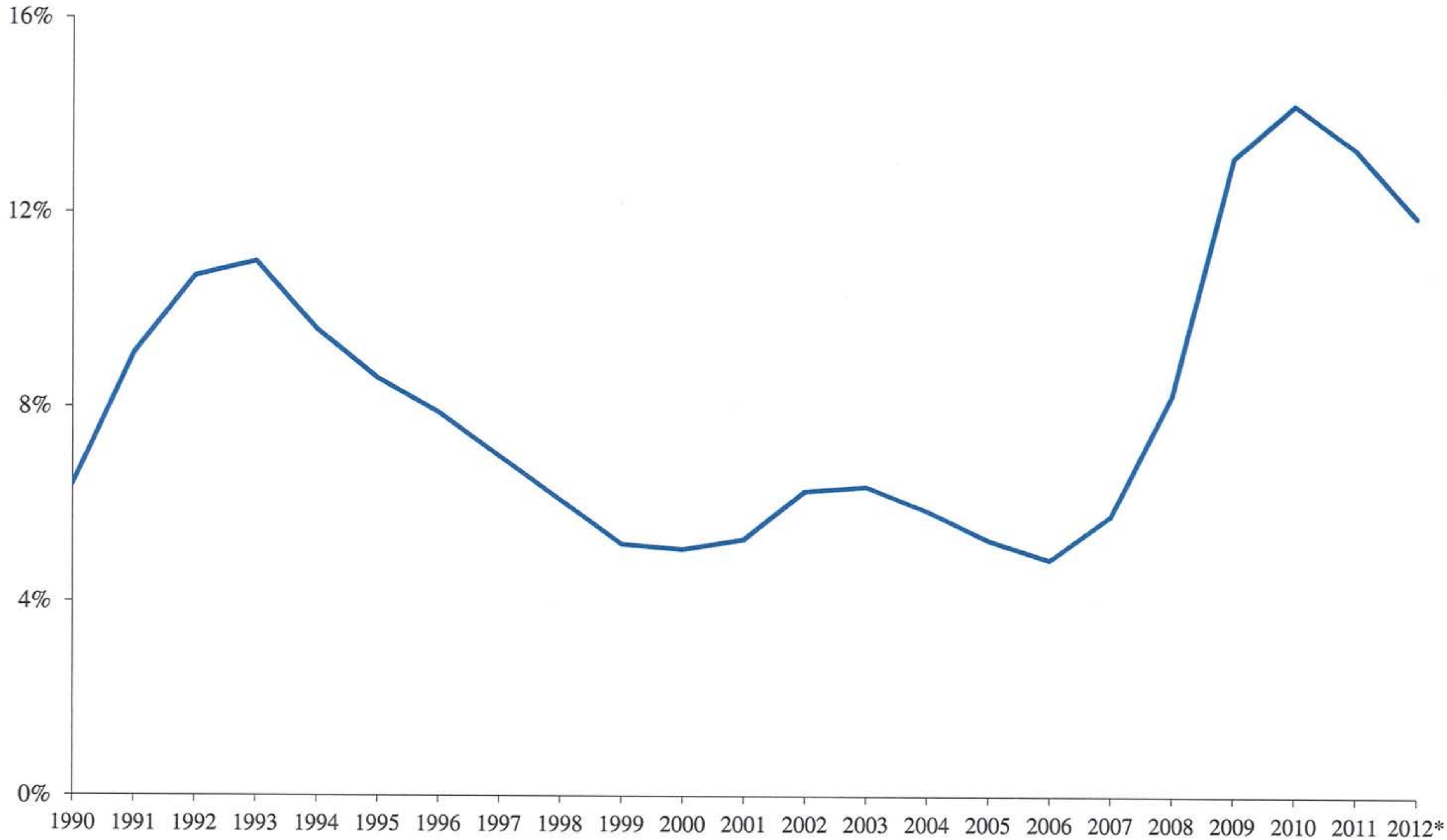
Annual Unemployment Rate
Riverside + San Bernardino Counties
1990 - 2012*



* 2012 is the average of 1/2012 - 12/2012, with 12/2012 data preliminary.

SOURCE: The Fontana Group, Inc.
DATA: Bureau of Labor Statistics Internet Site, 3/21/2013 and 3/22/2013.

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BLS
BUREAU OF LABOR STATISTICS
U.S. DEPARTMENT OF LABOR

NEWS RELEASE

For release 10:00 a.m. (EDT) Friday, March 22, 2013 USDL-13-0480

Technical information:
Employment: (202) 691-6559 • sminfo@bls.gov • www.bls.gov/sae
Unemployment: (202) 691-6392 • lausinfo@bls.gov • www.bls.gov/lau

Media contact: (202) 691-5902 • PressOffice@bls.gov

METROPOLITAN AREA EMPLOYMENT AND UNEMPLOYMENT — JANUARY 2013

Unemployment rates were lower in January than a year earlier in 227 of the 372 metropolitan areas, higher in 124 areas, and unchanged in 21 areas, the U.S. Bureau of Labor Statistics reported today. Twelve areas had jobless rates of at least 15.0 percent, and 13 areas had rates of less than 5.0 percent. Three hundred six metropolitan areas had over-the-year increases in nonfarm payroll employment, 57 had decreases, and 9 had no change. The national unemployment rate in January was 8.5 percent, not seasonally adjusted, down from 8.8 percent a year earlier.

Metropolitan Area Unemployment (Not Seasonally Adjusted)

In January, 80 metropolitan areas had jobless rates of at least 10.0 percent, down from 85 areas a year earlier, while 99 areas had rates below 7.0 percent, up from 81 areas in January 2012. Yuma, Ariz., and El Centro, Calif., had the highest unemployment rates in January 2013, at 26.5 and 25.8 percent, respectively. Seven of the remaining 10 areas with jobless rates of at least 15.0 percent were located in California, while the other 3 areas were located in New Jersey. Midland, Texas, had the lowest unemployment rate, 3.4 percent, followed by Bismarck, N.D., and Odessa, Texas, 4.1 percent each. A total of 207 areas had January unemployment rates below the U.S. figure of 8.5 percent, 160 areas had rates above it, and 5 areas had rates equal to that of the nation. (See table 1 and the map.)

Las Vegas-Paradise, Nev., and Ocala, Fla., had the largest over-the-year unemployment rate decreases in January (-2.3 and -2.0 percentage points, respectively). Fifty-nine other areas had rate declines of at least 1.0 percentage point. Decatur, Ill., had the largest over-the-year jobless rate increase (+2.9 percentage points), followed by Yuma, Ariz. (+2.7 points).

Metropolitan Area Employment and Unemployment Data Series Changes

In accordance with annual practices, historical data have been revised in tables 1 through 4 of this news release. For detailed information on the revisions, see the box notes at the end of the news release.

Of the 49 metropolitan areas with a Census 2000 population of 1 million or more, Riverside-San Bernardino-Ontario, Calif., and Detroit-Warren-Livonia, Mich., had the highest unemployment rates in January, 11.5 and 11.3 percent, respectively. Five additional large areas had rates of 10.0 percent or more. Oklahoma City, Okla., had the lowest jobless rate among the large areas, 5.2 percent, followed by Austin-Round Rock-San Marcos, Texas, and Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va., 5.8 percent each. Thirty-five of the large areas had over-the-year unemployment rate decreases, while 12 areas had increases and 2 had no change. Las Vegas-Paradise, Nev., had the largest unemployment rate decline from January 2012 (-2.3 percentage points). Pittsburgh, Pa., had the largest over-the-year jobless rate increase in a large area (+1.0 percentage point).

Metropolitan Division Unemployment (Not Seasonally Adjusted)

Eleven of the most populous metropolitan areas are made up of 34 metropolitan divisions, which are essentially separately identifiable employment centers. In January 2013, Detroit-Livonia-Dearborn, Mich., had the highest jobless rate among the divisions, 12.5 percent. Bethesda-Rockville-Frederick, Md., had the lowest division rate, 5.4 percent. (See table 2.)

Eighteen of the metropolitan divisions had over-the-year jobless rate decreases in January, while 16 had increases. Fort Lauderdale-Pompano Beach-Deerfield Beach, Fla., and Seattle-Bellevue-Everett, Wash., had the largest rate declines from a year earlier (-1.4 percentage points each). Five other divisions had rate decreases of 1.0 percentage point or more. Gary, Ind., had the largest unemployment rate increase from a year earlier (+1.3 percentage points).

Metropolitan Area Nonfarm Employment (Not Seasonally Adjusted)

In January, 306 metropolitan areas had over-the-year increases in nonfarm payroll employment, 57 had decreases, and 9 had no change. The largest over-the-year employment increase occurred in New York-Northern New Jersey-Long Island, N.Y.-N.J.-Pa. (+153,000), followed by Houston-Sugar Land-Baytown, Texas (+118,200), Dallas-Fort Worth-Arlington, Texas (+109,400), and Los Angeles-Long Beach-Santa Ana, Calif. (+104,400). The largest over-the-year percentage gain in employment was in Midland, Texas (+9.0 percent), followed by Odessa, Texas (+8.2 percent), and San Luis Obispo-Paso Robles, Calif. (+7.6 percent). (See table 3.)

The largest over-the-year decrease in employment occurred in Shreveport-Bossier City, La. (-3,600), followed by Atlantic City-Hammonton, N.J. (-3,100), and Charlottesville, Va. (-2,900). The largest over-the-year percentage decrease in employment was in Decatur, Ill. (-3.7 percent), followed by Pine Bluff, Ark. (-3.3 percent), and Charlottesville, Va. (-3.0 percent).

Over the year, nonfarm employment rose in all 37 metropolitan areas with annual average employment levels above 750,000 in 2012. The largest over-the-year percentage increase in employment in these large metropolitan areas was in Houston-Sugar Land-Baytown, Texas (+4.5 percent), followed by Dallas-Fort Worth-Arlington, Texas (+3.7 percent), and Nashville-Davidson—Murfreesboro—Franklin, Tenn. (+3.6 percent).

Metropolitan Division Nonfarm Employment (Not Seasonally Adjusted)

Nonfarm payroll employment data were available in January 2013 for 32 metropolitan divisions, which are essentially separately identifiable employment centers within a metropolitan area. Twenty-nine of the 32 metropolitan divisions had over-the-year employment gains, 2 had losses, and 1 had no change.

The largest over-the-year increases in employment within the metropolitan divisions occurred in New York-White Plains-Wayne, N.Y.-N.J. (+92,100), Dallas-Plano-Irving, Texas (+74,600), and Los Angeles-Long Beach-Glendale, Calif. (+73,800). The largest over-the-year decrease in employment within the metropolitan divisions was in Detroit-Livonia-Dearborn, Mich. (-2,900). (See table 4.)

The largest over-the-year percentage increase in employment among the metropolitan divisions was in San Francisco-San Mateo-Redwood City, Calif. (+4.3 percent), followed by Fort Worth-Arlington, Texas (+4.0 percent), and Dallas-Plano-Irving, Texas (+3.6 percent). The largest over-the-year percentage decrease in employment occurred in Detroit-Livonia-Dearborn, Mich. (-0.4 percent).

The Regional and State Employment and Unemployment news release for February is scheduled to be released on Friday, March 29, 2013, at 10:00 a.m. (EDT). The Metropolitan Area Employment and Unemployment news release for February is scheduled to be released on Wednesday, April 10, 2013, at 10:00 a.m. (EDT).

Changes to Local Area Unemployment Statistics Data

Effective with the release of 2012 annual average estimates on March 1st, labor force and unemployment data for all states, the District of Columbia, and the seven modeled substate areas presented in tables 1 and 2 of this news release were revised from 2008 through 2012 to incorporate updated inputs, new population controls, reestimation of models, and adjustment to new division and national control totals. Historical revisions for all model-based area estimates were loaded into the BLS time series database at that time.

Labor force and unemployment data for the non-modeled metropolitan areas and divisions presented in tables 1 and 2 of this news release have been revised for 2012 to incorporate updated inputs and adjustment to new state control totals. However, historical estimates in the BLS time series database will not be updated until Friday, April 19th. For more information, see www.bls.gov/lau/launews1.htm.

Changes to Current Employment Statistics Data

Effective with this release, nonfarm payroll estimates for states and metropolitan areas (tables 3 and 4) have been revised as a result of annual benchmark processing to reflect 2012 employment counts primarily from the BLS Quarterly Census of Employment and Wages. Not seasonally adjusted data back to April 2011 were revised. For more information on annual processing, see www.bls.gov/sae/benchmark2013.pdf.

Technical Note

This release presents labor force and unemployment data from the Local Area Unemployment Statistics (LAUS) program (tables 1 and 2) for 372 metropolitan statistical areas and metropolitan New England City and Town Areas (NECTAs), plus 8 areas in Puerto Rico. Estimates for 34 metropolitan and NECTA divisions also are presented. Nonfarm payroll employment estimates from the Current Employment Statistics (CES) program (tables 3 and 4) are provided for most of the same areas. State estimates were previously published in the news release, *Regional and State Employment and Unemployment,* and are republished in this release for ease of reference. The LAUS and CES programs are both federal-state cooperative endeavors.

Labor force and unemployment—from the LAUS program

Definitions. The labor force and unemployment data are based on the same concepts and definitions as those used for the official national estimates obtained from the Current Population Survey (CPS), a sample survey of households that is conducted for the Bureau of Labor Statistics (BLS) by the U.S. Census Bureau. The LAUS program measures employment and unemployment on a place-of-residence basis. The universe for each is the civilian noninstitutional population 16 years of age and over. *Employed* persons are those who did any work at all for pay or profit in the reference week (the week including the 12th of the month) or worked 15 hours or more without pay in a family business or farm, plus those not working who had a job from which they were temporarily absent, whether or not paid, for such reasons as labor-management dispute, illness, or vacation. *Unemployed* persons are those who were not employed during the reference week (based on the definition above), had actively looked for a job sometime in the 4-week period ending with the reference week, and were currently available for work; persons on layoff expecting recall need not be looking for work to be counted as unemployed. The *labor force* is the sum of employed and unemployed persons. The *unemployment rate* is the number of unemployed as a percent of the labor force.

Method of estimation. Estimates for states, the District of Columbia, the Los Angeles-Long Beach-Glendale metropolitan division, and New York City are produced using time-series models with real-time benchmarking to national CPS totals. Model-based estimation was extended to the following areas and their respective balances of state in 2005: the Chicago-Joliet-Naperville, IL Metropolitan Division; Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area; Detroit-Warren-Livonia, MI Metropolitan Statistical Area; Miami-Miami Beach-Kendall, FL Metropolitan Division; New Orleans-Metairie-Kenner, LA Metropolitan Statistical Area; and Seattle-Bellevue-Everett, WA Metropolitan Division. (Model-based estimation of the New Orleans--Metairie-Kenner metropolitan area was suspended following Hurricane Katrina; the indirect estimation methods described below will be used for this area until further notice.) Modeling improves the statistical basis of the estimation for these areas and provides important tools for analysis, such as measures of errors and seasonally adjusted series. For all other substate areas in this release, estimates are prepared through indirect estimation procedures using a building-block approach. Employment estimates, which are based largely on "place of work" estimates from the CES program, are adjusted to refer to place of residence as used in the CPS. Unemployment estimates are aggregates of persons previously employed in industries covered by state unemployment insurance (UI) laws and entrants to the labor force data from the CPS. The substate estimates of employment and unemployment, which geographically exhaust the entire state, are adjusted proportionally to ensure that they add to the independently estimated state or balance-of-state totals. A detailed description of the estimation procedures is available from BLS upon request.

Annual revisions. Labor force and unemployment data shown for the prior year reflect adjustments made at the end of each year, usually implemented with January estimates. The adjusted model-based estimates reflect updated population data from the U.S. Census Bureau, any revisions in the other data sources, and model reestimation. All substate estimates are reestimated and adjusted to add to the revised model-based estimates.

Employment—from the CES program

Definitions. Employment data refer to persons on establishment payrolls who receive pay for any part of the pay period that includes the 12th of the month. Persons are counted at their place of work rather than at their place of residence; those appearing on more than one payroll are counted on each payroll. Industries are classified on the basis of their principal activity in accordance with the 2007 version of the North American Industry Classification System.

Method of estimation. The employment data are estimated using a "link relative" technique in which a ratio (link relative) of current-month employment to that of the previous month is computed from a sample of establishments reporting for both months. The estimates of employment for the current month are obtained by multiplying the estimates for the previous month by these ratios. Small-domain models are used as the official estimators for the approximately 39 percent of CES published series which have insufficient sample for direct sample-based estimates.

Annual revisions. Employment estimates are adjusted annually to a complete count of jobs, called benchmarks, derived principally from tax reports that are submitted by employers who are covered under state unemployment insurance (UI) laws. The benchmark information is used to adjust the monthly estimates between the new benchmark and the preceding one and also to establish the level of employment for the new benchmark month. Thus, the benchmarking process establishes the level of employment, and the sample is used to measure the month-to-month changes in the level for the subsequent months.

Reliability of the estimates

The estimates presented in this release are based on sample surveys, administrative data, and modeling and, thus, are subject to sampling and other types of errors. Sampling error is a measure of sampling variability—that is, variation that occurs by chance because a sample rather than the entire population is surveyed. Survey data also are subject to nonsampling errors, such as those which can be introduced into the data collection and processing operations. Estimates not directly derived from sample surveys are subject to additional errors resulting from the particular estimation processes used. The sums of individual items may not always equal the totals shown in the same tables because of rounding. Unemployment rates are computed from unrounded data and thus may differ slightly from rates computed using the rounded data displayed in the tables.

Labor force and unemployment estimates. Model-based error measures are available for states on the Internet at www.bls.gov/lau/lastderr.htm. Measures of nonsampling error are not available, but additional information on the subject is provided in *Employment and Earnings Online* at www.bls.gov/opub/ee/home.htm.

Employment estimates. Measures of sampling error for state CES data at the supersector level are available online at www.bls.gov/sae/790stderr.htm. Information on recent benchmark revisions is available on the BLS website at www.bls.gov/sae/.

Area definitions

The substate area data published in this release reflect the standards and definitions established by the U.S. Office of Management and Budget on December 1, 2009. Data reflect New England City and Town Area (NECTA) definitions, rather than county-based definitions, in the six New England States. A detailed list of the geographic definitions is available at www.bls.gov/lau/lausmsa.htm.

Additional information

More complete information on the technical procedures used to develop these estimates and additional data appear in *Employment and Earnings Online*.

Estimates of unadjusted and seasonally adjusted labor force and unemployment data for states, census regions and divisions, and seven substate areas are available in the news release, *Regional and State Employment and Unemployment.* Estimates of labor force and unemployment for all states, metropolitan areas, labor market areas, counties, cities with a population of 25,000 or more, and other areas used in the administration of various federal economic assistance programs are available on the Internet at www.bls.gov/lau/. Employment data from the CES program are available on the BLS website at www.bls.gov/sae/.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; Federal Relay Service: (800) 877-8339.

Profit Contribution by Department
Ontario Volkswagen
2012

Line Item	Total Dealership Amount	New Volkswagen Retail Vehicle Department	CPO Volkswagen Vehicle Department (1)	Volkswagen Service Department	Volkswagen Parts & Accessories Department
Gross Profit Before LIFO (2)	3,785,954	636,438	401,966	1,429,999	951,060
Additions to Income (3)	1,426,373	1,286,194	51,109	6,018	56,863
Gross Profit Sum	**5,212,327**	**1,922,632**	**453,075**	**1,436,017**	**1,007,923**
Salespersons' Compensation	490,206	345,450	92,330		
Customer Relations & Adjustments	86,086	1,744	1,065	73,145	9,527
Demonstrator Vehicle Expense	3,500	3,500			
Interest - Floor Planning	(31,405)	(39,081)	4,896		
Delivery Expense	0	0	0		
Transportation Claims	0	0	0		0
Warranty & Used Vehicle Guarantee	8,466		0	8,396	70
Sales Promotion	104,104	10,868	0	60,918	32,318
Variable Expenses	**660,957**	**322,481**	**98,291**	**142,459**	**41,915**
Advertising (4)	406,415	191,545	44,427	97,379	50,298
Salaries - General Manager (5)	96,682	33,839	9,588	33,839	14,502
Compensation - Supervision	593,659	211,430	127,246	100,124	89,654
Salaries & Wages - Clerical	170,206	47,987	13,078	78,814	23,625
Salaries & Wages - Other	308,801	48,418	26,312	101,750	118,837
Compensation - Specialists	484,404	196,277	47,928	145,041	70,598
Absentee, Vacation & Holiday Pay	56,683	0	0	46,778	9,905
Workers' Compensation Insurance	30,000	10,500	2,975	10,500	4,500
Payroll Taxes	264,198	70,297	19,297	121,733	42,983
Pension	0	0	0	0	0
Other Employee Expenses / Benefits	122,593	42,897	12,162	42,992	18,309
Comebacks	0			0	
Supplies and Small Tools	43,548	4,815	2,194	32,166	3,248
Uniforms and Laundry	8,131	712	202	5,037	2,077
Training	49,350	16,700	4,761	17,780	7,670
Company Vehicle - Expenses	109,443	23,988	6,798	36,510	38,664
Vehicle Loaners - Expenses	80,807	0	0	80,807	0
Freight, Express and Cartage	11,423	0	0	2,495	8,928
Consulting & Management Fees	12,885	0	0	9,190	3,695
Data Processing Expenses	179,656	62,233	17,674	62,233	28,459
Postage, Stationery & Off. Supplies	30,442	10,594	3,037	10,840	4,415
Telephone & Internet Access	28,651	8,488	2,426	11,716	4,778
Travel and Entertainment	12,000	4,200	1,190	4,200	1,800
Membership Dues & Subscriptions	32,746	11,461	3,248	11,461	4,912
Professional Fees	59,794	20,928	5,930	20,928	8,969
Contributions	3,742	1,310	371	1,310	561
Bad Debts	5,545	1,925	545	1,925	870
Miscellaneous Expenses	9,414	1,504	467	5,277	1,926
Semi-Variable Expenses	**3,211,218**	**1,022,048**	**351,856**	**1,092,825**	**564,183**
Variable Portion of Semi-Variable Expenses (6)		**255,512**	**87,964**	**327,848**	**282,092**
Profit Contribution Dollars		**$1,344,639**	**$266,820**	**$965,710**	**$683,916**
Retail Vehicles Sold/Leased		**879**	**201**		
Service/Parts & Accessories Sales				**$2,136,988**	**$3,401,347**
Profit Contribution per Vehicle Sold/Leased		**$1,530**	**$1,327**		
Profit Contribution per $1,000 of Sales				**$452**	**$201**

(1) Gross Profit includes CPO share of total Used Vehicle Department F&I Income; Variable Expense apportioned based on CPO share of Total Used less Wholesale Gross Profit Sum; Semi-Variable Expenses are apportioned based on CPO share of Total Used Retail Vehicles Sold.

(2) Total Dealership Gross Profit includes Fleet, Used Wholesale, and Vehicle and F&I Gross Profit attributable to VW and Other Used Retail. P&A Gross Profit includes Other P&A amounts.

(3) Additions to Income consists of VW Performance Bonus, VW Holdback/Transaction Credit, Documentary Fees, VW Parts Achievement Bonus, New & Used Pack/Rebates, Service and P&A Rebates, VW MDO Bonus, and IDM Funds Received.

(4) Includes Ad Association refund booked in Miscellaneous Income.

(5) Salaries - General Manager booked in Salaries - Owners.

(6) Variable portion of Semi-Variable Expenses is 25% for New and Used, 30% for Service, and 50% for Parts & Accessories.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Financial Statements, 2012.
Ontario Volkswagen.
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Lost Net Profit (Before Tax) Due to Add Point
Ontario Volkswagen
Illustrative Year based on 2012

		Total Sales	Range of Loss Percent	2012 Profit Contribution*	Range of Net Lost Profit (Before Tax)
New Volkswagen Retail Vehicle Department		879	15% - 40%	$1,530	**$201,960 - $538,560**
CPO Volkswagen Vehicle Department		201	20% - 50%	$1,327	**$53,080 - $134,027**
Volkswagen	Labor - Customer	$796,329	20% - 40%	$452	$71,988 - $143,976
Service	Labor - Warranty	$671,544	20% - 40%	$452	$60,708 - $121,415
Department	Labor - CF Maintenance	$280,977	20% - 40%	$452	$25,400 - $50,801
	Labor - Internal	$179,057	20% - 40%	$452	$16,187 - $32,374
	Sum	**$1,927,907**			**$174,283 - $348,566**
Volkswagen	Service R.O. - Customer	$666,183	20% - 40%	$201	$26,781 - $53,561
Parts &	Service R.O. - Warranty	$740,627	20% - 40%	$201	$29,773 - $59,546
Accessories	Service R.O. - CF Maintenance	$75,575	20% - 40%	$201	$3,038 - $6,076
Department	Service R.O. - Internal	$125,245	20% - 40%	$201	$5,035 - $10,070
	Counter - Retail	$259,658	20% - 40%	$201	$10,438 - $20,876
	Counter - Wholesale	$1,020,713	20% - 40%	$201	$41,033 - $82,065
	Counter - Dealer to Dealer	$4,133	20% - 40%	$201	$166 - $332
	Sum	**$2,892,134**			**$116,264 - $232,526**
				Sum of Departments:	**$545,587 - $1,253,679**

* New and Used values are per Retail Vehicle Sold/Leased;
Service and Parts & Accessories values are per $1,000 of Sales.

SOURCE: The Fontana Group, Inc.
DATA: Dealer Financial Statement, 2012.
Ontario Volkswagen.
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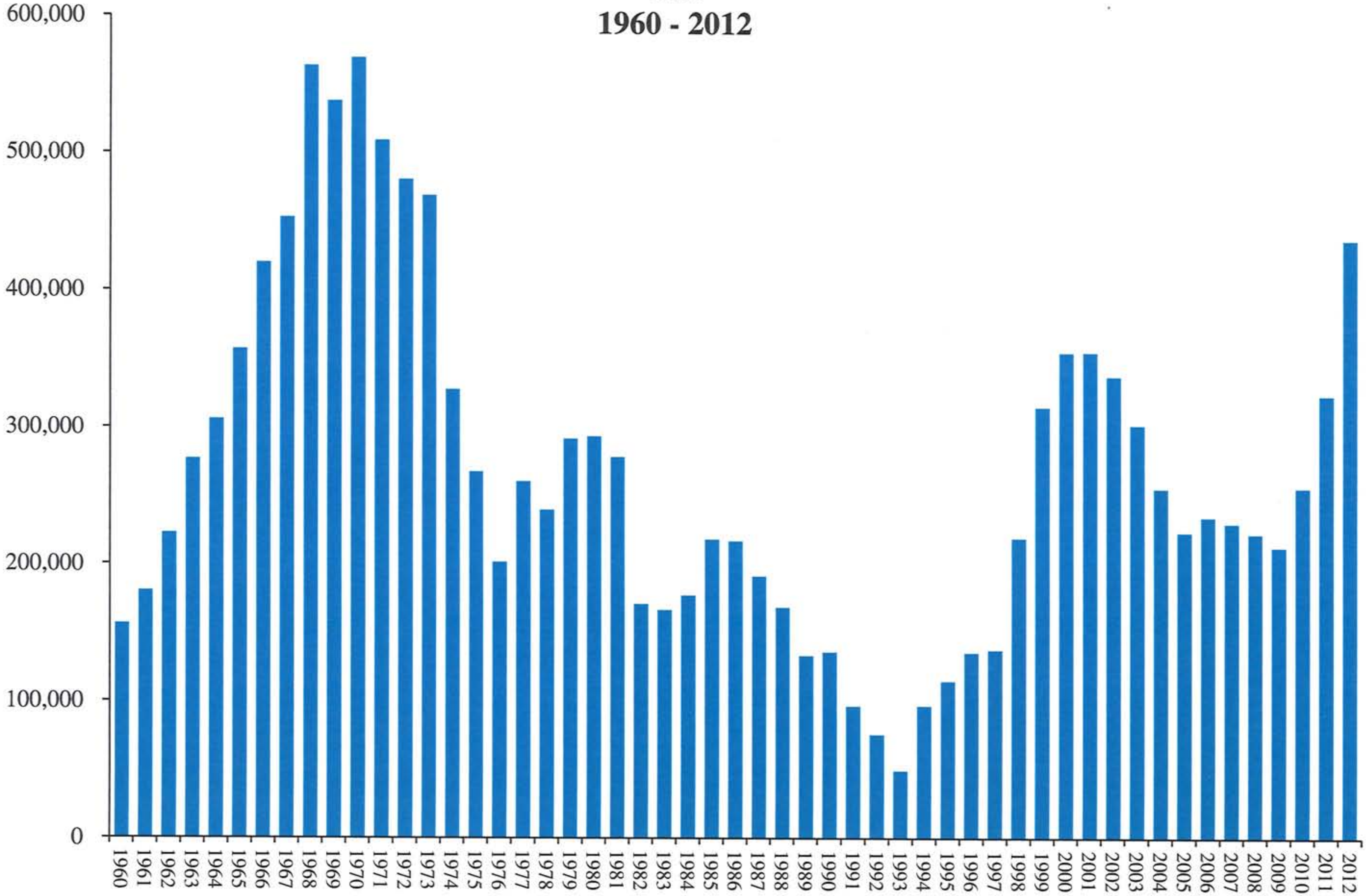
New Volkswagen Car + Light Truck Sales
U.S.
1960 - 2012



SOURCE: The Fontana Group, Inc.
DATA: Automotive News Market Data Book, 1996, 2001 - 2007, and 2009.
Automotive News, 2009 - 2012.

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Volkswagen as a Percent of Industry
New Retail Car + Light Truck Registrations
California
2011 vs. 2012 and 1/2012 vs. 1/2013

	Volkswagen Registrations	Industry Registrations	Volkswagen % Industry Registrations
2011	42,766	1,043,871	4.1%
2012	54,659	1,337,690	4.1%
Percent Change	27.8%	28.1%	
1/2012	3,359	83,747	4.0%
1/2013	3,505	103,183	3.4%
Percent Change	4.3%	23.2%	

SOURCE: The Fontana Group, Inc.
DATA: R.L. Polk & Co., 2011, 2012, 1/2012, and 1/2013 (1/2013 Update).
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Volkswagen as a Percent of Industry
New Retail Car + Light Truck Registrations
U.S.
2011 vs. 2012 and 1/2012 vs. 1/2013

	Volkswagen Registrations	Industry Registrations	Volkswagen % Industry Registrations
2011	288,102	10,268,765	2.8%
2012	354,742	11,705,065	3.0%
Percent Change	23.1%	14.0%	
1/2012	21,548	808,841	2.7%
1/2013	23,826	924,235	2.6%
Percent Change	10.6%	14.3%	

SOURCE: The Fontana Group, Inc.
DATA: R.L. Polk & Co., 2011, 2012, 1/2012, and 1/2013 (1/2013 Update).
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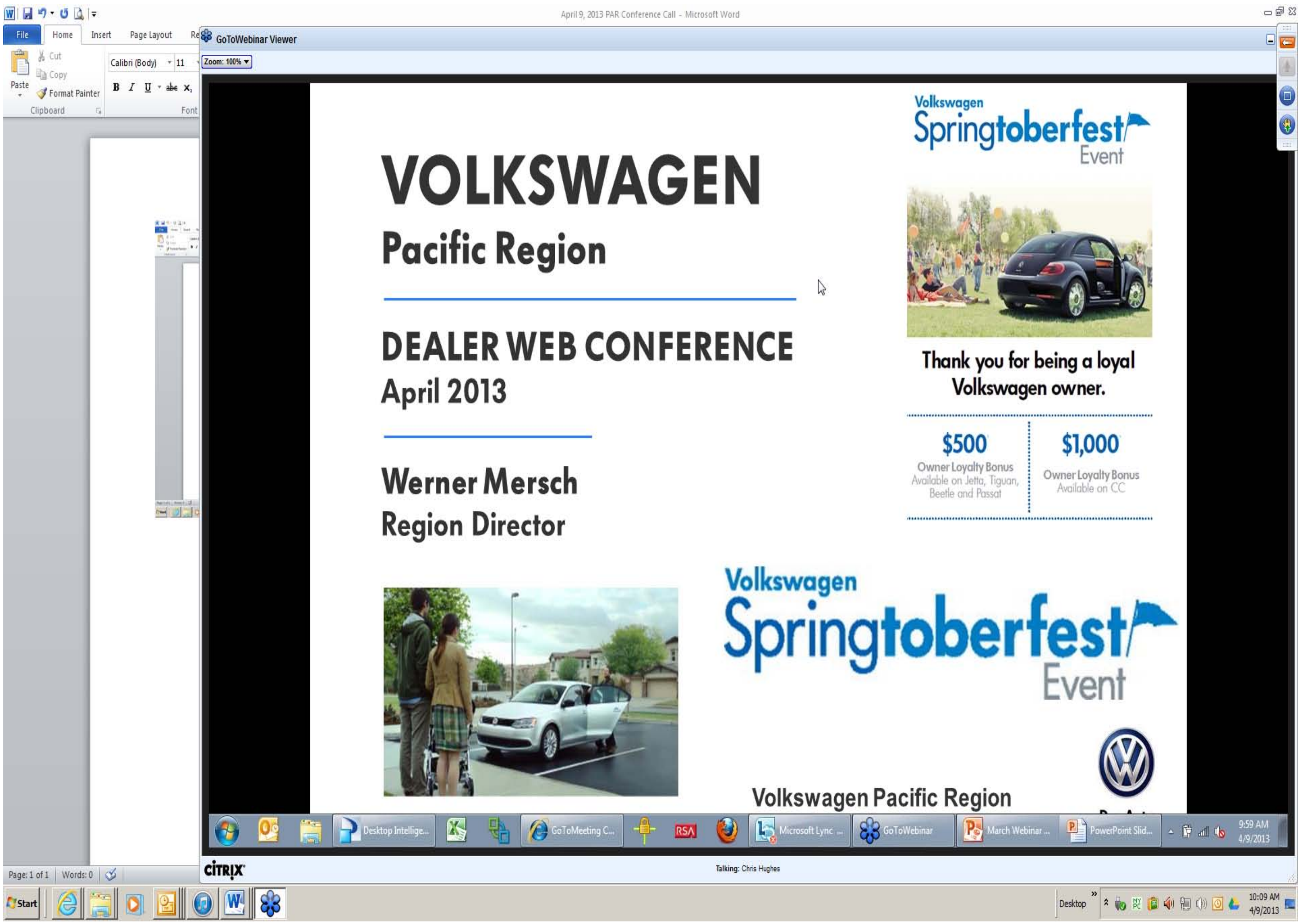
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Pacific Region
DEALER WEB CONFERENCE
April 2013
Werner Mersch
Region Director
Volkswagen
Springtoberfest
Event
Thank you for being a loyal Volkswagen owner.
$500
Owner Loyalty Bonus
Available on Jetta, Tiguan, Beetle and Passat
$1,000
Owner Loyalty Bonus
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Springtoberfest
Event
Volkswagen Pacific Region
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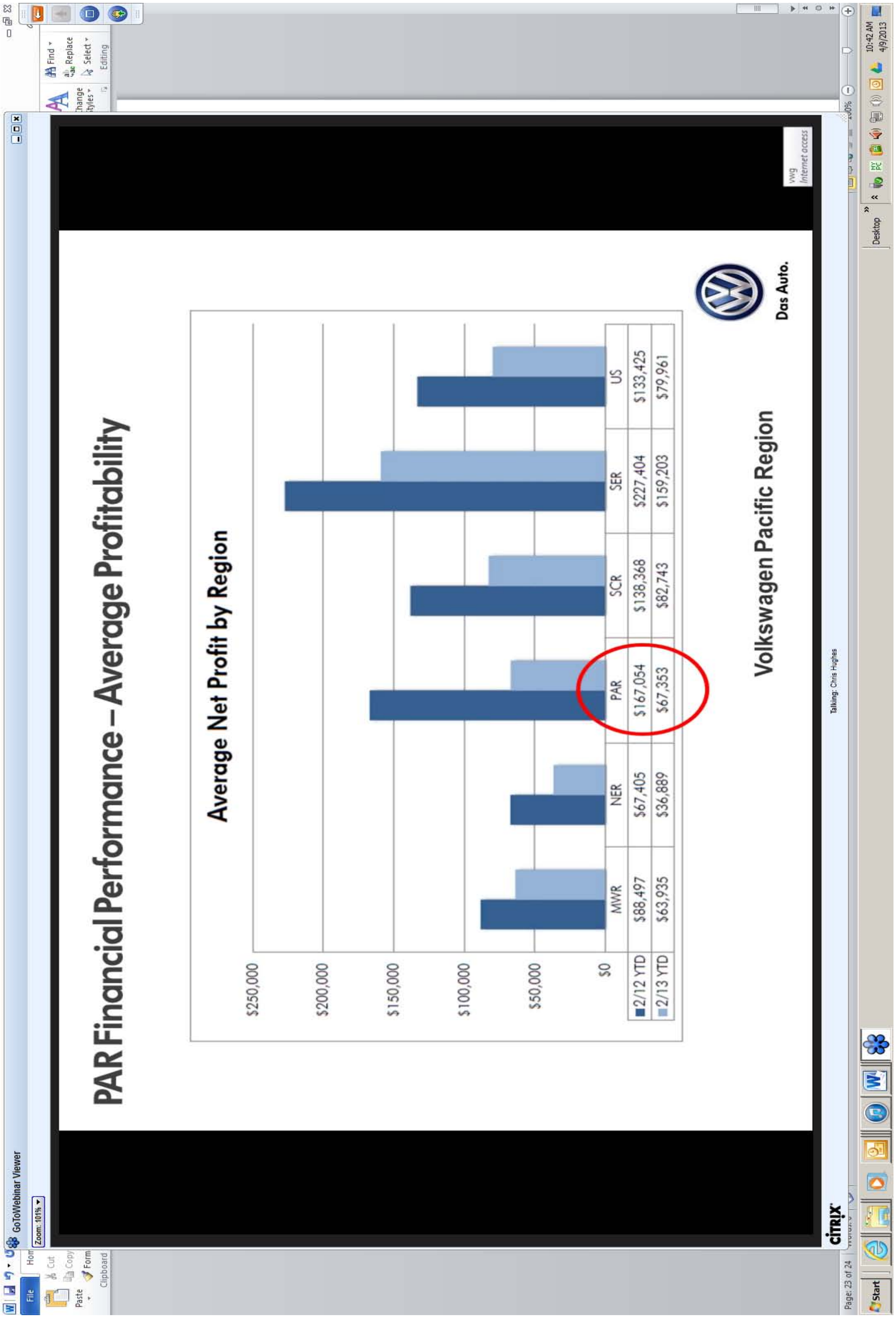
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PAR Financial Performance – Average Profitability
Average Net Profit by Region
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Volkswagen Pacific Region
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Page: 23 of 24
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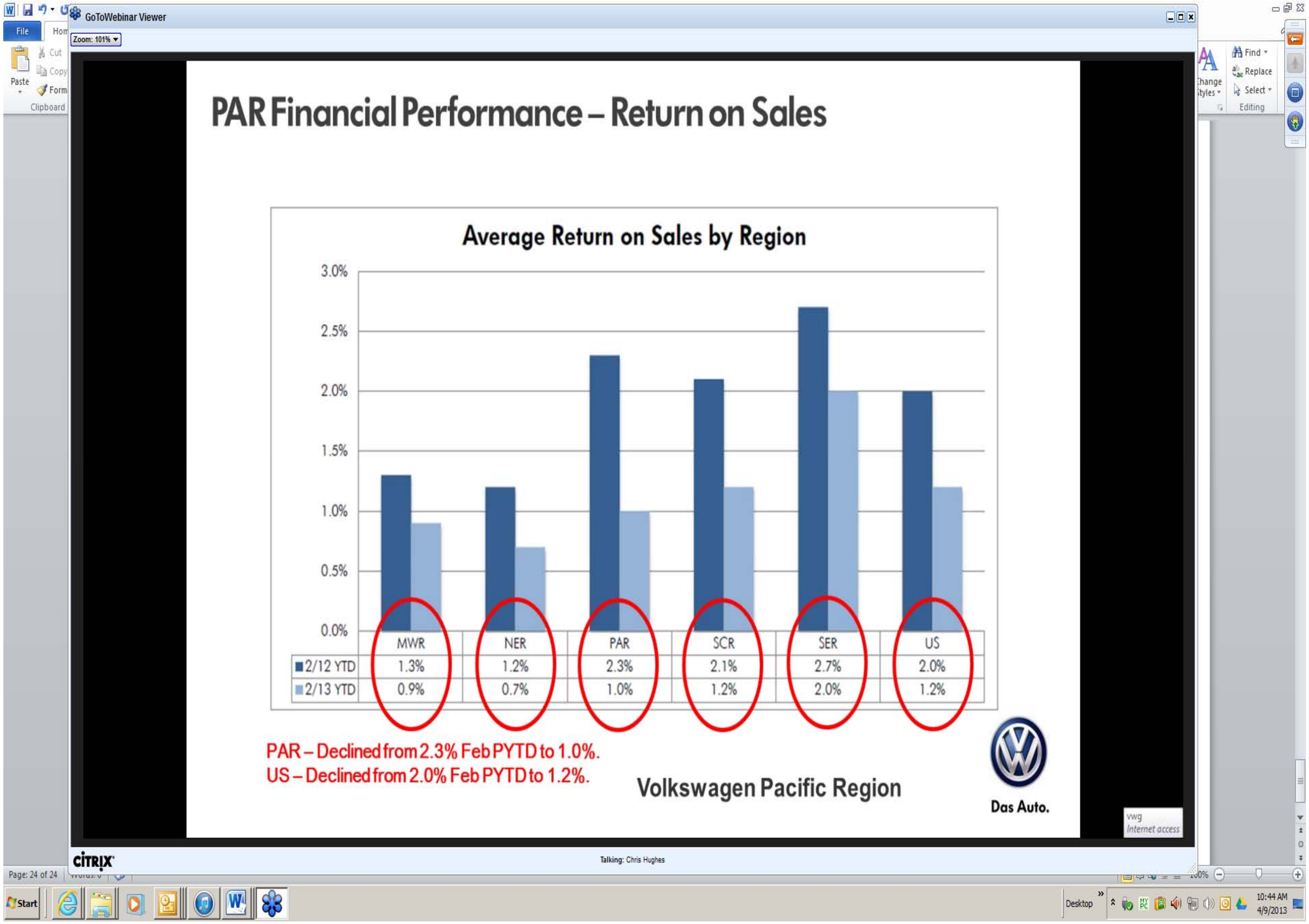
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PAR Financial Performance – Return on Sales
Average Return on Sales by Region
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
MWR NER PAR SCR SER US
2/12 YTD 1.3% 1.2% 2.3% 2.1% 2.7% 2.0%
2/13 YTD 0.9% 0.7% 1.0% 1.2% 2.0% 1.2%
PAR – Declined from 2.3% Feb PYTD to 1.0%.
US – Declined from 2.0% Feb PYTD to 1.2%.
Volkswagen Pacific Region
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Page: 24 of 24
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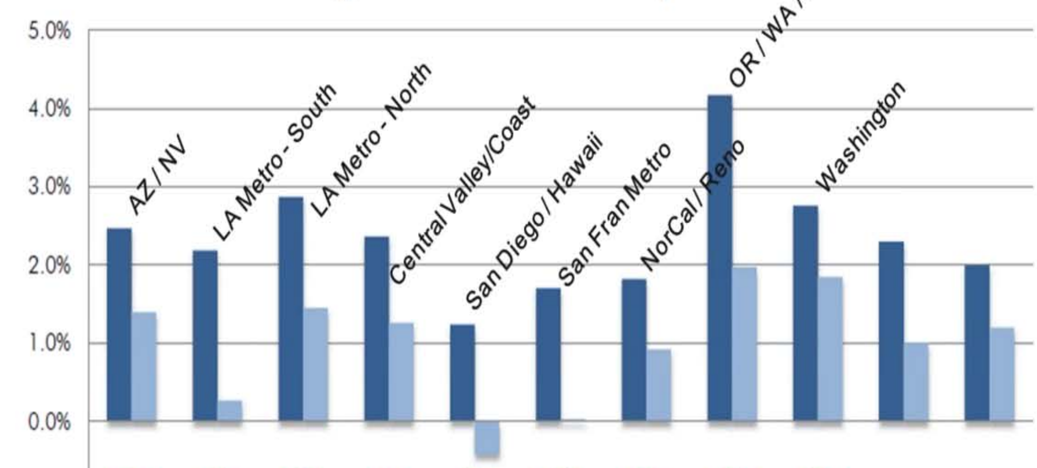
PAR Financial Performance – Return on Sales

Average Return on Sales by Area



	5A	5B	5C	5D	5E	5F	5G	5H	5J	PAR	US
2/12 YTD	2.5%	2.2%	2.9%	2.4%	1.2%	1.7%	1.8%	4.2%	2.8%	2.3%	2.0%
2/13 YTD	1.4%	0.3%	1.5%	1.3%	-0.4%	0.0%	0.9%	2.0%	1.8%	1.0%	1.2%

Ranges from -0.4% in 5E up to 2.0% in 5H through Feb 2013 YTD.

Volkswagen Pacific Region

Das Auto.

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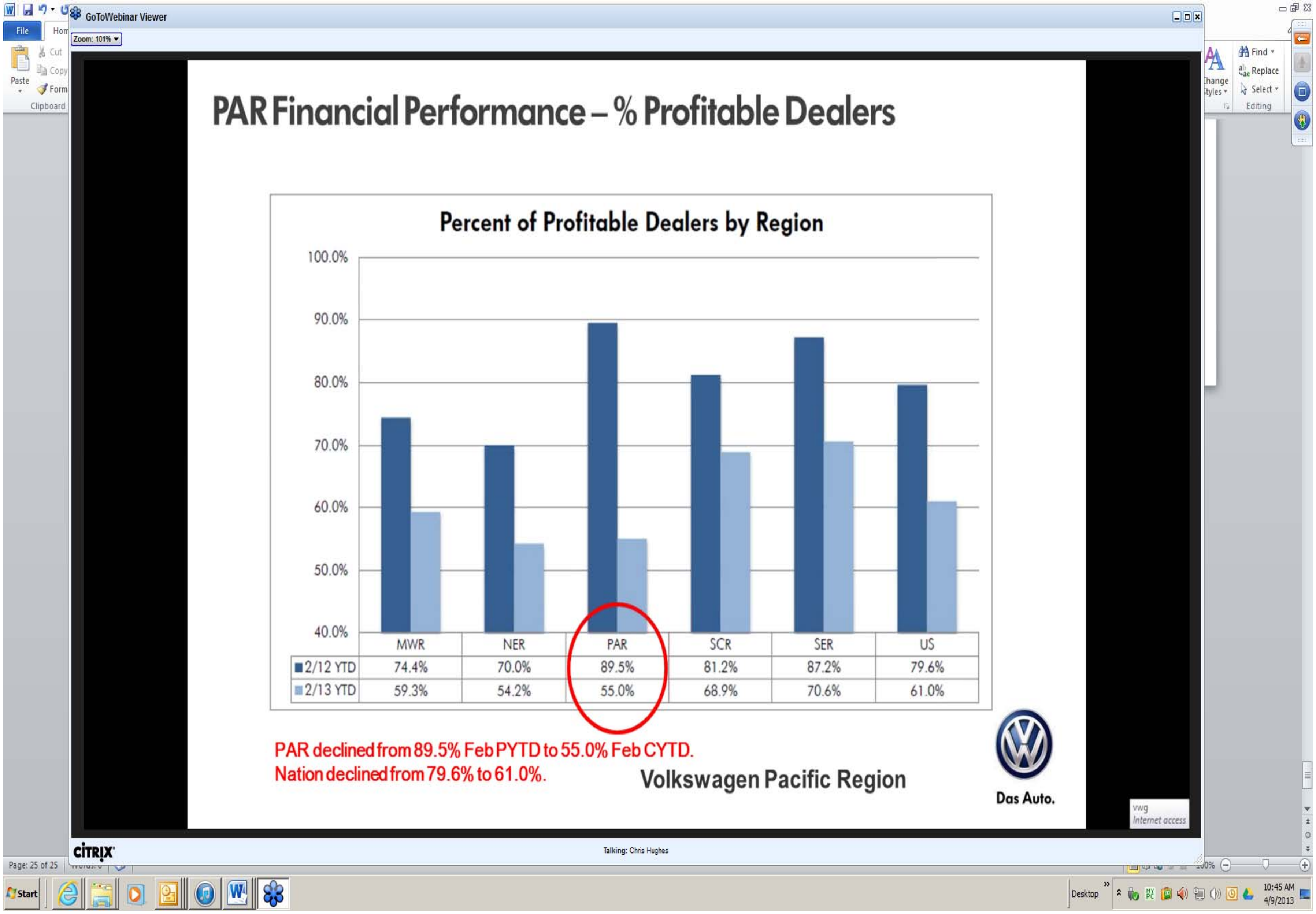
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PAR Financial Performance – % Profitable Dealers
Percent of Profitable Dealers by Region
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
MWR NER PAR SCR SER US
2/12 YTD 74.4% 70.0% 89.5% 81.2% 87.2% 79.6%
2/13 YTD 59.3% 54.2% 55.0% 68.9% 70.6% 61.0%
PAR declined from 89.5% Feb PYTD to 55.0% Feb CYTD.
Nation declined from 79.6% to 61.0%.
Volkswagen Pacific Region
Das Auto.
Talking: Chris Hughes
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4/9/2013

PAR Financial Performance – % Profitable Dealers

	5A	5B	5C	5D	5E	5F	5G	5H	5J	PAR	US
2/12 YTD	85.7%	90.9%	83.3%	80.0%	84.6%	100%	86.7%	100%	100%	89.5%	79.6%
2/13 YTD	66.7%	45.5%	53.8%	45.5%	28.6%	58.3%	58.8%	75.0%	80.0%	55.0%	61.0%

Ranges from 28.6% in 5E up to 80.0% in 5J through Feb 2013 YTD versus Feb 2012 YTD.

Volkswagen Pacific Region

Das Auto.

New Volkswagen Retail Car + Light Truck Registrations and New Volkswagen Total Car + Light Truck Sales
U.S.
2007 - 2012

	Retail Registrations	Total Sales	Retail Registrations % Total Sales
2007	206,136	230,572	89.4%
2008	201,992	223,128	90.5%
2009	194,432	213,454	91.1%
2010	228,925	256,830	89.1%
2011	288,102	324,402	88.8%
2012	354,949	438,133	81.0%

SOURCE: The Fontana Group, Inc.
DATA: Automotive News Market Data Book, 2009.
Automotive News, 2009 - 2012.
R.L. Polk & Co., 2007 - 2012.
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Top Stocks

Bubble bigger than housing about to pop

The market is ignoring a huge looming bust in Treasurys, but there's still plenty of time to get out.

By StreetAuthority Thu 4:53 PM

By Michael Vodicka

StreetAuthority

The most devastating market events are those that no one sees coming.

Take what happened to Lehman Brothers in 2008, for example. Up until the last minute, virtually no one could have imagined one of the country's leading investment banks would file for bankruptcy. The housing market crash was the same way. The Street believed housing prices would never go down.

With the market totally blind to the growing risk in each investment, anyone who had investments in housing or with Lehman Brothers suffered huge losses.

Despite these tough lessons, there is now another epic bubble developing and the market is ignoring this one too.

In fact, this bubble is so big, the 2006 housing bubble and the 2000 bubble pale in comparison. And when it pops, it will hit the most conservative portfolios the hardest.

While investors were burned by big losses in 2008, risk-averse investors have been flocking into the safety of Treasury bonds. In just the past four years, investments into bond mutual funds have doubled to $4 trillion. But this perceived bastion of safety is more like a ticking time bomb waiting to explode. And when it does, it will devastate any portfolio with a heavy allocation to Treasury bonds.

Here are four reasons it's time to sell Treasurys.

1. Risk and reward
The best reason to abandon the bond market is a simple matter of risk and reward.

With the U.S. Federal Reserve beating yields into the ground in the past four years, the risk-reward ratio in the Treasury market is terrible. If the yield on the 10-year Treasury note fell to zero from its current 1.9%, then bond prices would rise about 17%, according to Timely Portfolio. On the other hand, if the yield grew 2-3%, bond prices would fall about 20%.

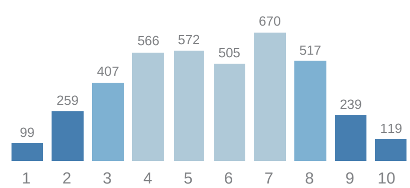
In 1994, at the beginning of the epic stock market rally, bond yields jumped 240 basis points in nine months. If that were to happen again, bond prices would plunge 50% and anyone holding Treasury notes would sustain huge losses.

2. Yields have never been lower
According to O'Shaughnessy Asset Management, 2013 could be the most difficult environment in 140 years to generate income. That's because it's the most affordable time in 223 years for the U.S. government to borrow on a 30-year term. In relation to the risk/reward proposition, yields on Treasurys really have only one way to go, and that is up. And when they do, it will have dire consequences for bond investors who think they are making "conservative" investments.

3. Too much debt
Adding fuel to the debate about Treasury yields is the fact that the United States has rarely, if ever, been in a worse financial condition.

STOCK SCOUTER

StockScouter rates stocks from 1 to 10, with 10 being the best, using a system of advanced mathematics to determine a stock's expected risk and return. Ratings are displayed on a bell curve, meaning there will be fewer ratings of 1 and 10 and far more of 4 through 7.



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SYMBOL	NAME	RATING
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PSX	Phillips 66	10
VMED	Virgin Media Inc	10
WEN	Wendys Ord Shs	10
BA	Boeing Co	9

On a consumer level, a weak financial profile means higher borrowing costs. But with the Fed working its magic over the market and artificially pounding yields into the ground, the bond market no longer reflects the financial condition of the United States. For the time being, the country continues to get a free pass from the world and the bond vigilantes for its wild spending and unsustainable fiscal deficits, but a correction is sure to happen. And when the United States is forced to pay higher borrowing costs due to its unsustainable deficits and ballooning debt, the bond market and its investors will suffer huge losses.

4. The private sector
Although the economy is plagued by high levels of unemployment and slow gross domestic product growth, the private sector has rarely been stronger. Earnings, margins and cash balances are at an all-time high, which makes equities and corporate bonds attractive alternatives to Treasurys carrying huge credit and interest-rate risk.

Risks to Consider: There is a classic saying on the Street: "Don't fight the Fed." The Fed is the single most powerful financial institution in the world and remains fully committed to keeping rates down. Although the United States is in horrible financial condition, the market still views Treasury bonds as a safe haven, which could send prices higher if another financial crisis hits the Street.

Action to Take: Despite the country's battered financial condition, Treasury bonds are still viewed as one of the safest securities in the world. But with a terrible risk-reward ratio, growing fiscal deficits, record-low yields and attractive alternatives, the Treasury market is ripe for a long overdue correction. That's why it is time for forward-thinking investors to sell their Treasury bonds and protect their portfolios from huge losses.

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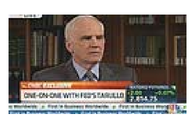

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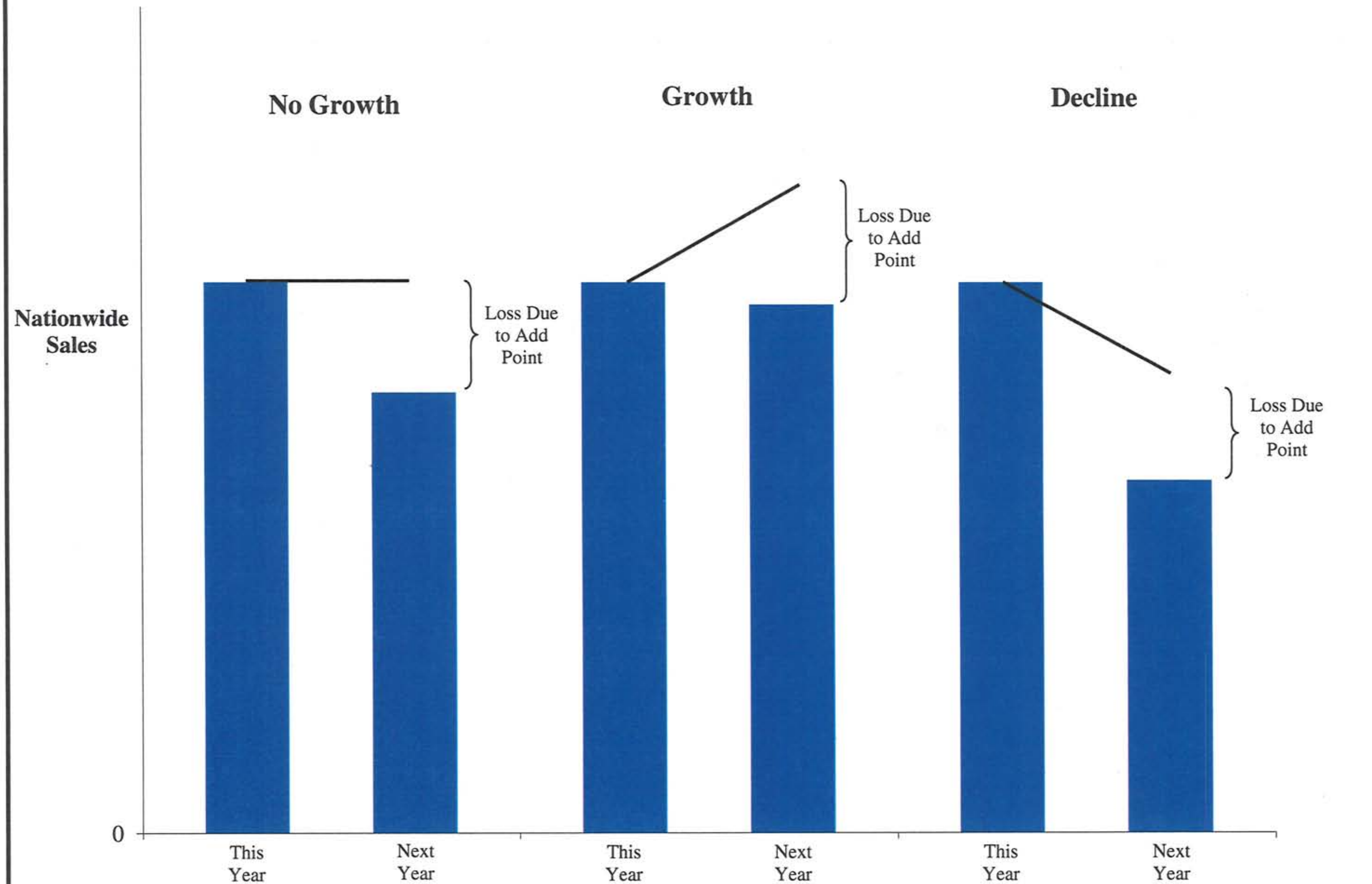

SOURCE: The Fontana Group, Inc.

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