

2008 Automotive Industry Guidelines

<u>NEW VEHICLE</u>	Domestic Dealer	Import Dealer	Highline Dealer
Sales - Merchandising and Staffing Guidelines			
New Vehicle Supply (in days)	102	61	57
No new units older than (in days)	332	98	95
Units per salesperson (N&U) per month	9	10	10
Gross Cars - before F&I	\$ 1,403	\$ 1,082	\$ 2,480
Gross Trucks - before F&I	\$ 1,723	\$ 1,449	\$ 2,654
Sales Ratio: new to used	1.3:1	1.8:1	2.9:1
Gross Productivity			
Gross profit as a % of sales	5.7%	5.0%	6.2%
Net profit as a % of sales	-1.3%	0.4%	2.5%
F&I Penetration Rate %			
Finance contract (excl retail lease)	58.7%	47.6%	41.9%
Finance contract (incl retail lease)	67.6%	66.1%	63.0%
Insurance	17.6%	13.3%	9.0%
Extended Service	35.6%	31.6%	13.7%
Finance Gross per financed vehicle	\$ 641	\$ 570	\$ 905
Insurance Gross per insured vehicle	\$ 489	\$ 366	\$ 264
Ext Service Gross per contract	\$ 901	\$ 685	\$ 935
Expense Control Structure Guidelines			
Total expense as a % of vehicle G/P	101.9%	94.3%	80.4%
Compensation as a % of vehicle G/P			
Salesperson	23.6%	20.6%	18.3%
Supervision	17.4%	16.0%	9.3%
F&I comp as % of F&I income	15.8%	15.3%	23.0%
Personnel Exp as a % of G/P	46.1%	46.5%	36.1%
Advertising as a % of vehicle G/P	17.8%	16.8%	12.9%
Advertising per retail unit sold	\$ 266	\$ 277	\$ 396
Floor plan int as a % of vehicle G/P	14.4%	8.4%	6.9%

<u>USED VEHICLE</u>	Domestic Dealer	Import Dealer	Highline Dealer
Sales - Merchandising & Staffing Guidelines			
Used Vehicle supply (in days)	65	56	58
No Units older than (in days)	109	99	117
Units per salesperson (N&U) per month	10	11	13
Gross Cars - before F&I	\$ 1,832	\$ 1,793	\$ 2,203
Gross Trucks - before F&I	\$ 2,200	\$ 1,609	\$ 1,830
Gross Productivity			
Gross profit as a % of sales	13.1%	8.8%	8.4%
Net profit as a % of sales	-0.2%	0.4%	-0.6%
F&I Penetration Rate %			
Finance income (excl retail lease)	64.1%	54.5%	54.3%
Insurance	22.1%	21.3%	10.5%
Extended Service	40.9%	36.7%	29.7%
Finance Gross per financed vehicle	\$ 569	\$ 562	\$ 660
Insurance Gross per insured vehicle	\$ 396	\$ 338	\$ 350
Ext Service Gross per contract	\$ 869	\$ 793	\$ 788
Expense Control Structure Guidelines			
Total expense as a % of Total G/P	97.6%	97.9%	101.5%
Compensation as a % of vehicle G/P			
Salesperson	23.8%	21.5%	25.2%
Supervision	14.4%	13.3%	13.7%
F&I comp as % of F&I income	13.6%	19.2%	21.2%
Personnel Exp as a % of G/P	37.9%	46.9%	46.9%
Advertising as a % of Vehicle G/P	15.9%	11.7%	10.6%
Advertising per retail unit sold	\$ 283	\$ 238	\$ 291
Floor plan int as a % of vehicle G/P	4.5%	3.2%	4.3%
Reconditioning - Cars	\$ 773	\$ 780	\$ 748
Reconditioning - Trucks	\$ 818	\$ 528	\$ 486

<u>SERVICE DEPARTMENT</u>	Domestic Dealer	Import Dealer	Highline Dealer
Sales - Merchandising and Staffing			
Flat Hrs/RO	1.5	1.6	2.0
Technician efficiency	83.6%	96.5%	98%
RO's/Day/Svc Advisor - Cust Pay, Warr, Int	17	24	17
Technicians per Service Advisor	4.1	4.3	4.5
Labor Gross per Tech per month	\$ 9,290	\$ 10,647	\$ 15,927
Labor Gross per Advisor per month	\$ 37,317	\$ 41,919	\$ 58,425
Gross Productivity			
G/P as a % of sales			
Customer Pay	71.4%	73.1%	77.0%
Warranty	72.9%	76.7%	78.1%
Internal	73.1%	73.4%	73.8%
Sublet Repairs	7.1%	6.9%	10.4%
Total Department	68.0%	69.6%	71.9%
Net Profit as a % of Sales	7.6%	14.1%	15.4%
Expense Control Structure Guidelines			
Total expense as a % of Total G/P	89.0%	79.7%	79.7%
Personnel Exp as a % of G/P	46.3%	47.6%	44.5%
Adv & Training as a % of G/P	6.2%	4.4%	2.8%
Tools, Supp, Freight as a % of G/P	2.8%	1.1%	1.0%

<u>PARTS DEPARTMENT</u>	Domestic Dealer	Import Dealer	Highline Dealer
Sales - Merchandising and Staffing Guidelines			
Level of Service	85.3%	91.4%	89.2%
Stock Order Performance	79.2%	86.7%	87.9%
Parts \$ sold per Labor \$ sold			
Cust Repair	\$ 0.84	\$ 0.67	\$ 0.70
Warranty	\$ 0.91	\$ 1.68	\$ 1.80
Internal	\$ 0.67	\$ 0.64	\$ 1.07
Dept Gross per Employee per month	\$ 18,763	\$ 14,977	\$ 23,421
Gross Productivity			
G/P as a % of Sales			
Customer Pay	37.5%	39.8%	42.5%
Warranty	30.1%	30.0%	31.0%
Internal	29.9%	31.7%	27.5%
Counter Retail	33.7%	36.3%	38.7%
Wholesale	20.8%	21.4%	25.2%
Customer Pay - Body Shop	31.1%	35.0%	N/A
Warranty - Body Shop	34.2%	36.0%	N/A
Total Dept G/P%	31.7%	31.9%	34.1%
Net profit as a % of Sales	6.6%	7.1%	15.6%
Expense Control Structure Guidelines			
Total Expense as % of Total G/P	66.8%	70.4%	65.2%
Personnel Exp as a % of G/P	38.1%	42.1%	35.0%
Advertising & Training as a % of G/P	2.6%	3.6%	2.0%
Tools, Supp, Freight as a % of G/P	1.3%	2.6%	1.6%

Fixed Expenses - Percent of Total Gross	Domestic Dealer	Import Dealer	Highline Dealer
Rent Factor			
Percent of Total Gross	7.4%	6.4%	6.8%
Absorption %	81.8%	89.5%	83.4%
Net Earnings			
% of Total Sales	2.4%	2.3%	3.6%
% of Total Gross	17.5%	18.9%	25.5%

Fixed Expenses - Percent of Total Gross (continued)	Domestic Dealer	Import Dealer	Highline Dealer
Personnel Expense as a % of Gross Profit	38.4%	44.8%	39.1%
Office Compensation as a % of Total Gross	6.2%	5.1%	5.3%
Office Staff to Total Dealership	1:8	1:8	1:8
Total Expenses as a % of Total Gross	89.6%	89.0%	81.2%
Payroll Taxes as a % of Total Gross	4.7%	4.4%	4.2%
Owners Compensation as a % of Sales	1.2%	0.6%	0.6%