



 **LITHIA**

INVESTOR PRESENTATION



DISCLOSURE

Forward-Looking Statements

This presentation includes “forward-looking statements” within the meaning of the “Safe-Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements include statements regarding our goals, plans, projections and guidance regarding our financial position, results of operations, market position, pending and potential future acquisitions and business strategy, and often contain words such as “project,” “outlook,” “expect,” “anticipate,” “intend,” “plan,” “believe,” “estimate,” “may,” “seek,” “would,” “should,” “likely,” “goal,” “strategy,” “future,” “maintain” or “will” and similar references to future periods. Examples of forward-looking statements in this presentation include, among others, statements we make regarding:

- Expected operating results, such as improved store performance, maintaining incremental throughput above 50%, strategy for customer retention, growth and financial results and all projections set forth on the slide “2014 Guidance”;
- Anticipated acquisitions in 2014 and
- Anticipated availability of liquidity from our unfinanced operating real estate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events that depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance, and our actual results of operations, financial condition and liquidity and development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements in this press release. The risks and uncertainties that could cause actual results to differ materially from estimated or projected results include, without limitation, future economic and financial conditions (both nationally and locally), changes in customer demand, our relationship with, and the financial and operational stability of, vehicle manufacturers and other suppliers, risks associated with our indebtedness (including available borrowing capacity, compliance with financial covenants and ability to refinance or repay indebtedness on favorable terms), government regulations, legislation and others set forth throughout Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2012 and from time to time in our other filings with the SEC. We urge you to carefully consider this information and not place undue reliance on forward-looking statements. We undertake no duty to update our forward-looking statements, including our earnings outlook, which are made as of the date of this release.

Non-GAAP Financial Measures

This presentation contain non-GAAP financial measures such as adjusted net income and diluted earnings per share from continuing operations, adjusted SG&A as a percentage of revenues and gross profit, adjusted operating margin, adjusted operating profit as a percentage of gross profit, and adjusted pre-tax margin. Non-GAAP measures do not have definitions under GAAP and may be defined differently by and not comparable to similarly titled measures used by other companies. As a result, we review any non-GAAP financial measures in connection with a review of the most directly comparable measures calculated in accordance with GAAP. We caution you not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measures. We present cash flows from operations in the attached tables, adjusted to include the change in non-trade floor plan debt to improve the visibility of cash flows related to vehicle financing. As required by SEC rules, we have reconciled these measures to the most directly comparable GAAP measures in the attachments to this release. We believe the non-GAAP financial measures we present improve the transparency of our disclosures; provide a meaningful presentation of our results from core business operations, because they exclude items not related to core business operations and other non-cash items; and improve the period-to-period comparability of our results from core business operations. These presentations should not be considered an alternative to GAAP measures.



- Primarily exclusive franchises
- Growth oriented
- Entrepreneurial culture



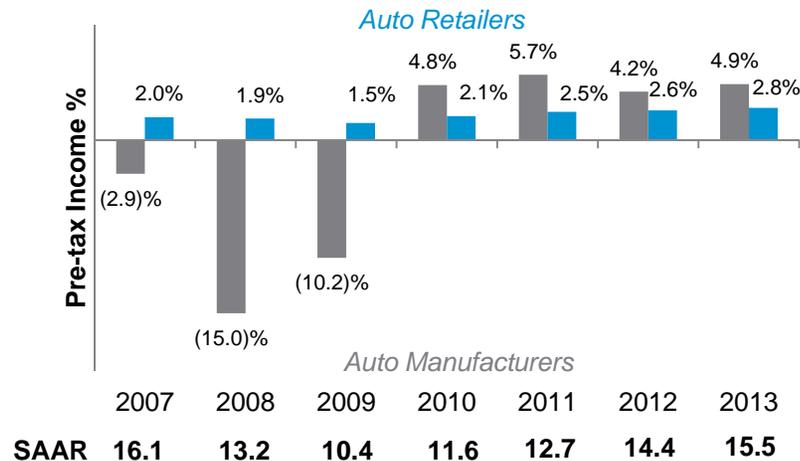
LITHIA MOTORS OVERVIEW

96 DEALERSHIPS, 12 STATES, 28 BRANDS

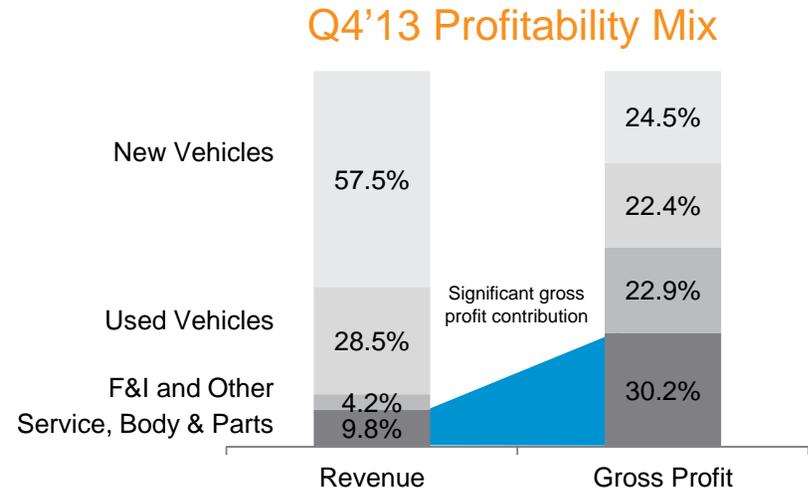


SECTOR STRENGTHS

STABLE, PROFITABLE INDUSTRY



Note: Margin based on reported pre-tax income as a percentage of revenue adjusted for impairment charges. Auto manufacturers include Ford and GM for all periods, and Chrysler beginning in 2010. Auto retailer average includes Lithia, AutoNation, Sonic, Asbury, Penske, and Group 1.



Note: Used vehicles includes both used retail and wholesale vehicles. Revenues and gross profit based on the three months ended December 31, 2013.

- Retailers remain profitable due to variable cost structure
- Business enables quick response to market conditions

- Diverse revenue base
- Service business is stable and counter cyclical

4 SEPARATE BUSINESSES PROVIDE DIVERSIFICATION



SIGNIFICANT EXTERNAL SUPPORT

- Incentives support inventory value
- National advertising campaigns
- Warranties provide ongoing revenue
- Support consumer, real estate & inventory financing



MANUFACTURERS

DEALER ASSOCIATIONS

FRANCHISE LAWS

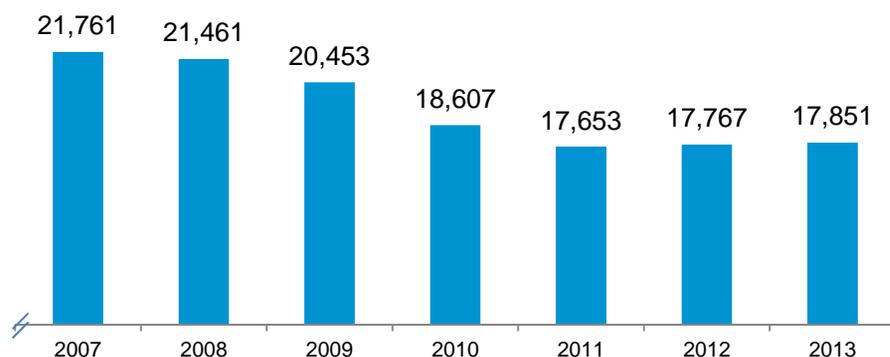
- Strong state and federal political efforts
- Legal and regulatory support
- Prevent new franchises in existing markets
- Protect dealer agreements

SUBSTANTIAL BENEFITS FOR DEALERS



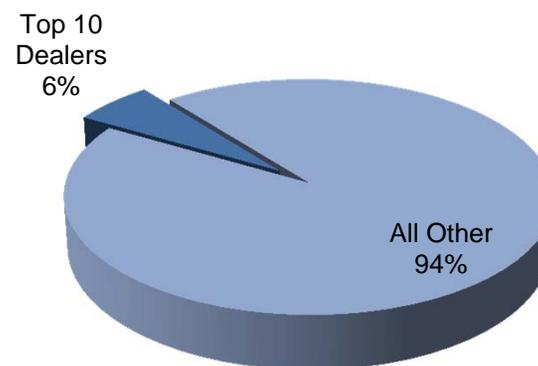
UNCONSOLIDATED INDUSTRY

Dealerships in the U.S.



Source: Automotive News, number of Light Vehicle Dealerships in the U.S.

Highly Fragmented Sector



Source: Automotive News 2012 Top 125 Dealership Groups number of dealerships

- \$1T automotive retail market
- Over 17,800 dealerships in the country
- Largest retail sector in the U.S.

ABUNDANT ACQUISITION OPPORTUNITIES



ABOUT LITHIA



LITHIA'S STRATEGY

ORGANIC AND ACQUISITION GROWTH

- Increase profitability and diversification
- Less competition with public peers for acquisition targets

TARGET EXCLUSIVE FRANCHISES

- Mid-sized, regional markets for domestic and import, metro markets for luxury
- Insulation from competition offers pricing protection

OPERATORS; ENTREPRENEURIAL CULTURE

- Store focused on positive customer experience
- Store ownership of marketing and personnel decisions

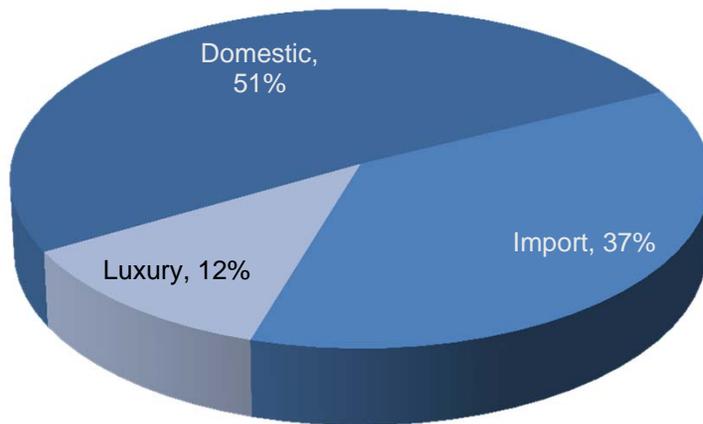
STANDARDIZED SYSTEMS AND PROCESSES

- Centralized administrative functions and common measurement
- Best in class information systems



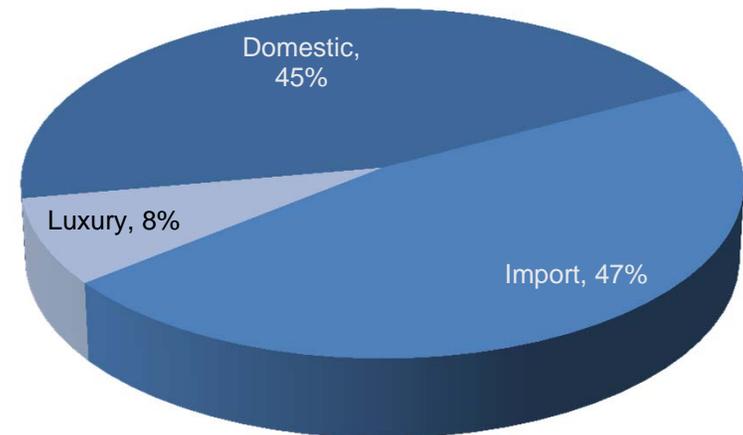
MARKET SHARE SUMMARY

Lithia Brand Mix



Note: Brand mix based on same store new vehicle units sales for the quarter ended December 31, 2013

National Market Share



Note: National market share based on new vehicle units sales for the quarter ended December 31, 2013.
Source: Stephens Auto Unit Sales & SAAR, December 2013

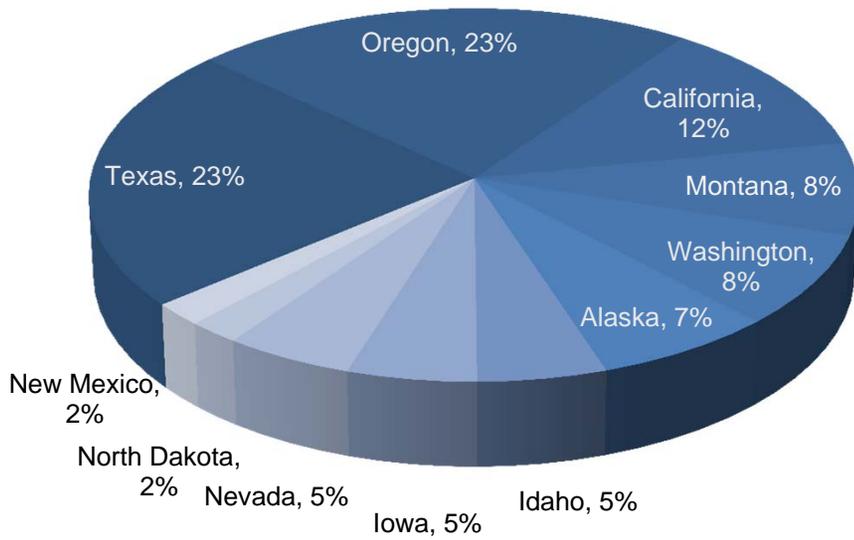
- In the US, three of the four largest brands are domestic
- Brand mix matches demand in our markets
- Target no more than 20% any single brand

SEEKING DOMINANT BRANDS IN OUR MARKETS



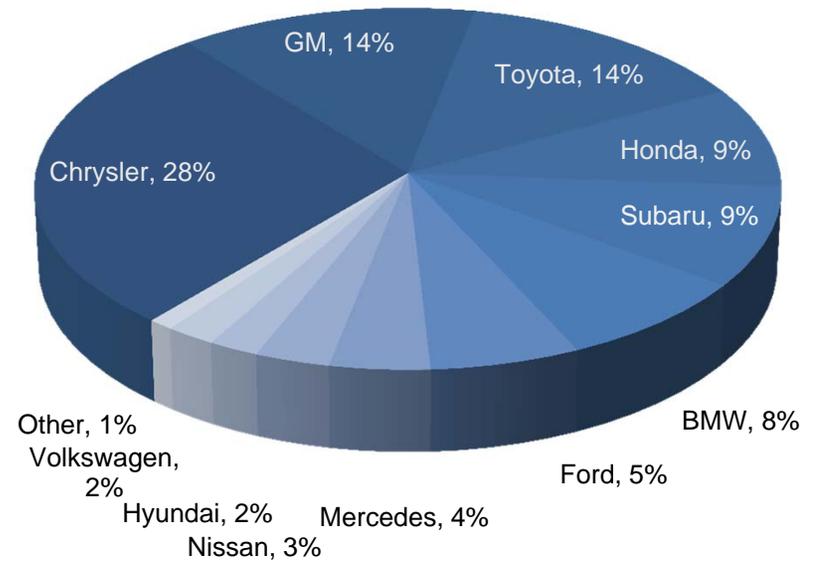
STATE AND BRAND MIX

State Mix



Note: State mix based on revenue for the quarter ended December 31, 2013

Brand Mix



Note: Brand mix based on new vehicle units sales for the quarter ended December 31, 2013

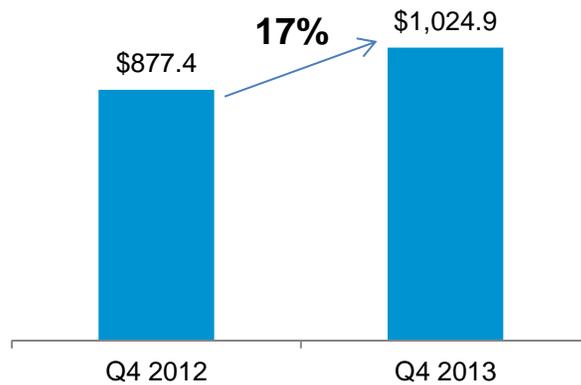


Q4'13 RESULTS

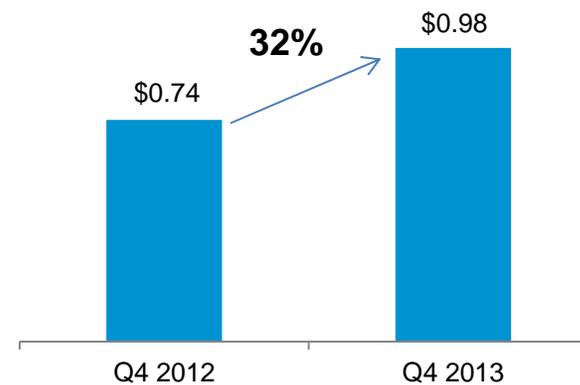


Q4'13 FINANCIAL RESULTS

Revenue (\$MM)



Adjusted Diluted EPS

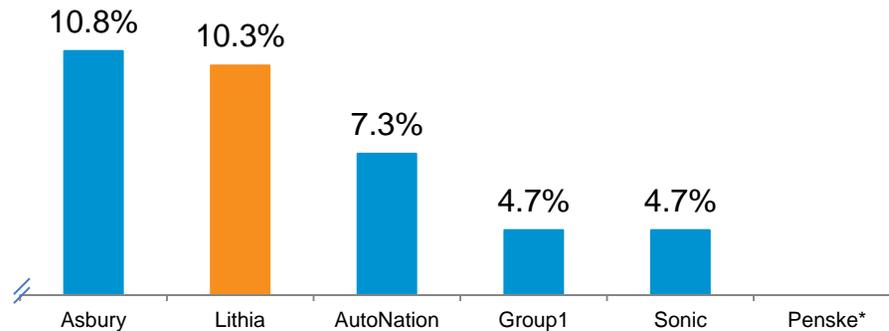


Note: See appendix for reconciliation of adjusted diluted EPS

- Increased same store sales 11%
- Highest fourth quarter EPS in company history

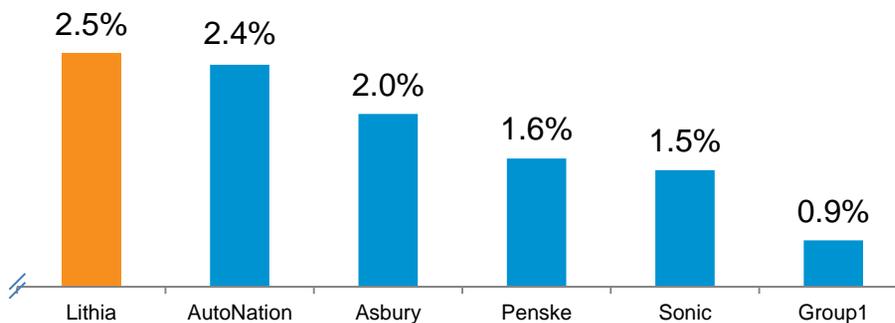
Q4'13 PROFITABILITY

Same Store Gross Profit Growth Y-o-Y



*Penske did not report same store gross profit in their Q4'13 financial information.

Adjusted Net Profit Margin



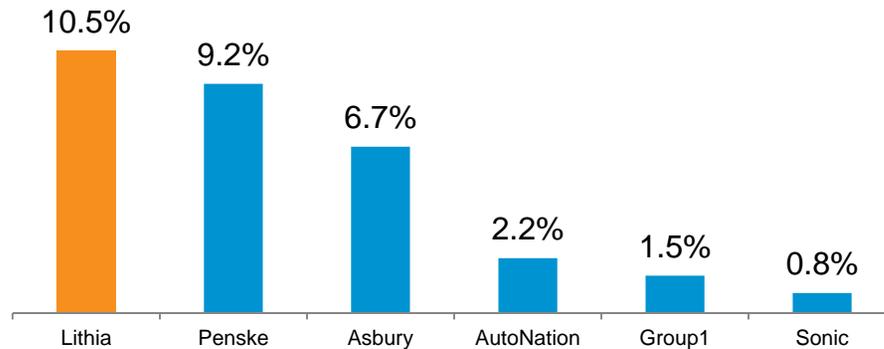
Note: See appendix for reconciliation of adjusted net profit margin

- Focus on growing overall gross profit dollars to leverage scale
- Net profit margin improved 30 bps over prior year to 2.5%

GROWING AND RETAINING GROSS DOLLARS

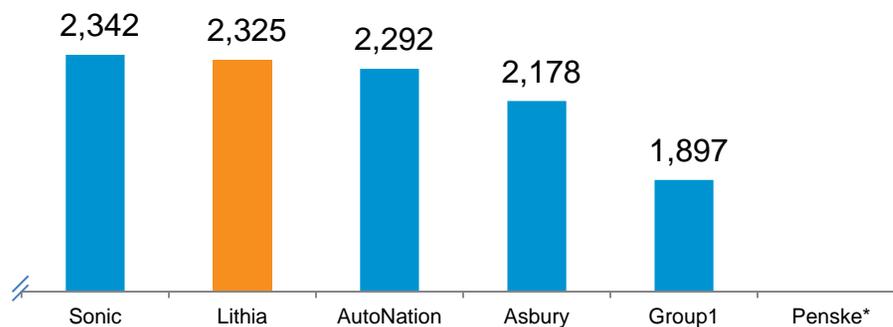
NEW VEHICLE SALES

Same Store Sales Growth Y-o-Y



- Focus on increasing our market share
- Gross profit per vehicle declined slightly due to aggressive unit sales increase

Same Store Gross Profit per Vehicle

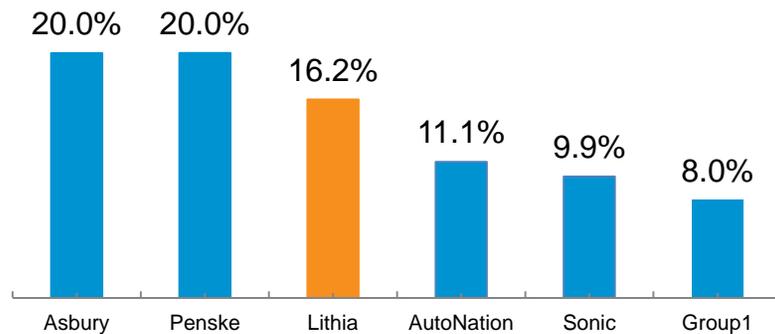


*Penske did not report same store gross profit in their Q4'13 financial information.

SOLID GROWTH AND PERFORMANCE

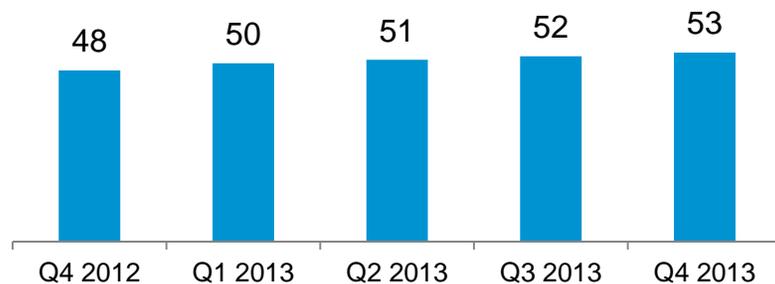
USED VEHICLE SALES

Same Store Sales Growth Y-o-Y



- Value auto same store unit sales increased 12% Y-o-Y; gross margin 22%
- Target 75 used vehicles per store per month

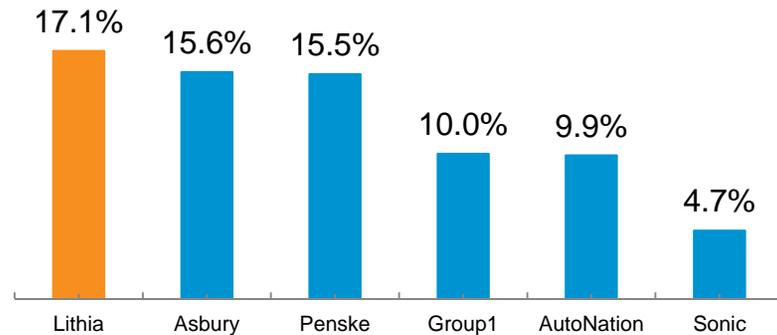
Store Average Used Retail Units Sold per Month



CONTINUED FOCUS AND STRONG EXECUTION

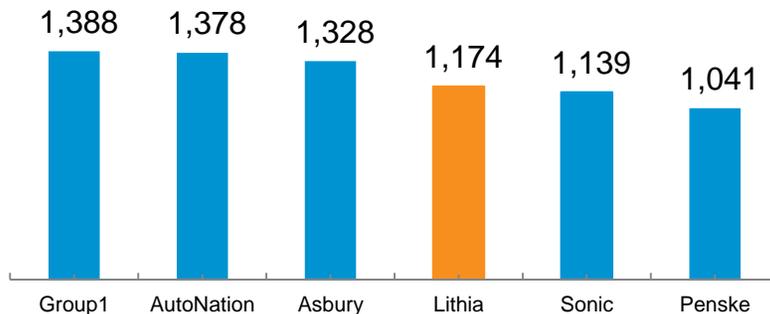
FINANCE AND INSURANCE

Same Store Sales Growth Y-o-Y



<i>Same Store Penetration Rates</i>	Q4'12	Q4'13
Arranged Financing	70%	72%
Service Contracts	41%	43%
Lifetime Oil and Filter	34%	37%

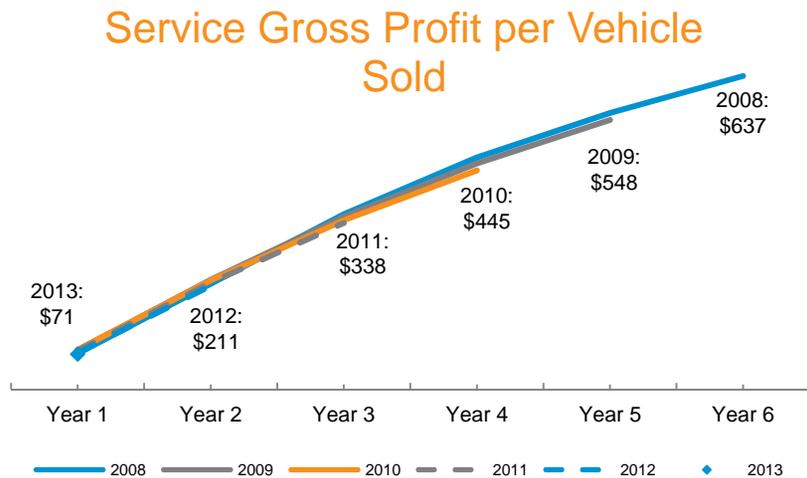
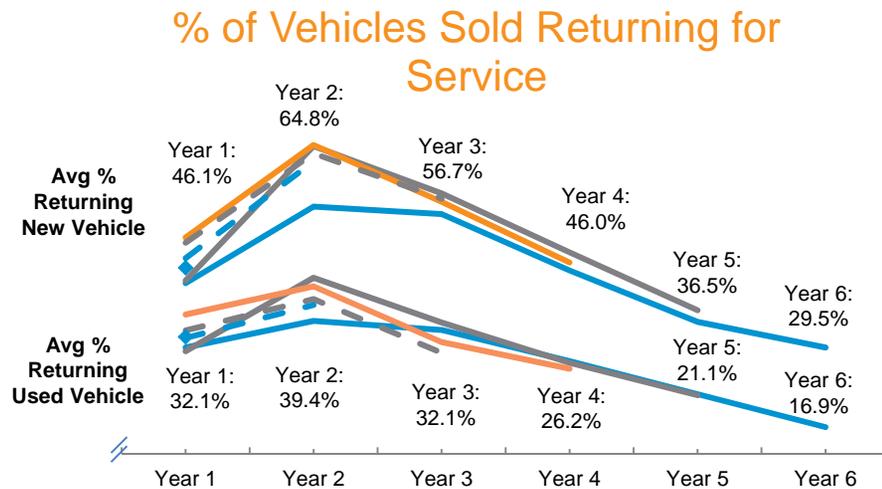
Same Store F&I per Unit



<i>Financial Composition</i>	Q4'12	Q4'13
Sub-Prime <620	10%	11%
Non-Prime 620-680	18%	18%
Prime >680	72%	71%

IMPROVING CREDIT MARKETS; OPPORTUNITY IN F&I

CUSTOMER LIFE CYCLE VALUE

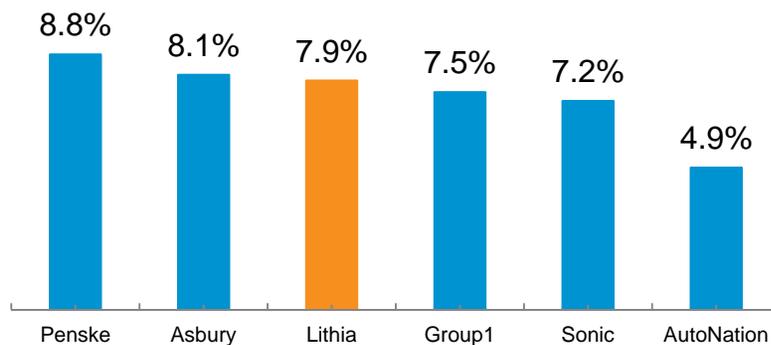


- Significant percentage of new and used vehicles sold return for service work
- Each vehicle sold generates \$637 of service gross profit over 6 years

SERVICE GROSS OFFSETS MARGIN COMPRESSION

SERVICE, BODY AND PARTS

Same Store Sales Growth Y-o-Y



Same Store Y-o-Y Revenue Change

	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13
Customer Pay	7.2%	5.3%	4.9%	3.8%	6.8%
Warranty	10.7%	9.3%	19.4%	10.6%	16.4%
Wholesale Parts	5.6%	4.9%	5.9%	8.5%	9.3%
Body Shop	14.3%	12.0%	2.9%	2.5%	(1.7)%
Total	8.1%	6.5%	7.0%	5.6%	7.9%

- Eighteen consecutive quarters of increasing customer pay sales
- Consecutive positive warranty comparisons indicate number of vehicles eligible for warranty growing

LARGEST CONTRIBUTOR TO OVERALL GROSS PROFIT

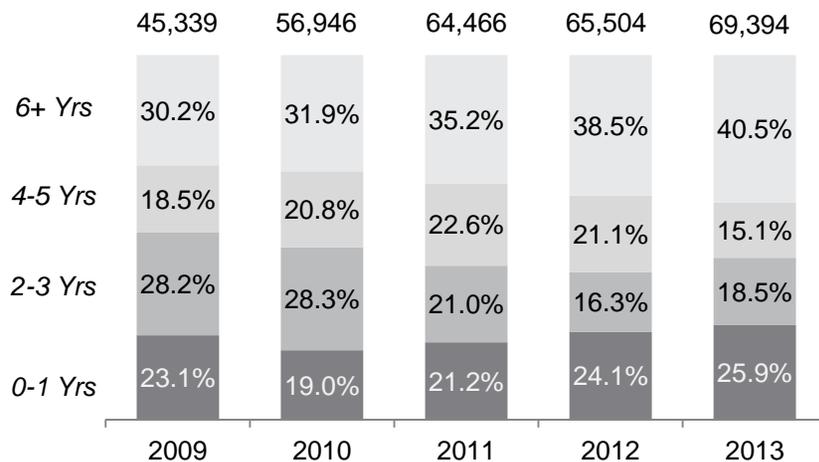


SERVICE TREND ANALYSIS

- More older vehicles being serviced
- Average sale per repair order down due to more commodity sales and routine maintenance

Age of Serviced Vehicles

Avg # of Vehicles Serviced per Month



Note: Serviced vehicles defined as count of unique VINs, based on service revenues for the quarter ended December 31

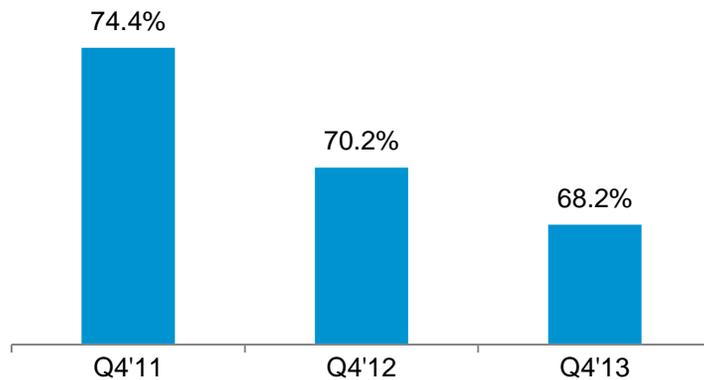
Average Sale per RO

Model Year (Aged)	2009	2010	2011	2012	2013
6+ Yrs	\$402	\$345	\$299	\$298	\$299
4-5 Yrs	\$382	\$309	\$275	\$278	\$285
2-3 Yrs	\$315	\$263	\$236	\$214	\$235
0-1 Yrs	\$256	\$185	\$163	\$168	\$159
Total	\$340	\$284	\$252	\$249	\$235

BUSINESS REMAINS STABLE DUE TO MIX SHIFT

SG&A ANALYSIS

Adjusted SG&A as a % of Gross Profit



Note: See appendix for reconciliation of adjusted SG&A

<i>% of Gross Profit</i>	Q4'12	Q4'13	Change
Personnel	44.4%	43.9%	(50) bps
Advertising	6.5%	6.4%	(10) bps
Rent	2.7%	2.2%	(50) bps
Facility Cost	4.5%	4.7%	20 bps
Other	12.1%	11.0%	(110) bps
Total	70.2%	68.2%	(200) bps

- Centralized administration increases efficiency
- Target SG&A as a % of gross profit in the upper 60% range

IMPROVING LEVERAGE AS VOLUME RETURNS

Q4'13 GROSS PROFIT RETENTION

<i>\$MM</i>	Q4'12	Q4'13	% Change
Gross Profit	\$138.4	\$159.3	15.1%
Personnel	\$61.5	\$70.0	13.8%
Advertising	\$8.9	\$10.2	14.3%
Rent	\$3.8	\$3.5	(7.7)%
Facility Cost	\$6.3	\$7.4	18.5%
Other	\$16.6	\$17.5	5.1%
Adjusted SG&A	\$97.1	\$108.6	11.8%

Note: See appendix for reconciliation of adjusted gross profit and adjusted SG&A

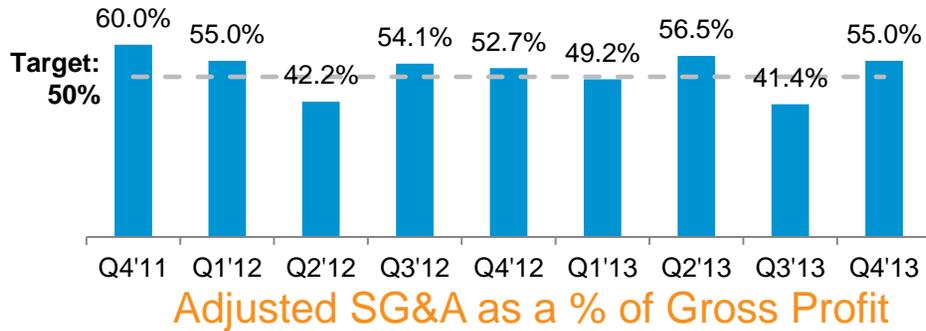
<i>Q4'13 Throughput</i>	\$MM
Change in Gross Profit	\$20.9
Change in Adjusted SG&A	\$11.5
% Throughput	45.2%
Same Store Adjustment	9.8%
Same Store % Throughput	55.0%

- Same store throughput estimated at 55% for Q4'13

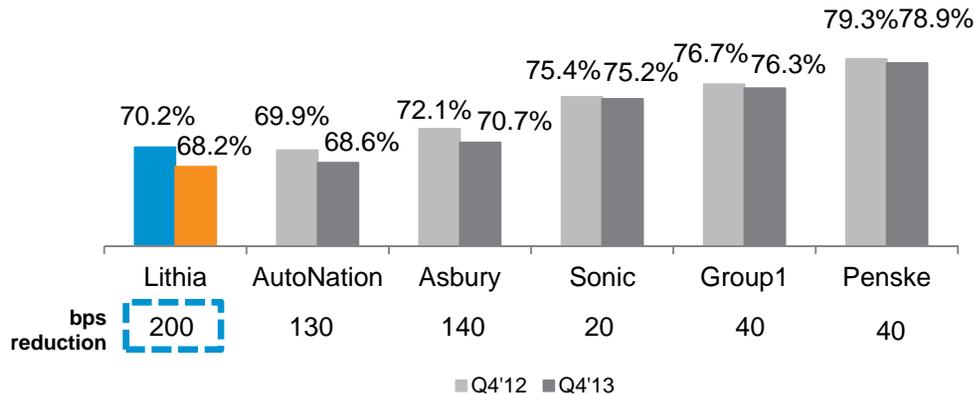
TARGET 50% INCREMENTAL THROUGHPUT

INCREMENTAL THROUGHPUT TRENDS

Quarterly Same Store Throughput Trend



- Same store throughput 55% for Q4'13
- Target same store throughput of 50%



Note: See appendix for reconciliation of adjusted SG&A

LEVERAGING SCALE AS REVENUE INCREASES



CAPITAL DEPLOYMENT

Funds for Growth

(\$MM)	Q3'13	Q4'13	Change
Cash and Cash Equivalents	\$16.1	\$23.7	\$7.6
Availability on Line of Credit	165.1	159.6	(5.5)
Unfinanced Real Estate*	<u>120.1</u>	<u>135.7</u>	<u>15.6</u>
Total	\$301.3	\$319.0	\$17.7

*Unfinanced real estate represents 80% of the net book value of unfinanced real estate used in operations.

Capital Uses

(\$MM)	FY 2012	FY 2013	Est. FY 2014
Capital Expenditures			
Post-Acquisition Improvements	\$7	\$12	\$19
Facilities for Open Points	10	5	5
Lease Buy-outs	20	7	17
Existing Facility Improvements	21	14	32
Maintenance Cap Ex	<u>7</u>	<u>12</u>	<u>11</u>
Total Capital Expenditures	\$65	\$50	\$84
Free Cash Flow	\$34	\$90	\$72
Est. Mort. Financing on Cap Ex	<u>33</u>	<u>18</u>	<u>43</u>
Est. Adjusted Free Cash Flow**	\$67	\$108	\$115

**Free cash flow defined as earnings before interest, taxes, depreciation and amortization (EBITDA) add back stock compensation less cash paid for taxes, interest, dividends and capital expenditures. Adjusted free cash flow assumes 80% financing for capital expenditures related to purchased properties and construction on owned properties

2013 Summary

- Purchased 6 stores, 1 franchise and opened 1 new store granted by manufacturer
- Repurchased 127,900 shares at average price of \$40.76 per share
- Board authorized repurchase program with 1.7MM shares remaining as of December 31, 2013

FOCUSED ON DISCIPLINED CAPITAL ALLOCATION



ACQUISITION GROWTH

	2013		2012		2011		2010	
	<u>\$MM</u>	<u>Multiple</u>	<u>\$MM</u>	<u>Multiple</u>	<u>\$MM</u>	<u>Multiple</u>	<u>\$MM</u>	<u>Multiple</u>
# of Stores/Franchises Acquired	8		6		5		3	
Enterprise Value**	\$33		\$26		\$41		\$10	
Annualized EBITDA*	\$9	3.7x	\$8	3.3x	\$12	3.4x	\$3	3.3x
Annualized Revenues*	\$273	12%	\$265	10%	\$250	16%	\$62	16%

*Assumes steady state revenues 2 years after acquisition, EBITDA adjusted to include flooring interest as an operating expense

**Enterprise value defined as investment costs, excluding new vehicles and assuming all real estate is leased at actual rent or if owned, a 7% capitalization rate

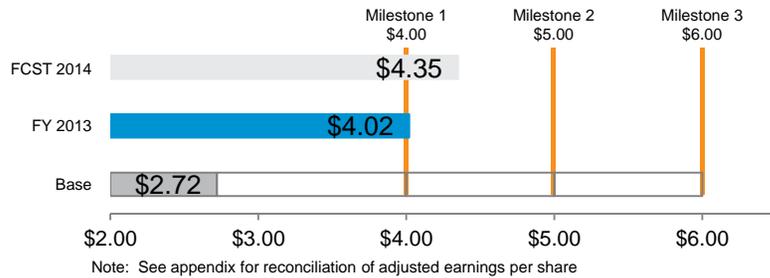
Investment Metrics:

- 75-100% 5-year after-tax ROE
- 3x-5x EV/EBITDA
- 10%-20% of annual revenues
- Seeking up to 20% of any one manufacturer
- Balancing brand mix through acquisitions

FINDING STORES AT ACCRETIVE MULTIPLES

LONG-TERM GROWTH MILESTONES

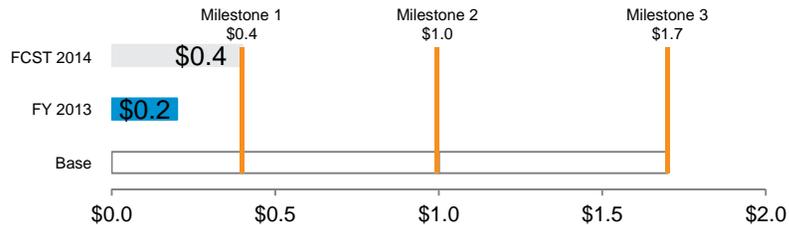
Adjusted Earnings per Share



Organic Revenue Growth (\$B)



Acquisition Revenue Growth (\$B)



- Milestones driven by organic growth and acquisitions
- Completed first Milestone in 2013
- Target achieving remaining Milestones in the next 2-6 years

CONTINUED OPPORTUNITY FOR GROWTH



2014 GUIDANCE

PROJECTED EARNINGS RANGE*:

- Q1'14: \$0.92 - \$0.94
- FY 2014: \$4.30 - \$4.40

ASSUMPTIONS

- Total revenues of \$4.5 to \$4.6 billion
- New vehicle same store sales increasing 8.0%
- New vehicle gross margin of 6.4% to 6.6%
- Used vehicle same store sales increasing 8.0%
- Used vehicle gross margin of 14.5% to 14.7%
- Service body and parts same store sales increasing 7.0%
- Service body and parts gross margin of 48.2% to 48.4%
- Finance and insurance gross profit of \$1,125 per unit
- Tax rate of 39.5%
- Average diluted shares outstanding of 26.2 million
- Capital expenditures of \$84 million

*Excludes the impact of future acquisitions, dispositions and any potential non-core items

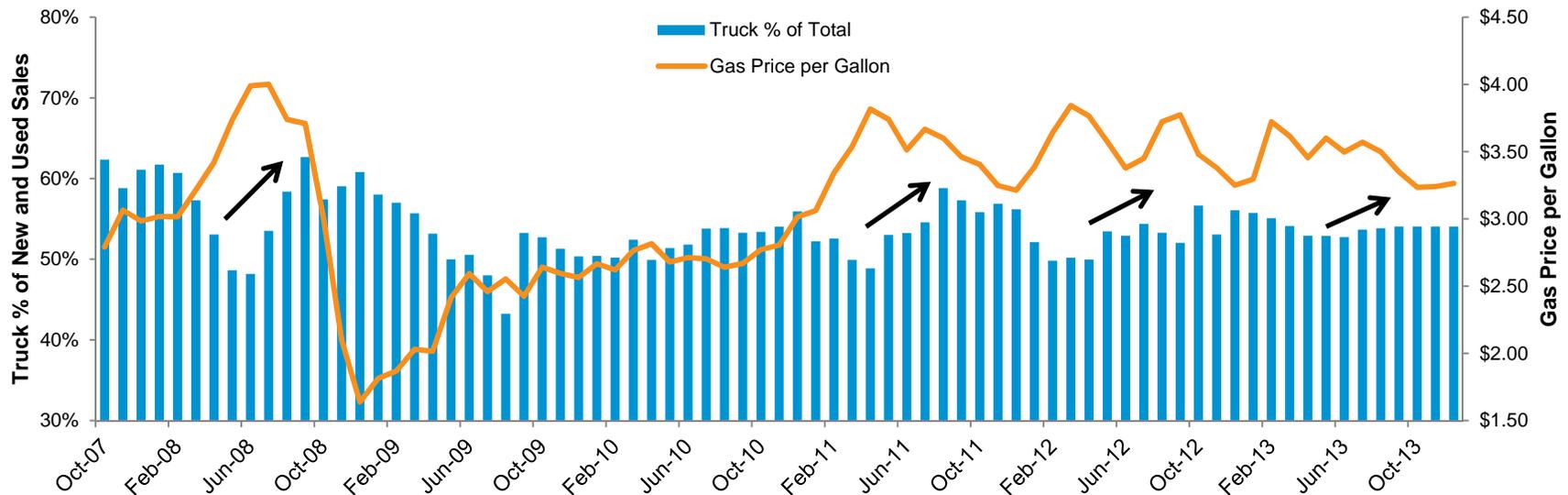


APPENDIX



IMPACT OF RISING GAS PRICES

- Spikes cause initial decline in truck sales
- Truck mix recovers before gas price drops

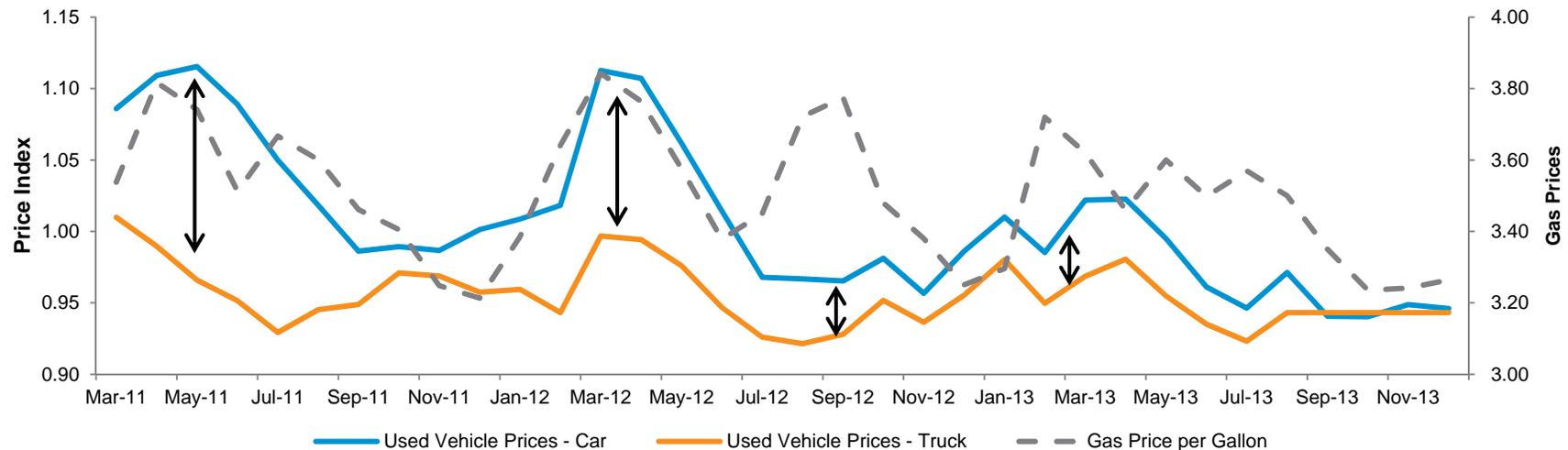


Note: Truck % of total is based on monthly retail new unit sales. Gas prices are average monthly price per gallon from US Energy Information Administration

CONSUMERS ADAPT TO INCREASES IN FUEL COST

IMPACT OF RISING GAS PRICES

Used Vehicle Prices vs. Gas Prices



Note: Used vehicle prices are indexed to values as of January 2011. Source: Automotive News

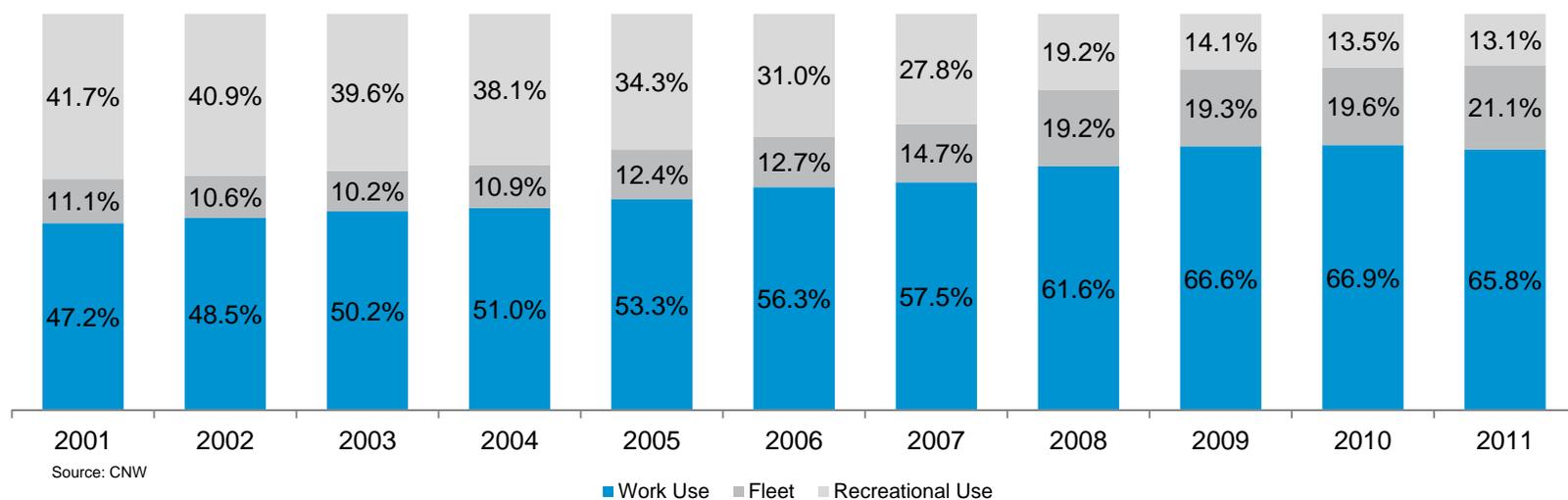
- Truck prices negatively correlated to gas
- Most recent increase did not cause decline in truck prices

CONSUMERS ADAPT TO INCREASES IN FUEL COST



IMPACT OF RISING GAS PRICES

Truck Buyer Demographic Mix

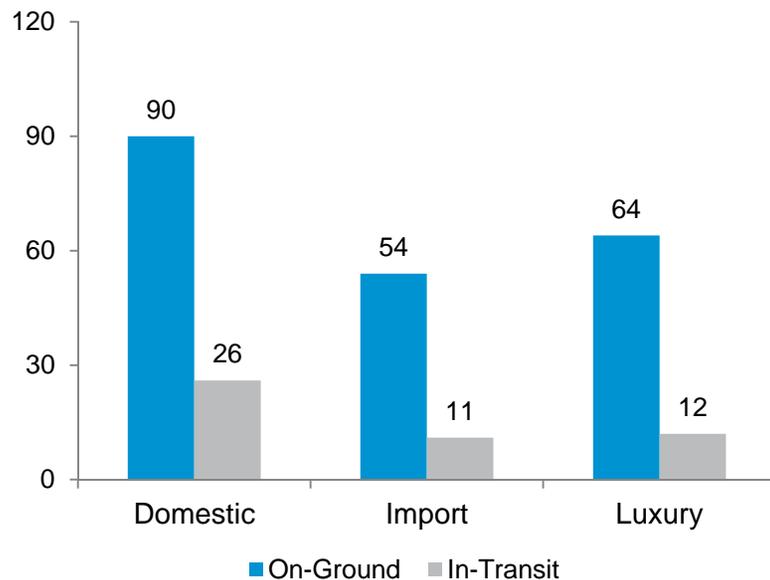


- Fewer “aspirational” truck owners
- Majority of 2011 sales for functional use

DEMOGRAPHIC SHIFT REDUCES VOLATILITY

NEW VEHICLE SUPPLY

New Vehicle Days Supply



Note: vehicle days supply are as of December 31, 2013

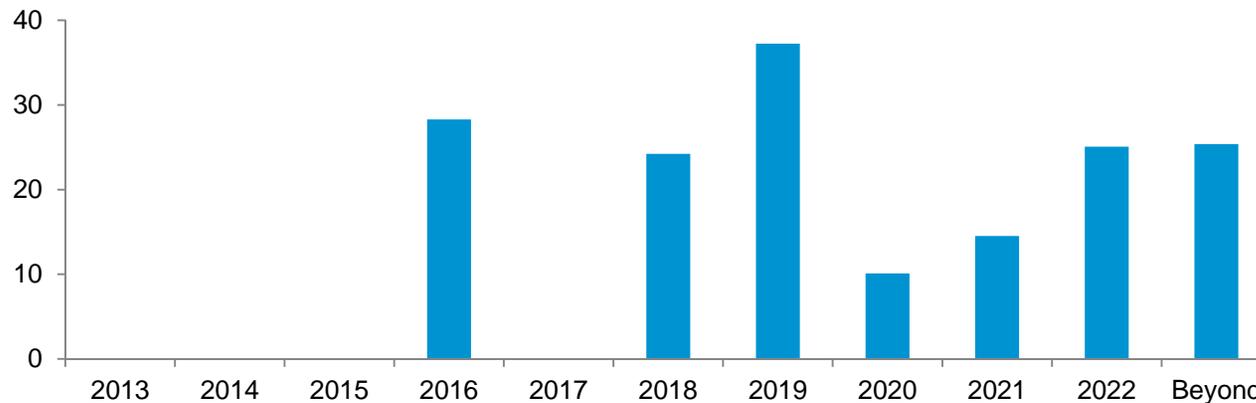
- New vehicle days supply: 74 days
- Used vehicle days supply: 63 days

ADEQUATELY POSITIONED FOR NEAR TERM

STABLE BALANCE SHEET

- No mortgage maturities until 2016; revolving credit facility committed through 2018

Future Mortgage Debt Maturities (\$MM)



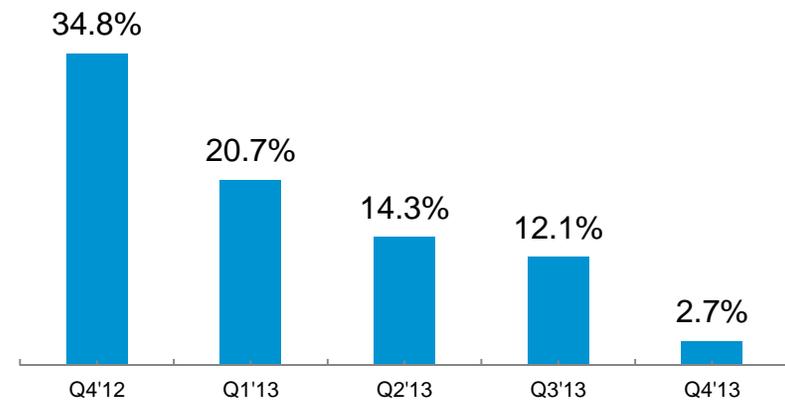
NO NEAR TERM DEBT MATURITIES

CHRYSLER UPDATE

- Majority of Lithia's sales from Ram Pickup and Jeep Units
- Fifteen consecutive quarters of increasing Chrysler sales

<i>Chrysler Unit Sales</i>	Q4'13
Ram Pickup	46%
Jeep Models	27%
Charger/Challenger/300	8%
Durango/Journey	7%
Minivan	3%
Other	<u>9%</u>
Total	100%

Chrysler Same Store Sales Y-o-Y



ENCOURAGING DEVELOPMENTS AND TRENDS

	<u>As of December 31,</u>	<u>As of December 31,</u>
(\$K)	<u>2013</u>	<u>2012</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 23,686	\$ 42,839
Accounts receivable	170,519	133,149
Inventories, net	859,019	723,326
Deferred income taxes	1,548	3,832
Other current assets	15,251	17,484
Assets held for sale	<u>11,526</u>	<u>12,579</u>
Total Current Assets	1,081,549	933,209
Property and equipment, net	481,212	425,086
Goodwill	49,511	32,047
Franchise value	71,199	62,429
Deferred income taxes	10,256	17,123
Other non-current assets	<u>31,394</u>	<u>22,808</u>
Total Assets	<u>\$ 1,725,121</u>	<u>\$ 1,492,702</u>

	<u>As of December 31,</u>	<u>As of December 31,</u>
(\$K)	<u>2013</u>	<u>2012</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Floor plan notes payable	\$ 18,789	\$ 13,454
Floor plan notes payable: non-trade	695,066	568,130
Current maturities of long-term debt	7,083	8,182
Trade payables	51,159	41,589
Accrued liabilities	94,143	81,602
Liabilities related to assets held for sale	<u>6,271</u>	<u>8,347</u>
Total Current Liabilities	872,511	721,304
Long-term debt, less current maturities	245,471	286,876
Deferred revenue	44,005	33,589
Other long-term liabilities	<u>28,412</u>	<u>22,832</u>
Total Liabilities	1,190,399	1,064,601
Total Stockholders' Equity	<u>534,722</u>	<u>428,101</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,725,121</u>	<u>\$ 1,492,702</u>



SUPPLEMENTAL INFORMATION

BALANCE SHEET

(\$K)	Q4'13	Q3'13	Q2'13	Q1'13	FY 2013
New vehicle	\$589,535	\$604,135	\$569,487	\$493,441	\$2,256,598
Used vehicle	253,797	280,734	258,465	239,228	1,032,224
Wholesale used vehicles	37,642	43,396	37,691	39,506	158,235
Finance and insurance	35,994	37,132	34,218	31,663	139,007
Service, body and parts	100,797	97,784	94,462	90,440	383,483
Fleet and other	7,109	6,109	14,182	8,802	36,202
Total Revenues	1,024,874	1,069,290	1,008,505	903,080	4,005,749
Cost of Goods Sold	865,581	903,901	848,672	756,642	3,374,796
New vehicles	39,097	38,586	38,788	34,647	151,118
Retail used vehicles	35,351	41,641	38,893	34,973	150,858
Wholesale used vehicles	332	710	695	974	2,711
Finance and insurance	35,994	37,132	34,218	31,663	139,007
Service, body and parts	48,107	46,991	46,693	43,779	185,570
Fleet and other	412	329	546	402	1,689
Gross Profit	159,293	165,389	159,833	146,438	630,953
SG&A	108,416	108,570	109,283	101,131	427,400
Depreciation and amortization	5,316	5,099	4,899	4,721	20,035
Operating Income	45,561	51,720	45,651	40,586	183,518
Floor plan interest expense	2,979	2,909	3,036	3,449	12,373
Other interest expense	2,115	1,933	1,941	2,361	8,350
Other income, net	(773)	(835)	(584)	(801)	(2,993)
Income (loss) before taxes	41,240	47,713	41,258	35,577	165,788
Income tax expense (benefit)	14,080	16,822	15,977	13,695	60,574
Income (loss) from continuing operations	27,160	30,891	25,281	21,882	105,214

Note: These results for stores classified as discontinued operations have been presented on a comparable basis for all periods



SUPPLEMENTAL INFORMATION

2013 QUARTERLY INCOME STATEMENTS

(\$K)	Q4'12	Q3'12	Q2'12	Q1'12	FY 2012
New vehicle	\$506,871	\$491,846	\$455,939	\$392,946	\$1,847,603
Used vehicle	208,367	227,157	207,341	190,619	833,484
Wholesale used vehicles	35,768	35,006	35,106	33,357	139,237
Finance and insurance	29,244	30,929	27,184	24,876	112,234
Service, body and parts	89,665	89,038	85,456	83,544	347,703
Fleet and other	7,458	4,550	11,316	12,904	36,226
Total Revenues	877,373	878,526	822,342	738,246	3,316,487
Cost of Goods Sold	739,013	736,016	688,246	613,912	2,777,187
New vehicles	35,535	35,093	33,566	30,252	134,447
Retail used vehicles	29,181	33,272	30,991	28,277	121,721
Wholesale used vehicles	757	(36)	296	397	1,414
Finance and insurance	29,244	30,929	27,184	24,876	112,234
Service, body and parts	43,256	43,005	41,674	40,135	168,070
Fleet and other	387	247	385	397	1,414
Gross Profit	138,360	142,510	134,096	124,334	539,300
Asset impairment charges	-	-	-	115	115
SG&A	97,126	95,132	92,990	88,439	373,688
Depreciation and amortization	4,441	4,351	4,198	4,138	17,128
Operating Income	36,793	43,027	36,908	31,642	148,369
Floor plan interest expense	3,490	3,370	3,054	2,902	12,816
Other interest expense	2,239	2,125	2,530	2,727	9,621
Other income, net	(754)	(453)	(819)	(498)	(2,525)
Income (loss) before taxes	31,818	37,985	32,143	26,511	128,457
Income tax expense (benefit)	12,154	14,893	12,138	9,877	49,062
Income (loss) from continuing operations	19,664	23,092	20,005	16,634	79,395

Note: These results for stores classified as discontinued operations have been presented on a comparable basis for all periods



SUPPLEMENTAL INFORMATION

2012 QUARTERLY INCOME STATEMENTS

(\$K)	Q4'11	Q3'11	Q2'11	Q1'11	FY 2011
New vehicle	\$382,004	\$374,460	\$339,378	\$295,533	\$1,391,375
Used vehicle	170,053	182,432	172,283	153,803	678,571
Wholesale used vehicles	34,862	35,288	28,852	29,327	128,329
Finance and insurance	22,397	22,302	20,492	18,939	84,130
Service, body and parts	82,053	83,296	78,410	72,199	315,958
Fleet and other	3,979	10,108	17,168	3,128	34,383
Total Revenues	695,348	707,886	656,583	572,929	2,632,746
Cost of Goods Sold	582,496	589,089	542,607	473,270	2,187,462
New vehicles	28,797	28,946	27,192	22,215	107,150
Retail used vehicles	22,826	26,461	26,369	22,558	98,214
Wholesale used vehicles	(10)	(56)	252	411	597
Finance and insurance	22,397	22,302	20,492	18,939	84,130
Service, body and parts	38,401	40,439	38,386	34,994	152,220
Fleet and other	441	705	1,285	542	2,973
Gross Profit	112,852	118,797	113,976	99,659	445,284
Asset impairment charges	504	-	489	383	1,376
SG&A	78,331	83,135	79,903	75,294	316,663
Depreciation and amortization	4,095	4,103	4,170	4,059	16,427
Operating Income	29,922	31,559	29,414	19,923	110,818
Floor plan interest expense	2,706	1,954	3,281	2,423	10,364
Other interest expense	3,532	3,063	2,999	3,284	12,878
Other income, net	(233)	(214)	(171)	(76)	(694)
Income (loss) before taxes	23,917	26,756	23,305	14,292	88,270
Income tax expense (benefit)	7,896	10,534	8,716	5,914	33,060
Income (loss) from continuing operations	16,021	16,222	14,589	8,378	55,210

Note: These results for stores classified as discontinued operations have been presented on a comparable basis for all periods



SUPPLEMENTAL INFORMATION

2011 QUARTERLY INCOME STATEMENTS

	Quarterly Same Store Revenue Changes				
	Q4	Q3	Q2	Q1	FY
2013					
New vehicles	10.5%	15.8%	18.9%	22.0%	16.4%
Retail used vehicles	16.2%	16.9%	18.7%	21.5%	18.2%
Wholesale used vehicles	2.0%	17.9%	1.6%	11.3%	8.1%
Finance and insurance	17.1%	17.0%	20.6%	25.1%	19.7%
Service, body and parts	7.9%	5.6%	7.0%	6.5%	6.8%
Fleet and other	-4.3%	36.4%	25.7%	-32.2%	0.2%
Total	11.3%	15.3%	17.0%	18.8%	15.4%
2012					
New vehicles	30.8%	29.9%	33.3%	25.2%	30.0%
Retail used vehicles	20.1%	23.7%	19.9%	19.0%	20.8%
Wholesale used vehicles	1.6%	0.6%	22.0%	9.8%	7.9%
Finance and insurance	30.7%	36.4%	33.6%	28.7%	32.5%
Service, body and parts	8.1%	5.9%	6.7%	5.0%	6.5%
Fleet and other	104.9%	-56.6%	-43.7%	237.4%	-7.5%
Total	24.5%	23.0%	24.1%	21.4%	23.3%
2011					
New vehicles	27.8%	27.5%	22.5%	39.5%	28.8%
Retail used vehicles	21.5%	14.0%	15.1%	16.8%	16.7%
Wholesale used vehicles	17.2%	12.3%	13.3%	30.4%	17.7%
Finance and insurance	37.7%	21.0%	26.9%	36.8%	30.1%
Service, body and parts	2.6%	3.1%	4.4%	8.6%	4.6%
Fleet and other	10.6%	224.3%	120.7%	351.6%	133.0%
Total	22.4%	20.7%	18.7%	28.2%	22.2%

Note: These results for stores classified as discontinued operations have been presented on a comparable basis for all periods



SUPPLEMENTAL INFORMATION

QUARTERLY SAME STORE REVENUE CHANGES

	Quarterly Gross Margins				
	Q4	Q3	Q2	Q1	FY
2013					
New vehicles	6.6%	6.4%	6.8%	7.0%	6.7%
Retail used vehicles	13.9%	14.8%	15.0%	14.6%	14.6%
Wholesale used vehicles	0.9%	1.6%	1.8%	2.5%	1.7%
Finance and insurance	100.0%	100.0%	100.0%	100.0%	100.0%
Service, body and parts	47.7%	48.1%	49.4%	48.4%	48.4%
Fleet and other	5.8%	5.4%	3.8%	4.6%	4.7%
Total	15.5%	15.5%	15.8%	16.2%	15.8%
2012					
New vehicles	7.0%	7.1%	7.4%	7.7%	7.3%
Retail used vehicles	14.0%	14.6%	14.9%	14.8%	14.6%
Wholesale used vehicles	2.1%	-0.1%	0.8%	1.2%	1.0%
Finance and insurance	100.0%	100.0%	100.0%	100.0%	100.0%
Service, body and parts	48.2%	48.3%	48.8%	48.0%	48.3%
Fleet and other	5.2%	5.4%	3.4%	3.1%	3.9%
Total	15.8%	16.2%	16.3%	16.8%	16.3%
2011					
New vehicles	7.5%	7.7%	8.0%	7.5%	7.7%
Retail used vehicles	13.4%	14.5%	15.3%	14.7%	14.5%
Wholesale used vehicles	0.0%	-0.2%	0.9%	1.4%	0.5%
Finance and insurance	100.0%	100.0%	100.0%	100.0%	100.0%
Service, body and parts	46.8%	48.5%	49.0%	48.5%	48.2%
Fleet and other	11.1%	7.0%	7.5%	17.3%	8.6%
Total	16.2%	16.8%	17.4%	17.4%	16.9%

Note: These results for stores classified as discontinued operations have been presented on a comparable basis for all periods



SUPPLEMENTAL INFORMATION

QUARTERLY GROSS MARGINS

(\$K)	YTD	Disposal gain	Reserve Adjustments			Tax attribute			YTD
	12/31/2013 As reported		Q4	Q2	Q4	Q2	Q3	Q4	12/31/2013 Adjusted
Selling, general and administrative	427,400	2,531	(3,812)	(2,341)	-	-	-	423,778	
Income from operations	183,518	(2,531)	3,812	2,341	-	-	-	187,140	
Income from continuing operations before income taxes	165,788	(2,531)	3,812	2,341	-	-	-	169,410	
Income taxes	<u>(60,574)</u>	<u>968</u>	<u>(1,484)</u>	<u>(869)</u>	<u>(228)</u>	<u>(1,284)</u>	<u>(1,320)</u>	<u>(64,791)</u>	
Net income from continuing operations	105,214	(1,563)	2,328	1,472	(228)	(1,284)	(1,320)	104,619	
Net income from discontinued operations	<u>786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>786</u>	
Net income	106,000	(1,563)	2,328	1,472	(228)	(1,284)	(1,320)	105,405	
Diluted earnings per share from continuing operations	4.02	(0.06)	0.09	0.05	(0.01)	(0.05)	(0.05)	3.99	
Diluted earnings per share from discontinued operations	<u>0.03</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.03</u>	
Diluted earnings per share	4.05	(0.06)	0.09	0.05	(0.01)	(0.05)	(0.05)	4.02	
Diluted share count	26,191								

GAAP RECONCILIATION

2013 ADJUSTED INCOME STATEMENT DETAIL



(\$K)	YTD	Asset	Equity	Tax attribute			YTD
	12/31/2012 As reported	impairments and disposal gain Q1	investment Q1	Q1	Q2	Q4	12/31/2012 Adjusted
Asset impairments	115	(115)	-	-	-	-	-
Selling, general and administrative	373,688	739	-	-	-	-	374,427
Income from operations	148,369	(624)	-	-	-	-	147,745
Other income, net	2,525	-	(244)	-	-	-	2,281
Income from continuing operations before income taxes	128,457	(624)	(244)	-	-	-	127,589
Income taxes	(49,062)	244	95	(493)	(573)	(374)	(50,163)
Net income from continuing operations	79,395	(380)	(149)	(493)	(573)	(374)	77,426
Net income from discontinued operations	967	(172)	-	-	-	-	795
Net income	80,362	(552)	(149)	(493)	(573)	(374)	78,221
Diluted earnings per share from continuing operations	3.03	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	2.96
Diluted earnings per share from discontinued operations	0.04	(0.01)	-	-	-	-	0.03
Diluted earnings per share	3.07	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)	2.99
Diluted share count	26,170						

GAAP RECONCILIATION

2012 ADJUSTED INCOME STATEMENT DETAIL



(\$K)	YTD	Asset impairments and disposal gains/losses				Reserve	Stock based comp shortfall		YTD
	12/31/2011					Adjustments			12/31/2011
	As reported	Q1	Q2	Q3	Q4	Q4	Q1	Q2	Adjusted
Gross Profit	445,284	-	-	-	-	950	-	-	446,234
Asset impairments	1,376	(382)	(490)	-	(504)	-	-	-	-
Selling, general and administrative	316,663	-	580	-	6,301	-	-	-	323,544
Income from operations	110,818	382	(90)	-	(5,797)	950	-	-	106,263
Income from continuing operations before income taxes	88,270	382	(90)	-	(5,797)	950	-	-	83,715
Income taxes	(33,060)	(153)	35	-	1,842	(360)	186	(186)	(31,696)
Net income from continuing operations	55,210	229	(55)	-	(3,955)	590	186	(186)	52,019
Net income from discontinued operations	3,650	37	-	(95)	(2,558)	-	-	-	1,034
Net income	58,860	266	(55)	(95)	(6,513)	590	186	(186)	53,053
Diluted earnings per share from continuing operations	2.07	0.01	-	-	(0.15)	0.02	0.01	(0.01)	1.95
Diluted earnings per share from discontinued operations	0.14	-	-	-	(0.10)	-	-	-	0.04
Diluted earnings per share	2.21	0.01	-	-	(0.25)	0.02	0.01	(0.01)	1.99
Diluted share count	26,664								



GAAP RECONCILIATION

2011 ADJUSTED INCOME STATEMENT DETAIL