Auto Physical Damage
Edition

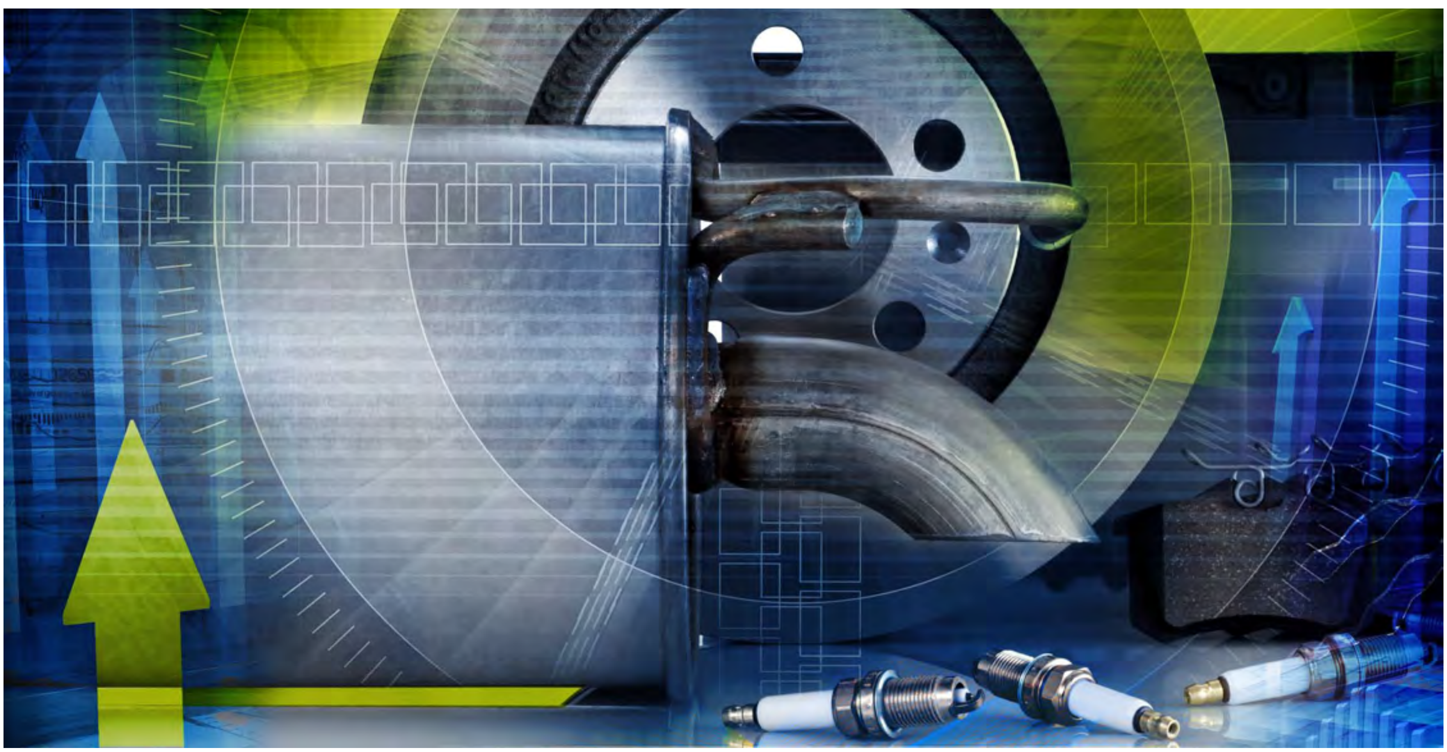
Volume Twelve Number Three
Q3 2012
Published by Mitchell

Industry Trends Report

FEATURED IN THIS ISSUE:

Parts Price Inflation is on the Move. Mitchell's Collision Parts Price Index Tracks its Source

By Greg Horn, Vice President of Industry Relations, Mitchell



mitchell

Industry Trends Report

Table of Contents

Volume Twelve Number Three

About the author…

Greg Horn
Vice President of Industry Relations, Mitchell

Greg Horn joined Mitchell in September of 2006 as Vice President of Industry Relations.

In this role, Greg assists the Mitchell sales force in providing custom tailored business solutions to the Property and Casualty Claims and Automotive Collision Repair industries.

He provides guidance to Mitchell's Product Management and Business Analytics teams, playing an important role in shaping Mitchell's solution portfolio to ensure that it meets the evolving needs of current and future clients. Greg also presents Mitchell's Industry Trends Updates at conferences across the country.

Prior to joining Mitchell, Greg served as Vice President of Material Damage Claims at GMAC Insurance, where he was responsible for all aspects of the physical damage claims process and the implementation of a unique vehicle replacement program along with serving on the GM Safety Committee. Prior to GMAC, Greg served as Director of Material Damage Processes for National Grange Mutual in Keene, NH.

NEW! Industry Trends Live

Sign up to hear a live presentation of the trends presented in this report from Editor-in-Chief, Greg Horn.

Don't miss the chance to get the inside scoop!

Parts Price Inflation is on the Move. Mitchell's Collision Parts Price Index Tracks its Source

By Greg Horn
Vice President of Industry Relations, Mitchell

A few years ago, Mitchell developed the Mitchell Collision Parts Price Index (MCPPI) to examine the impact of parts inflation on the average claim estimate. A market basket was created by selecting the 20 most frequently replaced collision parts. Because these are the most common front and rear end parts replaced after a collision, they're also prime candidates to be produced for aftermarket parts and top movers in the recycled parts business.

We pulled data from 2003 through 2012 (YTD) to determine weighted average prices for these parts in aggregate, setting the base year at 2003 and equal to 100. This approach allowed us to compare inflationary trends by part type. It is important to remember that the values represented are based on 100 percent for the base year and related percentages; we'll look at the average parts price later in this article.

By analyzing the market basket by part type (OEM, Aftermarket, Recycled or Remanufactured) and by vehicle nameplate origin (Domestic, European or Asian) we gain insight into what is driving the overall inflation in parts costs. This article explores a new metric, looking at part selection by quantity of these top 20 collision parts.

The first chart shows a part price index that dipped down significantly for Domestic vehicles and remained flat for Asian vehicles between 2011 and 2012. **See Fig. 1** This corresponds with the efforts on the part of key Domestic and Asian car makers to expand their competitive parts programs, by empowering the dealer parts department to match the aftermarket parts price to help them sell an OEM part. European car makers have traditionally had a significantly higher OEM market share and have not explored these part price-matching programs, which is evidenced by the continued inflationary trend, not offset by increases in alternate parts use.

In looking at the top 20 parts by part type, we see a dramatic increase in the index of recycled parts, and a significant increase in the OEM parts index as well. Did these inflationary trends in individual part types cause a change in the part type selected? See Fig. 2

By taking the top 20 parts from the Collision Parts Index and analyzing the quantity selected, we see that despite the rise in the price of recycled parts selection increased slightly, and OEM parts selection was stable between 2010 and 2012. It is important to note that this metric is different from the number of parts per estimate metric or the percentage of all parts on an estimate by part type you will see elsewhere in this ITR; here we are looking at the percentage selected by part type of the parts selected for the top 20. See Fig. 3

Do the changes in inflation indices and parts quantity by part type influence the overall average parts cost for the top 20 parts? There appears to be an overall inflationary trend; but the rise is less dramatic than that of an individual part type. See Fig. 4

What can we conclude from the deluge of information?

First, the expansion of parts price-matching programs have helped control the price of the top 20 collision parts for Domestic car manufacturers. These parts price-matching programs also have served to stabilize the selection of OEM parts among the top 20 collision parts.

Second, the undeterred inflation rate of European top 20 collision parts certainly has increased their repair costs, but will also make them a target for increased aftermarket parts production.

Lastly, selection of recycled parts among the top 20 collision parts has increased despite the higher cost and the fact that this increased share is taken from remanufactured and aftermarket parts.

Figure 1–MCPPI by vehicle nameplate origin

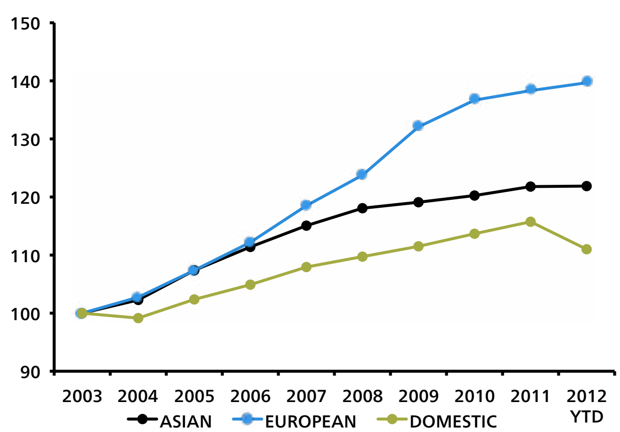


Figure 2–MCPPI by part type

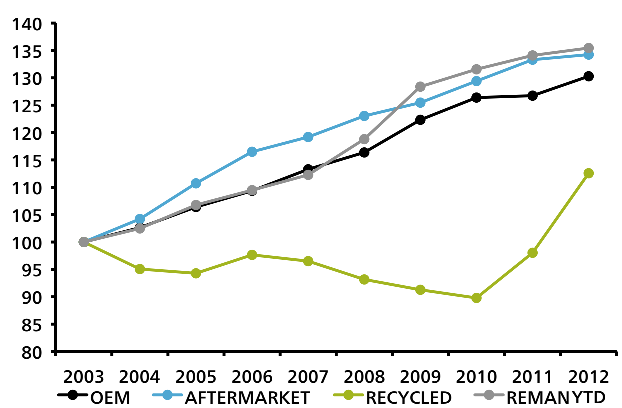


Figure 3–Top 20 Collision Parts by Percentage

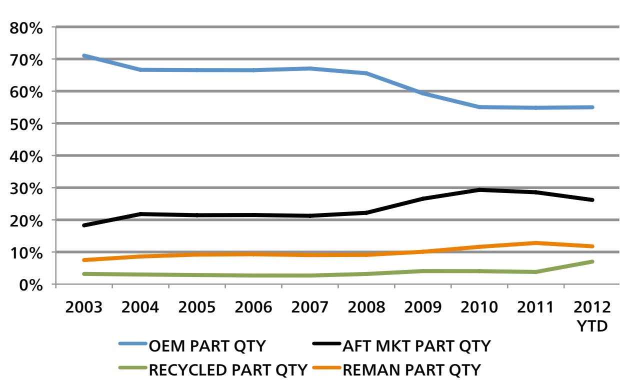
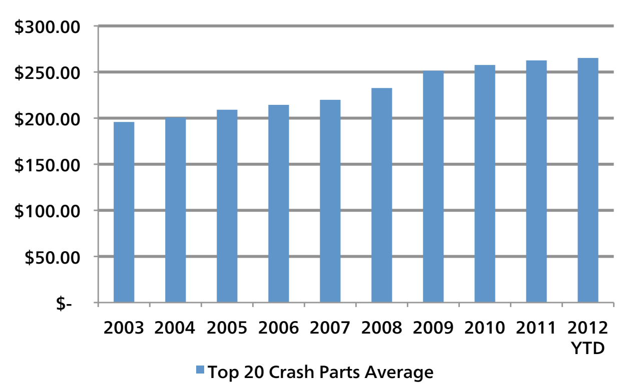


Figure 4–Top 20 Crash Parts Average Price



The Economy and Short-Term Energy Outlook

The Economy

The June 2012 meeting of the Federal Open Market Committee (FOMC) revealed that economic activity was expanding at a more modest pace than earlier in 2012. A number of factors continued to be seen as likely to limit economic expansion to a moderate pace in the near term. These included slow growth or even contraction in some major foreign economies, ongoing and prospective fiscal tightening the U.S., modest growth in household income and continued weakness in the housing sector despite recent signs of improvement.

The near-term forecast for real GDP growth was revised down, reflecting data indicating slower job gains in the private sector, more subdued retail sales, a lower trajectory for personal income, greater restraint in government purchases and weaker net exports than anticipated in previous projections. With the drag from fiscal policy anticipated to increase next year, the growth rate of real GDP is not projected to materially exceed that of potential output until 2014, when economic activity was expected to accelerate gradually.

Consumer price inflation declined, primarily reflecting reductions in the prices of crude oil and gasoline. Consumer food prices only edged up in recent months. Consumer prices excluding food and energy increased moderately in April and May. Near-term projection for inflation was revised down from the forecast prepared for the April FOMC meeting, reflecting a greater-than-expected drop in consumer energy prices; longer-term inflation expectations remained stable.

Improvements in labor market conditions slowed in recent months. In May, the unemployment rate stood at 8.2 percent and was expected to remain elevated at the end of 2014. The rate of long-duration unemployment remained very high, and the share of workers employed part time for economic reasons changed little in recent months. Indicators of job openings and hiring plans were mixed, while initial unemployment claims were unchanged over the FOMC intermeeting period at a level consistent with modest net job gains in the coming months.

Real personal consumption expenditures, which had increased solidly during Q1 2012, declined in April and May. Sales of motor vehicles, for

With the drag from fiscal policy anticipated to increase next year, the growth rate of real GDP is not projected to materially exceed that of potential output until 2014, when economic activity was expected to accelerate gradually.

example, slowed from their brisk first-quarter pace. Real disposable income rose at a subdued pace in Q1 2012, although it received some boost from lower energy prices in April. Households' net worth increased in the first quarter, but the decline in equity prices during the FOMC intermeeting period suggested that net worth may have fallen more recently. Consumer sentiment was lower in early June than earlier in the year, and it continued to be subdued.

Consumer and business loans were seen as increasing, although credit standards remained tight and commercial and residential real estate lending were relatively weak.

Indicators of home sales, construction and prices suggested some improvement in the housing sector, but not all regions shared in the gains and the sector remained depressed overall. Tight credit standards for mortgage loans meant low rates were generating less of a pickup in home sales and construction than had been the case during recoveries from earlier recessions.

Residential investment is currently a much smaller share of real GDP than during past recoveries and the housing sector seemed unlikely to contribute substantially to a stronger recovery.

Growing concerns about developments in the euro area and weaker-than-expected economic data in the U.S. and abroad both weighed on financial markets since the April FOMC meeting. However, the deterioration in investor sentiment was tempered somewhat by expectations for further policy accommodations by central banks and additional measure to address European fiscal and banking issues. Recent indicators suggested that overall foreign economic activity was expanding at a below-trend pace in the Q2 2012.

FOMC expected that fiscal policy would continue to be a drag on economic growth over coming quarters, noting that the federal budget situation generally is a downside risk to the economic outlook. If an agreement is not reached to address the expiring tax cuts and scheduled spending reductions in current law, a sharp tightening of fiscal policy would occur and the start of 2013. In contrast, an agreement on a credible longer-term plan that put the federal budget on a sustainable path over the medium run in a way that removes the near-term fiscal risks to the recovery would help alleviate uncertainty and likely would have positive effects on consumer and

FOMC expected that fiscal policy would continue to be a drag on economic growth over coming quarters, noting that the federal budget situation generally is a downside risk to the economic outlook.

The Economy and Short-Term Energy Outlook

business sentiment that could spur an increase in business investment and hiring.

Short-Term Energy Outlook

The U.S. Energy Information Administration (EIA) projected the West Texas Intermediate (WTI) crude oil spot price to average about $88 per barrel over the second half of 2012 and the U.S. refiner acquisition cost (RAC) of crude to average $93 per barrel. Both figures are about $7 per barrel lower than reported in June 2012. EIA expected WTI and RAC crude prices to remain roughly at these second-half levels in 2013.

EIA lowered the average regular gasoline retail price forecast for Q3 2012 to $3.39 per gallon. EIA expected regular gasoline retail prices, which averaged $3.53 per gallon in 2011, to average $3.49 per gallon in 2012 and $3.23 per gallon in 2013.

Total U.S. crude production was expected to average 6.3 million barrels per day (bbl/d) in 2012, an increase of 0.6 million bbl/d from last year, and the highest level of production since 1997. U.S. domestic crude production was expected to increase to 6.7 million bbl/d in 2013.

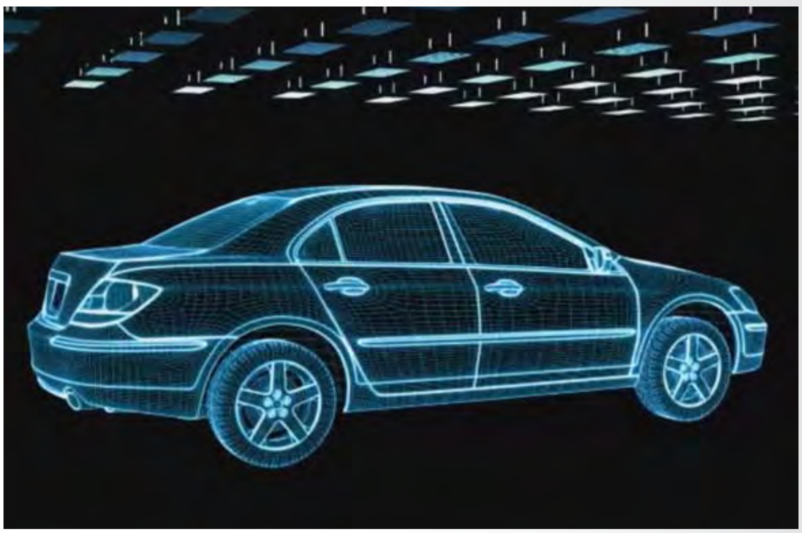
Natural gas working inventories ended June 2012 at an estimated 3.1 trillion cubic feet (Tcf), about 23 percent above the same time last year. EIA expected the Henry Hub natural gas spot price, which averaged $4.00 per million British thermal units (MMBtu) in 2011, to average $2.58 per MMBtu in 2012 and $3.22 per Btu in 2013.

In April 2012, U.S. exported 12.5 million short tons of coal, a monthly record based on EIA data dating back to 1973. Coal exports were projected by EIA to total 112 million tons in 2012, a 4.6 percent increase over 2011. However, that was expected to fall by 15.5 million short tons (a 14% decrease) in 2013.

Information on the economy and short-term energy outlook was obtained from the US Federal Reserve Board, Federal Open Market Committee (FOMC) and the US Department of Energy, Energy Information Administration (EIA). For more information, or to view original source materials, visit: www.federalreserve.gov/FOMC or www.eia.doe.gov

U.S. Vehicle Fleet Age Continues to Increase

Originally published in CollisionWeek
Publish Date: June 27, 2012



The older a car gets, the less likely it will be repaired following a collision, so an aging car fleet is not good news for collision repairers that rely on a steady influx of new, repairable cars.

According to Experian Automotive's Vehicles in Operation (VIO) market analysis for Q1 2012, the age of the more than 245 million vehicles on U.S. roads increased 1.9 percent since Q1 2011 to an average age of 11 years. The analysis found that there were 17.3 million more light-duty vehicles seven years and older on the road in the United States than there were three years ago.

According to the report, 21.5 percent of all light-duty vehicles in the United States are over 15 years old.

Findings from the Canadian Q1 2012 VIO analysis shows that the average age of all light-duty vehicles was 9.6 years, and just 14.7 percent of the 22 million vehicles on the road are over 15 years old.

And a new study by AlixPartners, a global business-advisory firm, suggests that this aging trend may not get much help from new car sales anytime soon. The 2012 AlixPartners Automotive Outlook predicts that there are 5 million fewer potential car-buyers today than five years ago, that U.S. auto sales will be a conservative 14.3 million units this year and that sales in the U.S. and Canada are not likely to exceed 16 million through at least 2015.

AlixPartners suggests that changing demographics may be responsible for up to 15 percent of the lower underlying demand in North America, with about 13 percent of that attributable to less vehicle use (mostly on the part of aging Baby Boomers who simply have less reason to drive) and about 2 percent attributable to a lower tendency to drive on the part of Millennials and other young people that the firm dubs Generation 'N' (as in neutral about driving).

"The American auto industry is about to see the rise of Generation N," said Mark Wakefield, a director in Alix-

Partners' Automotive Practice. "This cohort, which is as big as the Baby Boomer cohort and which grew up on the Internet and not so much on cars, could well present the industry with an even greater challenge in the area of reduced fundamental demand."

Another trend predicted by the firm: the shift to smaller vehicles will continue through 2016. Compact cars and small crossovers will be the fastest-growing product segments through 2016, while pickup sales will rise modestly.

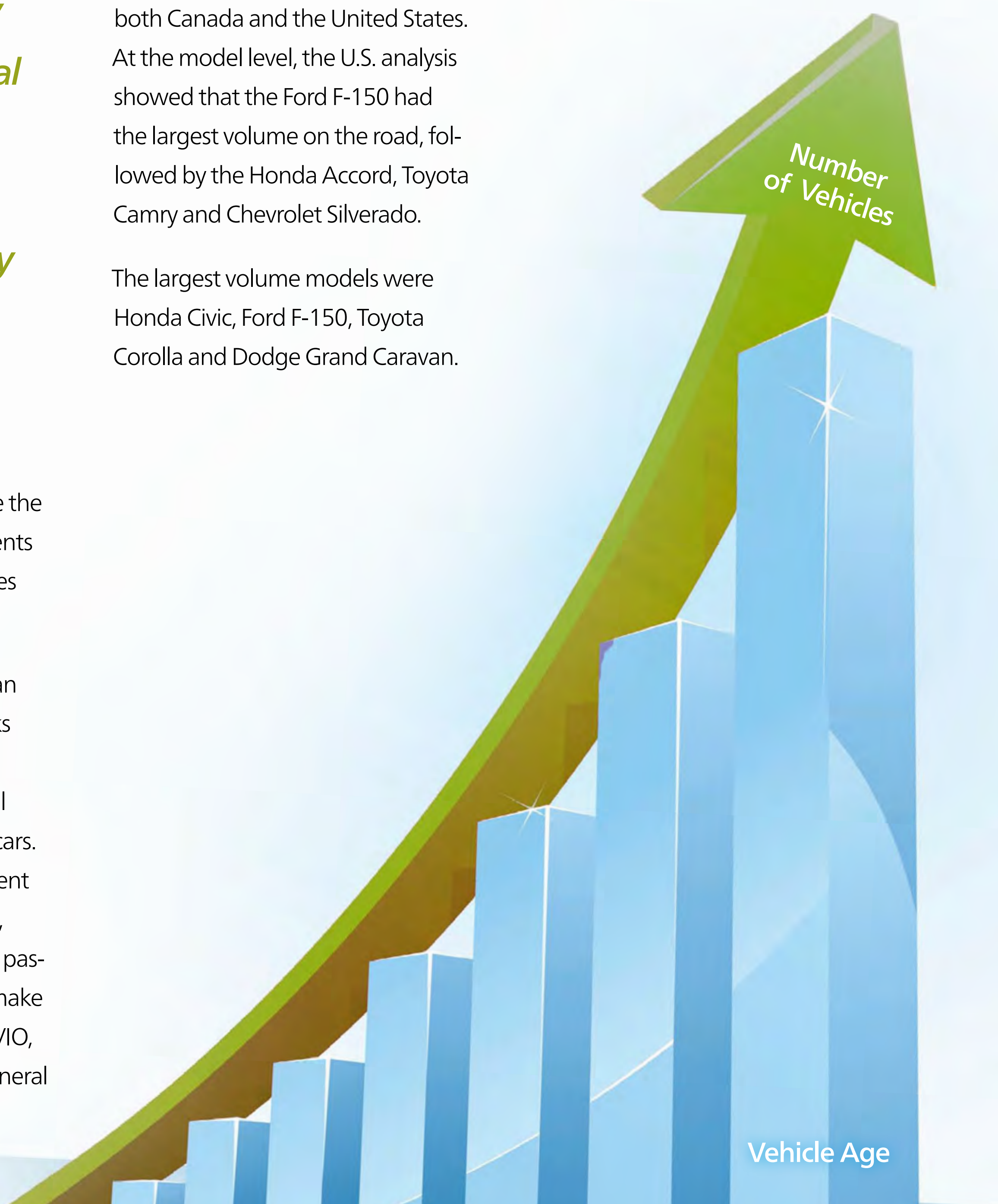
And a new study by AlixPartners, a global business-advisory firm, suggests that this aging trend may not get much help from new car sales anytime soon.

Other findings from the Experian analysis showed that light trucks continue to grow and maintain a higher percentage of the total VIO in the U.S. than passenger cars. Light trucks made up 50.8 percent of the total U.S. VIO in Q1 2012, compared with 49.2 percent of passenger cars. Full-sized pickups make up the greatest percentage of VIO, at 14.6 percent overall, with General Motors, Ford, Chrysler and Toyota making up the greatest majority (98.7 percent) of those vehicles.

In Canada, passenger cars made up the greatest majority of VIO at 53.2 percent, and light trucks only encompassed 46.8 percent.

Additional data from the report showed Ford as the most prevalent make on the road in Q1, followed by Chevrolet, Toyota and Honda for both Canada and the United States. At the model level, the U.S. analysis showed that the Ford F-150 had the largest volume on the road, followed by the Honda Accord, Toyota Camry and Chevrolet Silverado.

The largest volume models were Honda Civic, Ford F-150, Toyota Corolla and Dodge Grand Caravan.



J.D. Power Releases 2012 Auto Insurance Customer Satisfaction

Originally published in CollisionWeek
Publish Date: June 26, 2012

Led primarily by increases in satisfaction with policy offerings and billing and payment, overall customer satisfaction with auto insurance companies has reached an all-time high, according to the J.D. Power and Associates 2012 U.S. Auto Insurance Study.

The study measures customer satisfaction with auto insurance companies across five factors: interaction; price; policy offerings; billing and payment; and claims. Overall satisfaction with auto insurance companies is 804 (on a 1,000-point scale), up 14 points from 2011. Satisfaction levels in 2012 are the highest since the study was launched in 2000.

Satisfaction increased in all factors in 2012, with significant improvements in policy offerings (+30 points) and interaction (+19 points). Satisfaction with price is essentially unchanged from 2011.

"Although satisfaction with price remains consistent from 2011, auto insurance companies have made great strides in all other areas," said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates.

Satisfaction increases in all factors in 2012, with significant improvements in policy offerings (+30 points) and interaction (+19 points).

The study measures satisfaction with auto insurance companies in seven regions. Customer satisfaction varies from an average high of 814 in the Southeast region to a low of 784 in the Northeast region. While the Southeast region achieves the highest scores in interaction, billing and payment, policy offerings and claims, the West region performs particularly well in price.

Study results by region are:

North Central Region:

Auto-Owners Insurance and State Farm (in a tie at 828 each) rank highest among award-eligible insurers in the North Central region, followed by Erie Insurance **(823)**.

Central Region:

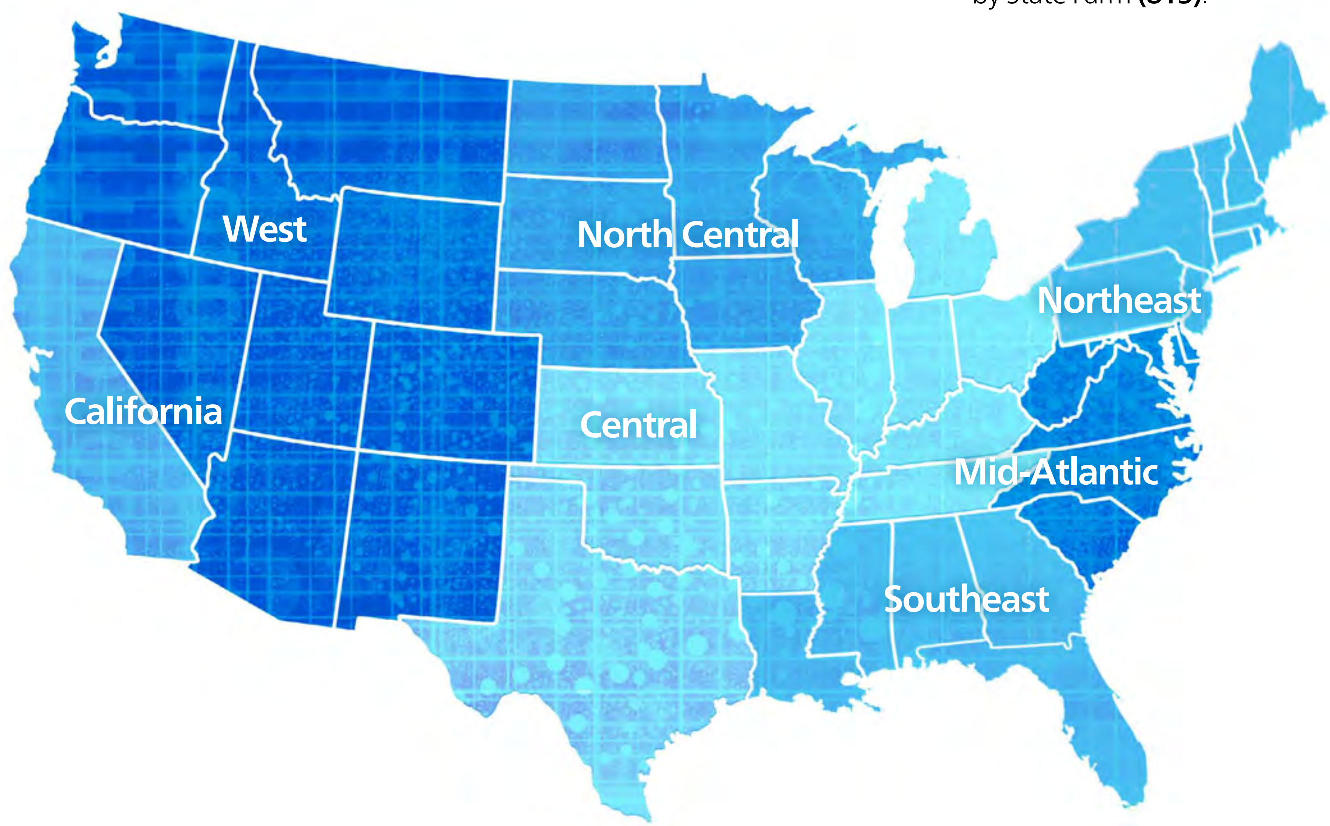
Farm Bureau Insurance - Texas (857) ranks highest among award-eligible insurers in the Central region, followed by State Farm **(832)** and GEICO **(830)**.

Northeast Region:

Amica Mutual (867) ranks highest among award-eligible insurers in the Northeast region, followed by New York Central Mutual **(811)** and GEICO **(793)**.

Mid-Atlantic Region:

Erie Insurance (834) ranks highest among award-eligible insurers in the Mid-Atlantic region, followed by State Farm **(813)**.



California Region:

Wawanesa ranks highest among award-eligible insurers in the California region with a score of 823, followed by Automobile Club of Southern California (AAA) **(807)** and State Farm **(806)**.

West Region:

State Farm (837) ranks highest among award-eligible insurers in the West region, and is the only award-eligible insurer to perform above regional average.

Southeast Region:

Tennessee Farm Bureau (828) ranks highest among award-eligible insurers in the Southeast region, followed by North Carolina Farm Bureau **(823)** and State Farm **(821)**.

New-Vehicle Retail Sales Expected to Rise 15% in June

Originally published in CollisionWeek
Publish Date: June 22, 2012

According to a monthly sales forecast developed by J.D. Power and Associates' Power Information Network (PIN) and LMC Automotive, June new-vehicle retail sales are projected to come in at 994,800 units, which represent a seasonally adjusted annualized rate (SAAR) of 11.9 million units. Volume is expected to increase 15 percent, compared with June 2011, after adjusting for one additional selling day this month. Retail transactions are the most accurate measurement of true underlying consumer demand for new vehicles.

"We're seeing healthy retail sales growth as we head into the summer selling season and as automakers change over to the 2013 model-year vehicles," said John Humphrey, senior vice president of global automotive operations at J.D. Power and Associates."

Total light-vehicle sales in June are expected to come in at 1,265,900 units, which is a 16 percent increase from June 2011. Fleet volume as a percentage of total light-vehicle volume is expected to reach 21 percent in June, after falling below 20 percent in May.

Gas prices in the United States have fallen steadily since April, which has changed demand for hybrid and electric vehicles. As gas prices increased from $3.33 per gallon in November 2011 to $3.84 per gallon in April 2012, the combined share of retail sales of hybrid and electric vehicle sales increased from 1.7 percent to 4.6 percent during the same period. However, as gas prices have dropped since April, so has the market share for hybrid and electric vehicles, which has been trending downward during the past two months and is now at 3.4 percent.

After two months of upward revisions to the 2012 forecast, LMC Automotive is maintaining its light-vehicle sales forecast for 2012. Total light-vehicle sales are forecasted at 14.5 million units with retail sales at 11.6 million units.

Facts at a Glance

According to the National Highway Transportation Administration:

Excerpted from the 1966 Safety Act.

The National Highway Traffic Safety Administration (NHTSA) was created as part of the Motor Vehicle Safety Act of 1966.

The act standardized the location of gears on automatic shifters, creating what we know as the "Prindle" which is actually PRNDL or Park, Reverse, Neutral, Drive and Low.

The act also required a 12 volt charging system for vehicles sold in the U. S. for the 1967 model year, for brighter headlight illumination.

While most domestic cars already had 12 volt systems, many foreign cars still ran 6 volt system. In order to meet the new requirement, Morris Garages (or MG) chose to run two 6 volt batteries in series to achieve 12 volts because they had a surplus of 6 volt batteries.

Front passenger lap belts, emergency flashers and an outside rearview mirror became required standard equipment.

Minimum wiper speed and defrosting requirements were also spelled out in the law.

New Vehicle Sales

Ward's 10 Best Selling Cars and Trucks

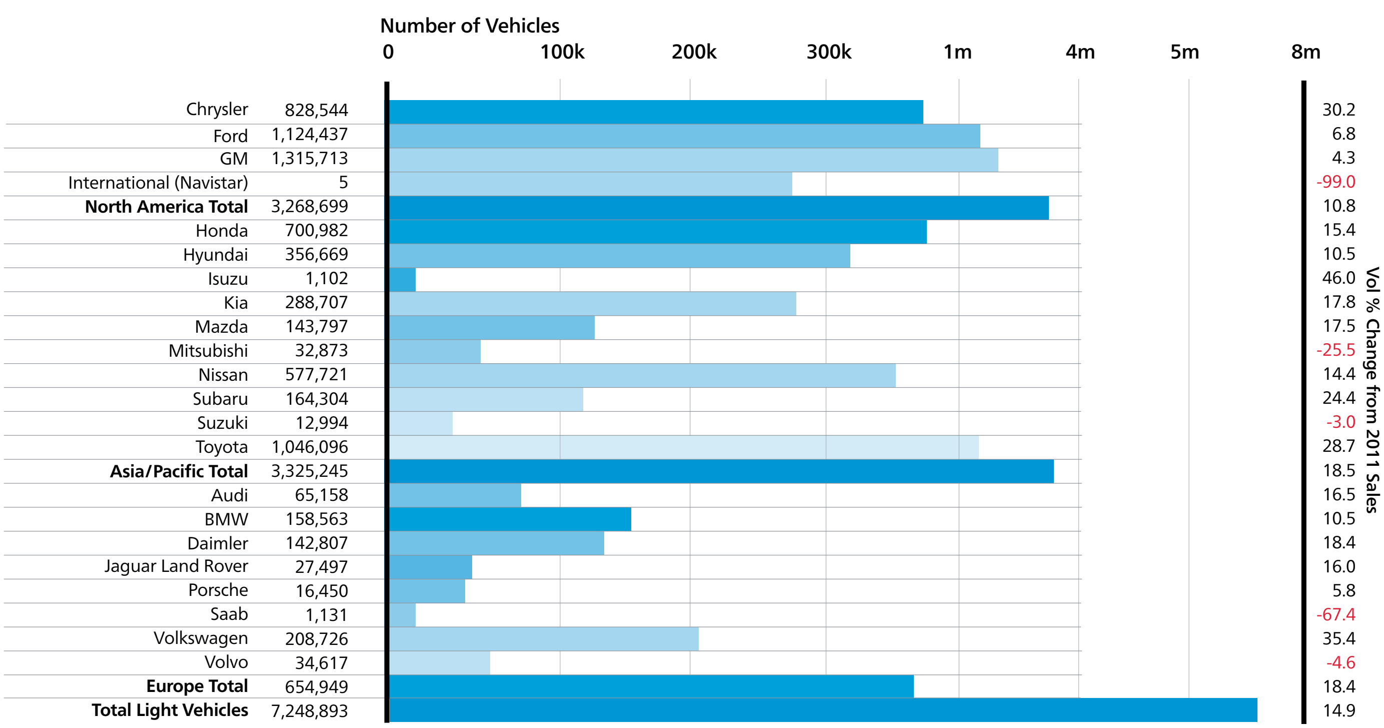
6 Months 2012*

Cars		Trucks/Vans/SUVs	
Camry	213,903	F-Series	301,141
Civic	162,582	Silverado	194,508
Altima	157,101	CR-V	146,682
Accord	155,178	Ram Pickup	138,581
Corolla/Matrix	151,726	Escape	127,167
Malibu	141,437	Equinox	110,890
Fusion	136,849	RAV4	89,438
Focus	131,423	Explorer	77,894
Sonata	117,412	Grand Cherokee	75,117
Cruze	113,884	Sierra	72,945

Source: WardsAuto InfoBank

Ward's U.S. Light Vehicle Sales by Company

January-June 2012



*Light vehicles are cars and light trucks (GVW Classes 1-3, under 14,001 lbs.). DSR is daily sales rate. *Estimated for current month. Source: WardsAuto InfoBank*

Current Used Vehicle Market Conditions

June 2012 Kontos Kommentary

By Tom Kontos
Executive Vice President,
ADESA Analytical Services

The following commentary is produced monthly by Tom Kontos, Executive Vice-President, ADESA Analytical Services. ADESA is a leading provider of wholesale used vehicle auctions and ancillary remarketing services.

As part of the KAR Auction Services family, ADESA works in collaboration with its sister company, Insurance Auto Auctions, a leading salvage auto auction company, to provide insights, trends and highlights of the entire automotive auction industry.

Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)			Latest Month Versus	
	Jun-12	May-12	Jun-11	Prior Month	Prior Year
Total All Vehicles	$9,893	$10,271	$10,259	-3.7%	-3.6%
Total Cars	$9,121	$9,546	$9,793	-4.4%	-6.9%
Compact Car	$6,955	$7,280	$7,605	-4.5%	-8.5%
Midsize Car	$7,703	$8,142	$8,356	-5.4%	-7.8%
Fullsize Car	$5,779	$6,449	$5,970	-10.4%	-3.2%
Luxury Car	$13,552	$13,782	$14,253	-1.7%	-4.9%
Sporty Car	$12,935	$13,728	$13,582	-5.8%	-4.8%
Total Trucks	$10,708	$11,038	$10,761	-3.0%	-0.5%
Mini Van	$7,184	$7,757	$7,405	-7.4%	-3.0%
Fullsize Van	$9,731	$9,711	$8,869	0.2%	9.7%
Mini SUV	$10,247	$10,561	$10,470	-3.0%	-2.1%
Midsize SUV	$9,662	$10,147	$9,736	-4.8%	-0.8%
Fullsize SUV	$13,510	$13,752	$12,614	-1.8%	7.1%
Luxury SUV	$18,745	$18,891	$19,820	-0.8%	-5.4%
Compact Pickup	$7,139	$7,373	$7,376	-3.2%	-3.2%
Fullsize Pickup	$11,056	$11,123	$10,833	-0.6%	2.1%

Source: ADESA Analytical Services.

Summary

Wholesale used vehicle prices continued to soften cyclically and seasonally. The average sales price for all vehicles sold at auction fell below $10,000 for the first time since February, signaling an end to this year's characteristically strong Spring/Tax season.

Details

According to ADESA Analytical Services' monthly analysis of Wholesale Used Vehicle Prices by Vehicle Model Class1, wholesale used vehicle prices in June averaged $9,893 – down 3.7% compared to May and down 3.6% relative to June 2011. As gasoline prices softened in June, prices for car segments fell more dramatically (down 4.4% month-over-month and 6.9% year-over-year) than for truck segments (down 3.0% and 0.9%, respectively).

Manufacturers registered a 1.9% month-over-month price increase and a 5.6% year-over-year rise, reflecting continued tight supplies of late-model off-rental and off-lease vehicles. Fleet/lease consignors experienced a 5.7% sequential price decrease and a 2.4% annual decrease. Dealer consignors saw a 1.6% average price decrease versus May and a 4.4% downturn versus June 2011.

Based on data from CNW Marketing/Research, retail used vehicle sales in June were up 8.1% month-over-month and 1.9% year-over-year for franchised dealers, but down 1.6% and 8.0%, respectively, for independent dealers – an indication that both inventory and traffic favors franchised dealers in the current used vehicle market environment. June sales of certified used vehicles were up 3.3% month-over-month and 8.9% year-over-year based on data from Autodata.

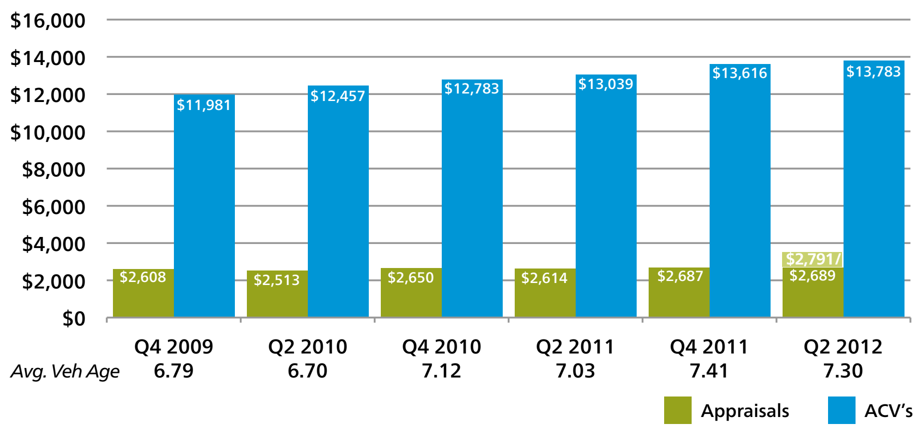
[1]The analysis is based on nearly six million annual sales transactions from over 170 of the largest U.S. wholesale auto auctions, including those of ADESA as well as other auction companies. ADESA Analytical Services segregates these transactions using the J.D. Power and Associates Vehicle Segmentation Guide to study trends by model class.

Appraisal Values

The average initial appraisal value, calculated by combining data from all first- and third-party repairable vehicle appraisals uploaded through Mitchell systems in Q2 2012 was $2,689—$73 more than the previous year's Q2 2011 appraisal average of $2,614.

Applying the prescribed development factor of 3.81% to these data produces an anticipated average appraisal value of 2,791.

Average Appraisal Values, ACVs and Age | All APD Line Coverages*



MITCHELL SOLUTION:

Mitchell Estimating™

Mitchell **Estimating** is an advanced estimating system, combining database accuracy, automated calculations, and repair procedure pages to produce estimates that are comprehensive, verifiable, and accepted throughout the collision industry. Mitchell Estimating is an integral part of Mitchell's appraisal workflow solutions:

RepairCenter Estimating for repair shops and WorkCenter Appraisal for staff appraisers.

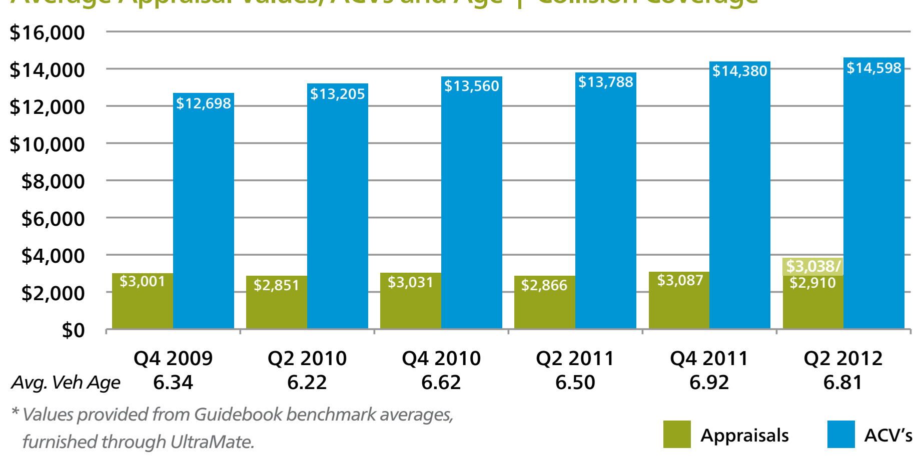
Visit Mitchell's website at www.mitchell.com

Collision Losses

Mitchell's Q2 2012 data reflect an average gross initial Collision appraisal value of $2,910—$56 less than this same period last year. Applying the indicated development factor suggests a final Q2 2012 average gross collision appraisal value of $3,038—a value $172 higher than the same quarter in 2011.

At—$14,598, the average Actual Cash Value (ACV) of vehicles appraised for Collision losses during Q2 2012 reflects continued strong used car values in the claims arena, despite softening used car auction pricing.

Average Appraisal Values, ACVs and Age | Collision Coverage*



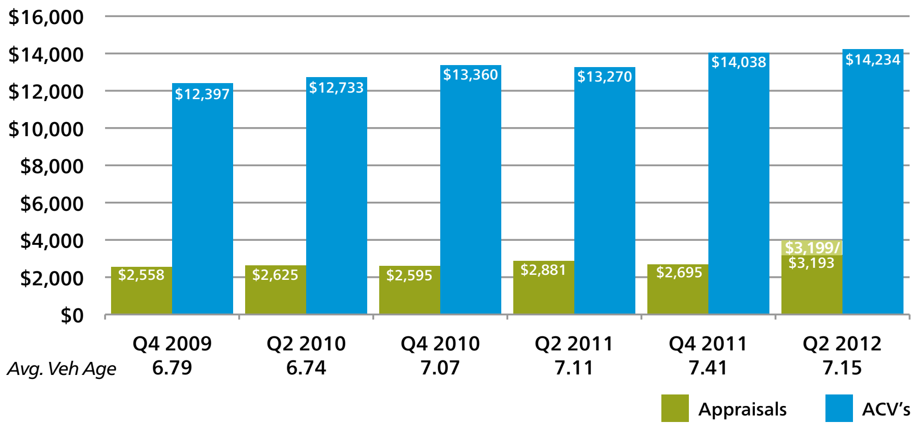
** Values provided from Guidebook benchmark averages, furnished through UltraMate.*

Mitchell Collision Repair Industry Data

Comprehensive Losses

In Q2 2012, the initial comprehensive average severity is $3,193—an astonishing $312 higher than the same quarter in the previous year, which was also a hail-influenced amount. Applying the prescribed development factor for this data set an anticipated final value of $3,199, indicating the severity of Southern and Midwestern hail storms this year.

Average Appraisal Values, ACVs and Age | Comprehensive Losses*

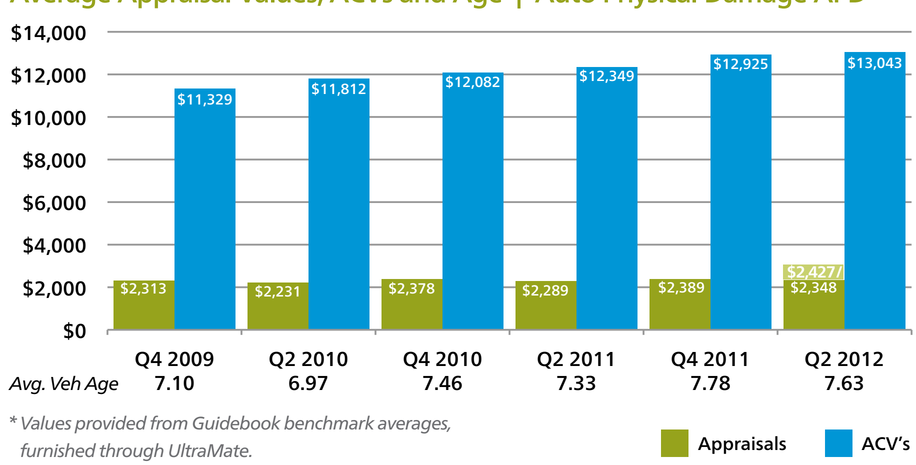


Third-Party Auto Property Damage

In Q2 2012, our initial industry average gross third-party Property Damage appraisal was $2,348 compared to $2,289 Q2 2011, reflecting a $59 increase between these respective periods. However, adding the prescribed development factor for this coverage type yields a final anticipated Q2 2012 adjusted appraisal value of $2,427—an overall $138 increase from the same period in 2011.

In Q2 2012, the average PD-appraised vehicle ACV was up again over previous quarters at $13,043 and was, like the ACV of the other coverages, higher than the five preceding shown quarters.

Average Appraisal Values, ACVs and Age | Auto Physical Damage APD



** Values provided from Guidebook benchmark averages, furnished through UltraMate.*

Click here to view
Auto Casualty Solutions Edition

Supplements

EDITOR'S NOTE

As it generally takes at least three months following the original date of appraisal to accumulate most supplements against an original estimate of repair, we report (and recommend viewing supplement information) three months after-the-fact to obtain the most accurate view of these data.

In Q2 2012, 25.1% of all original estimates prepared by Mitchell-equipped estimators during that period were supplemented one or more times. In this same period, the pure supplement frequency (supplements to estimates) was 43.22%, reflecting a 1.34 point or a 3% relative increase from that same period in 2011. The average combined supplement variance for this quarter was $619.13 -- $80.06 lower than in Q2 2011.

Average Supplement Frequency and Severity

Date	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12	Pt. Change	% Change
% Est. Supplement	34.41	32.58	34.75	29.70	34.06	25.10	-4.60	-15%
% Supplement	44.66	46.19	47.78	41.88	47.68	43.22	1.34	3%
Avg. Combined Supp. Variance	678.40	662.40	695.28	699.19	723.50	619.13	-80.06	-11%
% Supplement $	26.01	26.36	26.23	26.75	26.93	23.03	-3.72	-14%

Average Appraisal Make-Up

This chart compares the average appraisal make-up as a percentage of dollars, constructed by Mitchell-equipped estimators. These data points reflect a 1% decrease in the use of paint and materials, while labor decreased by 2%, with a corresponding 3% jump in parts dollars.

% Average Appraisal Dollars by Type

Date	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12	Pt/$ Change	% Change
% Average Part $	44.67	41.80	44.06	37.97	44.49	39.13	1.16	3%
% Average Labor $	43.86	46.77	46.77	51.28	43.99	50.04	-1.24	-2%
% Paint Material $	10.29	10.73	10.37	10.90	10.44	10.74	-0.16	-1%

Parts Analysis

EDITOR'S NOTE

While there isn't a perfect correlation between the types of parts specified by estimators and those actually used during the course of repairs, we feel that the following observations are directionally accurate for both the insurance and auto body repair industries. This segment illuminates the percentage of dollars allocated to each unique part type.

Parts Type Definitions

Original Equipment Manufacturer (OEM)

Parts produced directly by the vehicle manufacturer or its authorized supplier, and delivered through the manufacturer's designated and approved supply channels. This category covers all automotive parts including sheet metal and mechanical parts.

Aftermarket

Parts produced and/or supplied by firms other than the Original Equipment Manufacturer's designated supply channel. This may also include those parts originally manufactured by endorsed OEM suppliers, which have later followed alternative distribution and sales processes. While this part category is often only associated with crash replacement parts, the automotive aftermarket also includes a large variety of mechanical and custom parts as well.

Non-New/Remanufactured

Parts removed from an existing vehicle that are cleaned, inspected, repaired and/or rebuilt, usually back to the original equipment manufacturer's specifications, and re-marketed through either the OEM or alternative supply chains. While commonly associated with mechanical hard parts such as alternators, starters and engines, remanufactured parts may also include select crash parts such as urethane and TPO bumpers, radiators and wheels as well.

Recycled

Parts removed from a salvaged vehicle and re-marketed through private or consolidated auto parts recyclers. This category commonly includes all types of parts and assemblies, especially body, interior and mechanical parts.

EDITOR'S NOTE

Recycled Parts Use in Dollars

It is commonly understood within the collision repair and insurance industries that a very large number of recycled -parts- are actually -parts-assemblies- (such as doors, which in fact include numerous attached parts and pieces). Thus, attempting to make discrete comparisons between the average number of recycled and any other parts types used per estimate may be difficult and inaccurate.

MITCHELL SOLUTION:

Mitchell QRP™

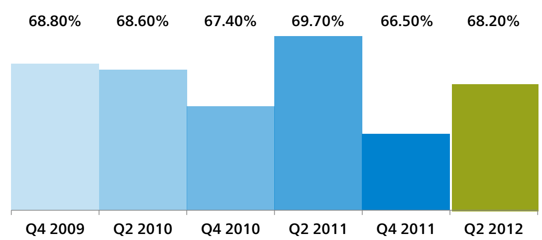
Mitchell **QRP (Quality Recycled Parts)** allows you to customize your own database of recycled parts and suppliers. QRP is the most comprehensive source for finding recycled parts and provides an online database to over 77 million salvage parts. QRP provides three part pricing options to meet your unique business needs: real price, composite, and regional composite on downloaded inventory.

For more information on QRP, visit Mitchell's website at www.mitchell.com.

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q2 2012, OEM parts represented 68.2% of all parts dollars specified by Mitchell-equipped estimators. This is a slight increase over Q4 2011, but roughly in line with the four other quarters surveyed, and likely a result of the extensive hail storms during the quarter.

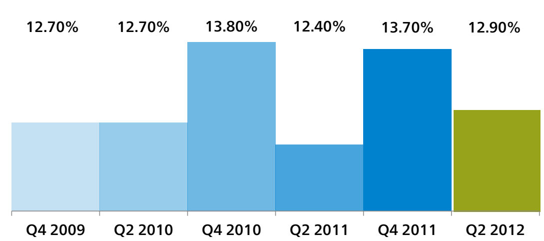
Parts-New



Aftermarket Parts Use in Dollars

In Q2 2012, 12.9% of all parts dollars recorded on Mitchell appraisals were attributed to Aftermarket sources, down from previous quarters, but appear also to be decreased because of hail storm activity.

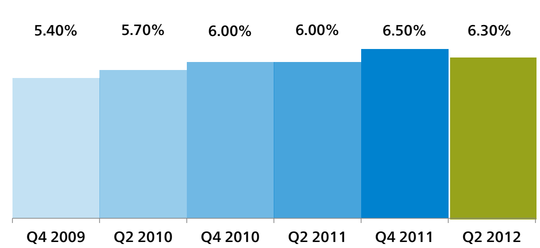
Parts-Aftermarket



Remanufactured Parts Use in Dollars

Listed as Non-New parts in our estimating platform and reporting products, Remanufactured parts currently represent 6.3% of the average gross parts dollars used in Mitchell appraisals during Q2 2012. Because this is a measurement of dollars distribution, it is likely caused by increasing prices for remanufactured alloy wheels and bumper covers.

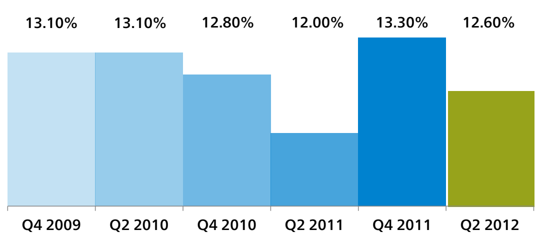
Parts-Remanufactured



Mitchell Collision Repair Industry Data

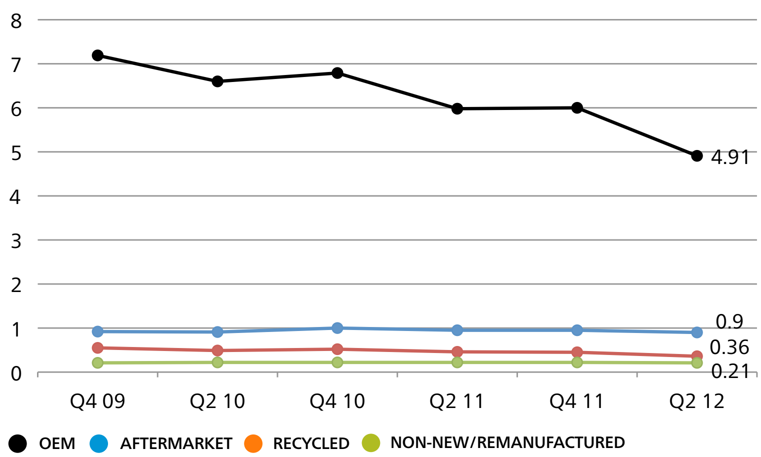
Recycled Parts Use in Dollars

Recycled parts constituted 12.6% of the average parts dollars used per appraisal during Q2 2012, reflecting a slight increase over Q2 2011.



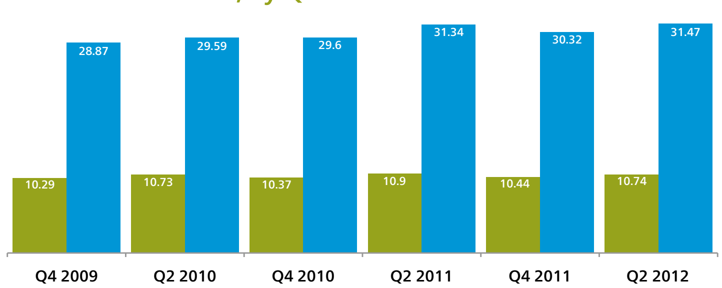
The Number of Parts by Part Type

All parts showed a decline in the most recent quarter, indicating repair of panels is increasing for US damaged vehicles.



Paint and Materials

During Q2 2012, Paint and Materials made up nearly 10.67% of our average appraisal value, representing a 16-point relative increase from Q2 2011. Represented differently, the average paint and materials rate (achieved by dividing the average paint and materials allowance per estimate by the average estimate refinish hours) yielded a rate of $31.47 per refinish hour in this period, compared to $31.34 in Q2 2011.



EDITOR'S NOTE

paint and materials

Editor's Note: The chart shown now excludes comprehensive estimates in the calculations to avoid seasonal hail-related swings in the data reported.

Adjustments

In Q2 2012, the percentage of all adjustments made decreased by 1%. The dollar amount of betterment taken also decreased by $1.84 compared to Q2 2011 levels.. Average appearance allowances in Q2 2012 decreased by $6.40.

Adjustment $ and %'S

Date	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12	Pt/$ Change	% Change
% Adjustments Est	3.71	3.52	3.62	3.03	3.44	3.01	-0.02	-1%
% Betterment Est	2.87	2.67	2.87	2.34	2.76	2.34	0	0%
% Appear Allow Est	0.62	0.59	0.57	0.49	0.52	0.47	-0.02	-4%
% Prior Damage Est	5.13	5.36	3.06	2.77	2.85	2.79	0.02	1%
Avg. Betterment $	117.42	127.24	119.30	126.82	121.91	124.98	-1.84	-1%
Avg. Appear Allow $	183.90	188.50	194.58	198.78	191.55	192.38	-6.40	-3%

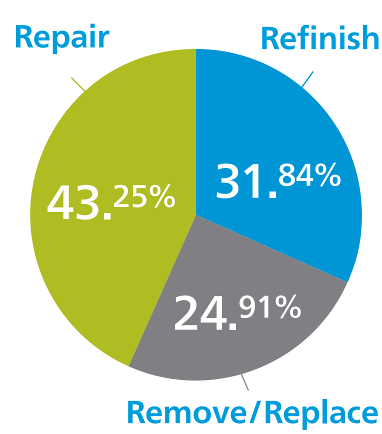
Labor Analysis

Average body labor rates show little increase in our survey states, with some states actually showing virtually no change at all.

Average Body Labor Rates and Change by State

	2011 Full Year	2012 YTD	$ Change	% Change
Arizona	$48.30	$48.34	$0.04	0%
California	$50.80	$51.29	$0.49	1%
Florida	$41.24	$41.15	$(0.09)	0%
Hawaii	$44.12	$44.22	$0.10	0%
Illinois	$47.87	$49.60	$1.73	4%
Michigan	$42.44	$42.49	$0.05	0%
New Jersey	$44.87	$44.94	$0.07	0%
New York	$46.16	$46.37	$0.21	0%
Ohio	$43.40	$43.77	$0.37	1%
Rhode Island	$44.75	$44.70	$(0.05)	0%
Texas	$42.11	$42.69	$0.58	1%

Labor distribution per repairable estimate



Total Loss

The chart below shows that some vehicle segments are softening, but others continue to post value increases.

Average Vehicle Age in Years

Vehicles	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12
	Average Vehicle Age					
Convertible	10.97	10.60	11.12	11.06	11.54	11.30
Coupe	10.81	10.70	11.20	11.10	11.63	11.54
Hatchback	9.81	9.60	9.52	9.23	9.63	9.41
Sedan	9.90	9.75	10.17	9.96	10.47	10.27
Wagon	8.68	8.51	8.84	8.64	9.25	9.04
Other Passenger	11.53	11.14	12.01	11.69	11.99	11.20
Pickup	10.82	10.84	11.31	11.12	11.56	11.61
Van	10.29	10.15	10.67	10.42	10.96	10.79
SUV	9.18	9.01	9.62	9.36	9.89	9.78

Average Vehicle Total Loss Actual Cash Value

Vehicles	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12
	Average Actual Cash Value					
Convertible	$9,101.75	$9,221.48	$9,704.88	$10,124.43	$10,212.44	$10,257.60
Coupe	$6,118.41	$6,293.55	$6,441.37	$6,587.92	$6,900	$6,956.84
Hatchback	$6,214.92	$6,415.42	$6,817.46	$7,072.45	$7,420.53	$7,663.17
Sedan	$6,231.96	$6,309.45	$6,533.92	$6,672.91	$6,990.80	$7,060.99
Wagon	$7,249.66	$7,397.46	$7,518.70	$7,561.26	$7,719.64	$7,581.90
Other Passenger	$16,370.09	$15,656.70	$16,666.07	$12,626.33	$16,372.66	$17,840.27
Pickup	$8,927.98	$8,965.92	$9,288.10	$9,464.68	$9,503.38	$9,249.19
Van	$5,420.61	$5,518.73	$5,644.29	$5,662.47	$5,796.81	$5,776.91
SUV	$8,739.39	$9,019.71	$9,076.42	$9,289.25	$9,283.57	$9,233.86

MITCHELL SOLUTION:

Mitchell **WorkCenter**™ Total Loss

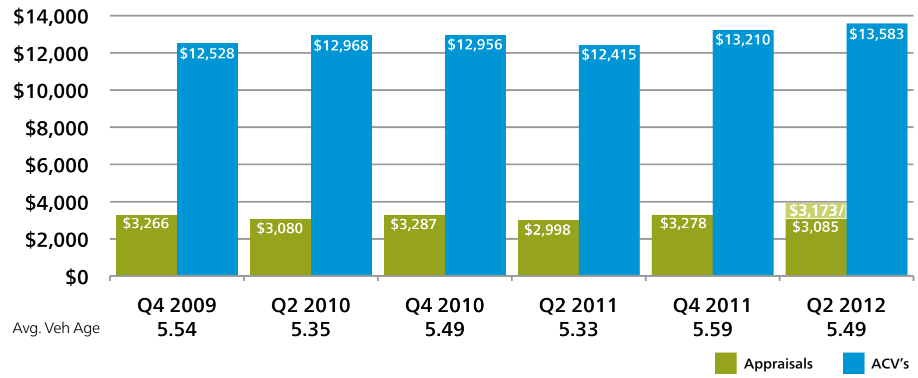
Mitchell WorkCenter™ Total Loss gives your claims organization a statistically driven, fully automated, web-based total loss valuation system that generates fair, market-driven values for loss vehicles. It combines J.D. Power and Associates' data analysis and pricing techniques with Mitchell's recognized leadership in physical damage claims processing solutions. Mitchell WorkCenter™ Total Loss helps you reduce settlement time and improve customer satisfaction. www.mitchell.com/workcenter/totalloss.

At the request of our customers and friends in Canada, we are pleased to provide the following Canada-specific statistics, observations and trends. **All dollar-figures appearing in this section are in CN$.** As a point of clarification, these data are the product of upload activities from Body Shop, Independent Appraisers and Insurance personnel, more accurately depicting insurance-paid loss activity rather than consumer- direct or retail market pricing.

Canada Appraisal Severity

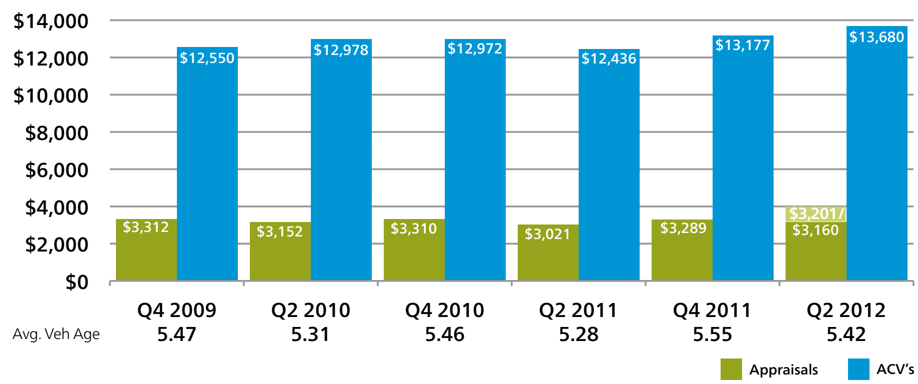
Average Appraisal Values Severity Overall

The average initial gross appraisal value, calculated by combining data from all first-and third-party repairable vehicle appraisals uploaded through Mitchell Canadian systems in Q2 2012, was $3,085—an $87 increase from Q2 2011. However, when applying the prescribed development factor, we find an anticipated average appraisal value of $3,373—a $175 increase from Q2 2011.



Collision Losses

Mitchell's Q2 2012 data reflect an initial Canadian average gross collision severity of $3,160—a $39 increase over Q2 2011. But, when we apply the prescribed development factor, we obtain an estimated final value of $3,201, reflecting an increase of $180.



Average Appraisal Make-Up

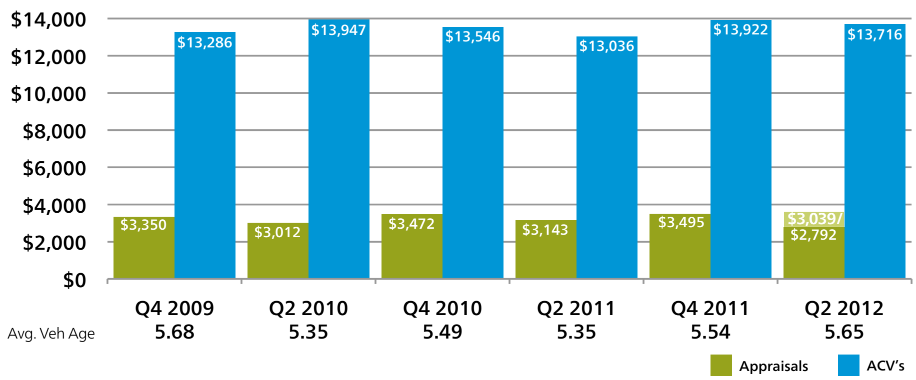
This chart compares the average appraisal make-up as a percentage of dollars, constructed by Mitchell-equipped estimators. These data points reflect an increase in parts dollars and an decrease in labor and paint and materials.

Date	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12
% Average Part $	43.79	42.34	43.37	40.47	42.93	41.63
% Average Labor $	44.33	45.63	45.07	47.22	45.21	46.33
% Paint Material $	8.7	9.09	8.74	9.33	8.91	9.1

Canadian Collision Summary

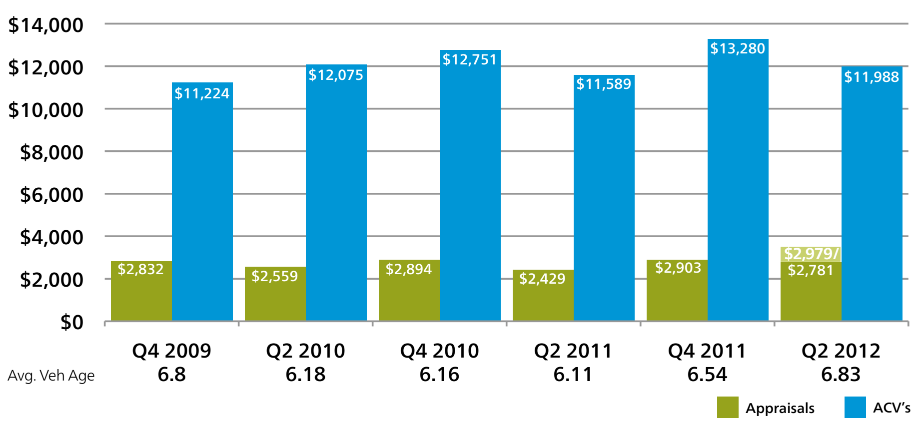
Comprehensive Losses

In Q2 2012, the average initial gross Canadian appraisal value for comprehensive coverage estimates processed through our servers was $2,792—$351 lower than in Q2 2011. However, by applying the prescribed development factor, the anticipated average appraisal value will increase to $3,029.



Third-Party Property Damage

In Q2 2012, our Canadian industry initial average gross third-party property damage appraisal was $2,781—an increase of $352 from Q2 2011 on an older vehicle age estimated. Applying the prescribed development factor, the anticipated appraisal value will increase to $2,979.



About Mitchell in Canada…

For more than 20 years, Mitchell's dedicated Canadian operations have focused specifically and entirely on the unique needs of collision repairers and insurers operating in the Canadian marketplace. Our Canadian team is known for making itself readily available, for being flexible in its approach to improving claims and repair processes, and for its 'second to none' commitment to customer support. Headquartered in Toronto, with offices across Canada, Mitchell Canada delivers state-of-the-art, multi-lingual collision estimating and claims workflow solutions (including hardware, networks, training, and more), world-class service, and localized support.

To learn more about Mitchell Canada and its solutions and services, contact:

Mike Jerry
Vice President and General Manager–Mitchell Canada

t: 888.209.4338
f: 416.733.1633

Supplements

The percentage of estimates supplemented one or more times decreased by 14% compared to Q2 2011. The average dollar amount of those supplements decreased by 20% or $91.49.

Date	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12	Pt/$ Change	% Change
% Est Supplements	43.06	43.60	47.57	43.40	43.48	37.34	-6.06	-14%
% Supplements	20.66	60.44	65.10	86.42	55.09	79.25	-7.17	-8%
Avg Combined Supp Variance	461.59	472.24	522.74	447.92	562.42	356.43	-91.49	-20%
% Supplement $	14.13	15.33	15.90	14.94	17.16	11.55	-3.39	-23%

Canadian Collision Summary

Adjustments

In Q2 2012, the average number of times betterment was taken on estimates increased by 13%, yet the dollar amount decreased by 2%. The number of times appearance allowances were given decreased considerably, with the average amount given increasing by a whopping 30%.

Date	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12	Pt/$ Change	% Change
% Adjustments Est	3.20	3.06	2.70	2.63	2.78	2.61	-0.02	-1%
% Betterment Est	2.71	2.53	2.31	2.08	2.26	2.34	0.26	13%
% Appear Allow Est	0.45	0.50	0.36	0.45	0.42	0.27	-0.18	-40%
% Prior Damage Est	0.17	0.15	0.14	0.24	0.19	0.02	-0.22	-92%
Avg. Betterment $	192.03	198.61	192.42	203.28	201.75	199.42	-3.86	-2%
Avg. Appear Allow $	180.81	183.35	183.28	189.90	195.99	247.44	57.54	30%

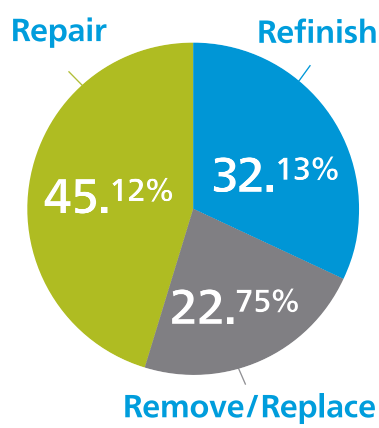
Labour Utilization

All data reflect the percentage of labour-type dollars utilized in the construction of Mitchell appraisals by Canadian estimators.

Average Body Labour Rates and Change By State

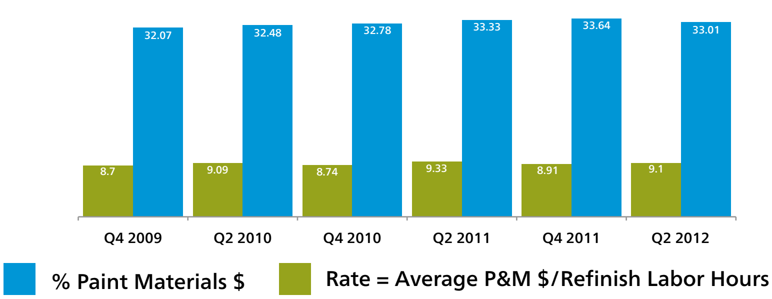
	2011 (Full Year)	2012 (Year to Date)	$ Change	% Change
Alberta	69.76	71.26	$1.50	2%
British Columbia	66.13	66.29	$0.16	0%
Newfoundland & Labrador	58.34	58.62	$0.28	0%
Nova Scotia	56.34	57.24	$0.90	2%
Northwest Territories	80.02	80.90	$0.88	1%
Ontario	53.85	54.32	$0.47	1%
Quebec	47.12	47.74	$0.62	1%
Saskatchewan	66.75	67.53	$0.78	1%
Yukon Territory	83.13	86.36	$3.23	4%

Canadian Labour Operations



Paint and Materials

For Canadian appraisals, Paint and Materials make up 9.1% of the average repairable appraisal. The average hourly reimbursement rate is now $33.01.



Canadian Collision Summary

Canada Number of Parts per Repairable Estimate

In Canada, all part types with the exception of remanufactured parts fell slightly from the previous quarter, indicating more repair of panels happening on Canadian vehicles.

Date	Q4/09	Q2/10	Q4/10	Q2/11	Q4/11	Q2/12
Parts - Aftermarket	1.27	1.22	1.34	1.19	1.33	1.23
Parts - Recycled	0.76	0.72	0.72	0.65	0.71	0.56
Parts - Non-New	0.17	0.17	0.17	0.15	0.14	0.14
Parts - New	7.34	6.58	7.07	6.10	6.80	6.28

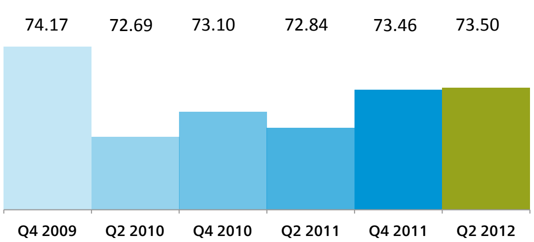
Canada Parts Utilization

All data reflect the percentage of parts-type dollars utilized in the construction of Mitchell appraisals by Canadian estimators.

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q2 2012, Canadian OEM parts increased compared to Q2 2011, although not to the highest level of the survey.

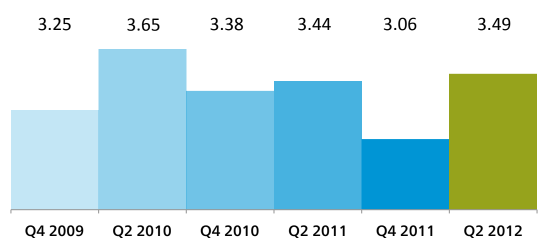
Parts-New



Remanufactured Parts Use in Dollars

Remanufactured parts dipped slightly in the most recent quarter compared to previous quarters tracked.

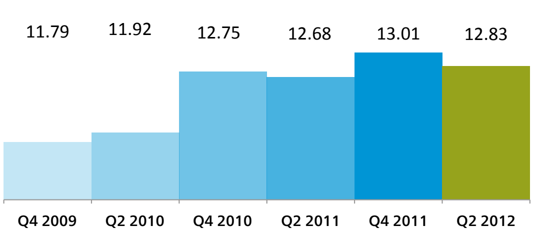
Parts-Non-New



Aftermarket Parts Use in Dollars

Canadian aftermarket parts use posted a 12.83% of dollar use rate, in line with previous quarterly performance.

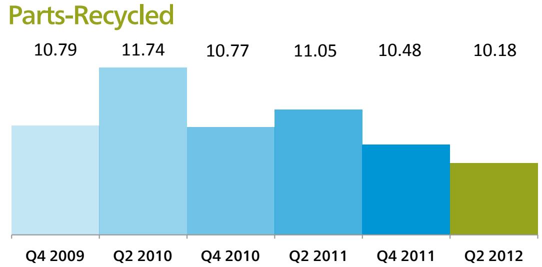
Parts-Aftermarket



Recycled Parts Use in Dollars

Canadian recycled parts use remained relatively flat over the recent quarters.

Parts-Recycled



About Mitchell

Mitchell San Diego Headquarters

**6220 Greenwich Dr.
San Diego, CA 92122**

Mitchell, founded in 1946 and headquartered in San Diego, California, is a leading provider of technology, connectivity and information solutions to the Property & Casualty Claims and Collision Repair industries. The company's comprehensive solution portfolio streamlines the entire auto physical damage, bodily injury and workers' compensation claims processes. Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America to enhance partner productivity, profitability, and customer satisfaction.

From the moment policyholders notify their insurance companies of a vehicle claim, Mitchell's robust solutions take action, transforming the entire claims and repair cycle into a streamlined, end-to-end process using intuitive tools, data-driven software and shared workspaces that deliver a much improved and efficient experience. From initial damage appraisal to helping collision repairers safely and efficiently return vehicles to pre-accident condition, insurers and collision repair businesses depend on Mitchell to deliver cost savings to their organizations and pleasant and timely claims settlement to their customers.

Mitchell also has a 20-year track record of delivering solutions to help Auto Insurance Carriers and Workers' Compensation Claims Payers evaluate and settle their medical claims faster and more accurately. With an unmatched breadth of medical data and decision support experience, Mitchell offers a variety of technology, database, and service solutions that enable its clients to control costs and improve consistency throughout the claims process.

Mitchell is a privately-held company, owned primarily by the Aurora Capital Group. Aurora Capital is a Los Angeles-based investment firm formed in 1991 that acquires and builds companies in partnership with operating management. The firm currently manages approximately $2 billion in capital and is committed to investing in companies with unique, defensible market positions. Aurora is dedicated to generating long-term value principally through investing the time and resources necessary to enhance the fundamentals of each of its businesses.

For more information on Mitchell, visit **www.mitchell.com.**
For more information on Aurora Capital, please visit its website: **www.auroracap.com.**

Mitchell's Lapping for Leukemia Team to Compete in 24 Hours of LeMons Race

Racing team driven to raise funds for Leukemia and Lymphoma Society while enduring grueling trial for cars valued under $500

San Diego, CA—June 26, 2012
Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty Claims and Collision Repair industries, today announced its **Lapping for Leukemia** racing team, powered by the Company's charitable works program called (m)Community, is once again hitting the track for the **24 Hours of LeMons race.** Mitchell team members Beau Sullivan, Lee Phillippi, David Meadow, John Foster, Michael Carteron, and Brian Bragg will compete in the grueling 24 hour trial of endurance for cars valued under $500 at the Buttonwillow Raceway Park, June 30–July 1.

The Lapping for Leukemia racing team's goal is to complete as many laps as possible in their 1979 BMW 528i while simultaneously driving donations to the Leukemia and Lymphoma Society, a cause they are passionate about. Teammate John Foster's son was diagnosed with leukemia at age 2 and, as the young boy underwent painful daily chemotherapy treatments and frequent hospital stays, the Leukemia and Lymphoma Society provided him with unending support.

"The 24 Hours of LeMons race is an exciting way for us to help build awareness and support for the Leukemia and Lymphoma Society, in honor of all the children who bravely battle these devastating cancers. We are all thrilled to be a part of this effort and appreciate any donations to the cause," said Beau Sullivan, Senior Director of User Experience for Mitchell and Lapping for Leukemia teammate.

To help the Lapping for Leukemia racing team raise funds for the Leukemia and Lymphoma Society, make contributions directly to the Leukemia and Lymphoma Society **here.** To root for Mitchell's racing team onsite, **click here** for details on visiting the Buttonwillow Raceway Park the day of the race.

About Mitchell

Mitchell empowers clients to achieve measurably better outcomes. Providing unparalleled breadth of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, Mitchell is uniquely able to simplify and accelerate the claims management and collision repair processes.

As a leading provider of Property & Casualty claims technology solutions, Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America. Founded in 1946, Mitchell is headquartered in San Diego, California, and has 1,700 employees. The company is privately owned primarily by the Aurora Capital Group, a Los Angeles-based investment group. For more information about Mitchell, visit **www.mitchell.com**

Mitchell AutocheX Celebrates Top-Performing Shops

10th Annual Premier Achiever Awards Recognize Excellence in Customer Experience Management

San Diego, CA—June 4, 2012
Mitchell honored collision repair facilities from throughout the U.S. and Canada with the 10th annual AutocheX Premier Achiever Awards, hosted "virtually" for the first time on the exclusive Premier Achiever Award website. The Premier Achiever Awards recognize top-performing auto body repair shops throughout the U.S. and Canada, celebrating exceptional customer service and satisfaction achievements.

The class of 2011 Premier Achievers includes top-performing collision repair facilities of all sizes across the U.S and Canada. In an industry of nearly 50,000 North American shops, these winning shops qualified among the 400 exclusive Premier Achiever Award recipients.

(due to Mitchell's client privacy policies, only shops that granted permission are listed): Link to winner list

One of the 2011 winners is Little Valley Restoration and Collision of Ladysmith, British Columbia, Canada — a five time Premier Achiever winner. Owners John & Jacky Neil have been in business 32 years and run the shop with two of their children. John Neil says their success is based on their focus on the customer and delivering high quality: "Winning the Premier Achiever Award is a great achievement and reinforces the qualities and values that I've always instilled in both my children and my employees: treat others the way you'd like to be treated. If you do that, it makes everything so simple. My employees are simply in the habit of doing things the right way – it's our standard operating procedure. Loyal customers are the result. We're really proud to have won the Premier Achiever Award for the 5th year as it validates our dedication to always putting the customer first."

Since the award program was launched in 2002, AutocheX has presented over 3,000 Premier Achiever Awards to industry-leading collision repair facilities. The award is based on customer satisfaction scores as measured by AutocheX, either independently or as part of an insurance-sponsored repair program. This year, participating insurance programs included seven of the top 25 carriers in North America.

"Mitchell congratulates all the 2011 Premier Achiever Award winners for achieving an impressive level of customer service and satisfaction. We look forward to continuing to work with them — and all our auto body shop clients — to improve and simplify all aspects of their business performance," said Jim O'Leary, Vice President of Mitchell Repair Solutions.

For over 23 years, AutocheX has been a leading provider of customer satisfaction metrics to the collision repair industry. The Mitchell RepairCenter™ Customer Experience Management (CEM) tool powered by AutocheX provides a dynamic and robust solution for customer satisfaction measurement, reporting, analysis and benchmarking. Please visit repaircenter.mitchell.com to learn more about RepairCenter and Mitchell's other solutions for collision repair facilities.

About Mitchell

Mitchell empowers clients to achieve measurably better outcomes. Providing unparalleled breadth of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, Mitchell is uniquely able to simplify and accelerate the claims management and collision repair processes.

As a leading provider of Property & Casualty claims technology solutions, Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America. Founded in 1946, Mitchell is headquartered in San Diego, California, and has 1,700 employees. The company is privately owned primarily by the Aurora Capital Group, a Los Angeles-based investment group. For more information about Mitchell, visit www.mitchell.com.

Mitchell Releases Decision Point® 7.2 Powered by Agile Development

Iterative, Adaptive, Feature-driven Development Delivers Superior Medical Billing Claims Capability

San Diego, CA—May 22, 2012
Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced the commercial release of Decision Point® 7.2. This latest release of the market-leading medical bill review and workflow solution for 1st and 3rd party liability claims handlers was developed and delivered using Agile Development principles emphasizing rapid time-to-market and client-driven feature development.

"Decision Point® 7.2 represents a significant change in our development methodologies that will deliver better outcomes, by simplifying and accelerating medical bill claim handling," said Dave Torrence, Mitchell Executive Vice President and General Manager, Auto Casualty Solutions. "I'm pleased with the valuable new functionality that has been added in this latest release, including the ability to integrate with Mitchell NHQ Negotiation Services, providing the extra benefit of access to negotiated out-of-network payment services."

"Mitchell continues to focus on client needs, adding new capabilities to maintain leadership in a highly data-driven industry, enhancing workflow automation and utilizing claims analytics expertise in order to quickly and flexibly adapt to change. We are committed to continually incorporating industry best practices to develop our solutions, as evidenced by leveraging Agile Development principles to develop DecisionPoint 7.2," said Vidya Dinamani, Vice President of Product Management and Marketing for Mitchell. "We look forward to continuing to deliver even higher levels of accurate, prompt and effective service capabilities to our clients."

Decision Point 7.2 introduces several new features that were able to be delivered in a shorter timeframe, and developed by actively engaging with Mitchell clients to incorporate their feedback. These features include the use of pharmacy data using web services, which allows clients to leverage Medi-Span and Redbook as their preferred drug pricing indices. This feature also provides pharmacy pricing in compliance with regulations rolled out for New York.

The Mitchell NHQ Negotiation Services component enables clients to leverage a broad array of negotiation services to the approximately 50-70% of medical charges that are generated by providers who are not currently part of a provider network. Injury claims professionals are further enabled to achieve their primary goal of delivering excellent medical care in the most cost-effective manner to ensure maximum policy benefit for injured parties.

Due to the overwhelming success of Decision Point in large markets we are now expanding our portfolio to include Mitchell's exclusive automated medical bill review in Hawaii in conjunction with delivery of the Hawaii PIP Fee Schedule.

Another feature included in this release is the ability for users of Decision Point® to provide feedback. This feedback delivers greater insight into user satisfaction and allows Mitchell to incorporate this feedback to continually improve Decision Point®.

To learn more about Decision Point 7.2, please visit us at http://www.mitchell.com/claims-management-software/medical-claims-processing/medical-claims-billing-software.asp.

About Mitchell

Mitchell empowers clients to achieve measurably better outcomes. Providing unparalleled breadth of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, Mitchell is uniquely able to simplify and accelerate the claims management and collision repair processes.

As a leading provider of Property & Casualty claims technology solutions, Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America. Founded in 1946, Mitchell is headquartered in San Diego, California, and has 1,700 employees. The company is privately owned primarily by the Aurora Capital Group, a Los Angeles-based investment group. For more information about Mitchell, visit www.mitchell.com.

About Auto Casualty Solutions

The Mitchell Auto Casualty Solutions (ACS) division delivers solutions that help accelerate prompt, fair and effective injury and liability claims handling with automated decision-making tools. By connecting people with technology and data, ACS delivers timely, intelligent and actionable insight to our clients so that they can handle 1st and 3rd party liability claims better. ACS offerings incorporate leading-edge technologies that empower our clients to handle injury and liability claims more accurately, consistently, efficiently and cost-effectively enabling them to deliver outstanding claim service results.

For more than 20 years, ACS has delivered high-quality products and services to meet the evolving needs of our clients. With extensive industry experience and a track record of outstanding service delivery, ACS is uniquely positioned to deliver solutions that simplify and optimize your injury and liability claims handling.

Mitchell CTO Erez Nir Named San Diego Magazine Top Tech Exec Awards Finalist

Award Recognizes Innovation and Excellence among San Diego's Information Technology Executives

San Diego, CA—May 15, 2012
Mitchell, a leading provider of technol-
Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced its Chief Technology Officer, Erez Nir, has been nominated as a finalist for the San Diego Magazine's Top Tech Exec Awards, which recognize the most outstanding Information Technology executives in San Diego.

Nir's nomination emerges from his role in driving Mitchell's advanced IT strategy and infrastructure, helping the Company be one of the fastest growing software and information service providers in San Diego for the auto physical damage, auto casualty and workers compensation claims markets.

"Mitchell congratulates Erez, whose technology vision and innovations ensure our software solutions are infused with the latest technology to support our commitment to empowering better outcomes for our clients and business partners. Leadership such as Erez's helps us deliver on our mission to help our clients restore their customers' lives after a challenging event," said Alex Sun, Mitchell President and Chief Executive Officer.

Under Nir's technology leadership, Mitchell deploys leading-edge Software-as-a-Service (SaaS), offering private cloud software solutions which leverage the Company's Lean/Agile strategic initiative. Lean/Agile principles enable Mitchell to continuously accelerate time to market for large scale software solutions development and release. With Nir's guidance, Mitchell recently completed a significant data center infrastructure initiative which provides enhanced hosting and recovery capabilities for the Company and its clients. In 2011, Nir led the virtualization of over 90% of Mitchell's servers into a private cloud computing architecture, provided snapshot and fast site-to-site replication capabilities in the Company's upgraded storage infrastructure, and implemented a failover design using Site Recovery Manager (SRM), with floating virtual environments.

"It is an honor to be nominated for the prestigious San Diego Magazine Top Tech Exec Awards, and an honor to work with a company that is so dedicated to IT innovation while employing hundreds of local talent in the field," said Nir. "As an IT innovator for Mitchell, it is inspiring to connect individuals and organizations through integration, collaboration and teamwork. Mitchell's commitment to IT excellence ensures our efforts will continue to positively impact the local economy, in addition to client business performance."

Winners of the 2012 San Diego Magazine Top Tech Exec Awards will be announced on May 17, 2012 at the Del Mar Fairgrounds event.

About Mitchell

Mitchell empowers clients to achieve measurably better outcomes. Providing unparalleled breadth of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, Mitchell is uniquely able to simplify and accelerate the claims management and collision repair processes.

As a leading provider of Property & Casualty claims technology solutions, Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America. Founded in 1946, Mitchell is headquartered in San Diego, California, and has 1,700 employees. The company is privately owned primarily by the Aurora Capital Group, a Los Angeles-based investment group. For more information about Mitchell, visit www.mitchell.com.

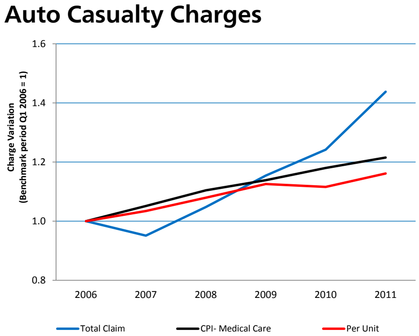
Mitchell Launches Medical Price Index for Auto Casualty Insurers

Leverages Big Data to Track Medical Cost Inflation and Utilization Patterns

San Diego, CA—May 7, 2012
Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today introduced a unique data source to track medical cost inflation and treatment utilization trends impacting the auto casualty market. Prepared by Mitchell's new Risk and Performance Optimization (RPO) Unit, the Medical Price Index ("MPI") is among the first regularly updated census of provider billing and treatment behavior as it relates to medical bills from auto casualty claims in the United States.

The MPI provides measures of cost per procedure and service utilization rates on a monthly basis—across geography, provider specialty, treatment and diagnosis groups, and facility types, and is available on a subscription basis with quarterly updates. Over five years of historical data are currently available.

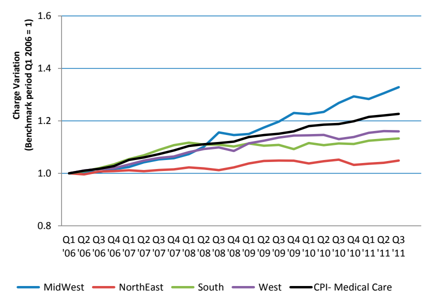
Auto Casualty Charges



Mitchell RPO Vice President Keith Peterson states, "Cost inflation rates in auto casualty claims are close to 10% per annum; outpacing the consumer price index and 20% higher than other measures of general medical inflation. It appears auto casualty insurers bear the brunt of cost shifting of medical treatment through over utilization and not the cost of individual procedures (see Figure 1)." The MPI provides a method to track medical procedures costs, utilization and how they are impacted by a range of regulatory, economic, and social factors.

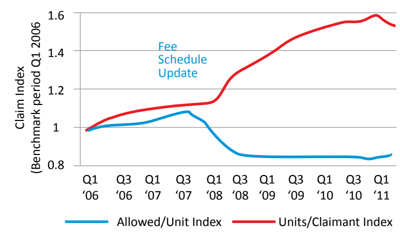
The RPO Unit was launched in March 2012 to conduct deep analysis of claims data processed through Mitchell's casualty and auto physical damage businesses. The MPI embodies RPO's mission of delivering analytics-based automation through Mitchell's core software platforms to help claims operations resolve claims faster, mitigate fraud, waste and abuse and maximize policy holder's claim experience.

Regional Comparison



Mitchell's Senior Claims Consultant for auto casualty, Dr. Ed Olsen, adds, "Legislators frequently use state fee schedules to manage costs. However, most medical fee schedules do not address utilization and there are relatively few measures available to separate unit costs from utilization impact." As showcased in Figure 2, unit charges are growing at a rate less than the National CPI, as reported by the Bureau of Labor Statistics, for medical care in all regions except for the Mid-West. The regions demonstrating this slower unit charge growth rate include States with well-established medical fee. The Mid-West region, with its outsized unit charge rise is primarily the effect of unlimited Michigan PIP and its lack of a medical fee schedule. By contrast, Figure 3 highlights the Florida experience where the medical fee schedule decreased the average allowed amount per unit by 22%—but provider behavior increased the number of units per claimant by 42%. The net effect was an overall increase of 12% in the average allowed amount per claimant in Florida PIP claims.

Florida Fee Schedule



The RPO Unit helps Mitchell apply new analytics, data warehousing, and consulting resources to the complex claims management challenges facing its U.S. clients. The RPO Unit is based at Mitchell's San Diego Headquarters office and draws on Mitchell's wealth of industry, workflow automation and data management expertise.

About Mitchell

Mitchell empowers clients to achieve measurably better outcomes. Providing unparalleled breadth of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, Mitchell is uniquely able to simplify and accelerate the claims management and collision repair processes.

As a leading provider of Property & Casualty claims technology solutions, Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America. Founded in 1946, Mitchell is headquartered in San Diego, California, and has 1,700 employees. The company is privately owned primarily by the Aurora Capital Group, a Los Angeles-based investment group. For more information about Mitchell, visit www.mitchell.com.

Volume Twelve Number Three
Q3 2012
Published by Mitchell

Industry Trends Report

The ***Industry Trends Report*** is a quarterly snapshot of the auto physical damage collision and casualty industries. Just inside—the economy, industry highlights, plus illuminating statistics and measures, and more. Stay informed on ongoing and emerging trends impacting the industry, and you, with the Industry Trends Report!

Questions or comments about the Industry Trends Report may be directed to:

Greg Horn
Editor in Chief, Vice President of Industry Relations
greg.horn@mitchell.com

For data analytics, please contact:

Gail Sloan
Vice President of Licensing and Corporate Accounts
(858) 368-7869
e-mail: gail.sloan@mitchell.com

Additional Contributors:

Kontos Kommentary is produced monthly by Tom Kontos, Executive Vice-President, ADESA Analytical Services. ADESA is a leading provider of wholesale used vehicle auctions and ancillary remarketing services. As part of the KAR Auction Services family, ADESA works in collaboration with its sister company, Insurance Auto Auctions, a leading salvage auto auction company, to provide insights, trends and highlights of the entire automotive auction industry.

The ***Industry Trends Report*** is published by Mitchell.

The information contained in this publication was obtained from sources deemed reliable. However, Mitchell cannot guarantee the accuracy or completeness of the information provided.