BLUE BOOK MARKET REPORT

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Analysis from Kelley Blue Book's Analytic Insights Team

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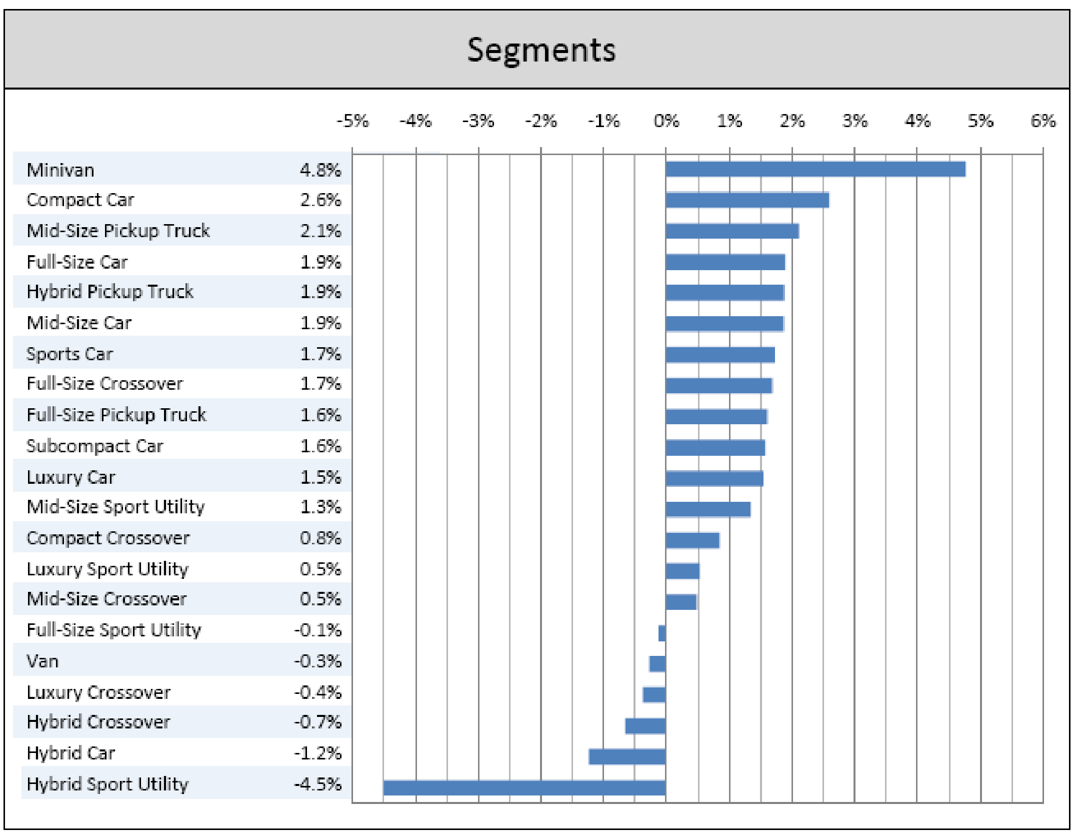
MARKET ANALYSIS

ECONOMY DRIVING SHOPPER ACTIVITY; MARKET STRENGTHENS AT REDUCED RATE

- Juan Flores, director of vehicle valuation, Kelley Blue Book

As auto sales have improved, the used-car market has followed suit despite a slowly recovering economy. Popular segments such as full-size SUVs and hybrids are taking a back seat to more practical, cost-effective people movers. Car shoppers are opting for 'value,' especially with the availability of cheaper vehicles across all segments. The plethora of choices is increasing competition among segments as the economy still plays a role in consumers' purchase decisions. For example, shoppers enticed by new-car incentives are finding that for the price of a new non-luxury car, they can get a used entry-level luxury vehicle, pointing to an increase in demand for used luxury vehicles. Overall, values are up 1.7 percent, with minivans and compact cars outperforming the market. While there is strength in the market, it is at a reduced rate compared to prior months.



The above chart displays month-over-month used-vehicle depreciation percentages by segment. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included segments.

Continued on Page 2.

MARKET ANALYSIS CONTINUED

CARS: HISTORICALLY LOW PERFORMERS INCREASE IN VALUE; BENEFIT FROM RECOVERING ECONOMY

Compact cars are flourishing compared to their mid-size and full-size counterparts. Compact cars jumped 2.6 percent (1.7 percent year-over-year), in part due to the soft economy, since they are affordable cars and offer great fuel economy. Saturn's Ion and the Mitsubishi Lancer take the lead with 11.3 percent and 7.2 percent appreciation, respectively. These historically low performers also benefit from the economy as consumers take advantage of the few remaining deals available in the market. Underperforming in the compact segment are the Suzuki SX4 (-0.9 percent) and the Hyundai Elantra (-0.1 percent). With so many alternatives available, demand has remained relatively soft for these vehicles, keeping their values relatively flat and lagging the overall segment.

Mid-size cars report a 1.9 percent increase for the month and jump 3.6 percent from this time last year. The Dodge Stratus and Lincoln MKZ significantly outperformed this segment, with increases of 10 percent and 7.2 percent for the respective models. Toyota's Camry and the Hyundai Sonata slumped 2.5 percent and 2.4 percent, respectively.

While gas prices have not jumped enough to make hybrids a cost-effective option, Kelley Blue Book analysts believe this could change as gas prices pick up heading into summer. The premium costs incurred by hybrid buyers are pushing shoppers toward less expensive yet similarly fuel-sipping segments: compact and subcompact cars. To date, hybrid cars are decreasing 1.2 percent this month and 4.4 percent for the year. Among the group of underperforming hybrids are the Toyota Camry Hybrid (-6.0 percent), Lexus GS450h (-3.9 percent) and Toyota Prius (-3.6 percent). Bucking the hybrid trend are the Chevrolet Malibu Hybrid and Honda Civic Hybrid, since they are relatively cheaper models among their peers, climbing 3.5 percent and 1.6 percent, respectively.

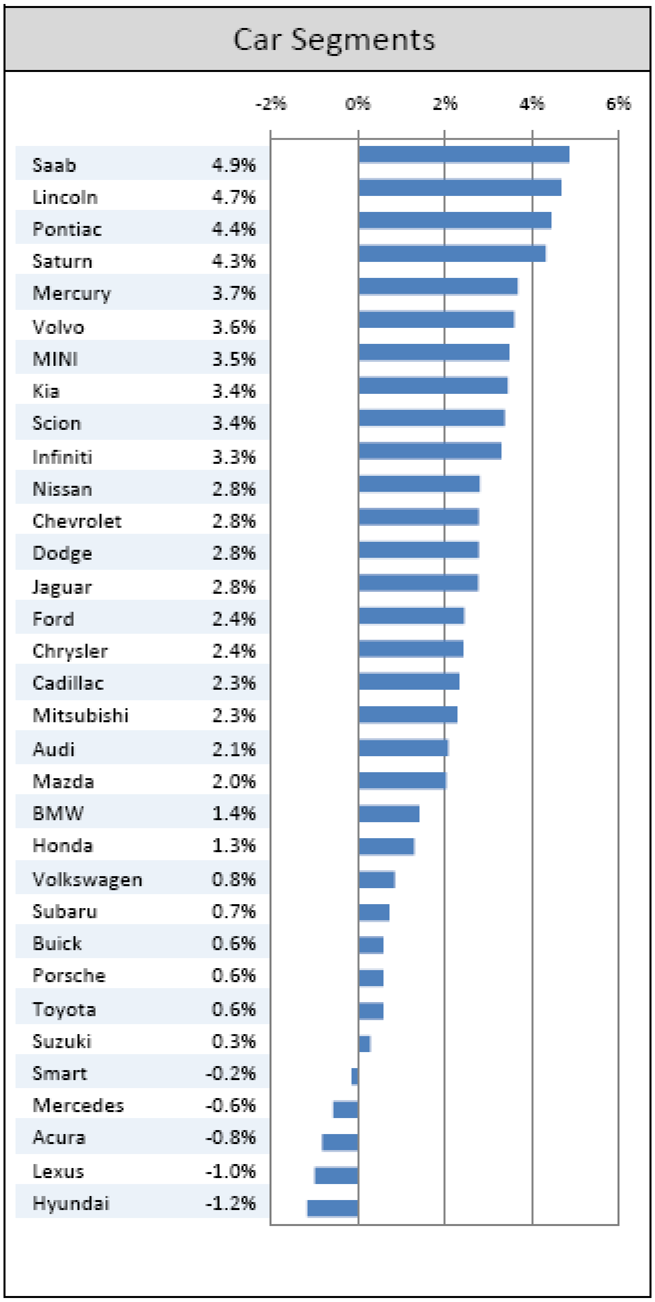
TRUCKS: MINIVANS CONTINUE TO DOMINATE MARKET

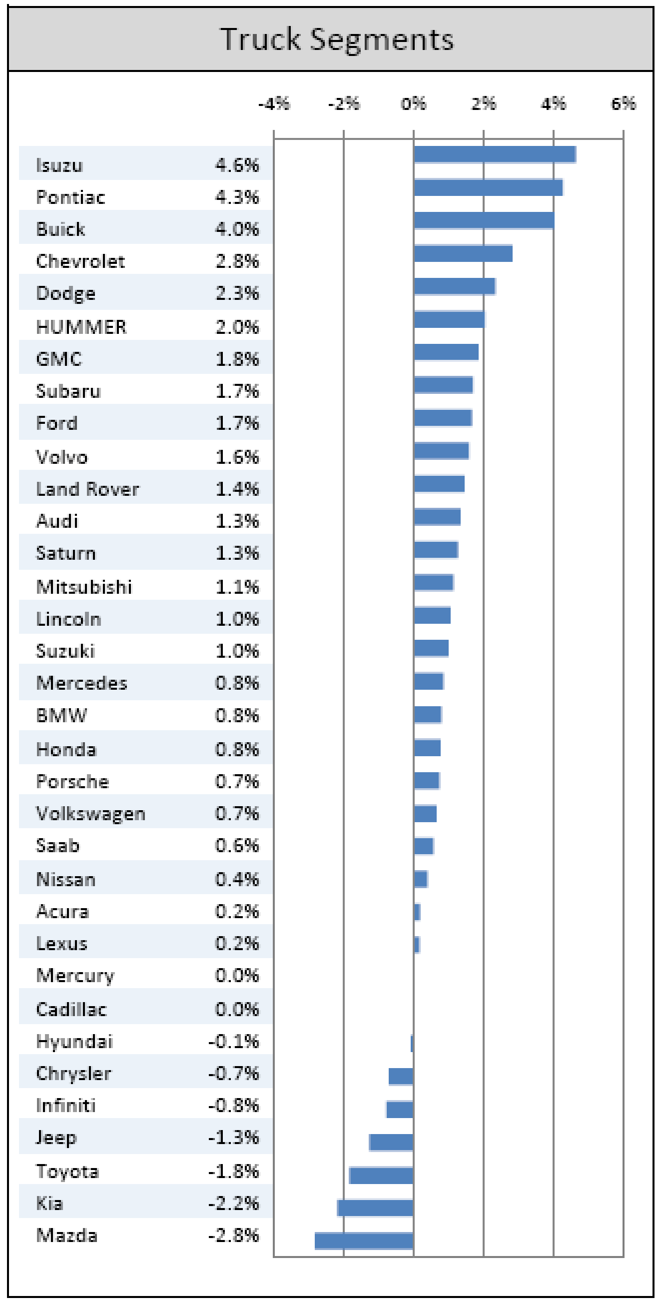
Among the truck segment, analysts expect that values of both minivans and mid-size trucks will continue to rise steadily. As one of the most affordable family haulers available, minivans continue to garner interest among U.S. families, providing utility and space for a reasonable price. Minivans are up 4.8 percent from the previous month (10.3 percent year-over-year). Analysts observed the best performing minivans to be the Dodge Caravan and Kia Sedona, increasing 9.5 percent and 11.3 percent, respectively. The only minivan depreciating this month is the Honda Odyssey, dropping 2 percent, as it is by far the most expensive model in this segment.

Mid-size trucks showed a 2.1 percent increase for the month and 7 percent year-over-year. Performing best in this segment are the Dodge Dakota (4.7 percent), Ford Ranger (4.6 percent) and Nissan Frontier (4.4 percent). The Toyota Tacoma (-0.1 percent) and Mitsubishi Raider (-0.2 percent) fell below performance levels among mid-size trucks. The Tacoma did not increase this month mainly due to its position as the segment leader, while the Raider was held back by a lack of overall demand given the superior alternatives available. **Continued on Page 3.**

MARKET ANALYSIS CONTINUED

CAR AND TRUCK SEGMENT OVERVIEW





The above charts display month-over-month used-vehicle depreciation percentages by brand. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included brands.

Continued on Page 4.

AFTER TWO YEARS OF ABNORMAL MARKET BEHAVIOR, DEMAND PICKS UP

Industry observers agree that the automotive sector is in as good of a place as it can be, given past turmoil. Last year's plummeting sales and bankruptcies pushed manufacturers to reevaluate their business plans, resulting in investments toward better products, a reduction in fleet sales, a renewed focus on days supply, temporary plant closures to manage existing inventory and production, and changes to their existing lease strategies, among many other actions.

Foot traffic on the lot has increased since the beginning of the year; however, it is costing manufacturers more to get shoppers there. Incentives are playing a major role, as well as an availability of credit. In addition, Kelley Blue Book is seeing a big push for sales by OEMs and dealers before spring ends, as demand stabilizes in the summer season.

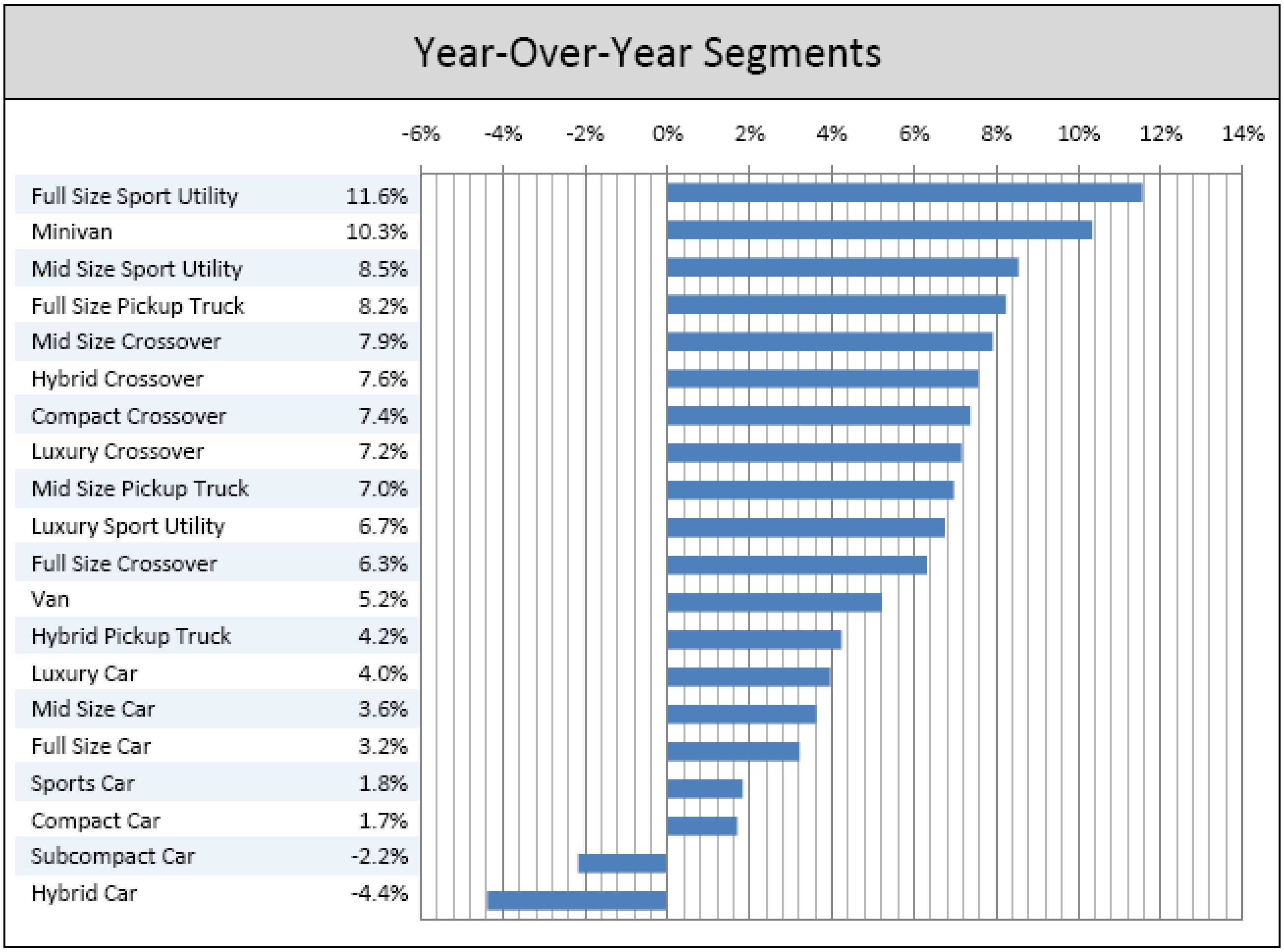
In the coming months, all segments will incur seasonal and fuel-related changes in valuations. Kelley Blue Book forecasts a moderate rise in fuel prices in the second and third quarter that will continue upward at moderate levels through March 2011. Unemployment also is expected to slightly increase or remain stable through the end of the year. Interest rates should remain relatively steady, but increase slightly. The used-vehicle supply will decrease slightly as normal seasonal demand patterns are expected to return after two years of abnormal market behavior. Based on these predictions and seasonality, the compact segment is expected to strengthen, while luxury cars will soften. It also is expected that mid-size crossovers will return to normal depreciation patterns, while the SUV segment will soften in the third quarter as consumers shop for more fuel-efficient vehicles. Finally, Kelley Blue Book expects strength in pickup trucks in the third quarter as a predominantly seasonal trend, which is negatively impacted by gas prices. **Continued on Page 5.**

Percent Change		
Segment	2nd Qtr – 2010	3rd Qtr – 2010
Compact Car	+1.8	+0.7
Full-Size Car	+3.2	+0.4
Luxury Car	(-1.6)	(-1.1)

Percent Change		
Segment	2nd Qtr – 2010	3rd Qtr – 2010
Full-Size Pickup Truck	(-3.0)	+2.9
Full-Size SUV	+2.4	(-3.8)

MARKET ANALYSIS CONTINUED

YEAR-OVER-YEAR SEGMENT OVERVIEW



The above chart displays year-over-year change with respect to retained value (auction value/MSRP). This change reflects the average retained value of MY 2006-2008 vehicles in the current period compared with average retained value of MY 2005-2007 vehicles for the same period in the prior calendar year.

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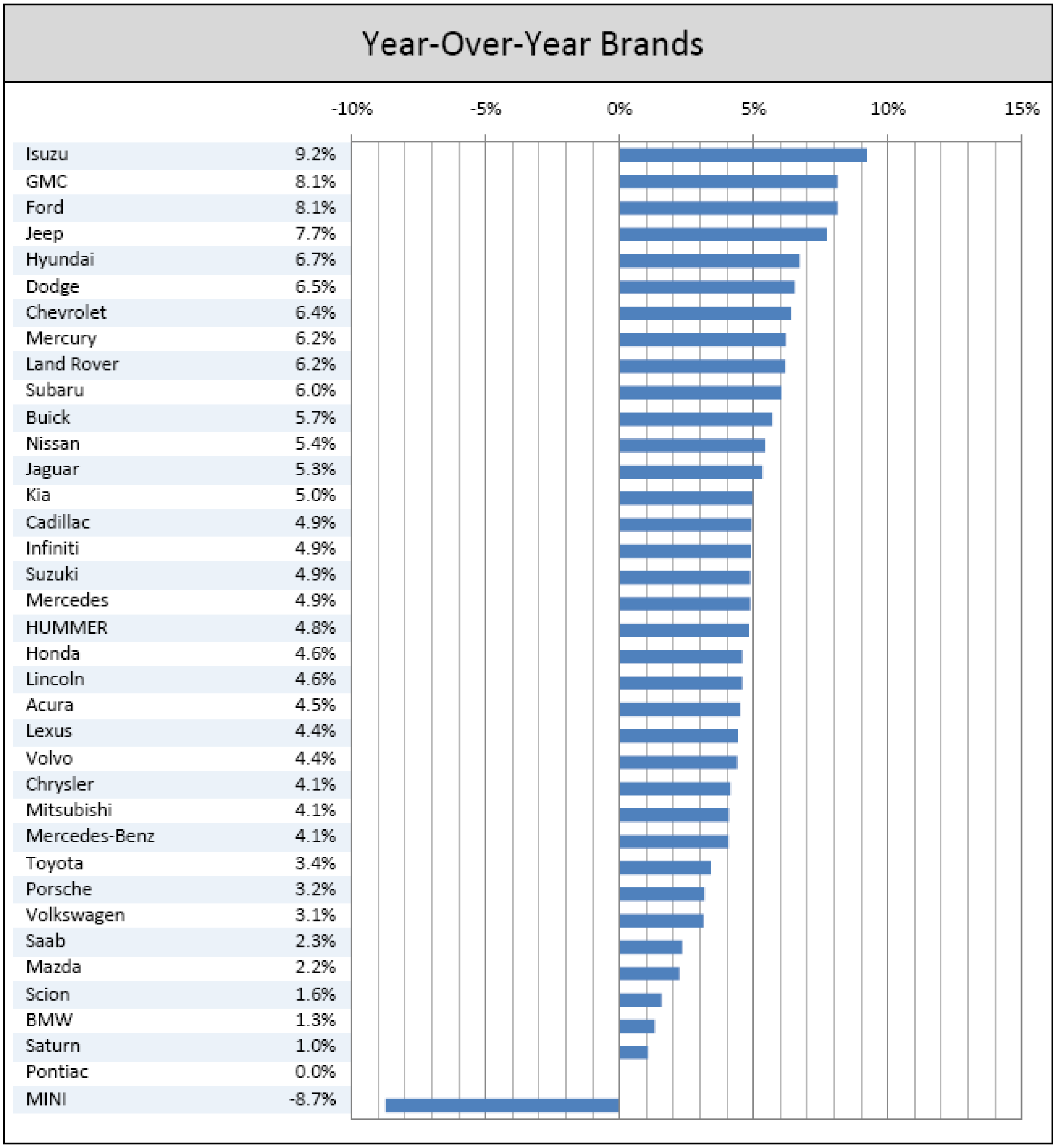
MARKET ANALYSIS CONTINUED

YEAR-OVER-YEAR BRAND OVERVIEW



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This commentary focuses on Model Years 2005-2008. The statements set forth in this publication are the opinions of the authors and are subject to change without notice. This publication has been prepared for informational purposes only. Kelley Blue Book assumes no responsibility for errors or omissions.

RESIDUAL ANALYSIS UPDATE

TOYOTA EXTENDS INCENTIVES, FUTURE VALUES IMPACTED

- Eric Ibara, director of residual value consulting, Kelley Blue Book

In general, residual values tend not to be affected by current incentives, because the incentives' impact would need to reach three years into the future in order to impact 36-month residuals. However, the continuation of attractive lease programs would have the effect of increasing the volume of vehicles returning to the captives in three years, so from that viewpoint, residual values could be impacted. Incentives utilizing cash to the consumer will have a negative impact on current used-car prices, but unless carried over for three years, is unlikely to affect future residual values.

Short-term spikes in lease volumes could have only a small impact on future values. However, a lease program lasting five or six months could build a sufficiently large volume that is more likely to push down auction values when that bubble of vehicles return to the captive finance company.