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BLUE BOOK MARKET REPORT

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Analysis from Kelley Blue Book's Analytic Insights and Market Intelligence Teams

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MARKET ANALYSIS

Toyota Values Stabilize After Dip; Other Brands Benefit from Recall

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

Overview

Toyota, a company that has been defined by their reputation for reliability and safety for decades, is currently experiencing one of the largest recalls in recent history. Perhaps in an attempt to fly under the radar and avoid media scrutiny, other manufacturers such as Honda, GM, Mazda and Nissan have issued their own vehicle recalls; however, Toyota is taking the biggest hit in values. According to the latest Kelley Blue Book Market Intelligence data, in the wake of the Toyota recall crisis, brand loyalty has significantly increased for Korean and domestic automakers such as Kia, Hyundai, Chevrolet and Ford. While non-Toyota owners are becoming more loyal to their current brands, Toyota brand consideration and loyalty have declined.

Since the recall was first announced, Kelley Blue Book has been diligently pouring over transaction data to determine the impact to the value of used Toyota vehicles. Based on the initial auction activity we analyzed immediately following the recall, Kelley Blue Book analysts found that Toyota vehicles affected by the recall were going to depreciate 1 to 3 percent. While depreciation of this magnitude is slightly in excess of traditional seasonal trends, the recall has not yet had a significant negative impact on the resale value of either recalled or non-recalled Toyota vehicles.

This initial depreciation can be attributed to a drop in demand as those consumers that were in-market for a used Toyota either purchased an alternative brand or delayed their purchase until more news became available about a possible fix. At the same time, inventories of unsellable Toyotas began to grow due to the National Auto Auction Association's recommendation that auctions pull used Toyota's from their lanes until the vehicles could be repaired. In addition to a growing glut of inventory at auction, dealer lots backed up as they were unable to sell either new or used recalled vehicles. While this growing inventory of Toyotas has the potential to put additional downward pressure on the resale value of Toyotas, so far demand has proven to be sufficient to absorb the supply of fixed Toyotas being sold in the last few weeks. **Continued on Page 2.**

MARKET ANALYSIS CONTINUED

With Fix, Toyota Values Stabilize

Now that the “shim” fix has been made available and is being implemented at dealerships across the country, Toyota vehicles are starting to hit the lanes at auction once again. The initial Toyota transactions that we have observed so far, albeit in limited volumes, have shown that values have remained relatively steady. However, seasonality could be masking some of the effects of the Toyota recall since activity at auction has been strong for the past several weeks (at least on the West Coast; East Coast auctions have been limited by a relentlessly harsh winter), supported by dealers stocking up their inventories in anticipation of the spring selling season. If the pedal recall had been announced at a time when the market is typically soft, such as the fourth quarter, the effect on Toyota values could have been far more dramatic. Kelley Blue Book analysts also are keeping a careful eye on their forecast projections, which are showing stability for Toyota values in the weeks to come. While it may be a few weeks before Kelley Blue Book has sufficient data on the long-term impact to Toyota residual values, it appears as though Toyota may have passed through the eye of the storm. Before company analysts make any final conclusions, a number of events could still spell trouble for Toyota’s values in the future.

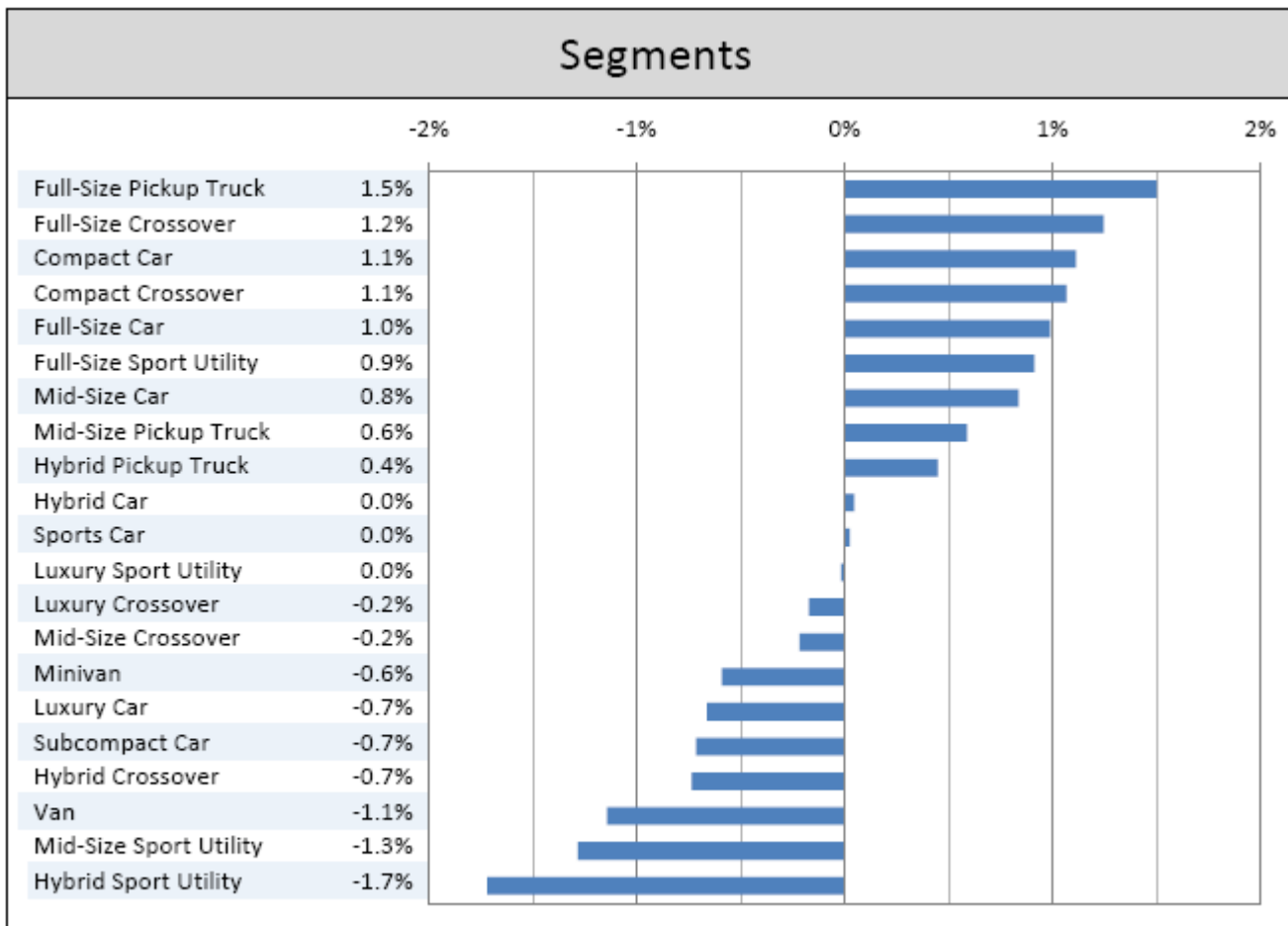
Congressional Hearings and Lawsuits Could Spell More Trouble

Further recalls, or worse yet, an unfavorable outcome to the congressional hearings currently being held on the safety of Toyota vehicles, could certainly disrupt the stability in Toyota’s values. If any of these events were to come to pass, Kelley Blue Book would not be surprised to see Toyota’s values take another dip. However, if the fix currently in place addresses all of Toyota’s problems and no additional recalls are announced, Toyota may be fortunate enough to save their reputation and regain their place of prominence in the hearts and minds of consumers. **Continued on Page 3.**

MARKET ANALYSIS CONTINUED

Overall Market

Values strengthened through the month of February, as dealers began to hit the auction lanes in anticipation of the spring selling season. Twelve out of the 21 segments tracked by Kelley Blue Book either increased in value or stayed flat, contributing to an overall market uptick of 0.3 percent. Full-size pickups, full-size crossovers and compact cars were among the best-performing segments for the month, each increasing more than 1 percent. These segments tend to be sensitive to fluctuations in the price of gasoline, so the current stability in fuel prices indicates that the appreciation in the marketplace is likely driven by typical seasonal patterns.

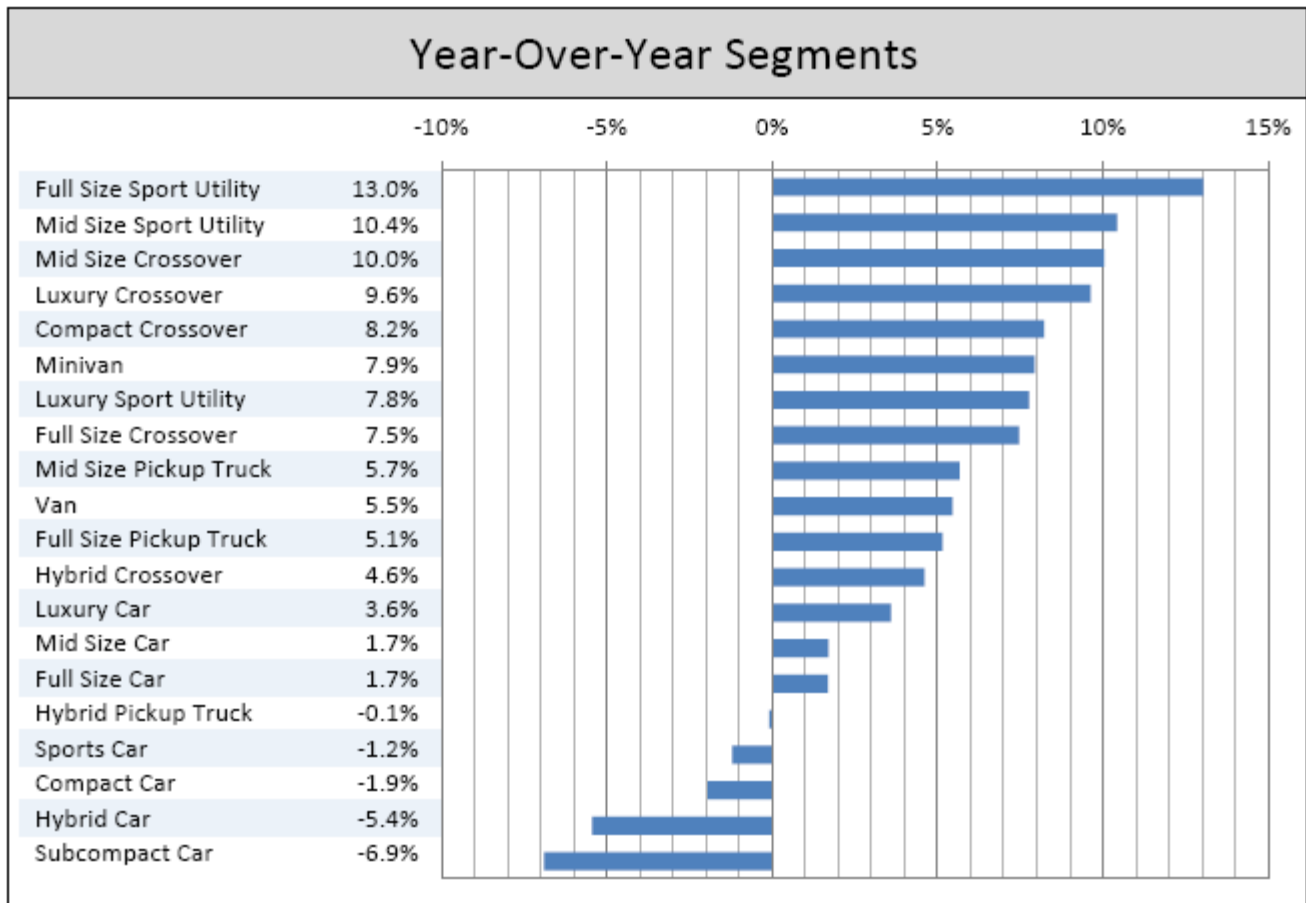


The above chart displays month-over-month used-vehicle depreciation percentages by segment. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included segments.

Continued on Page 4.

MARKET ANALYSIS CONTINUED

Year-Over-Year Segments Overview

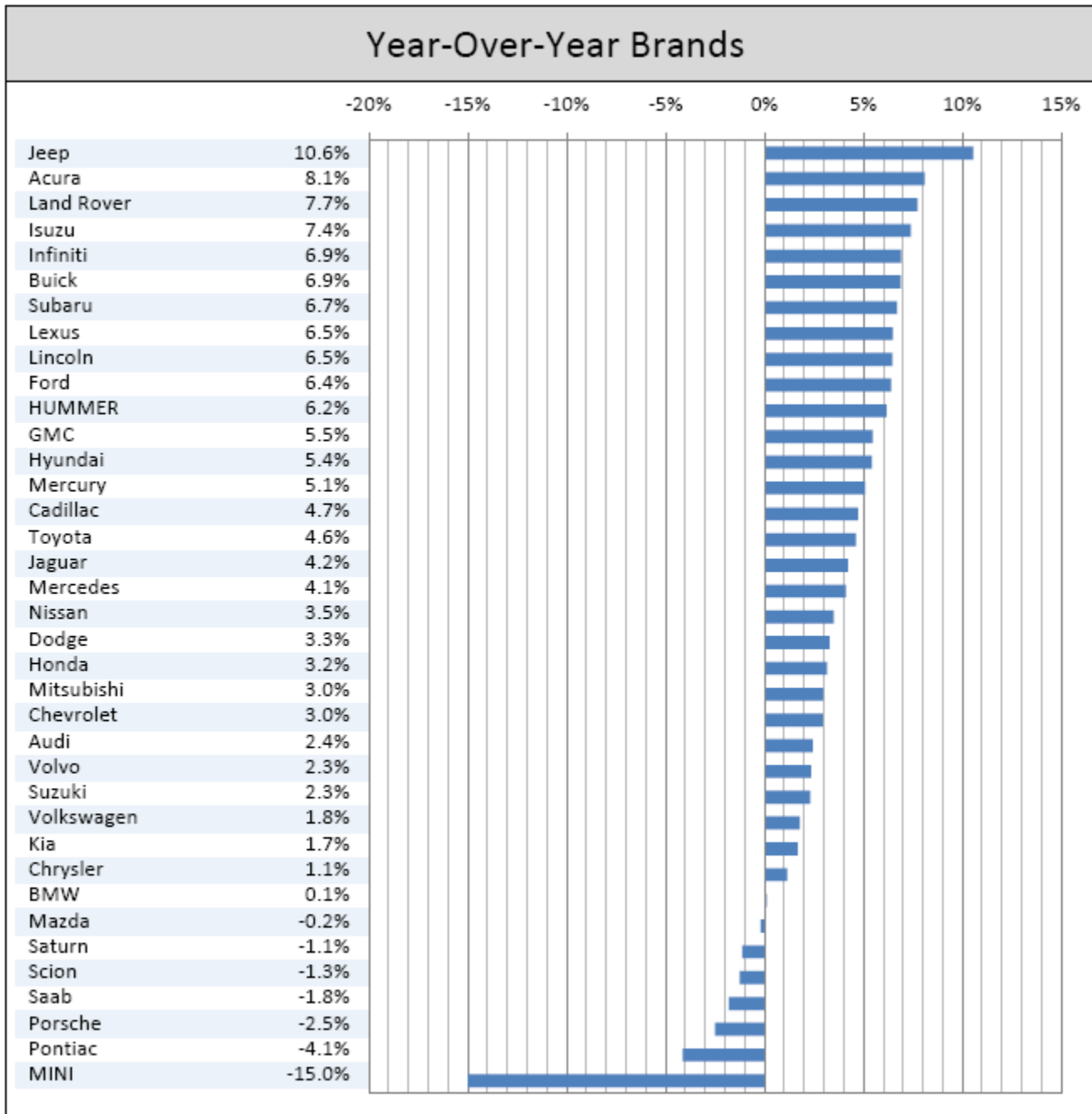


The above chart displays year-over-year change with respect to retained value (auction value/MSRP). This change reflects the average retained value of MY 2006-2008 vehicles in the current period compared with average retained value of MY 2005-2007 vehicles for the same period in the prior calendar year.

Continued on Page 5.

MARKET ANALYSIS CONTINUED

Year-Over-Year Brands 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.

Continued on Page 6.

MARKET ANALYSIS CONTINUED

Cars

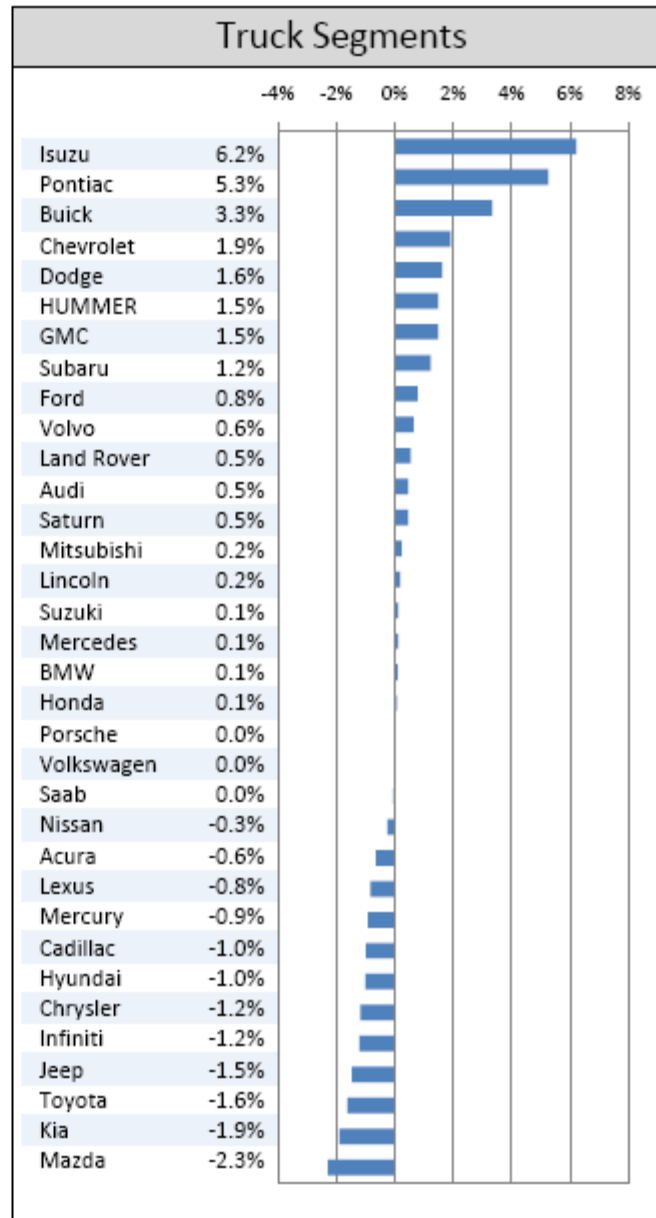
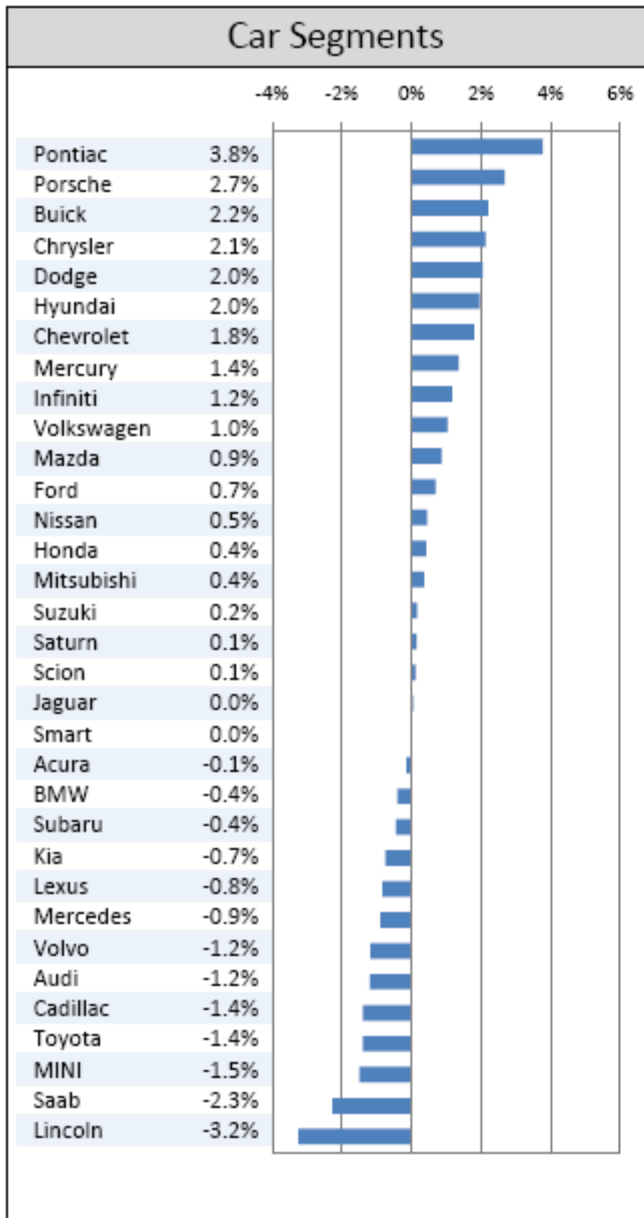
Values for cars were up 0.3 percent for the month of February, with five out of seven car segments increasing in value. The best-performing segments were compact and full-size cars, increasing 1.1 percent and 1 percent, respectively. In the compact car segment, the Ford Focus (+3.9 percent), Volkswagen Beetle (+3.2 percent), and Hyundai Elantra (+1.8 percent) were the strongest-performing vehicles for the month, perhaps benefitting from the lack of available Toyota products usually available at auction. Consumers that may have been in the market for a Corolla will have to consider an alternative from a competing manufacturer since recalled units were pulled from the lanes at auction. In fact, values for the Toyota Corolla are down 1 percent on average, due to a lack of demand overshadowing any current supply constraints. A low supply of vehicles would typically cause values to firm up, so the depreciation that Kelley Blue Book is seeing thus far for the Corolla is a good indication of an overall reduction in demand.

Trucks

Most truck segments increased for the month with values for full-size trucks, compact crossovers and full-size crossovers increasing just over 1 percent. Within the compact crossover segment, the Chevrolet Equinox (+4.8 percent), Nissan Rogue (+2.3 percent), and Ford Escape (+1.9 percent), all outperformed the segment average by a healthy margin. Similarly to compact cars, the Toyota RAV4 underperformed the overall segment, dropping 1.5 percent, although it should be noted that toward the end of the month, values started to firm up. Consumer demand for the RAV4 is being redirected to Toyota's aforementioned competitors due to their lack of availability at auction and uncertainty in the minds of consumers. While a lack of Toyota vehicles has benefitted the values of competitors in the short term, Kelley Blue Book expects that this substitution effect will wear off as repaired Toyotas return to auction. **Continued on Page 7.**

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.

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.

Market Watch - February 2010

Below are the results from Kelley Blue Book's Market Watch, measuring new-car shopper activity on kbb.com.

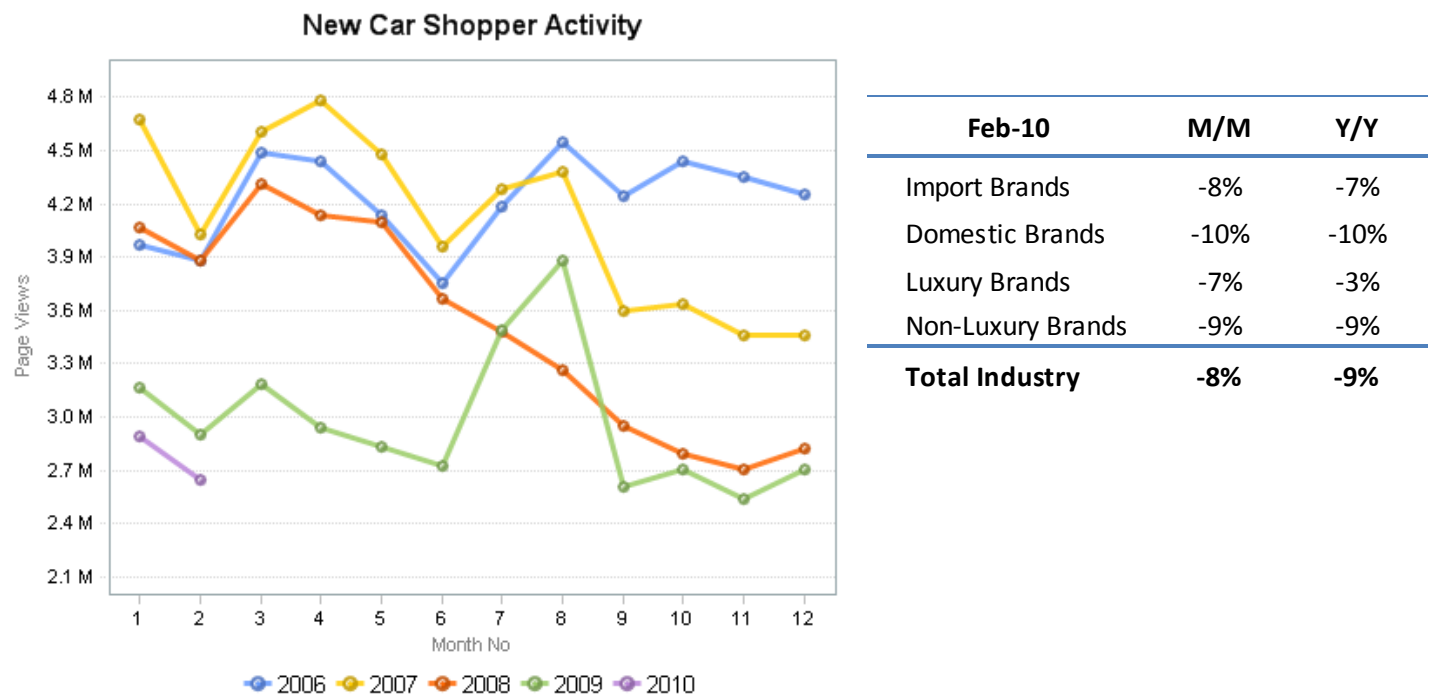
New-car shopper activity declined 8 percent month-over-month in February, which is fairly consistent with historical trends. All segments experienced declines in shopper activity with the hybrid segment suffering the largest decline, down 18 percent month-over-month. The segment was heavily impacted by the drastic drop in Toyota Prius activity (the most trafficked hybrid model), down 23 percent.

Most brands experienced shopper activity declines in February with a few exceptions. Hyundai garnered the largest shopper activity increase, up 18 percent month-over-month, driven primarily by the redesigned 2011 Sonata and 2010 Tucson. Porsche also made a notable gain, up 11 percent with the newly introduced 2010 Panamera. Kia traffic increased further in February, up 4 percent. Sorento had the only shopper activity increase within Kia's lineup, driving the overall increase to the brand.

Saturn and Pontiac continued on steep declines as the brands are phased out, down 49 percent and 36 percent, respectively. Although Saab's sale to Spyker recently was finalized, its shopper activity fell 35 percent in February as the brand neared complete closure.

Toyota's woes continued due to the recall of most of its vehicles and its handling of the acceleration issues. The brand experienced a 22 percent shopper activity decline for February. Further, the impact reached its Lexus and Scion brands, which declined by 24 percent and 19 percent, respectively.

Continued on Page 9.



NOTES

New-Car Shopper Activity is defined by New-Car Pricing Report page views on kbb.com

M/M = percent change from prior month; Y/Y = percent change from prior year

Luxury = Acura, Audi, BMW, Cadillac, HUMMER, Infiniti, Jaguar, Land Rover, Lexus, Lincoln, MB, MINI, Porsche, Saab, Volvo Sedan, SUV, Pickup, Hybrid defined by vehicle categories on kbb.com; Hybrid spans across all categories

Note: GM brands include Buick, Cadillac, Chevrolet and GMC

Market Watch - February 2010 Continued

New-Car Shopper Activity Continued

Make	M/M	Y/Y	Rank	Share	vs. PM	vs. PY
Toyota	↓ -22%	↓ -28%	1	12.1%	-2.07	-3.17
Honda	↘ -9%	↓ -12%	2	11.3%	-0.11	-0.49
Ford	↗ 2%	↗ 7%	3	9.6%	0.97	1.38
Chevrolet	↓ -15%	↘ -5%	4	8.3%	-0.65	0.29
Nissan	↘ -2%	↘ -7%	5	6.5%	0.46	0.12
Hyundai	↑ 18%	↑ 44%	6	5.9%	1.33	2.17
BMW	↘ -8%	↓ -10%	7	3.4%	0.01	-0.05
Mercedes-Benz	↘ -8%	↗ 4%	8	3.3%	0.02	0.41
Volkswagen	↘ -7%	↗ 1%	9	3.2%	0.05	0.31
Kia	↗ 4%	↑ 45%	10	2.9%	0.36	1.09
Audi	↘ 3%	↑ 19%	11	2.9%	0.32	0.67
Lexus	↓ -24%	↓ -13%	12	2.9%	-0.59	-0.13
GMC	↓ -18%	↑ 29%	13	2.7%	-0.33	0.79
Dodge	↓ -11%	↓ -34%	14	2.6%	-0.07	-1.02
Subaru	↘ -4%	↑ 19%	15	2.6%	0.11	0.59
Mazda	↘ -3%	↓ -11%	16	2.5%	0.13	-0.06
Acura	↘ -4%	↗ 1%	17	2.1%	0.10	0.19
Jeep	↘ -7%	↓ -22%	18	1.7%	0.03	-0.29
Cadillac	↓ -12%	↓ -12%	19	1.5%	-0.06	-0.06
Infiniti	↗ 6%	↓ -13%	20	1.5%	0.20	-0.08
Buick	↘ -6%	↑ 37%	21	1.3%	0.03	0.43
Volvo	↗ 2%	↑ 14%	22	1.2%	0.12	0.24
Mitsubishi	↘ -1%	↓ -21%	23	0.9%	0.07	-0.14
Porsche	↑ 11%	↑ 26%	24	0.8%	0.14	0.22
Lincoln	↘ 3%	↓ -21%	25	0.8%	0.09	-0.12
Chrysler	↓ -15%	↓ -54%	26	0.7%	-0.06	-0.71
Land Rover	↘ -8%	↑ 22%	27	0.6%	0.00	0.16
Suzuki	↘ -7%	↓ -16%	28	0.5%	0.01	-0.05
Pontiac	↓ -36%	↓ -66%	29	0.5%	-0.23	-0.87
Mercury	↘ -3%	↓ -25%	30	0.5%	0.03	-0.11
MINI	↓ -10%	↓ -27%	31	0.5%	-0.01	-0.12
Scion	↓ -19%	↓ -25%	32	0.4%	-0.06	-0.09
Jaguar	↘ -8%	↘ -3%	33	0.4%	0.00	0.03
Saturn	↓ -49%	↓ -69%	34	0.3%	-0.26	-0.64
HUMMER	↘ -3%	↘ -2%	35	0.3%	0.02	0.02
Smart	↓ -23%	↓ -49%	36	0.2%	-0.03	-0.12
Saab	↓ -35%	↓ -48%	37	0.1%	-0.06	-0.11

Key

- ↑ 10% Significantly higher than prior mo/yr by 10% or more
- ↗ 1% Change is not significantly higher than prior mo/yr (between 1 and 10%)
- 0% Flat/no change (less than ±1%)
- ↘ -1% Change is not significantly lower than prior mo/yr (between -1 and -10%)
- ↓ -10% Significantly lower than prior mo/yr by 10% or more

Top 5

Bottom 5

NOTES

Percent change M/M, Y/Y subject to rounding

Rank based on share of total

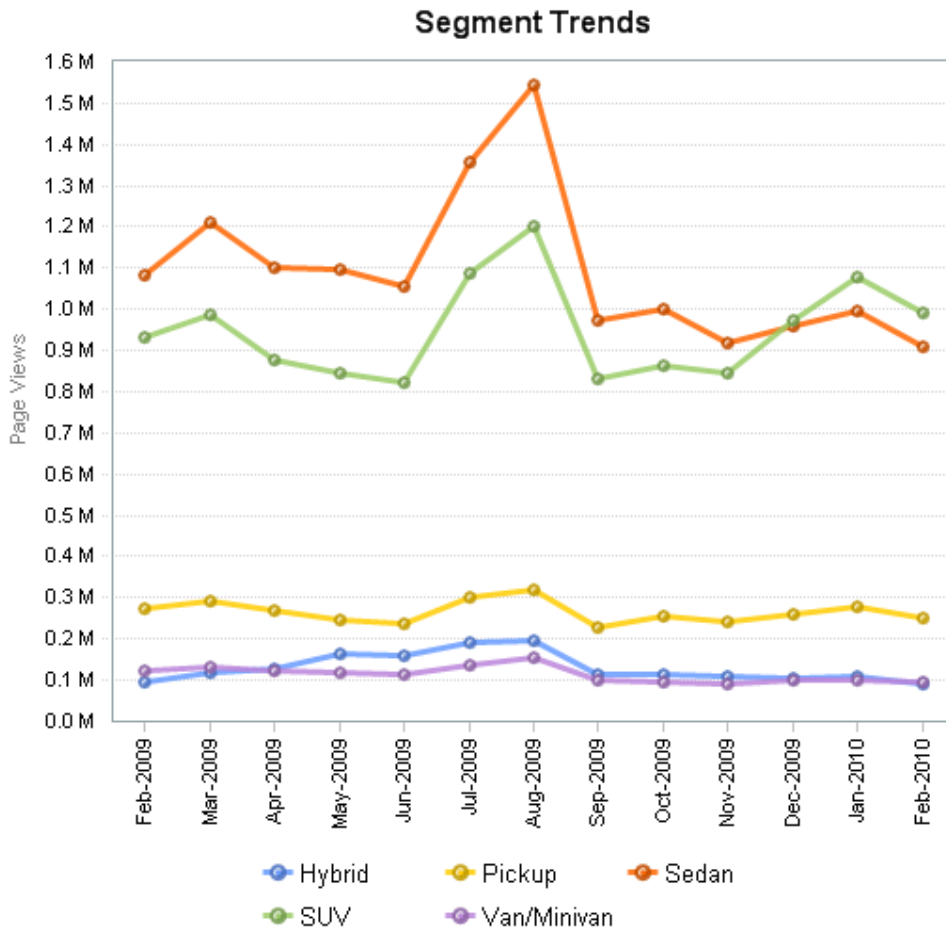
vs. PM = change in share versus prior month

vs. PY = change in share versus prior year

Continued on Page 10.

Market Watch - February 2010 Continued

Segment Trends



Key

↑	10%	Significantly higher than prior mo/yr by 10% or more
↗	1%	Change is not significantly higher than prior mo/yr (between 1 and 10%)
→	0%	Flat/no change (less than ±1%)
↘	-1%	Change is not significantly lower than prior mo/yr (between -1 and -10%)
↓	-10%	Significantly lower than prior mo/yr by 10% or more

	M/M	Y/Y
Hybrid	↓ -18%	↘ -7%
Pickup	↓ -11%	↓ -10%
Sedan	↘ -9%	↓ -16%
SUV	↘ -8%	↗ 7%
Van/Minivan	↘ -6%	↓ -24%

Note: Segments defined by vehicle categories on kbb.com. Hybrid spans across all categories.

Kelley Blue Book Market Intelligence - Electric Vehicle Survey - February 2010

Below are the results of a Kelley Blue Book Market Intelligence study on electric vehicles, which captures consumer awareness, opinion and interest in this alternative fuel technology.

Summary:

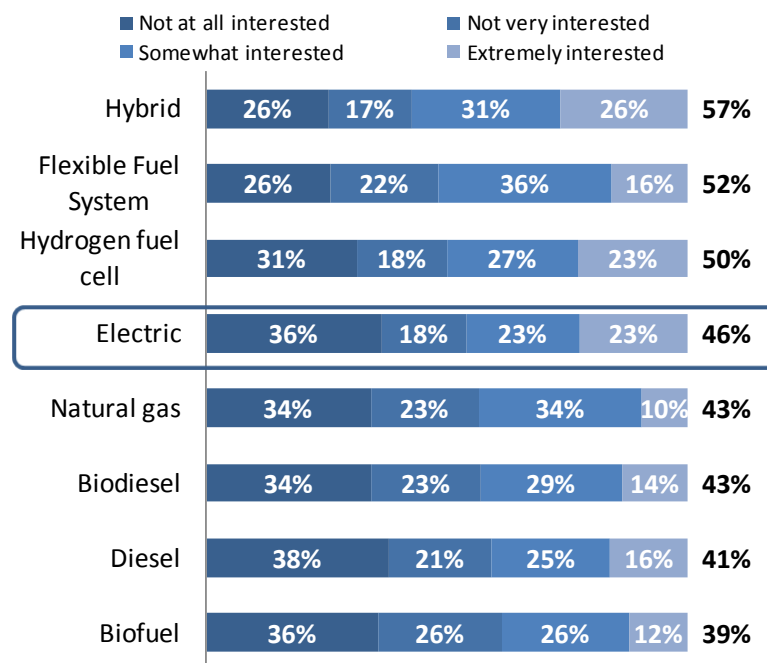
- More than 2-in-5 shoppers are likely to consider an alternative fuel vehicle.
 - Hybrid technology garners the most interest with nearly 3-in-5 shoppers interested in the technology.
 - An equal percentage of shoppers are extremely interested in hydrogen fuel cell as they are in electric technology.
- Nearly three-quarters of shoppers are aware of electric vehicles, but have no personal experience with them.
- Interest in electric vehicle technology is driven mostly by environmental factors, followed by economical reasons.
- Disinterest in electric vehicle technology is related to practicality concerns – such as the drivable range on a charge and limited charging stations.
- Purchase consideration of electric vehicles can be impacted by government incentives and/or tax credits, with nearly one-third indicating they would be much more likely to purchase.
- With nearly half of shoppers planning to use an electric vehicle as their primary/everyday vehicle, it is extremely important to address the practicality concerns.
- Overall, electric vehicle perceptions are that they are expensive, innovative, zero emissions, environmentally-friendly and quiet ride. More than half of shoppers wouldn't describe electric vehicles as sporty, snobby or loaded with options.

NEARLY HALF OF SHOPPERS ARE SOMEWHAT/EXTREMELY INTERESTED IN ELECTRIC

44% of shoppers are somewhat/extremely likely to consider an alternative fuel vehicle.

73% of shoppers are aware of electric vehicles, but have no personal experience with them

Interest in Alternative Fuel Technologies



Source: Electric Vehicle Survey – Preliminary Data (n=341)

Q: For your next new vehicle, how likely are you to consider an alternative fuel vehicle (e.g. hybrid, electric, natural gas, etc.)?

Q: For each of the following technologies, please indicate your interest level in

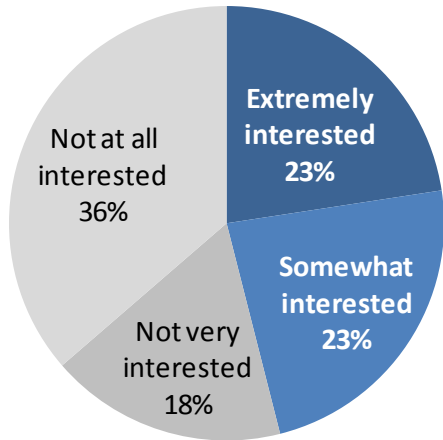
Q: How familiar are you with electric vehicles?

Continued on Page 12.

Electric Vehicle Survey - February 2010 Continued

INTEREST IS DRIVEN BY ENVIRONMENTAL, ECONOMICAL FACTORS

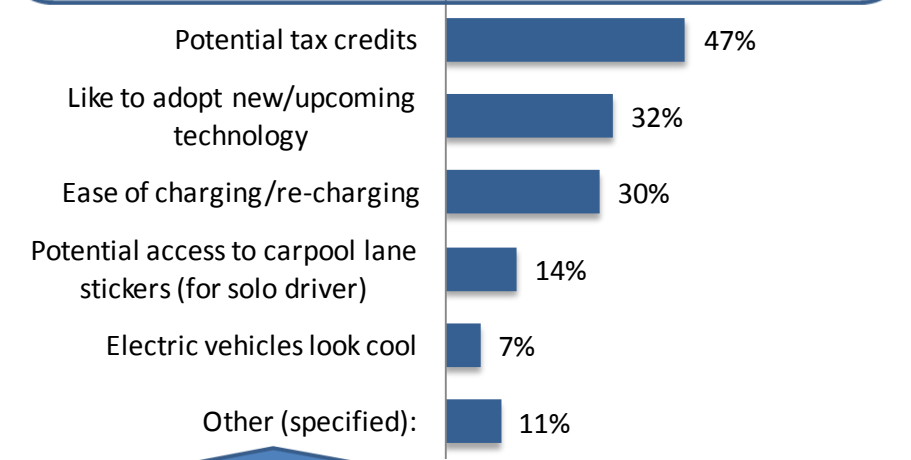
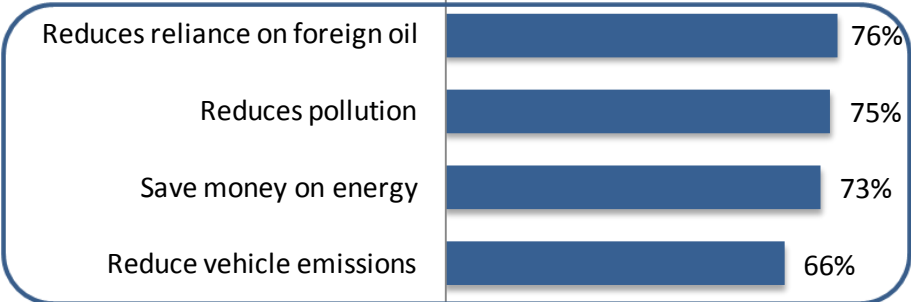
Interested in Electric Vehicle



Interested
Net: 46%

5% of shoppers interested in electric vehicles are more likely to lease the vehicle.

Reasons for Interest in Electric Vehicle



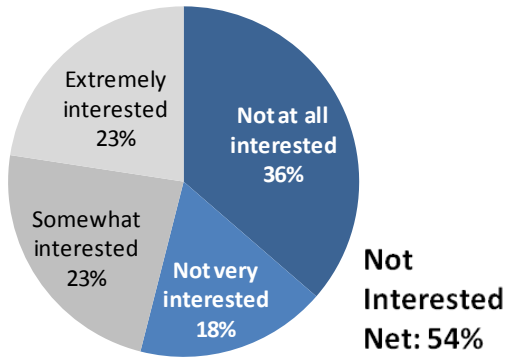
- Free charge from solar energy
- Power/performance
- Electricity can be a renewable resource
- Save on gas prices
- Short commute/around town
- War
- Knows Prius owner
- Coolness factor

Source: Electric Vehicle Survey – Preliminary Data (n=341)
 Q: For each of the following technologies, please indicate your interest level in each one.
 Q: You indicated that you are interested in electric vehicle technology. Please indicate why you are interested in electric vehicles?
 Q: Would you be more likely to lease or purchase an electric vehicle?

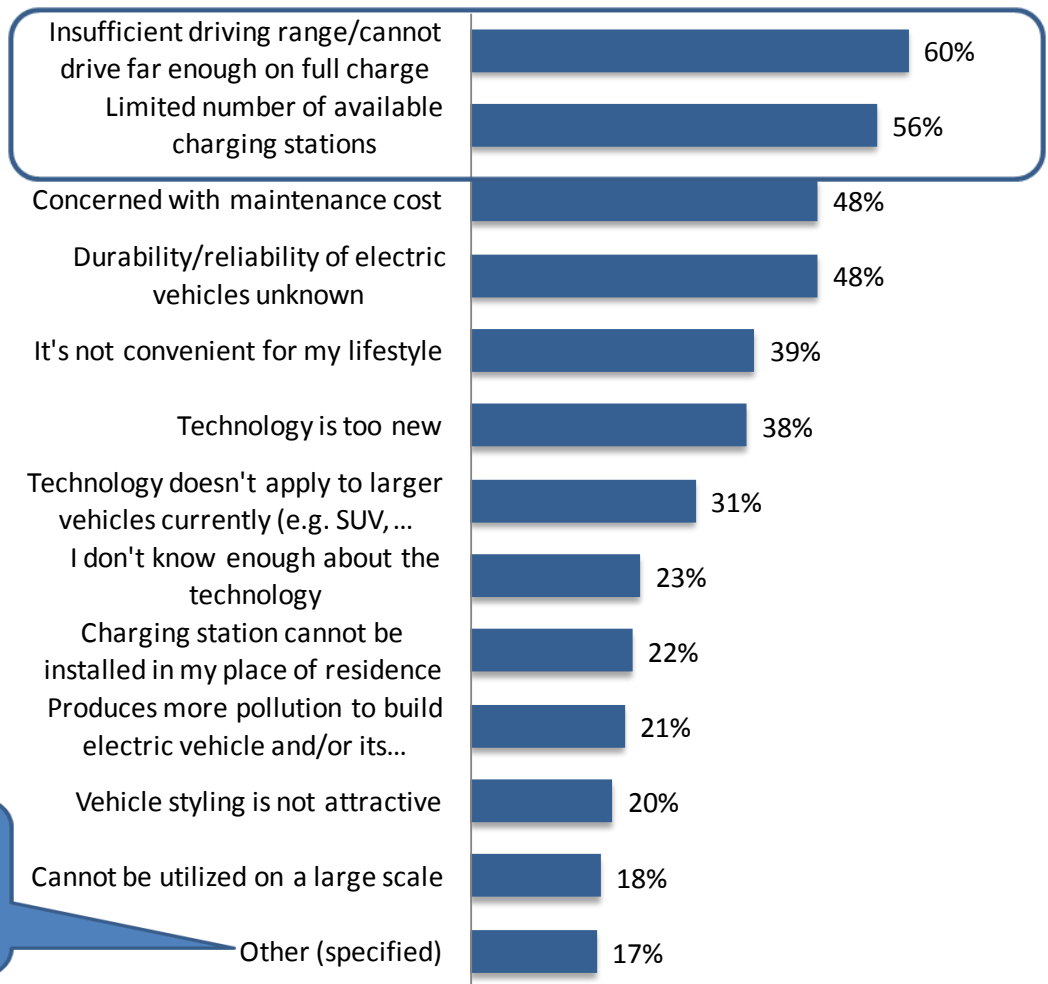
Electric Vehicle Survey - February 2010 Continued

DISINTEREST IS DUE TO PRACTICALITY CONCERNS RELATED TO TECHNOLOGY

Not Interested in Electric Vehicle



Reasons Not Interested in Electric Vehicle



Like gas engine performance/performance
Doesn't help environment
Added cost not justified
Not economical, use existing power sources
Battery cost
Charging time
Live in snow region/un-surfaced roads

Source: Electric Vehicle Survey – Preliminary Data (n=341)

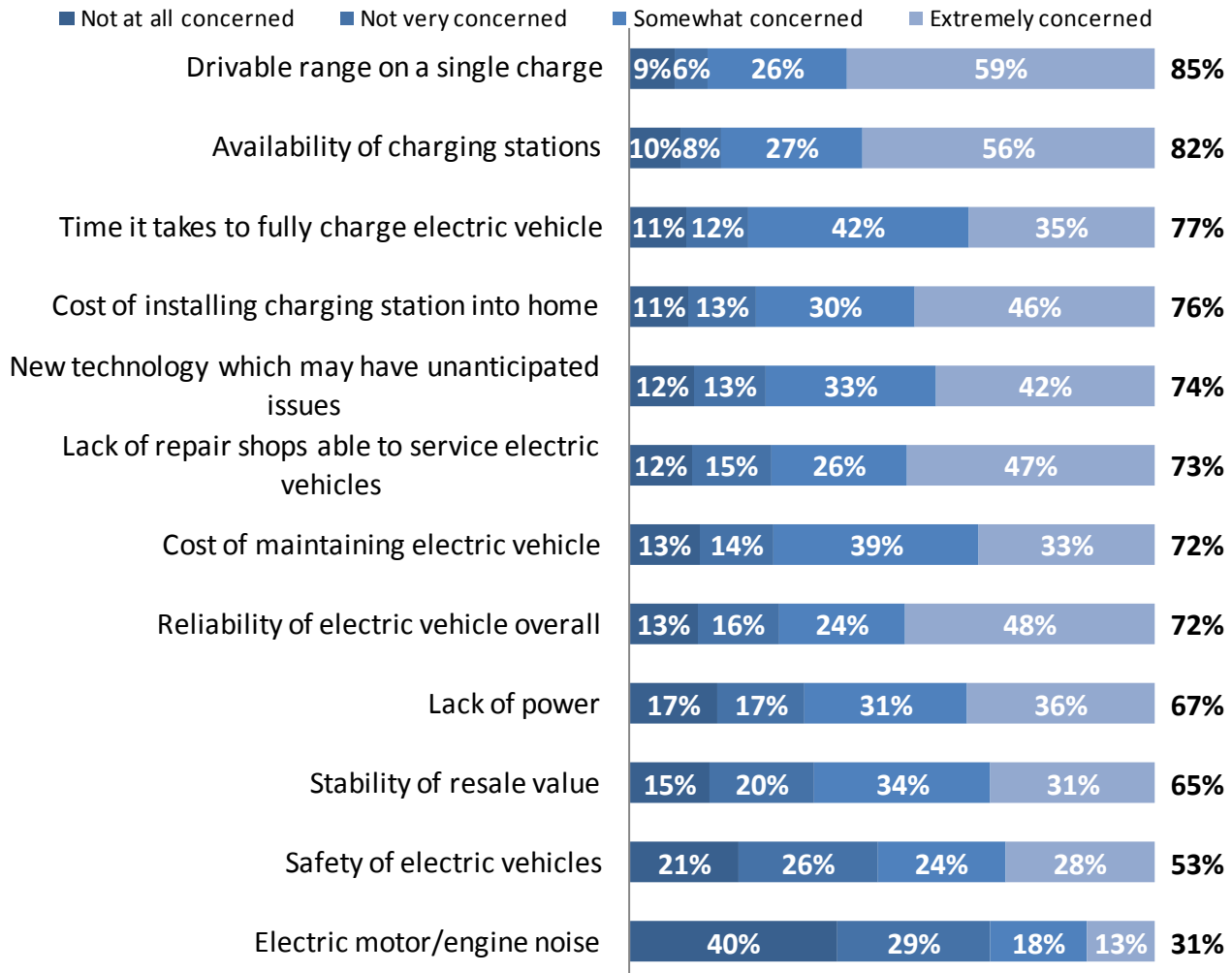
Q: For each of the following technologies, please indicate your interest level in each one.

Q: You indicated that you are not interested in electric vehicle technology. Please indicate why you are not interested in electric vehicles.

Electric Vehicle Survey - February 2010 Continued

OVER THREE-QUARTERS OF SHOPPERS CONCERNED WITH PRACTICALITY

Concern with Electric Vehicle Technology



Source: Electric Vehicle Survey – Preliminary Data (n=341)

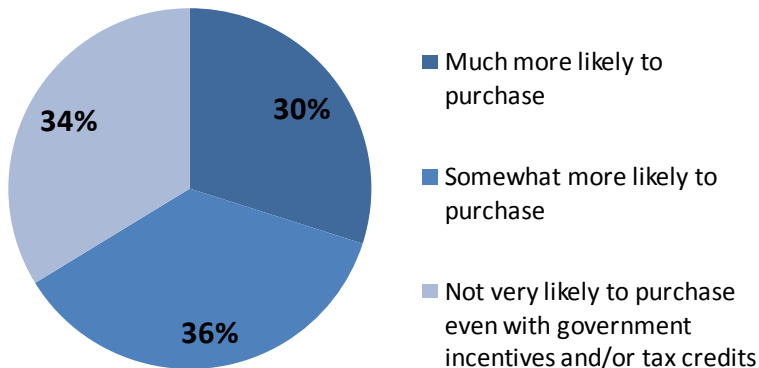
Q: Please indicate your level of concern with electric vehicle technology on each of the following items.

Continued on Page 15.

Electric Vehicle Survey - February 2010 Continued

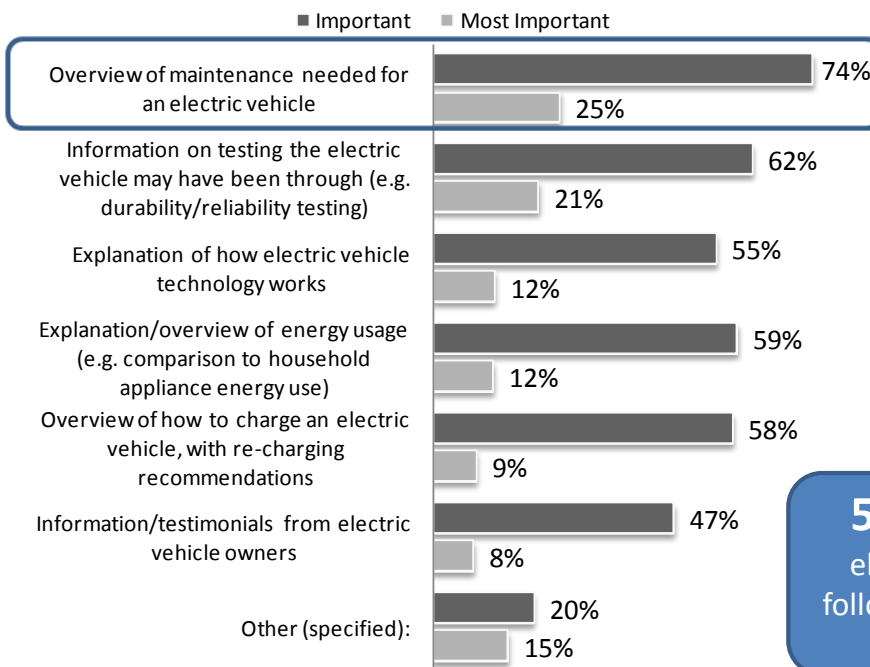
TWO-THIRDS OF SHOPPERS WOULD BE MORE LIKELY TO PURCHASE ELECTRIC VEHICLE WITH INCENTIVES, TAX CREDITS

Impact of Incentive on Electric Vehicle Consideration



48% of shoppers would use an electric vehicle as their primary/everyday vehicle.

Types of Information Would Like to Learn about Electric Vehicles



59% of shoppers prefer to learn about electric vehicles through search engines, followed by online news outlets and word of mouth.

Source: Electric Vehicle Survey – Preliminary Data (n=341)

Q: If the federal government provided incentives and/or tax credits for electric vehicle purchases, would you be...

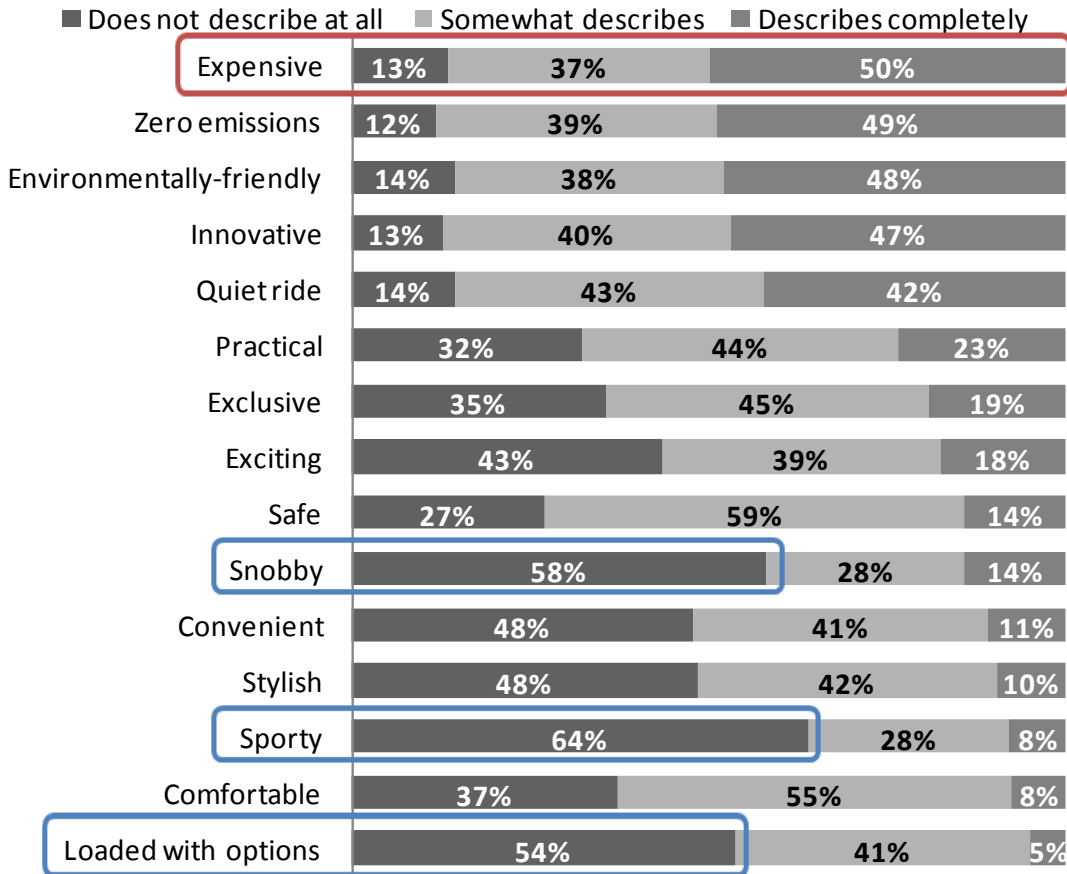
Q: How would you use an electric vehicle?

Q: What types of information would you like to learn about electric vehicles?

Q: Which of the following is the most important aspect you'd like to learn about electric vehicles?

ELECTRIC VEHICLES ARE NOT PERCEIVED AS SPORTY, SNOBBY, OR LOADED WITH OPTIONS; NEARLY 9-IN-10 DESCRIBED TECHNOLOGY AS EXPENSIVE

Overall Electric Vehicle Image



*Source: Electric Vehicle Survey – Preliminary Data (n=341)
 Q: Thinking about the image/impression electric vehicles can portray, please rate how well each of the following descriptors describe an electric vehicle in general.*

About Kelley Blue Book (www.kbb.com)

Since 1926, Kelley Blue Book, The Trusted Resource®, has provided vehicle buyers and sellers with the new and used vehicle information they need to accomplish their goals with confidence. The company's top-rated Web site, www.kbb.com, provides the most up-to-date pricing and values, including the New Car Blue Book® Value, which reveals what people actually are paying for new cars. The company also reports vehicle pricing and values via products and services, including software products and the famous Blue Book® Official Guide. According to the C.A. Walker Research Solutions, Inc. – 2009 Spring Automotive Web Site Usefulness Study, kbb.com is the most useful automotive information Web site among new and used vehicle shoppers, and half of online vehicle shoppers visit kbb.com. Kelley Blue Book's kbb.com also is a W3 Gold Award winner, sanctioned by the International Academy of Visual Arts. Kbb.com is a leading provider of [new car prices](#), [car reviews](#) and [news](#), [used car Blue Book Values](#), [auto classifieds](#) and [car dealer](#) locations. No other medium reaches more in-market vehicle shoppers than kbb.com.