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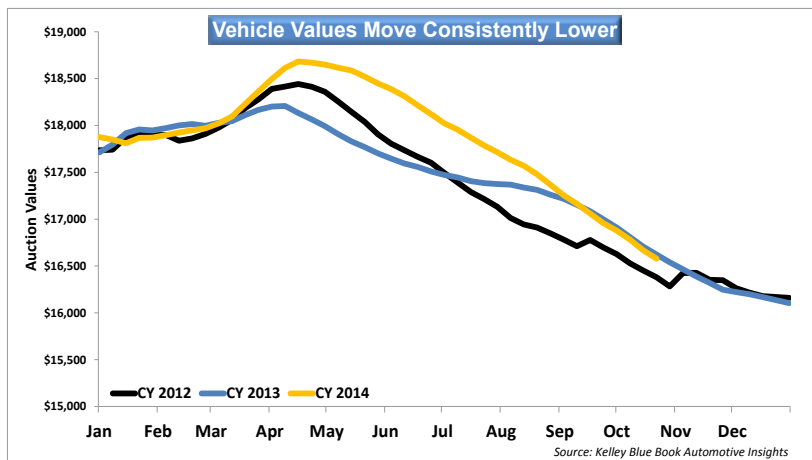
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USED-CAR MARKET ANALYSIS:

Vehicle Values Drop Consistently Since May Peak



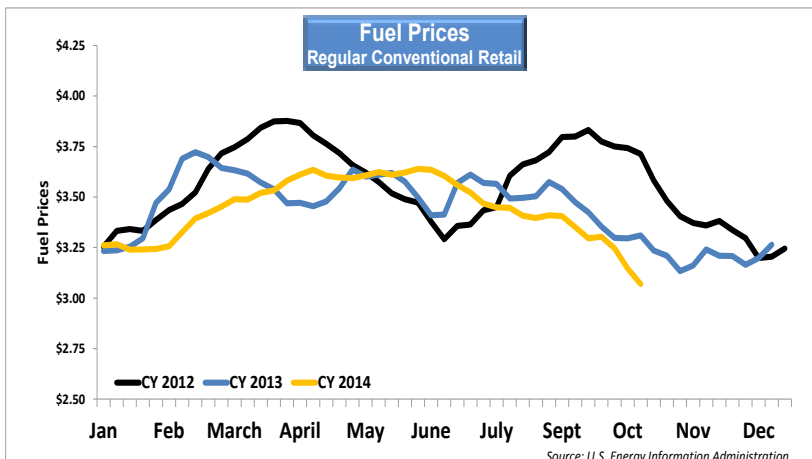
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- The average Kelley Blue Book® Auction Value fell \$299, or 1.8 percent, in October compared to a nearly identical decline of \$298 in September 2014.
- Since May 2014, the average auction value for used cars has moved consistently lower month-over-month with no real signs of volatility. Additionally, the average auction value has fallen 12.3 percent since the start of May, when they hit their yearly peak.

“We were expecting a larger month-over-month decline in auction values during October due to increased off-lease volume at auction,” said Sean Foyil, analyst for Kelley Blue Book. “However, instead we saw the same steady decline we have seen the past couple of months.”

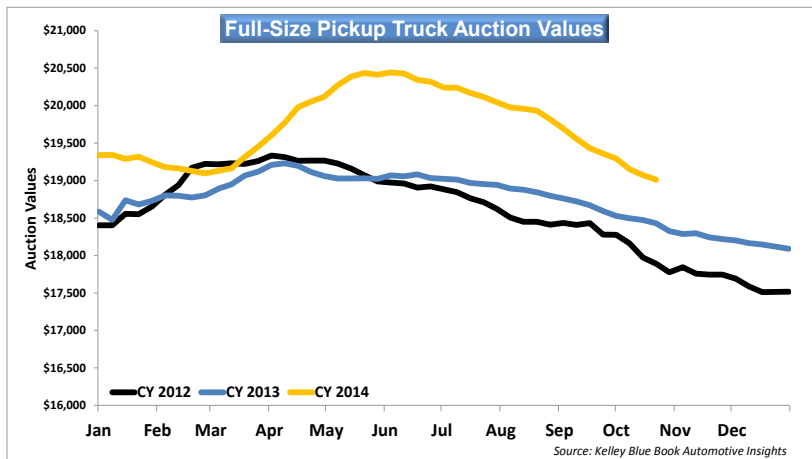
Fuel Prices Hit Three-Year Lows



- The average price for a gallon of gasoline hit a three-year low in October, reaching as low as \$3.07, which is 24 cents lower than this time last year.
- It isn't unusual for fuel prices to trend downward in the fourth quarter of the year, as traditionally seasonal factors are to blame. However, given the recent boom in U.S. oil production and softer demand for oil around the world, gas prices are expected to continue this downward trend throughout 2015.

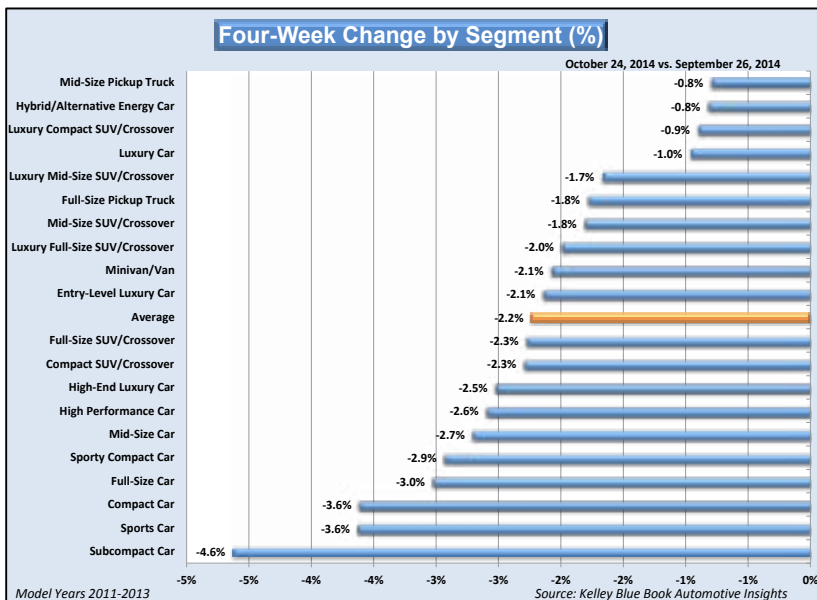
“Due to low fuel prices, the demand for hybrid vehicles has been tapering off,” said Foyil. “As a result, companies such as Toyota have been increasing rebates for their Prius models, which are nearly double what they were around this time last year.”

Full-Size Pickup Truck Values Continue Decline



- Auction values for 1 to 3-year-old full-size trucks continue the downward trend that began in June, dipping an additional 1.8 percent from September to October.
- While authorized building permits and housing constructions for privately owned residence starts did increase through September 2014, 1.5 percent and 6.3 percent respectively compared to August 2014, overall construction spending has dropped recently.
 - The seasonally adjusted annual rate for total value of construction put in place (public and private) dropped 0.8 percent from July 2014 to August 2014.
 - Sectors dropping most notably include public safety (down 5.0 percent), water supply (down 4.0 percent), power (down 3.4 percent) and commercial (down 3.1 percent).
- On average, all full-size truck models dropped during the month of October, but the Ford F-150 had the largest percentage decrease at 2.3 percent, likely due to the launch of the redesigned 2015 model.

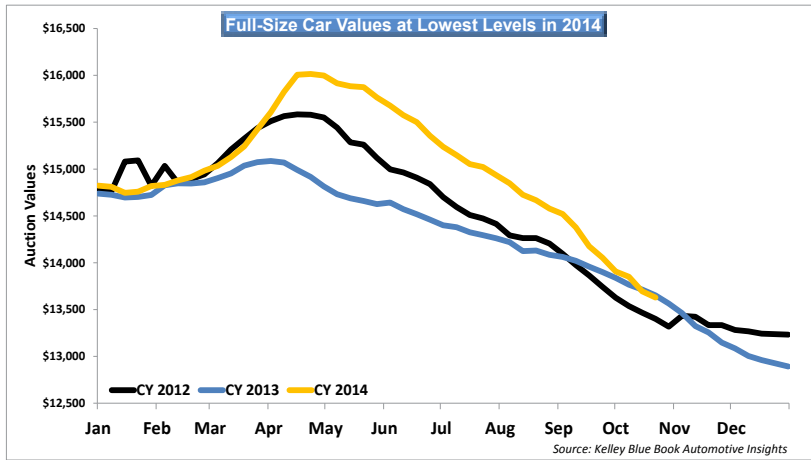
Four-Week Vehicle Value Change by Segment (%)



- The average segment change for 1- to 3-year-old vehicles for the month of October was a decline of 2.2 percent.
- The five worst-performing segments include subcompact cars (down 4.6%), sports cars (down 3.6 percent), compact cars (down 3.6 percent), full-size cars (down 3.0 percent) and sporty compact cars (down 2.9 percent).
- The five best-performing segments include mid-size pickup trucks (down 0.8 percent), hybrid/alternative energy cars (down 0.8 percent), luxury compact SUV/crossovers (down 0.9 percent), luxury cars (down 1.0 percent) and luxury mid-size SUV/crossovers (down 1.7 percent).

“It’s no surprise that the sports car and sporty compact car segments are among the worst performers for the month. As we near the end of the year and the start of colder weather, demand for sports cars and convertibles drastically declines with seasonality,” said Foyil.

Full-Size Car Values Reach Lowest Levels of 2014



- Values for the full-size car segment dropped 3.0 percent during October, representing an average decline of \$245, and marking the lowest point for the segment during 2014.
- The drop in values is fueled by the following factors:
 - The Nissan Maxima dropped \$1,076 during the past four weeks, as demand has greatly softened due to unchanged model offerings since 2009.
 - The Toyota Avalon also experienced a large monthly decline of \$702, led by a softening market demand for 2013 Hybrid XLE Premium and Touring models.

USED HOT CAR REPORT:

Mid-Size Cars are Most Shopped CPO Segment

National CPO Shopping Activity

Rank & Change from Previous Quarter	CPO Vehicle Segment	Share of Traffic	Significant Change in Share from Previous Quarter
1 [-]	Mid-Size Car	13.0%	—
2 [-]	Compact Car	12.5%	—
3 [-]	Mid-Size SUV/Crossover	10.8%	—
4 [-]	Entry-Level Luxury Car	10.5%	—
5 [-]	Compact SUV/Crossover	9.1%	—
6 [-]	Full-Size Pickup Truck	6.7%	—
7 [-]	Full-Size SUV/Crossover	4.9%	—
8 [-]	Luxury Mid-Size SUV/Crossover	4.9%	—
9 [-]	Luxury Car	4.3%	—
10 [1]	Hybrid/Alternative Energy Car	3.2%	—
11 [-1]	Minivan/Van	3.2%	—
12 [1]	Subcompact Car	3.1%	—
13 [-2]	Full-Size Car	3.0%	—
14 [2]	Luxury Compact SUV/Crossover	2.9%	—
15 [-1]	High Performance Car	2.8%	—
16 [-1]	Sports Car	2.6%	—
17 [-]	Mid-Size Pickup Truck	1.9%	—
18 [-]	Luxury Full-Size SUV/Crossover	1.9%	—
19 [-]	Sporty Compact Car	1.4%	—
20 [-]	High-End Luxury Car	1.4%	—
21 [-]	Hybrid SUV/Crossover	0.7%	—
22 [-]	Electric Vehicle	0.4%	—
23 [-]	Exotics	0.0%	—

National USED Shopping Activity

Rank	USED Vehicle Segment	Share of Traffic	Significant Change in Share from Previous Quarter
1 [-]	Compact Car	15.6%	—
2 [-]	Mid-Size Car	14.8%	—
3 [1]	Mid-Size SUV/Crossover	10.9%	▲
4 [-1]	Full-Size Pickup Truck	10.8%	▼
5 [-]	Entry-Level Luxury Car	8.2%	▼
6 [-]	Compact SUV/Crossover	7.6%	—
7 [-]	Full-Size Car	5.3%	▼
8 [-]	Full-Size SUV/Crossover	4.7%	▼
9 [-]	Mid-Size Pickup Truck	4.4%	▼
10 [-]	Minivan/Van	4.2%	▼
11 [-]	Luxury Car	4.0%	▼
12 [-]	Sports Car	3.7%	—
13 [1]	Luxury Mid-Size SUV/Crossover	3.0%	▲
14 [-1]	High Performance Car	3.0%	▼
15 [1]	Subcompact Car	2.5%	▲
16 [-1]	Sporty Compact Car	2.4%	▼
17 [-]	Hybrid/Alternative Energy Car	1.7%	▲
18 [-]	High-End Luxury Car	1.2%	▼
19 [-]	Luxury Full-Size SUV/Crossover	1.2%	▲
20 [-]	Luxury Compact SUV/Crossover	1.0%	—
21 [-]	Hybrid SUV/Crossover	0.4%	▲
22 [-]	Exotics	0.2%	▼
23 [-]	Electric Vehicle	0.2%	—

Top CPO Segments Shopped By Region

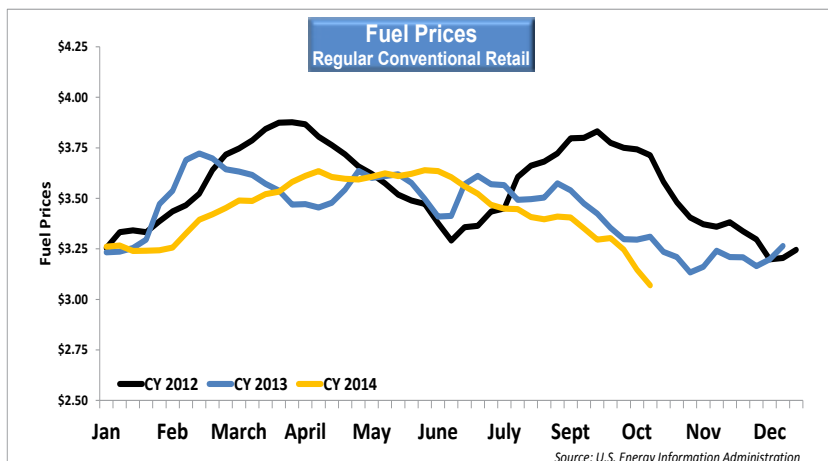
West		
Rank	Vehicle Segment	Share
1	Compact Car	13.5%
2	Entry-Level Luxury Car	11.7%
3	Mid-Size Car	11.2%
Midwest		
Rank	Vehicle Segment	Share
1	Mid-Size Car	14.2%
2	Compact Car	12.4%
3	Mid-Size SUV/Crossover	12.0%
South		
Rank	Vehicle Segment	Share
1	Mid-Size Car	13.3%
2	Compact Car	11.6%
3	Entry-Level Luxury Car	10.5%
Northeast		
Rank	Vehicle Segment	Share
1	Mid-Size Car	13.5%
2	Compact Car	13.0%
3	Mid-Size SUV/Crossover	12.0%

Top USED Segments Shopped By Region

West		
Rank	Vehicle Segment	Share
1	Compact Car	17.0%
2	Mid-Size Car	13.8%
3	Mid-Size SUV/Crossover	10.4%
Midwest		
Rank	Vehicle Segment	Share
1	Mid-Size Car	15.8%
2	Compact Car	14.9%
3	Full-Size Pickup Truck	12.0%
South		
Rank	Vehicle Segment	Share
1	Mid-Size Car	14.5%
2	Compact Car	14.2%
3	Full-Size Pickup Truck	12.4%
Northeast		
Rank	Vehicle Segment	Share
1	Compact Car	16.5%
2	Mid-Size Car	15.4%
3	Mid-Size SUV/Crossover	11.6%

Mid-size cars continue to be the most shopped Certified Pre-Owned (CPO) product by car buyers. Leading the segment is the Honda Accord, which accounts for 24 percent of the mid-size car CPO traffic. From a regional standpoint, shoppers in the Midwest are more apt to shop the segment than other regions. Midwest shoppers also have a more diverse appetite for vehicles in the segment, as the point difference in share from the most shopped model in this segment to the fifth most shopped is 9.7 percentage points, whereas all other regions have a 16 percentage points gap or more. The only region mid-size cars are not the most shopped is in the West, which is driven by the compact car market.

Appendix



Top Performing Segments:	
SEGMENT	4-Week (%)
Electric Vehicle	0.8%
Mid-Size Pickup Truck	-0.8%
Hybrid/Alternative Energy Car	-0.8%
Luxury Compact SUV/Crossover	-0.9%
Luxury Car	-1.0%

MY 2011-2013, Kelley Blue Book® Auction Value

Bottom Performing Segments:	
SEGMENT	4-Week (%)
Subcompact Car	-4.6%
Sports Car	-3.6%
Compact Car	-3.6%
Full-Size Car	-3.0%
Sporty Compact Car	-2.9%

MY 2011-2013, Kelley Blue Book® Auction Value

Top 10 Performing Models:			Bottom 10 Performing Models:		
MAKE	MODEL	4-Week (%)	MAKE	MODEL	4-Week (%)
Subaru	XV Crosstrek	3.0%	Suzuki	SX4	-8.9%
Chevrolet	Volt	2.0%	Chevrolet	Aveo	-8.5%
Honda	Insight	1.7%	Buick	Verano	-7.8%
MINI	Cooper Countryman	1.5%	Mazda	MAZDA2	-7.8%
Mercury	Grand Marquis	1.3%	Volvo	C30	-7.8%
Acura	ZDX	1.2%	Chevrolet	HHR	-7.1%
Infiniti	G	1.0%	Scion	iQ	-7.1%
Subaru	Outback	0.5%	Ford	Fiesta	-7.0%
Toyota	4Runner	0.5%	Scion	FR-S	-6.8%
Nissan	JUKE	0.4%	Acura	ILX	-6.7%

MY 2011-2013, Kelley Blue Book Auction Value

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About Kelley Blue Book (www.kbb.com)

Founded in 1926, Kelley Blue Book, The Trusted Resource®, is the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry. Each week the company provides the most market-reflective values in the industry on its top-rated website KBB.com, including its famous Blue Book® Trade-In Values and Fair Purchase Price, which reports what others are paying for new and used cars this week. The company also provides vehicle pricing and values through various products and services available to car dealers, auto manufacturers, finance and insurance companies, and governmental agencies. Kelley Blue Book's KBB.com ranked highest in its category for brand equity by the 2014 Harris Poll EquiTrend® study and has been named Online Auto Shopping Brand of the Year for three consecutive years. Kelley Blue Book Co., Inc. is a Cox Automotive company. For more information and news from Kelley Blue Book's KBB.com, visit www.kbb.com/media/.