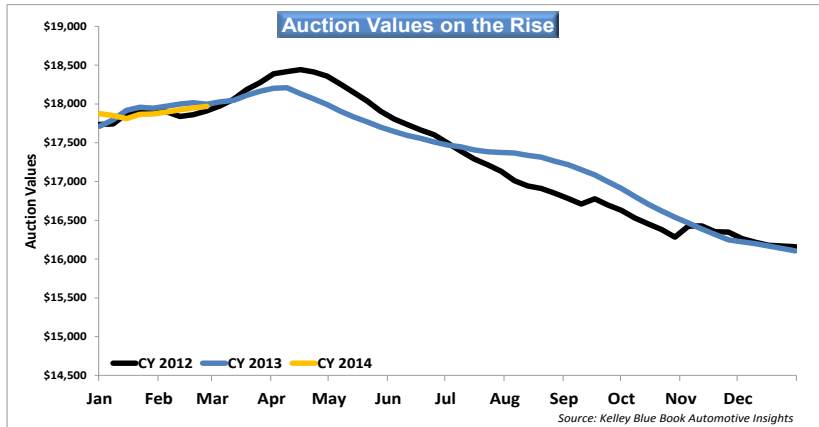


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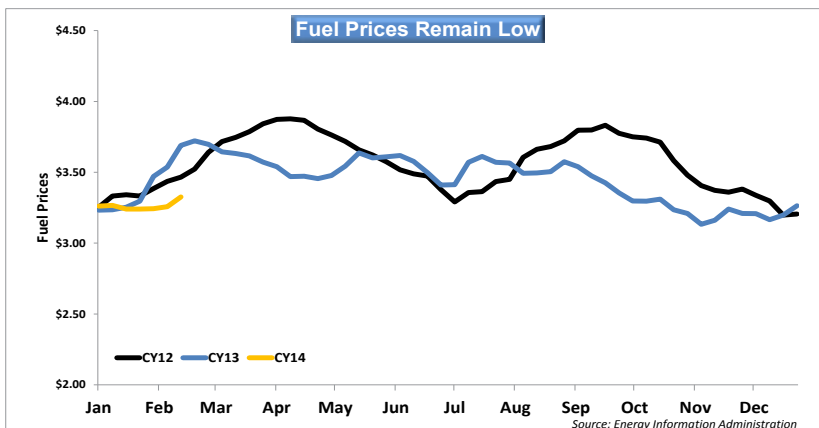
USED-CAR MARKET ANALYSIS:

Auction Values on the Rise



- Auction values continued to rise through February 2014, hitting an average of \$17,970, just \$27 shy of last year's February average.
- Values will continue their seasonal upswing through April, while remaining just below 2013 levels. Kelley Blue Book expects 2014 values to remain slightly below that of 2013 throughout the remainder of the year.

Fuel Prices Remain Low



- Despite starting the year off slightly above 2013 prices, the average price for a gallon of regular fuel currently is \$3.33, or 36 cents lower than it was this time last year.

“Lower prices for fuel translate into more money in the consumer’s pocket and more flexibility when choosing between vehicles with higher and lower mpg,” said Alec Gutierrez, senior analyst for Kelley Blue Book. “This benefits truck segments and can decrease demand in the hybrid or fuel-efficient segments. We expect fuel prices to rise slightly due to seasonal factors in the short term; however, fuel prices should remain below 2013 levels for the remainder of the year.”

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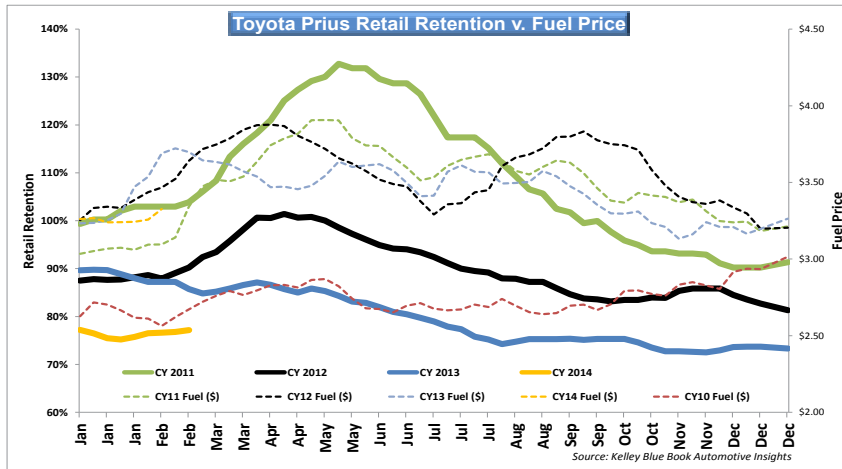
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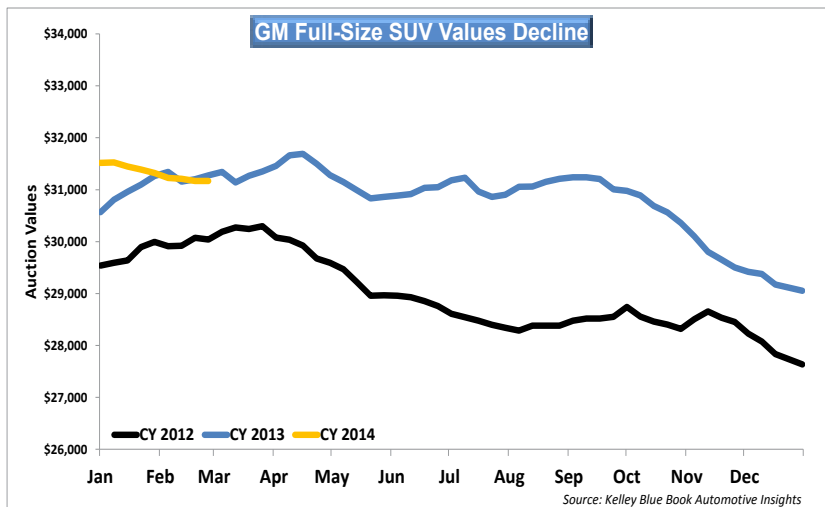
Historical Perspective: Toyota Prius versus Fuel Prices



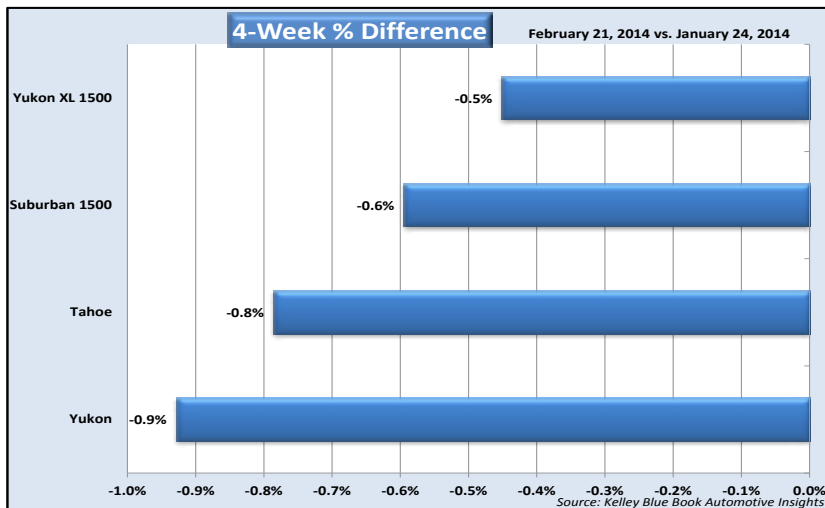
- In 2011, the used-car market saw the average retail price of the Toyota Prius rise to 132 percent of the manufacturer's suggested retail price (MSRP), due to the dramatic rise in gas prices as shown to the left.
- Compared to 2010, fuel prices today are significantly higher, and yet it is clear by looking at the retention data for the Prius that consumers have grown accustomed to these new fuel price levels and are no longer willing to pay premiums for fuel-efficient vehicles.

"Since 2011, the average retail retention for the Toyota Prius has dropped significantly to 77 percent of MSRP," said Gutierrez. "The interesting thing to note is while fuel remains cheap compared to 2012 and 2013, it is actually higher than it was in 2011, when the values for hybrid cars shot up to more than 100 percent retention."

Values for GM Full-Size SUVs Decline



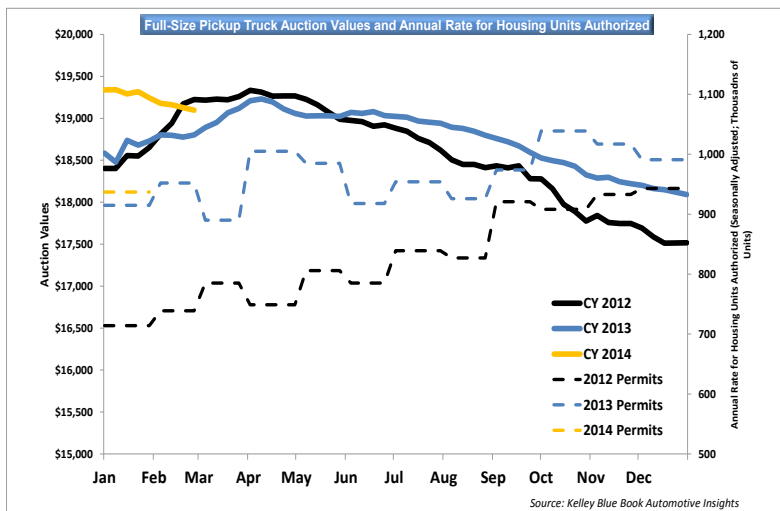
- General Motors' lineup of full-size sport utility vehicles includes the Chevrolet Tahoe/GMC Yukon and the Chevrolet Suburban/GMC Yukon XL.
- In February, values for these vehicles fell: GMC Yukon XL (0.5 percent decrease), Chevrolet Suburban (0.6 percent decrease), Chevrolet Tahoe (0.8 percent decrease) and GMC Yukon (0.9 percent decrease). This is slightly more than the overall change for the full-size sport utility segment, which is down an average of 0.5 percent.
- With the release of newly redesigned vehicles for model-year 2015, Kelley Blue Book anticipates these values will continue to decline as sales ramp up.



“WITH THE RELEASE OF NEWLY REDESIGNED VEHICLES FOR MODEL-YEAR 2015, KELLEY BLUE BOOK ANTICIPATES THESE VALUES WILL CONTINUE TO DECLINE AS SALES RAMP UP...”

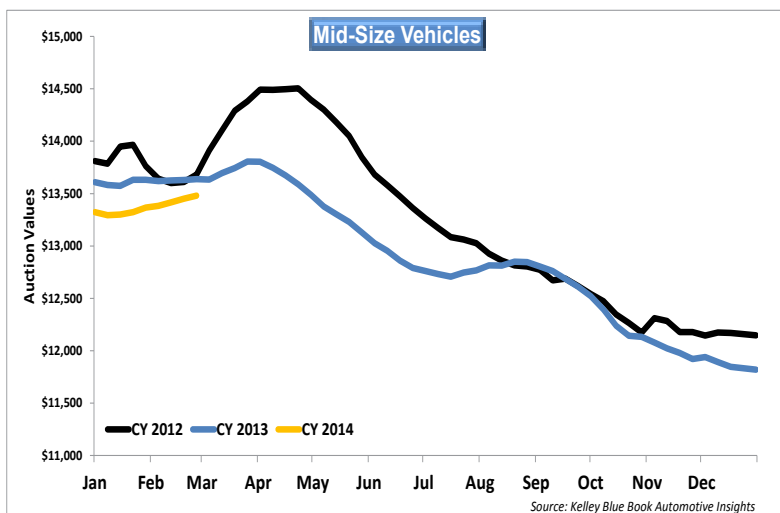
- ALEC GUTIERREZ

Values for Full-Size Pickup Trucks Decrease as Home Construction Slows



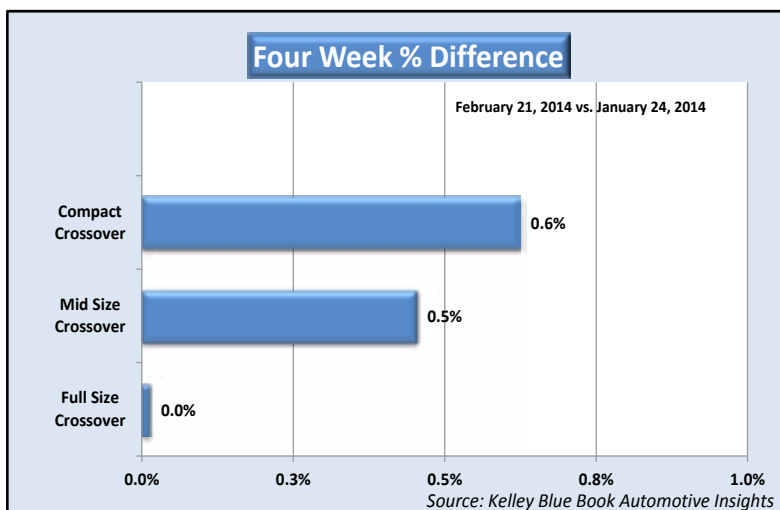
- While auction values for full-size pickups remain 1.54 percent higher than in February 2013, they ended the month 0.77 percent below January 2014 and 0.67 percent lower than February 2012.
- While the decline may be due to typical seasonal patterns, slower construction may lengthen the period of lower values and dampen the expected increase in values during the coming months.
 - Permits authorized for new privately owned housing units in January 2014 were at a seasonally adjusted rate 5.4 percent below December 2013, and only 2.4 percent above January 2013.
 - Construction starts for privately owned housing units in January 2014 were 16 percent lower than December 2013, and 2 percent below January 2013.
- If construction continues to slow, values for full-size pickups could continue to decline, and may not see a strong resurgence in spring 2014.

Mid-Size Vehicles on Upward Trajectory



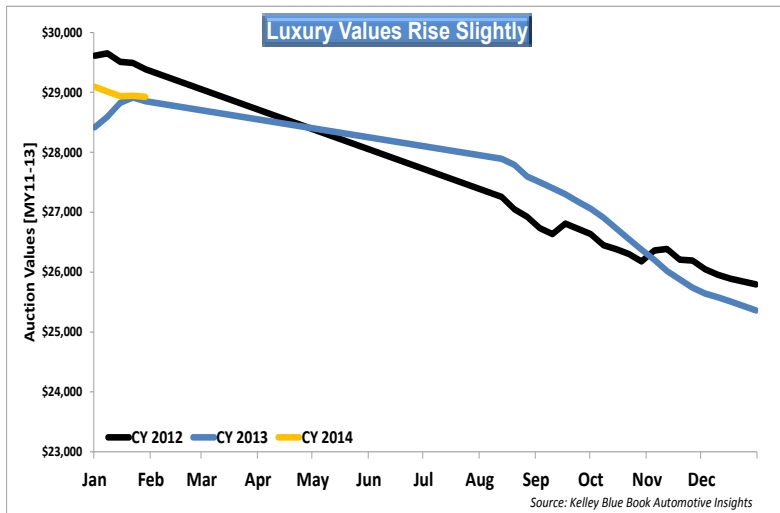
- Mid-size vehicles are up 1.18 percent year-to-date; however, values remain 1.15 percent lower than 2013 levels.
- The best-performing vehicles in the mid-size segment for February 2014 were the Volkswagen Passat, Subaru Legacy and Hyundai Sonata, which were up 5.3 percent, 2.8 percent and 2.6 percent, respectively.

Compact Crossovers Up, While Luxury Crossovers Fall



- The compact crossover and mid-size crossover sub-segments saw appreciation throughout February, while full-size crossovers remained unchanged.
- Within the compact crossover segment, there were a number of vehicles that performed well, including the Mazda CX-5, Hyundai Tucson and GMC Terrain, which have been outpacing the segment, each moving 2.4 percent, 2 percent and 1.7 percent, respectively.

Used Luxury Values Rise Slightly in February

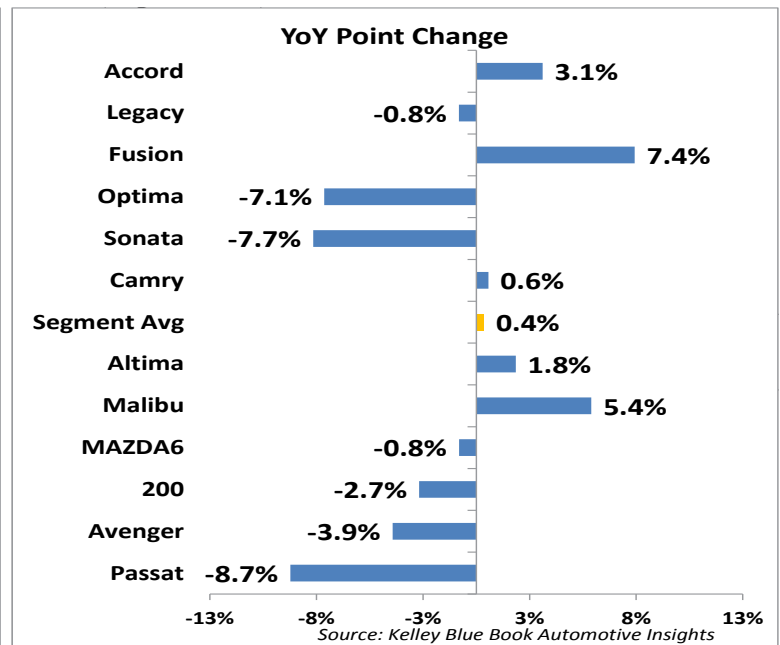
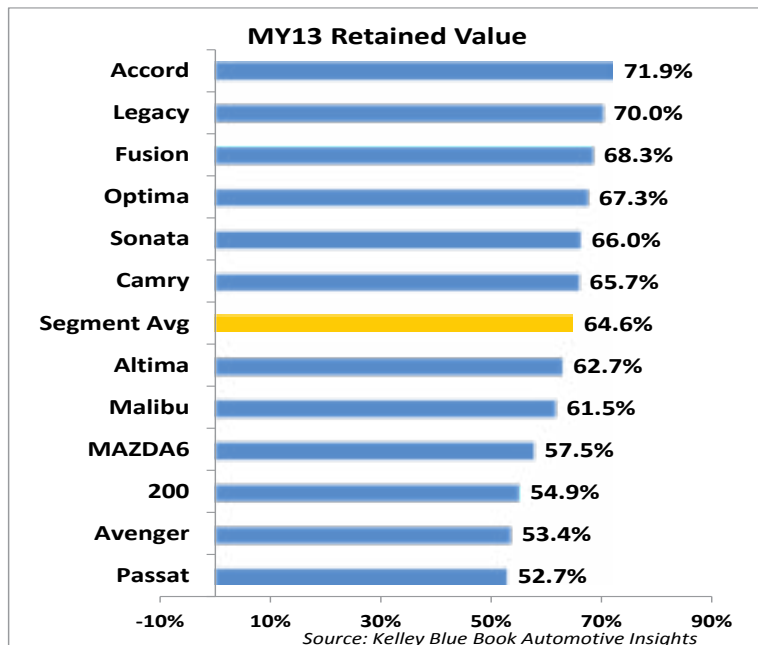


	Feb-14	Jan-14	% Change
Entry-Level Luxury Car	\$22,074	\$22,158	-0.4%
High-End Luxury Car	\$50,252	\$50,827	-1.1%
Luxury Car	\$32,181	\$32,670	-1.5%
Luxury Compact SUV/Crossover	\$27,851	\$27,736	0.4%
Luxury Full-Size SUV/Crossover	\$37,864	\$37,053	2.2%
Luxury Mid-Size SUV/Crossover	\$35,249	\$34,498	2.2%
Luxury Average	\$29,130	\$28,926	0.7%

- Values of 1- to 3-year-old luxury vehicles rose 0.7 percent in February 2014 to an average of \$29,130. These values were bolstered by a combination of both luxury crossovers and SUVs, which were up a combined 1.8 percent in the month. As noted last month, there is considerable interest in these segments and used values should continue to outperform the overall used luxury market.

“There are signs that the market for used luxury is slowing, as values were down \$37 on average in the last week of the month,” said Gutierrez. “While the overall used-car market is seeing increases typical of the season, we expect luxury values to remain flat or slightly down in March.”

Accord Jumps to Top of Mid-Size Segment; Fusion Reports Greatest Gains



- The 2013 Honda Accord is now the leader of the mid-size car segment in terms of retained value (Auction Value/MSRP) at 72 percent, which is 3 percent higher than last year.
- The 2013 Ford Fusion has made the biggest strides during the last year, gaining 7 percentage points when compared to the 2012 model year.
- The Hyundai Sonata, slated for a redesign in the second quarter of 2014, has seen a significant drop in value for the 2013 model year; however, the Sonata still sits above the segment average of 65 percent.

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.

About Kelley Blue Book (www.kbb.com)

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