

Blue Book MARKET REPORT

SECOND QUARTER 2016

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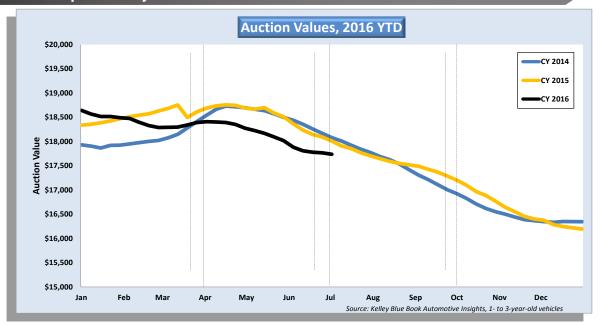
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Auction Values Report Steady Seasonal Decline on Decreased Volume



...THE OVERALL AVERAGE DECLINE IN AUCTION VALUES IN THE SECOND QUARTER OF 2016 HAS MATCHED THE SAME PACE AS IT DID DURING THE SAME PERIOD LAST YEAR.

SEAN FOYIL, KELLEY BLUE BOOK ANALYST

- Average auction values for 1- to 3-year-old vehicles fell 3.6 percent, or \$671, in the second quarter of 2016.
- Despite the uncommon decline seen in auction values in the first quarter of 2016, the 3.6 percent decline in the following quarter was less drastic than expected. Historically, the first quarter sees an uptick in vehicle values due to seasonal trends. Rather than contributing to a steeper decline in the second quarter, vehicle values compare very similarly to the declines in previous years (down -3.6 percent in the second quarter of 2015 and down -2.5 percent in 2014).
- The average used-car value at the end of the second quarter finished just 1.5 percent, or \$272, lower than it did this time last year.
- Year-to-date, the average auction value for 1- to 3-year-old used cars has declined by 4.9 percent, or roughly \$900, compared to 1.8 percent, or \$327, in 2015. It is worthwhile to note that the average 1- to 3-year-old vehicle costs about \$300 more in 2016 than it did in 2015.
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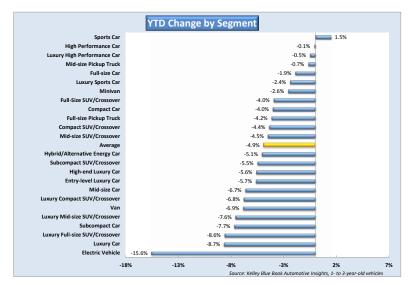
 Kelley Blue Book Field Analysts have reported that auction volume across the country has started to slow since reaching record levels in the first quarter of 2016, due to a high level of lease returns. This slowing of auction volume may help stabilize values and
- Despite auction volume in the second quarter of 2016 declining since its peak in the first quarter, auction volume still remains higher than we've seen in previous years. However, we have not seen a faster-than-usual decline in values in the second quarter, contrary to expectations. In fact, the overall average decline in auction values in the second quarter of 2016 has matched the same pace as it did during the same period last year. This could indicate that manufacturers and rental companies are choosing to hold on to inventory, rather than oversaturate the market and risk a drop in vehicle values.

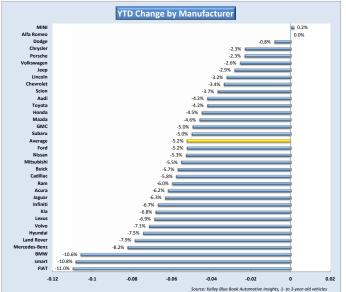
Fuel Prices Continue to Rise Throughout the Second Quarter of 2016



- Fuel prices continued along their upward trajectory in the second quarter of 2016 with the average price per gallon increasing by 13 percent, or \$0.26. Over the same time period in 2015, the average price per gallon increased similarly by 14 percent, or \$0.35.
- Year-to-date, the average price per gallon of fuel is up 15 percent, or \$0.30.
- Year-over-year, the average price per gallon of fuel is down 17 percent, or \$0.47.
- As expected, fuel prices continued to increase throughout the second quarter of 2016 at a very similar pace that we saw over the same time period in 2015. Historical trends suggest that yearly fuel prices typically peak around the July to August time frame, indicating that we will begin to see fuel prices change course and begin a downward trajectory throughout the third quarter of 2016. The U.S. Energy Information Administration (EIA) projects fuel prices to fall to \$2.12, a decline of \$0.21, in September.

Sports Cars Segment Continues to Outperform All Segments Year-to-Date



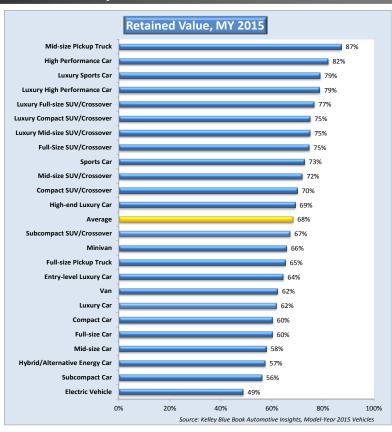


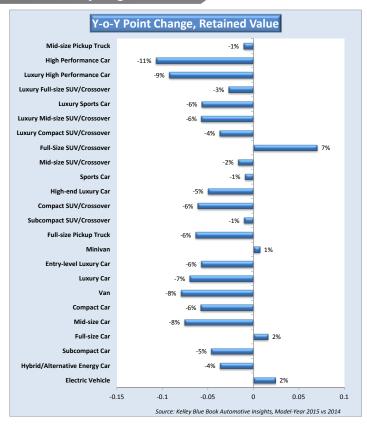
- The average auction value for 1- to 3-year-old vehicles has declined 4.9 percent from a year-to-date perspective.
- The sports car segment is the only segment to have increased in value year-to-date, having increased 1.5 percent. The top performers in this segment include: the Nissan 370Z (up +3.5 percent), Ford Mustang (up +3.3 percent), Dodge Challenger (up +3.2 percent), Mazda MX-5 Miata (up +2.9 percent) and the Subaru BRZ (up +1.4 percent).

LOWER FUEL PRICES AND INFERIOR
DEMAND CONTINUE TO SUPPRESS THE
ELECTRIC VEHICLE SEGMENT, WHICH HAS
TUMBLED A STAGGERING 15.6 PERCENT ON
AVERAGE SINCE THE START OF THE YEAR.
VEHICLES SUCH AS THE BMW I8 AND THE
MERCEDES-BENZ B-CLASS HAVE DECLINED
THE MOST YEAR-TO-DATE AT 37 PERCENT
AND 33 PERCENT RESPECTIVELY.

SEAN FOYIL, KELLEY BLUE BOOK ANALYST

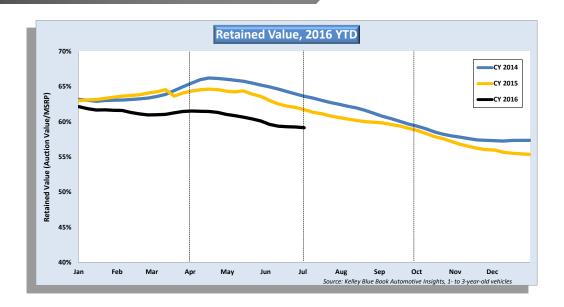
Mid-Size Pickup Trucks Lead the 2015 Model-Year Vehicle Retention by Segment



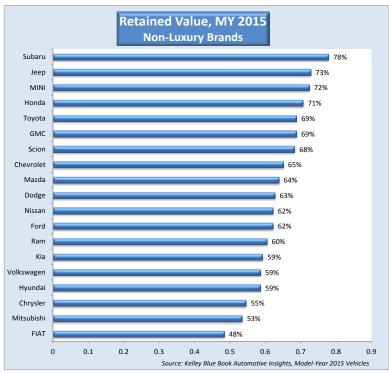


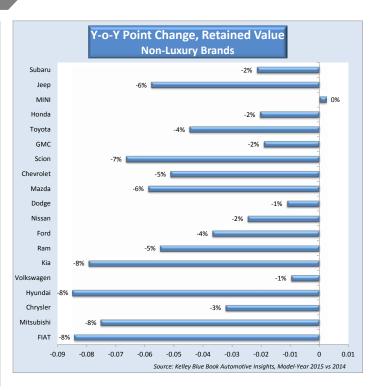
- For 2015 model-year vehicles, the mid-size pickup truck segment continues to outperform all segments with an average value retention
 rate of 87 percent. Leading this segment are the Toyota Tacoma and Chevrolet Colorado at 97 percent and 82 percent retention
 respectively.
- Aside from the subcompact SUV/crossover segment, all SUV and crossover segments are largely outperforming the segment average retention rate of 68 percent for 1-year-old vehicles.
- Top Performing SUV/Crossover by Segment:
 - Compact SUV/Crossover: Jeep Wrangler, 96.9 percent
 - Mid-size SUV/Crossover: Toyota Highlander, 83.5 percent
 - Full-size SUV/Crossover: Chevrolet Suburban, 77.5 percent
 - Subcompact SUV/Crossover: MINI Countryman, 70.8 percent
- From a year-over-year perspective, the only segments that have increased their retained value include the full-size SUV/crossover (up +7 percent), minivan (up +1 percent), full-size car (up +2 percent) and electric vehicle (up +2 percent) segments.

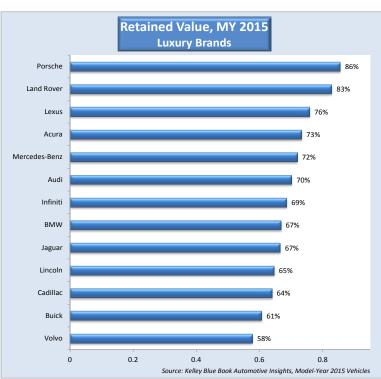
Appendix

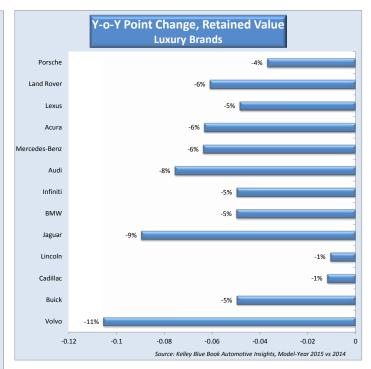


Appendix, Continued









Top 5 Performing Segments:

SEGMENT	Q2 Change (%)
Hybrid/Alternative Energy Car	-0.2%
Luxury Sports Car	-0.8%
Mid-size Pickup Truck	-0.9%
Sports Car	-1.0%
Luxury High Performance Car	-1.0%

MY 2013-2015, Kelley Blue Book® Auction Value

Bottom 5 Performing Segments:

SEGMENT	Q2 Change (%)
Electric Vehicle	-8.8%
Mid-size Car	-7.7%
Subcompact Car	-7.2%
Luxury Full-size SUV/Crossover	-6.2%
Luxury Car	-5.4%

MY 2013-2015, Kelley Blue Book® Auction Value

Top 5 Performing Brands

SEGMENT	Q2 Change (%)
MINI	2.2%
Alfa Romeo	0.0%
Jeep	-0.6%
Audi	-1.4%
Dodge	-1.4%

MY 2013-2015, Kelley Blue Book® Auction Value

Bottom 5 Performing Segments:

SEGMENT	Q2 Change (%)
Electric Vehicle	-8.8%
Mid-size Car	-7.7%
Subcompact Car	-7.2%
Luxury Full-size SUV/Crossover	-6.2%
Luxury Car	-5.4%

MY 2013-2015, Kelley Blue Book® Auction Value

Top 10 Performing Models:

MAKE	MODEL	Q2 Change (%)
Porsche	911	6.7%
Volkswagen	Touareg	5.6%
Jeep	Wrangler	5.3%
Mazda	MX-5 Miata	4.6%
Subaru	BRZ	3.9%
Infiniti	Q60	3.4%
Nissan	Xterra	3.4%
Chevrolet	SS	3.0%
Mercedes-Benz	CLA-Class	2.7%
Nissan	GT-R	2.5%

MY 2013-2015, Kelley Blue Book® Auction Value

Bottom 10 Performing Models:

MAKE	MODEL	Q2 Change (%)
BMW	i8	-39.1%
BMW	i3	-25.3%
Nissan	Altima	-14.7%
Toyota	Yaris	-14.1%
Dodge	Caliber	-13.3%
Kia	Optima	-12.8%
Mazda	MAZDA2	-12.2%
Suzuki	SX4	-12.2%
BMW	5 Series	-12.2%
Mercedes-Benz	B-Class	-12.0%

MY 2013-2015, Kelley Blue Book® Auction Value

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