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BLUE BOOK MARKET REPORT

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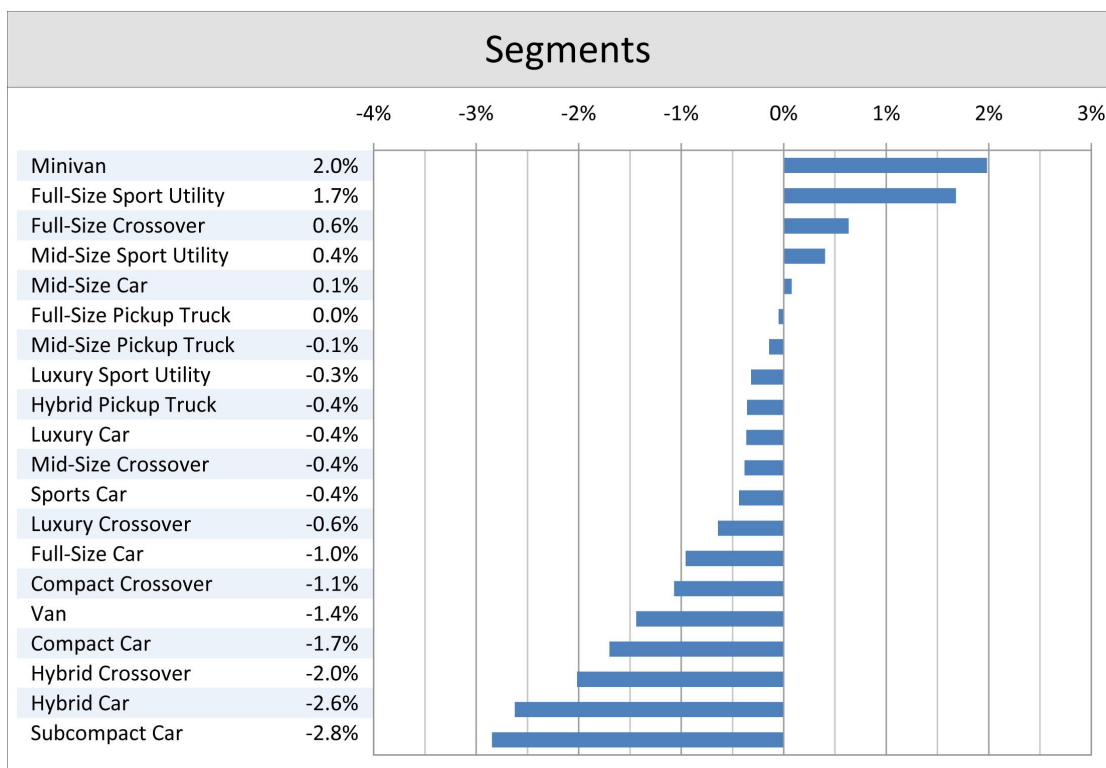
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MARKET ANALYSIS

Minivans Report Greatest Segment Appreciation, GM and Chrysler Used Values Dependent on Post-Bankruptcy Actions and Consumer Perceptions
- Juan Flores, director of vehicle valuation, Kelley Blue Book

Summary

During the month of May, the used vehicle market was relatively stable, depreciating 0.4 percent overall. Only five of Kelley Blue Book's 20 segments continued to appreciate, although the gains were relatively conservative (0.1 to 2 percent). This is in sharp contrast to last month, where 11 segments appreciated in value. Of the segments showing strength, Kelley Blue Book expects that these vehicles are approaching a peak and values will flatten or begin to depreciate in coming months. Hybrid vehicles, subcompacts, and compact crossovers continue to incur the most depreciation, even as gas prices inch up. While this is counter-intuitive, it is consistent with other analyses we've conducted showing: 1) American consumers still prefer larger vehicles and 2) purchase behaviors don't change significantly until fuel prices reach a certain threshold, which appears to be in the \$3.50-\$4.00/gallon range.



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

The following sections examine cars and trucks further, seeking to explain the most significant changes at a segment, brand, and/or model level. Continued on Page 2.

MARKET ANALYSIS CONTINUED

Car Segment Analysis

Compact and Subcompacts: Still Weak Despite Uptick in Gas Prices

Car values depreciated 0.8 percent overall for the month of May, with much of the declines coming from the smaller car segment. In addition to drops in the hybrid and subcompact segments (2.6 and 2.8 percent respectively), compact cars continue to show weakness (1.7 percent drop), with the Smart Fortwo falling the hardest (3.4 percent). However, if gas prices continue to increase toward the \$3.50-\$4.00 tipping point, these segments are expected to make a strong comeback.

Mid-size and Full-size Cars: Ford Carries Segment with Strong Values

The performance of the Mid-size and Full-size car segments are somewhat of a mixed bag. Although many models in the mid-size segment declined last month, the strong performance of Ford products including the Fusion (4.2 percent appreciation) and Five-Hundred (5.5 percent appreciation) kept the segment in positive territory with a 0.1 percent gain.

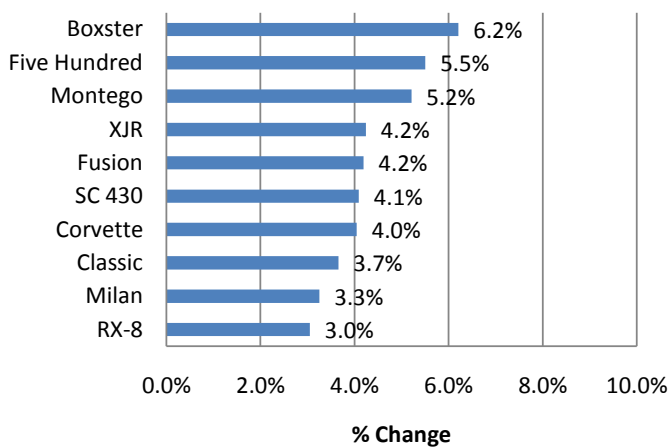
Ford products also performed well within the full-size segment. However, the steep decline of models like the Chrysler 300 (4.5 percent) and Pontiac G8 (4.0 percent) led to an overall segment depreciation of 1.0 percent. The strength of Ford values suggests the beginning of a marketplace premium for the company's products, especially in light of the recent GM and Chrysler bankruptcy filings.

Sports & Luxury Cars: Values of Summer Sports Cars on the Rise

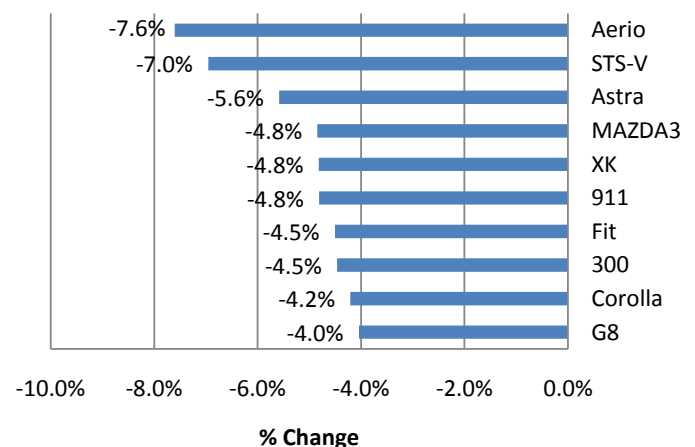
Continuing April's trend, affordable sports cars appreciated this month while the more expensive sports cars experienced significant depreciation. For example, the Porsche Boxster rose 6.2 percent, while the more expensive 911 fell 4.8 percent during the same period.

Luxury cars fell 0.4 percent overall for the month, representing a significant departure from April's 0.4 percent gain. Much of this reversal can be attributed to the leveling off of Infiniti values, which drove the segment gains in the prior month. **Continued on Page 3.**

Top 10 Appreciating Cars



Top 10 Depreciating Cars



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

MARKET ANALYSIS CONTINUED

Trucks: Market Seeing More Stability

The appreciation in trucks that took place the first half of the year has finally subsided. The significant drops in value experienced in 2008 have been largely offset over the past several months, although values have settled at a lower level than historical depreciation would have predicted. Now that truck values have reached equilibrium, a return to traditional seasonal depreciation is taking shape. For the month of May, truck segments continued to demonstrate stability, with pickup trucks remaining flat, crossovers dropping 0.8 percent, SUVs increasing 0.6 percent, and vans increasing 0.9 percent. Since the purchase of these vehicles is typically driven by work necessity or to accommodate a large family, Kelley Blue Book expects continued stability and normal depreciation patterns in the coming months.

Mid-size and Full-size SUV: Finally Gaining Some Value

The mid-size and full-size SUV segments are some of the few remaining truck segments continuing to show month-over-month gains, although the pace has slowed. The strength in these segments is not unexpected, especially considering the aggressive drops in 2008. The full-size segment was up 1.7 percent in May, while the mid-size segment was up 0.4 percent. While these are not insignificant gains, they are a far cry from the April increases of 3.0 percent for full-size SUVs and 1.6 percent for mid-size SUVs. These values may continue to recover for the short term, but any substantial increase in the price of gasoline could reverse the trend.

Crossover: Are They Losing Their Luster? Small Declines Seen as Significant

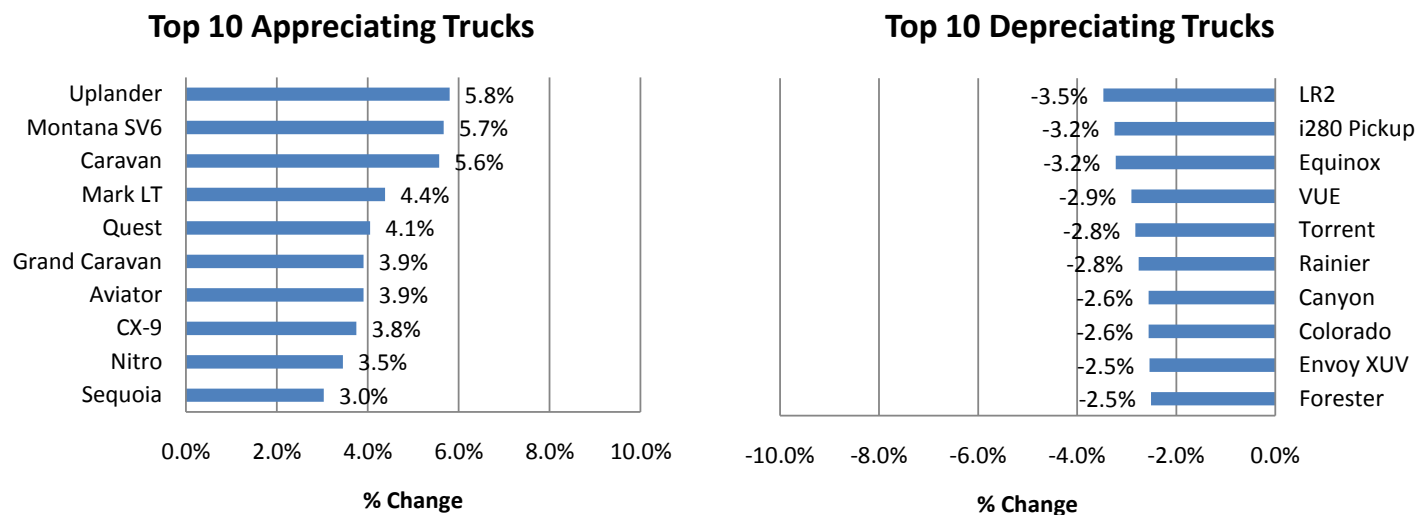
Values in the crossover segment have hit a plateau for the first time this year, returning to normal seasonal depreciation. Crossover values dropped 0.8 percent in May, which is in stark contrast to the 1.1 percent increase in April. The monthly depreciation in crossovers was mainly driven by declines in compact, luxury, and hybrid crossovers. Compact crossovers have been one of the most stable segments this year, so even a 1.1 percent decline in values is significant. Depreciation in Chevrolet Equinox, Ford Escape, and Honda CR-V drove the decline of the overall segment (3.2, 1.0, and 1.0 percent, respectively). The trend for crossover values has closely mimicked that of SUVs, although the volatility has not been quite as pronounced. Since the volatility in truck values is highly correlated to the price of gasoline, crossovers, with their better fuel economy, have provided more stability than trucks and SUVs.

Minivan: Are They Back? Values are Up!

The appreciation in the minivan segment is noteworthy, especially considering minivans improved more than any other segment for the month (2.0 percent). The relative affordability and utility offered by minivans are the main drivers providing lift in this segment. While consumers are ever more watchful of every dollar they spend, it is difficult to beat the value offered by minivans, especially when cross shopping against more expensive crossovers and SUVs. Some of the best performing minivans for the month were the Dodge Caravan, Chevrolet Uplander, and Nissan Quest (4.6, 4.8, and 4.1 percent appreciation, respectively). **Continued on Page 4.**

MARKET ANALYSIS CONTINUED

Trucks: Market Seeing More Stability - Continued



The above charts display monthly 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 5.

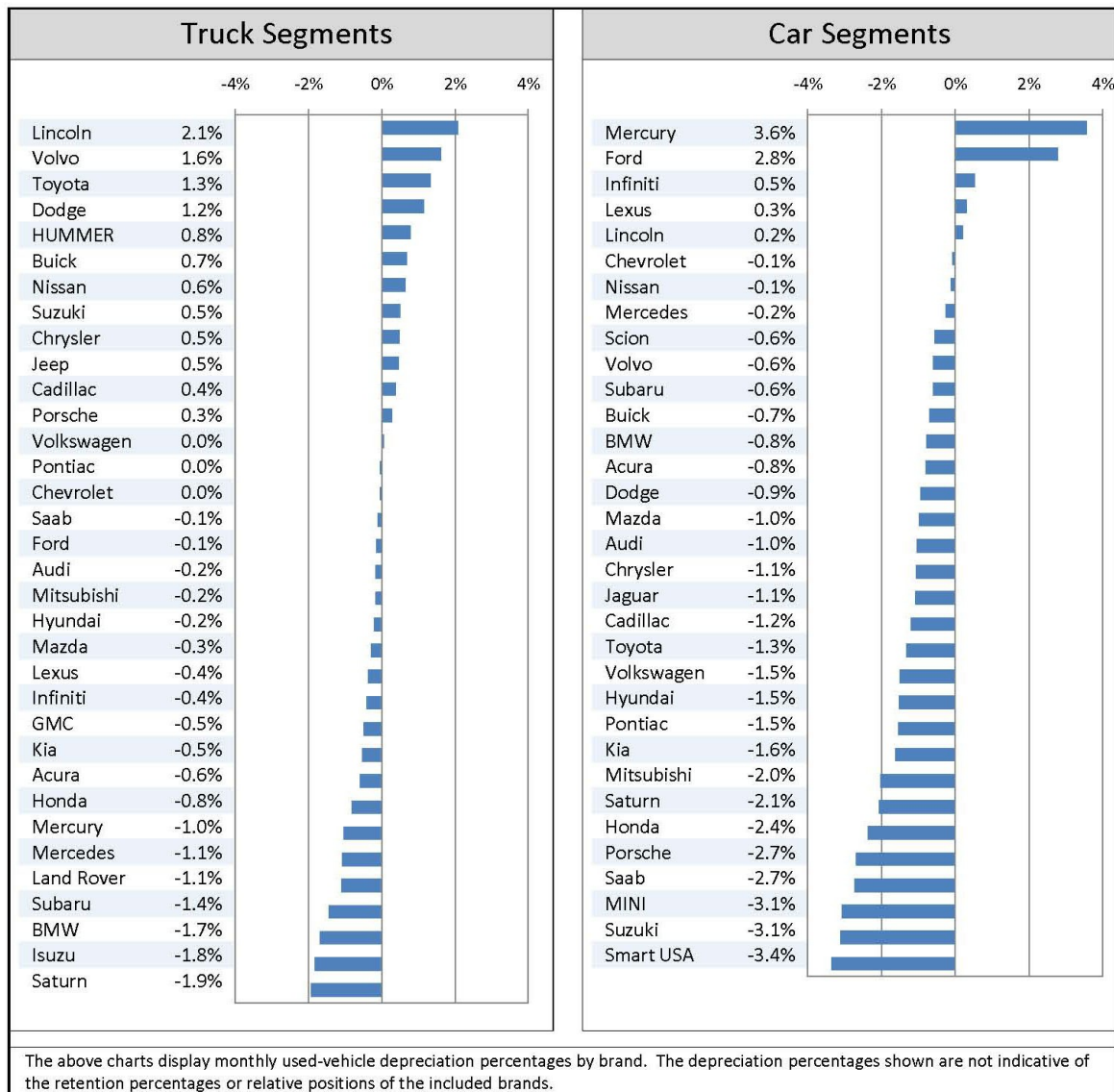
MARKET ANALYSIS CONTINUED

GM & Chrysler: Bankruptcy Not Effecting Used Market Just Yet

Chrysler's bankruptcy has yet to have a significant impact on used values. In May, Chrysler vehicles did not sustain increased volatility as a result of their bankruptcy filing at the end of April. In fact, Chrysler values were flat overall, with cars and crossovers dropping 1.0 percent and 1.5 percent, respectively. SUVs actually appreciated by an average of 0.7 percent. Most surprisingly, the Chrysler Town & Country and Dodge Caravan minivans increased aggressively, appreciating 2.8 and 4.6 percent, respectively.

GM's announced bankruptcy filing on June 1 is expected to produce a similar market response as the Chrysler filing. Even as the threat of a GM bankruptcy loomed during May, used values remained fairly stable. Overall, GM values dropped 0.6 percent, although SUV and van values appreciated 0.6 and 1.2 percent respectively.

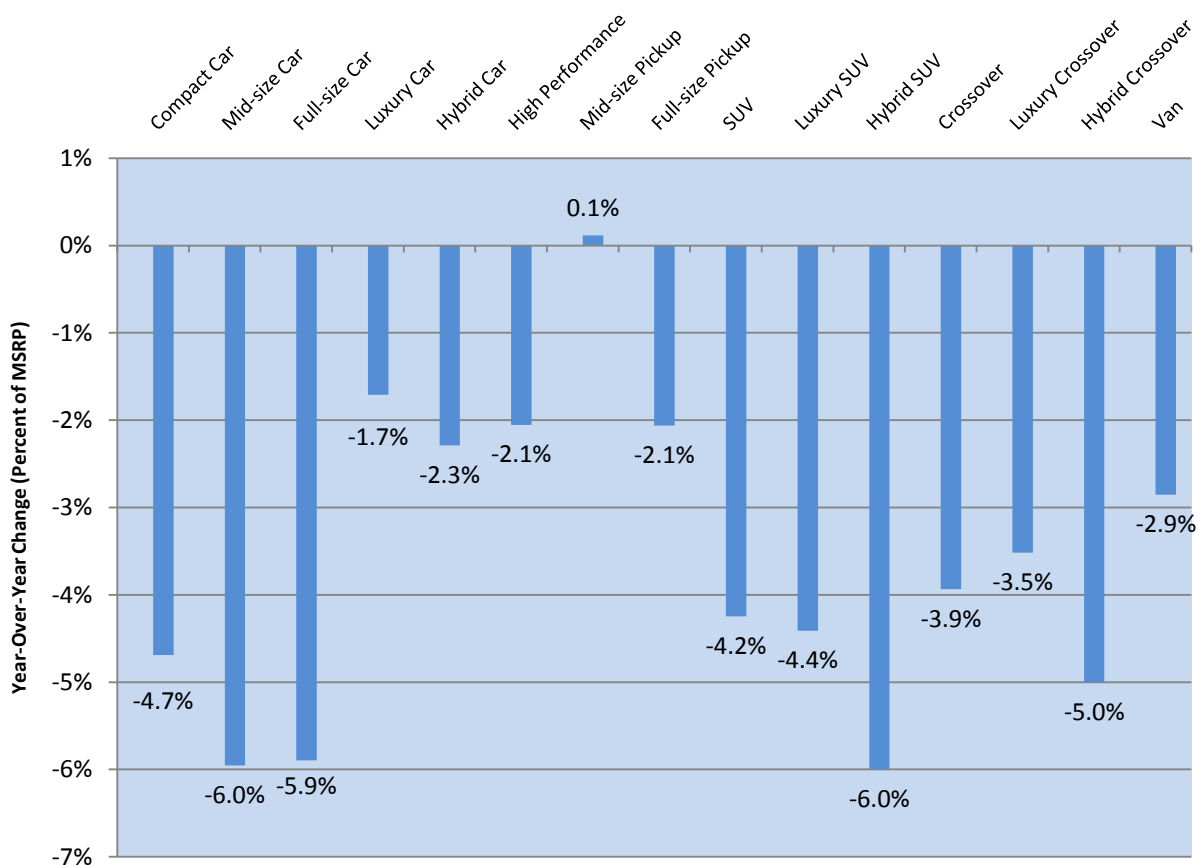
The effect of shuttering dealerships and liquidating unsold inventory remains to be seen, but a dramatic increase at auction of new GM and Chrysler vehicles could put significant downward pressure on late model values. However, the long-term strength of each brand's used values depends largely on post-bankruptcy actions and consumer perceptions. The charts below display the brand depreciation of trucks and cars during May 2009. *This commentary focuses on Model Years 2005-2008.*



JUNE 2009 LEASE INDUSTRY RESIDUAL ANALYSIS

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

The average year-over-year decline in five year projected residual values across all segments was 3.7 percent (expressed as a ratio of used car value over its MSRP). This compares to a year-over-year decline of 5.4 percent from two months ago, and reflects the continued easing of volatility that was so pervasive in 2008. Although industry performance is moderating, the change within each segment is not uniform. Only one segment (mid-size pickup) showed a year-over-year improvement, which was a mere 0.1 percent. Still, compared to other segments, this one did stand out. Among the trucks that contributed to this increase were two reasonably-priced pickups, the Mazda B-series trucks and the Toyota Tacoma. While trucks in this segment generally did well, others such as the Dodge Dakota and the Mitsubishi Raider, both with five-year-old designs, lost ground over the past twelve months.



All percentages are for the 60-month term and are expressed with the vehicles' MSRP as the base.

Other segments with better-than-average results were the full-size pickup, high performance, and luxury car segments. Standouts in these segments include the Nissan Titan King Cab and Crew Cab, Dodge Ram Quad Cab and Crew Cab, Nissan GT-R (a new addition in 2009 that is significantly higher than the segment average), Audi A5, and the redesigned Mercedes-Benz E550 and E63. Contrary to used-car values observed in May, the hybrid car segment also had better-than-average year-over-year residual drops, helped by the strength in the Lexus GS450h.

The segments that showed larger-than-average declines in values were in two groups. They were mid to large sedans and SUV and crossover hybrids. **Continued on Page 7.**

JUNE 2009 LEASE INDUSTRY RESIDUAL ANALYSIS CONTINUED

Among the sedans with larger declines were the Saab 9-3, Mercury Milan, Dodge Charger, Pontiac G8, and Volvo S80. The hybrid SUVs and crossovers with above average drops include the Mercury Mariner Hybrid and the Chevrolet Tahoe Hybrid.

Current events in the auto industry will likely drown out these more commonplace observations. Even a disinterested person can't prevent the daily onslaught of news about the U.S. auto companies. The necessity of a sound bite discourages the thoughtful examination that is warranted by the gravity of the consequences. However, the analysts and editors at Kelley Blue Book believe this is a complex situation that calls for a more nuanced response.

While the bankruptcy filing by GM this week was widely anticipated, it is still not clear what the final outcome will be for some of its brands. It also appears that Chrysler may be emerging from their bankruptcy sooner than some expected, but it is unclear how receptive the market may be for the products offered by the new Chrysler Group LLC. For now, it seems the used-car values of the brands affected by bankruptcy have not entered into a free fall, but the longer term picture is less certain.

There is a temptation to lump GM and Chrysler together and presume the fate of one to be identical to the other. In fact, their circumstances are quite different. Chrysler will have Fiat running the company post-bankruptcy. None of the Chrysler brands been targeted for sale or for closure. GM, on the other hand, will remain in charge (assuming the government's claim of not running the automaker holds true). However, four of its eight brands will no longer be a part of the GM family after bankruptcy. Three of the brands are for sale and the fourth, Pontiac, will be phased out.

Ultimately, residuals values result when supply meets demand. For many of the models affected by today's headlines, the supply of vehicles in three years can be determined today. The speculation is about the demand for these vehicles in three to five years. If franchise dealers currently attending the auctions continue to do so in the future, residual values for that brand should do better. For example, many of the dealers that carry the Pontiac lineup will still be around selling Buicks and GMC trucks and they may continue to bid for used Pontiacs, especially if they are run in the Buick and GMC lanes.

At Kelley Blue Book, we further expect the performance of residual values will differ at the model level. While it's tempting to lump all the models in a brand together, highly differentiated vehicles such as the Pontiac Solstice and the Hummer H2 are expected to retain a higher percentage of their original value (holding everything else constant). Highly cross-shopped vehicles like the Pontiac G6 are expected to retain less.

The fate of brands that are sold off by GM will depend on the vehicles offered by the acquiring entity. If that brand continues to draw customers into their showrooms, there will be a healthy demand for used vehicles and the residual value of today's models may hold up just fine. The residual value of the 2009 Hummer models may depend more on the price of oil in three years than on the company that buys it out.

Finally, it is generally felt that a discontinued model will perform poorly in the future. This may have been true in the past because vehicles that enjoyed a high level of demand were not discontinued. In today's environment, this is not necessarily the case. Mitigating some of the negative effects will be the lack of returning fleet volume and the absence of incentives pushing down the price of used vehicles. As stated earlier, unique vehicles that experience even a moderate level of demand today will likely not suffer much (if any) from the lack of a new model.

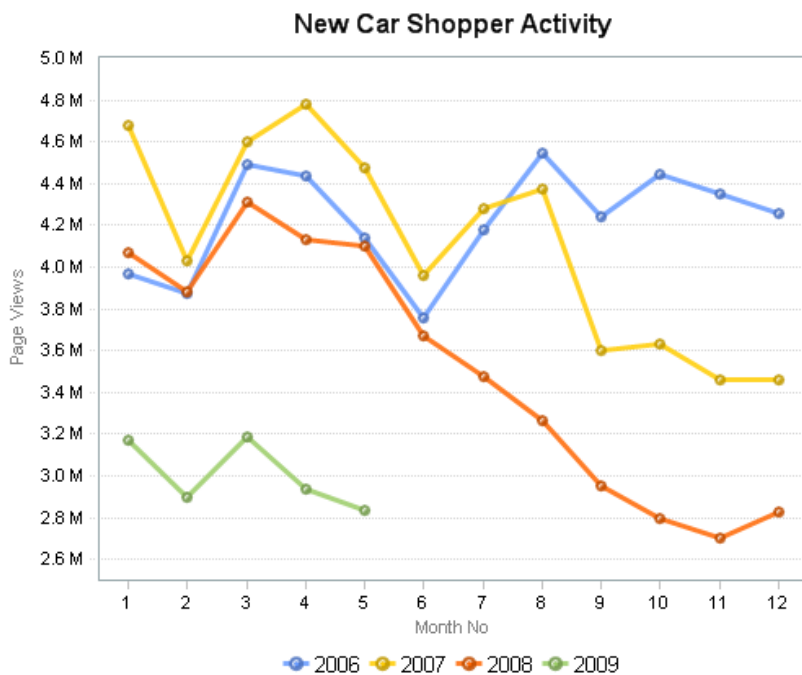
It is a cliché to note that today's events are unprecedented. What must not be forgotten is that normal forecasting models lose their accuracy in uncharted waters. Adam Smith's invisible hand of the market, like all laws of nature, is the force that will ultimately prevail.

Market Watch®

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

For May 2009, the total industry declined 3 percent compared to the previous month. While most brands experienced softened declines, Jeep garnered an 11 percent increase in shopper activity, which was the largest increase by any brand. All models contributed to the lift in Jeep activity. Volkswagen jumped 10 percent month-over-month, primarily due to the Jetta TDI. GM brands, Saturn and Pontiac, suffered the largest declines, down 21 percent and 17 percent respectively.

Hybrid traffic saw a significant increase, up 28 percent from April, as gas prices have climbed in recent weeks. Conversely, pickup trucks declined 10 percent and SUVs slumped 4 percent. Sedans and minivans held steady.



May-09	M/M	Y/Y
Import Brands	-1%	-35%
Domestic Brands	-5%	-17%
GM Brands	-10%	-28%
Ford Brands	-3%	4%
Chrysler Brands	5%	-17%
Luxury Brands	-3%	-21%
Non-Luxury Brands	-2%	-32%
Total Industry	-3%	-31%

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

Market Watch® Continued

New Car Shopper Activity Continued

Make	M/M	Y/Y	Rank	Share	vs. PM	vs. PY
Toyota	5%	-44%	1	16.0%	1.25	-3.89
Honda	-4%	-46%	2	12.1%	-0.07	-3.42
Ford	-4%	4%	3	9.0%	-0.04	3.06
Chevrolet	-8%	-14%	4	7.9%	-0.43	1.55
Nissan	1%	-33%	5	6.5%	0.28	-0.21
Hyundai	-4%	-21%	6	3.5%	-0.02	0.46
BMW	0%	-28%	7	3.5%	0.13	0.14
Dodge	2%	-13%	8	3.3%	0.17	0.67
Volkswagen	10%	-8%	9	3.2%	0.40	0.80
Lexus	1%	-21%	10	3.2%	0.13	0.38
Mercedes-Benz	0%	-15%	11	3.1%	0.11	0.57
Mazda	-12%	-31%	12	2.8%	-0.28	0.01
Audi	-6%	-9%	13	2.4%	-0.06	0.58
Jeep	11%	-6%	14	2.0%	0.26	0.54
Kia	3%	0%	15	1.9%	0.11	0.59
Acura	-5%	-32%	16	1.7%	-0.04	-0.04
Subaru	-9%	-11%	17	1.7%	-0.09	0.37
GMC	-9%	-20%	18	1.7%	-0.10	0.22
Chrysler	5%	-34%	19	1.3%	0.10	-0.07
Infiniti	-12%	-28%	20	1.3%	-0.13	0.04
Cadillac	-9%	-17%	21	1.3%	-0.08	0.21
Pontiac	-17%	-44%	22	1.2%	-0.20	-0.29
Volvo	-7%	-20%	23	1.0%	-0.03	0.13
Mitsubishi	-7%	-44%	24	0.9%	-0.03	-0.22
Lincoln	2%	44%	25	0.9%	0.05	0.48
Porsche	9%	20%	26	0.8%	0.10	0.35
Buick	-11%	-24%	27	0.7%	-0.06	0.07
Saturn	-21%	-73%	28	0.7%	-0.16	-1.18
Mercury	0%	-29%	29	0.7%	0.02	0.02
MINI	-3%	-59%	30	0.7%	0.00	-0.44
Scion	0%	-56%	31	0.6%	0.02	-0.36
Jaguar	-2%	-21%	32	0.5%	0.01	0.07
Land Rover	-2%	-7%	33	0.5%	0.01	0.12
Suzuki	-13%	-28%	34	0.5%	-0.05	0.02
Smart	-3%	-69%	35	0.3%	0.00	-0.38
HUMMER	-4%	-18%	36	0.3%	0.00	0.05
Saab	-5%	-29%	37	0.2%	0.00	0.01

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

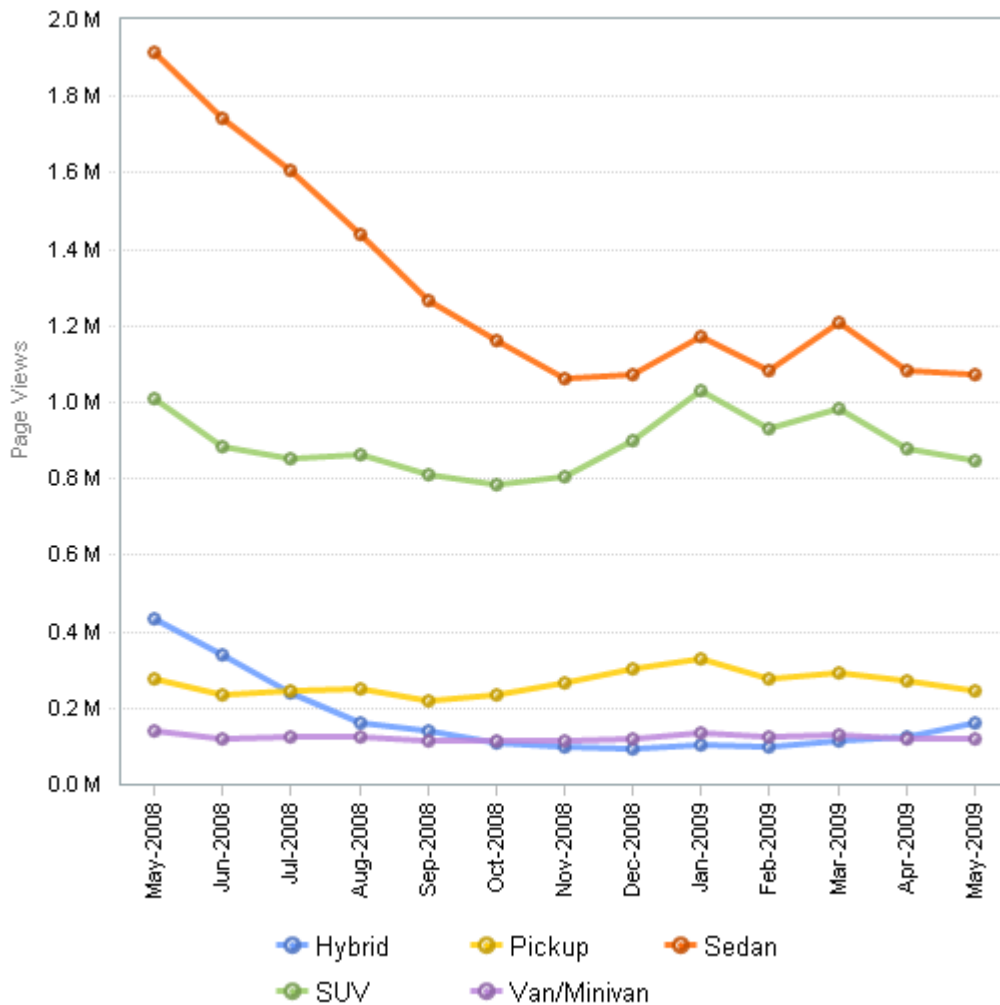
Rank based on share of total

vs. PM = change in share versus prior month

vs. PY = change in share versus prior year

Market Watch® 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	↑ 28%	↓ -62%
Pickup	↓ -10%	↓ -12%
Sedan	↘ -1%	↓ -44%
SUV	↘ -4%	↓ -16%
Van/Minivan	↘ -2%	↓ -14%

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

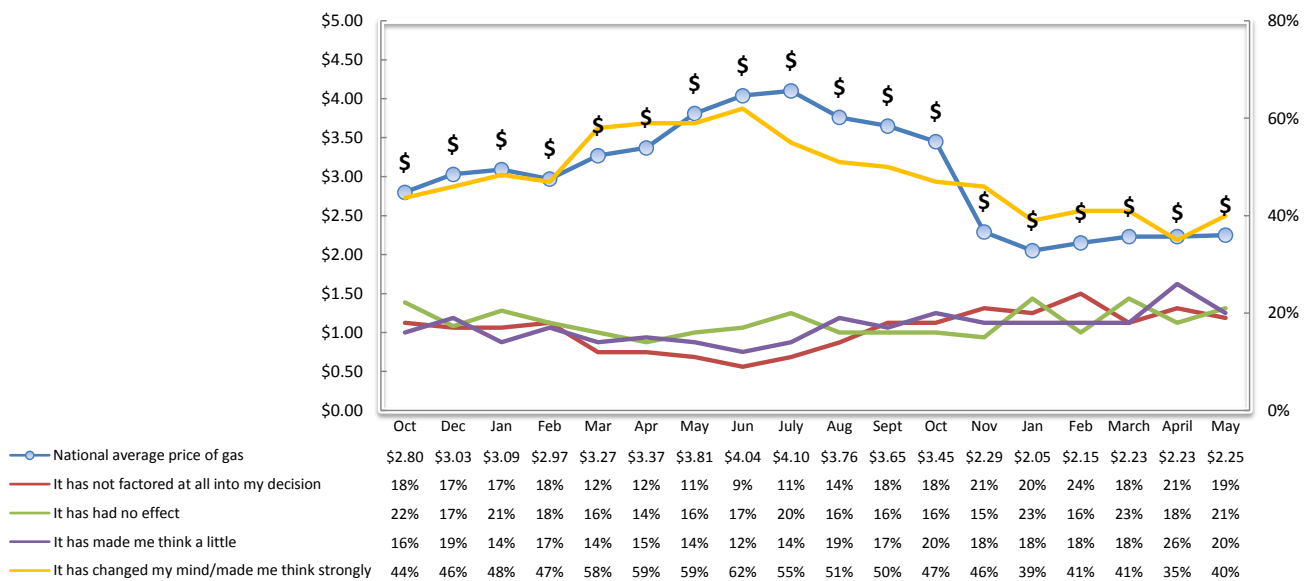
Eco Watch™ - May 2009

Below are the results of Eco Watch, a Kelley Blue Book Market Research study, which tracks in-market new-car shoppers' opinions on fuel prices, alternative fuel-related technologies, environmental issues and vehicle consideration.

EFFECTS OF GAS PRICES

Purchase Decision

TRENDING OVER TIME



Note: Question asked starting in October 2007.

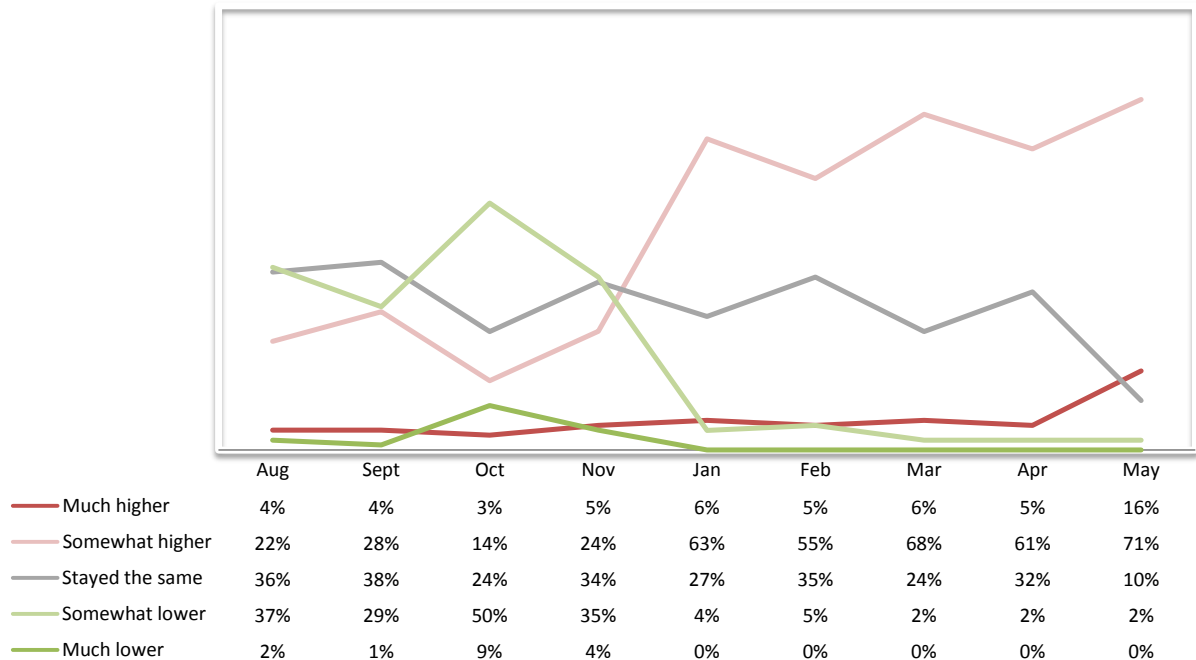
*Q: Which of the following statements best describe how gas prices have affected which vehicles you are considering?
± 1% due to rounding.*

Eco Watch™ - May 2009 Continued

EFFECTS OF GAS PRICES

Expected Direction of Gas Prices Within the Next 30 Days

TRENDING OVER TIME



Q: What do you think will happen to gas prices within the next 30 days? Gas prices will be...

Q: You indicated that gas prices will be [MUCH HIGHER / MUCH LOWER]. Do you plan on changing your spending habits if gas prices were to be [MUCH HIGHER / MUCH LOWER]. (Asked among those who indicated much higher or much lower in the previous questions) – Due to small base sizes there are no sub-group

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. – 2008 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. 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.