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INDUSTRY INSIGHTS:
Timely commentary from Jack R. Nerad, vice president, executive editorial director and executive market analyst, Kelley Blue Book's KBB.com: Your Mileage May Vary – Really

LATEST NEWS STORIES ON KBB.COM:
The latest video and written news stories by the editorial staff of Kelley Blue Book's KBB.com

NEW-VEHICLE REVIEWS ON KBB.COM:All-new and updated video and written reviews from the editorial staff of Kelley Blue Book's KBB.com and links to consumer reviews and ratings on KBB.com

WHAT'S NEW: Kelley Blue Book Highlights The 10 Best Deals For October

October New-Car Sales Expected To Jump 12 Percent, According To Kelley Blue Book Kelley Blue Book Launches New-Car Shopping Experience With All-New Price Advisor

Your Mileage May Very - Really

- Jack R. Nerad, vice president, executive editorial director and executive market analyst, Kelley Blue Book's KBB.com

t seems that a large percentage of the American population wants certainty. They want to know the food they buy in the supermarket is healthful, the space heater they buy in the home improvement store is safe, and the medications they buy at the drug store won't cause them to get sicker. All of these desires are understandable, utterly defensible and, happily, we in America, have put in place a number of systems, procedures and institutions that help each of us realize these logical aspirations. Yet each year, even in the face of all these worthwhile institutions, people get food poisoning, are injured by home appliances, and have adverse reactions to drugs. It should not be news to anybody that bad stuff happens.

This brings us to the Environmental Protection Agency (EPA) and its much-criticized fuel economy ratings. Like the weather, many people complain about fuel economy ratings, but nobody really does anything aboutit, at

...IT COULD APPEAR THE AUTO MANUFACTURERS ARE SIMPLY LYING ABOUT THEIR FUEL ECONOMY TO GAIN COMPETITIVE ADVANTAGE, BUT THAT MIGHT NOT BE THE CASE AT ALL

- JACK R. NERAD

least until recently when Christopher Grundler, director of the agency's Office of Transportation and Air Quality, said the EPA would be tightening things up. The major issue he hopes to address is the discrepancy between the mileage figures EPA obtains in its own internal tests and those submitted by the auto manufacturers. Since EPA doesn't test every model in every configuration every year - something that would be a gargantuan task - it relies on the honesty of the auto manufacturers to run the tests according to EPA procedures, checking that honesty by random comparisons versus its own numbers on some models. What Grundler told Automotive News' Gabe Nelson is that the variation between the manufacturer numbers and the EPA numbers it uses to audit the automakers has become "unacceptably high."

At first glance it could appear the auto manufacturers are simply lying about their fuel economy to gain competitive advantage, but that might not be the case at all. What might account for the variance between EPA figures and those provided by the manufacturers is another human frailty, namely no two humans will perform even a tightly prescribed task in exactly the same way. Just look at how different people play Beethoven's Fifth Symphony or hit a baseball. It might come as a surprise to you, but the test cycles that form the basis of EPA fuel economy ratings are driven by

genuine human beings, not machines, and some of those individual humans might just be better at wringing fuel economy out of the cycles than others. The fact the auto manufacturers are well-motivated to turn in the best mileage numbers no doubt influence them to look for particularly skilled drivers for each cycle. If this were an elaborate video game, which it basically resembles, the goal would be to stay within tolerance of every parameter of the cycle, while at the same time maximizing fuel economy as measured by what amounts to a breathalyzer for the exhaust. It takes skill, and the more you do it, the better you can get at it.

Our well-educated guess is the general public will not be too happy to learn the car manufacturers are largely in charge of collecting and reporting their own fuel economy data with only random audits to keep them on the straight and narrow. We'd further surmise the general public might not be too happy to learn human variances that affect results are integral to the overall effort. That's because the general public as a whole wants certainty. But while we have found over the course of many decades EPA figures do not provide certainty, they do offer a valuable comparative tool. Even in that capacity they are not 100 percent valid, but in a world that lacks certainty - death and taxes aside – they come awfully close. Yes, your mileage may vary.

LATEST NEWS STORIES ON KBB.COM:

Check out the very latest news stories by visiting <u>KBB.com</u> and clicking the the KBB.com Top Picks tab on the home page. The following latest news stories by KBB.com's editorial staff went live on the site or were updated during September 2013.

Videos Posted to KBB.com:

2015 GMC Yukon and Yukon Denali Reveal

2014 Toyota Sienna Review

2014 Chevy Impala Review

2013 SRT Viper Review

2013 Hyundai Santa Fe Review

Written Stories Posted to KBB.com:

2015 BMW M3 and M4 design technology revealed

2014 Volkswagen Jetta and Passat Get a Heart Transplant -- And Ours Racing

2014 Range Rover Evoque gains new tech and a 9-speed automatic

2014 Porsche 918 Spyder shatters 'Ring record for production cars

2014 Maserati Ghibli - sportier Baby Quattroporte coming soon

2014 Jeep Wrangler Dragon Edition: From show stand to showroom

2014 Honda Accord Hybrid earns segment-best 50-mpg EPA city mark

2014 Kia Soul First Review: The Same, Only Better

2014 Honda Accord Hybrid to start at \$29,945

2014 Porsche 911 Turbo and Turbo S First Review: User-friendly Brilliance

2015 Volvo V60 Sportwagon will offer three T-charged engines 2014 Cadillac CTS First Review: Legitimate Luxury

2015 GMC Yukon and Yukon Denali revealed (w/VIDEO) 2014 Buick Regal First Review: AWD and More HP

2015 GMC Sierra/Sierra Denali 2500 HD/3500 HD pickups unveiled 2014 BMW i8 unveiled

2015 Ford F-Series Super Duty boasts more power, better fuel efficiency, and a 2014 BMW 4 Series First Review: New Coupe Continues Less-is-More Mantra

restyled King Ranch model

2014 Porsche 918 Spyder unveiled

2014 Mitsubishi Mirage First Drive

2014 BMW 2 Series spied on the street
2015 Chevrolet Tahoe and Suburban revealed

2014 Bentley Continental GT Coupe/Convertible V8 S revealed
2015 Chevrolet Silverado 2500 HD/3500 HD pickups revealed

2013 Nissan Rogue will live on as the 2014 Nissan Rogue Select
2015 Cadillac Escalade teased

2013 Frankfurt Auto Show: The New Cars and Concepts

1,000-hp Bisimoto Hyundai Genesis Coupe heading to SEMA
2015 Audi A3/S3 Cabriolet unveiled

10 Best New Cars Unveiled this Week

Alfa Romeo U.S. comeback moved back to 2014

Audi Nanuk Quattro Concept takes Frankfurt by storm

Audi Sport Quattro Concept revealed

Best Questions: 2014 Land Rover Range Rover Sport

DOE, EPA create new fuel-economy labels for used cars

2014 Nissan Rogue revealed Editors' Page: 2014 Mazda3

First Pics: Radical Lexus LF-NX Crossover Concept

Ford builds its 2-millionth EcoBoost engine

Ford S-Max Concept revealed

Hyundai/EGR prepping Veloster Night Racer Turbo Concept

IIHS issues first ratings for vehicle crash-avoidance protection systems

Infiniti Q30 Concept created to challenge convention
2014 Ford F-150 adds STX SuperCrew and STX Sport Package

Irv Gordon tops 3-million mile mark in his Volvo P1800
2014 Corvette Stingray Coupes start heading to dealers

Jaguar C-X17 Concept SUV teased for Frankfurt
2014 Chevrolet Silverado Concepts show their saving graces

LATEST NEWS STORIES ON KBB.COM CONTINUED:

Written Stories Posted to KBB.com Continued:

Jaguar C-X17 Crossover Concept unveiled Irv Gordon tops 3-million mile mark in his Volvo P1800

Kia Niro Concept previews possible Euro-focused small crossover

Jaguar C-X17 Concept SUV teased for Frankfurt

Kia readying new range-topping luxury sedan for U.S.

Jaguar C-X17 Crossover Concept unveiled

Maserati Quattroporte Zegna Limited Edition Concept revealed Kia Niro Concept previews possible Euro-focused small crossover

Mazda6 SkyActiv-D turbodiesel debut delayed until spring Kia readying new range-topping luxury sedan for U.S.

Mercedes-Benz Concept S-Class Coupe revealed Maserati Quattroporte Zegna Limited Edition Concept revealed

Mini lifts the lid on its next-gen powertrain and chassis tech

Mazda6 SkyActiv-D turbodiesel debut delayed until spring

Nissan will be first automaker to offer integrated iTunes Radio Mercedes-Benz Concept S-Class Coupe revealed

Opel Monza Concept opens new design doors

Mini lifts the lid on its next-gen powertrain and chassis tech

Road Trip Test: Easy Sharing, Slideshows with VW's New SmileDrive App

Nissan will be first automaker to offer integrated iTunes Radio

Smart Fourjoy Concept previews a bigger, better future Opel Monza Concept opens new design doors

Toyota outlines plans for its next-gen Prius and future hybrids Road Trip Test: Easy Sharing, Slideshows with VW's New SmileDrive App

Toyota Yaris Hybrid-R Concept revealed Smart Fourjoy Concept previews a bigger, better future

Volkswagen Golf Sportsvan Concept revealed Toyota outlines plans for its next-gen Prius and future hybrids

Volvo Concept Coupe previews 2015 XC90 design cues Toyota Yaris Hybrid-R Concept revealed

<u>Volvo is Shooting for V8 Levels of Power with 4-Cylinder Fuel Economy</u>
<u>Volkswagen Golf Sportsvan Concept revealed</u>

ZF GenShock system promises active suspension for the street Hyundai/EGR Volvo Concept Coupe previews 2015 XC90 design cues

prepping Veloster Night Racer Turbo Concept

IIHS issues first ratings for vehicle crash-avoidance protection systems

ZF GenShock system promises active suspension for the street

Infiniti Q30 Concept created to challenge convention

NEW-VEHICLE REVIEWS ON KBB.COM:

The following new-vehicle reviews written by KBB.com's editorial staff went live on the site or were updated during September 2013. To see any new-vehicle review from KBB.com's editorial staff, please visit <u>KBB.com</u> and click on the *Car Reviews* tab, then select the make and model.

Volvo is Shooting for V8 Levels of Power with 4-Cylinder Fuel Economy

2014 Audi Q7

In the crowded world of luxury SUVs, the 2014 Audi Q7 is truly one of a kind.

2014 BMW 4 Series

...a prestigious coupe with German badge appeal and performance chops...

2014 BMW 5 Series

...luxury, performance and technology delved out in equal parts...

2014 BMW 7 Series

Comfort and convenience features exceed the norm – almost to the point of excess.

2014 Buick Regal

...something of a delightful sleeper among sporty midsize sedans.

2014 Cadillac SRX

Athletic and attractive...

NEW-VEHICLE REVIEWS ON KBB.COM CONTINUED:

2014 Chrysler 200

...it's nice to have an interior as refined, artistic and elegantly styled as that of the Chrysler 200.

2014 Chrysler 300

Big car, big engine, big performance.

2014 Chrysler Town & Country

The Town & Country retains its mission of being a minivan with maximum amenities.

2014 Dodge Avenger

...a muscular appearance, a commendable driving experience, a nice interior, and value pricing...

2014 Dodge Challenger

If you're drawn to the Challenger's image and powertrains, or missed a Challenger the first time around, nothing else will do.

2014 Dodge Charger

Is the 2014 Dodge Charger a family sedan or hot rod? Could be both.

2014 Dodge Grand Caravan

...a leader on the list when a family starts shopping for a minivan, and with good reason.

2014 Dodge Journey

The Dodge Journey crossover SUV is where versatility and interior space meet with a modest budget and decent fuel economy.

2014 Lexus GS

To the Lexus reputation of refined luxury, the 2014 GS adds first-rate driving performance and eye-catching styling.

2014 Infiniti QX70

...the high seating position and usefulness of an SUV, but the driving manners of a performance car...

2014 Jeep Wrangler

This SUV will go anywhere tires and wheels will take you.

2014 Kia Soul

...the Kia's competitive price, cheerful styling and radically improved interior make it a standout...

2014 Mercedes-Benz SLK-Class

...something truly elegant yet aggressive.

2014 Nissan Maxima

Although not quite Infiniti-like in its luxury offerings, the Maxima is a cut above...

2014 Ram 1500

...the fuel economy of a smaller-displacement diesel engine yet all the pulling and working power you'd expect...

2014 Toyota FJ Cruiser

...a vehicle for all seven days of the week, with noteworthy capabilities off-road and accommodating manners on the highway.

2014 Toyota Land Cruiser

Like the guy who just won the Oscar, the 2014 Land Cruiser steps into the room and needs no introduction.

2014 Toyota Seguoia

What sets the Sequoia apart is its great powertrain, advanced features, and the peace of mind of Toyota quality and reliability.

2014 Volkswagen Eos

In the summer, it's an open-air masterpiece, but come winter, the Eos transforms into a warm, dry and secure coupe. This SUV will go anywhere tires and wheels will take you.

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WHAT'S NEW

Kelley Blue Book Highlights The 10 Best Lease Deals For October

KBB.com Reports This Month's Hottest Lease Deals on New Models; Cash Back Deals Reaching

IRVINE, Calif., Oct. 25, 2013 -- It's officially fall, and time to start thinking about all the money you'll be spending in the upcoming holiday months. Helping new-car shoppers to avoid breaking the bank, expert editors from Kelley Blue Book www.kbb.com, the leading provider of new and used car information have highlighted this month's new-car lease and cash back deals available nationwide from a variety of auto manufacturers... MORE

October New-Car Sales Expected To Jump 12 Percent, According To Kelley Blue Book

October Sales Show Strength Despite Government Shutdown

IRVINE, Calif., Oct. 24, 2013 -- New-vehicle sales are expected to improve 11.7 percent in October to a total of 1.22 million units, according to Kelley Blue Book www.kbb.com, the leading provider of new and used car information. Following the first year-over-year decline in 27 months in September, new-car sales should begin to bounce back in October, despite the federal government's shutdown earlier in the month... MORE

Kelley Blue Book Launches Enhanced New-Car Shopping Experience With All-New Price Advisor

Range-Based Market Pricing Debuts on KBB.com; Site Highlights Key Dealership Information

IRVINE, Calif., Oct. 15, 2013 -- As the industry leading provider of new-car pricing since 1966 and a legacy of price guidance going back to 1926, Kelley Blue Book, today announces the national launch of its innovative new-car pricing tool... MORE

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 and Suggested Retail Values, and Fair Purchase Price, which reports what others are paying for new 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. For two years running, Kelley Blue Book's KBB.com ranked highest in its category for brand equity and was named Online Auto Shopping Brand of the Year in the 2012 and 2013 Harris Poll EquiTrend* study. Kelley Blue Book Co., Inc. is a subsidiary of AutoTrader Group, which includes AutoTrader.com, vAuto, VinSolutions and HomeNet Automotive. AutoTrader Group is a majority-owned subsidiary of Cox Enterprises.