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Kontos Commentary on Used Cars



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Used Vehicle Market Conditions and Outlook June 2008

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Executive Vice President
Customer Strategies and Analytics

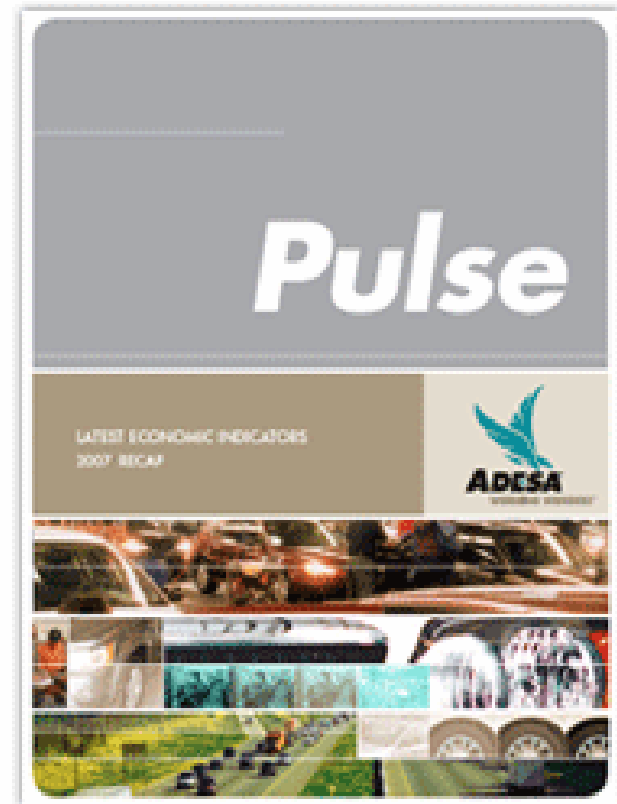


Timely market analysis keeps our clients and associates informed of trends in the vehicle remarketing industry.



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Remarketing Industry Supply

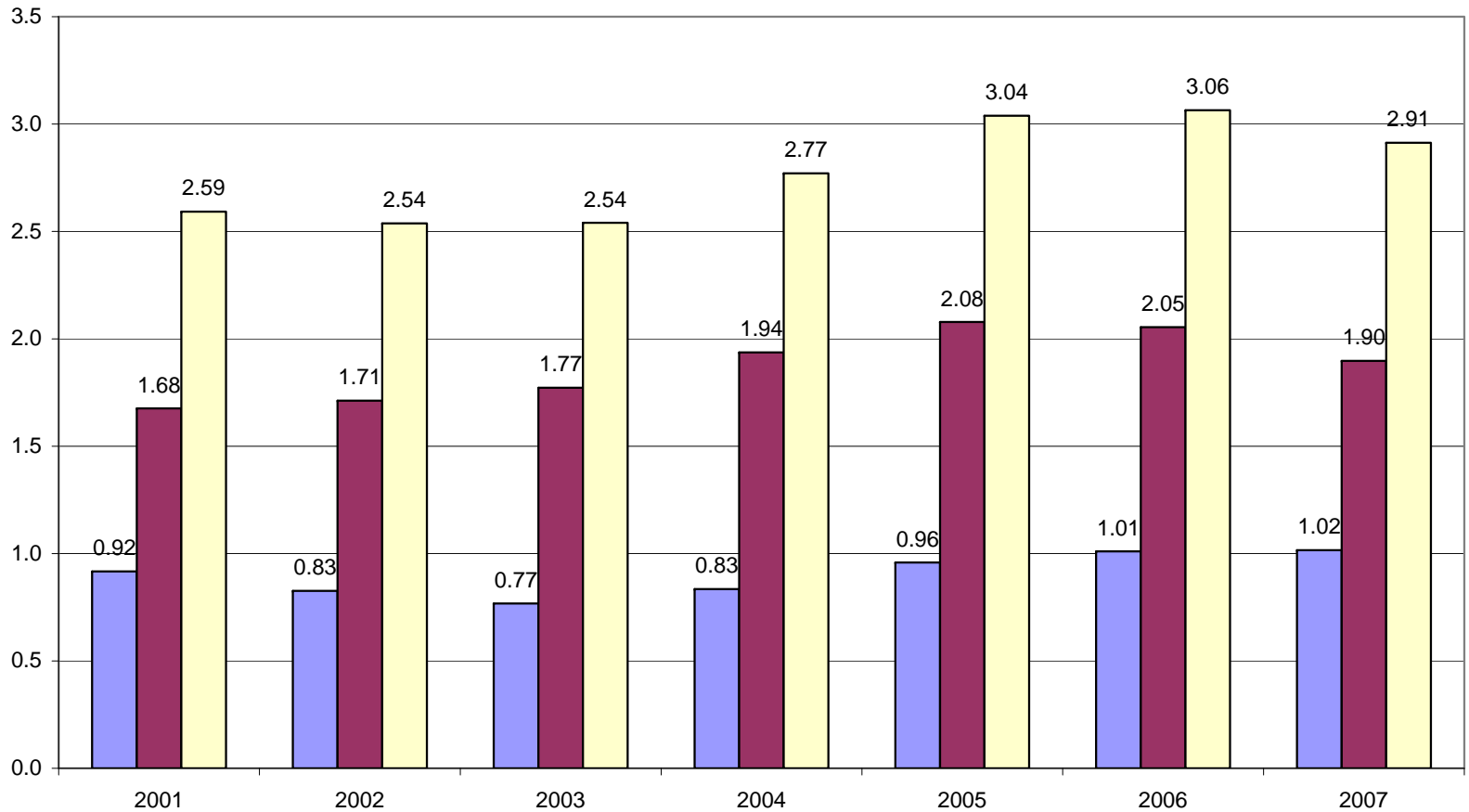




Fleet sales grew by 500K units between 2003 and 2005, held in 2006, and declined ~150K units in 2007.

**Fleet Sales by Manufacturers
(Millions of Units)**

	'07 vs '06 Variance	
	Units	%
Commercial Fleet	5,113	0.5%
Rental	-156,887	-7.6%
Total	-151,774	-5.0%



(Commercial Fleet figures include government units.)

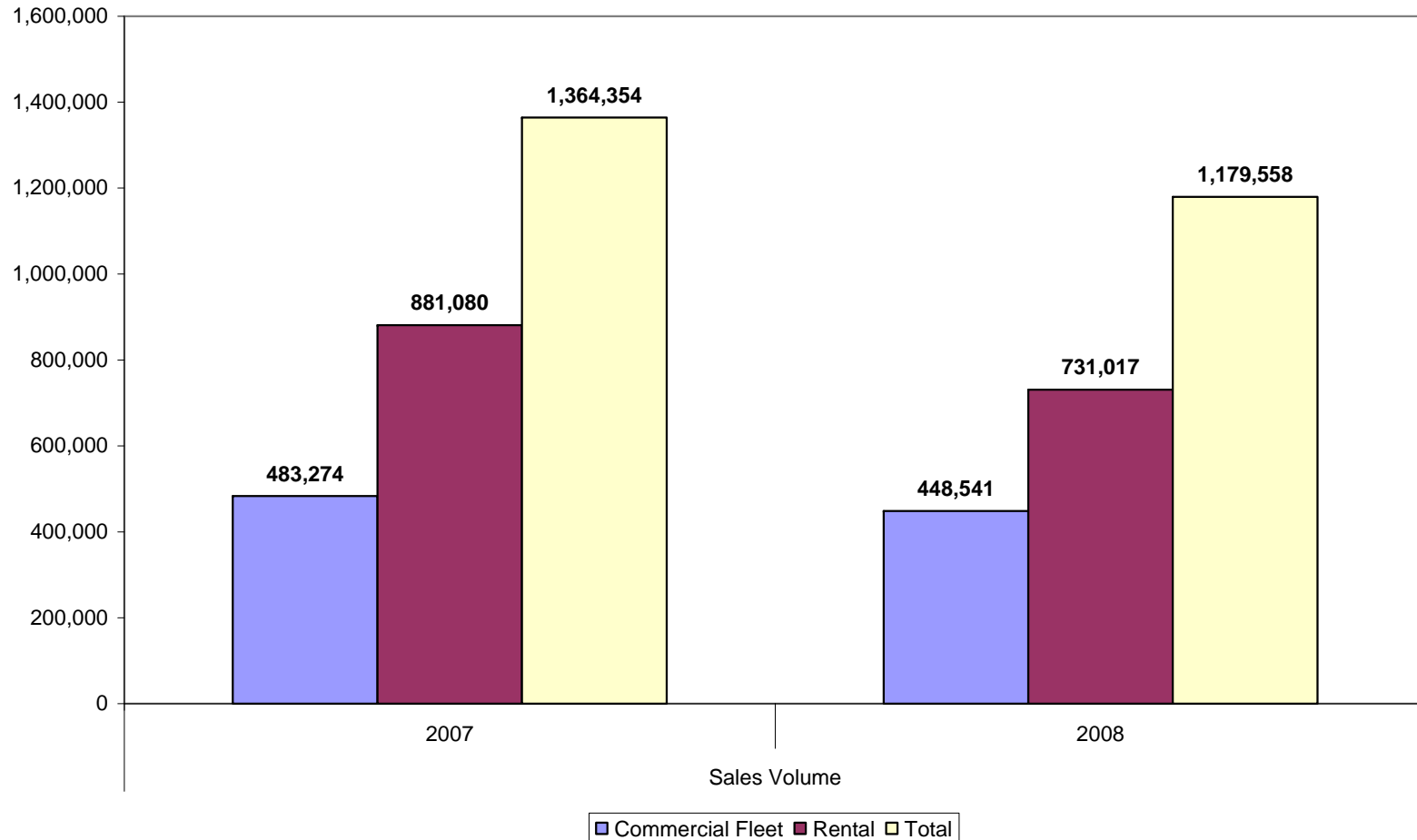
Commercial Fleet Rental Total

Rental and commercial fleet sales have fallen so far this year.



**Fleet Sales by Manufacturers
- YTD Through May -**

	'08 vs '07 Variance	
	Units	%
Commercial Fleet	-34,733	-7.2%
Rental	-150,063	-17.0%
Total	-184,796	-13.5%

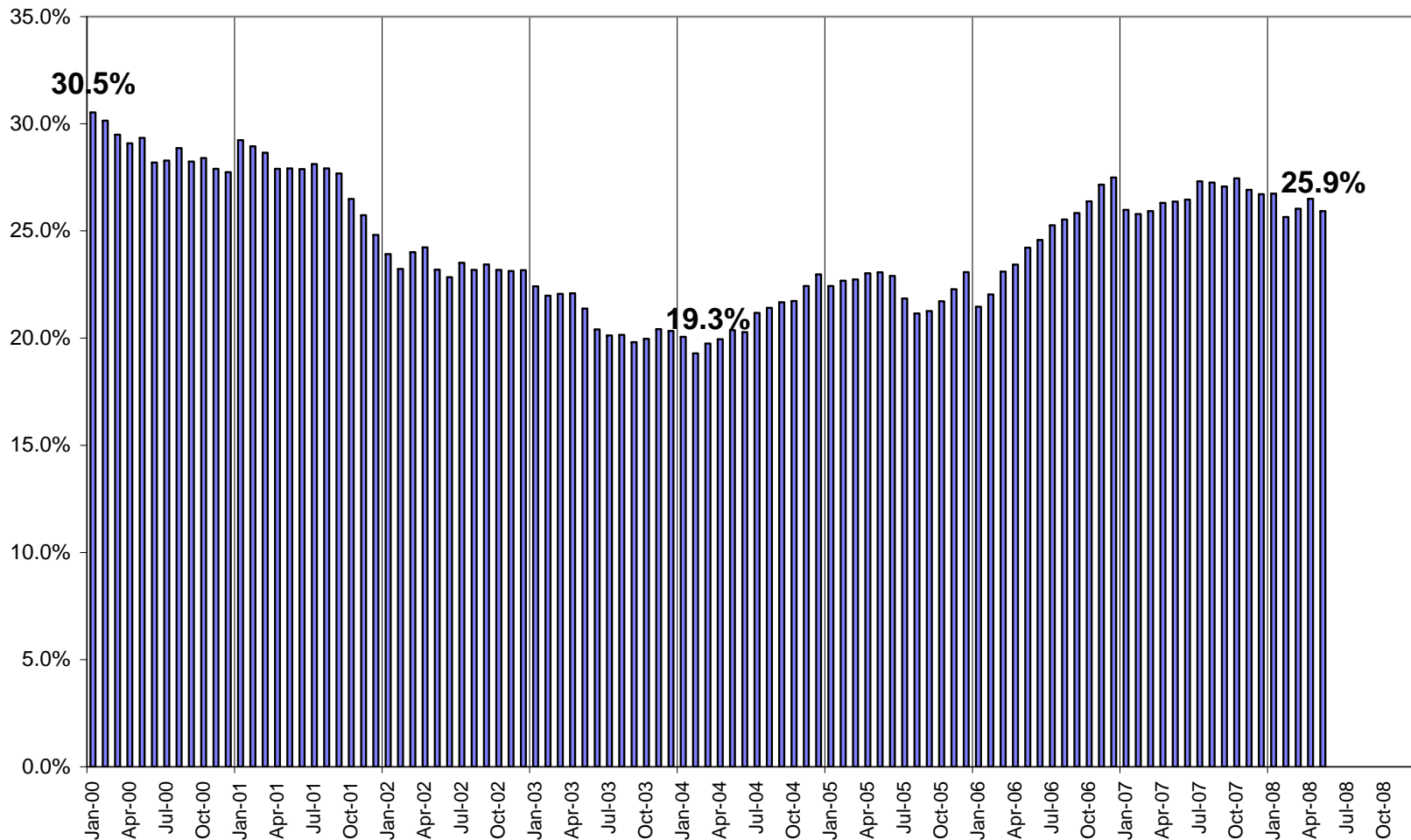


Lease penetration has risen above 25%.



Lease Penetration
(Personal Use* Leases as a Percent of Total New Vehicle Sales)

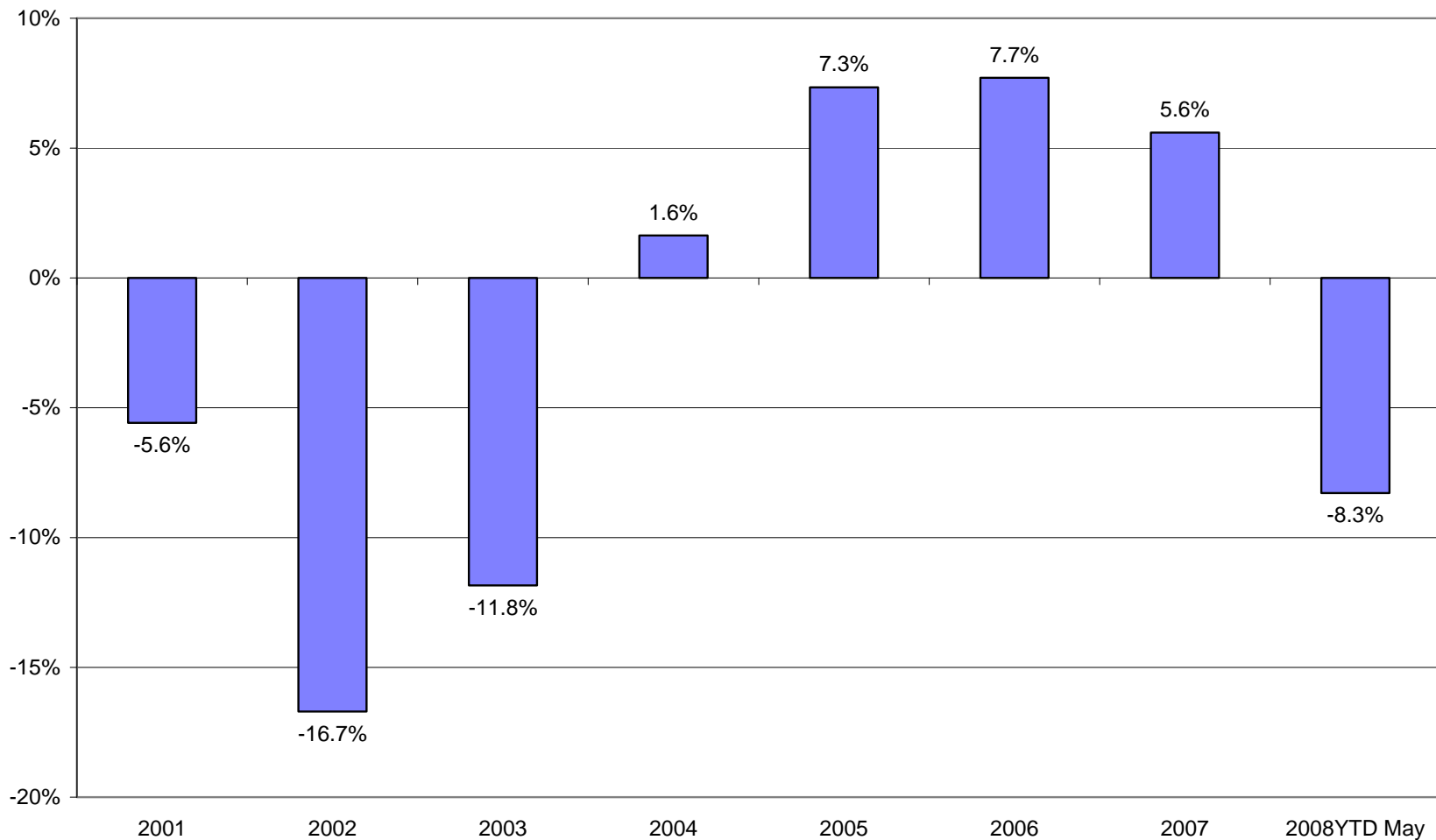
*"Personal use" leases are leases on vehicles used by businesses that are also used at least 20% of the time for personal use.



Lease origination volume grew from 2004-2007 and has declined so far this year due to lower new-car sales.



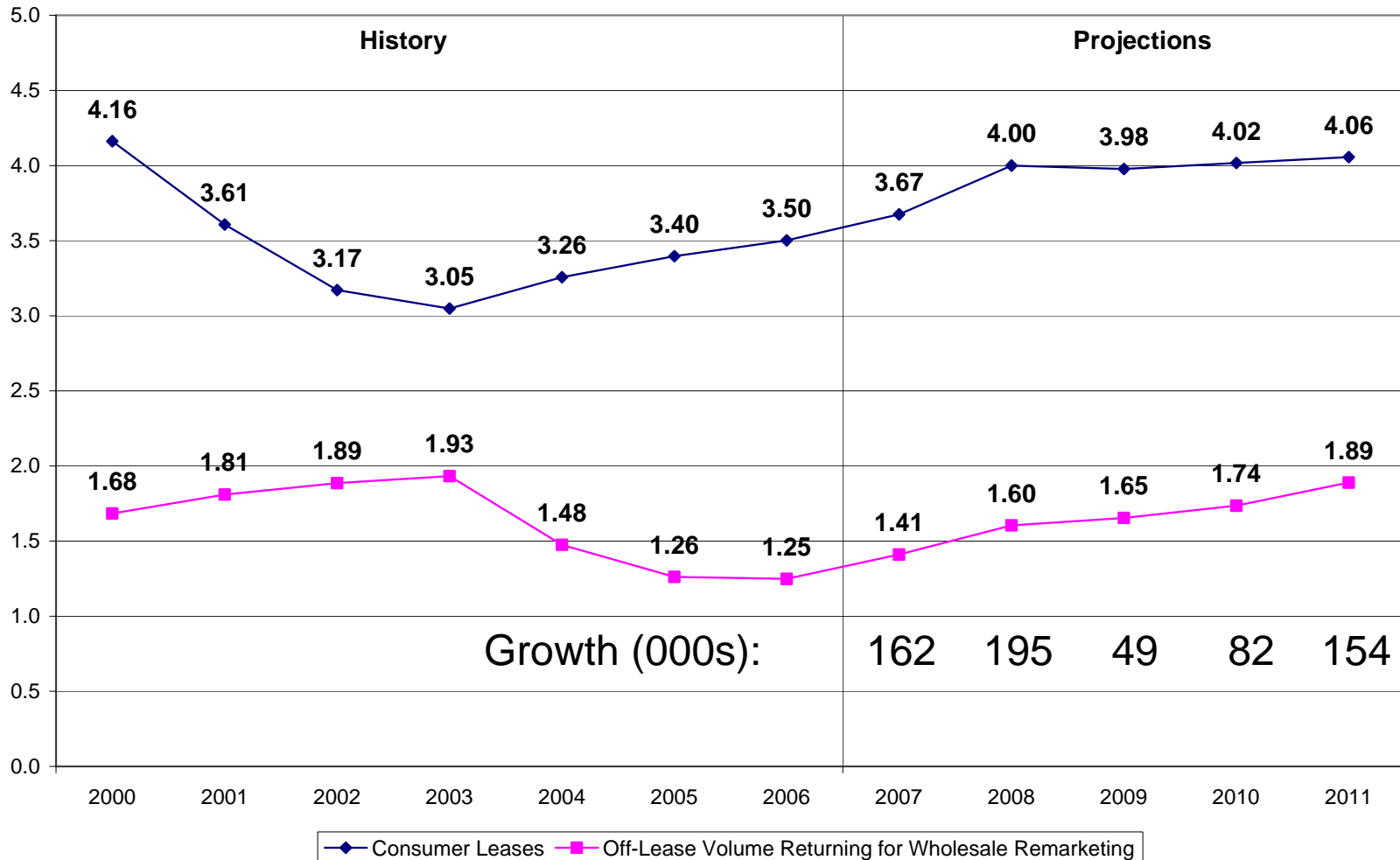
**New Lease Volume
(Percent Change from Prior Year)**



More off-lease units will enter the market beginning in 2007.



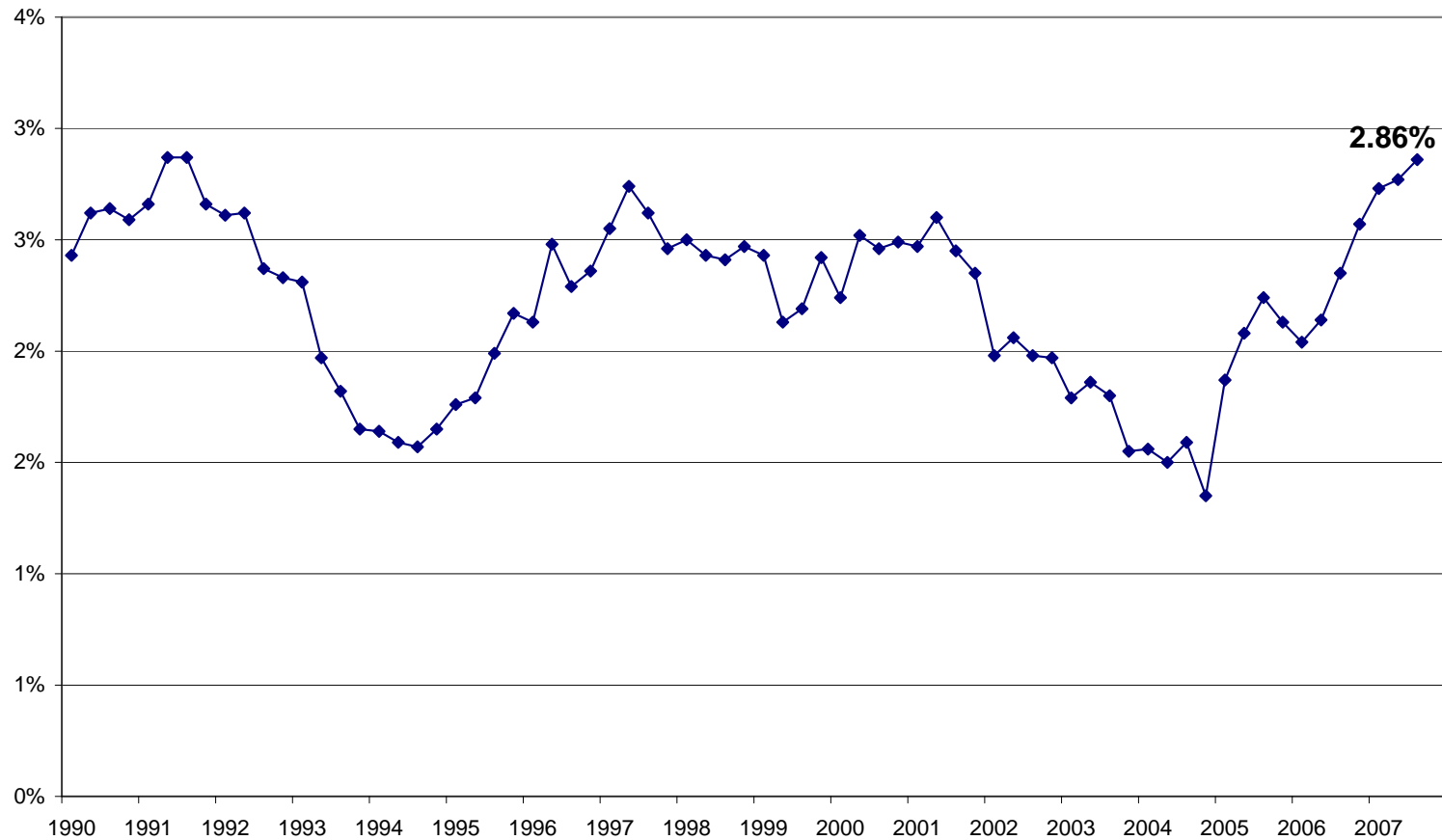
Consumer Leases and Off-Lease Volumes Returning for Wholesale Remarketing (Millions)



As delinquency rates rise, so do Repos.



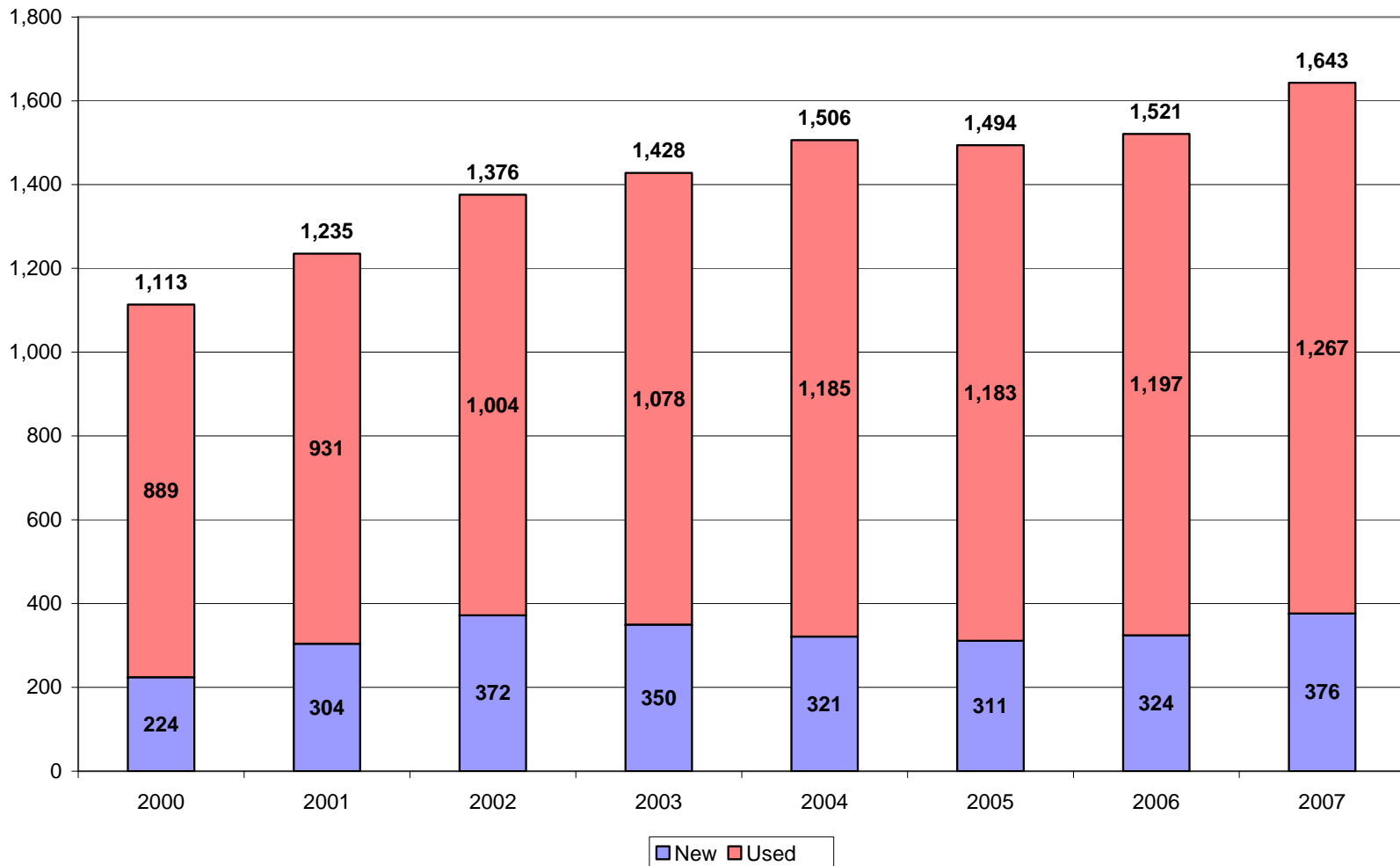
Indirect Auto Loan Delinquency Rates
- Quarterly % of Loans 30 Days or More Overdue -



Repos are at all-time highs.



Reposessions (000s of Units)





Retail Vehicle Markets



Franchised dealers have tried to offset declines in new vehicle sales by emphasizing used vehicle sales. Independent dealers are having an even tougher go.



New and Used Vehicle Sales - U.S.
(000s of Units Sold)

	YTD Through May		Increase/(Decrease)	
	2008	2007	Amount	%
New Vehicle Sales	6,225	6,793	(568)	-8.4%
<u>Used Vehicle Sales</u>	13,462	14,537	(1,075)	-7.4%
Franchised Dealers	4,635	4,804	(169)	-3.5%
Independent Dealers	4,278	4,596	(317)	-6.9%
Private Individuals	4,549	5,137	(588)	-11.5%
Total Vehicle Sales	19,686	21,330	(1,643)	-7.7%

Source: Automotive News Data Center, CNW Marketing/Research, and ADESA Analytical Services.

New vehicle incentives have been relatively stable after dropping in 2006. This is good news for vehicle remarketers.



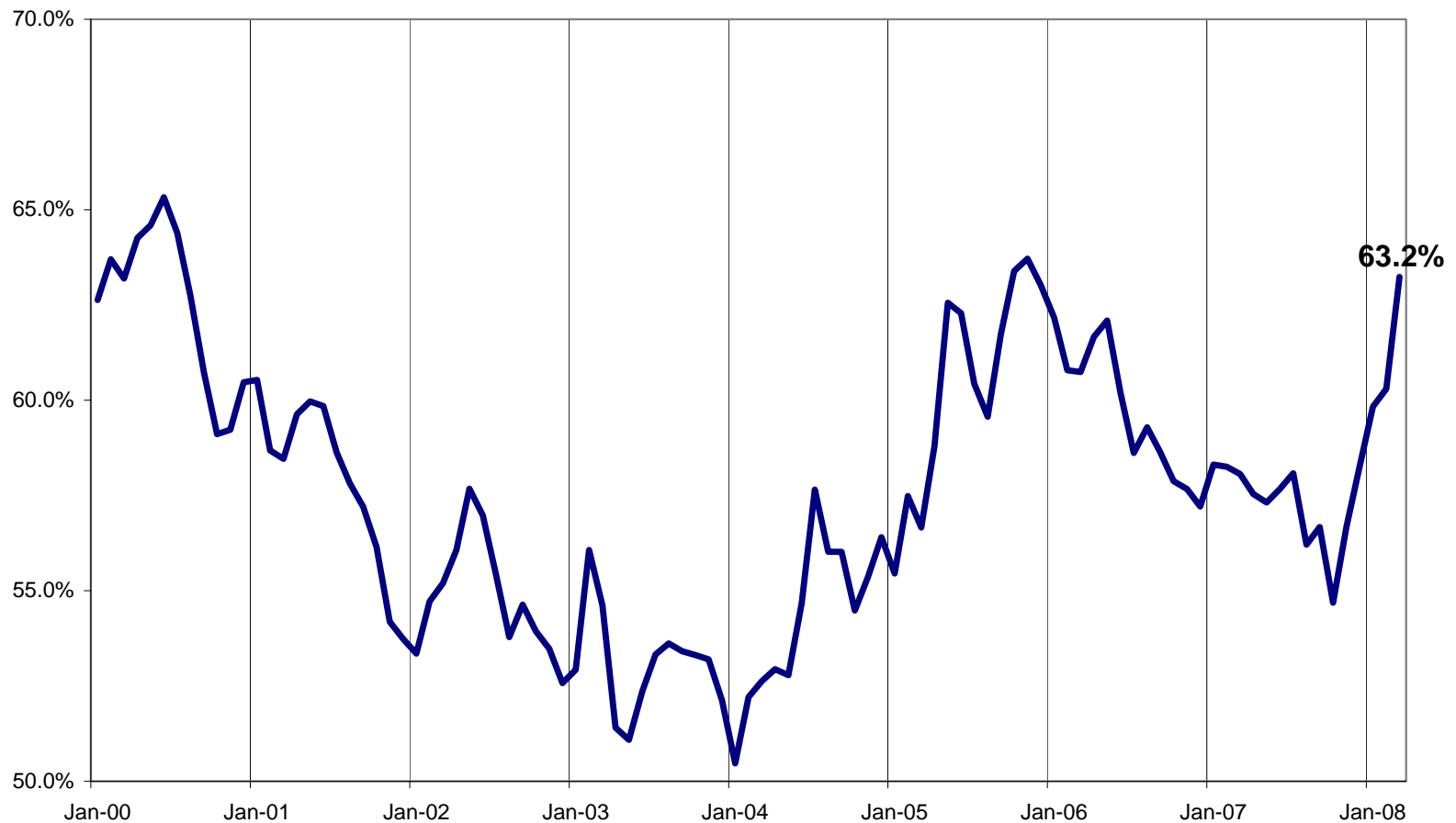
Average New-Vehicle Incentives According to Edmunds



Retail sales of used vehicles may be suffering because used vehicle prices are bumping up against discounted new vehicles again.



Used Vehicle Price as a % of New Vehicle Price*

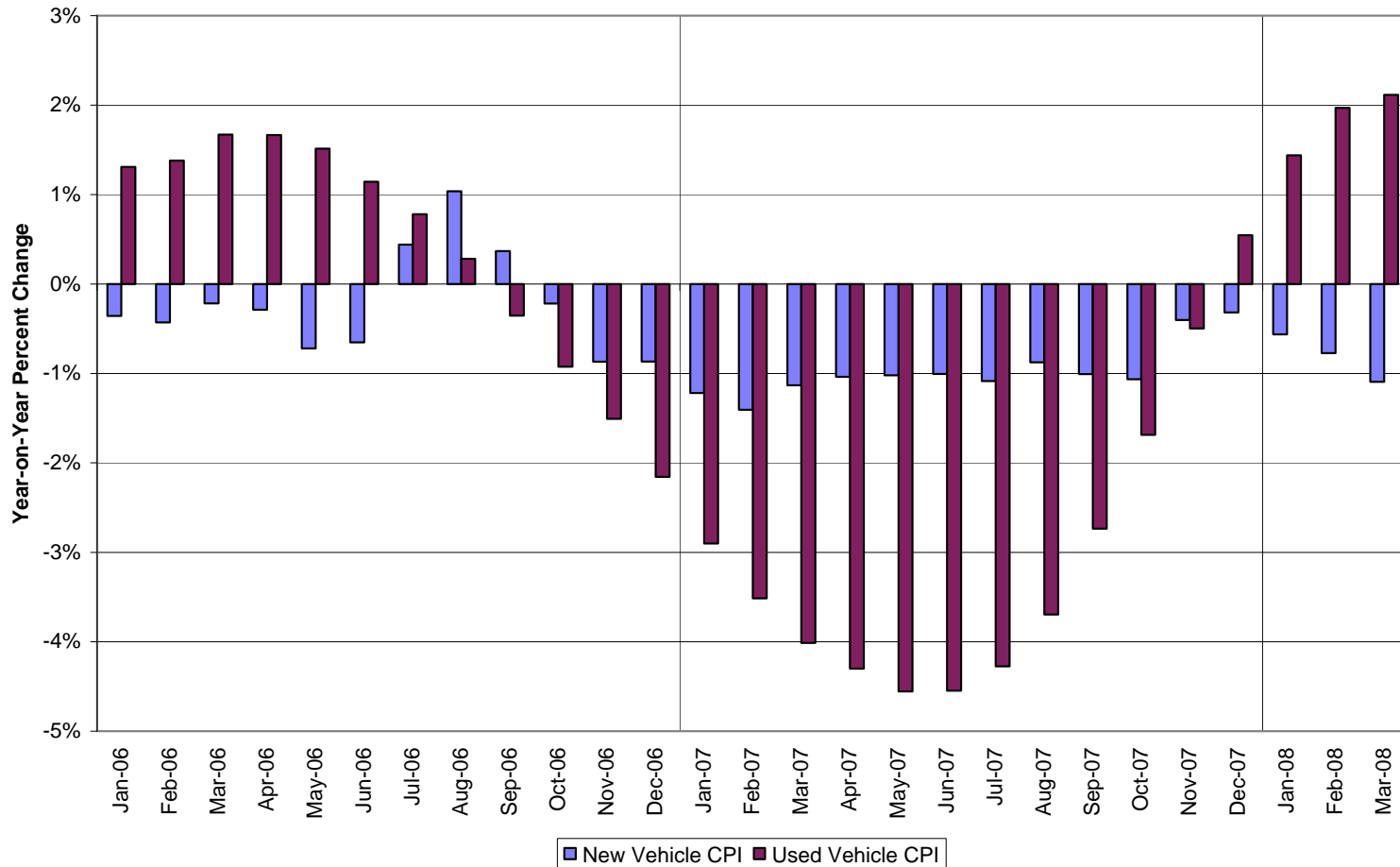


*Based on vehicles financed by domestic captive finance companies.

Dealers will need to further discount their used vehicle inventories to support used vehicle sales in 2008.



Comparison of New and Used Vehicle Consumer Price Indices





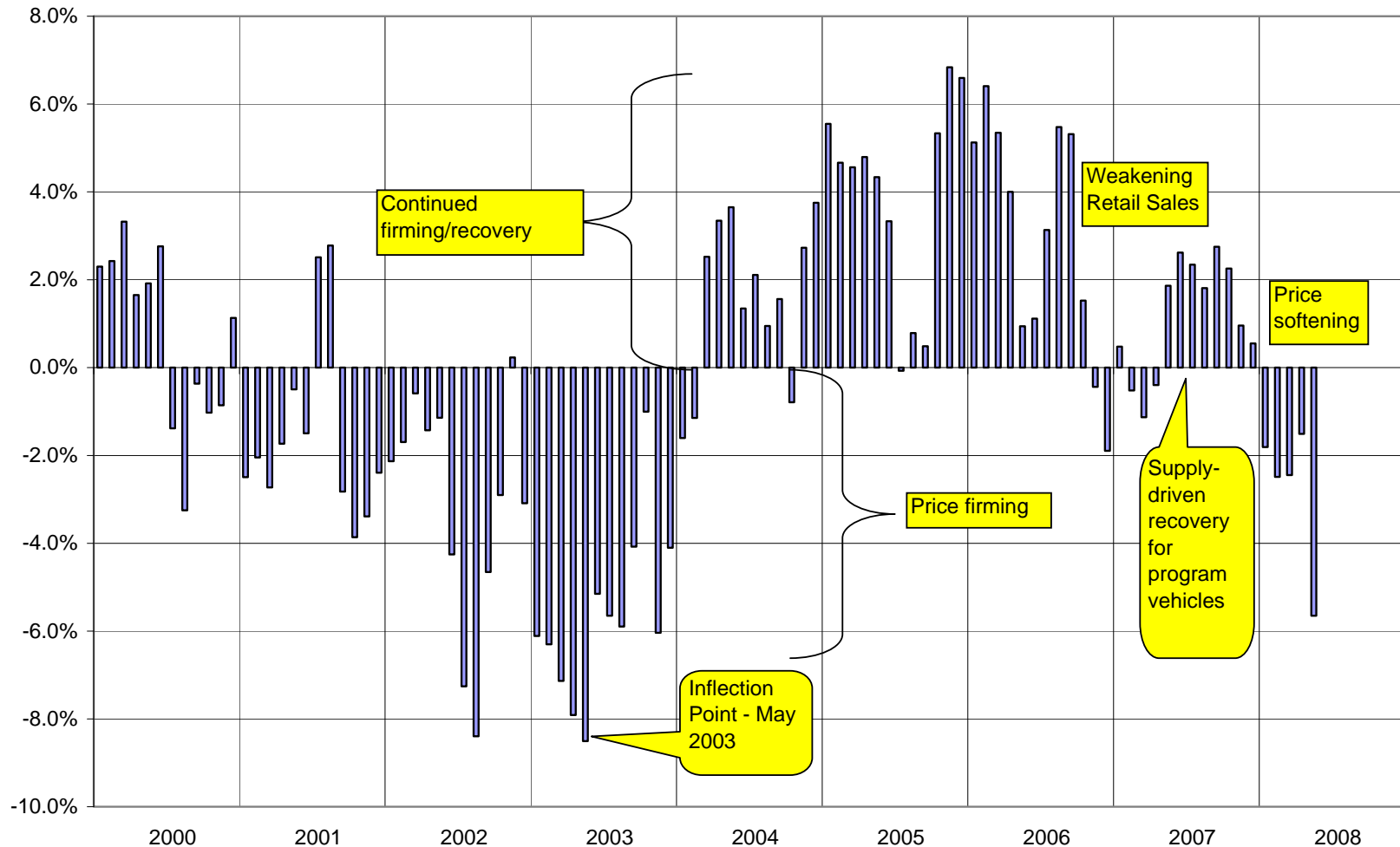
Wholesale Vehicle Markets



Wholesale prices have softened so far this year and really tanked in May.



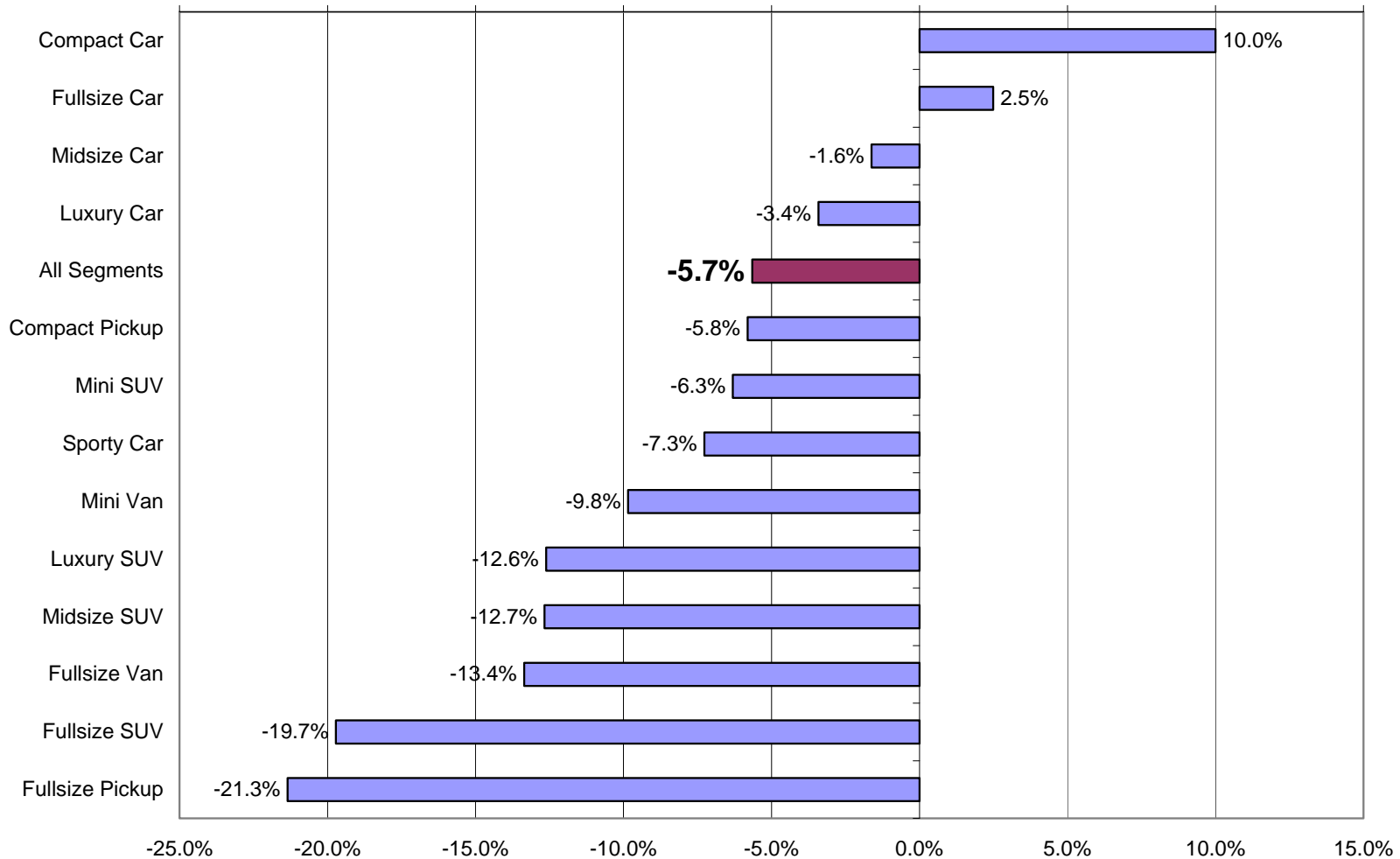
Year-on-Year Percent Change in Average Auction Prices



High fuel prices are helping compact car prices and hurting big truck prices.



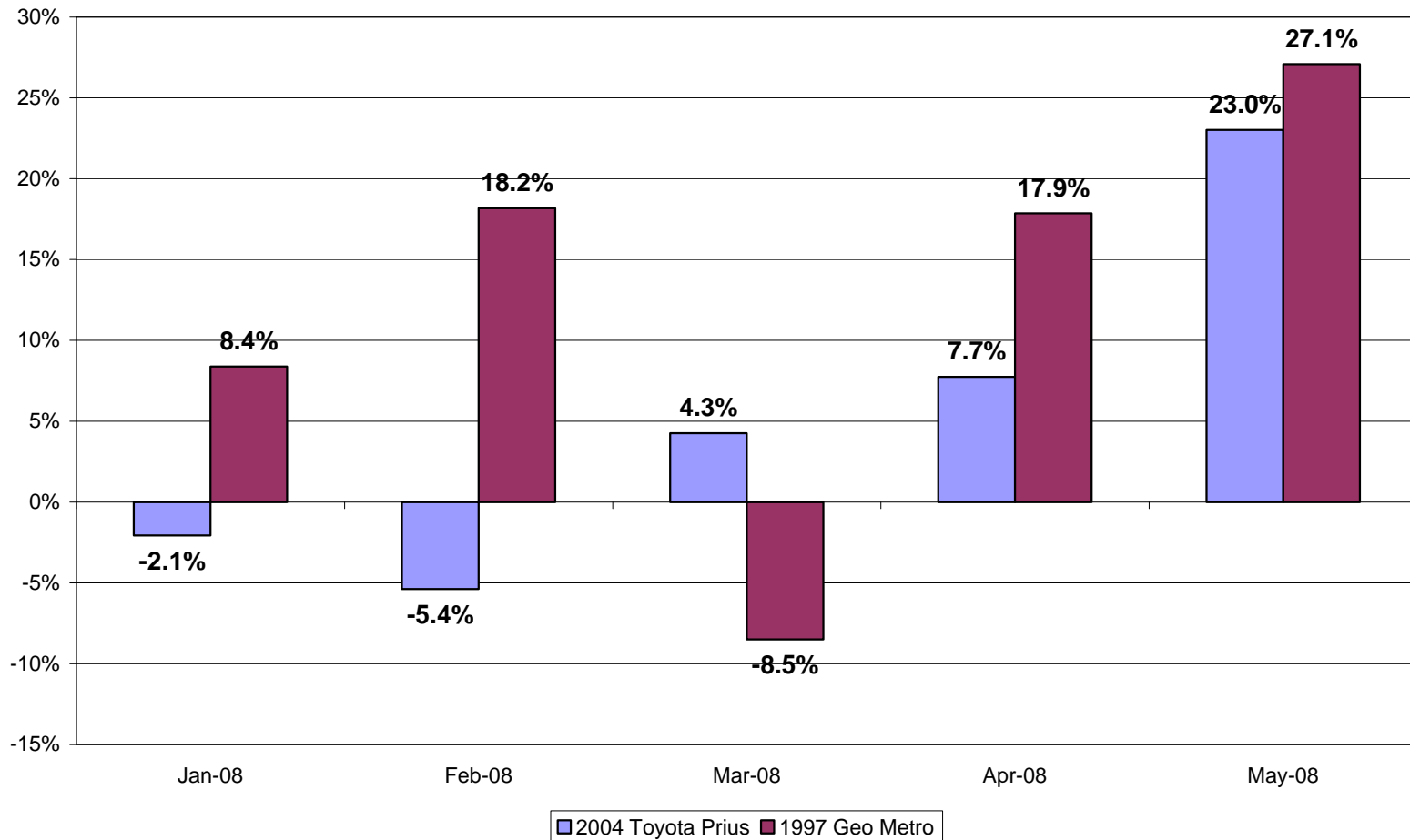
Year-on-Year % Change in Average AuctionNet Price by Model Class - May 2008



Even old fuel-efficient cars like the Geo Metro are bringing good money, as is the Toyota Prius.



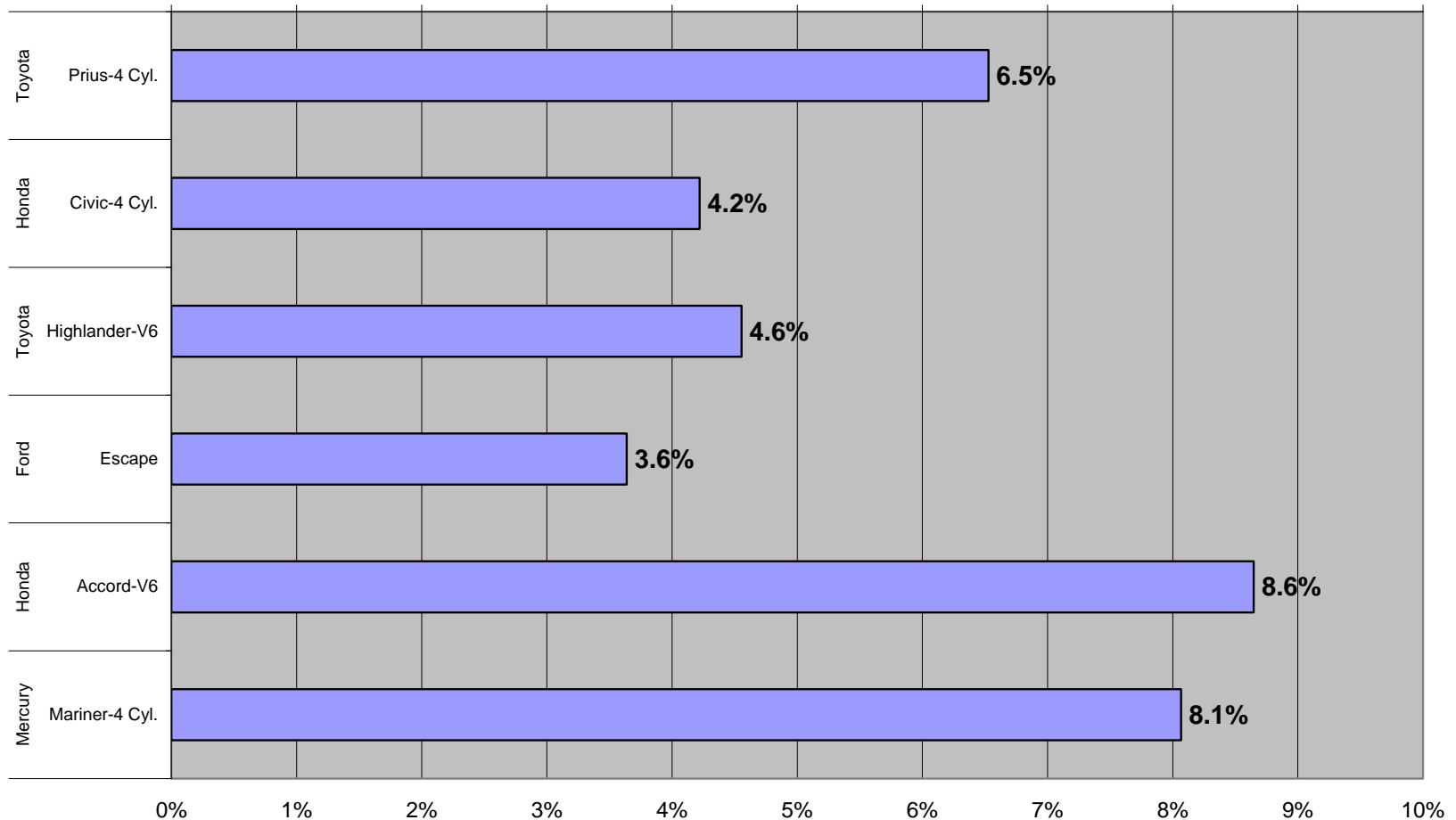
2004 Toyota Prius and 1997 Geo Metro Wholesale Auction Used Vehicle Price Trends
(Year-over-Year % Change in Average Price)



Hybrids are selling for strong prices at auction.



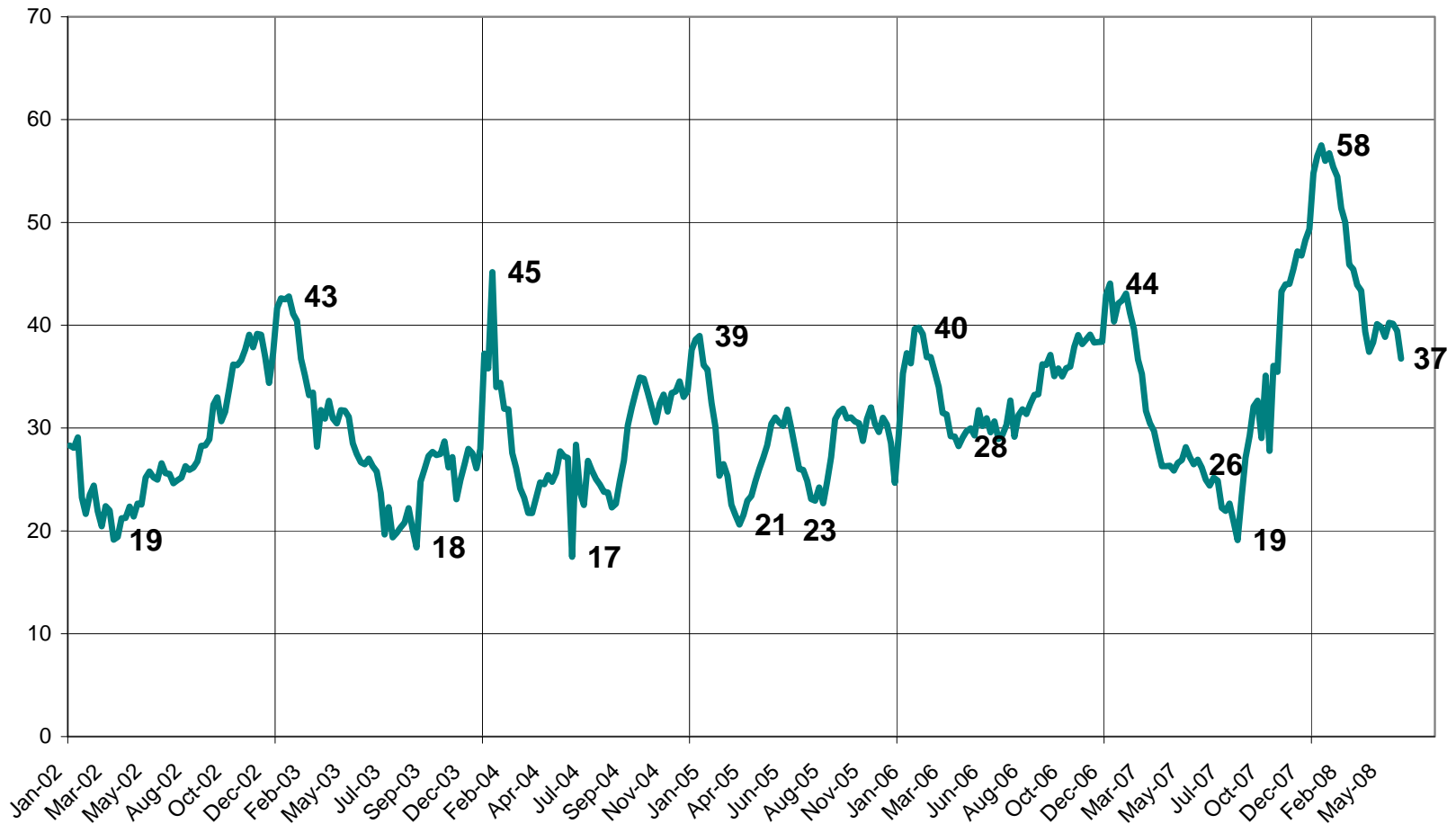
Hybrid Wholesale Auction Used Vehicle Price Trends
(Year-over-Year % Change in Average Price for One-Model-Year-Old Units; Sorted Based on Volume; Based on Year-to-Date sales through May 23, 2008)



High inventory levels will exert downward pressure on prices.



Estimated Auction Industry Inventory Days*

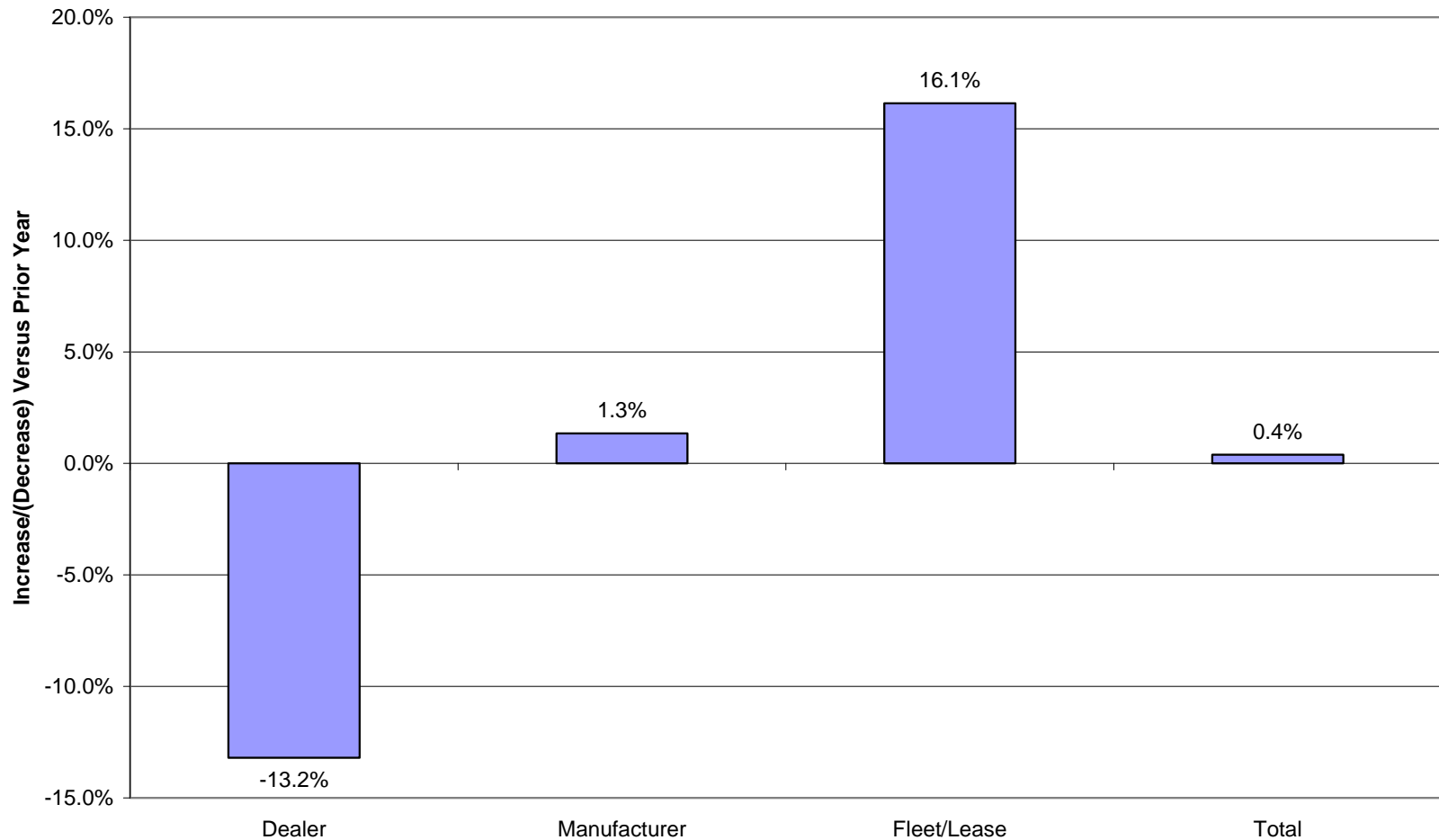


* Based on estimated auction industry inventory and sales levels for manufacturer and captive finance units only.

The auction industry's mix has changed.



**Auction Industry Sales Volume by Seller Type - Same-store Basis
(Year-to-Date Through April)**



In Summary:



- Wholesale vehicle supply is high.
- Retail demand remains weak.
- Anticipate softer wholesale prices possibly until after the election.
- It's a buyer's market – especially for used full-size SUVs and Pickups.

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