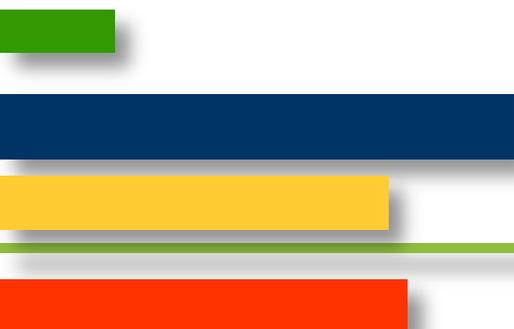


2015 USED VEHICLE MARKET REPORT



Used Vehicles Sales Summary

Year	Total Sales	Franchise Used	CPO
2010	36,911,180	8,726,558	1,640,227
2011	36,920,834	9,386,972	1,742,389
2012	37,582,716	9,992,034	1,833,698
2013	35,827,519	10,793,385	2,082,855
2014	36,241,800	11,178,073	2,340,382
2015	38,276,140	11,407,200	2,553,111

Certified Pre-Owned is a subset of Franchised Used

Key Takeaways

Used Sales: 2015 closed with 38.3M vehicles sold in the retail used market, an increase of 5.6% over the previous year. Certified Pre-Owned accounted for a record 22.4% of all franchise used sales and enjoyed a 9.1% lift in sales over 2014.

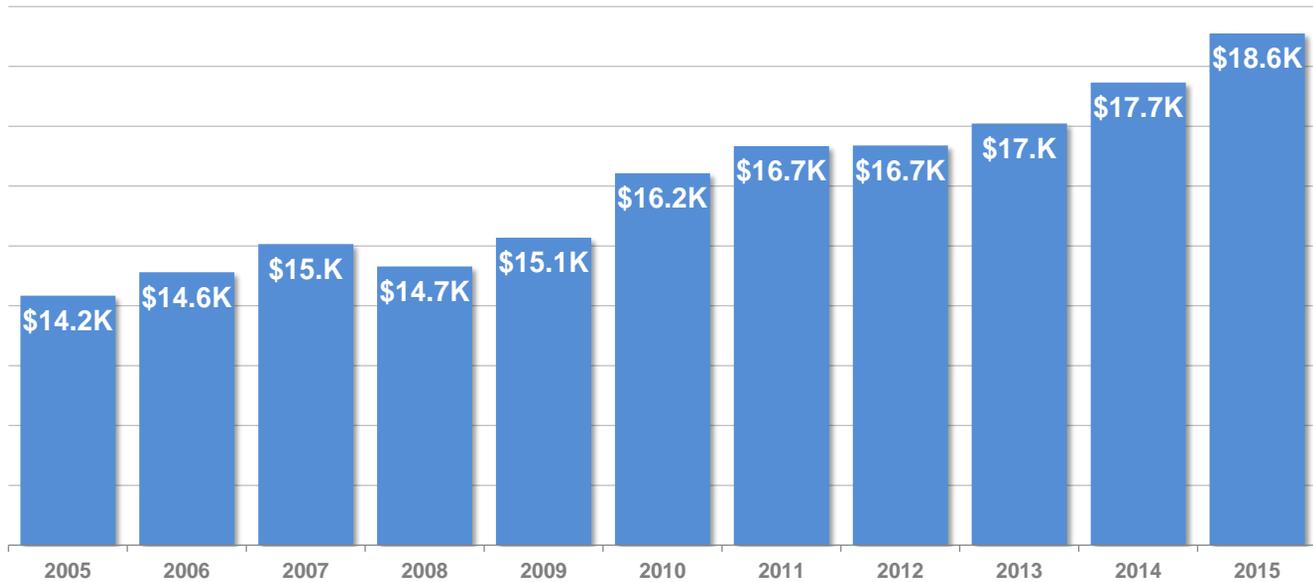
Used Market Pricing: The average used car sold for \$18,552 in 2015, marking the highest price of any year. There are two reasons why the average price is so high: 1) more than half of all used cars sold are three years old or younger, and 2) the market has seen large price increases for 6+ year old vehicles. While these numbers are on the rise overall, low fuel costs have dampened the prices of late-model cars. In turn, fuel prices have reignited demand within the SUV and truck categories, resulting in a price surge for these segments.

CPO: Certified pre-owned vehicles are in a unique spot within the auto industry as a placeholder between new and traditional used sales. CPO customers are shown to rely heavily on research, much more so than a strictly new or used shopper. This new breed of shopper will undoubtedly increase in numbers as we begin to experience the increased volume of off-lease vehicles entering the market from all brands and segments.

Inventory Sourcing: Used vehicles arrive on the market in a few distinctly different manners, and two major sources are lease returns and trade-ins. Lease returns offer a predictable level of volume, mileage and conditions, but trade-ins can vary to a much greater degree. During self-appraisals on Edmunds.com only 26% of users think their vehicle is in “outstanding” condition, so not everyone thinks their vehicles deserve top dollar during trade-in.

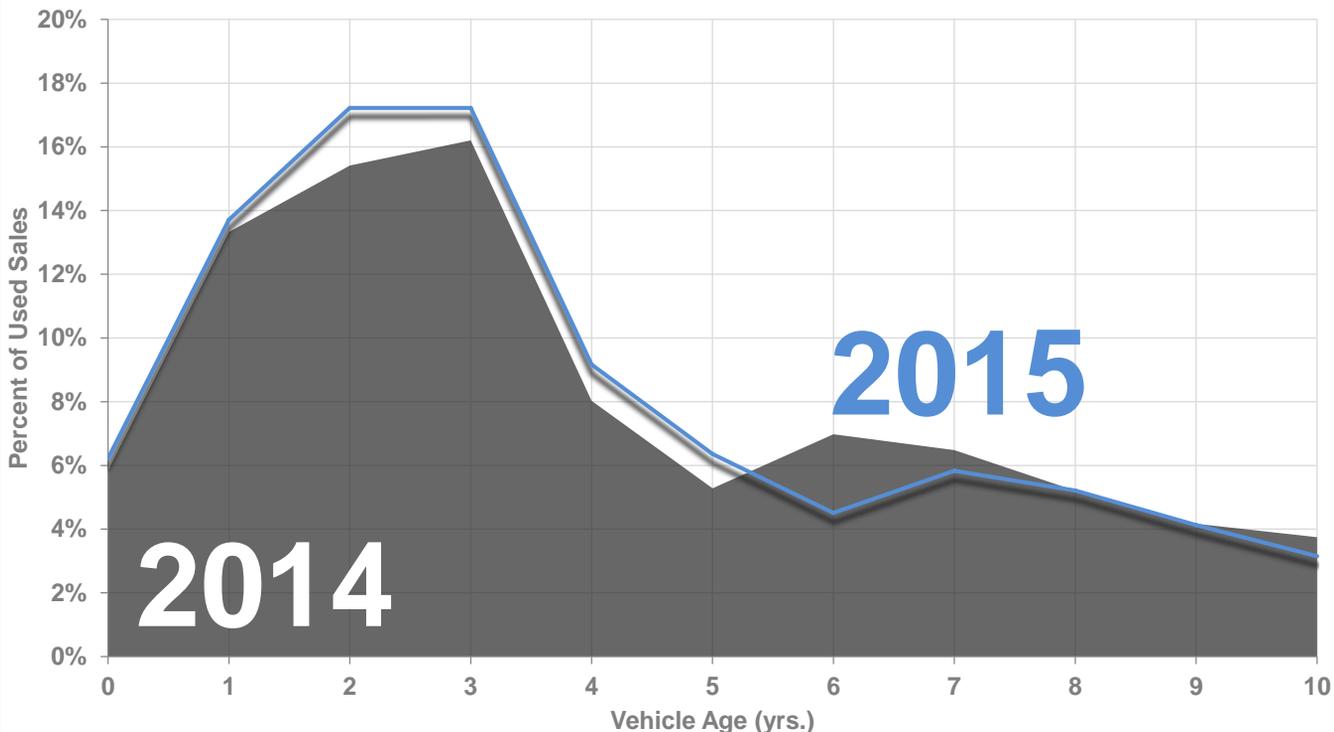
Used Prices Reach All-Time High

Annual Transaction Prices



Overall transaction prices in 2015 saw a 4.6% increase from 2014's record high. Multiple factors driving up the overall figure include model year mix shifting newer, high demand for older vehicles and a market that has a strong appetite for SUVs and trucks

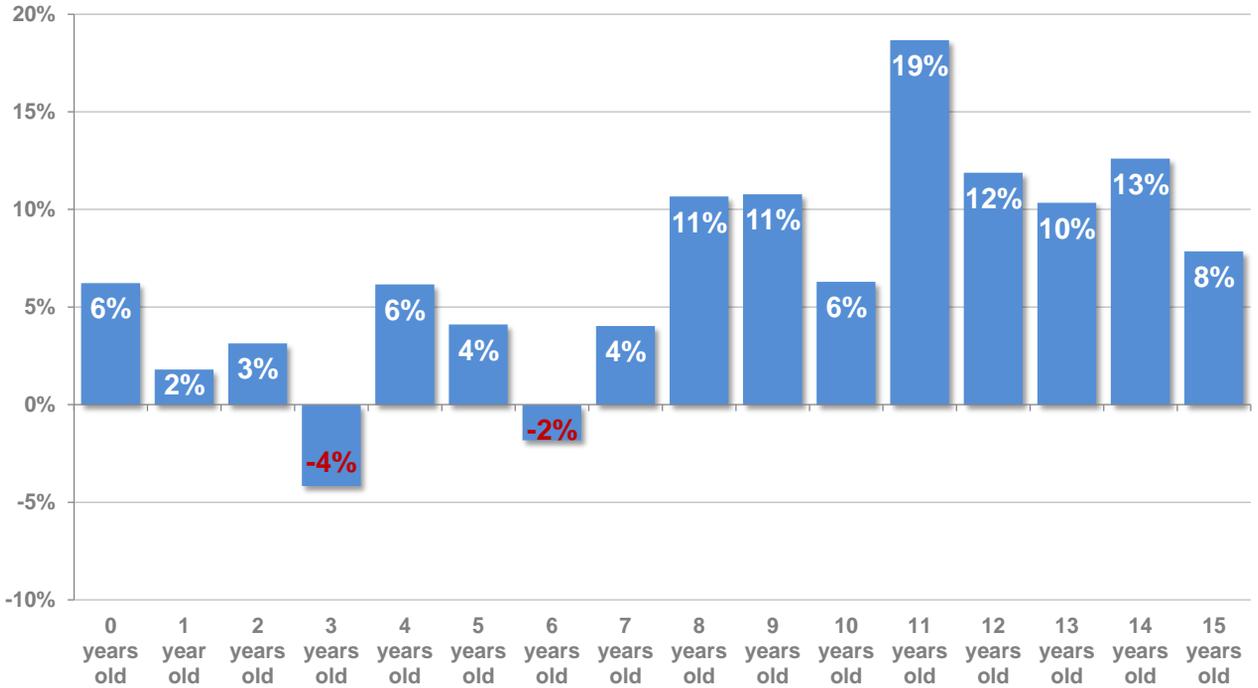
Used Vehicles Continue to Get "Newer"



The heavy influx of lease returns weighs the average age of used vehicle sold down to 4.4 years old from the previous year's 4.6. All told, 54% of used vehicles sold last year were 3 years old or younger.

Oversaturation for 3- and 6-Year-Old Used Vehicles

2015 vs. 2014 Average Transaction Price

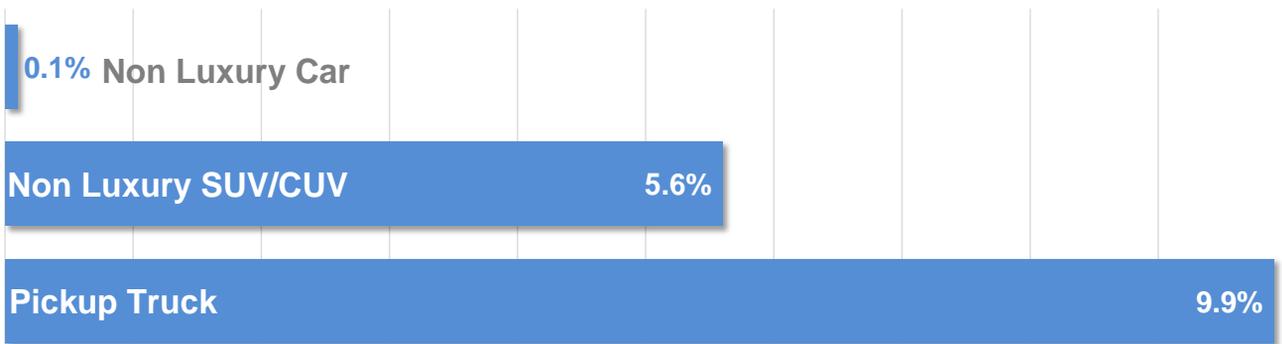


Despite an overall increase in transaction prices, there are two distinct drops in values by age. These two pivotal movements along the graph indicate that oversaturation is indeed becoming an issue with values for lease returns (averaging 3 years) and trade-ins (average age 6 years). This will continue to be an issue as lease and sales rates continue to climb.

Not All Categories Appreciate Equally

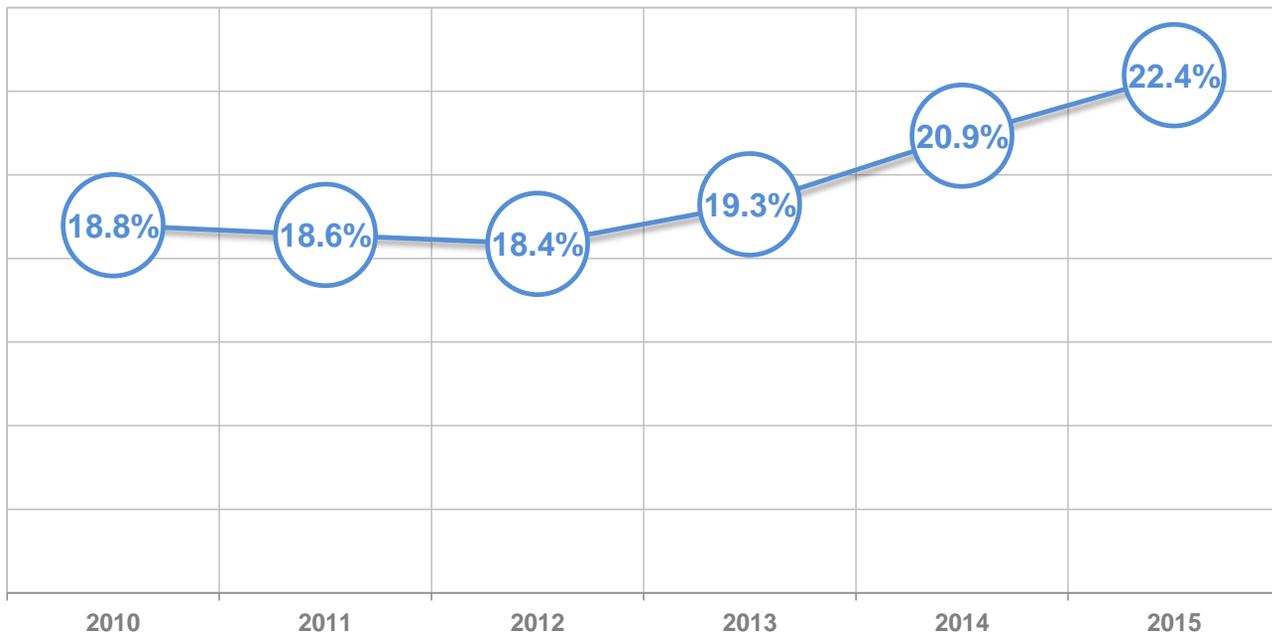
When the price of oil plummeted about halfway through 2015, shoppers returned to the segments that they truly desire: trucks and SUVs. As a result, prices of these vehicles increased much more than non-luxury cars. While other barriers to entry dissuade consumers from purchasing these vehicles, gas prices are the primary force that either drown out or ignite the motivation to buy bigger and more capable vehicles.

2015 vs. 2014 Average Transaction Price Growth



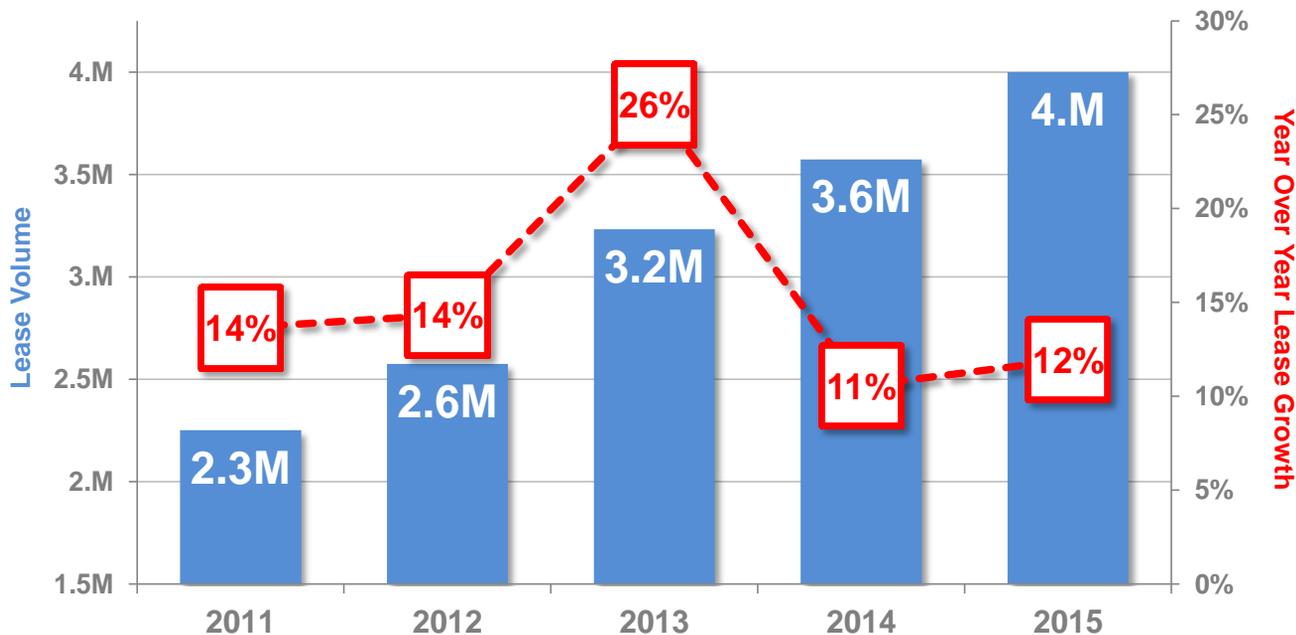
The Proliferation of CPO Continues

CPO % of Franchise Used Sales



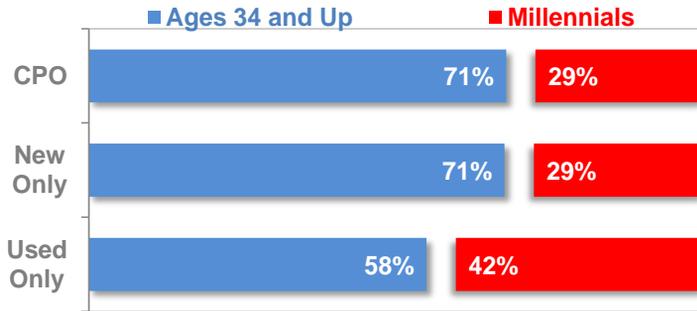
2015 closed with another record-high level for CPO sales, and 2016 should yield a similar result. From 2012 to 2013, new vehicle leases saw a spike of 657,949 units (or 25.6%), the largest ever year-over-year increase for leasing. These leases are steadily approaching their maturity date, and will help to supply the number of certifiable vehicles, which should push CPO's share of franchise used sales closer to the 25% mark.

Annual New Vehicle Leases



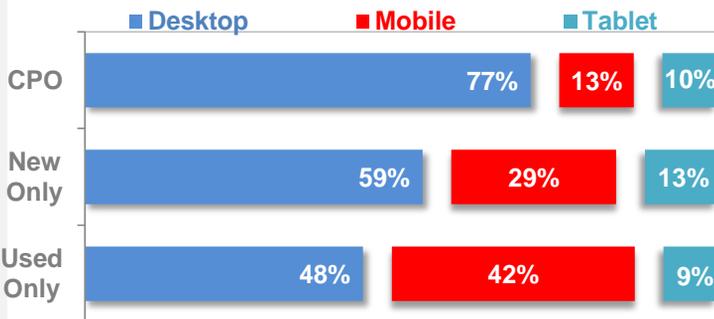
CPO Shopper Demographics

The profile for CPO shoppers on Edmunds.com has far more similarities with traditional new vehicle shoppers than with used car shoppers. Given CPO's higher price points, warranties, and buying experiences that similar to buying new cars, these findings shouldn't be much of a surprise. CPO shoppers, however, clearly spend more time researching than all other shoppers, with more than twice as many page views and session durations as new car shoppers.



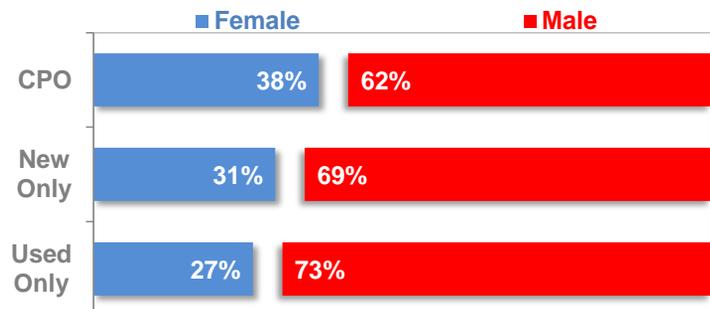
CPO Shoppers Skew Older

CPO Shoppers Spend Longer Time Researching

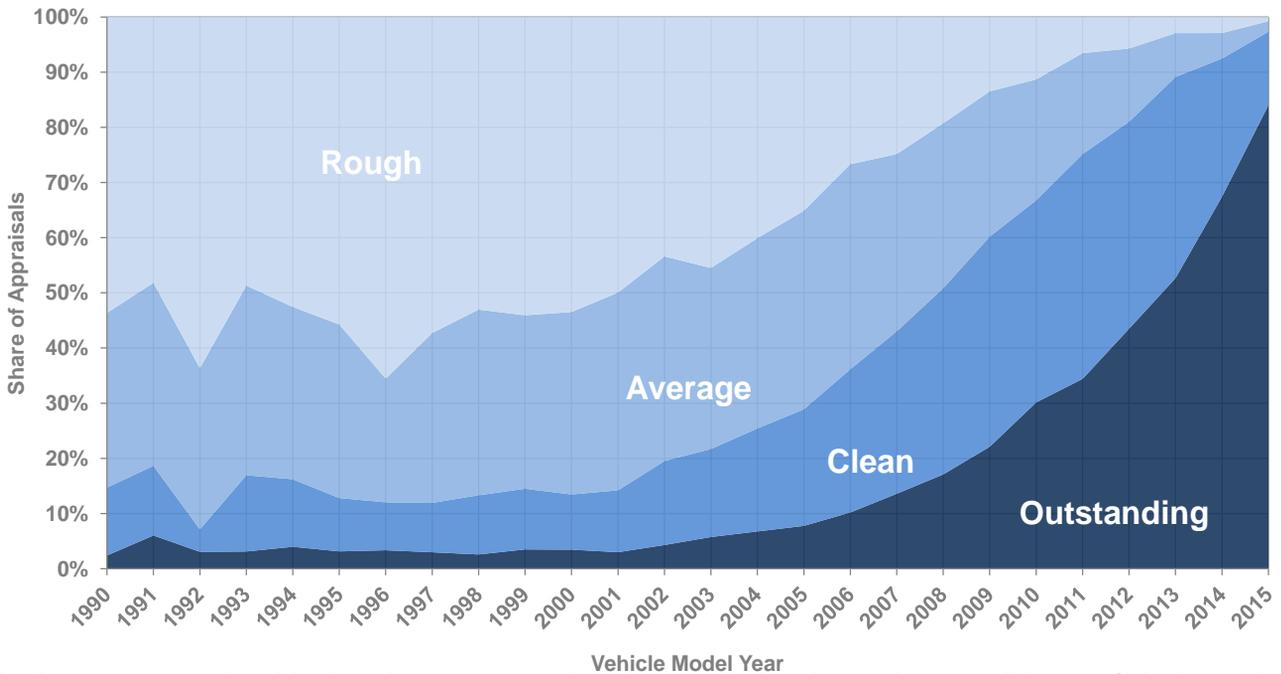


CPO Shoppers More Often Desktop Users

CPO Shoppers Have Highest Female Share

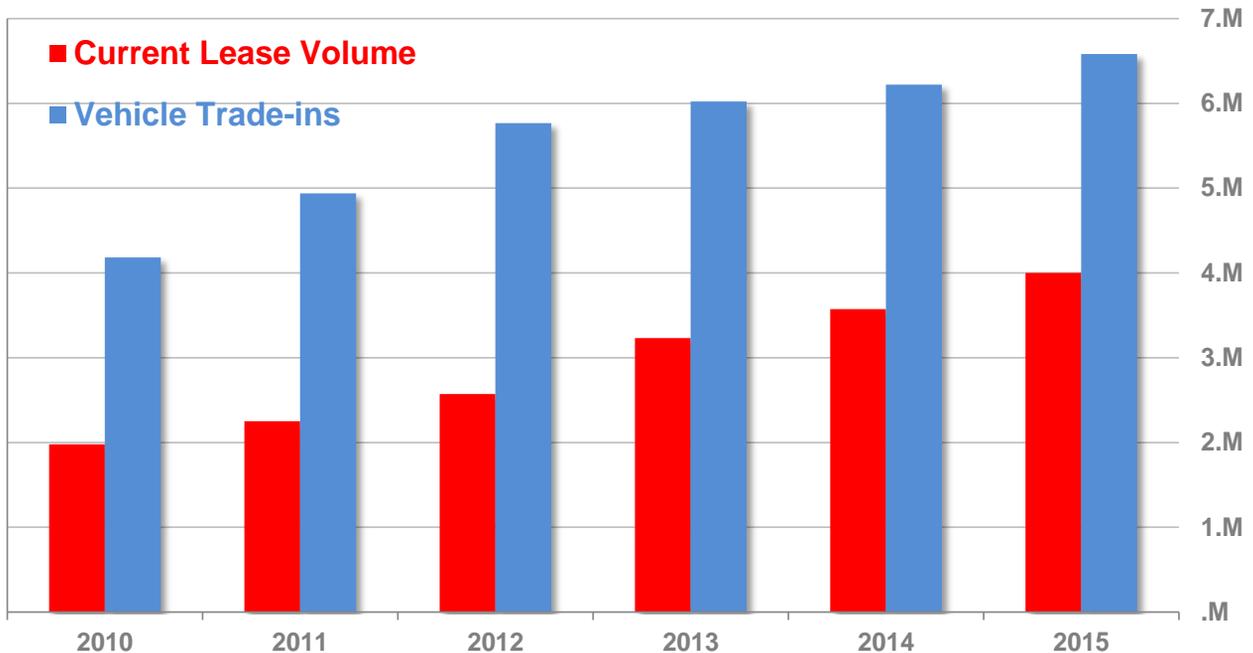


'I Cannot Tell a Lie' Appraisal Condition on Edmunds.com



Perhaps counterintuitively, shoppers tend to be realistic about the conditions of their trade-ins. According to an analysis of user data from Edmunds' self-appraisal tool, there is a clear reverse correlation between the age of a shopper's vehicle and a self-described "Outstanding" rating of the vehicle's condition.

New Vehicle Sales Effect on Used Inventory Leases & Trade-ins



As leasing has ramped up over the years, the sheer volume of returns are beginning to depress values of 3-year-old vehicles. Additionally, the number of vehicles traded-in has been growing rapidly with 47% of all new sales involving a trade-in. Next year, these trends will be amplified: the forecast for new car sales calls for an increase from 17.5M last year to 18.1M in 2016 and the number of lease ends is expected to spike by an additional 26% over last year.