



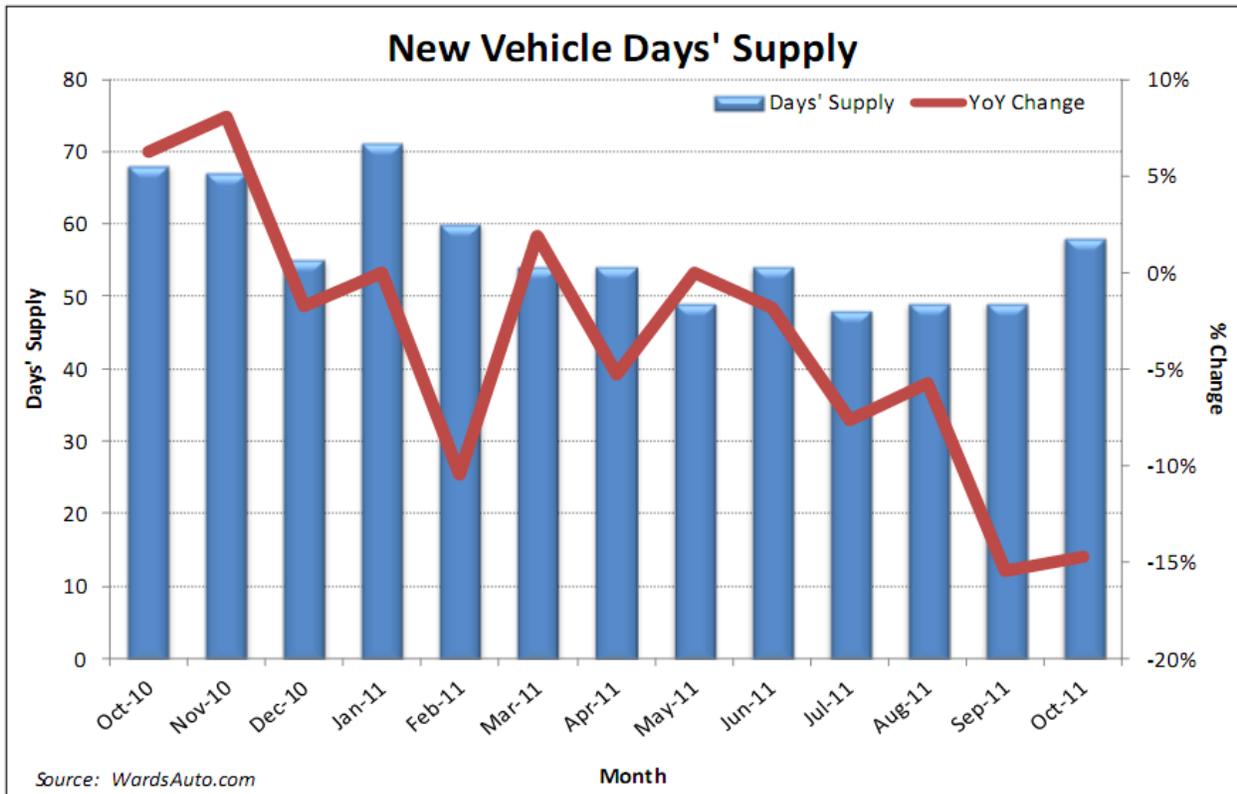
Vehicle Valuation Increases Year Over Year

“You’re telling me my vehicle is worth more this year than last year?” “How do vehicle values appreciate year over year?” “Shouldn’t the values decrease each year?” “What about mileage and wear & tear?” “I can’t sell my vehicle for the assessed amount!”

If you are hearing these types of questions and comments from taxpayers, you are not alone. While depreciation from one year to the next is still the norm, there have been increases in vehicle values year over year in many segments due to economic factors that have not previously affected values.

Although the used vehicle market is anything but simple, most taxpayers are seeking a basic answer for why their assessment is higher than the previous year. With respect to the State of Connecticut that measures values as of October each year, this document will focus on the vehicle value changes from October 2010 to October 2011, with the primary economic driver being supply.

In order to understand how supply affects vehicle values it is important to consider both new and used vehicle supply. The chart below reveals that new vehicle supply dropped significantly between 10/2010 and 10/2011. As new vehicle supply decreases, consumer demand for used vehicles increases.





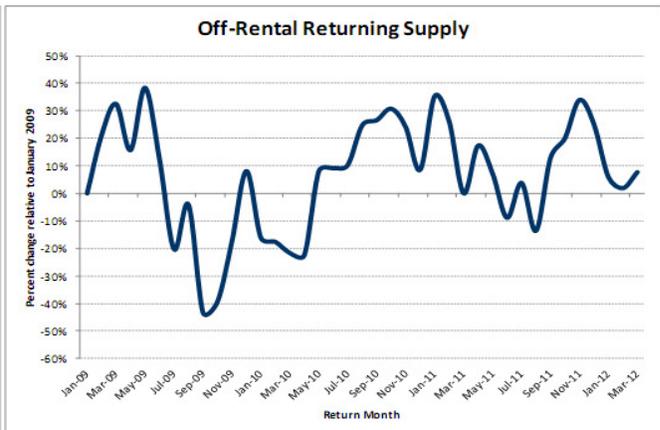
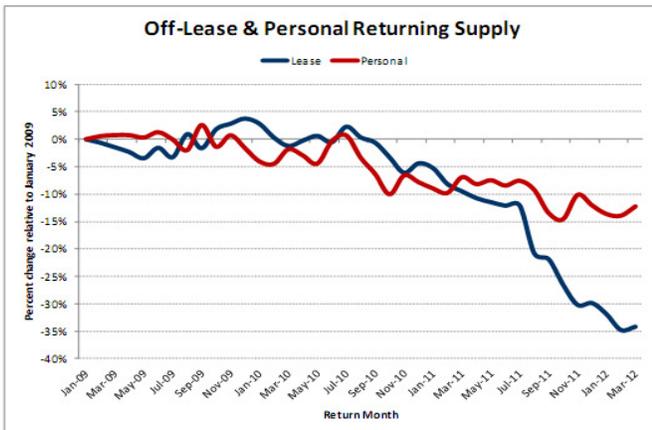
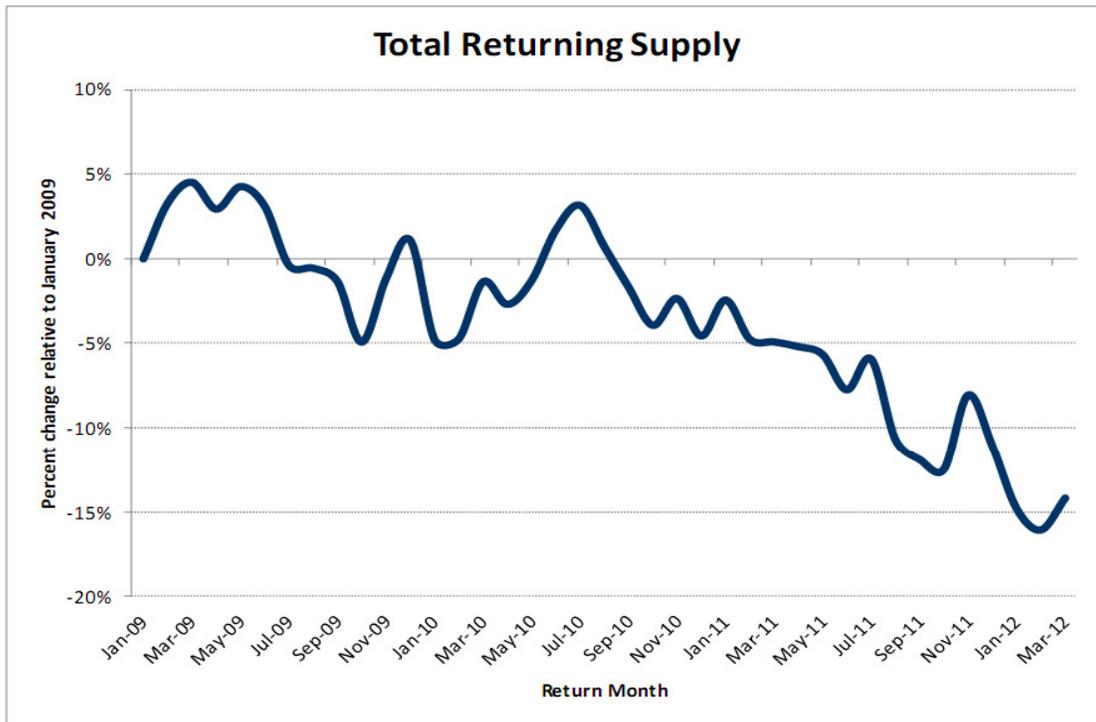
Where do used vehicles come from? Used vehicles typically enter the market as off-lease, off-rental and retail units purchased by dealers at auctions. The chart below reveals how used vehicle supply has diminished, especially between September-November 2010 and September-November 2011.

Guidelines | October 2011

NADA Returning Used Supply Forecast

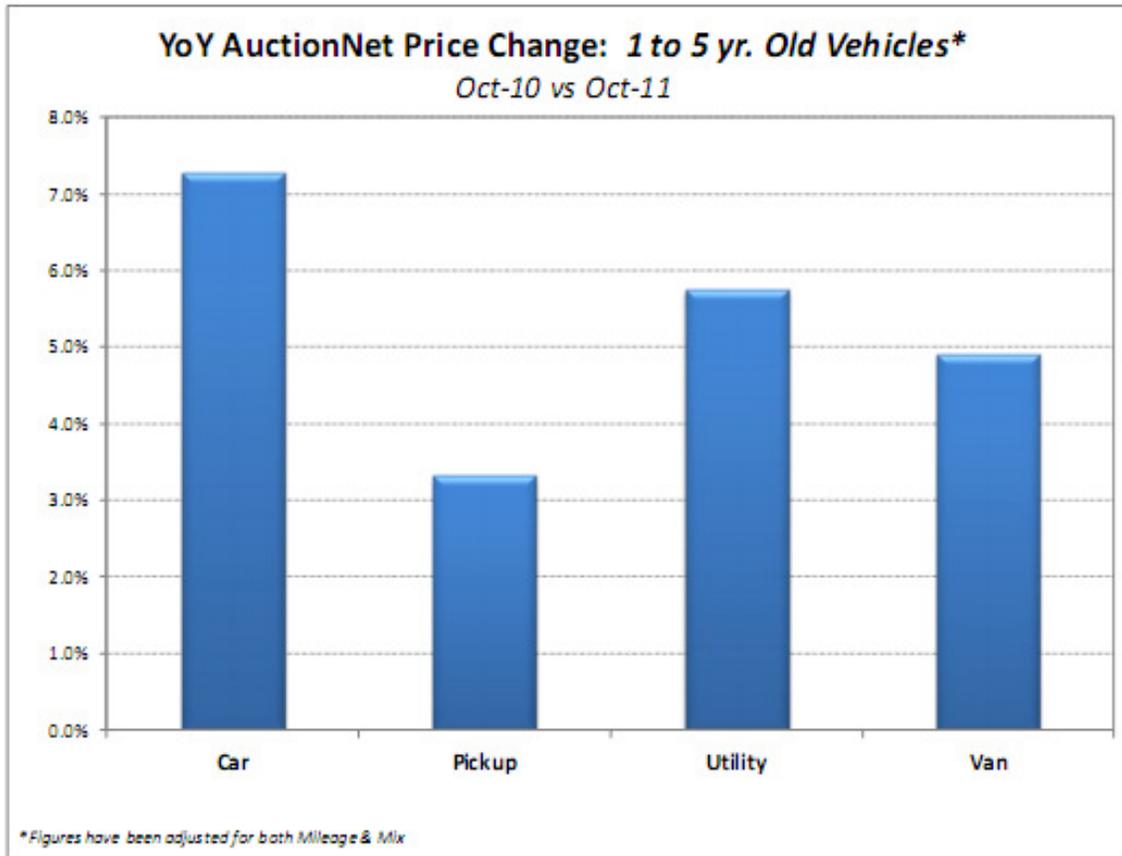
About NADA's Returning Used Supply Forecast

NADA's Returning Used Supply Forecast estimates the supply of vehicles returning to the secondary market at various points in the future. NADA's proprietary methodology is predicated on actual new vehicle registration data and incorporates return period and volume estimates based on the original registration type (i.e. lease, loan, and rental fleet). The data in the following charts represents returning supply for vehicles less than six model years old. All data has been seasonally adjusted and monthly changes are relative to January 2009.





The combination of diminishing new and used vehicle supply and increased consumer demand drove used vehicle prices upward between October 2010 and October 2011, first at the wholesale level (dealers purchasing vehicles at auctions to sell as retail units on their lots - AuctionNet chart below) and then at the retail level as illustrated in the final chart on the next page.



The bottom line is there is no longer an easily predicted rate of depreciation for used vehicle values. Economic drivers including gas prices, new and used vehicle supply, major weather events, domestic and international political instability and many other factors will continue to influence used vehicle values and may result in increases or decreases year over year.

Since January 2010, NADA has published a monthly report entitled, “Guidelines, NADA Used Car Guide Industry Update,” that offers detailed explanations of fluctuating vehicle values as they are influenced by fuel prices, vehicle supply, retail and wholesale market trends and other economic drivers.

Current (2012) issues of Guidelines as well as archive issues for calendar years 2011 and 2010 are available at: <http://www.nada.com/b2b/NADAOutlook/Guidelines.aspx>



Guidebook Value Trends — Year-Over-Year

NADA Used Car Guide Value Change: October, 2010 v. 2011

NADA Segment	5YR	4YR	3YR	2YR	1YR	YoY Segment Change
Compact Utility	22.2%	15.0%	14.9%	12.3%	11.6%	13.2%
Entry Subcompact	29.2%	40.4%	43.6%	28.0%	18.7%	27.4%
Intermediate Compact	26.7%	15.8%	22.9%	20.0%	23.6%	23.5%
Intermediate Mid-Size	23.3%	21.9%	17.8%	10.2%	12.2%	15.3%
Intermediate Subcompact	17.4%	5.2%	23.7%	21.1%	14.6%	14.3%
Large Car	20.2%	15.5%	17.1%	6.9%	10.3%	11.8%
Large Pickup	1.2%	8.5%	4.1%	3.2%	1.3%	0.8%
Large SUV	-5.7%	13.6%	3.2%	0.1%	-0.5%	3.1%
Large Van	19.4%	15.8%	15.1%	10.4%	11.1%	13.6%
Luxury Compact Utility	16.7%	11.4%	10.8%	23.6%	12.3%	15.8%
Luxury Large	19.7%	23.6%	21.9%	14.1%	8.7%	12.5%
Luxury Large Truck	7.9%	13.5%	15.4%	10.8%	5.9%	6.8%
Luxury Mid-Size	24.6%	14.5%	8.7%	5.0%	8.3%	10.4%
Luxury Mid-Size Utility	15.1%	14.6%	15.6%	14.7%	13.0%	17.2%
Luxury Sport	1.1%	24.0%	10.7%	11.2%	10.4%	10.0%
Mid-Size Pickup	18.3%	12.4%	13.4%	19.0%	4.6%	12.6%
Mid-Size Utility	12.7%	12.9%	10.0%	8.1%	8.1%	6.7%
Mid-Size Van	19.6%	10.1%	26.8%	18.4%	11.8%	17.8%
Near Luxury	17.5%	15.1%	14.7%	5.4%	18.4%	18.7%
Premium Luxury Large	11.4%	24.5%	15.4%	10.4%	15.2%	13.7%
Sport	14.8%	28.5%	15.5%	12.5%	9.8%	13.9%
Upper Compact	17.5%	15.0%	4.0%	7.5%	4.5%	4.9%
Upper Mid-Size	25.1%	15.6%	12.4%	30.6%	6.0%	12.5%
Upper Sport	17.7%	22.4%	14.7%	11.3%	21.5%	22.0%