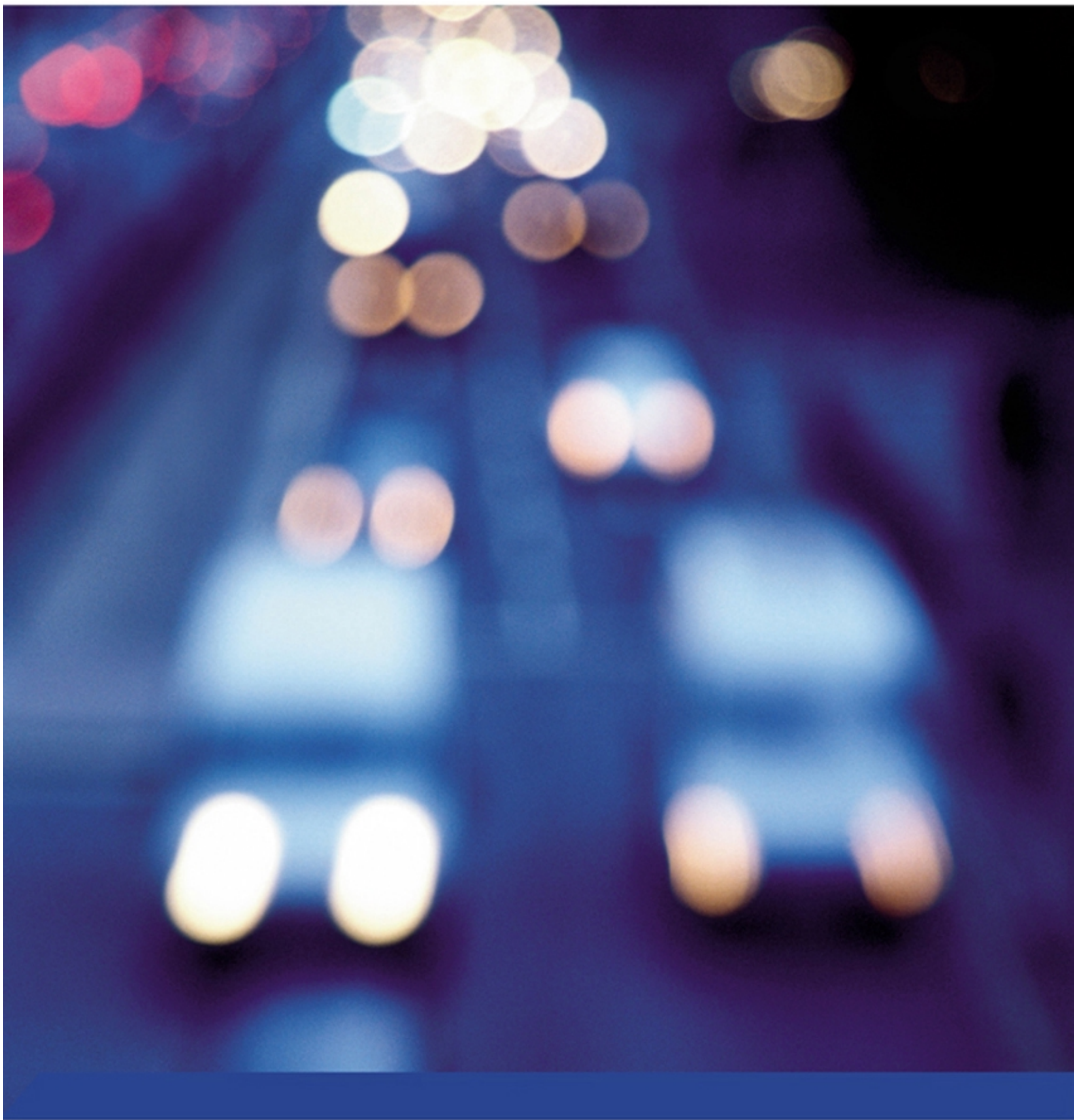

Glass's Used Car Market Index
1st Quarter 2005

eurotaxGLASS'S
Automotive Business Intelligence

CONTENTS

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EXECUTIVE SUMMARY

This is the fifth issue of Glass's Used Car Market Index, a quarterly analysis of the UK's used car market produced by Glass's Market Intelligence Service. This issue of the Index covers the first quarter of 2005.

A central feature of the Index is a statement of the trade value of a typical 3-year-old used car, with comparisons against the previous 12-months and an indication of how we expect this benchmark value to change over the current month.

As well as looking at the market as a whole, the Index evaluates individual market sectors, namely superminis (e.g. Ford Fiesta); lower medium (e.g. VW Golf), compact MPVs (e.g. Renault Scenic), upper medium (e.g. Vauxhall Vectra) and executive (e.g. BMW 3 Series). The result of this analysis is shown graphically for both the current and the preceding year.

The Index also includes analysis of values for 1 and 5-year-old cars, a look at trends in individual vehicle sectors and key facts about the overall UK car market.

Glass's is a well-respected provider of used vehicle valuation data. Courts of Law, Customs and Excise and the Inland Revenue refer to Glass's data. The Office for National Statistics also utilises Glass's data to assist in determining the new and used vehicle purchase and motoring expenditure elements of the Consumer Prices Index and the Retail Prices Index.

Key findings of Glass's Used Car Market Index for the first quarter of 2005

The value of the UK's average 3-year-old used car

In March 2005, the trade value of the average 3-year-old vehicle that has covered a typical 36,000 miles was £7,050, which was a reduction of just 1.8%, or £125, compared to the level in January. Due to seasonal influences the average 3-year old car's value in April 2005 is expected to fall by a further 1.8% to an average of £6,925.

The year on year deficit continues to grow marginally. Where January's average value was just £175 lower than at the same time 12-months earlier, by March the gap had widened to £185 and this gap is expected to grow slightly to reach £200 in April 2005.

Retail demand for 3-year old cars during the first quarter was generally steady and unexciting. There was a plentiful supply of ex-fleet prestige brand cars but an increasing number were poorly presented, indifferent examples, many of which lacked the key options that are so important to attract retail demand. These comments apply equally to both petrol and diesel versions but in the case of the diesels, this is perhaps the first time this trend has become apparent.

Used car market demand for 3-year old cars continues to be heavily influenced by the prevailing economic conditions. With general inflation under control, no increase in interest rates likely before the General Election and a generally benign budget, consumer buying confidence should be fairly good albeit weaker than it was last year. The 2005 market will not benefit from equity release to the same extent with house price inflation likely to remain at a more subdued level.

We consider that the impact of a May General Election on used car demand will be broadly neutral. The immediate run-up is likely to cause no more than a temporary distraction to those who were intending to replace their car during the second quarter of the year.

MARKET FACTS AND FIGURES

Glass's Used Car Market Index draws on the whole of our unique and extensive database to present some interesting facts and figures.

For example did you know that in the car with the longest range you could travel almost 4 times as far before refuelling than you could in the car with the shortest range? Or, that the Smart FourTwo only takes up 40% of the space occupied by a Maybach 62? Or, that there are now 17% less dualfuel models available than there were 3-years ago?

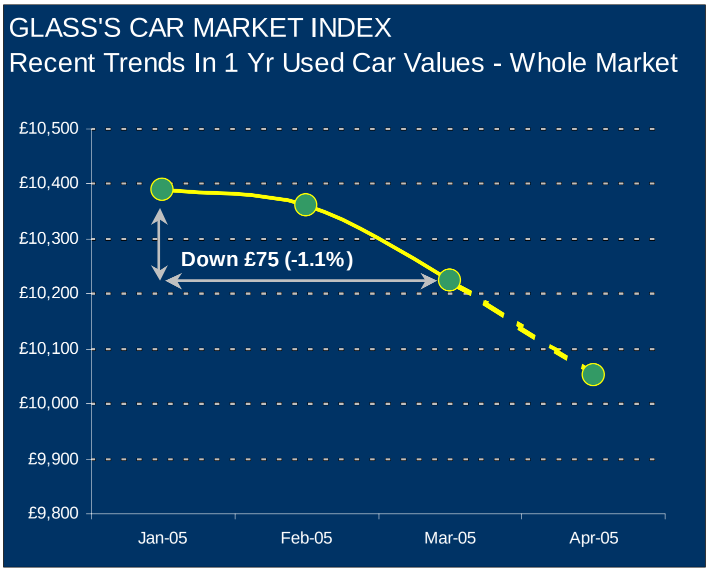
Read on for more interesting facts extracted from Glass's extensive database: -

	Mar 05	Mar 02
No. of Manufacturers	62	64
No. of Ranges:	317	293
No. of Models On Sale: of which...	5,677	4,221
Petrol	3,606	3,116
Diesel	1,999	1,021
P/Electric	5	3
P/LPG	55	61
P/Nat Gas	12	12
The cheapest model	Perodua Kelia 1.0 EX 5d hatchback - £4,300	Perodua Nippa 0.85 EX 5d Hatchback - £4,099
..most expensive	Maybach 5.5 62 Limousine auto - £280,740	Rolls-Royce Corniche 6.8 Convertible auto - £250,000

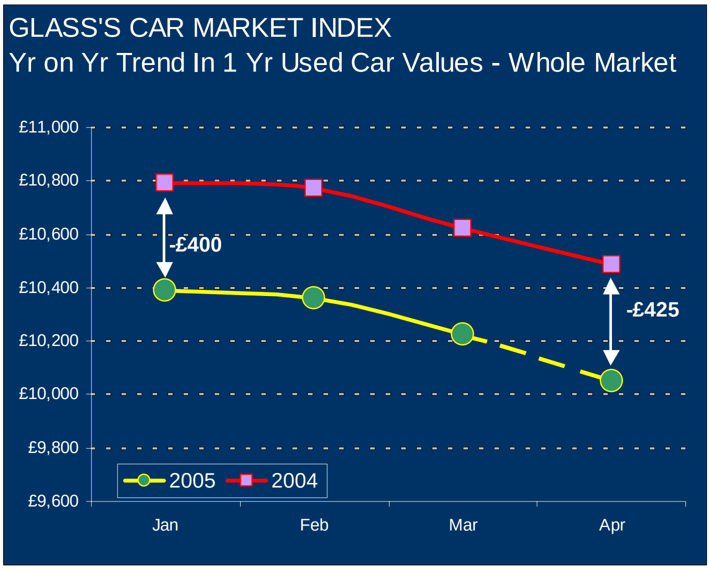
Most Economical	Honda Insight 1.0 IMA VTEC Coupe - 83.1 MPG Combined	
No. of Euro 4 Models:	2,538	
Fastest 0-60	Noble M400 3.0V6 Coupe	3.5 secs
Slowest 0-60	Tata Safari 2.0TD 4x4 5d Station Wagon	19 secs
Fastest Top Speed	Bristol Fighter 8.0 Coupe	210 MPH
Slowest Top Speed	Aixam 500 0.5D E 3d Hatchback CVT	55 MPH
Least Economical	Ferrari 575M 5.8 Maranello F1 Coupe	13.0 MPG Combined
Shortest Car	Smart FourTwo	2,500 mm
Longest Car	Maybach 62	6,135 mm
Longest Range	Renault Megane 1.5dCi Expression Estate	13.3 Gallons @ 62.8 MPG = 837 Miles
Shortest Range	Mitsubishi 2.0 Evo VIII 260 Saloon	12.2 Gallons @ 18.3 MPG = 222 Miles
Highest Emissions	Lamborghini Murcielago 6.2 Coupe	500
Lowest Emissions	Honda Insight 1.0 IMA VTEC Coupe	80
Smallest Engine	Aixam 500 0.5D E 3d Hatchback	479cc
Largest Engine	Dodge Viper 8.3 V10 SRT Convertible	8,277cc
Lowest Power	Ligier Ambra 0.5D GLX 3d Hatchback CVT	6.3bhp
Highest Power	Bristol Fighter 8.0 Coupe	628bhp

TRENDS IN 1-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

During the first quarter of the year 1-year old, 04 53 plate cars reduced marginally in average value. By March the position was just £75 or 1.1% lower compared to that in January. The seasonal influence that normally gives rise to an uplift in value during the first quarter was less apparent this year due to weaker economic conditions and an abundance of young used cars. This slow downwards trend is expected to accelerate at the start of the second quarter of the year.

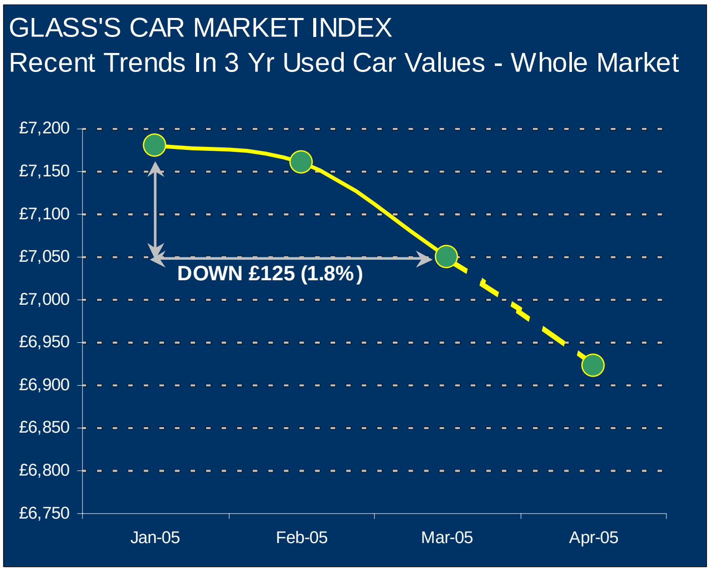


In comparison to the same period of last year the average value was £400 lower in January and during the first quarter this difference was maintained. Our expectation for April 2005 is that the deficit over last year will grow only slightly to reach £425.

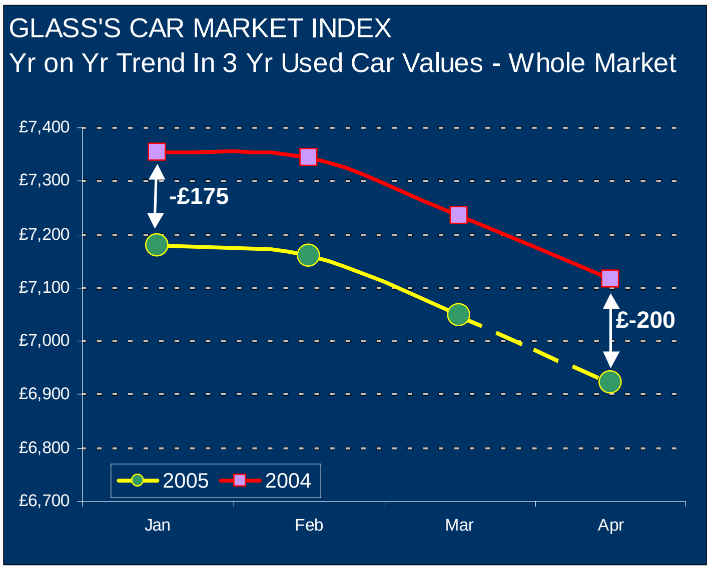


TRENDS IN 3-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

Taking average 3-year-old 02 51 plate used car values for all market sectors considered, values reduced during the first quarter of the year to a level in March at 1.8% or £125 behind that of January. Seasonal influences, which usually lift values during the first quarter of each year, were not so marked this year due, mainly, to the weaker economic climate. This trend is expected to accelerate for April 2005.

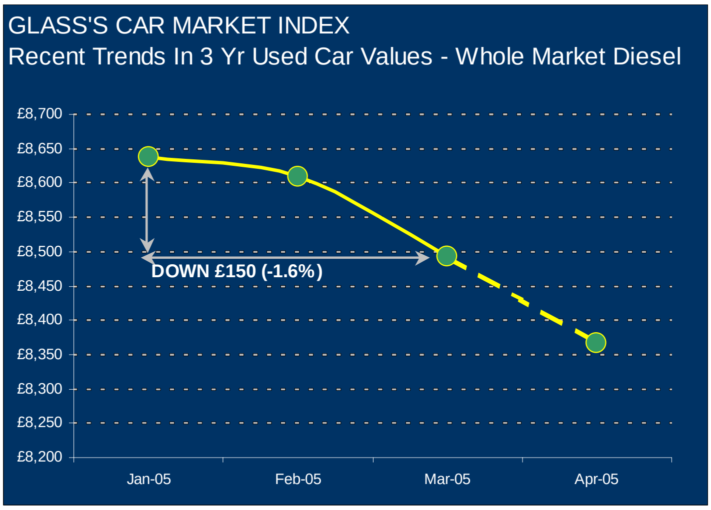


Compared to the same period in 2004 the deficit in average 3-year-old used car values for 2005 widened only slightly during the first quarter of the year. The deficit, which was £175 in January, was virtually unchanged by March and is expected to increase by only £25 in April 2005.

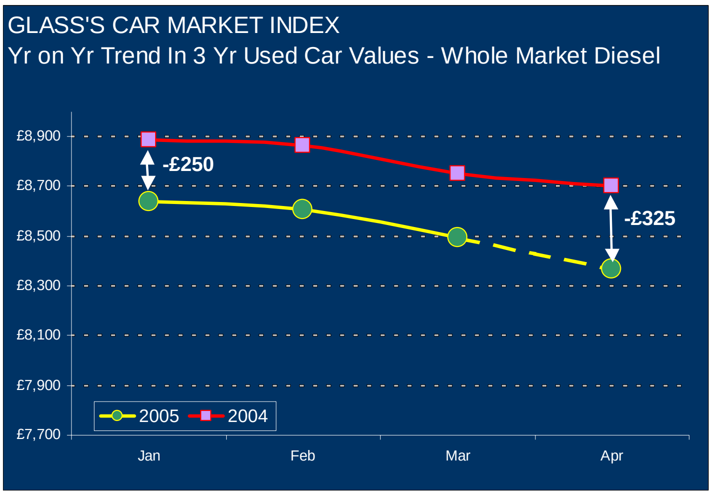


TRENDS IN 3-YEAR-OLD USED DIESEL CAR VALUES FOR THE WHOLE MARKET

Three-year old 51 plate average diesel values have reduced during the first quarter of the year. By March diesel values were just 1.6% or £150 lower than they were in January. The average price premium, over both petrol and diesel, was a massive £1,440 in March, which is virtually unchanged from the January position. This underlines the continued buoyancy of demand for used diesel cars. The trend for the start of the second quarter is for increased reductions in value for the average 3-year old diesel model but generally keeping in step with their petrol counterparts.

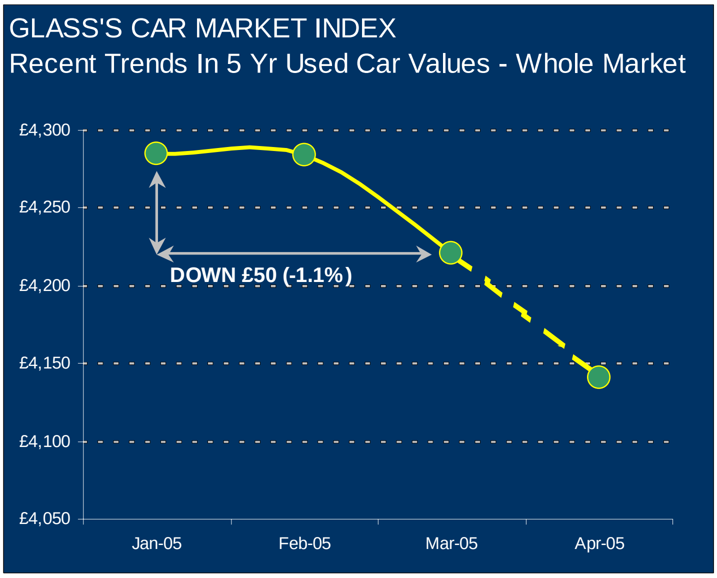


At the start of 2005 the average 3-year old diesel value was £250 lower than it was in January 2004, a situation, which remained unchanged during the first quarter of this year. The slight uplift in diesel values that occurred in April last year is not, however, expected to take place this year due to higher volumes and a proliferation of poorly specified ex-fleet premium brand models. The deficit, compared to April last year, is only expected to widen by £75 but this could well be an ongoing trend.

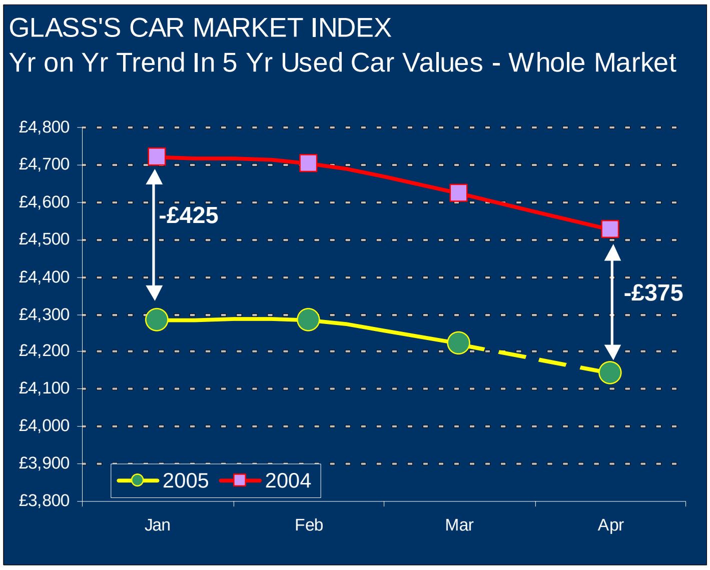


TRENDS IN 5-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

Since the end of last year 5-year-old 00 V plated used cars have reduced in average value to reach a level just £50 or 1.1% lower in March compared to their level in January. This marginally weakening trend is expected to gain momentum at the start of the second quarter. The usual seasonal uplift, that normally takes place during the first quarter of each year, was less apparent this year due to the weaker economic climate.



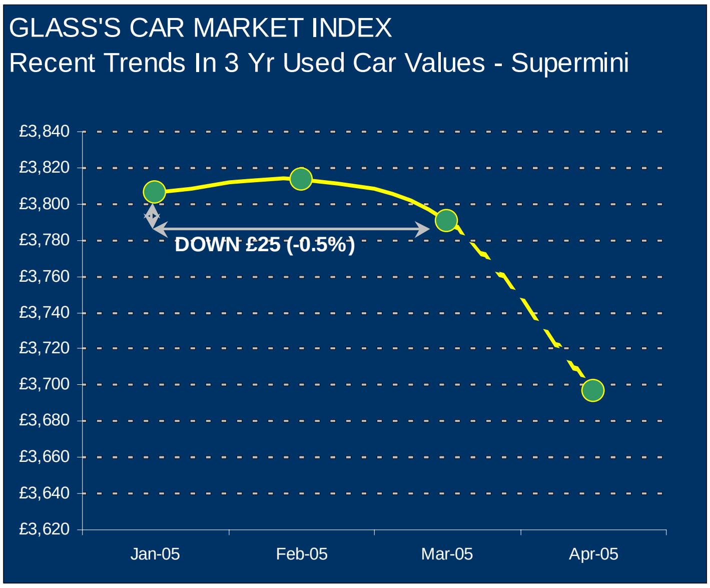
In comparison to the first quarter of 2004 average values for the same period of 2005 have been lower but a gently decreasing deficit has taken place. In January this deficit amounted to £425, which we expect to decrease by £50 in April of 2005. Generally the less active economic climate has improved demand slightly for cars of this age during 2005 and a shortage of good quality retailable stock has helped to hold prices firm.



TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Supermini

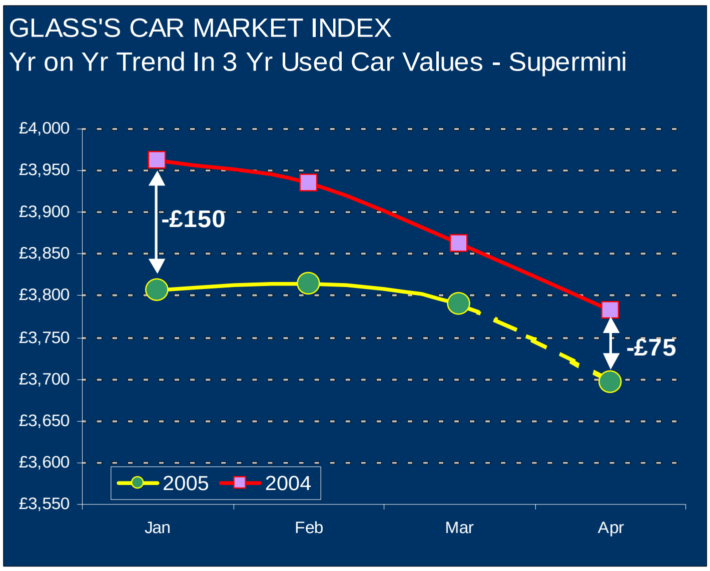
During the first quarter the average 02 51-plated 3-year-old Supermini reduced in value by only £25 or just 0.5%. This trend is expected to increase at the beginning of the second quarter as the slight seasonal uplift in values comes to an end. In residual value terms Jazz, Yaris, Polo, C3 and Clio fare best retaining between 62.7% and 48.9% of their original cost new as 3-year-olds.



Residual Value League
March 2005
3 Year Old Cars Trade Value % Cost New

Top	
Honda Jazz	62.7%
Toyota Yaris	51.1%
Volkswagen Polo	50.2%
Citroen C3	50.0%
Renault Clio	48.9%
Bottom	
Fiat Punto	34.8%
Vauxhall Corsa	34.8%
Ford Fiesta	34.4%
Daihatsu YRV	33.8%
Suzuki Swift	27.8%

Throughout the first quarter of 2005 values have been behind those of 2004 although the deficit narrowed between January and March. A slight steepening of average segment depreciation is expected at the start of the second quarter but the deficit will only amount to £75 compared to April 2004. It is worth noting that the RV performance of this sector may well have been worse given that new supermini sales have outperformed the wider market in recent years, which has increased the supply of used cars.

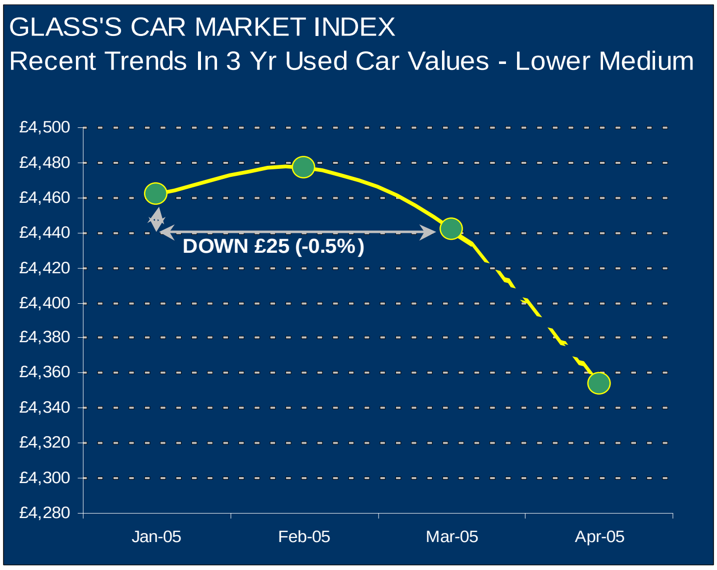


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Lower Medium Cars

During the first quarter of 2005 the average value of a 02 51-plated 3-year-old lower medium segment car has fallen to a position in March just £25 or 0.5% behind the January level. This trend is expected to steepen slightly at the start of the second quarter.

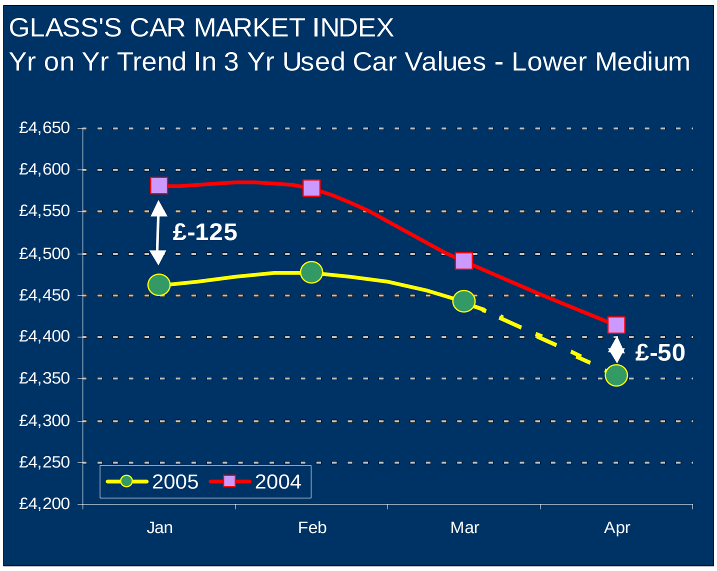
Retained value, as a percentage of original new cost, varies from between 57.8% to 51.6% for the top of the league cars, namely Beetle, Golf, Corolla, Megane and 147.



Residual Value League
March 2005
3 Year Old Cars Trade Value % Cost New

Top	
Volkswagen Beetle	57.8%
Volkswagen Golf	56.7%
Toyota Corolla	56.0%
Renault Megane	52.0%
Alfa 147	51.6%
Bottom	
Citroen Xsara	33.7%
Proton Satria	33.7%
Hyundai Accent	31.8%
Daewoo Lanos	28.8%
Proton Wira	27.2%

Compared to the same period of last year 3-year-old used car values in this sector continue to be slightly lower in average value although the gap is expected to narrow from January's £125 to £50 in April.

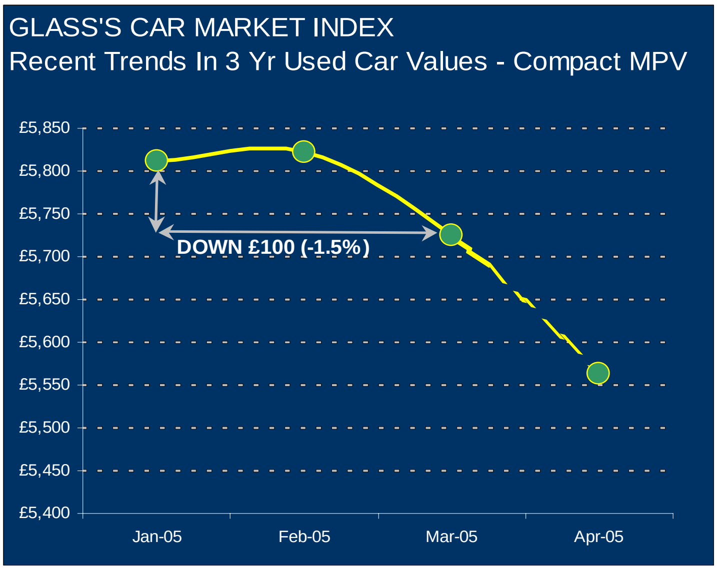


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Compact MPVs

Increased supply to the used market continues to adversely affect Compact MPV values although the rate of reduction has started to ease. During the first quarter of 2005 average values have reduced by just 1.5% or £100. This trend will continue at the start of quarter 2 but is expected to steepen as the positive effect of the quarter 1 seasonal influence comes to an end.

Top performers, in RV terms, are Stream, Corolla Verso and Matrix, which retain between 49.2% and 45.9% of their original cost new.



Residual Value League
March 2005
3 Year Old Cars Trade Value % Cost New

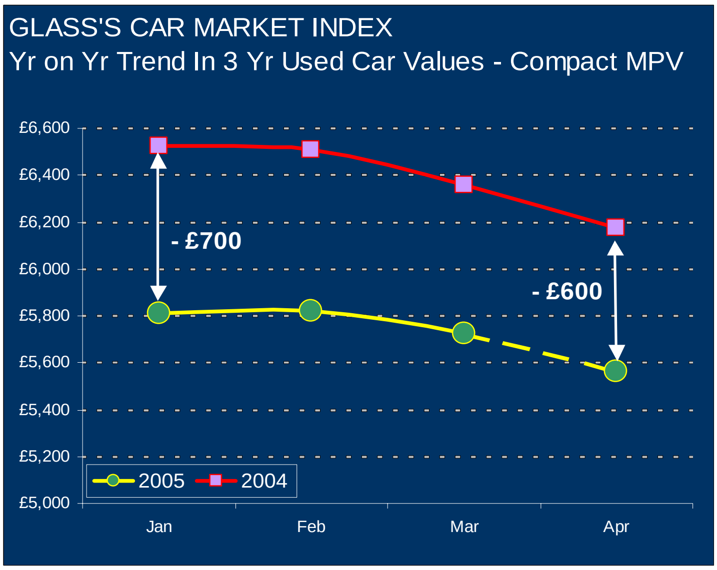
Top

Honda Stream	49.2%
Toyota Corolla V'so	48.4%
Hyundai Matrix	45.9%

Bottom

Renault Scenic	39.5%
Citroen Xsara Picasso	36.4%
Daewoo Tacuma	34.0%

The gap between values this year compared to last year remains wide because of increased availability. There are, however, signs that this trend may be easing as the year-on-year deficit is expected to be £100 less in April than it was in January.

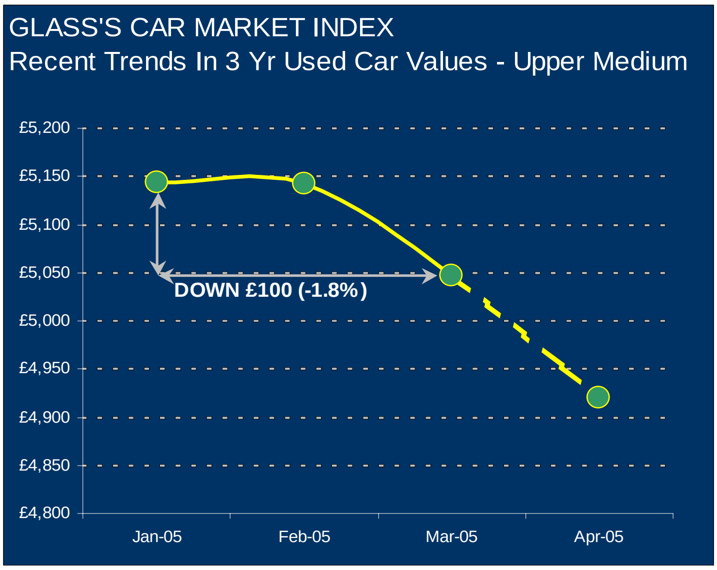


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Upper Medium Cars

During the first quarter the average 02 51-plated 3-year-old upper medium segment used car reduced in value by just £100 (1.8%). This decline is expected to continue at a slightly steeper rate as the second quarter begins as the positive effect of the first quarter's seasonal influence comes to an end.

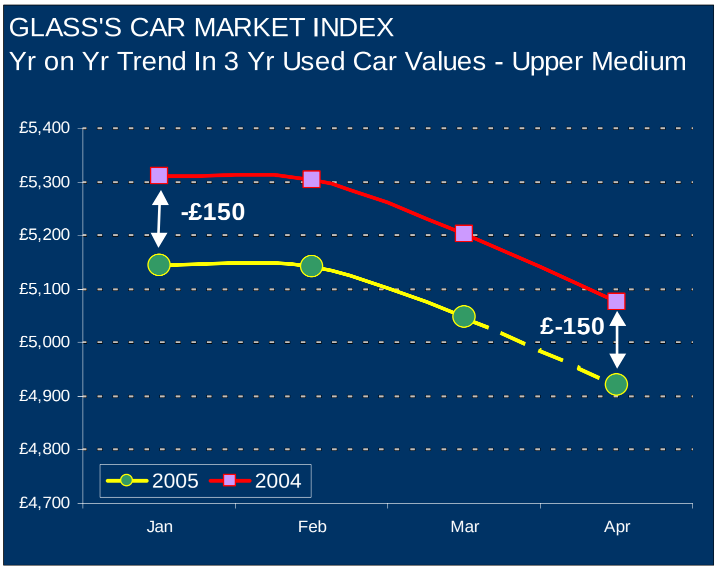
In residual value terms Mazda6, Passat, ZT, Octavia and PT Cruiser are top of the league holding on to between 56.7% and 43.5% of their original cost new.



Residual Value League
December 2004
3 Year Old Cars Trade Value
% Cost New

Top	
Mazda6	56.7%
Volkswagen Passat	44.1%
MGZT	43.9%
Skoda Octavia	43.8%
Chrysler PT Cr'r	43.5%
Bottom	
Peugeot 406	31.5%
Mitsubishi Carisma	28.6%
Vauxhall Vectra	28.5%
Daewoo Nubira	19.2%
Fiat Marea	18.4%

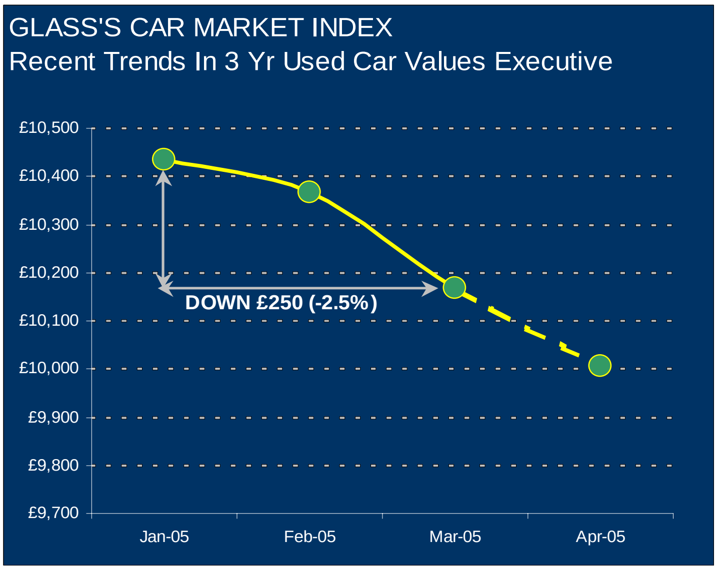
Compared to the same period in 2004, first quarter used values in this market segment were £150 lower at both the beginning and the end of the period. This trend is expected to continue whilst the current balance between the supply and demand of non-prestige upper medium cars continues.



TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Executive Cars

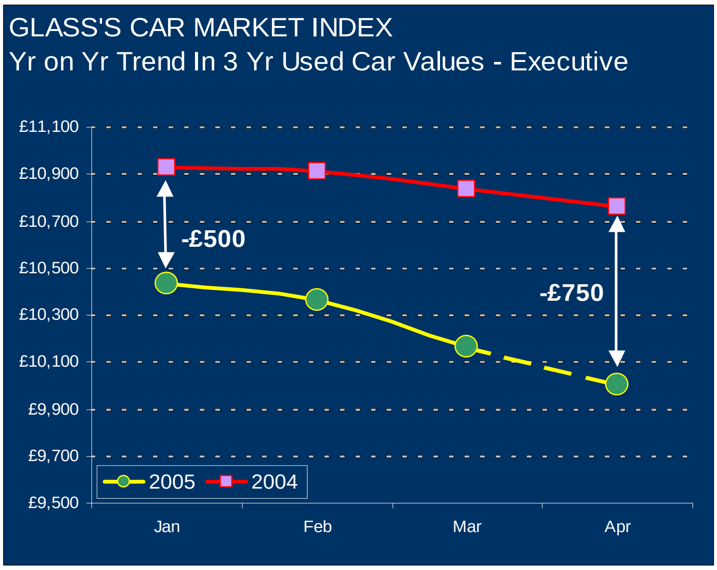
Throughout the first quarter the value of the average 3-year-old 51-plated upper medium executive segment car continued to fall and by March was £250, or 2.5% lower than it was in January. With increased new car discounts available for prestige cars in this sector we expect this trend to continue at the start of the second quarter of the year, although probably at a slightly reduced rate. Looking at trade values as a percentage of the original cost new, the top performers in this market sector continue to be 3 Series, IS200 and A4 whose residual values range between 57.3% and 55.7%. A4 has slipped from second place due to increased volume and lifecycle effects.



Residual Value League
March 2005
3 Year Old Cars Trade Value
% Cost New

Top	
BMW 3 Series	57.3%
Lexus IS200	56.2%
Audi A4	55.7%
Bottom	
Saab 9 -3	39.5%
Volvo S60	39.3%
Volvo S40	39.3%

The year on year deficit increased during the first quarter due to additional volume and an increased number of poorly specified ex-fleet models. This trend is expected to continue with average values £750 less by this April compared to April last year.

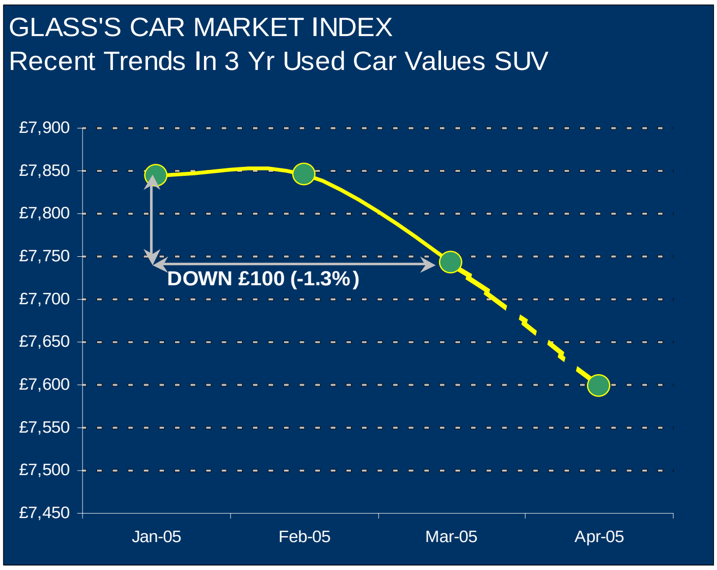


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Sports Utility Vehicles

During the first quarter of 2005 3-year-old 02 51-plated SUVs reduced in average value by just 1.3% or a tiny £100. There is no disputing the continued buoyancy of this market segment, with growing demand. Slightly reducing values are due more to the weaker economy than any imbalance between supply and demand

In residual value terms Rav 4, CRV and X Trail top the RV league table at between 64.8% and 60.2% of their original cost new as 3-year-olds.



Residual Value League
December 2004
3 Year Old Cars Trade Value
% Cost New

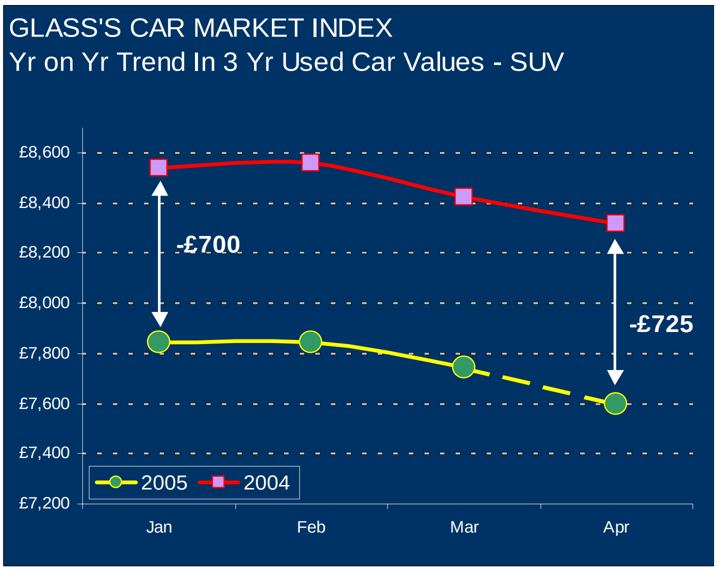
Top

Toyota Rav4	64.8%
Honda CRV	62.3%
Nissan X Trail	60.2%

Bottom

Vauxhall Frontera	43.8%
Suzuki Jimny	42.9%
Kia Sportage	40.0%

In comparison to the first quarter of 2004 average values during 2005's first quarter have remained marginally similar. This will continue to be the case at the beginning of this year's second quarter with just a £25 average reduction expected.



METHODOLOGY

The 'average' value of a used car (at one, three and five years) referred to in the Index is based on baskets of representative models that are the best sellers in each market segment. There are typically 70 examples in each basket.

Values are tracked for one registration plate for the whole period, but only for models that were available throughout the period. Using this method avoids the fluctuations that would otherwise be caused by new model introductions and old model deletions.

For more information about Glass's Used Car Market Index or to discuss how **Glass's Market Intelligence Service** can help your business, please contact:

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