



## **ALG Expects Mercury's Residual Values to Be Impacted Less Than Other Terminated Brands**

SANTA BARBARA, Calif., Jul 01, 2010 (BUSINESS WIRE) -- ALG, a subsidiary of DealerTrack Holdings, Inc. (Nasdaq: TRAK) and the industry benchmark for residual values and depreciation data, today announced that it expects some negative impact on residual values of Mercury vehicles due to the brand's recent termination by Ford Motor Company - but that the impact will be relatively modest at 2.5 to 3 percentage points of MSRP over the next three years.

[ALG](#) has studied the residual value impact of terminations of previous brands, such as Eagle, Plymouth, Oldsmobile and Isuzu, as well as the recently terminated Pontiac and Saturn. It has found that residual values for three-year-old vehicles of these brands consistently underperform those of their parent OEMs and the industry overall for a period of one to three years after the termination announcements. The impact depends to some extent on the mix of used models on the market, and the sales strategy prior to termination. Historically, the impact on residual values averages about 5 percentage points, but is sometimes as high as 10 percentage points.

However, Mercury has some positive factors driving residuals in its favor. Mercury's low sales volume - accounting for less than 1% of the U.S. auto market - means that the supply should be absorbed quickly in the used vehicle market. ALG's Brand Value and Perceived Quality metrics for Mercury have been trending steadily upwards over the past few years, indicating stronger demand. In 2010, days' supply and incentives have been relatively low, also supporting the conclusion of strong demand prior to the termination announcement.

"Historically, the impact of brand termination on residual values averages about 5 percentage points, but due to Mercury's low volume and stronger demand indications prior to the announcement, we expect its residual values to be impacted by only 2.5 to 3 percentage points over the next 36 months, with the majority of the decline in the first 12 months," said Matt Traylen, ALG's Chief Economist.

### **[About ALG \(www.alg.com\)](http://www.alg.com)**

Based in Santa Barbara, California, ALG is a leading provider of data and consulting services to the automotive industry. ALG publishes the "Automotive Lease Guide" - the standard for Residual Value projections in North America, and has been forecasting automotive residual values for over 40 years in both the U.S. and Canadian markets. ALG is a company of DealerTrack Holdings, Inc. (Nasdaq: TRAK).

### **[About DealerTrack \(www.dealertrack.com\)](http://www.dealertrack.com)**

DealerTrack's intuitive and high-value software solutions enhance efficiency and profitability for all major segments of the automotive retail industry, including dealers, lenders, OEMs, agents and aftermarket providers. Our solution set for dealers is the industry's most comprehensive. DealerTrack operates the industry's largest online credit application network, connecting approximately 17,000 dealers with over 850 lenders. Our Dealer Management System (DMS) provides dealers with easy-to-use tools and real-time data access that will streamline any automotive business. Dealers using DealerTrack AAX get the inventory management tools and services needed to accelerate turns and increase profits. Our Sales and F&I solution enables dealers to streamline the entire sales process while structuring all types of deals from a single integrated platform. DealerTrack's Compliance solution helps dealers meet legal and regulatory requirements and protect their hard-earned assets. DealerTrack's family of companies also includes data and consulting services providers ALG and Chrome Systems. For more information, visit [www.dealertrack.com](http://www.dealertrack.com).

### **Safe Harbor for Forward-Looking and Cautionary Statements**

Statements in this press release regarding impact on residual values of Mercury vehicles due to the brand's recent termination by Ford Motor Company and all other statements in this release other than the recitation of historical facts are forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). These statements involve a number of risks, uncertainties and other factors that could cause actual results, performance or achievements of DealerTrack to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

Factors that might cause such a difference include the perception of Mercury vehicles in the market and other risks listed in our reports filed with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2009. These filings can be found on DealerTrack's website at [www.dealertrack.com](http://www.dealertrack.com) and the SEC's website at [www.sec.gov](http://www.sec.gov). Forward-looking statements included herein speak only as of the date hereof and DealerTrack disclaims any obligation to revise or update such statements to reflect events or circumstances after the date hereof or to

reflect the occurrence of unanticipated events or circumstances.

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SOURCE: ALG

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